Report on Banks

FEBRUARY 2007

Central Bank of Argentina

Year IV - No. 6

Contents

Note: This report contains information from February 2007 available on 27 March 2007. Description centers mainly on the behavior of the financial system (including breakdowns by uniform sub-groups). Figures provided (particularly in the case of profitability) are preliminary, and may be subject to change.

Published on 17 April 2007

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Summary

- In the first two months of 2007 **the financial system consolidated its reception of private sector deposits for longer terms, and was able to increase lending to the private sectors in a low credit risk context.** On the basis of the incentives established by the Central Bank, financial entities have continued to reduce their public sector exposure. Although there was a drop in profitability for the month, positive accounting results were reflected in an improvement in solvency levels.

- Credit to the private sector continued along a positive path in February. Although the development of commercial lending reflected the lower level of economic activity characteristic of the first months of the year, **corporate lending was boosted by primary production and service sectors.**

- **In 2006 lending to the private sector increased in the geographical regions with lower credit access.** Although credit to the private sector by regional level is still concentrated on the City of Buenos Aires, growth in the last year has been spread slightly more evenly than in 2005.

- **Growth in lending to the private sector continues to take place in a context of declining credit risk.** While corporate borrower delinquency fell 0.3 p.p. in 2007 to 4.9%, that of households remained steady at 3.5% in the same period. As a result, the private sector ratio stands at 4.3%. **The sound credit quality of new loans is notable**, both in the case of new debtors joining the system in the last two years, and of those that already participated in the financial system previously.

- In line with the measures established by the Central Bank, **the financial system continued to reinforce its independence from public sector financial needs.** In February bank exposure to the public sector dropped 0.7 p.p. of assets, to a level of 19.9%, a movement led by private sector financial entities.

- **In February there was growth in deposits for longer maturities.** Private sector time deposits rose 0.9%, while private sector sight deposits recorded a slight drop.

- **Bank ROA in February reached** 1.3%a. while ROE was 9.3%a., **reflecting the lower gains on securities and from net interest income compared with the previous month.** These movements were in part offset by lower loan loss charges and a reduction in tax accrual.

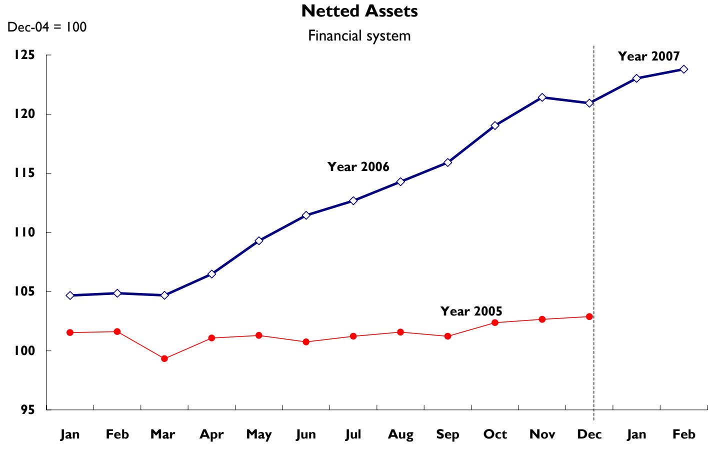
- Financial system net worth recorded a year-on-year (y.o.y) increase of 23.2% in February. **Capital compliance in terms of assets at risk grew 0.2 p.p., to a level of 17.5%, twice the capital requirement.**

- **The increase in non-financial deposits** (almost $1.4 billion), **lower exposure to the Government** ($1.1 billion), **and a reduction in liquid assets** ($700 million) **were the main sources of funding, while increased lending to the private sector** ($2 billion) **and larger holdings of Central Bank securities** ($1.9 billion) were the most significant uses of funds.

Chart 1

Netted Assets

Financial system

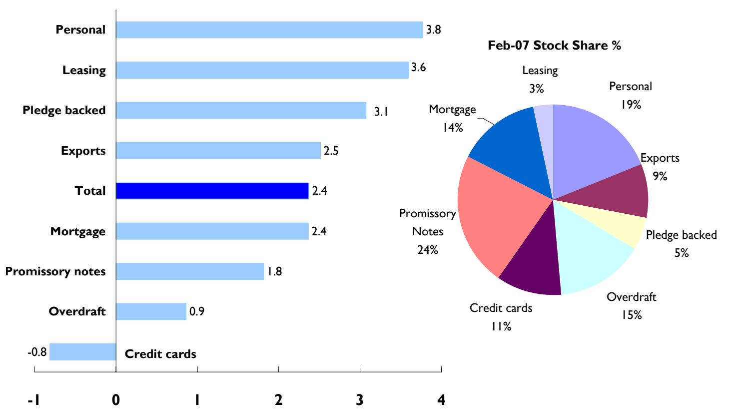


Source: BCRA

Chart 2

Credit to the Private Sector

By type of lines - Monthly % change - February 2007

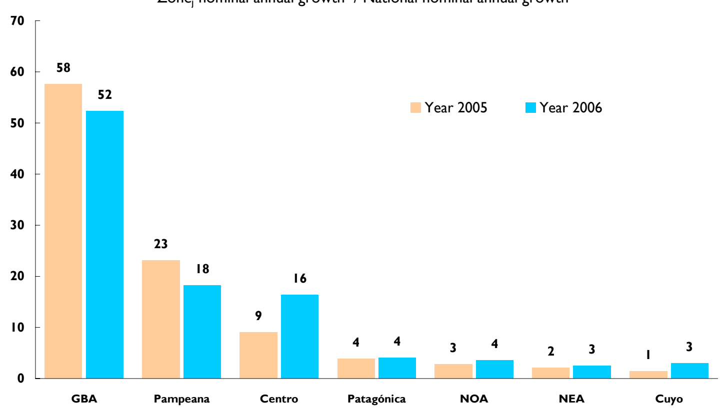


Source: BCRA

Chart 3

Regional Share in Private Credit Growth

Zone$_i$ nominal annual growth / National nominal annual growth



Source: BCRA

Activity:

Increased reception of longer-term private sector deposits

During February banks consolidated the growth trend of the traditional financial intermediation. Once again, credit to the public sector declined, while lending to the private sector increased, at the same time as funding terms lengthened with the growth in time deposits, showing the impact of measures introduced by the Central Bank. In this context of increased banking activity, netted assets rose by 0.6% in February (0.3% in real terms[1]) (see Chart 1), accumulating a year-on-year (y.o.y.) expansion of 18.1% (7.7% y.o.y in real terms).

In the second month of the year, **growth in non-financial deposits** ($1.4 billion) **and declining lending to the public sector** ($1.1 billion) provided the main source of funding. Another source or resources during the month was the reduction in liquid assets held by financial entities ($700 million).

The main uses of new bank funding in February were increased lending to the private sector ($2 billion)[2] and holdings of Central Bank securities ($1.9 billion). In addition, one private financial entity reduced part of its debt abroad, at the same time as there was a slight increase in bank repos with the non-financial sector.

Strengthening the progress made over the last two years, in February lending to the private sector grew 2.4% (see Chart 2)**, accumulating a year-on-year increase of 40.2%.** Unlike the previous month, when the private bank sector recorded a notable performance, during February the increase in lending to the private sector was explained in similar proportions by both public and private banks.

In addition to this notable development by credit to the private sector, and **consistently with the Central Bank's objective of increasing regional access to financing, there has been increased penetration of lending across geographical regions[3]. Although the increase in lending to the private sector at regional level has not been uniform, growth in 2006 has been more even than it was in 2005** (see Chart 3). The two regions accounting for the greatest portion of the increase in lending in 2005 (CABA and Pampeana) saw a drop of 11% in their share, which was taken up by the other regions. In line with the Central Bank's policy, and given the growing dynamism of the various regions of the country, in 2007 it is expected that lending growth will take place in a gradually more uniform scenario.

In February the increase in lending to households took place in a stable interest rate context. Personal loans led the increase in these

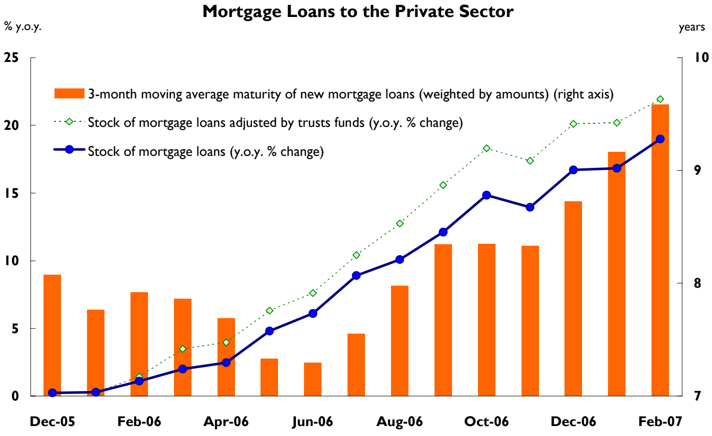
[1] Deflated by CPI.

