



SUPERINTENDENCIA
DE BANCA, SEGUROS Y AFP



Evolution of the Peruvian Banking System



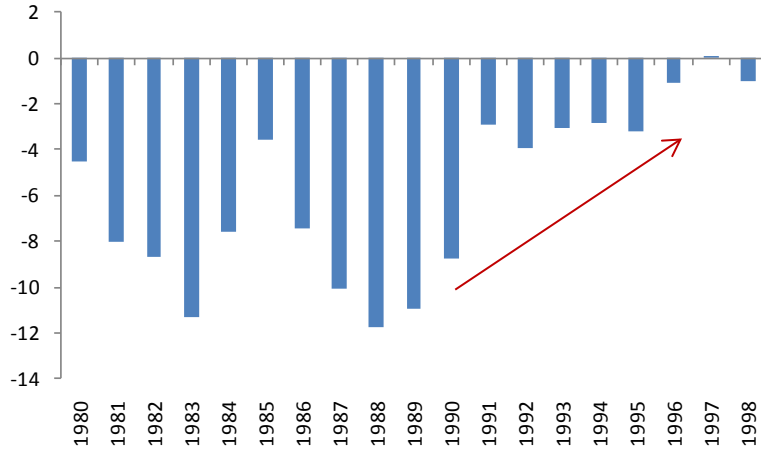
Structural Reforms in the 90s

- ◆ Macroeconomic Reforms:
 - ◆ Correction of distortion of relative prices
 - ◆ Reduction in public deficit (Tax Reform 1992)
 - ◆ Inflation under control
 - ◆ Privatization

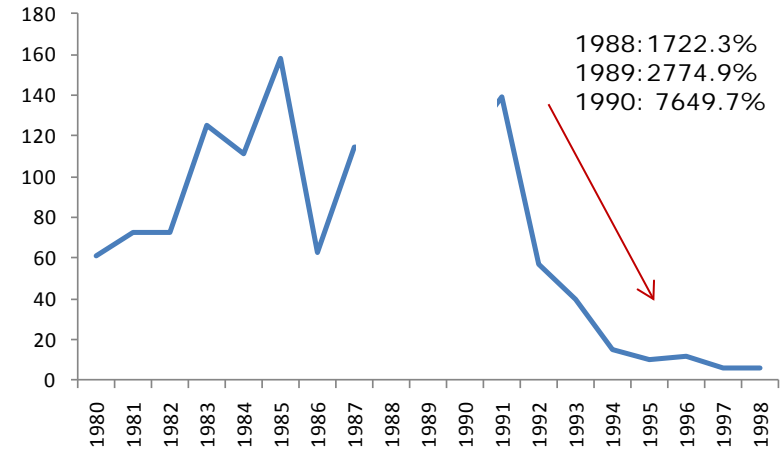


Macroeconomic Reforms

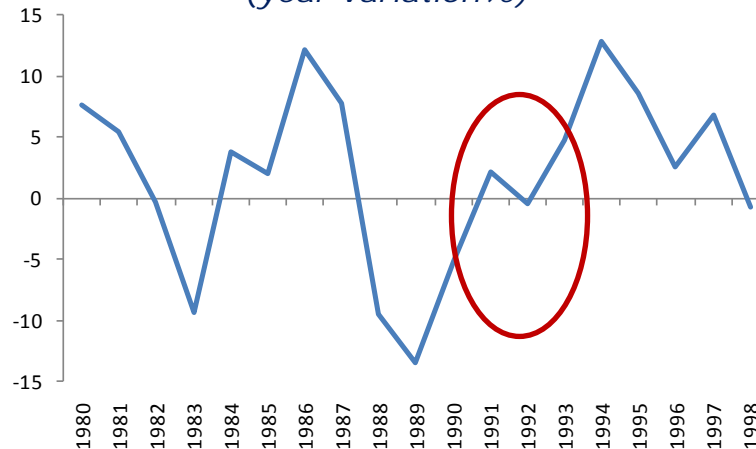
Non Financial Public Sector (deficits)
(% GDP)



Inflation
(year variation%)



