Report on Banks

December 2010

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Year VIII, No. 4

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DE LA REPÚBLICA ARGENTINA

Contents

Note | Information for December 2010 available by January 24, 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).

Published on February 21, 2011

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Summary

.. December

- **The dynamics of financial intermediation with the private sector continued to improve in the last month of 2010.** Financial entities also recorded greater dynamism in their role in providing means of payment services for the economy. This performance took place at the same time as an improvement in financial system balance sheet composition, and widespread progress in terms of the main financial soundness indicators.
- **The stock of total financial system deposits increased 3.5% in December**, **mainly from the increased private sector deposits** (+5%), mainly driven by sight accounts (+8.4%), reflecting certain seasonal behavior. The financial system liquidity indicator that includes items in national and foreign currency dropped by 1.1 p.p. of deposits to 28%. **The broad liquidity indicator for all banks ended the year at 44.5% of deposits.**
- **During December lending to the private sector rose by 4.9%**. Except for overdrafts, all lines increased in the month, with a notable performance in the case of promissory notes, credit cards, and export credits.
- **The broad foreign currency mismatching indicator** (which includes forward transactions) **for the financial system was down by 2.4 p.p. (percentage points) of net worth in December to 32.1%**, mainly because of lower net foreign currency term purchases.
- **Consolidated financial system net worth grew 2.5% in December, while book profits totaled an annualized (a.) 3.2% of assets,** slightly less than in the previous month. **Bank financial margin rose in December, following higher net interest income and gains on securities,** movements that were partly offset by lower income from CER adjustments and drops in foreign exchange price adjustments. Both loan loss charges and operating expenses rose in the month, in part because of normal year-end seasonal factors.

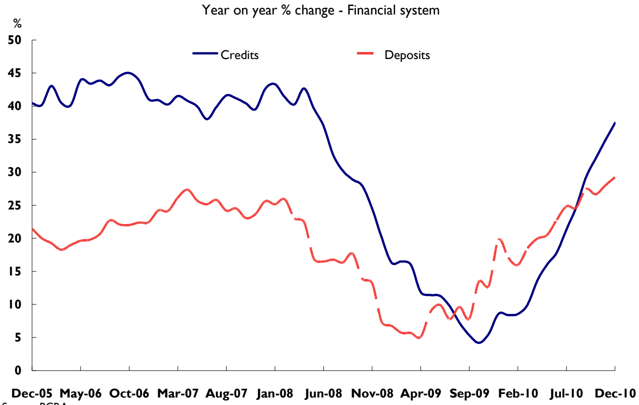
.. 2010

- **Lending to the private sector increased 37.5% over the whole of 2010, 29 p.p. more than in 2009, raising its share of total assets to 41% (equivalent to almost 13% of GDP).** Loans to the corporate sector proved to be the most dynamic over the course of the year. **The Central Bank has been promoting increased reach by credit into all productive segments.** This has been the aim of the **"Bicentenary Productive Financing Program" (*"Programa de Financiamiento Productivo del Bicentenario"*)**, which has already held 3 auctions of funds, with a total amount allocated of $1.025 billion.
- The Central Bank has implemented a series of measure to promote **universal access to banking services,** including: (i) a **Free Universal Account *"Cuenta Gratuita Universal"*** (40,900 account applications have been received since it was introduced); (ii) **Settlement Checks *("Cheque Cancelatorio")*** (2,400 of these checks have been issued, equally split between those denominated in national currency -$75 million- and in foreign currency -US$63 million-); (iii) a **reduction in the cost of bank transfers,** and (iv) the approval of new **guidelines for the authorizing of branch openings**.
- **Over the course of 2010 there was a slight drop in the share of lending accounted to the public sector,** which reached a level of 12.2% of total assets in December for the banking system as a whole. At the end of 2010, public sector deposit stocks continued to exceed total lending to this sector by an amount equivalent to 10.5% of assets, maintaining its creditor position with regard to the bank aggregate.
- **Bank net worth ended 2010 having risen by 18.3%**, while the capital compliance ratio stood at 17.7% of risk weighted assets (RWA) at the end of the year. **Banks ended the year recording profits equivalent to 2.8% of assets, with improved profitability among all groups of financial entities,** a notable increase being recorded in the case of public banks.

Chart 1

Financial Intermediation with the Private Sector

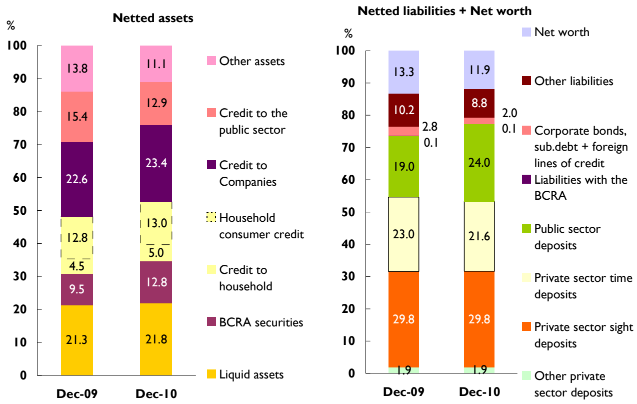
Year on year % change - Financial system



Source: BCRA

Chart 2

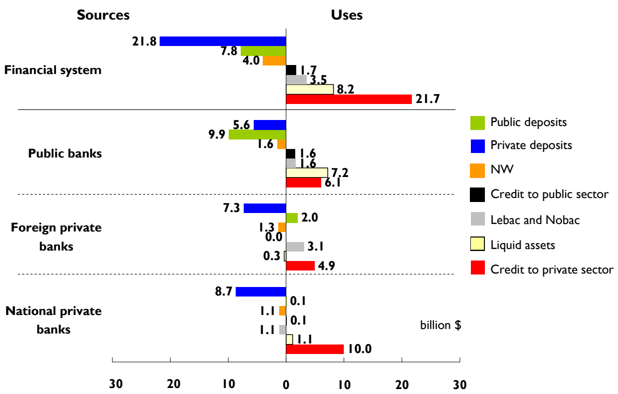
Financial System Balance Sheet Composition



Source: BCRA

Chart 3

Main Components of Flow of Funds - Quarter IV-10



Source: BCRA

Activity

Financial intermediation accelerated in the last part of 2010

Towards the end of 2010 financial entities further increased their levels of intermediation with the private sector. Financial system netted assets rose 2.8% in December, accumulating year-on-year (y.o.y.) growth of 32.5%. The monthly improvement was mainly led by private banks. In this context private loan stocks rose 37.5% in 2010, while private sector deposits went up 29.3% (see Chart 1), substantially improving the performance seen in the previous year.

In December, lending to the private sector boosted its share of financial system netted assets to 41.4%. As a result, **banking system exposure to the private sector exceeded the weighting at the end of 2009, driven mainly by loans to companies** (see Chart 2). The more liquid assets also increased their relative share of financial system netted assets over the course of 2010. **Public sector deposits** (in local and foreign currency) **gained significance in total financial entity funding during the year.**

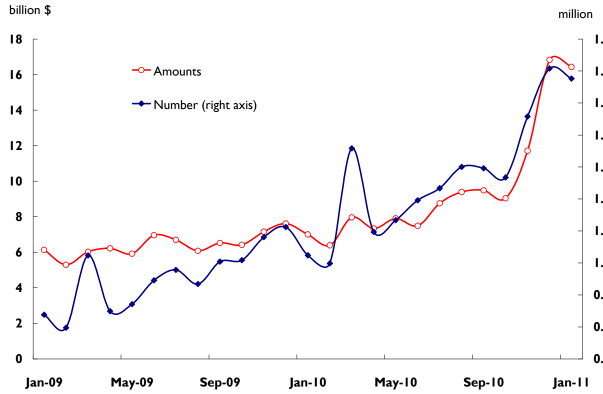
In the case of estimated financial system cash flows, (based on changes in balance sheet stocks)**, there was a notable increase in December in private sector deposits** ($12.3 billion), **making them the main source of resources for the month.** Other sources of funds for banks during the month came from increased public sector deposits and a reduction in liquid assets. **In the case of uses of funds, the increase in lending to the private sector** ($9.6 billion) **played a leading role,** while other uses of funding included increase lending to the public sector and holdings of Lebac and Nobac. During the month the increase in private sector lending and deposits took place mainly among private banks.