[2] Adjusted for the setting up of financial trusts during the month. Includes lending in the form of leasing.

[3] The criterion adopted to divide Argentine territory into different geographical regions has been as follows: NOA Region (Catamarca, Tucumán, Jujuy, Salta and Santiago del Estero), NEA Region (Corrientes, Formosa, Chaco and Misiones), Cuyo Region (Mendoza, San Juan, La Rioja and San Luis), Pampeana Region (Buenos Aires and La Pampa), Central Region (Córdoba, Santa Fe and Entre Ríos) and Patagonia Region (Santa Cruz, Chubut, Río Negro, Neuquén and Tierra del Fuego). The CABA region is formed only by the Autonomous City of Buenos Aires.

Chart 4

Mortgage Loans to the Private Sector

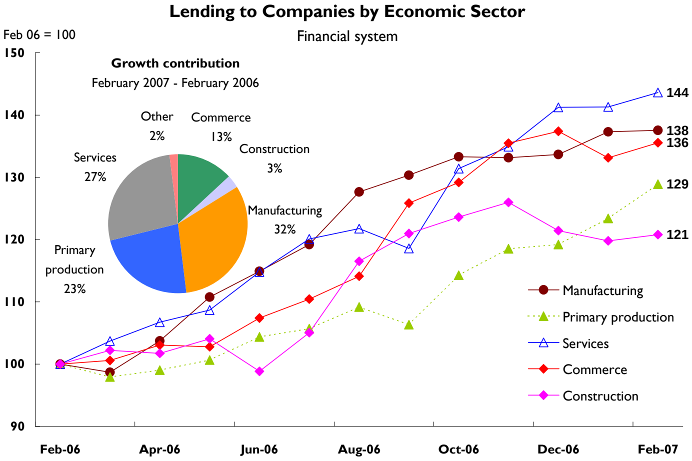


Source: BCRA

Chart 5

Lending to Companies by Economic Sector

Financial system

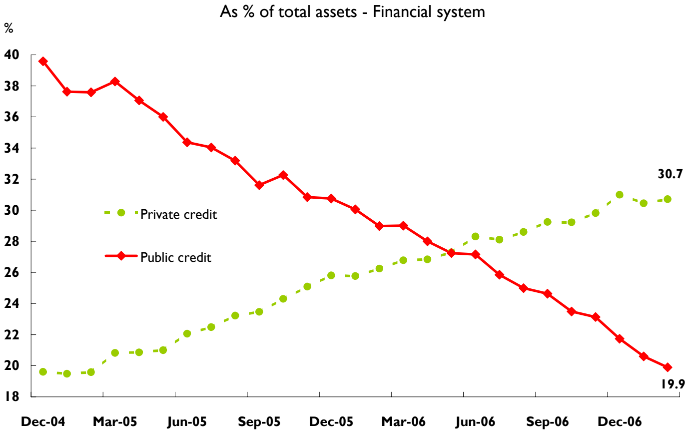


Source: BCRA

Chart 6

Public and Private Sector Exposure

As % of total assets - Financial system



Source: BCRA

credit lines (with a rise of 3.8% in February)[4]. There was a slight drop in credit card loans.

Reflecting the incentives being implemented by the Central Bank, households and companies continue to gradually extend the maturity of their borrowing. Pledge backed loan totals went up 3.1% in February, while mortgage loans rose 2.4% in the month. In addition to this growth, **there has been a steady increase in the term to maturity of new mortgage loans** (see Chart 4). Nevertheless, the availability of mortgage loans is still centered on a relatively few financial entities. The early stage of development of the market, and the growing dynamism it has been showing in an encouraging economic context, augur well for 2007[5].

Primary production and services were the economic sectors that most increased their bank borrowing in February (4.5% and 1.6%, respectively). Although the increase in lending to the different sectors has been fairly uniform (the construction industry being an exception), manufacturing and services received the largest share of bank resources in the last 12 months, having been the most dynamic sectors during the period (with variations of 38% and 44% respectively) (see Chart 5). Loans by means of promissory notes were the credit lines most used by companies in February (1.8%), with a notable dynamism being shown by export finance (2.5%). Despite the widespread increase, the development of commercial loans in February continued to reflect the seasonal effects of the lower economic activity typical of the beginning of the year.

Good growth outlook continues to encourage companies, and SMEs in particular, to use leasing as a medium-term financing tool. In February bank leasing balance totals rose 2.7%. In the last 12 months these lines have been channeled towards services and industry.

The growing share of lending accounted for by the private sector continues to be matched by **a reduction in public sector exposure.** In February, in response to the incentives established by the Central Bank, banks lowered their weighting of public sector assets in portfolio by 0.7 p.p. of assets[6] to a level of 19.9% (21.6% of netted assets). This performance for the month was led by private banks. One domestic capital private bank sold Boden 2012 for almost US$320 million that it had received from the government in compensation, settling liabilities abroad with part of these resources. Considering the drop in February, **in the last 12 months financial entities have lowered their exposure to the public sector by 9.1 p.p. of assets, for a total drop of almost 20 p.p. since the end of 2004** (see Chart 6).

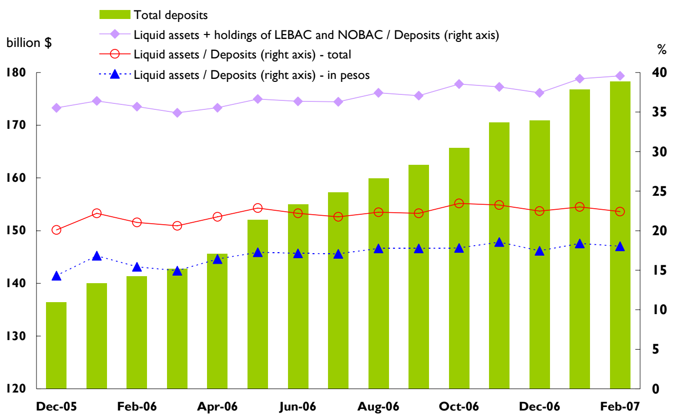
During February, **banks reduced their stock of liquid assets** ($700 million), reflected in a slight decline in the liquidity indicator, to 22.4% of total deposits (see Chart 7). The liquidity indicator that includes Lebac and Nobac rose 0.4 p.p. to 39.6%, mainly from the purchase of variable rate securities. In the current context of adequate levels of liquidity **call market activity was lower in February**. Average

[4] Adjusted for the setting up of financial trusts during the month, the increase in personal loans rises to 4.5%.
[5] For further detail, see Section 2 of the Central Bank's Financial Stability Bulletin for the First Half of 2007.
[6] Exposure to the public sector includes the position in government securities (taking into account compensation receivable) and loans to the public sector. It does not include LEBAC and NOBAC.

Chart 7

Deposits and Liquidity

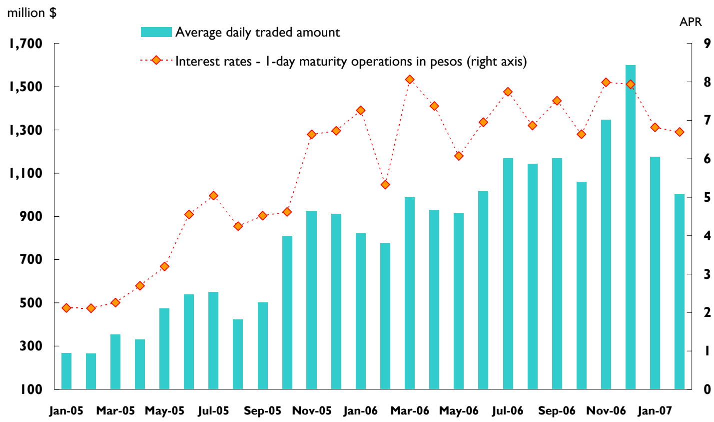
Financial system



Source: BCRA

Chart 8

Call Market

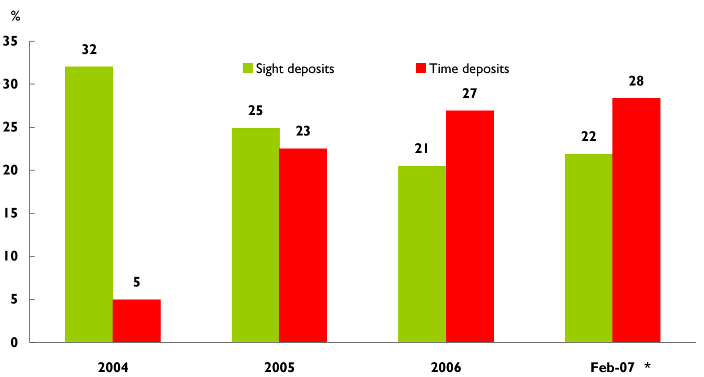


Source: BCRA

Chart 9

Private Deposits

Year on year % change - Financial system



* Y.o.y. % change

Source: BCRA

daily traded volumes totaled $1 billion in February (15% less than in the previous month) with an interest rate for overnight deposits in pesos that remained steady over the month, averaging 6.7%, for a total drop of 120 b.p. in the year to date (see Chart 8).

