



Money and banking

■ Compared to the second quarter that had finished with an incipient recovery of monetary and financial variables, the third quarter of 2001 shows a very significant fall of deposits and international reserves, reduction of loans to the private sector and high domestic interest rates. Consequently, between July and September 2001, there was not only a confirmation of the slight recovery of the previous quarter but also such trend was greatly reversed.

At the end of September 2001, total deposits amounted to \$ 75,149 millions, 9.9% lower than at the end of June and 10.4% below December 2000. Whereas dollar denominated deposits (67.3% of the total) fell 6.9% (- \$ 2,047 millions) between June and September, those denominated in pesos fell 15.3% (-\$ 4,265 millions). On the other hand, loans to the non financial private sector dropped 6% with respect to June and 11.1% with respect to the end of 2000. In turn, monetary aggregates showed the impact of the evolution of economic activity and capital movements; the bimonetary aggregate M3* decreased 10.4% in the quarter, whereas the aggregate in pesos M3 deteriorated 15.5%.

Reserves of the financial system at the end of September amounted to U\$S 24,486 millions, a level lower than the one recorded in June 2001 by U\$S 3,977 millions (BCRA liquid reserves fell U\$S 498 millions in the quarter). In September 2001, domestic interest rates were significantly higher than June 2001; borrowing and lending rates in pesos doubled the June levels. Meanwhile, in-

terbank rate in pesos for 15 days, which at the end of June was just 8% p.a. due to the measures taken by the Central Bank to improve the system's liquidity conditions, climbed to 48.27% in July to settle in 11.44% at the end of September.

This summary of the result is not enough to show the diverse monthly behavior of monetary and financial variables along the quarter. In fact, in July 2001, the growing uncertainty about the evolution of the Argentine economic situation accelerated the fall of deposits and of international reserves that had started in March. But, at the end of August, the monetary and financial variables started to stabilize due to the announcement of a new agreement with the IMF and finished September with a slight recovery.

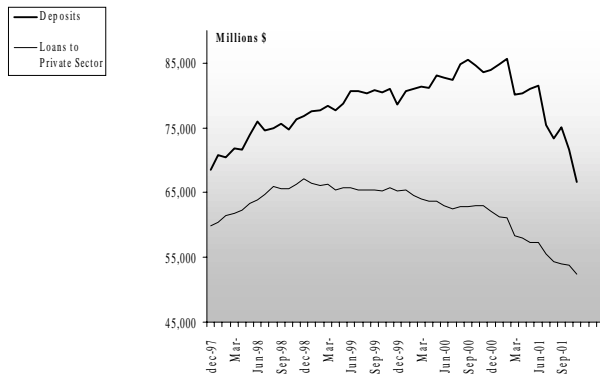
In the first days of October, such recovery was interrupted due to the pre-elections mood, which affected investors and savers expectations. Since then, the increase of political uncertainty generated a strong fall of deposits, a fall that only slowed down in the last days of November. The fall of deposits was accompanied by a lower liquidity in banks and a fall of Central Bank reserves. The lack of liquidity, together with the deterioration of portfolio quality – due to the fall of economic activity-, deteriorated credit to the private sector and maintained the cost of money at levels significantly high. Following is a brief monthly summary.

Monthly Evolution

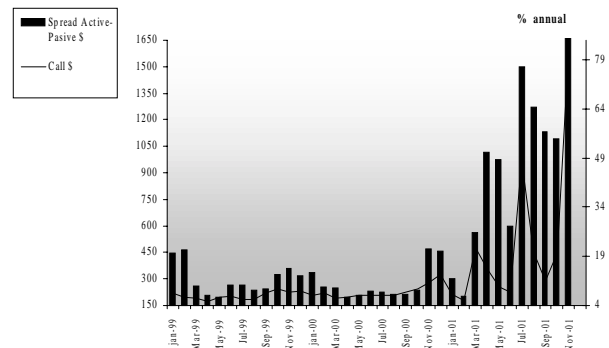
As has been said in the previous issue of this Economic Report, during June and July 2001, a series of political and social events took place that did not favor the evolution of the economic-financial situation of the country. The measures taken were not sufficient to reverse negative expectations about the Argentine economy. On July 5, a flight of deposits and reserves took place that deepened the crisis the economy was already experiencing. Given the impossibility of obtaining external financing and to avoid the “crowding out”, a new economic program was announced based in the Zero Deficit rule. But the fall of deposits and reserves became worse due to the

lack of the necessary initial political support for its implementation. Nevertheless, after the approval of the Zero Deficit Act by the National Congress and after a series of announcements and agreements to achieve the balance of public accounts, improved expectations and the strong outflow of deposits and international reserves of the financial system seemed to stop. Between July 5 and 19, private deposits had fallen \$ 4,613 millions (-5.8%), with a daily average fall of \$ 461 millions. BCRA gold and foreign exchange liquid reserves declined U\$S 2,843 millions (-13.4%) and those of the financial system fell U\$S 4,404 millions (-13.4%). On the next days, they showed a slowdown of the fall but July finished with a strongly negative trend of economic and financial variables.

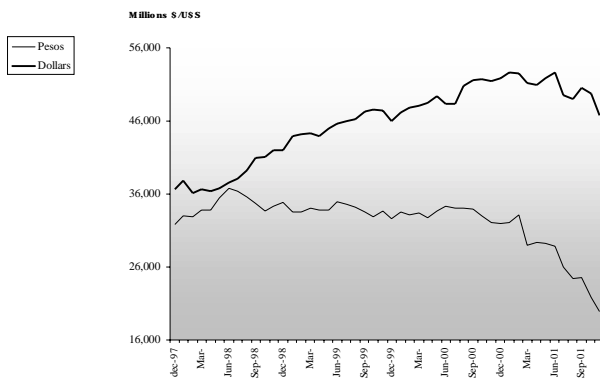
DEPOSITS AND LOANS



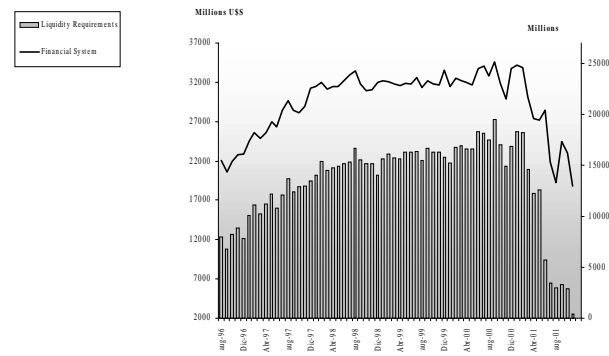
INTEREST RATES



DEPOSITS -Composition by currency



INTERNATIONAL RESERVES



Indeed, in July, total deposits recorded a monthly fall of \$ 5,939 millions (-7.3%). Private deposits declined \$ 5,982 millions (-7.5%). The drop affected both deposits in pesos (- \$ 2,802 millions) and in dollars (- U\$S 3,132 millions). From said total amount, 80% of such fall corresponded to term deposits. It has to be noticed that the fall appeared not only in deposits in excess of one million pesos¹ (as had happened in other periods) but also in lower amount deposits.

The Central Bank decided to use all the instruments at hand to solve the liquidity problems generated by the decrease of deposits at financial entities. In July, the stock of lending repos increased by U\$S 1,764 millions. For the sake of this, the monetary authority modified the rules about minimum cash and liquidity requirements. It started by unifying the positions of both minimum cash and liquidity requirements for July and August; decreased 60% (from 75%) the minimum daily payment of minimum liquidity requirements until September 30, 2001; and reduced minimum liquidity requirements for the position July-August 2001 by one percentage point² (this reduction was then extended to September 2001³). It also set forth the calculation of cash in transit for the payment of minimum cash and it allowed the payment up to 70% of liquidity requirements over fixed term deposits with pesos instead of dollar balances.

Banks responded to the reduction of deposits by seeking assistance from the Central Bank in terms of liquidity and by reducing loans (particularly in pesos). During July, loans to the non financial private sector declined \$ 1,735 millions (-3.0%) and, from the end of December 2000, the reduction

amounted to \$ 6,326 millions (-10.36%).