Financial intermediation with the private sector gained in importance towards the end of the year. In the last quarter of 2010 the increase in the stock of private sector deposits ($21.8 billion) was the main source of funding for the financial system, which used these resources to increase its lending to the private sector ($21.7 billion). National **private banks and public banks were mainly responsible for the increase in lending to the private sector in the last quarter of 2010** (see Chart 3).

At the end of the year financial entities also recorded an improvement in their role as providers of means of payment for the economy. Specifically, at the end of

Chart 4

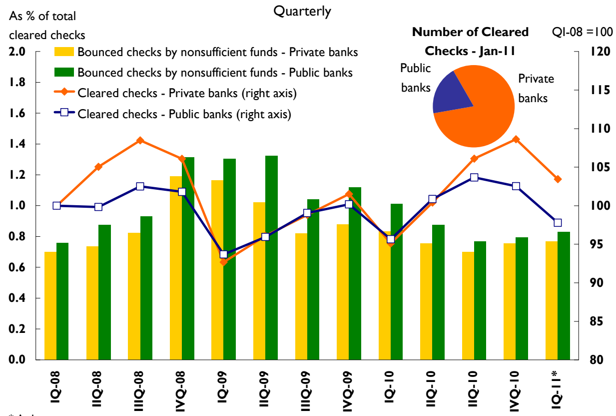
Monthly Retail Transfers



Source: BCRA from Clearing Houses ACH and COELSA

Chart 5

Cleared and Bounced Checks by Nonsufficient Funds

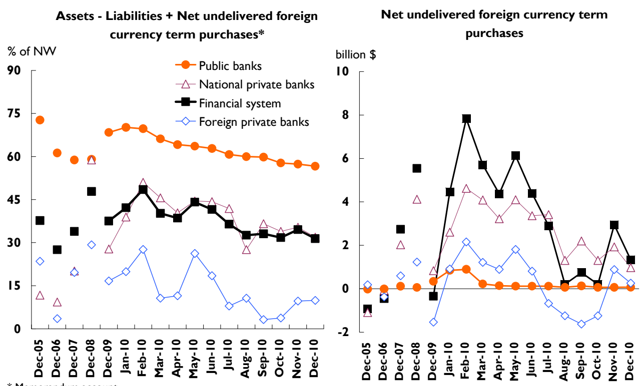


* At January

Source: BCRA

Chart 6

Currency Mismatching



* Memorandum account

Source: BCRA

2010 (in November and December) a significant increase was noted in both the number and amounts of retail transfers (see Chart 4). Among other factors, this performance coincided with a reduction in transaction costs implemented by the Central Bank. At the start of 2011 there was a slight drop in the number and amount of transfers, as usually happens at the beginning of the year, although levels remain significantly higher than those of 12 months earlier. Transfers for less than $50.000 grew at above the overall average in the last part of 2010 (in terms of both numbers and value), while at the beginning of 2011 there was a slight fall for all sizes of transaction.

The amount and number of cleared checks ended the year at the highest level for 2010. Bounced checks by nonsufficient funds increased modestly in the last quarter of 2010, to 0.8% of the number of cleared checks and 0.4% in terms of amounts. Nevertheless, **compared with the same period of the previous year, there has been a decline in bounced checks by nonsufficient funds in terms of total clearing volumes.** The proportion of bounced checks by nonsufficient funds was similar for public and private banks, although most of the checks that are cleared are processed through the latter (see Chart 5).

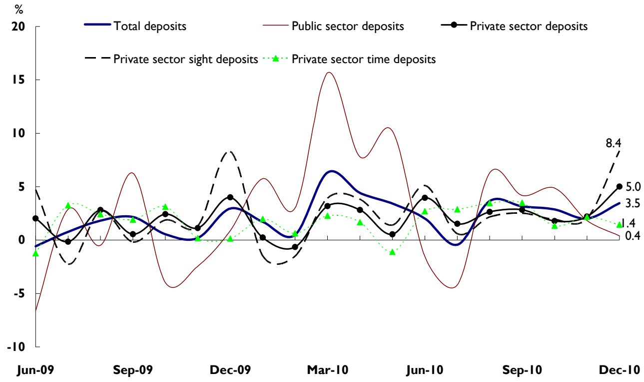
In order to encourage the use of banking services, in October 2010 the Central Bank created a Universal Free Account (*"Cuenta Gratuita Universal"-CGU*) that is available to the public at financial entities. The number of CGU accounts opened had reached 40,900 by mid-February 2011. Complementing this measure, **and with the aim of discouraging the use of cash, the settlement check (*"cheque cancelatorio"*) was introduced.** By early February 2011 2,400 settlement checks had been issued, evenly split between those denominated in local currency ($75 million) and those in foreign currency (US$63 million).

Broad foreign currency mismatching for the financial system (which includes net undelivered foreign currency term purchases) **dropped by 2.4 p.p. of net worth in December to 32.1%**, mainly because of fewer net foreign currency term purchases by private banks (see Chart 6). As a result, this mismatching has accumulated a reduction of 5.4 p.p. of net worth over 2010, mainly explained by public banks and foreign private banks.

Chart 7

Balance Sheet Total Deposits Stock - Financial system

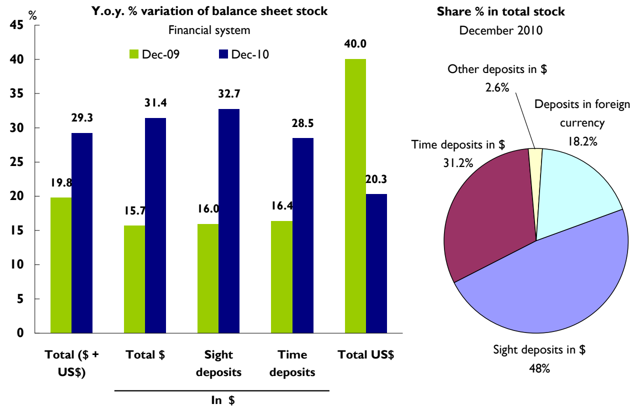
Monthly % variation



Source: BCRA

Chart 8

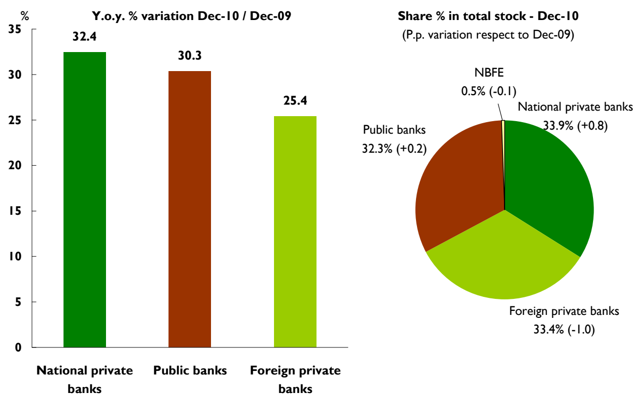
Evolution of Non-Financial Private Sector Deposits



Source: BCRA

Chart 9

Private Sector Deposits by Group of Financial Entities



Source: BCRA

Deposits and Liquidity

Private sector deposits went up in December, mainly boosted by sight deposits

Total financial system deposit stocks rose 3.5% in December[1], mainly from the increase in private sector deposits (5%) that was led by sight accounts (8.4%)**, in line with a certain degree of seasonal performance** (see Chart 7). Public sector deposits posted an increase for the month of 0.4%.

Over 2010 total deposit stocks (in local and foreign currency) **rose 38.4%, 23.3 p.p. more than in 2009**. **Total public sector deposits have shown greater year-on-year dynamism,** rising 67.6% on the basis of higher time deposits (+78.7%) and sight accounts (+61.7%). The stock of public sector deposits in pesos grew by 56.3%.

Private sector deposits went up 29.3% in 2010, led by those in local currency. **Sight and time deposits increased by 32.7% and 28.5% respectively, more than doubling the rate seen in 2009** (see Chart 8). The stock of deposits in foreign currency increased 20.3% in the last 12 months, almost 20 p.p. less than in the previous year[2]. Over the year the growth rate for private sector deposits was greater in private domestic banks and public banks, which therefore gained share of the total stock (see Chart 9).