Deposit growth in February (0.8%, $1.4 billion) was due to an increase in private sector placements (0.6%, $800 million) and to a lesser extent, to a rise in deposits from the official sector (1.3%, $600 million). **In line with the regulatory changes introduced by the Central Bank in 2006, in February the move away from saving in sight accounts towards time deposits continued to deepen**: whereas the former fell by 0.1% ($80 million), time deposits rose by 0.9% ($530 million)[7], in a context of declining interest rates compared with the previous month. Following this behavior in February, year-on-year growth in time deposits continues to exceed that of sight deposits (see Chart 9). As a result, time deposits continue to gain share in total bank liabilities, although they are still below pre-crisis levels. It should be noted that from a medium-term perspective, there has been an upward displacement in the time deposit yield curve (see Chart 10).

Deepening the progress made in the last two years, **the financial system continued to reduce its indebtedness with the Central Bank under the "matching" schedule.** Currently, out of the 24 financial entities originally involved, only one bank still records obligations under the matching scheme. Since early 2005 banks have settled 86.5% of the principal due for rediscounts granted during the recent crisis. Between January and April 2007 the financial system made payments for $3.08 billion under this heading.

Basically as a reflection of the impact of the increase in loans and other credits from financial intermediation in foreign currency, partly compensated for by the sale of Boden 2012 made by one private financial entity, in February foreign currency assets increased by US$80 million. Liabilities in that currency rose by US$150 million, largely explained by an increase in private sector deposits and in other foreign currency liabilities from financial intermediation, partly offset by a settlement of liabilities abroad. As a result, **foreign currency mismatching in terms of net worth dropped 0.9 p.p. in February, to 23.7%** (see Chart 11).

Portfolio quality:

Private sector loan quality continues to improve

The positive economic prospects for families (growth of wage mass) and companies (expansion of the various productive activities), in the framework of a reduced level of indebtedness, continue to encourage **the granting of new credit lines with low intrinsic risk and the regularization of loans in arrears.**

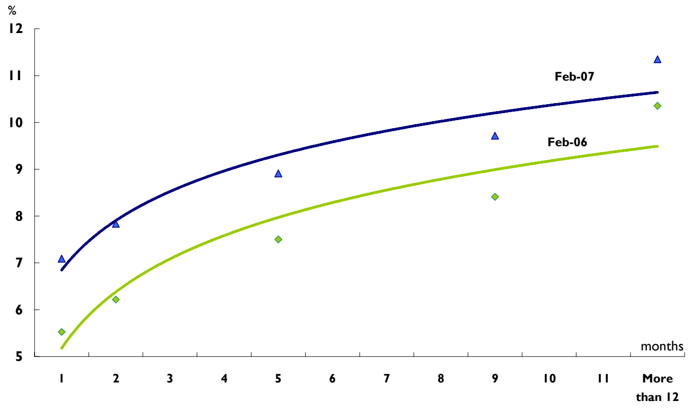
In February non-performing loans to the private sector dropped 0.1 p.p. to a level of 4.3%, accumulating a year-on-year reduction of almost 3 p.p. (see Chart 12). **Public banks led the way of this**

[7] Placements recorded under the Others heading posted an increase for the month of almost $350 million.

Chart 10

Private Time deposits

Yield curve - In pesos

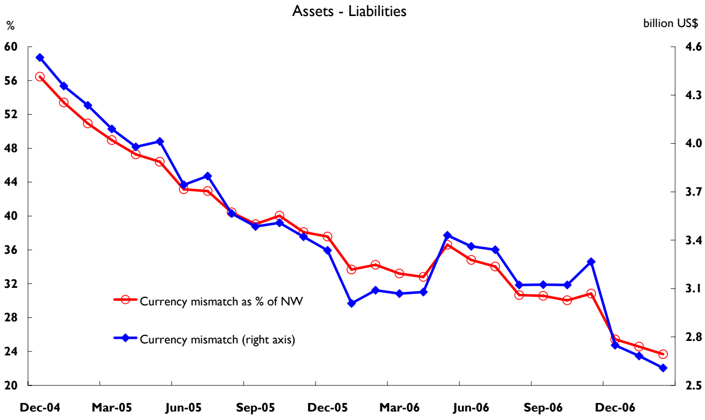


Source: BCRA

Chart 11

Currency Mismatch - Financial System

Assets - Liabilities

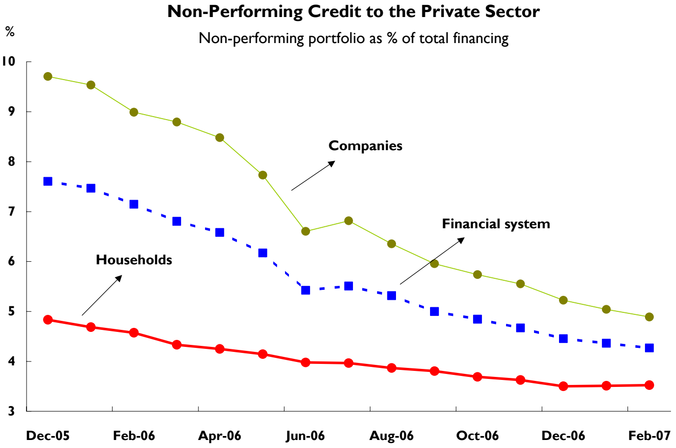


Source: BCRA

Chart 12

Non-Performing Credit to the Private Sector

Non-performing portfolio as % of total financing



Source: BCRA

improvement. Although starting from a higher level, public bank non-performing loan ratios dropped 0.5 p.p. for the month to 6.2%, while private banks held their delinquency stable at 3.5%.

Although part of the improvement in the non-performing ratio can be linked to the dynamic expansion of private sector lending itself, **new loans are showing a relatively sound credit quality**. Almost 98% of the new lines granted (in 2005 and 2006) to both new debtors and those that already participated in the financial system have remained in a performing status (see Chart 13).[8]

The increase in lending to households continues to take place in a scenario of reduced credit risk: in the last twelve months the delinquency level shown by households fell 1 p.p. to 3.5%. In the context of a strong increase in production and greater corporate borrowing requirements, **the rise in exposure to credit risk from the corporate sector has taken place at the same time as a decline in the delinquency level:** corporate non-performance dropped 4.1 p.p. in year-on-year terms, to 4.9%.

The improvement in the quality of the corporate loan portfolio affected all economic sectors. Primary production and commerce showed the lowest non-performing levels (2.1% and 3.4%, respectively) (see Chart 14), while services recorded the largest drop in delinquency over the last year. Overdrafts continue to be the credit line granted to companies showing the lowest non-performing rate (2.2%), followed by pledge-backed loans (3.3%) (see Chart 15). Note should also be taken of the significant improvement recorded in mortgage loans portfolio quality: in February its non-performing ratio stood at 9.8%, almost 13 p.p. less than in the same period of the previous year.

In February the financial system increased the level of its coverage by means of provisions by 1.6 p.p. to 132%, while the ratio of non-performing loans not covered by provisions in terms of net worth remains negative (–3.4%) for the financial system, a sign of the sound situation of banks in the face of private sector credit risk.

Profitability:

Lower results from financial assets and interests

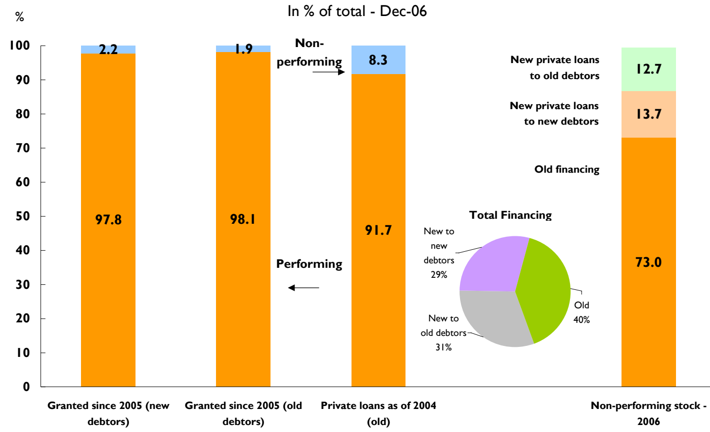
The profitability of the financial system recorded a reduction in February compared with the previous month, reflecting the impact of increased volatility in financial markets at the end of the month, **although it continued at positive levels**. In February the financial system achieved an annualized (a.) ROA of 1.3% (see Chart 16, showing a moving quarterly average) and an ROE of 9.3%a.[9]. **Of the 90 financial entities, 68 posted profits in February** (approximately 85% of assets). As a result, in the first two months of 2007, the financial system achieved a ROA of 2.3%a. and a ROE of 16.8%a., slightly above the figures for 2006.