In turn, international reserves of the financial system went from U\$S 28,463 millions at the end of June to U\$S 21,814 millions at the end of July, with a fall of U\$S 6,649 millions (-23.4%). BCRA reserves fell U\$S 4,389 millions in the month⁴. Domestic interest rates increased very significantly due to the liquidity problems and to the high level of uncertainty. Rates corresponding to transactions in pesos grew more than in dollars, the differentials between currencies increased considerably.

The possibility of receiving external aid made August 2001 to start with more favorable expectations, which translated into an improvement of country risk indicators. However, the main monetary variables continued recording a negative trend⁵. At the beginning, the external aid itself was not sufficient to recover the level of deposits. Savers continued being very cautious, probably waiting for some very clear sign in terms of compliance of the zero deficit rule or the implementation of reforms to make the fiscal adjustment last or some sign of reactivation of economic activity.

Consequently, deposits declined also in August, although at a lower rate than in July. At the end of August, total deposits were 2.8% (- \$ 2,099 millions) lower than at the end of July. Peso deposits fell \$ 1,616 millions and dollar deposits dropped U\$S 482 millions. The fall of deposits continued mainly in the private sector and term deposits. However, it has to be pointed out that since August 22, these deposits increased and, together with private deposits in savings accounts, showed

¹ During July, Mutual Funds assets invested in fixed term deposits and money fell \$ 1,100 millions.

² As per *Comunicados "A" 3.301, "A" 3.302 and "A" 3.311 of the BCRA.*

³ *Comunicados "A" 3.328 of the BCRA.*

⁴ *These figures reflect the lower quotes of securities that comprise reserves.*

⁵ *It has to be noted that, since the third week of August, there was a recovery of deposits that reversed the negative trend that was apparent since July. A similar behavior was recorded in the case of loans to the private sector.*

an increase of approximately \$ 1,000 millions in the last week of the month.

Thus, between the end of February and the end of August 2001, total deposits fell \$ 12,171 millions (-14.2%). The uncertainty about the evolution of the Argentine economy, which affected the fall of deposits, was also reflected in their degree of dollarization. In February 2001, dollar deposits accounted for 61.4% of total deposits; at the end of June, this share amounted to 64.9% and at the end of August, to 66.7%. The greatest dollarization observed since June resulted not only from a portfolio reallocation but also from the fall of peso deposits (-\$ 4,423 millions) was greater than the fall of dollar deposits (- U\$S 3,615 millions).

At the end of August, international reserves of the financial system amounted to U\$S 21,814 millions, U\$S 2,529 millions less than in July (BCRA reserves dropped U\$S 2,078 millions in the same month). This fall was influenced not only by the fall of deposits but also the lower demand of circulating currency (partly due to the recession). In fact, monetary circulation decreased 12%; whereas BCRA minimum cash and liquidity requirements and cash held internationally in custody declined 25%⁶.

In August, loans to the non financial private sector fell 2.3% with respect to July, accumulating a fall of 12.4% with respect to the end of 2000. In July and August, there were greater falls in loans than in the previous months, due to the fact that in these months, the lower volume of credit partially contributed to “fund” the important fall of deposits recorded in said months. Between the end of February 2001 and the end of August, private sector deposits fell \$ 11,178 millions, of which \$ 8,434 millions corresponded to the drop recorded

during July and August. On the other hand, loans to the private sector declined \$ 7,722 millions since the end of 2000 and \$ 3,031 millions only in July and August.

From 2000, it was apparent a reduction of loans to the private sector, since the higher financing granted by banks to the public sector was partly financed with a reduction of loans to the private sector. Nevertheless, between the first days of July and August 21, the importance of credit repayments was more significant due to the decline of demand of lending funds (for the fall of economic activity) and the lower supply of lending funds.

Such a reduction of credit took place within the framework of a strong increase of interest rates. In August, lending rate in pesos for 30 days amounted to an average of 38.57% nominal annual and, in dollars, to 23.82%. On the other hand, interbank rate in pesos 15 days fell strongly with respect to the first days of July, closing in August in 20.38% average. Fixed term deposits rates remained high both in pesos and in dollars.

Analyzing the daily evolution of monetary variables, it can be seen that between July 4, and August 21, the financial crises experienced since March became worse. Expectations about an eventual default on Argentine debt and a modification of the exchange policy caused a quick and massive outflow of deposits due to the fear of a probable freeze of deposits. Contrary to what happened during the Asian and Russian crises, in this period bimonetary mechanisms did not worked well this time and, consequently, the loss of deposits was apparent in all the financial system.

Between July 4 and August 21, total deposits fell \$ 9,760 millions (11.7%), of which \$ 4,808 millions correspond-

⁶ At the end of July, liquidity requirements were reduced in one percentage point for the July-August position in order to face the illiquidity generated by the loss of deposits.

ed to dollar deposits. It has to be noted that 70% of the fall of total deposits corresponded to fixed term deposits, which shows the unconfidence of depositors. The decline of deposits was very steep between July 4 and 13 and then became more moderate. In fact, only between July 4 and 13, total deposits fell \$ 4,399 millions (equivalent to a daily average of \$ 733 millions) and private sector deposits declined by \$ 650.5 millions average per day. Since July 14 until August 21, the pace of the fall decreased at a daily average of \$ 207 millions. The loss of deposits was accompanied by the reduction of international reserves. The financial system recorded a drop of U\$S 8,738 millions (-30.4%) between July 4 and August 21; while Central Bank liquid reserves fell U\$S 5,771 millions (- 17%).

The announcement of the agreement with the IMF improved expectations which favored the evolution of monetary and financial variables between August 22 and September 17. In this period, depositors did not withdraw funds from the financial system and they increased. Between these dates, private sector deposits increased \$ 1,290 millions (1.8%). This recovery of deposits was accompanied by an increase of reserves although not as big as expected. International reserves of the financial system increased U\$S 4,900 millions (24.5%) while Central Bank liquid reserves rose U\$S 5,531 millions. This variation corresponds to the increase of reserves themselves, of the IMF loan to reinforce reserves (U\$S 4,000 millions) that was received on September 10⁷ and of the execution of the Repo Contingent Program with entities abroad (U\$S 1,270 millions)⁸. As a counterpart of the movements made on reserves, on September 10, financial liabilities (monetary liabilities net of lending repos) of the BCRA increased, significantly

improving the convertibility's back up (from 95.03% to 120.24%).

Consequently, continuing with the trend of the last days of August, the evolution of monetary variables during September 2001 was positive. Total deposits rose 2.3% (\$ 1,726 millions) with respect to August; international reserves of the financial system grew U\$S 5,201 millions; loans to the non financial private sector declined just 0.7, which implied a slowdown of the fall shown in previous months. Meanwhile, interest rates remained high during the first fortnight of September and then they dropped; particularly, the interbank rate in pesos for 15 days fell significantly, reaching 11.4% in average for September.