Estimated funding costs for deposits in pesos, weighted by the volume traded in the financial system, dropped slightly in December, mainly because of the behavior recorded by public banks. This change was mainly explained by the increase in the share accounted for by sight deposits, an effect that was partly offset by the increase in the cost of time deposits in domestic currency. **Year-on-year comparison shows that the cost of funding through peso deposits dropped compared with the end of 2009 for all groups of banks** (see Chart 10).

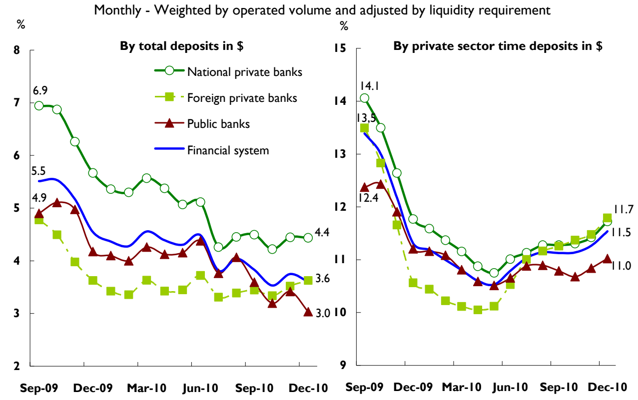
In December the financial system liquidity indicator that includes items denominated in local and foreign currency fell by 1.1 p.p. of deposits to 28%, mainly because of the reduction in minimum cash compliance by banks (within the framework of a three month minimum cash requirement period from December to February), **in the context of an increase in deposits.** The broad liquidity indicator for all banks

[1] Total non-financial sector deposits rose 3.4% in December.
[2] The change in currency of origin totaled 15% in 2010, 13 p.p. less than in 2009.

Chart 10

Estimation of Funding Costs by Deposits in Pesos

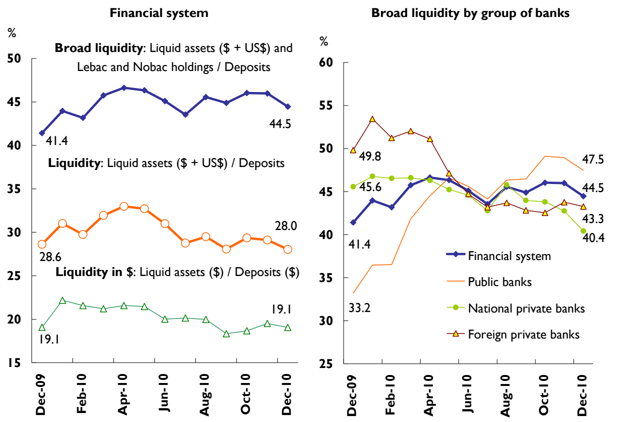
Monthly - Weighted by operated volume and adjusted by liquidity requirement



Source: BCRA, SisCen

Chart 11

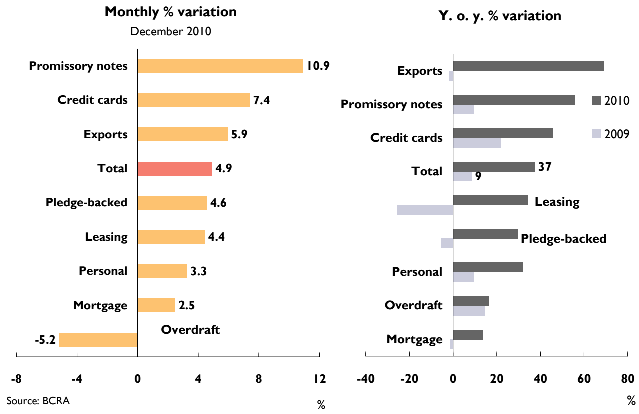
Liquidity



Source: BCRA

Chart 12

Balance Sheet Credit to the Private Sector by Type of Line



Source: BCRA

(which includes bills and notes not related to repos with the Central Bank) fell by 1.5 p.p. of deposits during the month to 44.5%, as a result of declines in all groups of financial entities (see Chart 11). **In year-on-year terms the broad liquidity ratio for the financial system rose 3 p.p., on the basis of the performance by public banks.**

Call market interest rates recorded an increase for the month of 0.3 p.p. on average to 9.7%. In December average daily trading volume was $780 million, almost $130 million less than in November.

Financing

Lending to the private sector continued to grow at a good rate in December, mostly driven by promissory notes and credit cards

During December the stock of lending to the private sector went up 4.9%[3], the most significant monthly increase in recent years. With the exception of overdrafts, all credit lines were higher during the month, with a notable performance by promissory notes, credit cards, and export finance (see Chart 12). As a result, **loans to the private sector rose 37.5% during 2010, 29 p.p. more than in 2009, gaining share of total assets. Those lines largely granted to the corporate sector (such as export finance and promissory notes) were the most dynamic over the course of the year,** rising by even more than loans mainly targeting household consumption (personal loans and credit cards).

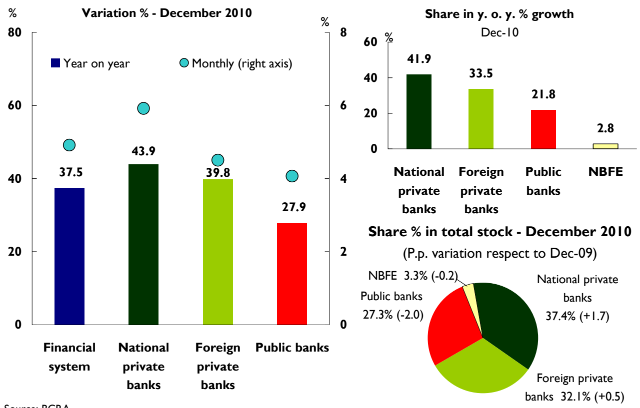
The increase for the month in lending to the private sector was mainly driven by private banks (both national and foreign private banks), at a time of widespread growth by all groups of banks (see Chart 13). During 2010 domestic and foreign private banks displayed the greatest dynamism and contributed most to lending growth (accounting for three quarters of the expansion), although in the last quarter public banks increased their contribution to total credit availability.

Lending rates remained relatively stable in December, except for those applied to consumer loans, which dropped slightly. **Interest rates on loans to the private sector fell across the board compared with the end of 2009. The most significant drop in commercial lines**

[3] If balance sheet stocks are corrected for the assets securitized during the month (using bank loans as underlying assets), the change in lending to the private sector would reach 5%. During December there were four issues of financial trusts using bank loan portfolios as underlying assets for a total of $229 million, of which $192 million corresponded to the securitization of personal loans, and $37 million to credit card coupons.

Chart 13

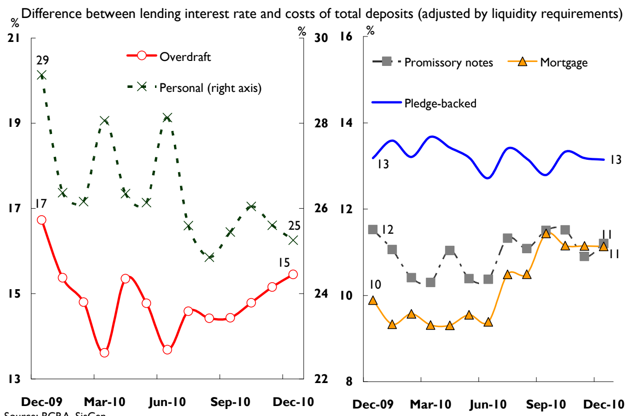
Evolution of Credit to the Private Sector by Group of Financial Entities



Source: BCRA

Chart 14

Interest Rates Spreads - Peso Operations

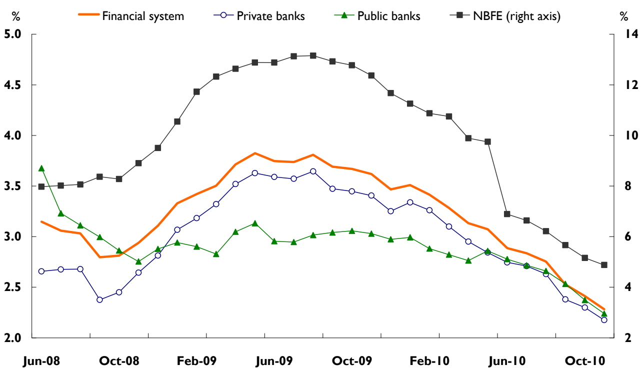


Source: BCRA, SisCen

Chart 15

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

Non-performing portfolio / Total financing



Source: BCRA

took place for promissory notes, while in the case of consumer lending, the drop for personal loans was even greater. The cost of pledge-backed loans dropped slightly, while mortgage lending was the only line showing some year-on-year increase in its interest rate. In terms of the spread between lending rates and the cost of funding, over the course of 2010 there has been a reduction compared with the levels at the end of the previous year, especially in commercial and consumer lines, unlike collateralized loans, which recorded moderate increases (see Chart 14).