[8] For further detail, see page 54 of the Central Bank's Financial Stability Bulletin for the First Half of 2007.
[9] In this section, in all references to ROA and ROE the denominator should be understood to be netted assets and net worth, respectively (see Glossary).

Chart 13

Credit to the Private Sector Quality

In % of total - Dec-06

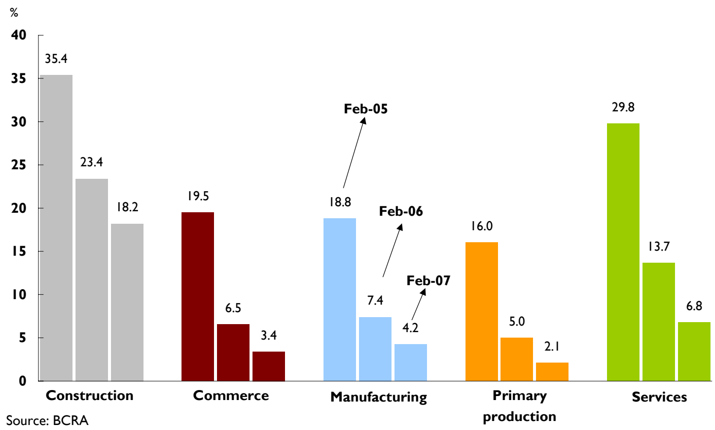


Source: BCRA

Chart 14

Non-Performing Loans by Economic Sector

Non-performing portfolio as % of total financing

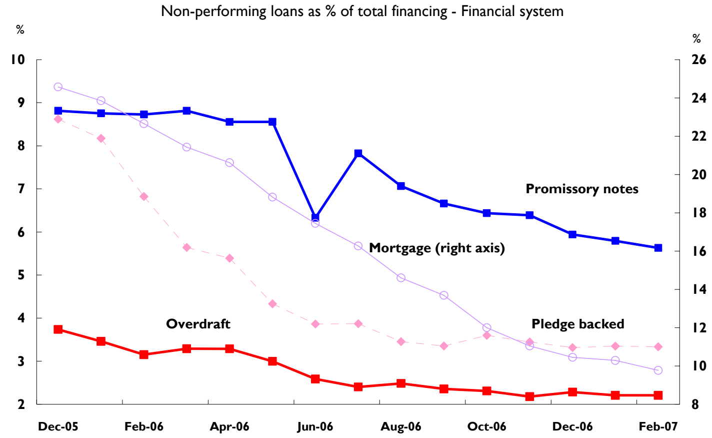


Source: BCRA

Chart 15

Non-Performing Lending to Business by Type of Financing

Non-performing loans as % of total financing - Financial system



Source: BCRA

Although at lower levels than in the first month of 2007, **both private and public banks recorded profits in February**. Public financial entities recorded a ROA of 1.4%a. in the month, higher than that obtained by private banks, which recorded a ROA of 1.1%a.. As a result, the two groups of banks reached a ROA of 2.1%a. and 2.3%a. respectively in the first two months of the year, higher than the figures posted in 2006.

The decline in financial system profitability in February was particularly associated with the reduction in gains on securities and in net interest income. Those movements were partly offset by lower loan loss provisions, a reduction in income tax accrual and an increase in sundry income. In this context, banks financial margin posted a drop to a level of 5.1%a. of assets (see Chart 17, showing a quarterly moving average), although for the first two months of 2007 it stands at 6.5%.

As had been predicted in the previous issue of this Report, the deterioration in the market price of the main government securities held by banks and marked to market , in the context of a lower flow of transactions with these assets, generated a reduction in gain on securities to 1.6%a. of assets (see Chart 18). This decline was also influenced by the recognition of losses from the mentioned sale of Boden 2012. **Although the results generated by the holding and negotiation of financial assets were lower than in previous months, the trend towards improvement in the quotations of some of the sovereign debt securities as from March, lead to expectations for a gradual recovery by this profitability line in coming months.**

The greater growth by CER in February (1.1%) compared with January (0.9%), meant that net CER adjustments by the financial system rose in the second month of 2007 to 1.4%, higher than the value for 2006 as a whole. For its part, **bank net interest income recorded a drop in February compared with the previous month** to 1.7%a., **mainly due to the fact that extraordinary gains were recorded during January**[10] (see Chart 19); nevertheless, net interest income was identical to the figure recorded in the same month in 2006. The reduction compared with the previous month in this income was in part offset by lower disbursements for interest on deposits, in line with the lower rates of interest prevailing. **The reduction for the month in interest results does not tarnish the recovery by this source of bank income, a trend driven by the steady deepening of traditional financial intermediation activity.** As a result, in the first two months of 2007 interest income stood at 2%a. of bank assets, 0.2 p.p. above the figure recorded in 2006.

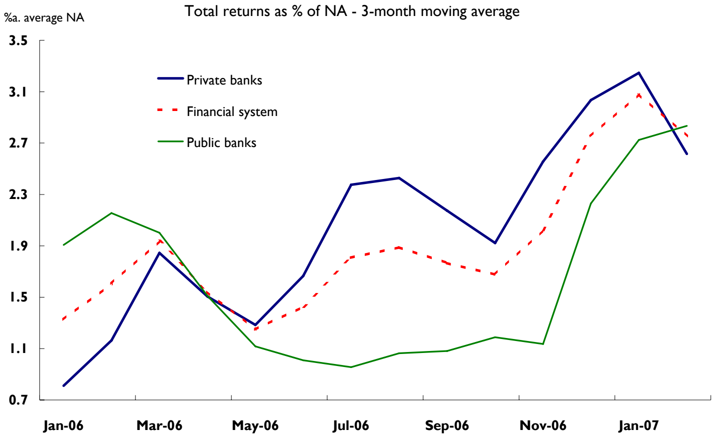
Results from exchange rate differences fell slightly in February, to a total of 0.3%a. of assets. **The minimal drop in the peso-dollar exchange rate ($0.01 per dollar) on bank active foreign currency mismatching,** following the increase between ends in the first month of the year ($0.04 per dollar), **explained the monthly decline in profits from exchange differences.** Placed in perspective, the financial system has accumulated exchange rate difference gains for 0.5%a. of assets in 2007, slightly above the total recorded in 2006 (0.4%).

10 These gains were related to premiums on repos and income from guarantee loans ("*Préstamos Garantizados*").

Chart 16

Annualized Profitability

Total returns as % of NA - 3-month moving average

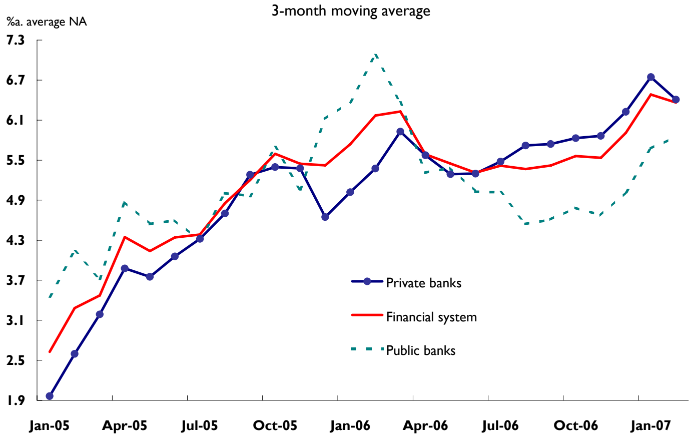


Source: BCRA

Chart 17

Financial Margin

3-month moving average

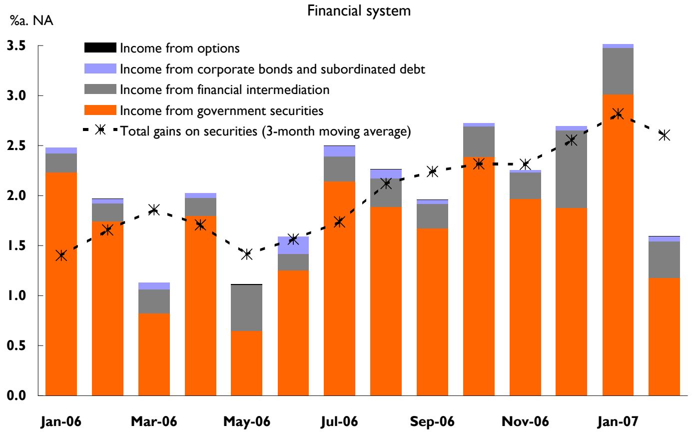


Source: BCRA

Chart 18

Gains on Securities

Financial system



Source: BCRA

Financial system income from services recorded a moderate drop in February, to 2.8%a. of assets. Despite this monthly movement, this source of income has maintained its consolidation after the crisis in 2001-2002, based on the growing use by households and companies of bank transaction services. Service income margin in February was slightly higher than in 2006. As a result, **service income margin covers a growing proportion of financial system disbursements:** while in February they covered almost 55% of bank operating costs, in 2006 this ratio stood at approximately 50%. Income from deposit administration continued to represent a significant portion of the service income margin (see Chart 20).