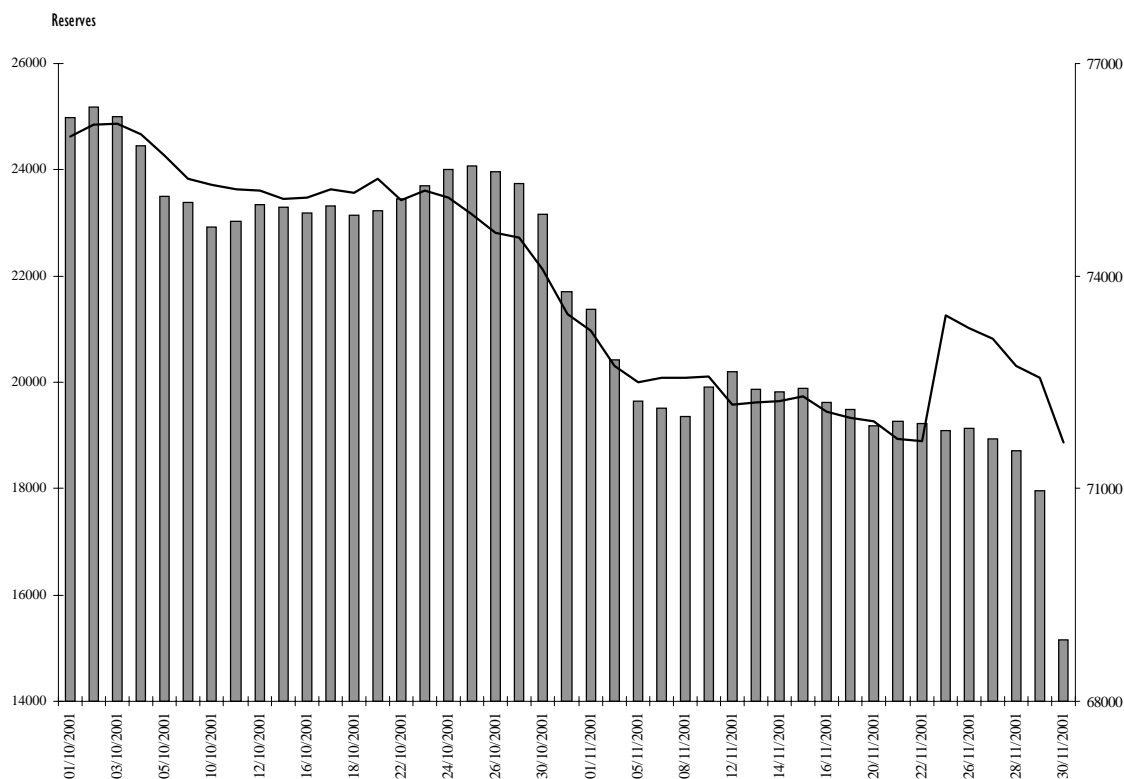
Most Recent Evolution

The recovery seen in September vanished in October. With the strong uncertainty prevailing (due to the pre-election mood and after the strong political pressures derived from the elections results) and the growing skepticism as regards the possibility of complying with the "zero deficit" and of honoring external debt maturities, the monetary and financial variables again revealed a negative trend, though not that strong as in July and August. Total deposits fell 4.7% (-\$ 3,542 millions), amounting to \$ 71,607 millions at the end of October. Peso denominated deposits fell 11.1% (- \$ 2,239 millions) and dollar denominated deposits dropped 1.6% (- \$ 803 millions). Thus, dollar deposits accounted for 69.5% of the total, continuing with the trend to dollarization of deposits that had

⁷ On September 10, a loan from the IMF was received for a total of U\$S 6,264 millions: U\$S 4,000 millions to reinforce BCRA liquid reserves and U\$S 2,264 millions for Treasury expenses. That day, liquid gold and foreign currency reserves increased U\$S 4,606 millions, U\$S 4,000 corresponding to the IMF loan. The income of funds into the Treasury allowed for the settlement of repos taken by the Banco de la Nacion Argentina.

⁸ On September 13, the disbursement of the funds for the execution of the Repo Contingent Program (U\$S 1,270 millions) took place, which was destined to reinforce BCRA liquid reserves. BCRA reserves and those of the financial system were not affected because the public securities' drop was equal to the decline in the disbursement of liquid funds.

Deposits and International Reserves - Daily evolution in October-November 2001
(in millions of US\$)



been apparent in previous months⁹.

As a consequence of the deposits outflow recorded in the first days of October, there was a drop of US\$ 1,455 millions in international reserves of the financial system (-US\$ 2,504 millions in BCRA gold and foreign exchange liquid reserves) mainly due to the reduction of bank reserves to face deposits withdrawals. Similarly, there was still a fall of circulating currency held by the public (- \$ 516 millions).

In November, the behavior of monetary variables continued being negative (particularly, in the last days of the month). Total deposits declined \$ 4,929 millions (-9.9%) in

August; from such fall, 60.7% corresponded to the decline of dollar deposits. At the end of November, total deposits amounted to \$ 66,678 millions thus showing a fall of \$ 17,234,5 millions (-20.5%) with respect to the end of December 2000. During November, private sector deposits fell \$ 4,967 millions. Only in the last two working days of the month, the private sector withdrew \$ 2,040 millions (41.1% of the total monthly fall) from the system; on November 30, the fall amounted to \$ 1,522 millions.

As for the evolution of the international reserves during November 2001, it has to be mentioned that, in order to ensure a greater transparency of the figures published and a more

⁹ It is worth pointing out that private sector deposits fell particularly in the last week of October due to the withdrawal of funds performed by investors in mutual funds.

accurate measure of the convertibility backup, the Central Bank changed the form of displaying international reserves and monetary liabilities¹⁰. Said modification consisted in not deducing lending repos from monetary liabilities and the public securities underlying those repos then formed part of international reserves.

From November 1991, lending repos (BCRA purchase of public securities in foreign currency from financial entities with a resale obligation at maturity) used to be done at one-day terms and, consequently, it was established that these transactions had to be excluded from both members of the convertibility equation to avoid their temporary fluctuations (reserves and liabilities). But since October 2001, the Central Bank authorized transactions at longer terms, with which the alleged temporariness ceased to be. Consequently, the Central Bank decided to make the usual accounting treatment (mentioned in the previous paragraph) for lending repos transactions. The statistical information since October 2001 reflects then both the inclusion of securities (with the subsequent increase of international reserves) and the total monetary effect of the transaction (increase monetary liabilities for the bonds purchased through repos).

Taking into account this form of calculation, international reserves of the financial system reflected, during November, a fall of US\$ 4,170 millions. BCRA Liquid reserves declined US\$ 3,340 millions, amounting to US\$ 14,740 millions. Thus, at the end of November, total liquid reserves and gold were not enough to backup 97% of financial liabilities.

In general, there was an increase of interest rates during the three first weeks of November. But from the 26th onwards, borrowing rates dropped due to the fact that in the last week, the BCRA implemented a change in the regime of bank re-

serves. Through Communiqué "A" 3365 then it was compulsory to pay-in 100% for deposits having compensations in excess of the maximum allowed by the BCRA. Thus, borrowing interest rate in pesos for 30 days went from an average 32.6% in the three first weeks to 11.32% in the last days of the month. Similar evolution had dollar borrowing rates. On the contrary, interbank rates increased a lot by the end of November. Interbank rates for one day in pesos went from an average of 49.8% in the three first weeks of the month to an average of 114% in the last five days of November (on November 30 it was 285%).

I - Evolution of the main monetary and credit variables

During the eleven first months of 2001, the evolution of monetary resources was affected by the capital outflow and by the evolution of economic activity. At the end of November, the wide bimonthly aggregate M3* (Table 8.1) amounted to \$ 77,199 millions, 20% lower than at the end of 2000, whereas the aggregate M3 dropped 31.7% in the same period.

Although this negative evolution of wider monetary aggregates has been apparent since the beginning of 2001 and has worsened since the third quarter. Indeed, the first quarter recorded a decline of M3* of 5.1% (M3 fell 9.5%) but the quarter March-June showed a slightly positive behavior of M3* (at the end of June it was 0.9% higher than at the end of March), although the M3 monetary aggregate, measured exclusively in pesos, decreased 1.4%.

It was in the third quarter of 2001 when the evolution of monetary aggregates becomes worse. Between July and September 2001, the aggregate M3* fell 10.4% and in the period

¹⁰ BCRA communication N° 42.018 of November 22, 2001.

October-November it continued dropping (Graph 8.1). In these latter two months, the fall of M3* amounted to 8.3% and M3 declined 9.5%.

The aggregate M1*, in turn, decreased 13.4% between July and September 2001 as a result of the fall of peso current accounts (- \$ 1,287 millions) and of circulating currency held by the public (- \$ 1,880 millions), since dollar current accounts remained at the same level as the end of June. During the period October-November, M1* remained stable with respect to the end of September (circulating currency and dollar current accounts increased, whereas peso current accounts fell).

Deposits

As a result of the monthly evolution discussed in the first part of this chapter, during the third quarter of 2001, peso deposits fell \$ 4,265 millions (-15.3%) due to both the decline of \$ 1,606 millions of fixed term deposits (-14.5%) and the fall of \$ 1,373 millions (-19.4%) of savings accounts.

In turn, between July and September 2001, dollar deposits fell 6.9%, reversing the increase shown in the second quarter of the year. At the end of September 2001, dollar deposits amounted to U\$S 50,579 millions, evidencing an increase of their share within total deposits that amounted to 67.3% at the end of the third quarter. The U\$S 2,047 million decline of dollar deposits was mainly the result of the evolution of term deposits, which fell U\$S 2,759 millions (-9.3%) in the quarter, partially offset by the increase of U\$S 713 millions of deposits in savings accounts (current accounts did not vary).