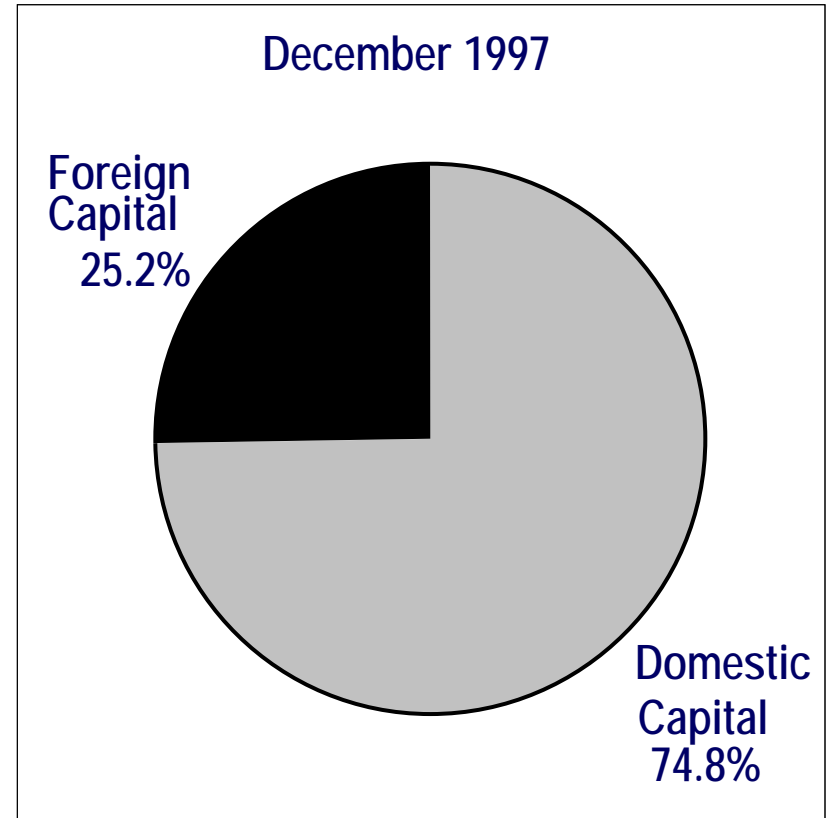
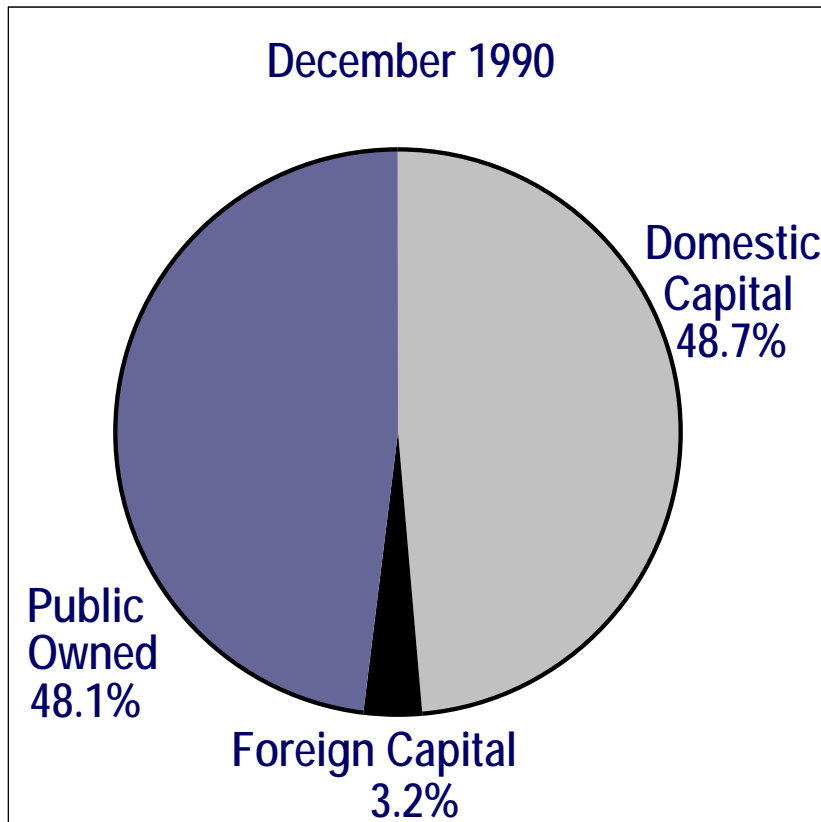
GDP
(year variation%)