After the increase recorded in the first month of 2007, financial system loan loss provisions showed a reduction of 0.5 p.p. of assets in February to 0.3%a. (see Chart 21). **The trend towards lower loan loss charges seen since the crisis is mainly explained by the recovery in the quality of the loans to the private sector in portfolio, in line with the positive macroeconomic performance, the Central Bank's prudent policy, and bank strategy for granting new loans.** It should be noted that non-performance in the case of loans granted in 2005 and 2006 is below the levels recorded in the older portfolio (see page 5). As a result, in terms of private sector loans, these charges totaled 0.9%a. in February, comparing favorably with the levels recorded in the same month of 2006 (1.4%a.) and 2005 (3.7%a.), respectively.

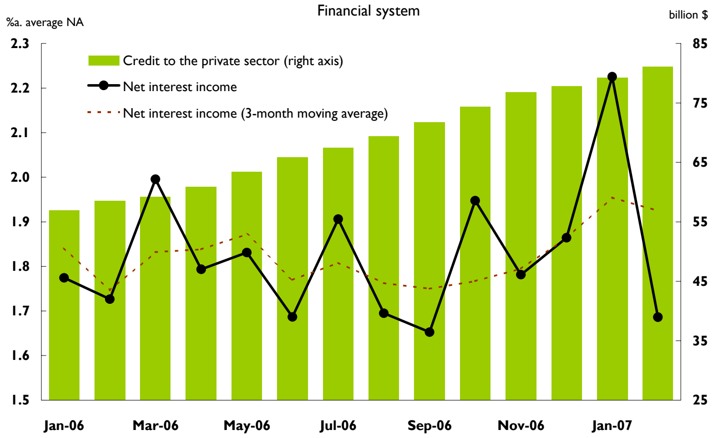
Operating costs remained stable in February, at close to 5.1%a. of assets (see Chart 22), in line with the value recorded over the whole of 2006. In the first two months of 2007, operating costs were running above the rate recorded in the same period of 2006 (5.1%a. and 4.8%a. of assets, respectively). **In a context of a readjustment of personnel employment levels in the sector, as well as their remuneration, operating costs have been showing a gradual upward trend in recent years. Despite this trend, efficiency improvements continue to be seen in the financial system in recent periods,** particularly in the case of private banks[11]. Given the context of lower bank income during February, the ratio of operating cost coverage by net income totaled 155%, slightly below the total in 2006.

Bank sundry income rose by 0.2 p.p. of assets in February to 0.6%a., **reflecting in particular the monthly reduction in charges for sundry provisions by two financial entities.** As a result, this income statement heading reached 0.5%a. of assets in the first two months of 2007, a similar amount to that recorded in the same period of 2006, and below the average recorded over the course of the whole of previous year. Income tax accrual recorded a drop to 0.6% of assets.

Those lines mainly related to the gradual recognition of the effects of the crisis in 2001-2002, the amortization of court-ordered payments and adjustments to the valuation of loans to the public sector, performed differently. **Amortization of court-ordered payments recorded a slight increase** (to 0.8%a. of assets) **in February, as some financial entities opted to increase the accrual rate to speed the process of their institutional normalization.** As a result, **banks have**

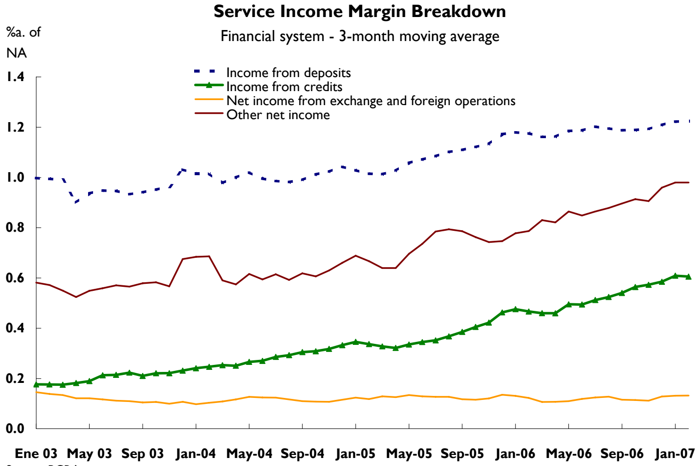
[11] For further detail, see page 65 of the Central Bank's Financial Stability Bulletin for the First Half of 2007.

Chart 19
Net Interest Income
Financial system



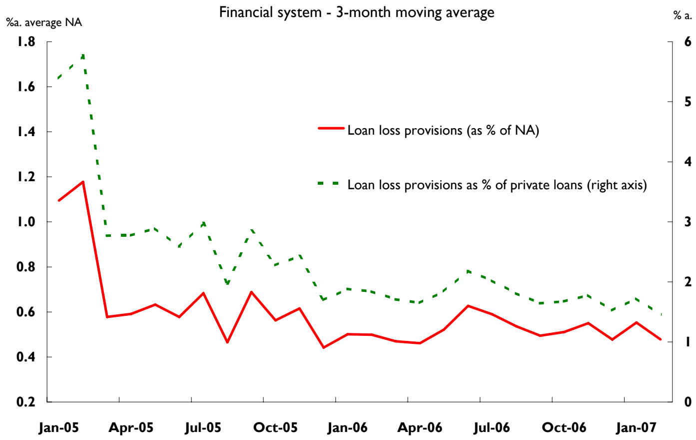
Source: BCRA

Chart 20
Service Income Margin Breakdown
Financial system - 3-month moving average



Source: BCRA

Chart 21
Loan Loss Provisions
Financial system - 3-month moving average



Source: BCRA

already amortized 70% of the losses in relation to the payment of court orders (see Chart 23). Financial entities reduced their accrual of public sector asset valuation adjustments in accordance with the schedule established by Com. "A" 3911 and its modifications, which gradually incorporates the use of market rates to calculate book value[12].

Outlook for March

Approaching the end of the first quarter of the year, it is expected that the growth trend in bank financial intermediation will continue to make progress, with a rebuilding of its main sources of resources. This process will continue to take place in a context of sustained economic growth, and will have at its core the financial policy implemented by the Central Bank, which encourages longer-term funding and the channeling of greater volumes of resources to the financing of production, improving financial entities solvency levels.

On the basis of the information available at the date of publication of this Report, **it is expected that in March, bank profits will recover compared with the levels recorded in the previous month. Results from the holding and trading of financial assets are likely to increase gradually as the market moves away from the volatility seen in February,** with improved prices for the main local sovereign debt securities. Continuing with the "crowding in" pattern, a steady increase in lending to companies and households can be observed, a trend that is particularly evident in personal loans, mortgages, and to a lesser extent overdrafts and promissory notes lines, in the context of the slight increase in interest rates that has taken place (see Table 1). Time deposit recorded a further increase, at a time of relative interest rate stability on new deposits, leading to forecasts of an increase in net interest income in March.

CER adjustments could record a drop for the month, given the lower increase in the coefficient in March compared with February. **Service income margin will probably show a rising trend, in part due to the higher sight deposit stock.** It is estimated that gains from exchange rate differences will remain low, given the stability of the nominal peso-dollar exchange rate. Lastly, in view of the quarterly closing, there could be adjustments in the levels of loan loss provisions and operating costs.

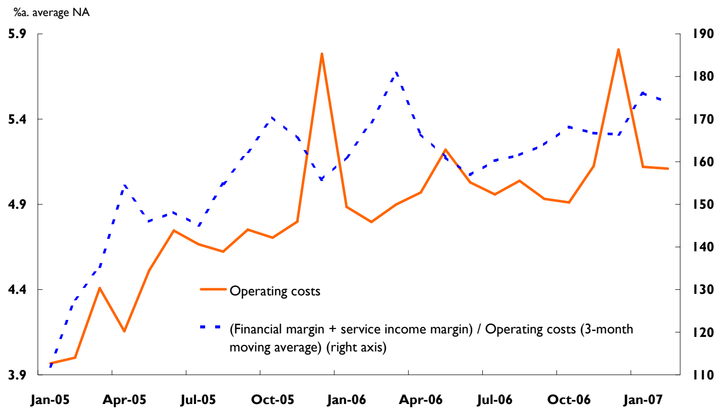
Solvency:

Bank profitability boosts financial sector solvency

In February banks continued to increase their solvency levels, mainly as a result of the profits achieved from financial intermediation activity**.** Bank net worth posted an increase of 0.7% ($250 million), achieving year-on-year growth of 23.2% ($6.45 billion). **The increase in financial system net worth in February was shared equally between public and private banks.**

[12] See Com. "B" 8933 on discount rates corresponding to February 2007.