Thus, during the third quarter of 2001, there was again the same behavior as seen between January and March: not only total deposits fell (-9.9%) but also there was a drop in

deposits denominated in both currencies, a behavior that had not been evidenced since 1995.

According to the daily survey performed by the BCRA, at the end of November 2001, total deposits amounted to \$ 66,678 millions. According to what has been said, in the period October-November there continued a significant flight of total deposits of 11.3% (- \$ 8,473 millions). Dollar deposits fell U\$S 3,796 millions (-7.5%) and peso deposits decreased \$ 4,675 millions (-19%). Thus, between January and November, deposits in the financial system accumulated a fall of \$ 17,235 millions (-20.5%) and dollar deposits then accounted for 70.2% of total deposits.

Loans

The evolution of financial entities loans – that had reflected a relative stagnation during 2000 - has worsened along 2001, showing a 13% fall at the end of November with respect to December 2000.

Indeed, based on the information of financial entities balance sheets shown in Table 8.2, at the end of November 2001, total of loans granted to residents amounted to \$ 67,030 millions, which implies a fall of \$ 9,993 millions with respect to the end of 2000. The trend of loans along 2001 has been similar to that of deposits, though with a fall substantially higher for deposits. This similar behavior was more apparent since July 2001, when financial entities had to finance part of the deposits fall with decrease of loans. Between the end of June and November, loans fell \$ 5,307 millions, while deposits declined \$ 14,783 millions.

The evolution of loans per destination of the funds shows that, while loans to the non financial private sector de-

MONEY AND BANKING

TABLE 8.1
Bimonetary Aggregates (')
End of Period Balances, in million Pesos

	Bills and coins in Pesos	Curr. Acct. in Pesos	MI	Curr. Acct. in Dollars	MI*	Savings Acct. in Pesos	Fixed Term in Pesos
	(1)	(a) (2)	(3)=(1)+(2)	(4)	(5)=(3)+(4)	(6)	(7)
December 94	11,223	7,011	18,234	920	19,153	5,301	9,183
December 95	11,154	7,183	18,331	1,096	19,427	4,666	7,332
December 96	11,730	9,973	21,724	1,445	23,169	5,822	8,769
December 97	13,325	11,995	25,320	1,913	27,233	7,498	12,302
December 98	13,496	12,505	26,001	1,641	27,641	8,672	13,655
December 99	13,721	11,726	25,447	1,907	27,354	8,093	12,788
January 00	12,086	11,867	23,953	2,021	25,974	8,184	13,437
February	11,529	11,593	23,122	1,807	24,929	8,210	13,323
March	11,422	11,814	23,236	1,735	24,971	8,322	13,256
April	11,634	11,453	23,087	1,719	24,806	8,190	13,051
May	11,198	12,588	23,787	1,736	25,523	7,974	13,129
June	11,395	12,624	24,019	1,688	25,708	8,612	13,100
July	11,819	12,077	23,896	1,910	25,806	8,315	13,632
August	11,306	12,241	23,547	1,625	25,172	8,174	13,638
September	11,358	12,450	23,808	1,596	25,404	8,089	13,332
October	10,945	12,107	23,052	1,645	24,697	7,872	12,988
November	11,016	11,819	22,835	1,736	24,571	7,832	12,513
December	12,556	12,208	24,764	1,946	26,710	7,900	11,896
January 01	11,563	11,353	22,916	1,873	24,789	8,236	12,574
February	11,379	12,189	23,568	1,973	25,541	8,169	12,807
March	11,334	9,681	21,015	1,675	22,690	7,362	11,928
April	11,033	11,608	22,641	2,375	25,016	6,755	11,075
May	10,792	11,308	22,101	1,985	24,086	6,739	11,196
June	10,903	10,701	21,603	2,000	23,603	7,081	11,054
July	10,283	9,859	20,143	2,300	22,442	6,303	9,866
August	9,322	9,034	18,356	2,053	20,409	5,890	9,487
September	9,023	9,414	18,437	2,000	20,436	5,708	9,448
October (*)	11,204	8,196	19,400	2,251	21,651	5,119	8,516
November (*)	10,521	7,351	17,872	2,469	20,341	5,002	7,542
PERCENTAGE VARIATIONS							
dec 95 / dec 94	-0.7%	2.5%	0.5%	19.1%	1.4%	-12.0%	-20.2%
dec 96 / dec 95	5.4%	38.8%	18.5%	31.9%	19.3%	24.8%	19.6%
dec 97 / dec 96	13.6%	20.3%	16.6%	32.4%	17.5%	28.8%	40.3%
dec 98 / dec 97	1.3%	4.2%	2.7%	-14.3%	1.5%	15.7%	11.0%
dec 99 / dec 98	1.7%	-6.2%	-2.1%	16.2%	-1.0%	-6.7%	-6.3%
I - 00	-16.8%	0.8%	-8.7%	-9.1%	-8.7%	2.8%	3.7%
II - 00	-0.2%	6.9%	3.4%	-2.7%	3.0%	3.5%	-1.2%
III - 00	-0.3%	-1.4%	-0.9%	-5.5%	-1.2%	-6.1%	1.8%
IV - 00	10.5%	-1.9%	4.0%	21.9%	5.1%	-2.3%	-10.8%
dec 00 / dec 99	-8.5%	4.1%	-2.7%	2.0%	-2.4%	-2.4%	-7.0%
I - 01	-9.7%	-20.7%	-15.1%	-13.9%	-15.0%	-6.8%	0.3%
II - 01	-3.8%	10.5%	2.8%	19.3%	4.0%	-3.8%	-7.3%
III - 01	-17.2%	-12.0%	-14.7%	0.0%	-13.4%	-19.4%	-14.5%
Nov-01/Sep-01	16.6%	-21.9%	-3.1%	23.5%	-0.5%	-12.4%	-20.2%

(') Includes non-resident deposits

(a) Net of the use of Official Accounts Unified Fund

(*) Provisional figures from the daily survey developed by BCRA

Source: Based on data provided by BCRA [Central Bank of the Argentine Republic].

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TABLE 8.1(Cont.1)
Bimonetary Aggregates (')
End of Period Balances, in million Pesos