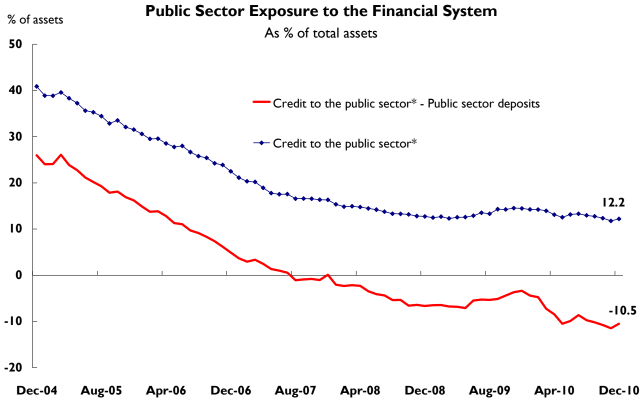
The non-performance ratio for private sector lending stood at 2.3% in November (latest information available at the date of publication of this Report). Over the course of the year the level of delinquency has shown a drop of 1.2 p.p. compared with the end of 2009, a situation seen across all types of financial entities (see Chart 15). This change is explained by both a reduction in the non-performing balance and the increased dynamism shown by the total stock of lending, particularly in the case of household consumer loans. The level of coverage of the non-performing portfolio by means of provisions reached 157% in November, 34 p.p. higher than the value recorded in the same month of the previous year.

At the same time as the increase in lending to the private sector, in December there was a slight increase in financial system lending to the public sector, to a level of 12.2% of assets (see Chart 16) (mainly accounted for by official banks), although in year-on-year terms there has been a drop in this exposure for the overall financial system. **The stock of public sector deposits in the banking system continues to exceed lending to this segment by an amount equivalent to 10.5% of total assets at December 2010.** In this context, it should be noted that as from March 2011 new regulations will come into effect to simplify the valuation criteria for public non-financial sector and Central Bank monetary regulation debt instruments. This change, which is in accordance with international regulations on the matter, is intended to eliminate differences in the accounting valuation of these assets compared with their market prices, as well as to improve transparency of their disclosure on bank balance sheets.

Chart 16

Public Sector Exposure to the Financial System

As % of total assets

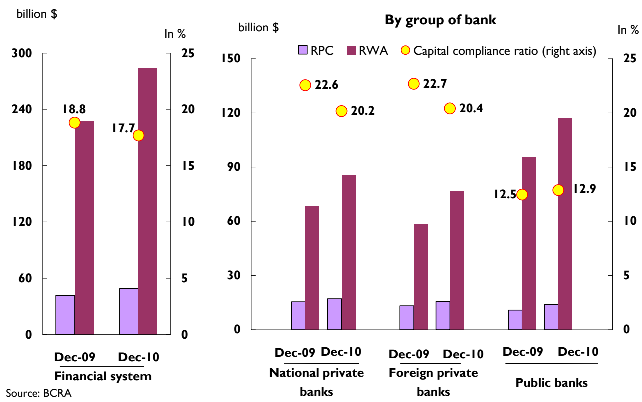


* Note: Public bond position (without Lebac and Nobac) + Loans to the public sector

Source: BCRA

Chart 17

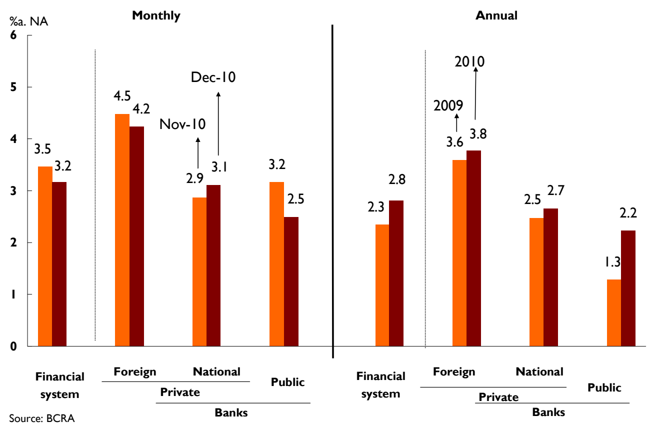
Capital Compliance (RPC) and Risk Weighted Assets (RWA)



Source: BCRA

Chart 18

Profitability by Group of Banks



Source: BCRA

Solvency

2010 ended with improved book profits for all groups of banks

Consolidated financial system net worth grew by 2.5% in December, ending the year recording a growth of 18.3% y.o.y. Public banks have posted a greater relative year-on-year increase. **Both the monthly and annual rise in net worth has been due mainly to book profits.**

The capital compliance ratio reached 17.7% of risk-weighted assets (RWA), 1.1 p.p. less than 12 months ago. The slight drop for the year in the capital compliance ratio was led by private banks (see Chart 17), given the increased growth in lending to companies and households, added to the fact that this group of financial entities has paid out dividends over the course of 2010. Financial system excess capital compliance represented 86% of the regulatory requirement in December, a year-on-year drop of 14 p.p.

In the last month of the year financial system book profits totaled 3.2%a. of assets, slightly under the level recorded in November, but higher than the average for 2010. **Over the year as a whole, banks accrued utilities for 2.8% of assets, 0.5 p.p. more than in 2009**. All groups of banks increased their annual profits, with a notable improvement being recorded by public banks (see Chart 18).

Bank financial margin rose by 0.8 p.p. of assets to 9.3%a. in December, mainly because of the increase in net interest income and gains on securities, partly offset by lower income from CER adjustments and reductions in foreign exchange price adjustments. National private banks led the rise for the month in financial margin, followed by foreign private banks. **In 2010 financial margin stood at 8.6% of assets, remaining steady compared with the previous year.** Accumulated exchange rate differences for the year were lower than in 2009, a figure that was virtually offset by an increase in CER adjustments (see Chart 19).

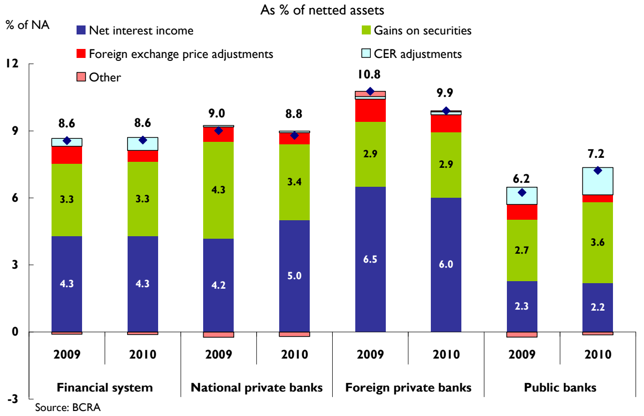
Net interest income showed no change on a year-on-year basis in terms of assets, mainly reflecting a combination of increased levels of financial intermediation and lower spreads.