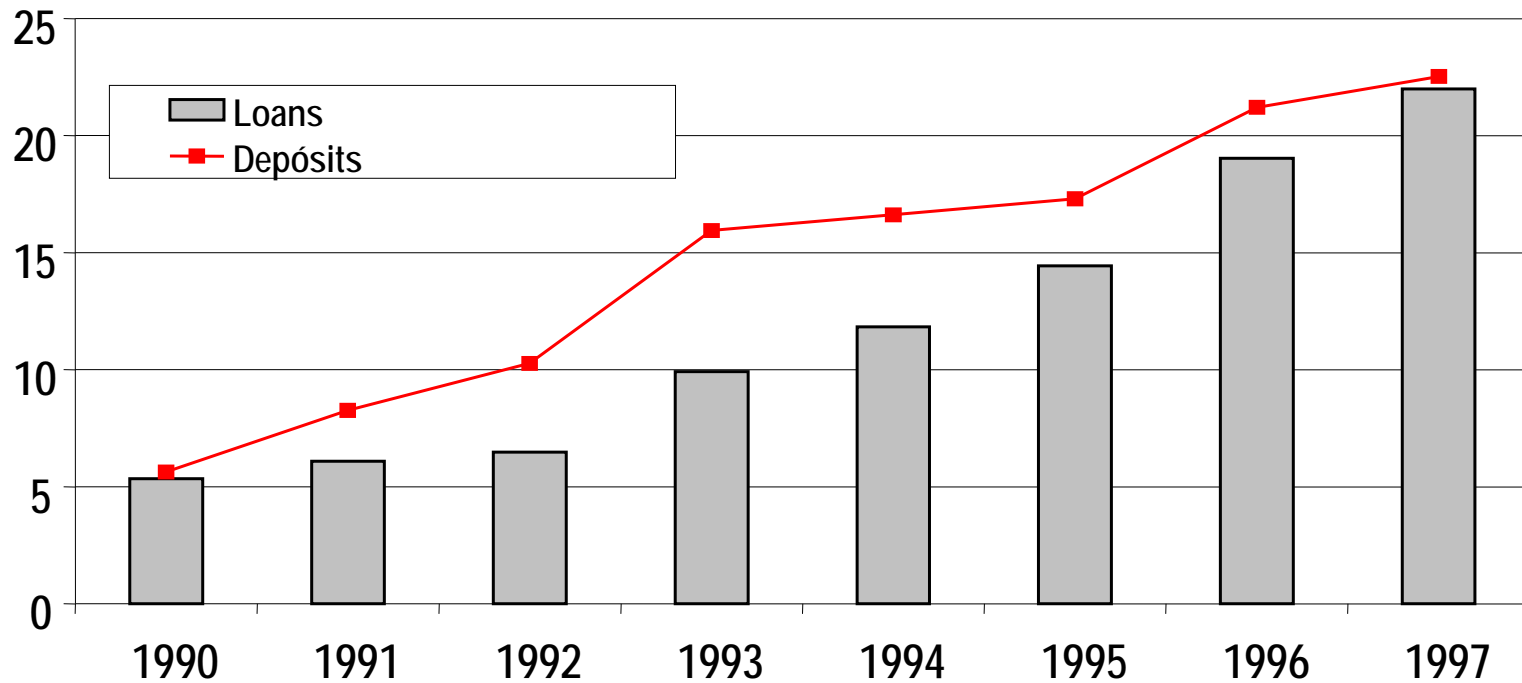
Financial System Reform

Ownership of Commercial Banks





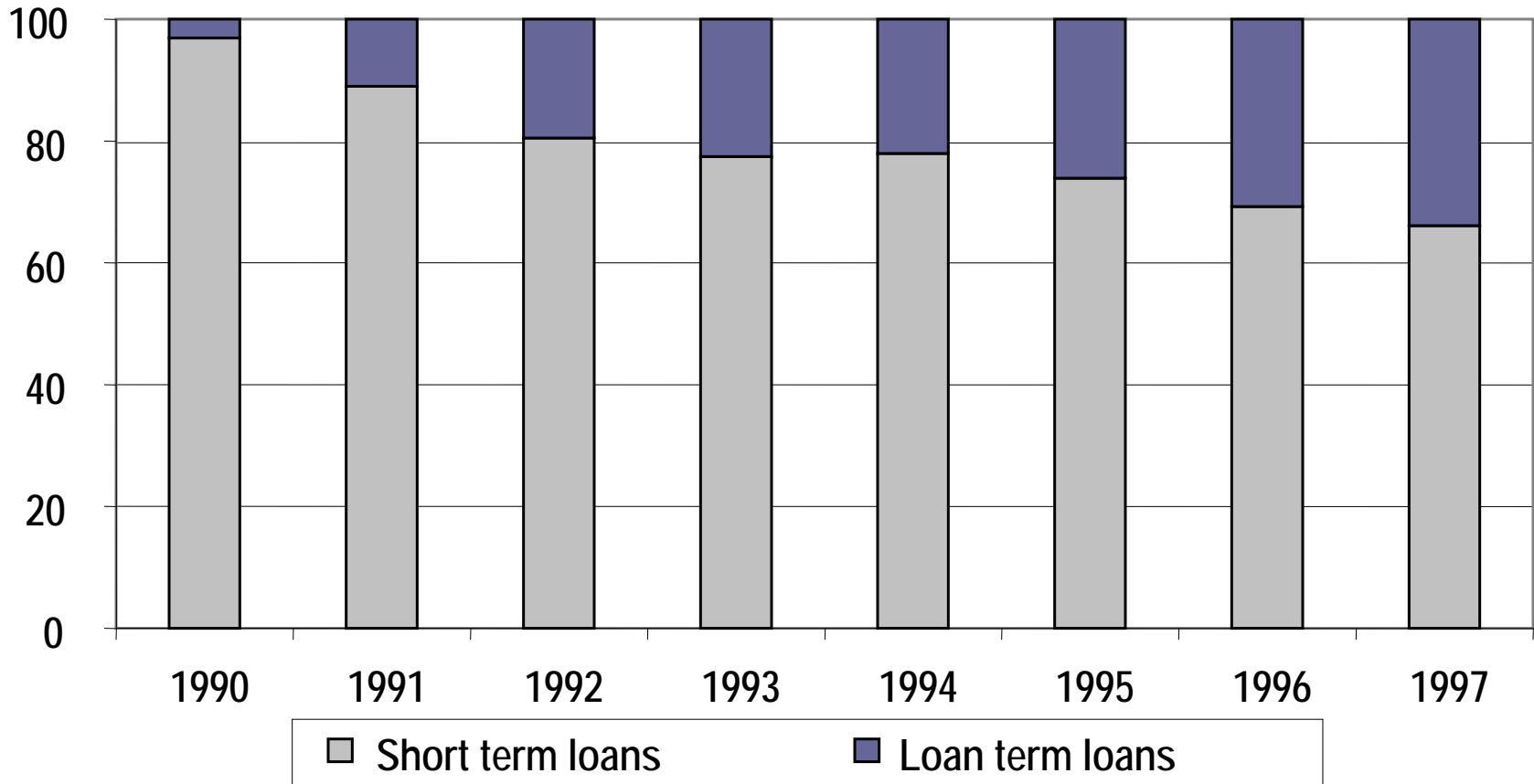
Financial Intermediation



✓ Elimination of interest rate caps and regulatory credit allocation



Financial System Reform