	M3	Savings Acct.	Fixed Term	M3*	Deposits		
	(8)=(3)+(6)+(7)	in Dollars (9)	in Dollars (10)	(11)=(4)+(8)+ +(9)+(10)	in Pesos (12)=(2)+ +(6)+(7)	in Dollars (13)=(4)+ (9)+(10)	Total (14)= (12)+(13)
December 94	32,718	4,137	18,388	56,163	21,495	23,445	44,940
December 95	30,330	3,575	18,743	53,743	19,182	23,414	42,595
December 96	36,315	4,421	22,328	64,509	24,564	28,194	52,758
December 97	45,121	5,287	29,504	81,825	31,796	36,704	68,500
December 98	48,327	5,313	35,009	90,290	34,831	41,963	76,794
December 99	46,329	5,609	38,539	92,383	32,607	46,055	78,662
January 00	45,574	5,640	39,539	92,774	33,488	47,200	80,689
February	44,655	5,535	40,510	92,507	33,125	47,852	80,978
March	44,814	5,549	40,732	92,830	33,392	48,015	81,407
April	44,328	5,414	41,391	92,851	32,694	48,524	81,217
May	44,890	5,505	42,142	94,273	33,692	49,383	83,075
June	45,731	5,628	42,686	95,733	34,336	50,002	84,338
July	45,843	5,519	42,859	96,131	34,024	50,288	84,312
August	45,359	5,453	43,698	96,135	34,054	50,776	84,830
September	45,228	5,425	44,611	96,861	33,870	51,632	85,502
October	43,913	5,536	44,565	95,659	32,967	51,746	84,713
November	43,180	5,671	44,105	94,692	32,164	51,511	83,676
December	44,560	5,529	44,434	96,469	32,004	51,909	83,913
January 01	43,726	5,413	45,373	96,385	32,163	52,660	84,823
February	44,544	5,614	44,843	96,973	33,164	52,430	85,594
March	40,305	6,031	43,534	91,545	28,971	51,240	80,211
April	40,472	5,405	43,096	91,347	29,438	50,876	80,314
May	40,035	5,560	44,254	91,834	29,243	51,799	81,042
June	39,738	5,991	44,635	92,363	28,835	52,626	81,461
July	36,312	5,892	41,302	85,805	26,028	49,493	75,522
August	33,734	6,465	40,493	82,745	24,412	49,011	73,423
September	33,593	6,704	41,876	84,172	24,570	50,579	75,149
October (*)	33,035	6,217	41,308	82,811	21,831	49,776	71,607
November (*)	30,416	5,985	38,329	77,199	19,895	46,783	66,678
VARIACIONES PORCENTUALES							
dec 95 / dec 94	-7.3%	-13.6%	1.9%	-4.3%	-10.8%	-0.1%	-5.2%
dec 96 / dec 95	19.7%	23.7%	19.1%	20.0%	28.1%	20.4%	23.9%
dec 97 / dec 96	24.2%	19.6%	32.1%	26.8%	29.4%	30.2%	29.8%
dec 98 / dec 97	7.1%	0.5%	18.7%	10.3%	9.5%	14.3%	12.1%
dec 99 / dec 98	-4.1%	5.6%	10.1%	2.3%	-6.4%	9.8%	2.4%
I - 00	-3.3%	-1.1%	5.7%	0.5%	2.4%	4.3%	3.5%
II - 00	2.0%	1.4%	4.8%	3.1%	2.8%	4.1%	3.6%
III - 00	-1.1%	-3.6%	4.5%	1.2%	-1.4%	3.3%	1.4%
IV - 00	-1.5%	1.9%	-0.4%	-0.4%	-5.5%	0.5%	-1.9%
dec 00 / dec 99	-3.8%	-1.4%	15.3%	4.4%	-1.9%	12.7%	6.7%
I - 01	-9.5%	9.1%	-2.0%	-5.1%	-9.5%	-1.3%	-4.4%
II - 01	-1.4%	-0.7%	2.5%	0.9%	-0.5%	2.7%	1.6%
III - 01	-15.5%	7.9%	-9.3%	-10.4%	-15.3%	-6.9%	-9.9%
Nov-01/Sep-01	-9.5%	-10.7%	-8.5%	-8.3%	-19.0%	-7.5%	-11.3%

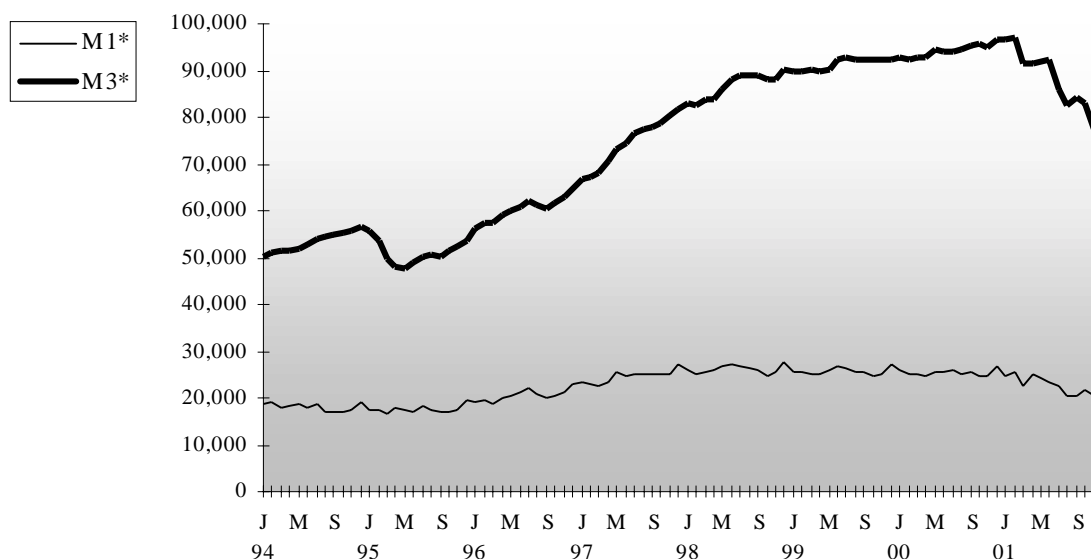
(') Includes non-resident deposits

(a) Net of the use of Official Accounts Unified Fund

(*) Provisional figures from the daily survey developed by BCRA

Source: Based on data provided by BCRA [Central Bank of the Argentine Republic].

GRAPH 8.1
Bimonetary aggregates
End of month balances, in million pesos



clined 15.5% in the year, equivalent to \$ 9,641 millions, those granted to the public sector just fell 2.3%, equivalent to \$ 352 millions. Thus, the relative importance of the public sector as borrower went from 19.4% in December 2000 to 21.8% in November 2001.

As for the evolution by type of currency, dollar loans went from \$ 52,874 millions at the end of December 2000 to \$ 48,186 millions in November 2001, with a fall of 8.9%. Whereas, loans granted in pesos fell 22% in the same period. Thus, the relative share of dollar loans increased, continuing with the trend seen since 1999. In December 2000, dollar loans accounted for 68.7% of the total; in June 2001, 69.5%, and in November 2001 they were 71.9% of total of loans granted by financial entities.

Interest rates

As can be seen in Table A8.1 of the Statistical Appen-

dix, the behavior of domestic interest rates has been basically accompanying, along 2001, the expectations about the evolution of the Argentine economy (to a great extent reflected by “country risk”).

In July, a slightly positive trend seen along the second quarter of 2001 was reversed. Liquidity problems and the high degree of uncertainty generated important increases, being more telling in the rates corresponding to peso transactions (with the subsequent increase of the rate differentials between currencies). Although at the beginning of August expectations improved, they were not enough to reverse the fall of deposits and reserves. Consequently, average interest rates as of August 2001 were higher than in July. Borrowing rates for shorter terms were the ones that increased the most. On the contrary, the average for interbank rate in pesos for 15 days decreased strongly with respect to the previous month.

In September, there continued to be apparent a significant drop of interbank rate for 15 days in pesos; in general, it

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TABLE 8.2
Loans from financial entities (1)
End of period. In million Pesos

