

SEDESA

Seguro de Depósitos S. A.

**Relevant Aspects of the
Annual Report and Financial Statements
as at December 31, 1995**

BOARD OF DIRECTORS

Chairman

José Carlos Jaime

Vice-Chairman

Hernán del Villar

Director

Alejandro Ephtyneos

Alternate Directors

Norberto Walter López Isnardi

Juan Carlos Cassagne

Eduardo Javier Romero

SYNDIC'S COMMITTEE

Syndics

Luis García Martínez

Enzo Agustín Vivian

Alberto Domingo Quintín Molinario

Alternate Syndics

Jorge Labanca

Eduardo Gabriel Ferrari

Daniel Tillard

LEGAL BACKGROUND

In our milieu, the systems connected with the deposit guarantee have been vastly varied. Without considering provisions previous to the creation of the Central Bank of the Argentine Republic, it may be stated that, as from its creation, the recent history of the treatment of the deposit guarantee begins. This history may be divided, in a chronological way, in the following manner :

From 1935 to 1946. The original Act on Banks (passed on March 21, 1935) provided in its section ninth a privilege regime, after those established by the code of commerce and the civil code and the law on bankruptcies, for the savings deposits up to the amount of 5,000 pesos, which could be raised up to 10,000 pesos should the depositor be a mutual company or a co-operative.

From 1946 to 1957. The so-called nationalisation of deposits, imposed *de jure* and *de facto* an unlimited and absolute deposit guarantee, since these were received by the financial institutions on behalf of the Central Bank of the Argentine Republic.

From 1957 to 1969. Law 14.467, which ratified decree-law 13.127/57, called "Act on Banks", provided in its section 11 : "In case of liquidation of a private bank or a joint bank, the Central Bank shall advance the funds required for the reimbursement of the deposits to their holders or for their transfer to another bank. Such advance payments shall be backed by the encumbrance of the assets of the bank being liquidated and other guarantees to the satisfaction of the Central Bank".

From 1969 to 1972. Law 18.061, called Law on Financial Institutions, provided in its section 49 : "When a national commercial bank - private or joint - should go to liquidation, the Central Bank shall advance the funds required for the reimbursement of the deposits in national currency to their holders or for their transfer to another bank".

From 1972 to 1974. The constitution of a deposit insurance fund appears for the first time in the Argentine legislation with law 20.040 of December 27, 1972, which provided for the creation of a Deposit Insurance Fund intended to the advance payment of funds assigned to the reimbursement of deposits made with institutions not belonging to the category of commercial bank. The scope of the guarantee was set in the amount of up to 20,000 pesos per deposit, which covered 80% of the total amount of deposits. The assessment to the fund was constituted by the assignment of the account "Provision for debtor balances and country's bank consolidation".

From 1974 to 1977. Law 20.520 of August 1, 1973 provided, in force as of September 1 of said year, the centralisation or “nationalisation” of deposits. By virtue of it, the deposits received by the authorised financial institutions operating in the country were received on behalf of the Central Bank of the Argentine Republic. They constituted a liability of said Bank. The National Government guaranteed the reimbursement of all deposits without any limit whatsoever regarding amount or holders.

From 1977 to 1979. Law 21.495, of January 17, 1977, provided the “decentralisation of deposits”, which was in force at the same time as the law on financial institutions 21.526, on June 1, 1977. This last legal provision stipulated in its section 56, that should some of the authorised financial institutions included in said law go into liquidation, the Central Bank of the Argentine Republic could chose between agreeing that other institutions took care of the deposits totally or partially, or provide for the advance payment of the funds for reimbursement of such deposits to their holders. In both cases, that is in the case of transfer as well as in case of payment, it referred to deposits in national currency.

From 1979 to 1992. In 1979 a change is introduced in our guarantee system. With the passing of law 22.051 of August 14 of said year , the text of law 21.526 on Financial Institutions, referred to the deposit guarantee, was modified. Through the means of regulation the scope of the guarantee was stipulated, and as of that moment it covered deposits constituted in national currency, there existing in principle a 100% guarantee for those deposits of less than 1,000,000 pesos and a 90% guarantee for those deposits amounting to more than said amount. The first amount was considered a minimum amount which had to be adjusted monthly on the basis of the variation registered in the wholesale price level index - general level -. This minimum limit was later raised to 100 million without adjustment, and later it was again made adjustable. It must be pointed out that the regime was voluntary and payable by the financial institutions only. The institutions had to make a monthly assessment in the order of 0,03% per month of their average deposits. Time led to a slow but permanent exodus of the adherent institutions, until it was practically out of operation.

From 1992 to 1995. The reforms introduced to the Law on Financial Institutions when the Act on the Central Bank of the Argentine Republic was amended, in October 1992, eliminated *de jure* the deposit guarantee. Law 24.144 provided to amend section 49 of the Law on Financial Institutions in the following manner : “d) On the funds that the institution liquidated had in deposit as minimum cash on hand in local currency, the depositors in such currency shall have a special privilege, exclusive and excluding, for the satisfaction of their credit in accordance to the following order of preference : - Up to the amount of three thousand pesos (\$ 3,000) per person, and only one person per deposit shall be entitled to this special privilege. - On the balance, the total amount of deposits constituted by persons, at least 180 days prior to the date of the revocation of the authorisation to operate. - On the remainder, all the other deposits on a pro rata basis ;”.

From 1995 onwards. During the year 1995, further to the legal provisions to which reference is made with regard to the constitution of Sedesa, through law 24.485 a series of amendments were introduced to the Law on Financial Institutions, among which there is the recognition of a privilege for the depositors for an amount of up to five thousand pesos.

LIMITS TO THE REIMBURSEMENT OF DEPOSITS (some historical data)

The value of the different amount limits for the reimbursement of deposits has varied significantly according to the moment when they were provided for. Taking into account the most relevant ones, we could mention those determined in 1935, and those established for November 1979.

The 5,000 pesos whose reimbursement was guaranteed by the recently created Central Bank of the Argentine Republic for the savings deposits, would today reach the amount of 12,158 pesos should we adjust those 5,000 pesos by the wholesale price level index, or the amount of 31,815 pesos if they were adjusted by the consumer price level index or to 13,228 United States dollars should the saver have converted the pesos into that currency in 1935 and had made an investment related to the consumer price level index of the United States of America.

The 100 million limit established as of November 19, 1979, would represent today, with the same adjustment coefficients mentioned in the preceding paragraph, 67,825 or 124,278 pesos respectively and, in the case of United States dollars, 154,945.

CONSTITUTION AND ELECTION OF AUTHORITIES

On August 18, 1995, in the premises of the Ministry of Economy, the shareholders of Seguro de Depósitos Sociedad Anónima, constituted the corporation with a capital of 1,000,000 (One million) pesos, approved its by-laws and elected its board of directors and syndics' committee.

The following are the legal and statutory norms which rule the activities of Sedesa : Law 24.485 (Official Gazette of April 18, 1995), Decree 540/95 (Official Gazette of April 18, 1995), Central Bank of the Argentine Republic Communication "A" 2337 of May 19, 1995, Resolution N° 916 of the Ministry of Economy and Public Works and Services of June 27, 1995 and Social By-Laws. They are transcribed as annex to this annual report.

ACTIVITIES PERFORMED

The authorities of Sedesa took immediately charge of the organisation tasks, which consisted of looking for offices, selecting personnel, and the organisation of the systems and administration sections. Registered with the General Inspection of Justice on September 19, 1995, it started immediately its activities, holding its first meeting of the board of directors on October 13, 1995.

At the beginning of the month of November it was already functioning with its total staff (four persons, three of them professionals) and a month later its administrative and computer services were in full functionment, filling basic aims issued from the by-laws and legal frame.

A system of investment of the Deposit Insurance Fund was structured, fulfilling the legal requirements with regard to financial standing and liquidity trying to - within these legal requirements - maximise the profits.

On the other hand, relationships with other institutions which may contribute with their experience to this type of activities were established. At the beginning, profitable suggestions and information material were received from the Department of Monetary Affairs of the International Monetary Fund, the Office of the Comptroller of Currency , the Federal Reserve System, and the Federal Deposit Insurance Corporation, of the United States of America, as well as from the Bank for International Settlements.

During the period covered by this report, consultations were received on the eventual application of the faculty conferred to the Board of Directors of Sedesa by clause h) of section 13 of the By-Laws . In its meeting of December 1, 1995, the Board of Directors, taking into account the amount reached by the Deposit Insurance Fund, the environment in which the financial system operates and the especially exceptional character of the faculty established in said section, decided not to make use of it.

In its first meeting, the Board of Directors decided to carry on an analysis of the legal and statutory frame in view of a better fulfilment of its tasks and of the achievement of the aims assigned to the corporation. At the time of closing this Report, a document, containing a series of proposals, is being prepared, which shall be put under consideration of the government authorities.

CONSIDERATION ON THE EVOLUTION OF THE FUND

At the closing of the fiscal year covered by this report, the Deposit Insurance Fund reached the amount of 100,382,855.06 (One hundred million three hundred eighty two thousand eight hundred fifty five with 6 cents) United States dollars. As from its beginning, when its collection was in the hands of the Central Bank of the Argentine Republic, to the month of December, the evolution of the monthly balances of the Deposit Insurance Fund has been as follows :

Month	Institutions' Assessments	Accumulated amounts
May	11,241,280.66	11,241,280.66
June	14,039,855.01	25,281,135.67
July	11,929,529.81	37,210,665.48
August	12,591,165.91	49,801,831.39
September	12,695,921.18	62,497,752.57
October	12,376,265.79	74,874,018.36
November	12,611,943.99	87,485,962.35
December	12,896,892.71	100,382,855.06

Note: As of March 31, 1996, the Deposit Insurance Fund amounted to US Dollars 140.230.724.