✓ More long term financing



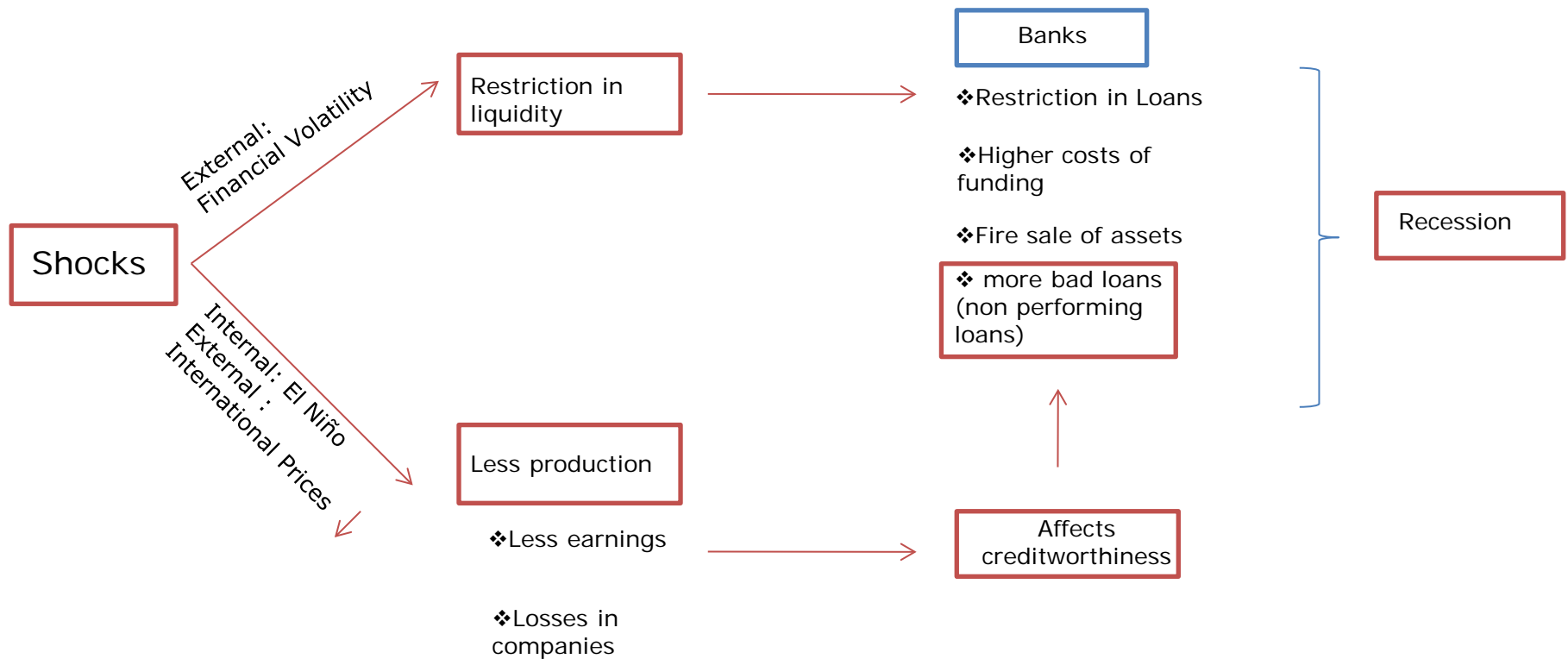
Shocks that affected Perú between 1998-2000

- ◆ External Shocks
 - ◆ Asian Crisis (1997)
 - ◆ Russian Crisis (1998)
 - ◆ Economic Instability in Brazil (1998)

- ◆ Internal Shock
 - ◆ El Niño current (1997-98)