End of	To Public Sector			To Non-financial Private Sector			TOTAL	To residents abroad		TOTAL
	In pesos	In foreign currency	Total	In pesos	In foreign currency	Total		In pesos	In foreign currency	
	[1]	[2]	[3]=[1]+[2]	[4]	[5]	[6]=[4]+[5]	[7]=[3]+[6]	[8]	[9]	[10]=[7]+[8]+[9]
December 94	1,721	3,429	5,150	19,743	27,382	47,125	52,275	4	333	52,612
December 95	2,088	3,544	5,632	18,233	28,523	46,756	52,388	0	305	52,693
December 96	1,926	4,432	6,358	19,549	31,684	51,233	57,592	6	451	58,049
December 97	1,766	5,244	7,010	22,032	37,893	59,925	66,935	1	236	67,173
December 98	1,479	7,837	9,316	24,741	42,350	67,091	76,406	11	1,058	77,475
December 99	1,676	10,316	11,992	24,385	40,856	65,240	77,232	14	434	77,681
January 00	1,611	10,595	12,206	24,451	41,002	65,453	77,659	14	654	78,327
February	1,572	10,844	12,416	24,105	40,468	64,572	76,989	13	495	77,497
March	1,559	10,925	12,484	23,996	40,054	64,050	76,534	12	634	77,180
April	1,190	11,023	12,212	23,845	39,795	63,640	75,852	12	551	76,415
May	1,356	11,065	12,421	24,246	39,426	63,673	76,094	16	820	76,930
June	1,369	11,755	13,124	24,025	39,047	63,073	76,196	11	697	76,905
July	1,362	11,828	13,191	23,692	38,767	62,459	75,649	22	662	76,333
August	1,362	12,119	13,482	23,646	39,114	62,760	76,241	16	223	76,480
September	1,336	12,454	13,790	23,522	39,225	62,746	76,536	10	591	77,136
October	1,299	12,091	13,389	23,839	39,151	62,990	76,379	7	497	76,883
November	1,257	13,451	14,708	23,648	39,278	62,926	77,634	8	499	78,141
December	826	14,134	14,960	23,323	38,740	62,063	77,023	3	350	77,376
January 01	792	14,114	14,906	22,982	38,356	61,338	76,244	2	251	76,497
February	732	14,140	14,872	22,836	38,215	61,050	75,922	1	201	76,124
March	731	13,995	14,726	21,176	37,086	58,262	72,989	64	143	73,195
April	641	14,121	14,761	21,125	36,850	57,975	72,736	3	158	72,897
May	664	14,207	14,871	20,731	36,594	57,325	72,197	4	290	72,490
June	818	13,846	14,664	20,794	36,578	57,372	72,036	10	292	72,337
July	783	14,009	14,793	19,688	35,948	55,637	70,429	11	429	70,869
August	784	13,910	14,694	19,003	35,338	54,341	69,035	1	468	69,504
September	772	13,798	14,570	18,739	35,176	53,915	68,485	2	612	69,099
October	883	13,727	14,610	18,753	35,000	53,753	68,363	n.a.	n.a.	68,363
November	961	13,647	14,608	17,883	34,539	52,422	67,030	n.a.	n.a.	67,030
PERCENTAGE VARIATIONS										
dec 95 / dec 94	21.3%	3.4%	9.4%	-7.6%	4.2%	-0.8%	0.2%	-96.7%	-8.7%	0.2%
dec 96 / dec 95	-7.7%	25.0%	12.9%	7.2%	11.1%	9.6%	9.9%	4606.0%	48.2%	10.2%
dec 97 / dec 96	-8.3%	18.3%	10.3%	12.7%	19.6%	17.0%	16.2%	-79.8%	-47.7%	15.7%
dec 98 / dec 97	-16.3%	49.4%	32.9%	12.3%	11.8%	12.0%	14.1%	764.5%	348.0%	15.3%
dec 99 / dec 98	13.3%	31.6%	28.7%	-1.4%	-3.5%	-2.8%	1.1%	31.3%	-59.0%	0.3%
I - 00	-7.0%	5.9%	4.1%	-1.6%	-2.0%	-1.8%	-0.9%	-15.7%	46.0%	-0.6%
II-00	-12.2%	7.6%	5.1%	0.1%	-2.5%	-1.5%	-0.4%	-6.6%	10.0%	-0.4%
III - 00	-2.4%	5.9%	5.1%	-2.1%	0.5%	-0.5%	0.4%	-16.3%	-15.3%	0.3%
IV - 00	-38.2%	13.5%	8.5%	-0.8%	-1.2%	-1.1%	0.6%	-69.7%	-40.7%	0.3%
dec 00 / dec 99	-50.7%	37.0%	24.8%	-4.4%	-5.2%	-4.9%	-0.3%	-80.0%	-19.3%	-0.4%
I - 01	-11.5%	-1.0%	-1.6%	-9.2%	-4.3%	-6.1%	-5.2%	2113.0%	-59.3%	-5.4%
II - 01	11.8%	-1.1%	-0.4%	-1.8%	-1.4%	-1.5%	-1.3%	-85.1%	104.4%	-1.2%
III - 01	-5.6%	-0.3%	-0.6%	-9.9%	-3.8%	-6.0%	-4.9%	-80.9%	110.0%	-4.5%
Nov-01/Sep-01	24.5%	-1.1%	0.3%	-4.6%	-1.8%	-2.8%	-2.1%	n.a.	n.a.	-3.0%

(1) Figures do not include public securities, private papers, nor accrued resources, nor restructured banks' financial trusts

(2) Since August 1995 entities net receivables from customers classified as bad debts and totally provided for, pursuant to BCRA's Comm. "A" 2357.

(3) Loans granted to the non-financial private sector from December 1995 include those related to the tax moratorium.

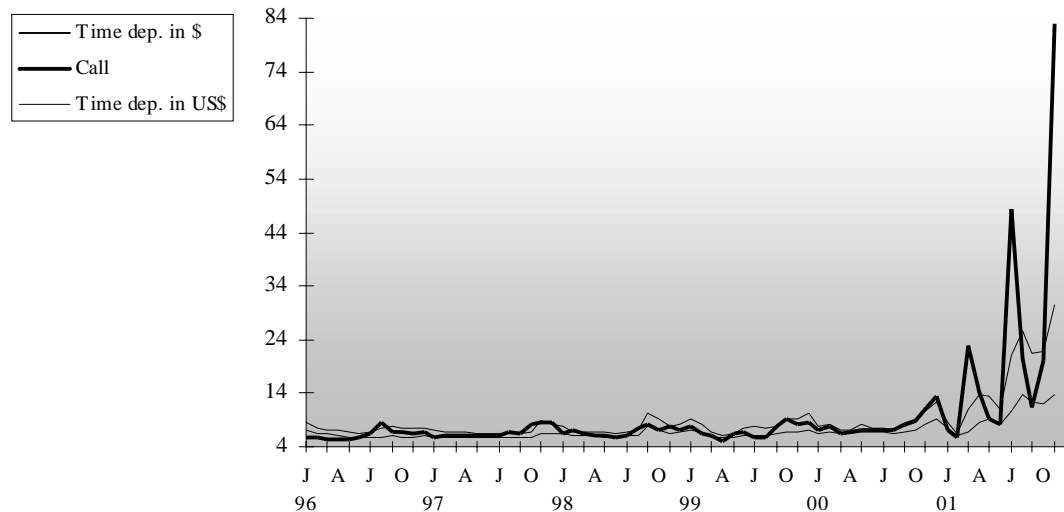
(*) Figures from the BCRA daily survey

Source: BCRA, Statistical Bulletin

can be said that the rest of the rates also fell in September, although less significantly than interbank rates. According to

what has been said in the introduction to this chapter, in October the downward trend recorded by the September interest

GRAPH 8.2
Interest Rates
Nominal Annual - In %



rates reversed, with a greater rise of borrowing rates and lending rates in pesos.

Thus, at the end of November 2001, borrowing rates for 30 to 59 days amounted to 30.55% and 13.78% nominal

TABLE 8.3
Peso and Dollar Interest Rate Differentials
In basis points - Annual nominal rates

	Fixed Term		Lending Prime
	30 to 59-day	60 d. or more	30 d.
aug-98	107	124	118
dec-98	135	149	149
jan-99	193	172	250
Feb-99	163	254	266
Jun-99	131	370	148
dec-99	317	349	345
jan-00	144	250	206
Feb-00	152	163	161
Mar-00	100	161	125
apr-00	83	191	94
May-00	109	289	99
Jun-00	91	214	95
Jul-00	69	157	79
aug-00	65	169	45
Sep-00	94	177	60
Oct-00	122	238	87
Nov-00	236	409	340
dec-00	302	345	308
jan-01	119	152	114
Feb-01	40	192	57
Mar-01	395	642	604
apr-01	514	566	904
May-01	441	527	664
Jun-01	269	412	389
Jul-01	1061	1222	1636
aug-01	1207	1704	1475
Sep-01	910	1383	1081
Oct-01	963	1523	1283
Nov-01	1677	805	2281

Source: Prepared based on monthly average interest rates from the BCRA Statistical Bulletin

annual, in pesos and dollars, respectively. Lending rates for prime companies were 49.95% and 27.14% nominal annual, for pesos and dollars for 30 days. The peso interbank rate (15 days), in turn, averaged 82.95% nominal annual in November.

As a result of the evolution mentioned above, the differentials between nominal annual rates in pesos and dollars increased strongly in July and even more in August. In September, there was a reduction of the differentials, to increase very significantly later on in the case of lending and borrowing rates for shorter terms. Thus, the differential corresponding to borrowing rates in November 2001 amounted to 1,677 basis points nominal annual for deposits up to 59 days and to 2,281 basis points for lending rates (for prime companies) for 30 days' terms. In the case of borrowing rates for deposits in excess of 60 days, the differential climbed to 1,523 bps in October, but then fell to 805 bps in November, influenced by the change implemented by the BCRA over the bank reserve regime (Comunicación "A" 3.365 already mentioned).