COMPARED LEGISLATION

(See following table)

DEPOSIT INSURANCE AGENCIES

<i>Country</i>	<i>Name of scheme</i>	<i>Administration</i>	<i>T y p e</i>	<i>Membership year established</i>	<i>Level of protection</i>	<i>Level in \$ 1</i>	<i>Funding</i>	<i>Contingency funding</i>
Austria		Austrian Banking Association	PR	Compulsory 1987	Ash 200,000	\$ 19,782	On demand	Max. one-third of member banks' liability reserve ; Government backed bonds may be issued
Belgium	Intervention Fund ₂	Rediscount and Guarantee Institute	J	Voluntary 1985	BFr 500,000	\$ 16,938	0.02% p.a. of BFr deposits	None, insurance limited to assets in fund
Canada	Canada Deposit Insurance Corporation	Canada Deposit Insurance Corporation	PU	Compulsory 1967	C\$ 60,000	\$ 43,975	0.1% p.a. of protected class of deposits	May borrow without authorisation loans up to C\$ 6 bn ; further borrowing subject to Parliamentary approval

<i>Country</i>	<i>Name of scheme</i>	<i>Administration</i>	<i>T y p e</i>	<i>Membership year established</i>	<i>Level of protection</i>	<i>Level in \$ 1</i>	<i>Funding</i>	<i>Contingency funding</i>
Denmark	Deposit Guarantee Fund	Danish Insurance Agency	PU	Compulsory 1987	DKr 250,000	\$ 44,924	0.2% p.a. of non-bank deposits until Fund reaches its target of DKr 3 bn	Borrowing from banks, with possible guarantee of Ministry of Industry
Finland	Deposit Guarantee Fund of the Commercial Banks ³	Governing Board	PR	Compulsory 1969	No ceiling	No ceiling	Between 0.01% and 0.5% p.a. of total assets	-
France	Deposit Guarantee Fund	French Banking Association	PR	Compulsory 1980	FFr 400,000	\$ 81,533	On demand on regressive scale, calls up to FFr 200 mn p.a. (\$ 40.766.408)	Extra calls up to FFr 1,000 mn can be made in regard to a five-year period

<i>Country</i>	<i>Name of scheme</i>	<i>Administration</i>	<i>T y p e</i>	<i>Membership year established</i>	<i>Level of protection</i>	<i>Level in \$ 1</i>	<i>Funding</i>	<i>Contingency funding</i>
Germany	Deposit Insurance Fund	Federal German Banking Association	PR	Voluntary 4 1966	Up to 30% of bank's equity capital per depositor	Up to 30% of bank's equity capital per depositor	0.03% p.a. of total deposits	Annual levy may be doubled
India	Deposit Insurance and Credit Guarantee Corporation	Deposit Insurance and Credit Guarantee Corporation	PU	Compulsory 1962	Rs 30,000	\$ 859	0.04% p.a. of total deposits	Government backing through the Reserve Bank subject to Parliamentary approval
Ireland	Deposit Protection Fund	Central Bank of Ireland	PU	Compulsory 1989	80% of first I£ 5,000 ; 70% of next I£ 5,000 ; 50% of next I£ 5,000	\$ 9,447 (\$ 3,149)	0.2% of total I£ deposits	Fund is recalculated annually

<i>Country</i>	<i>Name of scheme</i>	<i>Administration</i>	<i>T y p e</i>	<i>Membership year established</i>	<i>Level of protection</i>	<i>Level in \$ 1</i>	<i>Funding</i>	<i>Contingency funding</i>
Italy	Interbank Deposit Protection Fund ⁵	Interbank Deposit Protection Fund Council	PR	Voluntary 1987	100% of the first L 200 mln ; 75% of next L 800 mln	\$ 125,865	On demand. Max. of 1% of total deposits ; amount not to exceed L 2 bn (\$ 1,258,653). The aim of the Fund is to reach 4,000 bn Lire (2,517 mln \$)	No contingency support if Fund is not sufficient. Two options are available : defer payment or diminish the compensation to be paid
Japan	Deposit Insurance Corporation ⁶	Deposit Insurance Corporation	J	Compulsory 1971	¥ 10 mln	\$ 96,712	0.12% p.a. of domestic Yen deposits	Borrowing up to ¥ 500 bn from Bank of Japan subject to Ministry of Finance approval

<i>Country</i>	<i>Name of scheme</i>	<i>Administration</i>	<i>T y p e</i>	<i>Membership year established</i>	<i>Level of protection</i>	<i>Level in \$ 1</i>	<i>Funding</i>	<i>Contingency funding</i>
Luxembourg	Deposit Guarantee ⁷	Association for the Guarantee of Deposits	PR	Voluntary 1989	LFr 500,000	\$ 16,938	On demand, max. of 5% p.a. of own funds	-
Norway	Commercial Banks' Contingency Fund ⁹	Commercial Banks' Contingency Fund Board	J	Compulsory 1961	No ceiling ¹⁰	No ceiling	0.015% p.a. of total assets until Fund reaches 2% of aggregate deposits	Guarantees issued by the member banks in proportion to their non-bank deposits ; these guarantees are collateralized with cash or government bonds deposits with the Bank of Norway
Philippines	Permanent Insurance Fund	Philippines Deposit Insurance Corporation ¹¹	PU	Compulsory 1963	P 40,000	\$ 1,555	0.83% p.a. of total deposits	Government backing subject to Senate approval

<i>Country</i>	<i>Name of scheme</i>	<i>Administration</i>	<i>T y p e</i>	<i>Membership year established</i>	<i>Level of protection</i>	<i>Level in \$ 1</i>	<i>Funding</i>	<i>Contingency funding</i>
Spain	Deposit Guarantee Fund 12	Bank of Spain	PU	Voluntary 1977	Pts. 1,500,000	\$ 12,333	0.2% p.a. of total deposits supplemented by a contribution from the Bank of Spain 13	Government backing through the Bank of Spain, subject to approval by Royal Decree
Switzerland	Convention XVIII 14	Swiss Bankers' Association	PR	Voluntary 1984	SFr 30,000	\$ 26.019	On demand	Underwritten by member banks
The Netherlands	Collective Guarantee Scheme 8	Bank of The Netherlands	J	Compulsory 1980	NF 40,000	\$ 24,969	On demand, max. of 5% p.a. of own funds	Government backing subject to parliamentary approval

<i>Country</i>	<i>Name of scheme</i>	<i>Administration</i>	<i>T y p e</i>	<i>Membership year established</i>	<i>Level of protection</i>	<i>Level in \$ 1</i>	<i>Funding</i>	<i>Contingency funding</i>
United Kingdom	Deposit Protection Fund	Deposit Protection Board ¹⁵	J	Compulsory 1979	75% of first £ 20,000 per depositor	\$ 31,040	Initial contribution plus calls subject to max. of 0.3% of £ deposits	Parliament may increase the maximum percentage payable ; £ 125 mn advance facility with the Bank of England
United States of America	Federal Deposit Insurance Corporation	Federal Deposit Insurance Corporation ¹⁶	PU	Voluntary ¹⁷ 1934	\$ 100,000	\$ 100,000	between 0.23% and 0.31% p.a. of total domestic deposits, depending of the risk coefficient assigned (average value to 31.12.94 was of 0.239% p.a.)	Borrowing up to 3 bn from the Treasury

Notes on deposit insurance agencies

Those countries were selected for which details were obtained on the monetary and supervisory agencies.

PU Administered by public agencies.

PR Administered by private bodies.

J Jointly administered by government authorities and participating banks.

1. Exchange rate against the peso on December 31, 1995.
2. The Intervention Fund is created through a protocol signed by the Rediscount and Guarantee Institute and the Belgian Banking Association. The Institute, and intermediary of the National Bank of Belgium, has two functions : to rediscount short-term commercial bills presented to it by financial institutions, which are passed on to the National Bank, and to manage the Intervention Fund. However, the Institute needs the approval of the Intervention Fund Committee, which consists of representatives of the contributing banks, for important decisions, such as rescue operations.
3. The Deposit Guarantee Fund of the Commercial Banks is an independent institution owned by its members (commercial banks), and has its own governing board. In addition, there are similar guarantee funds owned by savings banks and co-operative banks.
4. Voluntary, but de facto compulsory, since a banking licence will not be issued to a bank that does not participate in a depositor protection scheme.
5. The Interbank Deposit Protection Fund is organised as a banks' consortium under the aegis of the Italian Banking Association and the Banca d'Italia.
6. The Governor of the Deposit Insurance Corporation is the Vice-Governor of the Bank of Japan. The management also includes representatives of the private financial institutions, who are members of it.
7. It is a mutual, non-profit making association.
8. The Collective Guarantee Scheme is established in joint co-operation between the banks and the Bank of The Netherlands.
9. The Contingency Fund is an independent legal identity and its activities are administered by a board of directors comprising seven members. Five of the members are elected by the member banks, while one member is appointed by the Bank of Norway and the last member is the director of the Banking, Insurance and Securities Commission.
10. The Commercial Banks' Contingency Fund has no formal obligation to cover the losses of all depositors in a failing bank ; the law states that the board decides on the degree of coverage in each individual case. But in practice deposits have always been covered in full.
11. The Philippines Deposit Insurance Corporation's Board is chaired by the Central Bank Governor, with the PDIC president and the Under-secretary of Finance as members.
12. The Deposit Guarantee Fund is a branch of the Banco de España and is engaged in preventing bank crises and in insuring deposits. The first type of intervention includes the surveillance activity on a problem bank from the fund, take-over operations and finally the possibility of selling troubled banks. In addition, the Banking Corporation was created with the objective to acquire a majority shareholding in troubled banks, to re-establish sound management and secure a base for operations and ultimately to sell back the shareholding to the private sector. If it is clear that a bank cannot be returned to a healthy state, then it is liquidated. However, it was decided to enlarge the Deposit Guarantee Fund, which was considered to be a more satisfactory means of dealing with ailing banks.
13. As from 1994 the Bank of Spain has stopped its contribution to the Deposit Guarantee Fund.

14. The so-called Convention XVIII is an agreement among the members of the Swiss Bankers' Association under which banks mutually guarantee savings deposits. The convention does not provide the depositor with a legal claim. Although it has therefore no legal status as deposit insurance, we rank the convention under deposit insurance agencies, as its purpose is to provide deposit protection.
15. The Deposit Protection Board consists of the Governor of the Bank of England as Chairman, two other ex-officio members of the Bank of England, three members of contributory institutions, together with a number of officers of the Bank of England.
16. The Corporation is run by a three member Board of Directors. Two directors are appointed by the President for six-year terms and third is the Comptroller of the Currency, an ex-officio member.
17. Compulsory for FED members and national banks.

Sources : OECD (1987), Prudential Supervision in Banking (Paris).

Various Central Banks.