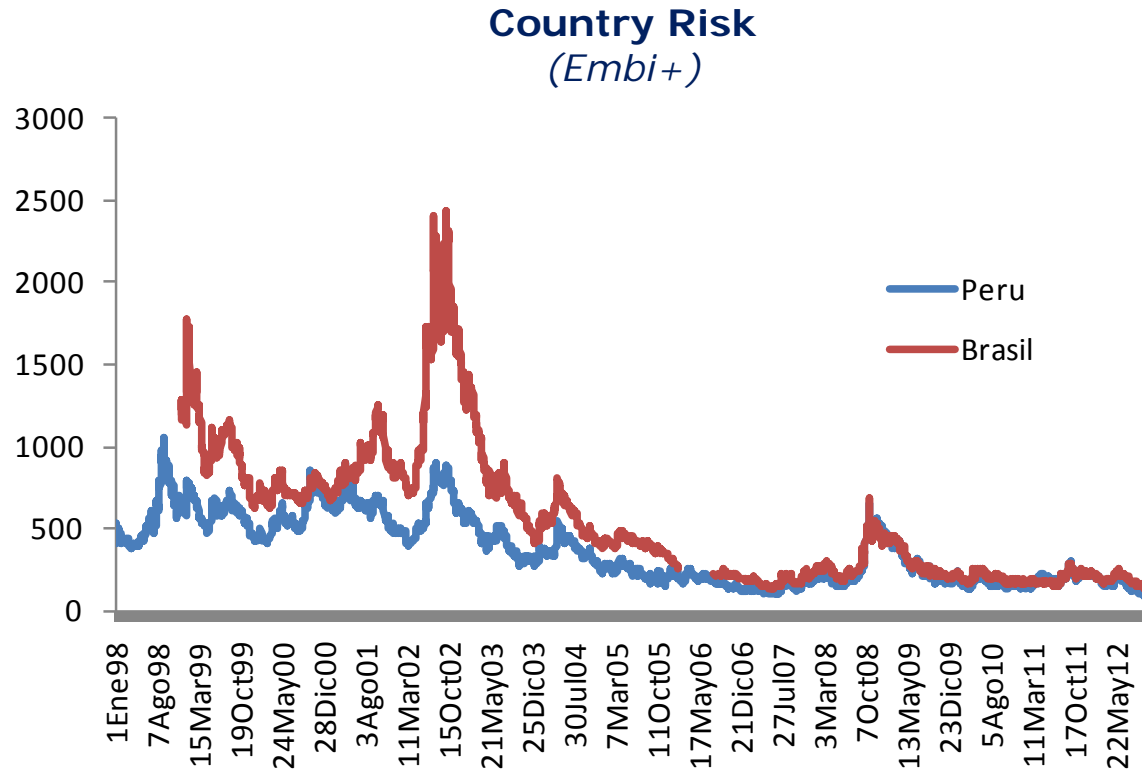


Shocks transmission to the Peruvian financial system





Shocks generate volatility in financial markets



Fuente: BCRP



Consolidation of the Financial System 1998 - 2001

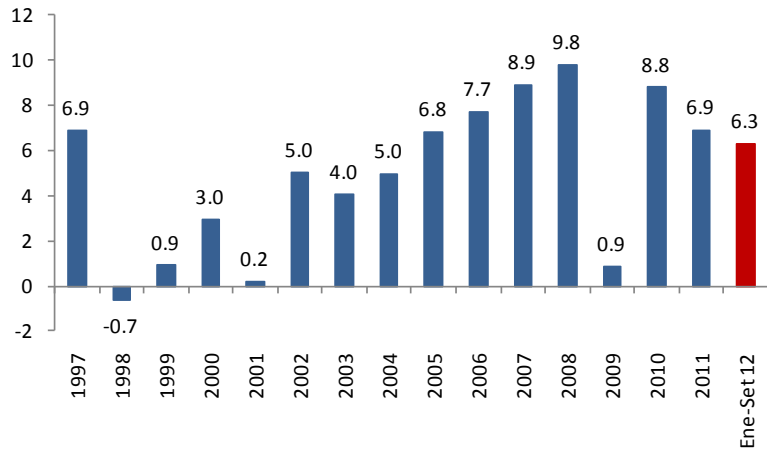
Banco	Aparece en	Figura hasta	Motivo
República		Nov-98	Liquidación
País	Abr-97	Ago-99	Absorbido por Nuevo Mundo
Lima		Ago-99	Fusión con Wiese
Bancosur		Oct-99	Absorbido por Santander
Banex		Nov-99	Liquidación
Progreso		Nov-99	Absorbido por Norbank
Orion	Abr-97	Jun-00	Liquidación
Serbanco	Abr-96	Set-00	Liquidación
NBK Bank		Set-00	Liquidación
Nuevo Mundo		Dic-00	Liquidación
Latino		Abr-01	Liquidación

Fuente: SBS

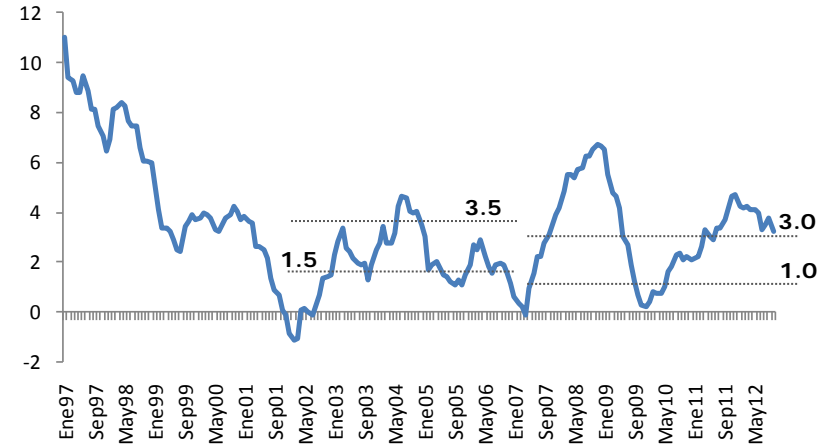


After the Financial Crisis: Solid Macroeconomic Fundamentals

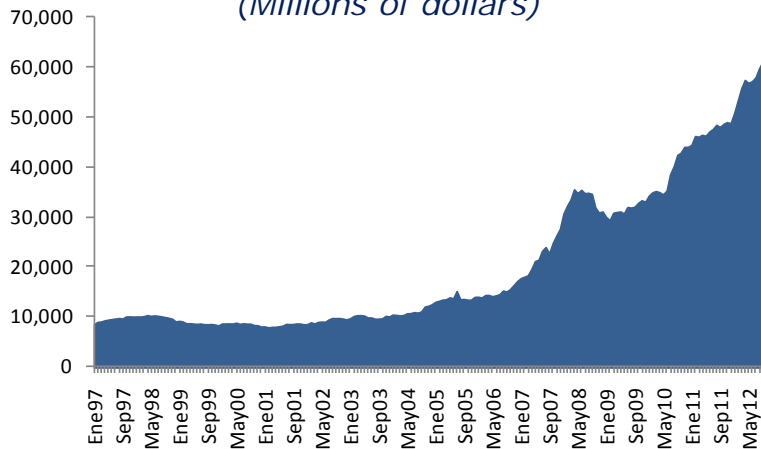
GDP
(year variation %)



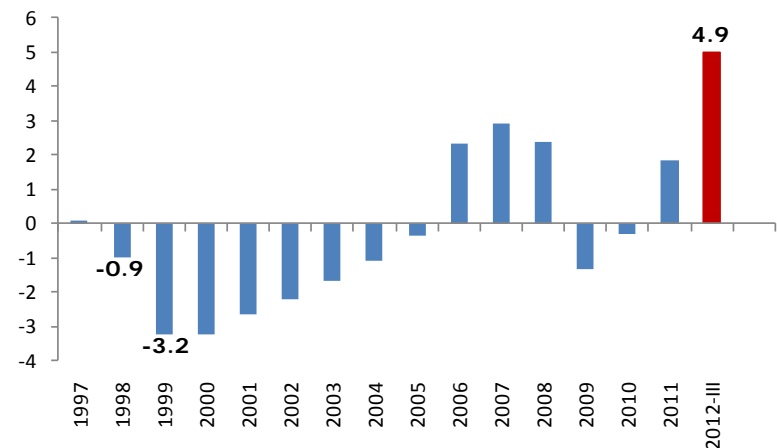
Inflation
(year variation %)



International Reserves
(Millions of dollars)