BCRA International reserves

In the Economic Report N° 38 and at the beginning of this Chapter, the measures adopted by the BCRA during 2001 were discussed¹¹, which affected the payment of minimum cash and minimum liquidity requirements, trying to alleviate the system's liquidity problems—derived from the strong fall of deposits taken place, especially, from July.

As a consequence of this, at the end of November 2001,

BCRA international reserves amounted to U\$S 18,468 millions, U\$S 8,023 millions below the level recorded in December 2000 (Table 8.4). Liquid reserves (gold, foreign currency and term deposits), in turn, totaled U\$S 14,740 millions in November, with a fall of U\$S 10,408 millions compared to the end of December 2000.

BCRA financial liabilities, in turn, totaled U\$S 15,201 millions in August, with a U\$S 9,384 million reduction in the first eleven months of the year. Consequently, the relation between Liquid reserves (gold, foreign currency and term placements) and financial liabilities was 97% (Graph 8.4).

Liquidity requirements paid-in through the Deutsche Bank of New York account declined by U\$S 6,924 millions between the end of December and the end of November 2001¹², amounting to U\$S 393. But 36% of this fall (U\$S 2,493 millions) was recorded between October and November as a consequence of the measure taken by the BCRA (Comunicación "A" 3.357) by which the maximum limit for the payment of liquidity requirements with assets held abroad was modified. Particularly, because most of these assets were deposited at the Deutsche Bank account, it was deemed convenient to limit this model so that, without affecting the financial system's total reserves, the BCRA position could be increased. Thus, the Central Bank collected funds to apply its liquidity policy via loans to banks, repo transactions, etc. Precisely, with respect to the net repo position, in November it recorded a negative figure of \$ 2,620 millions, since it is only made up of lending repos. These lending repos have constituted, since July 2001, an instrument used by the BCRA to inject liquidity to the market (lending repos transactions in December 2000 amounted

¹¹ Implemented through Comunicaciones "A" 3.246, "A" 3.251, "A" 3.274, "A" 3.301, "A" 3.302 and "A" 3.311 of the BCRA and presented as per Communication N° 42.018.

¹² The payment into correspondents' accounts abroad has a month-on-month period that determines that by the end of each month there is a remarkable fall of payments, compared to the month's average. This is due to the fact that some big entities, whose payment exceeds the required amount at the beginning of the month, reduce it in the last days.

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TABLE 8.4
BCRA International Reserves and Financial Liabilities
In million of US\$

	Gold, foreign curr., time deposits and other	Public Securities	BCRA Internat. Reserves	Monetary Liabilities	Repo Net Position	Other Govt. Deposits	Financial Liabilities	Fin. Liab. backed by Liquid Reserves -in %-	Cash Req. dep. at correspondents abroad	Financial System's Internat. Reserves
	[1](*)	[2]	[3]=[1]+[2]	[4]	[5]	[6]	[7]=[4]+[5]	[8]=[1]/[7]	[9]	[10]=[3]+[9]
12/31/94	15,392	1,864	17,256	16,267	0	674	16,267	94.6		
12/31/95	15,049	2,543	17,592	13,769	1,873	914	16,405	91.7	1,382	18,974
12/31/96	17,503	1,793	19,296	14,059	4,110	2,242	18,169	96.3	3,585	22,881
12/31/97	22,482	1,826	24,308	15,975	6,426	325	22,401	100.4	6,962	31,270
12/31/98	24,906	1,618	26,524	16,392	8,300	1,343	24,692	100.9	5,488	32,012
12/30/99	26,407	1,424	27,831	16,524	9,783	935	26,307	100.4	5,758	33,589
01/31/00	24,414	1,403	25,817	14,637	9,581	1,026	24,218	100.8	5,660	31,477
02/29/00	24,821	1,445	26,266	14,038	10,482	1,204	24,520	101.2	6,230	32,496
03/31/00	24,729	1,457	26,186	13,686	10,874	2,187	24,560	100.7	6,060	32,246
04/30/00	24,719	1,444	26,163	13,950	10,784	652	24,734	99.9	5,811	31,974
05/31/00	23,784	1,548	25,332	13,575	10,272	452	23,847	99.7	6,365	31,697
06/30/00	25,867	1,508	27,375	13,810	11,925	2,118	25,735	100.5	6,370	33,745
07/31/00	26,086	1,461	27,547	14,348	11,646	1,277	25,994	100.4	6,482	34,029
08/31/00	24,638	1,457	26,095	13,680	10,771	476	24,451	100.8	6,717	32,812
09/30/00	24,890	1,395	26,285	13,614	10,931	906	24,545	101.4	7,423	33,708
10/31/00	23,249	1,292	24,541	13,402	9,507	116	22,909	101.5	7,386	31,927
11/30/00	22,441	1,285	23,726	13,377	8,614	919	21,991	102.0	6,211	29,937
12/29/00	25,148	1,343	26,491	15,100	9,485	1,769	24,585	102.3	7,317	33,808
01/31/01	25,437	1,367	26,804	13,897	10,877	3,321	24,774	102.7	7,395	34,199
02/28/01	25,377	1,479	26,856	13,748	11,242	868	24,990	101.5	6,974	33,830
03/31/01	21,924	1,448	23,372	13,680	7,773	1,116	21,453	102.2	6,772	30,144
04/30/01	20,547	1,821	22,368	13,339	7,067	872	20,406	100.7	5,045	27,413
05/31/01	20,197	2,027	22,224	13,030	7,154	377	20,184	100.1	4,996	27,220
06/30/01	21,082	1,671	22,753	20,943	-98	474	20,845	101.1	5,710	28,463
07/31/01	16,693	1,648	18,341	16,728	-1,862	91	14,866	112.3	3,473	21,814
08/31/01	14,378	1,885	16,263	14,863	-2,112	67	12,751	112.8	3,022	19,285
09/30/01	20,584	572	21,156	16,685	-1,443	885	15,242	135.0	3,330	24,486
10/31/01	18,080	2,065	20,145	16,234	-1,760	224	16,234	111.4	2,886	23,031
11/30/01	14,740	3,728	18,468	15,201	-2,620	62	15,201	97.0	393	18,861

(*) Foreign currency deposits corresponding to "Other Government Deposits" are not included. They are also deducted from Financial Liabilities (column [7]). To obtain the variation of international reserves of the balance of payments, "Other Government Deposits" must be included.

Source: B.C.R.A. [Central Bank of the Argentine Republic]

to just \$ 68 millions).

respect to December 2000, and of \$ 12,709 millions (1.1%)

with respect to December 1999 (Table 8.5)¹³.

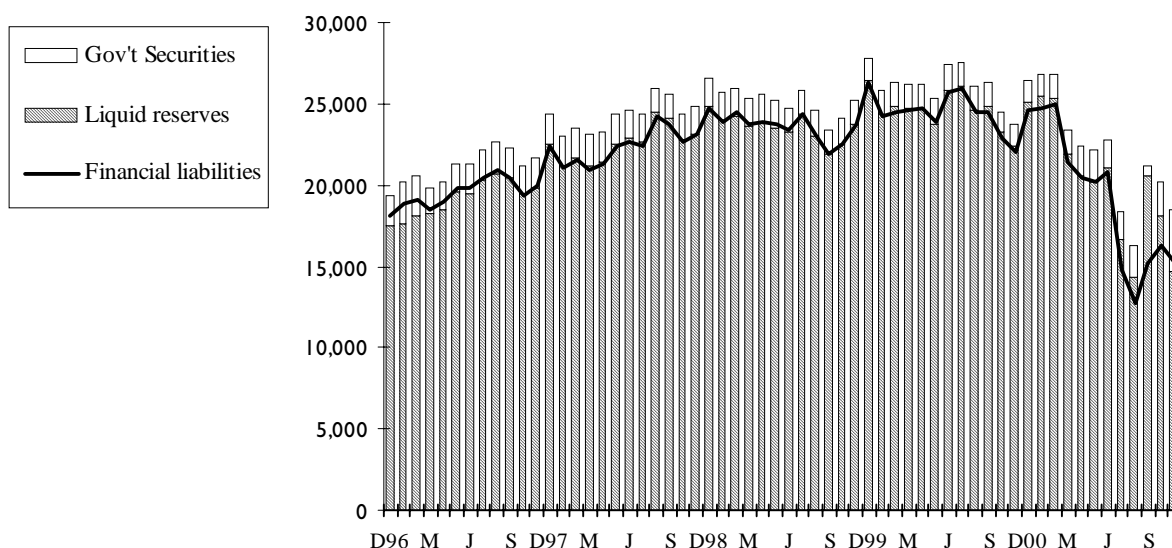
II. Asset and Portfolio Quality of Financial Entities

The asset statement of Table 8.5 shows that in June 2001 financial entities' total assets amounted to \$ 140,106 millions, with a decrease of \$ 23,372,7 millions (-14.3%) with

Securities holdings of entities as a whole increased 2.9% (\$ 406.32 millions) between December 2000 and August 2001; on the other hand, compared to December 1999, it declined 9.8% (- \$ 1,552.8 millions). At the end of August this year, securities held by financial entities amounted to \$ 14,295.8 millions equivalent to 10.2% of total assets.