In the accumulated total for 2010 **there was a drop in the implicit rate for most private sector loan lines** compared with the previous year. This drop was **larger than the reduction in the total implicit cost from**

Chart 19

Financial Margin by Group of Banks

As % of netted assets

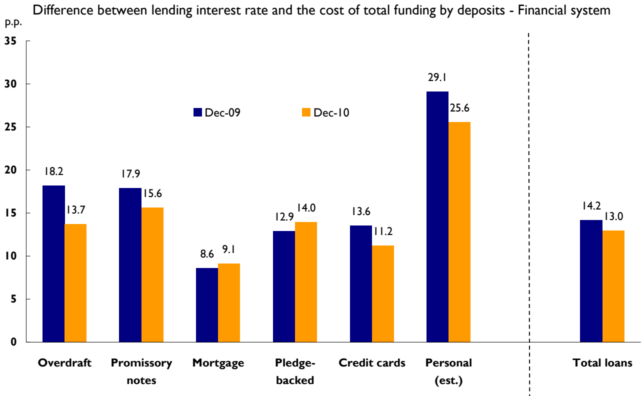


Source: BCRA

Chart 20

Spread on Implicit Lending Interest Rates to the Private Sector and Total Deposits

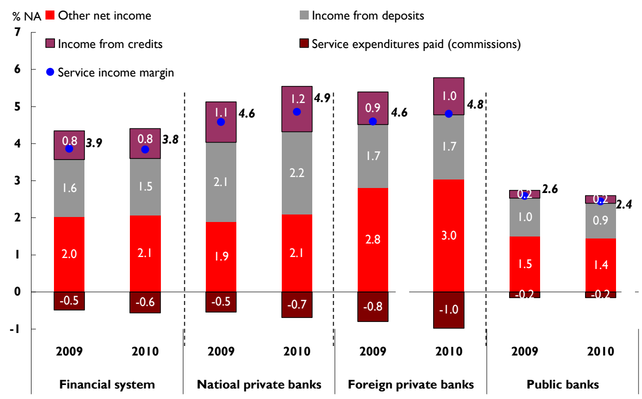
Difference between lending interest rate and the cost of total funding by deposits - Financial system



Source: BCRA

Chart 21

Service Income Margin



Source: BCRA

funding through deposits, generating a reduction in the implicit spread[4] (see Chart 20).

Service income margin rose slightly in December to 4%a. of assets, mainly explained by private domestic banks. Service income margin ended the year at 3.8% of assets, slightly under the level of the previous year (see Chart 21), largely as a result of lower income recorded by public banks and non-bank financial entities.

Loan loss provisions posted an increase for the month of 0.4 p.p. of assets to 1%a., a dynamic largely accounted for by private banks. Despite the increase in December[5], **such expenditure represented only 0.8% of assets in 2010, below the last year level in the context of an improvement in the quality of the credit portfolio.**

In December operating costs rose 1 p.p. of assets to 7.5%a., a movement that was widespread across all financial entities. The largest increases were in part explained by the recording of year-end disbursements (bonuses, etc.). **Over 2010 operating costs rose slightly compared with 2009, to 6.8% of assets**. It should be noted that public banks were partly able to offset the effect of the higher expenditure recorded by both domestic private banks and foreign banks.

According to information available at the date of publishing this Report, it is estimated that the financial system will start 2011 by further deepening the level of its financial intermediation with the private sector, and will continue to accrue profits. This increased activity is expected to be reflected in more stable income (interest and service revenue). On the disbursement side, loan loss provisions are expected to continue to have a declining impact on income statements.

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[4] The implicit lending rate for each credit line is calculated as the accumulated income accrued from interest charged on each line in 2010 over the average balance for performing loans in each line. The implicit funding cost for deposits is calculated as expense accrued for interest paid on deposits in 2010 over the average balance of total deposits net of regulatory reserve requirements. Spread is established as the difference between the two rates.

[5] Year-end months tend to include certain annual adjustments that impact on totals for the month.

Latest regulations

This section contains a summary of the main regulations related to the business of financial intermediation issued during the month (referenced by the date on which they came into force).

Communication "A" 5152 – 06/12/10
It was temporarily resolved that from 6 December 2010 to 31 January 2011 the daily minimum cash requirement in pesos as established in minimum cash regulations should be 30% of the corresponding requirement.

Communication "A" 5154 – 10/12/10
Lending to the non-financial public sector. Mixed-economy companies have been eliminated from the exclusions (previously they were subject to the general treatment laid down for companies in the private non-financial sector).

Communication "A" 5157 – 13/12/10
Authorization for branches and mobile agencies to set up by public financial institutions or entities that operates as financial agents of local governments. This shall be allowed for public financial institutions of provinces, municipalities and the Autonomous City of Buenos Aires within their jurisdictions, and also outside them in the case of the setting up of branches. The limit for cash disbursement in the granting of loans with credit to account has been raised from $5,000 to $10,000.

Communication "A" 5161 – 23/12/10
To be able to identify credits corresponding to "family allowances" and "universal child benefit" the ordered texts referring to these items has been modified: Savings account deposits, salary accounts, universal free account and special accounts, Bank account regulation, and Sight accounts opened at credit cooperatives.

Communication "A" 5164 – 29/12/10
Adjustments have been made to regulations on minimum cash, application of the deposit insurance scheme, regulation of bank current accounts, salary accounts, savings account and credit cooperative deposits, in the light of the latest communications relating to costs to be charged for transfers between peso deposit accounts and the universal free account.

Communication "A" 5167 – 30/12/10
Adaptation of regulations on the setting up of branches. With the aim of extending regional coverage, the Central Bank approved new guidelines for authorizing the opening of branches, taking special account of whether the application for setting up in jurisdictions where bank services are more widely available is linked to an equivalent application for an area where there is less availability of banking services. Banks must submit a business plan that expressly contemplates the opening of such a branch.
This association between the two branches shall be considered to have been fulfilled when the institutions has opened branches in low banking service areas within 18 months prior for the application for opening of a new branch. The minimum term for operation of such branches is 2 years, and if not fulfilled the bank shall not be able to open branches in the better-banked areas of the country during the same period, and could be subject to the penalties foreseen in the Law on Financial Institutions.

Communication "A" 5168 – 30/12/10
The table for the classification of institutions according to the jurisdiction in which their head office is located has been updated to consider minimum capital requirements on the basis of updated information on the population of the various jurisdictions and new economic development variables. This table is to take effect as from January 2011.
Credit cooperatives shall be placed in categories according to the general criterion established in the rules on minimum capital; if the credit cooperative requests the setting up of all its branches in localities, municipalities or communities where there are up to two financial entities in operation, the initial capital compliance requirements shall be applied corresponding to the category immediately below.

Methodology

(a) Aggregate balance sheet information is taken from the monthly accounting information system (unconsolidated balance sheets). In order to calculate aggregate data for the financial system, for financial entities that have not provided data for the month reviewed, the most recent information available is repeated in the aggregate balance sheet. On the other hand, for profitability analysis only the banks providing data for that month are considered.

(b) Due to possible lack of data for some banks at the time this Report was drafted, and due to possible corrections to the data provided by financial entities later, the data included is of a preliminary nature –particularly for the last month included-. Therefore, and due to the fact that the most recent data available always used, data in connection with earlier periods may not match what was mentioned in earlier issues of the Report. In such cases, the latter release should be regarded as being of better quality.

(c) Unless otherwise indicated, data about deposits and loans refer to balance sheet information, and do not necessarily agree with those compiled by the Centralized Information Requirement System (SISCEN). Reasons for discrepancies include the precise date considered in order to calculate monthly changes and the items included in the definition adopted in either case.

(d) Profit ratio calculations are based on monthly results estimated from changes in the aggregate result amounts during the current fiscal year. Unless otherwise specified, profit ratios are annualized.

(e) Initially, the breakdown by group of banks was determined based on majority decision making role –in terms of voting rights at shareholder meetings - distinguishing between private sector financial entities and public sector banks. In order to increase depth of the analysis, private sector entities were also classed according to the geographic and business scope of their operations. Wholesale banks were therefore defined as those specializing in the large corporations and investor sector, which in general do not rely on deposits from the private sector for their funding. On the other hand, retail banks were divided into those carrying out business nationwide, those located in certain geographic regions –municipalities, provinces, or regions- and entities that specialize in a financial sector niche market –usually smaller entities-. Finally, it is worth noting that the classifications defined above are solely for analytical purposes and does not mean it is the only methodology criteria by which to group them; while on the other hand, the listing of features for each financial entity group has been established in a general manner.