Chart 22
Operating Costs
Financial system

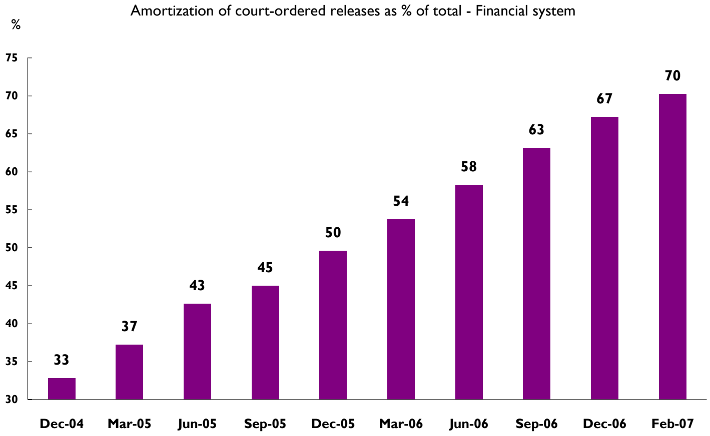


Source: BCRA

In February, financial system capital compliance rose by 0.2 p.p. of assets at risk, to 17.5%, recording a year-on-year increase of 1.9 p.p. (see Chart 24)**, exceeding local requirements and internationally-recommended minimum levels.** Private bank capital compliance in particular stood at 19.6% of assets at risk, 0.3 p.p. higher than the figure recorded in the previous month.

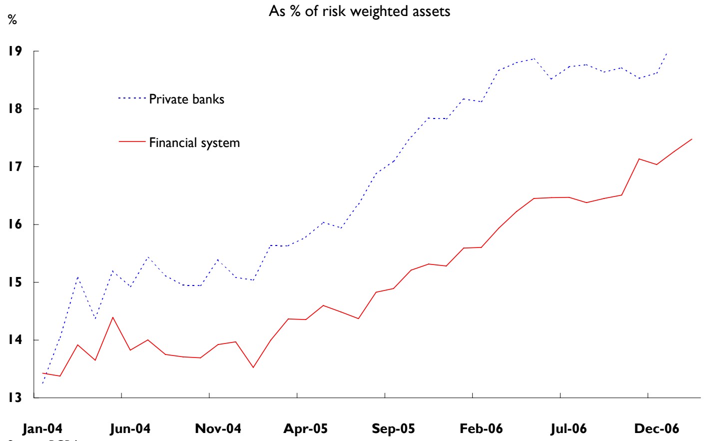
Financial system capital compliance totaled slightly over twice the capital requirement. While in the case of public banks the excess of capital compliance reached 133% of total capital requirement, the figure for private banks was 95%. The financial system is therefore in a sound solvency position that will allow it to continue with the dynamic of its private sector lending, at the same time as showing adequate strength to face the materialization of any of the risks assumed.

Chart 23
Amortization of Court-Ordered Releases
Amortization of court-ordered releases as % of total - Financial system



Source: BCRA

Chart 24
Capital Compliance
As % of risk weighted assets



Source: BCRA

Tabla 1
Main Developments in March 2007

	Feb	Mar	Var. Feb %	Var. Mar %
Prices				
Exchange rate ($/US$)[1]	3.101	3.101	-0.2	0.0
CPI	189.4	190.8	0.3	0.8
CER[1]	1.93	1.94	1.1	0.5
	%	%	Var p.p.	Var p.p.
Government securities - annual IRR[1]				
BOGAR $ 2018	4.9	4.9	79	-4
BODEN U$S 2012	7.5	7.6	88	4
Discount $	5.9	6.0	42	11
Discount U$S NY	7.3	7.2	4	-12
	%	%	Var p.p.	Var p.p.
Average percentage rates				
Lending [2]				
Overdraft	16.2	16.8	-18	61
Promissory notes	12.8	13.0	16	13
Mortgage	11.0	11.0	-11	-5
Pledge-backed	9.5	9.7	139	21
Personal	24.8	24.9	-10	10
30 to 44 day time deposit	7.1	7.2	-42	14
LEBAC in $ without CER - 1 year	10.7	10.5	-23	-22
7 day BCRA repos	6.7	6.9	19	22
BADLAR	7.1	7.5	-62	33
	Mill. $	Mill. $	Var %	VaQ %
Balance[2,3] **- Financial system**				
Peso deposits - Private sector	110,414	111,723	2.3	1.2
Sight deposits	59,868	60,176	1.6	0.5
Time deposits	50,546	51,547	3.1	2.0
Peso loans - Private sector	65,310	66,602	1.4	2.0
Overdraft	11,000	11,165	-1.2	1.5
Promissory notes	14,162	14,316	-0.6	1.1
Mortgage	10,322	10,572	2.3	2.4
Pledge-backed	3,886	4,004	3.1	3.0
Personal	14,006	14,523	4.4	3.7

([1]) End of month figure.
([2]) Estimation based on SISCEN data (provisional data subject to change).
([3]) Monthly average. In million of pesos.
Source: INDEC and BCRA.

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" 4621 – 01/Feb/07**

Ordered text on interest rates in credit transactions. As from April 2007 the section related to the publicity of such rates is modified so that the total financial cost (CFT) is the most relevant variable when it comes to taking a decision. Banks are to be required to ensure that in the advertising of the credit lines they offer the public they should assign to the total financial cost either more or equal importance -in terms of size and time- as is granted to informing the level of the annualized percentage rate, both when the latter variable is communicated as when informing the number of installments and/or their amount, whatever the medium used (print, radio, telephone or telephone).

- **Communication "A" 4631 – 26/Feb/07**

As from March 2007 regulations on the performance of custody and recording agent tasks have been changed. Central Bank debt instruments regularly listed on the exchange and markets on which they are traded have been included as an admissible investment for compliance with the excess of adjusted stockholders' equity in the case of entities performing the mentioned tasks. This item is also incorporated in the rules on minimum capital for financial entities, in cases of custody functions involving securities representative of investments in pension funds. They will also be taken into account in calculating the value at risk of the national assets portfolio (government securities position) in the determination of the market risk requirement. Lastly, these debt instruments will be allowable for capital contribution purposes.

Methodology:

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

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

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

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

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

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

Glossary:

%a.: annualized percentage.
%i.a.: interannual percentage.
Adjusted profit: Total profit excluding payments made due to court-ordered releases and adjustments to the valuation of public sector assets according to Com. "A" 3911 and modifications.
ASE: Adjusted stockholders' equity, for Responsabilidad Patrimonial Computable (RPC) in Spanish. The measure for compliance with bank capital regulations.
Consolidated (or aggregate) assets and liabilities: Those arising from excluding operations between financial institutions.
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 and modifications.
Gains from securities: Includes income from government securities, short-term investments, corporate bonds, subordinated debt, options and from other income from financial intermediation. In the case of government securities, it includes the results accrued from income, quotation differences, exponential increase on the basis of the internal rate of return (IRR), and from sales, as well as the charge for impairment to value.
Income from services: Commissions collected less commissions paid. Includes commissions on liabilities, credits, securities, guarantees granted, rental of safe deposits boxes and foreign trade and exchange transactions, excluding in the case of the latter results from the trading of foreign currency, which are recorded in the "Exchange difference" accounts (here included under the heading "Other financial results"). Outflows include commissions paid, contributions to the Banking Social Services Institute (ISSB), other contributions on service income and charges accrued for gross income tax.
Interest income (interest margin): Interest collected less interest paid on financial intermediation, on an accrual basis – taken from balance sheet – rather than on a cash basis. Includes interest on loans of government securities and premiums on repos and reverse repos.
Liquid assets: Minimum cash compliance – cash, current account at Central Bank and special accounts in guarantee – and other liquid items, including correspondent accounts.
Liquidity ratio: Liquid assets as a percentage of total deposits.
mill.: million
Netted assets (NA) and liabilities: Those net of accounting duplications inherent to the recording of repurchase agreements, term transactions or unsettled spot transactions.
Net worth exposure to counterparty risk: Non-performing portfolio net of allowances in terms of net worth.
Non-performing portfolio: Portfolio in categories 3 to 6, as per the debtor classification system.
Operating costs: Includes remuneration, social security payments, services and fees, sundry 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.a.: annualized 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 and compensation receivable from the Federal Government.
Quotation differences: Income from the monthly updating of foreign currency-denominated assets and liabilities. The heading also includes income arising from the purchase and sale of foreign currency, arising from the difference in the price agreed (net of direct costs generated by the transaction) and the book value.
ROA: Net profits as a percentage of netted assets. When referring to accumulated results the denominator includes the average netted assets for the reference months.
ROE: Net profits as a percentage of net worth. When referring to accumulated results the denominator includes the average net worth for the reference months.
RPC: Adjusted stockholders´s equity, calculated towards meeting capital regulations. (Responsabilidad Patrimonial Computable)
SMEs: Small and Medium Enterprises.
US$: United States dollars

Statistics Annex: Financial System

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Feb 2006	2006	Jan 2007	Feb 2007
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	21.0	22.5	23.0	22.4
2.- Lending to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	49.3	45.6	39.6	30.8	29.0	21.7	20.6	19.9
3.- Lending to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	26.2	31.0	30.4	30.7
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	7.1	4.5	4.4	4.3
5.- Net worth exposure to private sector	24.9	22.5	20.6	24.7	26.2	21.9	17.3	12.4	-1.0	-4.1	-4.4	-3.3	-3.2	-3.4
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	2.2	2.0	3.3	2.3
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	17.3	15.0	24.5	16.8
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	190	167	210	183
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	15.6	17.0	17.3	17.5
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	123	136	106	106