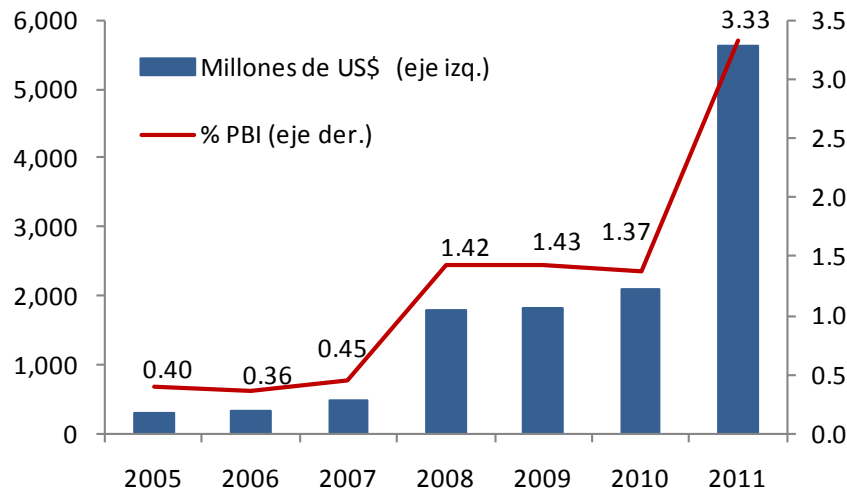
Non Financial Public Sector (Superavit)





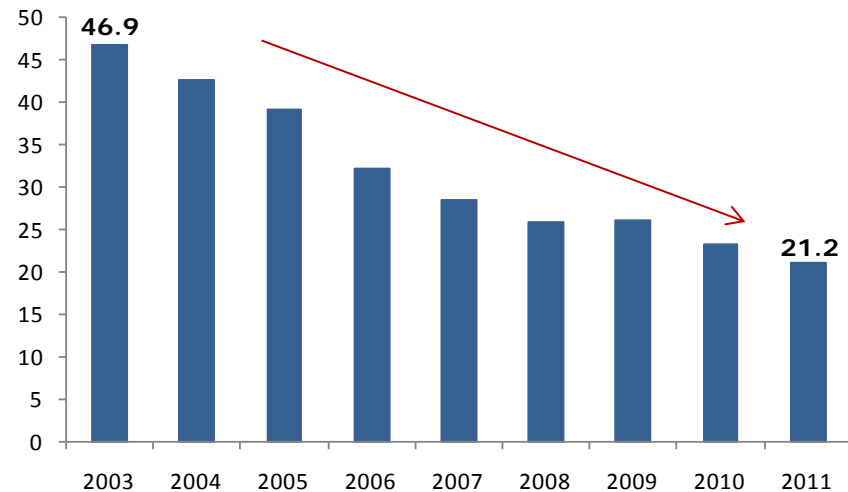
Room for Countercyclical Fiscal Policies

Stabilization Fiscal Fund



Fuente: MEF

Public Debt
(% of GDP)

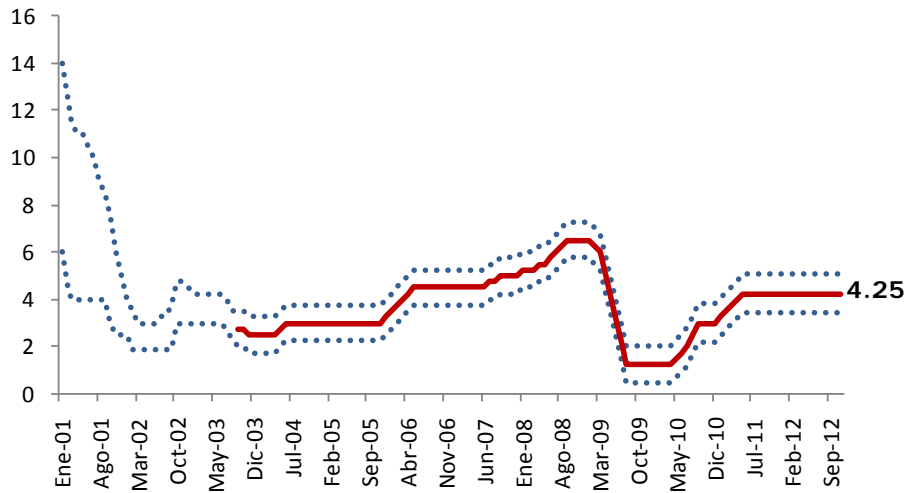


Fuente: BCRP



Room for Countercyclical Monetary Policies

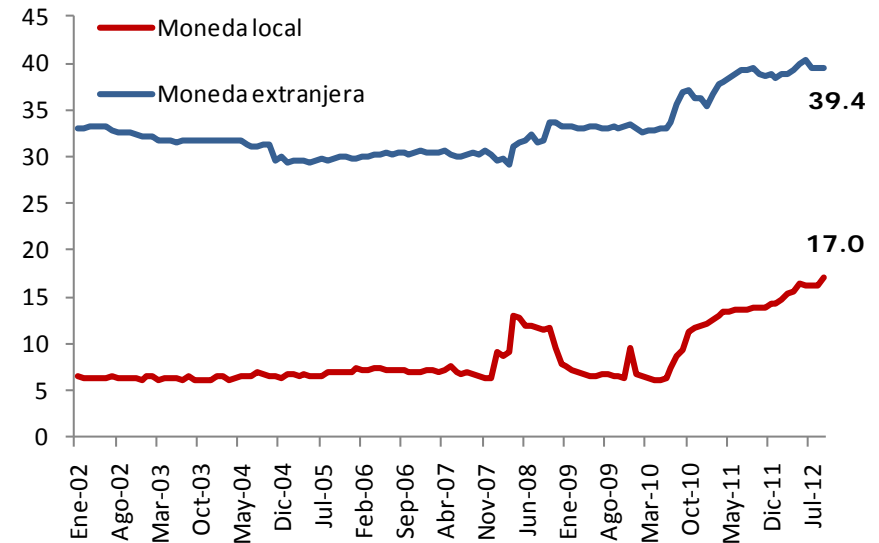
Reference rate of the Central Bank
(%)



*La tasa de referencia es el promedio entre la tasa para operaciones de compra directa temporal de títulos de valores y para créditos de regulación monetaria y la tasa para depósitos overnight, desde setiembre de 2003.