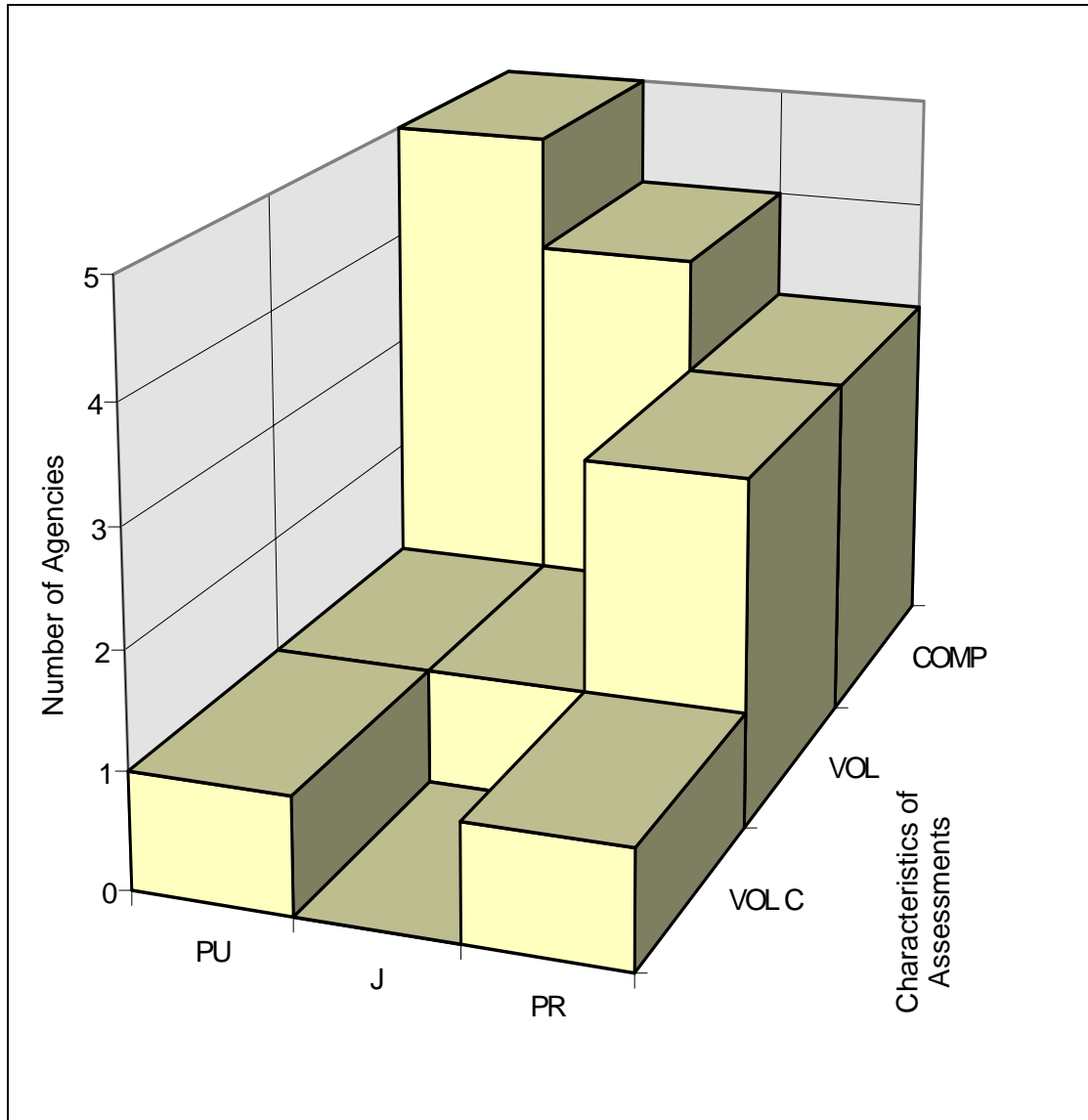
O.C.C.

F.D.I.C.

B.I.S.

I.M.F.

Interrelation between the characteristics of the agencies and of the assessments



It may be observed that among the public agencies (PU), the compulsory assessment (COMP) predominates, while among the private ones (PR), the assessment is compulsory as well as voluntary (VOL). In those of joint administration (J), the assessment is generally compulsory and never voluntary-compulsory (VOL C).

As a general observation, it may be said that the compulsory assessment prevails with a kind of independence with regard to the characteristics of the agencies, especially if we add to it the so-called voluntary-compulsory assessment.

CHARACTERISATION OF THE DEPOSIT INSURANCE FUNDS

With the exception of the Federal Deposit Insurance Corporation, of the United States of America, the deposit insurance funds are recently created institutions. It is practically impossible to find agencies more than thirty years old, since the creation of most of them took place in the last two decades.

From an analysis of their more relevant characteristics, there arise three definite categories.

“Ad hoc” Government Agencies : such as those existing in Canada (1967), Denmark (1987), the United States of America (1934) Philippines (1963) and India (1962).

Agencies carrying out their activities within Central Banks : Spain (1977), Ireland (1989) and The Netherlands (1980).

Agencies whose administration is private or joint : Germany (1966), Austria (1987), Belgium (1985), Finland (1969), France (1980), Italy (1987), Japan (1971), Luxembourg (1989), Norway (1961), United Kingdom (1979) and Switzerland (1984).

As it may be observed, most of these institutes admit a private or joint management, there being even the case that those operating within the central banks of The Netherlands and the United Kingdom have government boards with representatives of the private sector.

With regard to the type of assessment to the guarantee or insurance funds, some are voluntary and other compulsory, which does not mean that this refers necessarily to their private or public management. In a general way, it is difficult to find systems with a pure voluntary assessment, since the disadvantages that the institution which does not adhere to the guarantee systems must endure are of great significance in almost all countries.

With regard to the deposits covered by these systems, we can observe that they are limited to domestic deposits, without making any difference with regard to the location of the headquarters. In addition, most of the deposit guarantee or insurance systems do not cover the deposits made with branch offices or subsidiary offices of financial institutions located abroad.

COMMENTS ON THE STATEMENT OF CONDITION

The fiscal year results are in agreement with the policy adopted by the Board of Directors of Sedesa with regard to investments of the Deposit Insurance Fund. Taking into account the safety which, under legal requirements, the investments must have and, on the other hand, their necessary liquidity, the increase in the final profits was achieved. It is expected that, while the fund grows, the possibility of negotiation - without disregarding the above mentioned requirements - leads to an increase in the profits showing a larger improvement measurable in market differentials.

According to the provisions of section 66 of Law 19.550, this Board of Directors informs that :

1. No significant variations of assets and liabilities have occurred, since they are natural and typical of this first (irregular) fiscal year.
2. There are no extraordinary earnings.
3. The constitution of reserves is due to strictly legal and statutory reasons.
4. There are no proposals of distributing dividends other than in cash.
5. There are no associated or controlled societies.
6. All other requirements contained in the above mentioned section are set down in this report.

PROPOSED DISTRIBUTION OF PROFITS

According to the statutory provisions, this Board of Directors proposes the following distribution of profits :

To Legal Reserve Fund, 5% in accordance
with the provisions of section 20, clause a) of our by-laws : Pesos 61,637.33

To dividend of ordinary shares in accordance
with section 20, clause c) : Pesos 1,000,000.00

Once the compensation of the Directors and Syndics is defined, the remainder will go to the non-assigned results account.

Note : This proposal was approved by the General Ordinary Assembly held on April 2, 1996.

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

TABLE OF CONTENTS

A - FINANCIAL STATEMENTS AS AT DECEMBER 31, 1995

Statement of Condition

Income Statement

Statement of Changes in Shareholders' Equity

Notes

Schedules I, II, III and IV

B - AUDITOR'S REPORT

C - REPORT OF THE SYNDICS' COMMITTEE

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Legal address : Av. Leandro N. Alem 651 7th Floor - Buenos Aires

Main activity of the Corporation : Administration of the deposit insurance fund to which the financial institutions authorised to operate in the Argentine Republic contribute

Date of registration in the Public Registry of Commerce : September 19, 1995

Number of registration with the General Inspection of Justice : 8662

Date of termination of the life of the Corporation : August 19, 2030

FINANCIAL STATEMENTS as at December 31, 1995 for the irregular fiscal year N° 1 started August 18, 1995

Composition of Capital Stock :

	\$ <u>Underwritten</u>	\$ <u>Paid in</u>
999,999 - (Class B) ordinary shares of \$ 1 nominal value, with right to one vote each	999,999.00	999,999.00
1 (Class A) ordinary share of \$ 1 nominal value, with right to one vote	<u>1.00</u>	<u>-</u>
	<u>1,000,000.00</u>	<u>999,999.00</u>
	=====	=====

See our report dated :
February 20, 1996

FINSTERBUSCH PICKENHAYN SIBILLE
Professional Registration of the Firm :
C.P.C.E.C.F. T° 2 F° 6

Carlos Langbehn
Partner
Public Accountant (U.B.A.)
C.P.C.E.C.F. T° XXII F° 237

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

ASSETS

CURRENT ASSETS

CASH AND DUE FROM BANKS (Notes 2.1, 3.1 and 3.2) 189,412.45

INVESTMENTS (Notes 3.1, 3.2 and 3.3 and Schedule I) 2,546,891.75

RECEIVABLES

Other (Notes 2.2 and 3.1) 65,200.00

Total of current assets 2,801,504.20

NON-CURRENT ASSETS

RECEIVABLES

Other (Notes 2.3, 3.1 and 3.2) 11,401.00

PREMISES AND EQUIPMENT (Note 3.5 and Schedule II) 52,758.54

Total of non-current assets 64,159.54

Total assets 2,865,663.74
=====

See our report dated :
February 20, 1996

FINSTERBUSCH PICKENHAYN SIBILLE
Professional Registration of the Firm :
C.P.C.E.C.F. T° 2 F° 6

Carlos Langbehn
Partner
Public Accountant (U.B.A.)
C.P.C.E.C.F. T° XXII F° 237

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

LIABILITIES

CURRENT LIABILITIES

ACCOUNTS PAYABLE (Notes 2.4 and 3.1) 96,330.25

SALARIES AND SOCIAL SECURITY CONTRIBUTIONS
(Notes 2.5 and 3.1) 3,356.15

TAX BURDEN (Notes 2.6 and 3.1) 530,230.66

Total of current liabilities 629,917.06

NON-CURRENT LIABILITIES

OTHER (Notes 2.7 and 3.1)

Total of non-current liabilities 3,000.00

Total Liabilities - Sub-total 632,917.06

SHAREHOLDERS' EQUITY (as per pertaining statement
and Notes 4 and 5) 2,232,746.68

Total 2,865,663.74
=====

MEMORANDUM ACCOUNTS

Deposit Insurance Fund (Note 9) 100,382,855.06
=====

Notes 1 to 9 and Schedules I to IV enclosed, are an integral part of this financial statement.