Source: BCRA

Chart 2: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Feb 06	Dec 06	Jan 07	Feb 07	Change (%)		
											Last month	Accum. 2007	Last 12 months
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**221,962**	**228,982**	**258,415**	**268,305**	**272,147**	**1.4**	**5.3**	**18.9**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	20,819	25,661	37,991	35,815	34,048	-4.9	-10.4	32.7
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	61,856	64,422	71,673	73,321	2.3	13.8	18.5
Lebac/Nobac	0	0	-	-	17,755	28,340	25,408	29,091	36,777	39,618	7.7	36.2	55.9
Portfolio	0	0	-	-	11,803	21,067	20,697	25,581	28,660	30,605	6.8	19.6	47.9
Repo	0	0	-	-	5,953	7,273	4,711	3,510	8,117	9,014	11.0	156.8	91.3
Private bonds	633	543	332	198	387	389	711	813	859	861	0.3	5.9	21.2
Loans	83,277	77,351	84,792	68,042	73,617	84,171	87,479	103,649	104,684	106,504	1.7	2.8	21.7
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	26,206	20,857	20,643	20,650	0.0	-1.0	-21.2
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	58,552	77,830	79,286	81,099	2.3	4.2	38.5
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	2,721	4,962	4,755	4,755	0.0	-4.2	74.7
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-4,920	-3,996	-4,011	-4,039	0.7	1.1	-17.9
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	30,677	26,061	29,846	31,898	6.9	22.4	4.0
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	928	773	777	759	-2.3	-1.9	-18.3
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,174	4,915	5,103	4,818	-5.6	-2.0	15.4
Compensation receivable	0	0	17,111	14,937	15,467	5,841	5,551	763	768	772	0.5	1.2	-86.1
Other	39,514	18,669	13,572	6,392	12,924	16,124	20,023	19,610	23,198	25,550	10.1	30.3	27.6
Assets under financial leases	786	771	567	397	611	1,384	1,550	2,262	2,383	2,470	3.6	9.2	59.3
Shares and participation	2,645	2,688	4,653	4,591	3,871	4,532	4,703	6,378	6,587	6,647	0.9	4.2	41.3
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,506	7,604	7,616	7,612	0.0	0.1	1.4
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	3,738	2,788	2,822	2,831	0.3	1.6	-24.2
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	10,021	10,444	10,031	9,994	-0.4	-4.3	-0.3
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**195,044**	**201,259**	**225,233**	**234,398**	**237,988**	**1.5**	**5.7**	**18.2**
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	141,422	170,903	176,796	178,290	0.8	4.3	26.1
Public sector[2]	7,204	950	8,381	16,040	31,649	34,019	36,087	45,410	46,846	47,421	1.2	4.4	31.4
Private sector[2]	78,397	43,270	59,698	74,951	83,000	100,809	103,549	123,436	127,503	128,284	0.6	3.9	23.9
Current account	6,438	7,158	11,462	15,071	18,219	23,487	23,031	26,900	28,065	27,800	-0.9	3.3	20.7
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	29,555	36,444	36,097	36,285	0.5	-0.4	22.8
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	45,099	54,338	57,357	57,888	0.9	6.5	28.4
CEDRO	0	0	12,328	3,217	1,046	17	17	13	13	13	-2.9	-3.0	-24.9
Other netted liabilities due to financial intermediation	55,297	36,019	75,737	61,690	64,928	52,072	53,216	46,032	49,289	51,360	4.2	11.6	-3.5
Call money	3,545	2,550	1,649	1,317	1,461	2,164	2,492	4,578	4,253	4,264	0.3	-6.9	71.1
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	14,809	7,686	5,894	5,841	-0.9	-24.0	-60.6
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,828	6,603	6,979	6,984	0.1	5.8	2.3
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,392	4,240	4,189	3,661	-12.6	-13.6	-16.6
Other	37,883	17,295	11,955	11,012	18,934	21,671	24,694	22,925	27,974	30,611	9.4	33.5	24.0
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,385	1,642	1,655	1,661	0.4	1.2	19.9
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	5,236	6,657	6,658	6,677	0.3	0.3	27.5
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,918**	**27,723**	**33,181**	**33,908**	**34,159**	**0.7**	**2.9**	**23.2**
Memo													
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	212,303	244,822	249,072	250,630	0.6	2.4	18.1
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,391	207,033	235,949	240,196	241,625	0.6	2.4	16.7

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

Source: BCRA

Statistics Annex: Financial System

Chart 3: Profitability Structure

	Annual							First 2 months		Monthly			Last 12
Amounts in million of pesos	**2000**	**2001**	**2002[1]**	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**	**Dec-06**	**Jan-07**	**Feb-07**	**months**
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	12,971	2,373	2,578	1,260	1,552	1,026	13,177
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,095	619	781	379	443	338	4,258
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,022	683	539	262	260	278	2,878
Foreign exchange price adjustments	185	268	5,977	-890	866	751	929	239	188	49	120	68	878
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,703	786	1,023	550	703	320	4,939
Other financial income	519	559	-299	-480	-375	233	223	46	47	21	25	22	224
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,162	874	1,153	622	593	560	6,441
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,174	-179	-214	-76	-155	-59	-1,209
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,478	-1,711	-2,044	-1,186	-1,019	-1,024	-11,811
Tax charges	-528	-571	-691	-473	-584	-737	-1,080	-151	-206	-122	-102	-104	-1,135
Income tax	-446	-262	-509	-305	-275	-581	-730	-189	-251	65	-141	-111	-793
Adjustments to the valuation of government securities[2]	0	0	0	-701	-320	-410	-690	-130	-21	-46	-13	-8	-582
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-1,697	-281	-298	-149	-141	-157	-1,714
Other	535	702	-3,880	1,738	1,497	1,729	2,230	188	212	381	84	128	2,254
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0
Total results	**3**	**-42**	**-19,162**	**-5,265**	**-898**	**1,780**	**4,513**	**794**	**910**	**750**	**658**	**252**	**4,629**
Adjusted results[3]	-	-	-	-3,440	1,337	4,057	6,901	1,205	1,229	944	812	417	6,925
Annualized indicators - As % of netted assets													
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.7	6.7	6.5	6.2	7.8	5.1	5.7
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	1.8	2.0	1.9	2.2	1.7	1.8
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.9	1.3	1.3	1.3	1.4	1.2
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.7	0.5	0.2	0.6	0.3	0.4
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.1	2.2	2.6	2.7	3.5	1.6	2.1
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	2.5	2.9	3.0	3.0	2.8	2.8
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.5	-0.5	-0.4	-0.8	-0.3	-0.5
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-4.8	-5.1	-5.8	-5.1	-5.1	-5.1
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.4	-0.5	-0.6	-0.5	-0.5	-0.5
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.5	-0.6	0.3	-0.7	-0.6	-0.3
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.4	-0.1	-0.2	-0.1	0.0	-0.3
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-0.7	-0.8	-0.7	-0.7	-0.7	-0.8	-0.7
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.0	0.5	0.5	1.9	0.4	0.6	1.0
Monetary results	0.0	0.0	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA	**0.0**	**0.0**	**-8.9**	**-2.9**	**-0.5**	**0.9**	**2.0**	**2.2**	**2.3**	**3.7**	**3.3**	**1.3**	**2.0**
ROA adjusted[3]	0.0	0.0	-8.9	-1.9	0.7	2.0	3.0	3.4	3.1	4.6	4.1	2.1	3.0
ROE	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*15.0*	*17.3*	*16.8*	*27.1*	*24.5*	*9.3*	*14.9*

(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 securities" heading.
(3) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 3911 and 4084.
Source: BCRA

Chart 4: Portfolio Quality

As percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Feb 06	Nov 06	Dec 06	Jan 07	Feb 07
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	4.9	3.5	3.4	3.3	3.3
Non-performing loans to the non-financial private sector	**16.0**	**19.1**	**38.6**	**33.5**	**18.6**	**7.6**	**7.1**	**4.7**	**4.5**	**4.4**	**4.3**
Commercial portfolio (*)	14.9	20.7	44.0	38.0	22.8	9.3	8.7	5.3	5.1	4.9	4.7
Consumption and housing portfolio	17.3	17.5	31.4	28.0	11.0	4.8	4.6	3.6	3.5	3.5	3.5
Provisions / Total non-performing loans	61.1	66.4	73.8	79.2	102.9	125.1	128.1	134.4	130.6	130.5	132.1
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.4	-1.2	-1.0	-1.0	-1.0
(Total non-performing - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-4.4	-4.0	-3.3	-3.2	-3.4

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

Methodological note (chart 1):