Fuente: BCRP

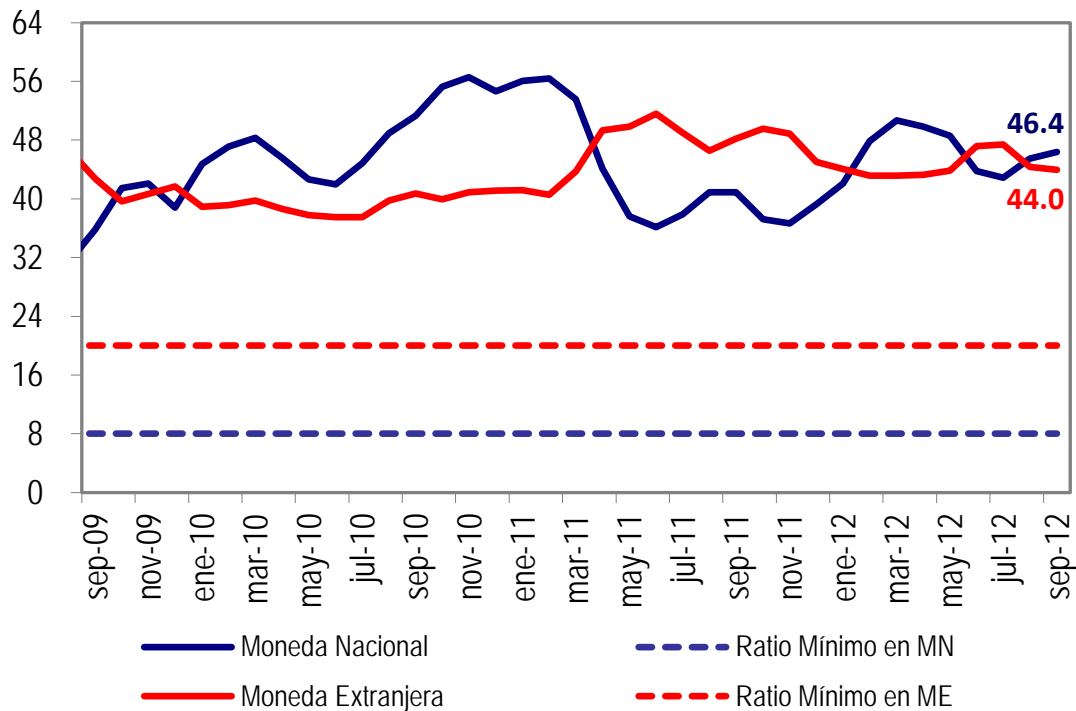
Legal reserve requirement (%)





Financial Fundamentals (i)

Commercial Banks: Liquidity Ratios
(%)



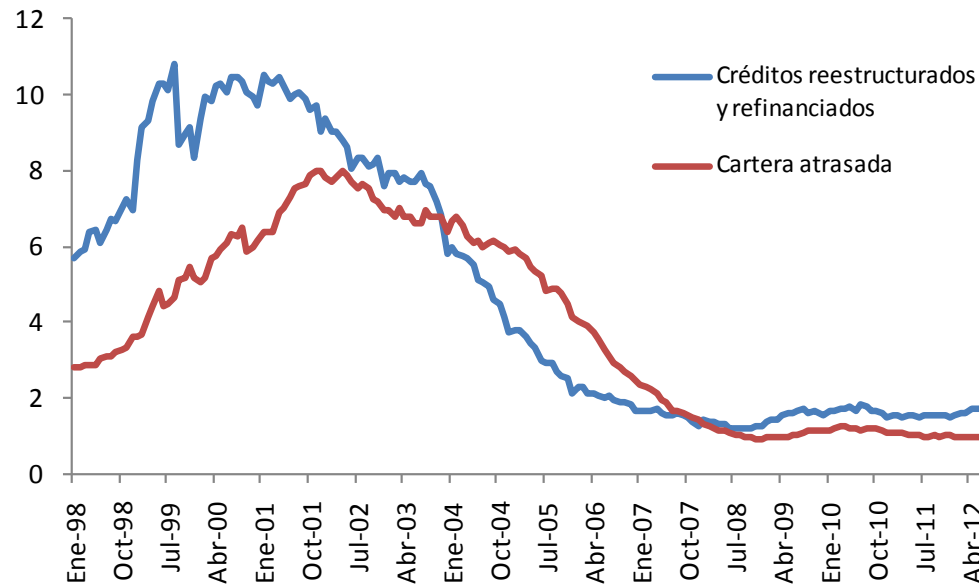
Fuente: SBS

✓ **Levels of Liquidity above regulatory minimums**



Financial Fundamentals(ii)

Quality of Financial Assets
(% of total loans)