(f) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.- (Paid in liquidity at the BCRA + Other cash holding + Holdings of BCRA securities for repo transactions in cash) / Total deposits; 2.- (Position in government securities (not including Lebac nor Nobac) + Loans to the public sector + Compensations to be received) / Total assets; 3.- (Loans to the non-financial private sector + Leasing operations) / Total assets; 4.- Irregular portfolio with the non-financial private sector / Loans to the non-financial private sector; 5.- (Total irregular portfolio – Bad loan provisions) / Equity. The irregular portfolio includes loans classed in situations 3, 4, 5 and 6; 6.- Cumulative annual result / Average monthly netted assets - % annualized; 8.- (Financial margin (Net interest income + CER and CVS adjustments + Gains on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Cumulative annual operating costs; 9.- Paid in capital (Calculated Equity Requirement) / Risk weighted assets, according to the BCRA rule on minimum capital; 10.- Total capital position (Paid in capital less requirement, including flexibilities) / Capital requirement.

Glossary

%a.: annualized percentage.

%i.a.: interannual percentage.

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

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

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

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

CEDRO: Certificado de Depósito Reprogramado. Rescheduled Stabilization Coefficient.

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

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

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

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

Lebac and Nobac: Bills and notes of the BCRA.

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

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

mill.: million.

NBFE: Non-banking financial entity.

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

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

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

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

ON: Corporate bonds (Obligaciones Negociables).

OS: Subordinated debt (Obligaciones Subordinadas).

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

PN: Net worth (Patrimonio Neto).

p.p.: percentage points.

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

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

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

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

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

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

RWA: Risk weighted assets.

SME: Small and Medium Enterprises.

US$: United States dollars

Statistics annex | Financial system

Chart 1 | Financial Soundness Indicators (see Methodology)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Nov 2010	2010
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	22.5	23.0	27.9	28.6	29.1	28.0
2.- Credit to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.9	47.0	40.9	31.5	22.5	16.3	12.7	14.5	11.8	12.2
3.- Credit to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	31.0	38.2	39.4	38.3	38.9	39.8
4.- Private non-performing loans	16.2	13.8	12.2	14.0	16.0	19.1	38.6	33.5	18.6	7.6	4.5	3.2	3.1	3.5	2.3	n.a.
5.- Net worth exposure to the private sector	24.9	22.5	20.6	24.7	26.2	21.9	17.3	12.4	-1.0	-4.1	-3.3	-3.0	-3.3	-2.8	-4.5	n.a.
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	2.3	2.8	2.8
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	23.9	24.3
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	167	160	167	185	182	182
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.9	16.9	16.9	18.8	17.7	17.7
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	93	90	100	86	86

Source: BCRA
n.a.: not available

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	Nov 10	Dec 10	Change (in %)	
											Last month	2010
Assets	**187,532**	**186,873**	**212,562**	**221,962**	**258,384**	**297,963**	**346,762**	**387,381**	**497,537**	**511,002**	**2.7**	**31.9**
Liquid assets[1]	17,138	27,575	29,154	20,819	37,991	46,320	58,676	71,067	94,320	93,128	-1.3	31.0
Public bonds	31,418	45,062	55,382	66,733	64,592	62,678	65,255	86,318	116,045	119,789	3.2	38.8
Lebac/Nobac	-	-	17,755	28,340	29,289	36,022	37,093	43,867	74,215	76,888	3.6	75.3
Portfolio	-	-	11,803	21,067	25,767	31,598	25,652	34,748	61,338	61,788	0.7	77.8
Repo[2]	-	-	5,953	7,273	3,521	4,424	11,442	9,119	12,876	15,100	17.3	65.6
Private bonds	332	198	387	389	813	382	203	307	217	209	-3.5	-32.0
Loans	84,792	68,042	73,617	84,171	103,668	132,157	154,719	169,868	219,267	230,090	4.9	35.5
Public sector	44,337	33,228	30,866	25,836	20,874	16,772	17,083	20,570	24,159	25,876	7.1	25.8
Private sector	38,470	33,398	41,054	55,885	77,832	110,355	132,844	145,247	189,933	199,196	4.9	37.1
Financial sector	1,985	1,417	1,697	2,450	4,962	5,030	4,793	4,052	5,175	5,018	-3.0	23.9
Provisions over loans	-11,952	-9,374	-7,500	-4,930	-3,728	-4,089	-4,744	-5,824	-6,113	-6,251	2.3	7.3
Other netted credits due to financial intermediat	39,089	27,030	32,554	26,721	26,039	29,712	38,152	33,498	39,276	39,013	-0.7	16.5
Corporate bonds and subordinated debt	1,708	1,569	1,018	873	773	606	912	1,146	1,524	1,433	-6.0	25.1
Unquoted trusts	6,698	4,133	3,145	3,883	4,881	5,023	5,714	5,942	6,427	6,823	6.2	14.8
Compensation receivable	17,111	14,937	15,467	5,841	763	377	357	16	0	0	0.0	-99.9
Other	13,572	6,392	12,924	16,124	19,622	23,706	31,169	26,395	31,326	30,758	-1.8	16.5
Leasing	567	397	611	1,384	2,262	3,469	3,935	2,933	3,769	3,936	4.4	34.2
Shares in other companies	4,653	4,591	3,871	4,532	6,392	6,430	7,236	6,711	7,680	7,910	3.0	17.9
Fixed assets and miscellaneous	8,636	8,164	7,782	7,546	7,619	7,643	7,903	8,239	8,849	9,033	2.1	9.6
Foreign branches	3,522	3,144	3,524	3,647	2,782	2,912	3,153	3,926	3,271	3,285	0.4	-16.3
Other assets	9,338	12,043	13,180	10,950	9,953	10,347	12,275	10,337	10,955	10,859	-0.9	5.0
Liabilities	**161,446**	**164,923**	**188,683**	**195,044**	**225,369**	**261,143**	**305,382**	**339,047**	**441,354**	**453,420**	**2.7**	**33.7**
Deposits	75,001	94,635	116,655	136,492	170,898	205,550	236,217	271,853	363,670	376,264	3.5	38.4
Public sector[3]	8,381	16,040	31,649	34,019	45,410	48,340	67,151	69,143	115,452	115,907	0.4	67.6
Private sector[3]	59,698	74,951	83,000	100,809	123,431	155,048	166,378	199,278	245,286	257,567	5.0	29.3
Current account	11,462	15,071	18,219	23,487	26,900	35,245	39,619	45,752	58,079	61,294	5.5	34.0
Savings account	10,523	16,809	23,866	29,078	36,442	47,109	50,966	62,807	74,638	82,519	10.6	31.4
Time deposit	19,080	33,285	34,944	42,822	54,338	65,952	69,484	83,967	102,859	104,483	1.6	24.4
CEDRO	12,328	3,217	1,046	17	13	0	0	0	0	0	-	-
Other netted liabilities due to financial intermedia	75,737	61,690	64,928	52,072	46,037	46,225	57,662	52,114	60,919	60,120	-1.3	15.4
Interbanking obligations	1,649	1,317	1,461	2,164	4,578	4,310	3,895	3,251	4,305	4,201	-2.4	29.2
BCRA lines	27,837	27,491	27,726	17,005	7,686	2,362	1,885	270	216	262	21.4	-2.7
Outstanding bonds	9,096	6,675	7,922	6,548	6,603	6,938	5,984	5,033	3,599	3,432	-4.6	-31.8
Foreign lines of credit	25,199	15,196	8,884	4,684	4,240	3,864	4,541	3,369	3,802	3,897	2.5	15.7
Other	11,955	11,012	18,934	21,671	22,930	28,752	41,357	40,191	48,997	48,327	-1.4	20.2
Subordinated debts	3,712	2,028	1,415	1,381	1,642	1,672	1,763	1,922	2,186	2,165	-0.9	12.7
Other liabilities	6,997	6,569	5,685	5,099	6,792	7,695	9,740	13,159	14,579	14,871	2.0	13.0
Net worth	**26,086**	**21,950**	**23,879**	**26,918**	**33,014**	**36,819**	**41,380**	**48,335**	**56,184**	**57,582**	**2.5**	**19.1**
Memo												
Netted assets	185,356	184,371	202,447	208,275	244,791	280,336	321,075	364,726	469,882	483,221	2.8	32.5
Consolidated netted assets	181,253	181,077	198,462	203,286	235,845	271,652	312,002	357,118	460,235	473,621	2.9	32.6

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

Source: BCRA

Statistics annex | Financial system (cont.)