See our Report dated :
February 20, 1996

FINSTERBUSCH PICKENHAYN SIBILLE
Professional Registration of the Firm :
C.P.C.E.C.F. T° 2 F° 6

Carlos Langbehn
Partner
Public Accountant (U.B.A.)
_ C.P.C.E.C.F. T° XXII F° 237

José Carlos Jaime
Chairman

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

INCOME STATEMENT for the irregular fiscal year ended December 31, 1995
(in pesos)

Operating income	1,951,903.85
Administrative Expenses (Schedule IV)	<u>(189,157.17)</u>
Net Income (before Income Tax)	1,762,746.68
Income Tax	<u>(530,000.00)</u>
Income for the Financial Year	1,232,746.68 =====

Notes 1 to 9 and Schedules I to IV enclosed are an integral part of this financial statement.

See our Report dated :
February 20, 1996

FINSTERBUSCH PICKENHAYN SIBILLE
Professional Registration of the Firm :
C.P.C.E.C.F. T° 2 F° 6

Carlos Langbehn
Partner
Public Accountant (U.B.A.)
C.P.C.E.C.F. T° XXII F° 237

José Carlos Jaime
Chairman

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the irregular fiscal year ended December 31, 1995 (in pesos)

	<u>Owners' Contribution Underwritten Capital</u>	<u>Unassigned Income</u>	<u>Total Shareholders' Equity</u>
Balances at the beginning of the fiscal year :			
Capital Underwriting as per Charter dated August 18, 1995	1,000,000.00	-	1,000,000.00
Income of the fiscal year as per Income Statement	-	<u>1,232,746.68</u>	<u>1,232,746.68</u>
Balances at the closing of the fiscal year	1,000,000.00 =====	1,232,746.68	2,232,746.68 =====
=====			

Notes 1 to 9 and Schedules I to IV enclosed are an integral part of this financial statement.

See our Report dated :
February 20, 1996

FINSTERBUSCH PICKENHAYN SIBILLE
Professional Registration of the Firm :
C.P.C.E.C.F. T° 2 F° 6

Carlos Langbehn
Partner
Public Accountant (U.B.A.)
C.P.C.E.C.F. T° XXII F° 237

José Carlos Jaime
Chairman

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

According to the provisions of Decree 316/95, the financial statements have been prepared in historical currency. Should they have been prepared in constant currency, in accordance to the professional accounting rules established through the technical resolutions of the Argentine Federation of Professional Councils of Economic Sciences, the income of the fiscal year would have been reduced by approximately \$ 10,387, and the shareholders' equity would have been reduced by approximately \$ 613.

The financial statements are stated in pesos.

NOTE 2 - COMPOSITION OF THE ITEMS OF THE STATEMENT OF CONDITION

The composition of the items included is detailed as follows :

CURRENT ASSETS

2.1 CASH AND DUE FROM BANKS

Cash	2,000.00
Due from Banks	
In national currency	86,481.36
In foreign currency (Schedule III)	<u>100,931.09</u>
	189,412.45
	=====

2.2 OTHER RECEIVABLES

Advance payments to Directors	61,200.00
Miscellaneous	<u>4,000.00</u>
	65,200.00
	=====

NON-CURRENT ASSETS

2.3. OTHER RECEIVABLES

Shareholders	1.00
Deposits in guarantee (Schedule III)	<u>11,400.00</u>
	11,401.00
	=====

See our Report dated :
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SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - COMPOSITION OF THE ITEMS OF THE STATEMENT OF CONDITION

(cont.)

CURRENT LIABILITIES

2.4 ACCOUNTS PAYABLE

Commercial

Provision for compensation to Directors and Syndics	78,200.00
Local suppliers	14,130.25
Provision for expenses	<u>4,000.00</u>
	96,330.25

2.5 SALARIES AND SOCIAL SECURITY CHARGES

Social Security Charges	<u>3,356.15</u>
	3,356.15

2.6 TAX BURDEN

Income Tax	530,000.00
Payable Tax Withholdings	<u>230.66</u>

530,230.66

NON-CURRENT LIABILITIES

2.7 OTHER

Directors' deposits in guarantee	3,000.00
	<u>3,000.00</u>

NOTE 3 - SPECIFIC VALUATION CRITERIA

The valuation criteria applied for the main items of the statement of condition are detailed as follows :

See our Report dated :
February 20, 1996

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SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - SPECIFIC VALUATION CRITERIA (cont.)

3.1 Cash and due from Banks, Accounts related to rights to receive and obligations to deliver local currency

The accounts shown in local currency have been valued at their face value.

3.2 Accounts in foreign currency

The assets and liabilities in foreign currency have been converted at the exchange rates in force on the date of closing of the fiscal year.

3.3 Investments

Certificates of Deposit

They have been valued at the value of each deposit plus the interests accrued on the date of closing of the fiscal year, determined on the basis of exponential formula.

3.4 Premises and Equipment

They are valued at the purchase cost, net of the pertaining accumulated depreciations.

The depreciations were calculated through the straight-line method, applying annual rates sufficient as to extinguish their values at the end of their estimated useful life, with the exception of refurbishing in third parties premises which were depreciated taking as estimated useful life that of the duration of the lease contract.

The restated value of the assets does not exceed, as a whole, their economic use value.

NOTE 4 - DETERMINATION OF SHAREHOLDERS' EQUITY AND FISCAL YEAR INCOME

4.1 Owners' Contributions

The owners' contributions are represented by the capital underwritten by these at the constitution of the corporation.

See our Report dated :
February 20, 1996

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SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Number of Registration with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - DETERMINATION OF SHAREHOLDERS' EQUITY AND FISCAL YEAR INCOME (cont.)

4.2 Unassigned income

The income of the fiscal year was obtained by difference between shareholders' equities at the beginning and at the closing of said fiscal year.

NOTE 5 - SPECIFIC CRITERIA OF VALUATION OF INCOME ACCOUNTS

All items included in the income statement are stated in historical currency.

NOTE 6 - FACTS OCCURRED AFTER THE CLOSING OF THE FISCAL YEAR

There are no events or operations occurred between the date of closing of the fiscal year and the date of issuance of the financial statements which may significantly affect the shareholders' equity or the income of the Corporation on the date of closing of this fiscal year.

NOTE 7 - INCOME TAX

The charge on account of this tax arises from the determination made in accordance with the tax regulations in force at the closing of the fiscal year.

NOTE 8 - STATEMENT OF CAPITAL STOCK

In accordance with the provisions of Resolution 6/80 of the General Inspection of Justice, it is hereby stated that, on December 31, 1995, the Corporation registers the following capital stock statement :

<u>Capital Stock</u>	<u>1995</u>
	\$
Underwritten	1,000,000.00
Paid in	999,999.00
Registered	1,000,000.00
Issued	1,000,000.00

See our Report dated :
February 20, 1996

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SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - DEPOSIT INSURANCE FUND

SEDESA is a company whose creation was authorised by Decree 540/95 of the National Executive Power, with the purpose of administering in trust the assessments made by the financial institutions to the Deposit Insurance Fund of the Argentine financial system.

SEDESA was constituted on August 18, 1995 through registered deed drawn before the Government General Notary of the Nation, and was recorded and registered with the General Inspection of Juridical Persons on September 19, 1995, under Number 8662, Book 117, Volume A of Corporations.

The purpose of the Corporation is to administer said Fund, by investing it in instruments foreseen by the legal provisions. The Deposit Insurance Fund is not the property of the company, but the income derived from the investment of the Fund belongs to the company.

On December 31, 1995 there existed certificates of deposit for a value of \$ 102,215,408 (including interests accrued to that date) deposited with the Swiss Bank Corporation, New York Office. This total included the above mentioned Deposit Insurance Fund, amounting to \$ 100,382,855.06.

See our Report dated :
February 20, 1996

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José Carlos Jaime
Chairman

SCHEDULE I

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

INVESTMENTS

<u>Main Account and Characteristics</u>	<u>Principal</u>	<u>Interests Accrued</u>	<u>Book value 31-12-95</u>
Certificates of Deposit in local currency	<u>711,357.16</u>	<u>2,981.65</u>	<u>714,338.81</u>
Sub-Total local currency	<u>711,357.16</u>	<u>2,981.65</u>	<u>714,338.81</u>
Certificates of Deposit in foreign currency	101,912,000.00	303,408.00	102,215,408
Deposit Insurance Fund (Note 9)	-	-	(100.382,855.06)
Sub-Total foreign currency (Schedule III)	<u>101,912,000.00</u>	<u>303,408.00</u>	<u>1,832,552.94</u>
Total	<u>102,623,357.10</u>	<u>306,389.65</u>	<u>2,546,891.75</u>

See our Report dated :
February 20, 1996

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Chairman

SCHEDULE II

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA
 Registration Number with the General Inspection of Justice : 8662
 Statement of Condition as at December 31, 1995 (in pesos)
 PREMISES AND EQUIPMENT

Depreciations

<u>Main Account</u>	Value at the beginning of the fiscal year	Increase	Decreases	Value at the closing of the fiscal year	Accumulated at the beginning of the fiscal year	Disposals of the fiscal year	Of the fiscal year	Accumulated at the closing of the fiscal year	Net result 31-12-95
Furniture and office equipment	-	24,341.34	-	-	-	-	3,752.51	3,752.51	20,588.83
Computer equipment	-	36,986.15	-	36,986.15	-	-	18,493.08	18,493.08	18,493.07
Refurbishing in Third Parties' Premises	=	<u>20,514.96</u>	=	<u>20,514.96</u>	=	=	<u>6,838.32</u>	<u>6,838.32</u>	<u>13,676.64</u>
Total	-	81,842.45	-	81,842.45	-	-	29,083.91	29,083.91	52,758.54

See our Report dated :
 February 20, 1996

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Chairman

SCHEDULE III

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

ASSETS IN FOREIGN CURRENCY

		Amount and Type of Foreign <u>Currency</u>	Exchange Rate <u>in force</u>	Amount in Pesos <u>31.12.95</u>
CURRENT ASSETS				
CASH AND DUE FROM BANKS				
Banks	US\$	100,931.09	1	<u>100,931.09</u>
Investments	US\$	1,832,552.94	1	<u>1,832,552.94</u>
Total of Current Assets				<u>1,933,484.03</u>
NON-CURRENT ASSETS				
Other receivables	US\$	11,400.00	1	<u>11,400.00</u>
Total of Non-Current Assets				<u>11,400.00</u>
Total Assets				<u>1,944,884.03</u> =====