¹³ It is worth warning that the information contained in this table comes from the publication "Information on Financial Entities" and contains the last accounting information delivered to the BCRA, which in some cases, mainly in the case of public provincial and municipal banks, is older than the date mentioned in the publication.

GRAPH 8.3
International reserves and BCRA's financial liabilities
In million of US\$



In turn, loans (net of allowances) totaled \$ 68,360 millions in August 2001, 10.2% below December 2000 (in relation to December 1999, the decrease was 12%). In August this year, loans of the system accounted for 48.8% of total assets, which implies a slight increase with respect to December 2000 (when it represented 46.6%) though is lower than the participation recorded in December 1999 (50.8%). Participation of loans within entities' total assets has been decreasing for some years now; in December 1994 its relative importance was 65.8%.

On the other hand, the item "Other credits for banking services" (repos, term transactions of securities and foreign currency, negotiable obligations, options,

etc.)¹⁴ Shows a fall of its share within total assets of 30.9% in December of 2000; and it fell to 22.8% in August 2001.

In August 2001, total liabilities of the system amounted to \$ 123,391 millions, 15.8% below December 2000 and 9.4% below December 1999. Within the asset structure of deposits they accounted for 62.3% of the systems liabilities, a higher percentage than December 2000 (59.2%).

Private entities' reception of deposits (66.2% of system's total) worsened, between December 2000 and August 2001, by \$ 6,681.4 millions (-11.5%). This evolution is the result of the fact that savings accounts

¹⁴A great part of these transactions generate double entries that overestimate the real volume of this item, so the BCRA is working on presenting consolidated financial statements. In addition, many of them have liabilities counterparts included in the item "Other obligations for banking services".

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fell 38.7% and, to a lesser extent, of the decline of fixed term deposits (-12.6%). With respect to the other sources of funding, between December 2000 and August 2001, negotiable obligations reduced \$ 846.6 millions (-17.1%) and foreign credit facilities were repaid for \$ 214.1 millions.

Table 8.6, which represents portfolio quality indicators for public and private entities¹⁵, shows that in August this year, total financings (loans, other credits for banking services and goods affected by financial leases) granted by the financial system amounted to \$ 88,530 millions, of which 66.5% were granted by private entities.

The system's non-performing portfolio (wide criterion) amounted to 14.9% in August 2001; 20% for public entities and 11.9% in the case of private entities.

As per the restricted criteria, non performance of the system reached 10.8% in August 2001, accounting for 14.7% of total financings of public banks and 8.5% of the financings granted by private entities.

TABLE 8.5
Entities Financial Statements
In million Pesos

	Aug-01			
	Banks		Non	Total
	Public	Private	Banking	
TOTAL ASSETS	39,090	99,059	1,957	140,106
Cash & Cash equivalents	2,516	9,239	154	11,909
Securities	4,089	10,195	12	14,296
Loans	20,199	46,715	1,446	68,360
Allowances	-2,597	-3,425	-303	-6,324
Other Receivables for fcial. act.	6,994	24,820	148	31,962
Other Assets Accounts	5,291	8,090	197	13,579
TOTAL LIABILITIES	35,205	86,789	1,398	123,392
Deposits	25,528	50,998	320	76,845
Other oblig. for fcial. act.	8,302	32,679	976	41,957
Other Liab. Accounts	1,375	3,113	102	4,590
Net Worth	3,885	12,270	559	16,714
	Percentage Variation Aug 01 - Dec 00			
	Banks		Non	Total
	Public	Private	Banking	
TOTAL ASSETS	-6.9%	-16.9%	-17.1%	-14.3%
Cash & Cash equivalents	-23.1%	54.6%	126.5%	27.9%
Securities	6.3%	2.1%	-79.6%	2.9%
Loans	-6.9%	-11.4%	-17.1%	-10.2%
Allowances	-27.6%	6.8%	13.2%	-10.4%
Other Receivables for fcial. act.	-10.5%	-41.7%	-51.1%	-36.9%
Other Assets Accounts	-1.1%	2.4%	4.3%	1.0%
TOTAL LIABILITIES	-6.6%	-18.9%	-22.7%	-15.8%
Deposits	-10.4%	-11.6%	-18.6%	-11.2%
Other oblig. for fcial. act.	5.7%	-29.3%	-25.3%	-24.2%
Other Liab. Accounts	2.6%	0.4%	-5.4%	0.9%
Net Worth	-9.4%	0.9%	1.0%	-1.7%
	Percentage Variation Aug 01 - Dec 99			
	Banks		Non	Total
	Public	Private	Banking	
TOTAL ASSETS	-6.8%	-8.7%	-16.7%	-8.3%
Cash & Cash equivalents	-27.1%	65.2%	141.4%	30.8%
Securities	-5.4%	-10.9%	-87.4%	-9.8%
Loans	-8.4%	-13.1%	-24.1%	-12.0%
Allowances	-9.2%	11.3%	12.7%	1.9%
Other Receivables for fcial. act.	-10.0%	-17.9%	-4.1%	-16.2%
Other Assets Accounts	22.4%	7.1%	48.6%	13.1%
TOTAL LIABILITIES	-7.6%	-9.8%	-25.7%	-9.4%
Deposits	-5.3%	-6.0%	-9.1%	-5.8%
Other oblig. for fcial. act.	-16.1%	-16.2%	-32.5%	-16.6%
Other Liab. Accounts	7.9%	4.6%	24.0%	5.9%
Net Worth	1.9%	-0.2%	19.4%	0.8%

Source: Information from financial entities, BCRA.

¹⁵ For the preparation of the "wide" non performance indicator, financings with delays over 31 days are taken into account, and for the "restricted" indicator, only those with delays in excess of 90 days are considered.

TABLE 8.6
Non-Performing Portfolio
In Million Pesos

August 01						
Entities	Non-Perf. Wide	Non-Perf. Restricted	Total Finan- Financings	Non-P. Wide/ Financ.	Non-P. Rest./ Financ.	Allowances
Public Banks	5,554	4,079	27,824	20.0%	14.7%	2,647
Private Banks	7,012	5,022	58,874	11.9%	8.5%	3,522
Total (*)	13,173	9,544	88,530	14.9%	10.8%	6,479
December 2000						
Entities	Non-Perf. Wide	Non-Perf. Restricted	Total Finan- Financings	Non-P. Wide/ Financ.	Non-P. Rest./ Financ.	Allowances
Public Banks	7,652	6,150	28,984	26.4%	21.2%	3,643
Private Banks	6,892	5,068	66,077	10.4%	7.7%	3,298
Total (*)	15,271	11,769	97,266	15.7%	12.1%	7,313
December 1999						
Entities	Non-Perf. Wide	Non-Perf. Restricted	Total Finan- Financings	Non-P. Wide/ Financ.	Non-P. Rest./ Financ.	Allowances
Public Banks	6,912	5,472	28,799	24.0%	19.0%	2,905
Private Banks	6,643	4,650	66,434	10.0%	7.0%	3,138
Total (*)	14,135	10,431	97,483	14.5%	10.7%	6,319

(*) Includes banks and non-banking entities
Source: Information from financial entities, BCRA

GRAPH 8.4
Evolution of the system's non-performing portfolio
In % of total portfolio