Chart 3 | Profitability Structure

Amount in million of pesos	Annual									Monthly		
	2002[1]	2003	2004	2005	2006	2007	2008	2009	2010	Oct-10	Nov-10	Dec-10
Financial margin	13,991	1,965	6,075	9,475	13,262	15,134	20,462	28,937	35,982	3,786	3,318	3,692
Net interest income	-3,624	-943	1,753	3,069	4,150	5,744	9,573	14,488	17,962	1,575	1,537	1,898
CER and CVS adjustments	8,298	2,315	1,944	3,051	3,012	2,624	2,822	1,196	2,405	285	214	104
Foreign exchange price adjustments	5,977	-890	866	751	944	1,357	2,307	2,588	2,099	135	198	159
Gains on securities	3,639	1,962	1,887	2,371	4,923	5,144	4,398	11,004	13,970	1,829	1,381	1,577
Other financial income	-299	-480	-375	233	235	264	1,362	-339	-454	-38	-13	-46
Service income margin	4,011	3,415	3,904	4,781	6,243	8,248	10,870	13,052	16,092	1,420	1,505	1,583
Loan loss provisions	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-2,839	-3,814	-3,290	-262	-239	-406
Operating costs	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-18,767	-22,710	-28,670	-2,528	-2,508	-2,993
Tax charges	-691	-473	-584	-737	-1,090	-1,537	-2,318	-3,272	-4,116	-399	-388	-442
Income tax	-509	-305	-275	-581	-595	-1,032	-1,342	-4,226	-4,992	-547	-293	-496
Adjust. to the valuation of gov. securities[2]	0	-701	-320	-410	-752	-837	-1,757	-262	-214	-2	-14	-13
Amort. payments for court-ordered releases	0	-1,124	-1,686	-1,867	-2,573	-1,922	-994	-703	-635	-110	-29	-35
Other	-3,880	1,738	1,497	1,729	2,664	2,380	1,441	918	1,623	77	-5	369
Monetary results	-12,558	69	0	0	0	0	0	0	0	0	0	0
Total results[3]	**-19,162**	**-5,265**	**-898**	**1,780**	**4,306**	**3,905**	**4,757**	**7,920**	**11,780**	**1,434**	**1,348**	**1,259**
Adjusted results[4]	-	-3,440	1,337	4,057	7,631	6,665	7,508	8,885	12,630	1,546	1,390	1,307
Annualized indicators - As % of netted assets												
Financial margin	6.5	1.1	3.1	4.6	5.8	5.7	6.7	8.6	8.6	9.9	8.5	9.3
Net interest income	-1.7	-0.5	0.9	1.5	1.8	2.2	3.1	4.3	4.3	4.1	4.0	4.8
CER and CVS adjustments	3.9	1.3	1.0	1.5	1.3	1.0	0.9	0.4	0.6	0.7	0.6	0.3
Foreign exchange price adjustments	2.8	-0.5	0.4	0.4	0.4	0.5	0.8	0.8	0.5	0.4	0.5	0.4
Gains on securities	1.7	1.1	1.0	1.2	2.2	1.9	1.4	3.3	3.3	4.8	3.6	4.0
Other financial income	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.4	-0.1	-0.1	-0.1	0.0	-0.1
Service income margin	1.9	1.9	2.0	2.3	2.7	3.1	3.6	3.9	3.8	3.7	3.9	4.0
Loan loss provisions	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.9	-1.1	-0.8	-0.7	-0.6	-1.0
Operating costs	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-6.1	-6.7	-6.8	-6.6	-6.5	-7.5
Tax charges	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0	-1.0	-1.0	-1.0	-1.1
Income tax	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-1.3	-1.2	-1.4	-0.8	-1.2
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	0.0	0.0	0.0
Amort. payments for court-ordered releases	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.3	-0.2	-0.2	-0.3	-0.1	-0.1
Other	-1.8	0.9	0.8	0.8	1.2	0.9	0.5	0.3	0.4	0.2	0.0	0.9
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
ROA[3]	**-8.9**	**-2.9**	**-0.5**	**0.9**	**1.9**	**1.5**	**1.6**	**2.3**	**2.8**	**3.8**	**3.5**	**3.2**
ROA adjusted[4]	-8.9	-1.9	0.7	2.0	3.4	2.5	2.5	2.6	3.0	4.1	3.6	3.3
ROE [3]	*-59.2*	*-22.7*	*-4.2*	*7.0*	*14.3*	*11.0*	*13.4*	*19.2*	*24.3*	*33.2*	*30.5*	*28.4*

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

(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 finar

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

Source: BCRA

Chart 4 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Nov 10	Dec10
Non-performing loans (overall)	18.1	17.7	10.7	5.2	3.4	2.7	2.7	3.0	2.0	n.a.
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**	**2.3**	**n.a.**
Provisions / Non-performing loans	73.8	79.2	102.9	124.5	129.9	129.6	131.4	126.2	157.1	n.a.
(Total non-perfoming - Provisions) / Overall financing	4.7	3.7	-0.3	-1.3	-1.0	-0.8	-0.8	-0.8	-1.1	n.a.
(Total non-perfoming - Provisions) / Net worth	17.2	11.9	-1.0	-4.1	-3.3	-3.0	-3.3	-2.9	-4.6	n.a.

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

n.a.: not available

Source: BCRA

Statistics annex | Private banks

Chart 5 | Financial Soundness Indicators (see Methodology)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Nov 2010	2010
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	23.7	25.7	34.1	29.8	27.6	26.0
2.- Credit to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	50.0	47.7	41.6	28.5	16.3	9.5	6.3	6.2	4.5	4.5
3.- Credit to the private sector	51.0	46.7	47.6	44.6	38.4	45.4	22.4	19.9	22.5	31.1	37.9	46.6	44.0	43.3	48.7	50.3
4.- Private non-performing loans	11.1	8.5	7.7	8.9	9.8	14.0	37.4	30.4	15.3	6.3	3.6	2.5	2.8	3.3	2.2	n.a.
5.- Net worth exposure to the private secto	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-3.0	-3.6	-3.4	-3.1	-4.4	n.a.
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	3.0	3.1	3.2
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	24.0	24.4
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	158	152	166	195	177	176
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.6	19.2	18.3	22.6	20.4	20.3
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	87	86	121	102	99