See our Report dated :
February 20, 1966

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SCHEDULE IV

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995 (in pesos)

ANALYTIC BREAKDOWN OF EXPENSES Contains information required by section 64 clause b) of Law 19.550 corresponding to the fiscal year ended December 31, 1995

<u>Items</u>	Totals <u>31.12.95</u>	Administration <u>Expenses</u>
Professional fees, legal expenses and compensations for services	10,257.79	10,257.79
Professional fees and compensation to Directors and Syndics	78,200.00	78,200.00
Salaries and day's wages	13,788.61	13,788.61
Social Security Charges	2,299.61	2,299.61
Depreciation of premises and equipment (Schedule II)	29,083.91	29,083.91
Rental	16,504.00	16,504.00
Taxes	3,000.00	3,000.00
Miscellaneous office expenses	12,920.42	12,920.42
Communication expenses, travel allowances and travel expenses	15,258.51	15,258.51
Bank commissions and fees	5,398.38	5,398.38
Other expenses	<u>2,445.94</u>	<u>2,445.94</u>
Total	189,157.17 =====	189,157.17 =====

See our Report dated :
February 20, 1996

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José Carlos Jaime
Chairman

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Chairman and Directors of
SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

We have examined the statement of condition of SEGURO DE DEPOSITOS SOCIEDAD ANONIMA as at December 31, 1995, the pertaining income statement and the statement of changes in shareholders' equity, notes 1 to 9 and Schedules I to IV for the fiscal year ended on such date. The preparation of the financial statements is the responsibility of the Board of Directors of the Corporation. Our responsibility is to express an opinion on these financial statements, based on our audit task.

Our examination was conducted in accordance with prevailing auditing standards. Said standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements do not contain significant errors. The auditing process includes examining, on a test basis, evidence supporting the amounts and assertions contained in the financial statements. As a part of the auditing process, the accounting rules applied, the significant estimates made by the Board of Directors and the presentation of the financial statements as a whole are evaluated. We consider that our examination provides a reasonable basis in order to issue our professional opinion.

In our opinion, the financial statements mentioned present fairly, in all material aspects, the information on the net worth and financial position of SEGURO DE DEPOSITOS SOCIEDAD ANONIMA as at December 31, 1995, as well as the results of its operations and the changes in shareholders' equity of the fiscal year ended on such date, in accordance with the professional accounting rules.

In fulfilment of the provisions in force we inform that :

- . the financial statements stem from accounting books stamped with official approval maintained in all formal respects in accordance with legal provisions ;
- . as at December 31, 1995 the liabilities accrued in respect of the National Social Security Administration amount to \$ 3,305,66, which were not yet due at that date.

Buenos Aires, February 20, 1996

FINSTERBUSCH PICKENHAYN SIBILLE
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SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Registration Number with the General Inspection of Justice : 8662

Statement of Condition as at December 31, 1995

ATTESTATION

We hereby certify that the signatures appearing under printed form in the preceding pages, the contents of which is also certified, replace the pertaining hand-written signatures which have been duly affixed on the originals of the Statement of Condition, Income Statement and Statement of Changes in Shareholders' Equity , Note 1 to 9 and Schedules I to IV as at December 31, 1995, of SEGURO DE DEPOSITOS S. A.

FINSTERBUSCH PICKENHAYN SIBILLE

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Carlos Langbehn

Partner

Public Accountant (U.B.A.)

C.P.C.E.C.F. T° XXII F° 237

REPORT OF THE SYNDICS' COMMITTEE

Buenos Aires, February 20, 1996

To the Shareholders of
Seguro de Depósitos S. A.

In fulfilment of the mission entrusted by the Assembly and of the legal and statutory regulations in force, this Committee has carried out its specific activity in permanent contact with management of the Corporation during its first fiscal year, closed as at December 31, 1995, and has taken intervention in those matters on which it has been called in the sphere of the duties and attributions of the function.

In one of its aspects, such activity was reflected in the attendance of its members to the meetings of the Board of Directors, as shown on the pertinent minutes. Also, the accounting and the vouchers of the line of business were checked with the required frequency and periodicity.

On the other hand, it was endeavoured to co-ordinate the activities of the Committee with the tasks of the External Audit of the Corporation, which carries out periodically cash audits of the funds and securities, investments with their supporting documentation and other assets connected with the society management, as shown by the pertaining working papers and reports related to the checking carried out.

Finally, the Statement of Condition, Inventory and Income Statement were verified, and it was confirmed that they actually show the shareholders' equity and financial situation of the Corporation, and likewise that they have been prepared in accordance with the legal provisions in force. We must also point out our agreement with the statements set forth by the Board of Directors in the Annual Report, since in our opinion they reveal a fair valuation of the economic, financial and shareholders' equity situation of the Corporation and the specific income.

Based on the above, we recommend to the Shareholders the approval of the activities fulfilled by the Board of Directors and of the documents submitted to their consideration.

Luis García Martínez
Doctor in Economic Sciences
Chartered Public Accountant

Alberto D. Q. Molinario
Attorney-at-law

Enzo A. Vivian
C. Public Accountant

LEGISLATION RELATED TO SEDESA

LAW N° 24.485 (section 1)

Creation. Modification of the Central Bank of the Argentine Republic Act and of the Law on Financial Institutions.

Passed : April 5, 1995

Partially Enacted : April 12, 1995

The Senate and the Lower House of the Argentine Nation together forming the Congress, etc.
Pass with legal enforcement :

SECTION 1. The System of Deposit Insurance Guarantee is created, which will be limited, binding and which funding is covered just by the financial institutions, with the purpose of covering the risks of the bank deposits, in a subsidiary and complementary manner with regard to the system of privileges and deposit protection established by the Law on Financial Institutions, without jeopardising the resources of the Central Bank of the Argentine Republic nor those of the National Treasury. The Central Bank of the Argentine Republic is authorised to organise the system created by the present section and to bring it into operation .

DECREE 540/95 (Official Gazette of April 18, 1995)

Buenos Aires, 12.4.95

IN CONSIDERATION OF Law 24.485, and

WHEREAS :

It is necessary to regulate the organisation and the putting into functionment of the bank deposit insurance guarantee system established in section 1 of the aforementioned Law.

Said system must be subsidiary to and complementary of the privileges and payment priorities of the law on financial institutions, must not jeopardise the resources of the CENTRAL BANK OF THE ARGENTINE REPUBLIC nor those of the National Treasury, shall be binding and which funding is covered just by the financial institutions and shall grant a limited coverage to the depositors.

On its part its adequate, efficient and economic administration must be foreseen so that it does not constitute an additional burdensome charge for the institutions, nor originate the creation of bureaucratic agencies in the public sector.

For this purpose the financial institutions shall have to contribute to a deposit insurance fund in an adequate proportion in order to cover the risks assumed by the fund and which does not turn to be a burdensome charge on the clients of the financial systems or on the institutions themselves. Likewise, the constitution of a corporation with the exclusive object of managing the fund must be foreseen, it being convenient that the contributing institutions participate in the proportion of their assessments, through a trust. This will redound to lower management charges and to an incentive to its operational efficiency.

The nature, scope and limitations of the guarantee granted must be foreseen, as well as the obligations and rights of the financial institutions.

Owing to the nature of the activities to which the regulations are focused, it is convenient that the CENTRAL BANK OF THE ARGENTINE REPUBLIC acts as authority of application of the present Decree.

In view of the foregoing,

THE PRESIDENT
OF THE ARGENTINE NATION
DECREES :

Section 1.- The “DEPOSIT INSURANCE FUND” (DIF) is created and the constitution of the corporation “SEGURO DE DEPOSITOS SOCIEDAD ANÓNIMA” is decided, with the exclusive purpose of managing said fund.

Section 2.- The approval of the Charter and the By-Laws of the corporation “SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA” is delegated to the MINISTRY OF

ECONOMY AND PUBLIC WORKS AND SERVICES, and the corporation shall have as partners the National Government with one share, as a minimum, and a trust formed by the financial institutions authorised to operate in the ARGENTINE REPUBLIC wishing to participate, in the proportion which the CENTRAL BANK OF THE ARGENTINE REPUBLIC may determine on the basis of their assessments to the DIF. Until SEDESA is constituted, the assessments to the DIF will be deposited to the account and institution that the CENTRAL BANK OF THE ARGENTINE REPUBLIC may determine.

Section 3.- SEDESA will perceive as compensation for its activities as manager of the DIF the income derived from its investment ; its operation expenses shall be those strictly necessary to operate and it shall distribute its profits in cash. The modification of said by-laws or of its capital shall require at least the favourable vote of the National Government.

Section 4.- The charter and by-laws of SEDESA, as well as any proceedings which must be given the rank of public deed, are ordered to be registered through the OFFICE OF THE GENERAL NOTARY PUBLIC OF THE NATION, without this implying any expense whatsoever.

Section 5.- The GENERAL INSPECTION OF JUSTICE is instructed to grant the respective agreements or authorisations and to take note of the inscription of SEDESA in the registry it keeps.

Section 6.- The financial institutions authorised to operate in the ARGENTINE REPUBLIC shall obligatorily deposit with the DIF a normal monthly assessment to be determined by the CENTRAL BANK OF THE ARGENTINE REPUBLIC between a minimum of ZERO DECIMAL POINT ZERO THREE PER CENT (0.03%) and a maximum of ZERO DECIMAL POINT ZERO SIX PER CENT (0.06%) of the average of the daily balances of deposits in pesos and in foreign currency constituted with the financial institutions, and the additional assessments that the CENTRAL BANK OF THE ARGENTINE REPUBLIC may establish for each institution on the basis of the risk indicators it may deem appropriate. In no case the additional assessment of an institution shall exceed the equivalent of a normal assessment.

Section 7.- The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall determine the due date of the obligation to deposit the assessments, in force as from the average of the deposits corresponding to the current month of April of this year. All financial institutions shall punctually deposit their assessments as a condition for operating regularly, and shall be entitled to participate in the trust acquiring and holding the majority of SEDESA's capital stock in the proportion which may correspond to them, according to what the CENTRAL BANK OF THE ARGENTINE REPUBLIC may determine. To this effect, at the end of each calendar year the Authority of Application will establish said proportion for each financial institution, and the transfers corresponding to the nominal value of the shares shall be effected immediately. All financial institutions who start to operate in the ARGENTINE REPUBLIC may join the trust and those who cease operating shall lose the condition to integrate it, making cession of their rights to the nominal value of SEDESA's shares.