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

Statistics Annex: Private Banks

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Feb 2006	2006	Jan 2007	Feb 2007
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	21.0	23.7	22.4	21.7
2.- Lending to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	51.6	46.1	41.2	28.0	25.1	15.9	14.8	13.9
3.- Lending to the private sector	51.0	46.7	47.6	44.6	38.4	45.4	22.4	19.9	22.5	31.1	31.4	37.9	37.8	37.8
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	6.0	3.6	3.5	3.5
5.- Net worth exposure to private sector	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-2.5	-3.0	-3.1	-3.0
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.1	2.2	3.6	2.3
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	14.8	15.3	24.1	15.7
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	172	159	203	173
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.1	18.6	19.2	19.5
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	113	116	95	95

Source: BCRA

Chart 6: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Feb 06	Dec 06	Jan 07	Feb 07	Change (%) Last month	Change (%) Accum. 2007	Change (%) Last 12 months
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**129,680**	**134,806**	**152,414**	**155,737**	**158,064**	**1.5**	**3.7**	**17.3**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	14,074	15,185	22,226	21,217	19,585	-7.7	-11.9	29.0
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,027	27,663	30,991	31,779	2.5	14.9	17.6
Lebac/Nobac	0	0	-	-	8,359	15,227	14,037	15,952	19,357	21,486	11.0	34.7	53.1
Portfolio	0	0	-	-	5,611	12,899	12,958	14,231	17,048	17,048	0.0	19.8	31.6
Repo	0	0	-	-	2,749	2,328	1,079	1,721	2,309	4,439	92.2	158.0	311.4
Private bonds	563	451	273	172	333	307	631	683	730	741	1.6	8.5	17.5
Loans	56,035	52,319	51,774	47,017	50,741	56,565	58,147	69,294	69,622	70,454	1.2	1.7	21.2
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	15,614	10,036	9,377	9,260	-1.3	-7.7	-40.7
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	40,787	55,632	56,623	57,434	1.4	3.2	40.8
Financial sector	2,760	1,880	644	630	1,107	1,580	1,745	3,626	3,621	3,760	3.9	3.7	115.5
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,528	-2,227	-2,281	-2,266	-0.6	1.7	-10.4
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	21,885	18,387	18,738	20,906	11.6	13.7	-4.5
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	728	618	621	604	-2.7	-2.2	-17.0
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,683	2,982	3,345	3,338	-0.2	11.9	24.4
Compensation receivable	0	0	15,971	13,812	14,657	5,575	5,287	760	766	772	0.7	1.6	-85.4
Other	34,267	10,735	3,523	3,370	7,905	8,179	13,188	14,027	14,005	16,193	15.6	15.4	22.8
Assets under financial leases	776	752	553	387	592	1,356	1,518	2,126	2,237	2,317	3.5	8.9	52.6
Shares and participation	1,651	1,703	3,123	2,791	1,892	2,416	2,537	4,042	4,218	4,277	1.4	5.8	68.6
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,549	4,677	4,689	4,693	0.1	0.3	3.2
Foreign branches	75	112	-109	-136	-53	-148	-150	-139	-141	-142	0.4	2.3	-5.2
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	6,007	5,682	5,718	5,720	0.0	0.7	-4.8
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**112,600**	**117,297**	**131,476**	**134,300**	**136,508**	**1.6**	**3.8**	**16.4**
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	76,495	94,095	97,354	98,039	0.7	4.2	28.2
Public sector[2]	1,276	950	1,636	3,077	6,039	6,946	6,811	7,029	7,271	7,225	-0.6	2.8	6.1
Private sector[2]	55,917	43,270	38,289	47,097	55,384	67,859	68,748	85,714	88,769	89,495	0.8	4.4	30.2
Current account	4,960	7,158	8,905	11,588	13,966	17,946	17,333	20,604	21,194	21,051	-0.7	2.2	21.4
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	18,526	23,165	22,920	23,077	0.7	-0.4	24.6
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	28,716	38,043	40,597	41,172	1.4	8.2	43.4
CEDRO	0	0	9,016	2,409	798	3	3	1	1	1	-24.4	-25.0	-61.6
Other netted liabilities due to financial intermediation	46,271	22,629	49,341	42,367	45,083	32,349	36,198	31,750	31,213	32,850	5.2	3.5	-9.2
Call money	2,293	1,514	836	726	1,070	1,488	1,740	3,383	3,000	2,927	-2.5	-13.5	68.2
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	9,308	3,689	1,944	1,931	-0.7	-47.7	-79.3
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,828	6,413	6,789	6,794	0.1	5.9	-0.5
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,379	2,249	2,188	1,662	-24.1	-26.1	-30.2
Other	33,466	11,010	7,374	7,939	12,878	11,530	15,943	16,015	17,292	19,537	13.0	22.0	22.5
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,325	1,642	1,655	1,661	0.4	1.2	25.4
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,280	3,989	4,079	3,957	-3.0	-0.8	20.6
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**17,080**	**17,509**	**20,938**	**21,438**	**21,557**	**0.6**	**3.0**	**23.1**
Memo													
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	124,290	143,807	145,160	145,293	0.1	1.0	16.9

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

Source: BCRA

Statistics Annex: Private Banks

Chart 7: Profitability Structure

	Annual							First 2 months		Monthly			Last 12
Amounts in million of pesos	2000	2001	2002[1]	2003	2004	2005	2006	2006	2007	Dec-06	Jan-07	Feb-07	months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,672	1,320	1,566	750	979	587	7,918
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,772	429	526	258	293	232	2,869
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	854	189	159	92	78	81	824
Foreign exchange price adjustments	160	256	6,189	-312	666	576	725	152	112	36	46	66	685
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,132	523	728	344	539	189	3,337
Other financial income	450	546	-197	-195	-322	134	188	27	42	21	22	20	203
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,379	625	847	429	441	406	4,601
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-713	-118	-157	-49	-128	-29	-752
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,598	-1,133	-1,394	-810	-698	-696	-7,859
Tax charges	-379	-418	-512	-366	-393	-509	-760	-106	-150	-88	-73	-77	-803
Income tax	-393	-216	-337	-295	-202	-217	-365	-46	-77	-66	-51	-26	-396
Adjustments to the valuation of government securities[2]	0	0	0	-665	-51	-201	-170	-27	13	-8	17	-4	-131
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,161	-177	-200	-108	-96	-103	-1,183
Other	307	615	-4,164	1,178	846	1,156	1,626	94	114	334	41	73	1,646
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0
Total results	**93**	**174**	**-15,784**	**-2,813**	**-1,176**	**648**	**2,910**	**430**	**562**	**384**	**431**	**131**	**3,042**
Adjusted results[3]	-	-	-	-1,357	252	2,016	4,242	634	749	500	510	238	4,356
Annualized indicators - As % of netted assets													
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.8	6.4	6.5	6.3	8.1	4.9	5.8
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.1	2.2	2.2	2.4	1.9	2.1
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.9	0.7	0.8	0.6	0.7	0.6
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.5	0.7	0.5	0.3	0.4	0.5	0.5
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	2.5	3.0	2.9	4.5	1.6	2.5
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.3	3.0	3.5	3.6	3.6	3.4	3.4
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.5	-0.6	-0.6	-0.4	-1.1	-0.2	-0.6
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.8	-5.5	-5.8	-6.8	-5.8	-5.7	-5.8
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.5	-0.6	-0.7	-0.6	-0.6	-0.6
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.3	-0.6	-0.4	-0.2	-0.3
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.1	0.1	-0.1	0.1	0.0	-0.1
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.8	-0.9	-0.8	-0.9	-0.9
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	0.5	0.5	2.8	0.3	0.6	1.2
Monetary results	0.0	0.0	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA	**0.1**	**0.2**	**-11.3**	**-2.5**	**-1.0**	**0.5**	**2.2**	**2.1**	**2.3**	**3.2**	**3.6**	**1.1**	**2.2**
ROA adjusted[3]	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	3.1	3.1	4.2	4.2	2.0	3.2
ROE	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*14.8*	*15.7*	*22.0*	*24.1*	*7.3*	*15.5*

(1) Data at December 2002 currency (2) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.
(3) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 3911 and 4084.
Source: BCRA

Chart 8: Portfolio Quality

As percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Feb 06	Dec 06	Jan 07	Feb 07
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	4.3	2.9	2.9	2.9
Non-performing loans to the non-financial private sector	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**6.3**	**6.0**	**3.6**	**3.5**	**3.5**
Commercial portfolio (*)	8.4	15.4	44.7	39.0	18.2	7.3	7.0	3.8	3.7	3.7
Consumption and housing portfolio	11.9	12.4	26.0	17.2	10.0	4.2	4.1	3.2	3.2	3.2
Provisions / Total non-performing loans	67.7	75.7	73.4	79.0	95.7	114.6	117.1	129.6	131.1	130.3
(Total non-performing - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.7	-0.9	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-2.5	-3.0	-3.1	-3.0

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

Methodological note (chart 5):

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