Source: BCRA
n.a.: not available

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	Nov 10	Dec 10	Change (in %) Last month	Change (in %) 2010
Assets	**118,906**	**116,633**	**128,065**	**129,680**	**152,414**	**175,509**	**208,888**	**229,549**	**274,792**	**280,057**	**1.9**	**22.0**
Liquid assets[1]	11,044	14,500	15,893	14,074	22,226	29,418	37,044	43,562	48,617	49,730	2.3	14.2
Public bonds	19,751	22,260	24,817	29,966	27,663	24,444	29,552	47,949	48,709	48,903	0.4	2.0
Lebac/Nobac	-	-	8,359	15,227	15,952	17,684	23,457	31,575	34,391	34,422	0.1	9.0
Portfolio	-	-	5,611	12,899	14,220	15,639	12,858	27,413	29,883	31,148	4.2	13.6
Repo[2]	-	-	2,749	2,328	1,732	2,045	10,598	4,161	4,508	3,274	-27.4	-21.3
Private bonds	273	172	333	307	683	310	127	233	188	184	-2.1	-21.1
Loans	51,774	47,017	50,741	56,565	69,294	88,898	98,529	101,722	136,196	143,204	5.1	40.8
Public sector	25,056	23,571	21,420	15,954	10,036	6,413	6,249	1,694	1,605	1,625	1.2	-4.1
Private sector	26,074	22,816	28,213	39,031	55,632	78,587	88,426	96,790	130,503	137,310	5.2	41.9
Financial sector	644	630	1,107	1,580	3,626	3,898	3,854	3,238	4,087	4,270	4.5	31.9
Provisions over loans	-7,463	-5,225	-3,717	-2,482	-2,227	-2,365	-2,871	-3,653	-3,848	-3,925	2.0	7.4
Other netted credits due to financial intermediat	27,212	22,148	25,753	16,873	18,387	17,084	25,265	21,258	23,821	20,242	-15.0	-4.8
Corporate bonds and subordinated debt	1,514	1,394	829	675	618	430	699	734	845	757	-10.4	3.1
Unquoted trusts	6,205	3,571	2,362	2,444	2,982	3,456	3,869	4,198	4,337	4,500	3.7	7.2
Compensation receivable	15,971	13,812	14,657	5,575	760	377	357	16	0	0	-	-
Other	3,523	3,370	7,905	8,179	14,027	12,822	20,339	16,311	18,638	14,986	-19.6	-8.1
Leasing	553	387	592	1,356	2,126	3,149	3,451	2,569	3,357	3,519	4.8	37.0
Shares in other companies	3,123	2,791	1,892	2,416	4,042	3,762	4,538	4,067	4,768	4,927	3.3	21.1
Fixed assets and miscellaneous	5,198	4,902	4,678	4,575	4,677	4,685	4,926	5,096	5,616	5,770	2.7	13.2
Foreign branches	-109	-136	-53	-148	-139	-154	-178	-202	-214	-215	0.1	6.1
Other assets	7,549	7,816	7,137	6,178	5,682	6,277	8,505	6,946	7,583	7,717	1.8	11.1
Liabilities	**103,079**	**101,732**	**113,285**	**112,600**	**131,476**	**152,153**	**182,596**	**198,438**	**239,469**	**243,771**	**1.8**	**22.8**
Deposits	44,445	52,625	62,685	75,668	94,095	116,719	135,711	154,387	190,958	198,664	4.0	28.7
Public sector[3]	1,636	3,077	6,039	6,946	7,029	7,564	19,600	17,757	25,233	23,598	-6.5	32.9
Private sector[3]	38,289	47,097	55,384	67,859	85,714	107,671	114,176	134,426	163,985	173,205	5.6	28.8
Current account	8,905	11,588	13,966	17,946	20,604	27,132	30,188	35,127	43,486	46,299	6.5	31.8
Savings account	6,309	10,547	14,842	18,362	23,165	30,169	32,778	40,999	47,817	53,085	11.0	29.5
Time deposit	11,083	18,710	22,729	27,736	38,043	45,770	46,990	54,058	66,139	67,568	2.2	25.0
CEDRO	9,016	2,409	798	3	1	0	0	0	0	0	-	-
Other netted liabilities due to financial intermedia	49,341	42,367	45,083	32,349	31,750	29,323	39,298	34,235	37,982	34,452	-9.3	0.6
Interbanking obligations	836	726	1,070	1,488	3,383	1,979	1,160	1,668	2,046	1,903	-7.0	14.1
BCRA lines	16,624	17,030	17,768	10,088	3,689	675	649	41	39	57	45.4	38.2
Outstanding bonds	9,073	6,674	7,922	6,548	6,413	6,686	5,672	4,626	2,952	2,802	-5.1	-39.4
Foreign lines of credit	15,434	9,998	5,444	2,696	2,249	1,833	2,261	1,262	1,705	1,716	0.6	36.0
Other	7,374	7,939	12,878	11,530	16,015	18,150	29,555	26,638	31,240	27,974	-10.5	5.0
Subordinated debts	3,622	1,850	1,304	1,319	1,642	1,668	1,759	1,918	2,168	2,148	-1.0	12.0
Other liabilities	5,671	4,890	4,213	3,264	3,989	4,443	5,828	7,897	8,360	8,508	1.8	7.7
Net worth	**15,827**	**14,900**	**14,780**	**17,080**	**20,938**	**23,356**	**26,292**	**31,111**	**35,323**	**36,286**	**2.7**	**16.6**
Memo												
Netted assets	117,928	115,091	121,889	123,271	143,807	166,231	192,074	216,100	259,244	267,394	3.1	23.7

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

Statistics annex | Private banks (cont.)

Chart 7 | Profitability Structure

Amount in million of pesos	Annual									Monthly		
	2002[1]	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Oct-10**	**Nov-10**	**Dec-10**
Financial margin	10,628	2,575	3,415	5,253	7,778	8,960	12,964	19,724	21,838	2,147	1,881	2,198
Net interest income	-304	107	1,214	2,069	2,826	4,191	7,727	10,572	12,846	1,129	1,136	1,439
CER and CVS adjustments	1,476	1,082	900	1,215	858	662	651	185	244	41	25	-66
Foreign exchange price adjustments	6,189	-312	666	576	740	990	1,620	1,646	1,493	117	128	140
Gains on securities	3,464	1,892	959	1,259	3,154	2,888	1,637	7,343	7,459	876	587	712
Other financial income	-197	-195	-322	134	199	229	1,329	-22	-205	-17	5	-27
Service income margin	2,782	2,341	2,774	3,350	4,459	5,881	7,632	9,198	11,338	996	1,027	1,115
Loan loss provisions	-6,923	-1,461	-1,036	-714	-737	-1,174	-1,863	-2,751	-2,249	-193	-192	-297
Operating costs	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-12,401	-14,807	-18,805	-1,627	-1,608	-1,954
Tax charges	-512	-366	-393	-509	-769	-1,105	-1,715	-2,380	-2,927	-273	-271	-308
Income tax	-337	-295	-202	-217	-365	-380	-1,168	-3,001	-2,738	-290	-189	-166
Adjust. to the valuation of gov. securities[2]	0	-665	-51	-201	-170	-100	-267	0	47	12	4	7
Amort. payments for court-ordered releases	0	-791	-1,147	-1,168	-1,182	-1,466	-688	-367	-441	-95	-14	-18
Other	-4,164	1,178	846	1,156	1,641	1,576	916	398	1,389	98	135	223
Monetary results	-10,531	-20	0	0	0	0	0	0	0	0	0	0
Total results[3]	**-15,784**	**-2,813**	**-1,176**	**648**	**2,915**	**2,457**	**3,412**	**6,014**	**7,452**	**775**	**774**	**799**
Adjusted results[4]	-	-1,357	252	2,016	4,267	4,023	4,367	6,381	7,846	858	784	810
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	10.2	8.8	10.0
Net interest income	-0.2	0.1	1.0	1.7	2.1	2.7	4.4	5.3	5.5	5.4	5.3	6.5
CER and CVS adjustments	1.1	0.9	0.8	1.0	0.6	0.4	0.4	0.1	0.1	0.2	0.1	-0.3
Foreign exchange price adjustments	4.4	-0.3	0.6	0.5	0.6	0.6	0.9	0.8	0.6	0.6	0.6	0.6
Gains on securities	2.5	1.7	0.8	1.0	2.4	1.9	0.9	3.7	3.2	4.2	2.7	3.2
Other financial income	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.8	0.0	-0.1	-0.1	0.0	-0.1
Service income margin	2.0	2.0	2.4	2.7	3.4	3.8	4.3	4.6	4.8	4.7	4.8	5.1
Loan loss provisions	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-1.4	-1.0	-0.9	-0.9	-1.4
Operating costs	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-7.0	-7.4	-8.0	-7.7	-7.5	-8.9
Tax charges	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-1.0	-1.2	-1.2	-1.3	-1.3	-1.4
Income tax	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.7	-1.5	-1.2	-1.4	-0.9	-0.8
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	0.1	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	-0.4	-0.1	-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	1.0
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
ROA[3]	**-11.3**	**-2.5**	**-1.0**	**0.5**	**2.2**	**1.6**	**1.9**	**3.0**	**3.2**	**3.7**	**3.6**	**3.6**
ROA adjusted[4]	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	3.2	3.3	4.1	3.7	3.7
ROE [3]	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*10.9*	*15.2*	*22.9*	*24.4*	*28.6*	*27.9*	*28.9*

(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 secur

(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 finar

(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	Nov 10	Dec10
Non-performing loans (overall)	19.8	15.7	8.9	4.4	2.9	2.2	2.5	3.1	2.1	n.a.
Non-performing loans to the non-financial private se	**37.4**	**30.4**	**15.3**	**6.3**	**3.6**	**2.5**	**2.8**	**3.3**	**2.2**	**n.a.**
Provisions / Non-performing loans	73.4	79.0	97.0	114.3	129.3	141.3	134.1	128.9	153.1	n.a.
(Total non-perfoming - Provisions) / Overall financing	5.3	3.3	0.4	-0.6	-0.9	-0.9	-0.9	-0.9	-1.1	n.a.
(Total non-perfoming - Provisions) / Net worth	18.6	11.2	1.3	-2.2	-3.0	-3.6	-3.4	-3.1	-4.4	n.a.

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

n.a.: not available

Source: BCRA