Section 8.- When the DIF reaches the amount of TWO THOUSAND MILLION PESOS (\$ 2,000,000,000) or FIVE PER CENT (5%) of the total of the deposits to the financial system, should such proportion be higher, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may suspend or reduce the obligation of making assessments to the DIF, totally or partially restoring said obligation when the DIF diminishes from said amount or proportion.

Section 9.- At any moment the CENTRAL BANK OF THE ARGENTINE REPUBLIC may require from the financial institutions the advance payment of the deposit of up to one year normal assessments, and they shall be obliged to comply with it. Likewise, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may debit directly to the financial institutions who do not pay their assessments, normal or additional, from the funds deposited by them with the institution.

Section 10.- The resources of the DIF shall be invested in similar conditions to those set for the placement of the international foreign currency reserves of the CENTRAL BANK OF THE ARGENTINE REPUBLIC. The investments must be denominated in UNITED STATES DOLLARS or in PESOS and shall be made with foreign banks or invested in bonds of central governments of countries member of the ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) having at least TWO (2) "AA" qualifications granted by international agencies for risk evaluation. SEDESA shall monthly inform the public and the SUPERINTENDENCY OF FINANCIAL AND FOREIGN EXCHANGE INSTITUTIONS the balance of the DIF.

Section 11.- The deposits in PESOS and in foreign currency constituted with the participating institutions under the form of checking accounts, savings accounts, certificates of deposit or other forms that the CENTRAL BANK OF THE ARGENTINE REPUBLIC determines and which meet the requirements set forth herein and the other requirements to be decided by the Authority of Application, shall benefit from the coverage offered by the system.

Section 12.- The following do not benefit from the coverage of the guarantee system :

- a) deposits of financial institutions with other intermediaries , including the certificates of deposit acquired by secondary negotiation.
- b) deposits made by persons connected, directly or indirectly, with the institution according to the established guidelines or to those guidelines to be established in future by the CENTRAL BANK OF THE ARGENTINE REPUBLIC.
- c) deposit certificates of securities, acceptances or guarantees.
- d) deposits constituted after July 1st of this year, on which there had been agreed a rate of interest higher by two yearly percentage points to the deposit interest rate for equivalent terms of the BANCO DE LA NACION ARGENTINA corresponding to the day prior to that of the deposit. The CENTRAL BANK OF THE ARGENTINE REPUBLIC may modify the reference rate set forth in this clause, communicating it with an advance of FIVE (5) banking working days.
- e) all other deposits which the Authority of Application may exclude in future.

Section 13.- The guarantee will cover the reimbursement of the sight deposits or of the certificates of deposit constituted for less than NINETY (90) days up to the amount of TEN THOUSAND PESOS (\$ 10,000) or of the certificates of deposit constituted for NINETY (90) days or more, up to the amount of TWENTY THOUSAND PESOS (\$

20,000). The deposits for amounts higher than the above mentioned are also included in the guarantee regime up to the minimum limit resulting from applying the aforementioned stipulations, according to the term which may correspond.

Section 14.- Owing to the subsidiary nature of this regime with regard to the system of privileges and deposit protection established by the Law on Financial Institutions, the coverage shall only be made valid after the exercise of the privileges set forth in section 49, clauses d) and e) of the Law on Financial Institutions, by their holder, complementing the reimbursements obtained by the depositors by application of the mechanisms foreseen in section 35 bis of said law, up to reaching the maximum coverage foreseen for the guarantee.

Section 15.- The guarantee is in force on equal conditions both for natural and juridical persons. In order to determine the amount benefiting from the guarantee and its reimbursement to the depositor, the total amount of the deposits that each person has with the institution on the date of revocation of the authorisation to operate shall be computed. In the accounts and deposits in the name of TWO (2) or more persons, it is understood that only one of them benefits from the guarantee, and the same shall be distributed on a pro-rata basis among the participants.

Section 16.- When there concurrently exists deposits for terms of NINETY (90) days or more, and sight deposits or for shorter terms, the guarantee shall be paid in first place with regard to the latter up to the maximum amount that may correspond to them. If the addition of said deposits were inferior to TEN THOUSAND PESOS (\$ 10,000), the remaining deposits shall be guaranteed by the difference of non-used coverage up to the maximum foreseen in section 13.

Section 17.- The guarantee shall be paid in a subsidiary and complementary manner to the reimbursement of deposits by application of the privileges set forth in the law on financial institutions, within the term of THIRTY (30) working days as of the day following that of the revocation of the authorisation to operate of the institution, provided the depositors meet the established requirements and the DIF has funds available. On the request of SEDESA, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may authorise the extension of said term when the number of beneficiaries in process of liquidation so justifies it. When the resources of the DIF were insufficient to cover the payment of the amounts guaranteed, the reimbursement shall be made through the distribution of the available funds on a pro-rata basis. The balance shall be paid within a term of THIRTY (30) days counted as of the date when the DIF reports the existence of financial availability. In these cases and when there were more than one institution whose authorisation had been revoked, the payment priority shall be governed by the chronological order resulting from the beginning of the counting of the term for payment of the guarantee. In no case shall the DIF cover or acknowledge interests for the period going from the original due date of the deposit and the date of payment of the guarantee.

Section 18.- Payment of the amounts guaranteed shall be made in pesos or in foreign currency, according to the proportion of each type of currency resulting from the total of capital deposited. With this last purpose and in order to equalise the balances of the total deposited when dealing with deposits in foreign currency, its equivalent in pesos shall be taken according to the seller rate of exchange for bills of the BANCO DE LA

NACION ARGENTINA, corresponding to the day prior to that of the revocation of the authorisation to operate of the institution concerned.

Section 19.- SEDESA may reject the request for coverage of the guarantee when the respective deposits do not meet the requirements set forth in the present regulations or other provisions that the CENTRAL BANK OF THE ARGENTINE REPUBLIC may issue.

Section 20.- SEDESA surrogates itself in the rights and privileges established by the law on financial institutions in favour of depositors for the payments made by reason of the guarantee granted. Because of this it may exercise the pertaining legal actions when in its judgement there were real possibilities of recovering the amounts disbursed.

Section 21.- The regime established herein will be in force with regard to certificates of deposit constituted or renewed as from April 18, 1995, and with regard to the sight deposits existing in the balances corresponding to the closing of that day, constituted in financial institutions which were not suspended by the CENTRAL BANK OF THE ARGENTINE REPUBLIC or whose authorisation to operate had not been revoked.

Section 22.- The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall be the Authority of Application of the system created by law 24.485 and regulated herein, it being authorised to issue the necessary rules of interpretation and application.

Section 23.- The Board of Directors of SEDESA shall inform the SUPERINTENDENCY OF FINANCIAL AND FOREIGN EXCHANGE INSTITUTIONS depending from the CENTRAL BANK OF THE ARGENTINE REPUBLIC its opinion regarding the financial institutions which, in its judgement, had credit or commercial policies considered of a risk higher than normal. It shall equally be possible to request its opinion with regard to the applications for authorisation to operate or of transformation under consideration by the CENTRAL BANK OF THE ARGENTINE REPUBLIC.

Section 24.- The present Decree shall be in force as of the date of its publication in the Official Gazette.

Section 25.- To be communicated, published, given to the National Direction of Official Registry and filed. MENEM. Domingo F. Cavallo.

COMMUNICATION "A" 2337 OF THE CENTRAL BANK OF THE ARGENTINE REPUBLIC
MAY 19,1995

TO THE FINANCIAL INSTITUTIONS :

Re. : Circular
OPASI 2 - 130
CONAU 1 - 172
System of Deposit
Insurance Guarantee -
Rules of application
and complementary
rules

We hereby inform you that this Institution has adopted the following resolution :

1. To approve the rules of application of the deposit insurance guarantee system in the terms contained in the annexes which are part of this communication and which are complementary to the provisions of Decree 540/95, which regulates section 1 of Law 24.485.
2. To set on the 24.5.95 the due date of the first monthly assessment to the Deposit Insurance Fund.

We indicate to you that, together with the positions in minimum cash on hand closing on the last day of each month (Form 3000), there shall be enclosed a letter showing the payment of the assessment to the Deposit Insurance Fund, as per the following detail :

1. Monthly average of deposits in pesos.
 - 1.1. In checking account
 - 1.2. In savings and special accounts
 - 1.3. In Certificates of Deposit
2. Monthly average of deposits in foreign currency (data in United States dollars).
 - 2.1. In checking accounts in dollars.
 - 2.2. In savings accounts (*)
 - 2.3. In Certificates of Deposit. (*)
3. Total of the calculation base of the assessment (1+2)
4. Calculation of the assessment
 $(\text{Total of 3.}) * 0.03 * I_c =$
5. Information on the correction index.

- 5.1. Values of the numerator and denominator of the ratio used to determine the indicator referred to in clause 3.3.1 of Annex II.
- 5.2. Indicator referred to in clause 3.3.1 of Annex II
- 5.3. Values of the numerator and denominator of the ratio used to determine the indicator referred to in clause 3.3.2 of Annex II.
- 5.4. Indicator referred to in clause 3.3.2 of Annex II.
- 5.5. Values of the numerator and denominator of the ratio used to determine the indicator referred to in clause 3.2 of Annex II.
- 5.6. Indicator referred to in clause 3.2 of Annex II.

(*)Currencies other than the dollar must be converted into this last currency according to the rate of the Banco de la Nación Argentina for arbitrage of exchange in force on the closing of transactions on the last working day of the pertaining month. The deposits shall be itemised separately by type of currency.

With regard to the first assessment, said information must be provided no later than the 31st instant, through a letter addressed to the Superintendency of Financial and Foreign Exchange Institutions.

Section 1 of Law 24.485 and Decree 540/95 are respectively transcribed in Annexes III and IV.

Finally, we inform you that the integration of the assessments must be made to account N° 101-WA-384771-004 with the Swiss Bank Corporation - New York Office.

Yours sincerely

CENTRAL BANK OF THE ARGENTINE REPUBLIC

Alfredo A. Besio
Manager of Rules for
Financial Institutions

Miguel A. Kiguel
Assistant General Manager
Area of Economy and Finance

**DEPOSIT INSURANCE GUARANTEE
RULES OF APPLICATION AND COMPLEMENTARY RULES
OF DECREE 540/95**

1. SEDESA's shareholder trust.

The initial participation in the trust which shall act in the capacity of shareholder of the corporation Seguro de Depósitos S. A. (SEDESA) shall originate in figuring out the rate of the assessment made by each institution with regard to the assessments collected from the total system, corresponding to May 1995. Should an institution exercise the option of not participating, the participation of the remaining institutions shall be proportionally increased.