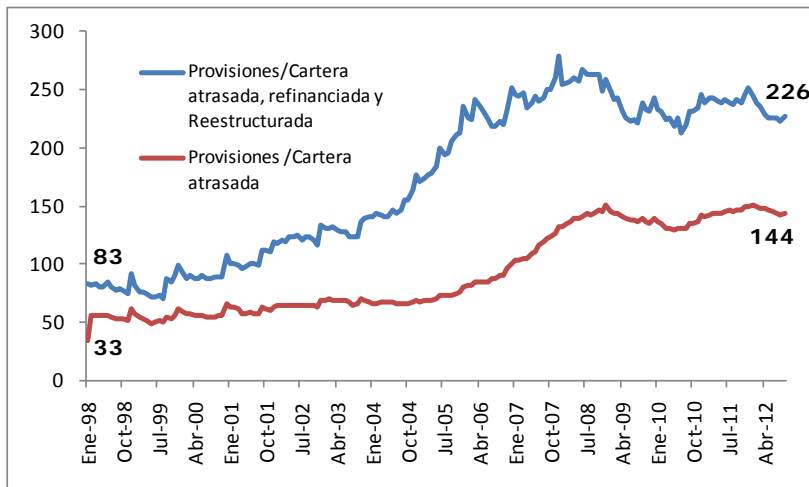
Fuente: SBS

✓ Non performing loans of banking system is under 2%

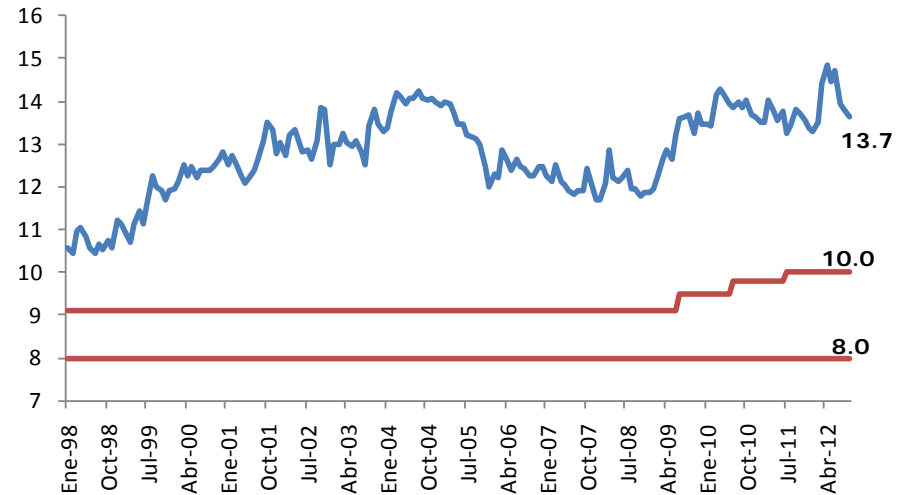


Financial Fundamentals(iii)

Coverage ratios of non performing loans
(Provisions/non performing loans%)



Capital Ratios: Regulatory Capital/ Risk weighted Assets
(%)



Fuente: SBS

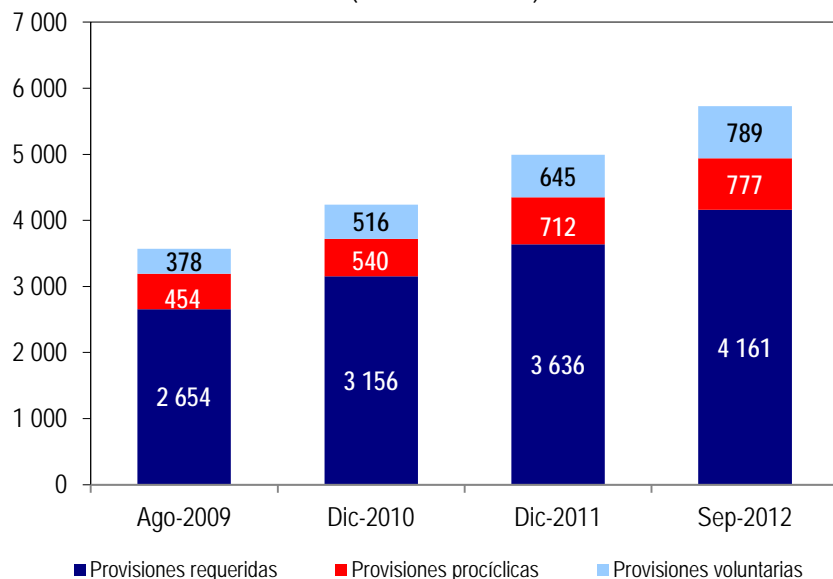
✓ Provision Buffer

✓ Capital Buffer

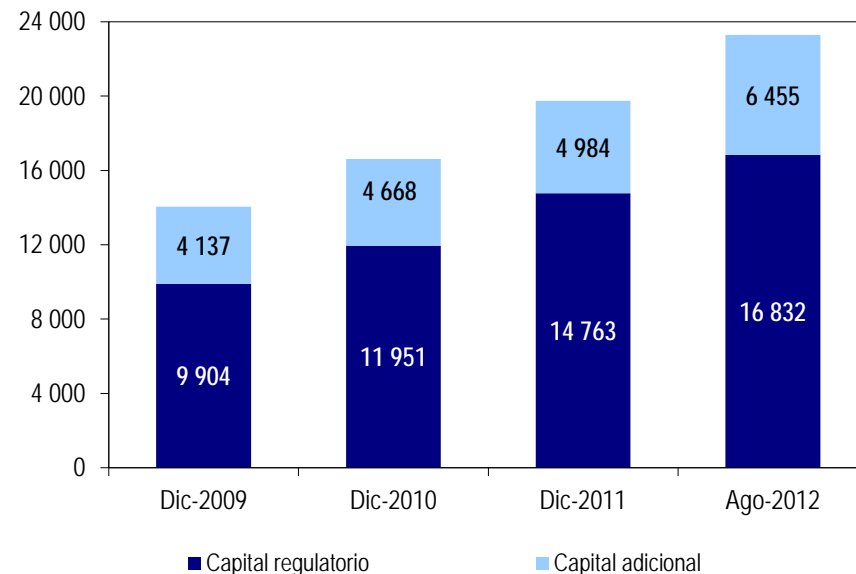


Financial Fundamentals (iv)

Provisions for non performing loans
(Millions S/.)



Capital
(Millions S/.)



✓ **Macroprudential Regulation: dynamic provisions and additional capital requirements**



Financial Fundamentals (v)

Dolarization of loans and deposits
(%)