A similar criterion shall be followed at the end of each calendar year to determine the proportion corresponding to each institution, taking into consideration the assessments made during said period or during a minor fraction for the 1995 period.

2. Normal assessment .

As of May 1995, all financial institutions included in Law 21.526 shall destine monthly to the Deposit Insurance Guarantee Fund a normal assessment equal to the 0,03% of their monthly average of daily balances from the items listed in clause 6.1, registered in the second month immediately previous.

The Central Bank may request the integration, as advance payment, of the equivalent of up to twelve (12) normal assessments, with a minimum notice of thirty calendar days, to cover resource requirements of the Fund.

3. Additional assessment.

Further to the normal assessment referred to in clause 2., the institutions must make an additional assessment differentiated according to the result obtained from the weighting of the following factors, on the basis of the methodology established in Annex II :

- 3.1. the rating assigned to the institution according to the evaluation made by the Superintendency of Financial and Foreign Exchange Institutions.
- 3.2. the ratio of excess of integration of computable patrimony responsibility with regard to the minimum capital requirement. To this effect, and as of the assessments to be made in October 1995, the provisions for risks of non-collection constituted in excess of the minimum established in Communication "A" 2216 shall be added to the computable patrimony responsibility.
- 3.3. the quality of the active portfolio measured by :
 - 3.3.1. minimum provisions required to cover risks of non-collection/financing.
 - 3.3.2. computable assets in order to determine the minimum capital required, weighted according to the provisions of Communication "A" 2136/total assets.

The additional assessment arising from the application of the aforementioned factors may not more than double the normal assessment.

4. Integration of assessments.

While the corporation Seguro de Depósitos S.A. (SEDESA) is not constituted and while the account to which the assessments will be deposited is not defined, the amounts resulting from the monthly obligation shall be transferred to a special account opened by the Central Bank, to its order, with the Swiss Bank Corporation (New York Office). The compensation to be agreed upon shall be transferred to SEDESA at the proper time.

When SEDESA will have taken charge of the administration of the resources of the Fund, the assessments will be deposited to the account that said corporation indicates.

The assessments must be deposited not later than the 12th day of the month following the corresponding period, in accordance with the operational regime to be established.

The Central Bank may debit by administrative initiative, from the checking account opened with this Institution, the normal, additional or advance assessments which were not integrated at the proper time. In case there should be no up-dated information available to establish the pertaining calculation base, the amount shall be determined on the basis of the last available data, increasing by 10% the base obtained.

5. Investment of the assessments.

The investments that SEDESA will make with resources from the Fund shall be made observing adequate liquidity conditions according to the aim for which this system of guarantee has been created.

The two ratings required with regard to the foreign banks or to bonds from OECD countries must be granted by some of the international risk evaluation agencies as per the list contained in clause 6. of Communication "A" 2269.

6. Scope of the guarantee and use of the resources.

6.1. The following deposits constituted with the participating institutions in pesos and in foreign currency shall be under the coverage offered by the system :

- i) checking account ;
- ii) savings accounts ;
- iii) Certificates of Deposit, and
- iv) special (clause 4. of Chapter I of Circular OPASI - 2).

- 6.2 In order to determine the deposits made by persons connected with the institution, the guidelines defined in clause 4.2 of Chapter I of Circular OPRAC - 1 and in clause 1.1. of the Annex I to Communication "A" 2140 shall be taken into account.
- 6.3 The Central Bank shall divulge from time to time, through the "STAF", the reference rates for deposit certificates and balances of sight accounts (checking account and savings account), worked out on the basis of the rates granted by the Banco de la Nación Argentina, so as to determine the possible exclusion from the guarantee of the transactions in which, as of 1.7.95, there were agreed interest rates higher than the reference rates.
- 6.4 The transferable certificates of deposit whose ownership had been acquired through endorsement shall be excluded from the guarantee, even when the last endorsee were the original depositor.
- 6.5 The guarantee shall cover the reimbursement of the deposited capital and its interests, accrued up to the date of revocation of the authorisation to operate or up to the date of suspension of the institution, by applying section 49 of the Central Bank Act, should this measure have been adopted prior to that one, without exceeding on both respects the limits established by section 13 of Decree 540/95.
- 6.6 When there existed concurrently deposits for terms of 90 days or more and deposits for shorter terms and sight deposits (checking account and savings account) the guarantee shall be paid in first place to the whole of the deposits which include deposits for terms shorter than 90 days and sight deposits.

If the total amount of said deposits for terms shorter than 90 days and sight deposits were lower than \$ 10,000, the deposits for terms of 90 days or more shall be guaranteed for the difference of non-used coverage up to a maximum of \$ 20,000.

- 6.7 Should the accounts and deposits be in the name of two or more persons, the limit of the guarantee shall be of \$ 10,000 for sight deposits and for terms shorter than 90 days and of \$ 20,000 for deposits for terms of 90 days or more, whatever the number of registered holders may be, and the amount of the guarantee which may correspond shall be distributed among the registered holders.
- The total amount guaranteed to a determined person, owing to accumulation of amounts of the remaining accounts and deposits benefiting from the coverage, according to what is foreseen above, may not surpass the limits of section 13 of Decree 540/95, according to the type of deposit covered.

In no case, the coverage per person may exceed of \$ 20,000, considering the total of the accounts and deposits.

- 6.8 SEDESA shall reject the request for coverage through the application of this guarantee regime when the deposits did not meet the requirements established in

the applicable rules or when the depositors did not produce titles materially and formally valid.

6.9 SEDESA may require, prior to liquidating the guarantee, that the depositors justify the origin and availability of the funds deposited through evidence proving the likeliness of same and/or that the effective deposit with the institution with regard to each transaction covered by the regime has been verified.

Furthermore, the above mentioned corporation shall make the pertaining complaint when it observes irregularities or penal illegalities in order to obtain the undue collection of the guarantee.

7. Instrumentation

All documents covering the passive transactions (certificates, deposit vouchers, statements of accounts, etc.) must show, in a visible way and printed on the face or the reverse of same, the following statement :

“The deposits in pesos and in foreign currency benefit from a guarantee of \$ 10,000. In the deposits for terms of 90 days or more the guarantee is of \$ 20,000. In transactions made in the name of two or more persons, the guarantee will be distributed on pro-rata basis among its holders. In no case the total guarantee per person shall exceed \$ 20,000, whatever the number of accounts and/or deposits may be. Law 24.485. Decree 540/95 and Comm. “A” 2337 of the CBAR.”

Should the case referred to in the last paragraph of clause 6.3 take place, the following statement shall be placed in a visible way and printed on the transaction documents :

“Deposit without guarantee. The rate agreed upon exceeds the reference rate informed by the Central Bank.”

The institutions shall keep at the disposal of their clients the complete texts of Law 24.485, of Decree 540/95 and of Communication “A” 2337 of this Institution.

Furthermore, in the publicity that the financial institutions make in connection with the deposits they attract, a statement shall be made regarding the existence of a limited guarantee for their reimbursement.

In the notice boards where the rates offered to the clients are shown, there shall be transcribed in a visible way the scope of the guarantee (type of deposits covered, percentage and amount guaranteed, exceptions, etc.).

Until the new documents containing the printed statements are available, the requirement may be fulfilled by the printing of stamps with the following statements :”The deposits benefit of a limited guarantee for their reimbursement. Law 24.485, Decree 540/95 and Comm. “A” 2337” or “Deposit without guarantee”, for each case, respectively.

8. Accounting records

The assessments shall be allocated by the institutions, according to whether they correspond to deposits in pesos or in foreign currency, to the accounts “Financial Outflows - For transactions in pesos - Assessment to the Deposit Insurance Fund” or “Financial Outflows - For transactions in gold and foreign currency - Assessment to the Deposit Insurance Fund”, respectively.

9. Validity

The coverage of the present guarantee system is valid for fixed term deposits constituted as from 18.4.95 and with regard to the balance of deposits at sight existing as from the closing of that day with the financial institutions in operation on 18.4.95.

The deposits constituted with institutions whose operations, on 18.4.95, were suspended through application of section 49 of the CBAR Act or whose authorisation to operate had been revoked, shall not be covered by the guarantee. When the effects of the suspension cease and the institution takes up again its activities, the guarantee shall be in force with regard to the certificates of deposit constituted as from the date of reopening and on the balances of sight deposits registered as from that date.

RESOLUTION N° 916 OF THE MINISTRY OF ECONOMY AND PUBLIC WORKS AND SERVICES

BUENOS AIRES, June 27, 1995.

IN CONSIDERATION OF Section 1 of Law N° 24.485 and of Decree N° 540 of April 12, 1995, and

WHEREAS:

With the purpose of immediately putting in force the Deposit Insurance System created by said Law, Section 2 of Decree N° 540/95 provided to delegate, in the MINISTRY OF ECONOMY AND PUBLIC WORKS AND SERVICES, the approval of the Charter and the By-Laws of the Corporation “Seguro de Depósitos Sociedad Anónima (SEDESA)”, whose main object will be the management of the Deposit Insurance Fund.

The financial institutions who may so wish will be able to participate, proportionally to their assessments to the Deposit Insurance Fund, in a trust which will be SEDESA's main shareholder, and a share will correspond to the National Government.

The National Government, in its double capacity of shareholder and promoter of the Deposit Insurance Guarantee System, deems it necessary to promote its putting in force by providing the model of contract which will initially establish the legal relationship between the financial institutions which may join the trust and the trustee, stipulating rights and obligations.

The “Caja de Valores Sociedad Anónima” is considered one of the most suitable institutions to act, in this case, as trustee of the financial institutions in view of its background and its satisfactory administrative organisation.

In view of the foregoing,

THE MINISTER OF ECONOMY AND PUBLIC WORKS AND SERVICES
RESOLVES:

SECTION 1 - To approve as By-Laws and model of Charter of the Corporation “Seguro de Depósitos Sociedad Anónima (SEDESA)” the text contained in Appendix I to these presents.

SECTION 2 - To approve the model of contract of trust to be entered into by the “Caja de Valores Sociedad Anónima”, in its capacity of trustee, and the financial institutions interested in participating in the trust which will be the owner of the major portion of the capital stock of SEDESA, as per the text contained in Appendix II to the present resolution.

SECTION 3 - Dr. Carlos María TOMBEUR or Dr. Eduardo Mario POLEMANN are either hereby authorised to sign, in representation of the MINISTRY OF ECONOMY

AND PUBLIC WORKS AND SERVICES, the Charter of SEDESA and to appoint the persons who will hold the positions of Permanent Syndic and Alternate Syndic on behalf of the National Government , to give agreement to the appointments of directors and syndics and other terms of said Charter, and to underwrite and integrate the Class A Share corresponding to the National Government.

SECTION 4 - The present resolution shall be in force on the date of its publication in the Official Gazette.

SECTION 5 - To be communicated, published, given to the National Official Registry Direction and filed.

RESOLUTION N°: 916.

APPENDIX I

CHARTER OF SEDESA

In the City of Buenos Aires, Capital of the ARGENTINE REPUBLIC, on the day of the month of..... of the year one thousand nine hundred and ninety five, there appear: [name and surname], [address] in representation of the NATIONAL GOVERNMENT-MINISTRY OF ECONOMY AND PUBLIC WORKS AND SERVICES-SECRETARIAT; and [name and surname] , [address], in representation of the “CAJA DE VALORES S.A.”, registered with the GENERAL INSPECTION OF JUSTICE depending from the MINISTRY OF JUSTICE on....., under number....., in the Book....., Volume.....of.....; and they state: THAT THEY HAVE DECIDED TO CONSTITUTE A CORPORATION, in accordance with the provisions of Law N° 19.550 and its modifications, on Business Associations, with the regulations of the General Inspection of Justice and with the following BY-LAWS:

SECTION ONE. Denomination and address: The corporation is denominated SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA, hereinafter the “Corporation”, with legal address in the jurisdiction of the Federal Capital. The Corporation is constituted in accordance with the regulations established by Law N° 19.550 and its modifications, Section 3rd, and with the provisions of its chapter III, title V, sections 163 to 307.

SECTION TWO. Term of duration: Its term of duration is of THIRTY FIVE (35) years, as of the date of its constitution. By unanimous resolution adopted by the Special Meeting this term may be extended or reduced.

SECTION THREE. Subject matter: The Corporation has as exclusive subject matter the following activities:

- a) MANAGEMENT: to manage, as trustee, the goods which are the property of the National Government, as long as a system of deposit insurance for the financial institutions is maintained, constitute the DEPOSIT INSURANCE FUND integrated, under section 1 of Law N° 24.485 and of Decree N° 540/95 of the NATIONAL EXECUTIVE POWER, by the assessments of the financial institutions authorised to operate in the ARGENTINE REPUBLIC, and, in a general way, to fulfil the obligations and exercise the rights stipulated in any contract of trust entered into with the National Government or any other public juridical person of national jurisdiction.
- b) INVESTMENT: to invest the resources of the DEPOSIT INSURANCE FUND under similar conditions as those indicated for the investment of the international foreign currency reserves of the CENTRAL BANK OF THE ARGENTINE REPUBLIC. The investments must be denominated in United States dollars or in pesos and shall be made with banks in foreign countries or be invested in bonds of central governments of countries member of the ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT having at least two risk ratings granted by international risk evaluation agencies, according to the provisions of Decree N° 540/95 and its modifying or regulating legal rules.

With this purpose, the Corporation has full capacity to acquire rights, enter into obligations and fulfil the actions which are not forbidden by law or by these By-Laws.

SECTION FOUR. Capital: The capital stock is of ONE MILLION PESOS (\$ 1,000,000) in ordinary shares of ONE PESO (\$1) par value each share. The capital stock may not be modified without the affirmative vote of Class A share.

One share shall be Class A and will correspond, with its differential rights, exclusively to the National Government - MINISTRY OF ECONOMY AND PUBLIC WORKS AND SERVICES; all other shares shall be Class B shares.

SECTION FIVE. Shares: The shares shall not be represented by stock certificates, but shall be registered in accounts carried in the name of their owners in the Corporation. The limitations as to property and transferability of the shares shall be stated on the certificates issued by the Corporation.

SECTION SIX. Right to Vote: Each underwritten ordinary share entitles to a ONE (1) vote right.

SECTION SEVEN. Preferential Right : The shareholders shall have preferential right proportionally to their holdings, for the underwriting of new shares which may be issued. This right shall have to be exercised within the term of THIRTY (30) days, as of the last publication provided for by section 194 of Law N° 19.550 and its modifications.

SECTION EIGHT. Registration: The Board of Directors shall keep the registry foreseen by section 208 of Law N° 19.550 and its modifications. The vouchers which are granted in account of the book-entry shares in favour of their owners shall be signed by a director and a syndic. Should any of the aforementioned be absent, he will be replaced by the person whom the Board of Directors shall appoint to this effect.

SECTION NINE. Capital Integration: In case of delay in the integration of the capital , the Board of Directors is authorised to proceed according to any of the proceedings stipulated by section 193 of Law N° 19.550 and its modifications.

SECTION TEN. Management. Compensation. Requirements: The management of the Corporation shall be entrusted to a Board of Directors composed of three members, with a one year commission and who are re-eligible. The Assembly may appoint substitutes in a number equal or minor to that of the permanent members and for the same term in order to fill the vacancies that may occur, in the order of their election. In their first session, the Directors shall have to appoint a Chairman and a Vice-Cairman. The Board of Directors functions with the presence of the majority of its members and adopts decisions through majority of the votes present at the meeting, except in those cases for which the legal provisions require a larger number. The Permanent and Alternate Directors whose commission will have ended shall remain in office until their replacements are appointed. The Assembly shall fix their compensations taking into account the functions fulfilled, and these shall be charged to general expenses, unless there were profits, in which case the procedure established in Section Twenty of these By-Laws shall be applied.

In case of death, resignation, hindrance or disability of one or more permanent or alternate directors, the Syndics will have to appoint one or more Permanent and/or Alternate Directors in their replacement. The Syndics shall make this appointment within the term of thirty calendar days after receiving notice of the vacancy, whichever the cause of it may be. The Director so appointed shall last in office until the date of the first General Ordinary Assembly which may be held.

SECTION ELEVEN. Meetings of the Board of Directors: The Board of Directors will meet at least once every THREE (3) months. The Chairman or his statutory replacement may convene meetings whenever he may deem it convenient or whenever any Director in functions or the Syndics may so request. All the Directors must be convened through an authoritative means with indication of the agenda to be dealt with, the day, time and place of the meeting, to the address that each member indicates when taking office or accepting the position, at least THREE (3) days in advance. Subjects not included in the agenda may be dealt with if the presence of all the Permanent Directors and their unanimous vote takes place. The Directors shall be able to vote through letter of attorney in representation of another Director and the constituent shall be responsible, in this case, as if he had voted personally. The constituent, however, shall not be counted to the effects of quorum.

SECTION TWELVE. Director's Guarantee: The Directors must provide a ONE THOUSAND PESOS (\$ 1,000) cash guarantee.

SECTION THIRTEEN. Obligations and Abilities of the Board of Directors: The following are obligations and abilities of the Board of Directors:

- a) to manage the properties which constitute the DEPOSIT INSURANCE FUND and to authorise any act or contract that may have as subject matter the management of the same;
- b) to inform every month to the public and to the SUPERINTENDENCY OF FINANCIAL AND FOREIGN EXCHANGE INSTITUTIONS the balance of the DEPOSIT INSURANCE FUND;
- c) to make investments according to the provisions of section three of these By-Laws and of Decree 540/95 and its modifying and/or regulating rules;
- d) to analyse and resolve on applications for coverage by applying the regulations in force;
- e) to request the CENTRAL BANK OF THE ARGENTINE REPUBLIC to authorise the extension of the THIRTY (30) days term to collect the guarantee in a manner subsidiary and complementary to the refund of deposits through the adjudication of the privileges and payment priorities established in the Law on Financial Institutions, when this might be justified by the number of beneficiaries in process of settlement ;
- f) to make, whenever this were pertaining according to the applicable legal rule, payment of the sums guaranteed by the DEPOSIT INSURANCE FUND in pesos or in foreign currency, according to the proportion of each currency which results from the total amount of capital deposited, using, for payment in foreign currency, the seller exchange rate for bills of the BANCO DE LA NACION ARGENTINA corresponding to the day preceding that of the revocation of the authorisation to operate of the institution concerned ;

- g) to reject the application for coverage of the guarantee when the respective depositors do not meet the requirements established in Decree 540/95 and its modifying and/or regulating rules ;
- h) to make assessments to financial institutions who acquire assets and take upon themselves the payment of the deposits of another institution subject to the regime of section 35 bis and concordant sections of the Law on Financial Institutions when it were convenient in the opinion of the Board of Directors in order to compensate the shortage of the assets transferred with regard to the total amount of the deposits transferred. The exercise of this faculty is conditional to the fact that the assessments be lower than the amount which would result to be payable by the DEPOSIT INSURANCE FUND in case the authorisation to operate were revoked from the institution concerned, from the liquidation or bankruptcy of which the amounts paid as assessment will be recovered.
- i) to surrogate the Corporation in the rights and privileges established in the Law on Financial Institutions in favour of the depositors for payments cashed owing to the guarantee granted ;
- j) to exercise any pertaining legal action when in its opinion there are real possibilities of recovering the amounts disbursed ;
- k) to communicate to the SUPERINTENDENCY OF FINANCIAL AND FOREIGN EXCHANGE INSTITUTIONS, depending from the CENTRAL BANK OF THE ARGENTINE REPUBLIC, its opinion with regard to the financial institutions which, according to its opinion, have credit or trade policies involving a risk higher than the normal risk ;
- l) to communicate to the SUPERINTENDENCY OF FINANCIAL AND FOREIGN EXCHANGE INSTITUTIONS, depending from the CENTRAL BANK OF THE ARGENTINE REPUBLIC, whenever required, its opinion regarding the applications for authorisation to operate or for transformation which are under consideration of the CENTRAL BANK OF THE ARGENTINE REPUBLIC ;
- ll) to decide, if it considered it convenient and necessary, the creation of the Executive Committee and of other Committees of the Board of Directors, to establish the functions and limits to their activity within the faculties granted by the present By-Laws and to issue its internal rules of procedure ;
- m) to appoint one or more Managers who will be in charge of management executive functions ;
- n) to engage the auditing, legal and technical services which were necessary or convenient for the better fulfilment of the corporation purpose ;
- ñ) to keep the Corporation shareholders registry ;
- o) to send to the shareholders, to their last address registered with the Corporation, copy of the summons to assembly, of the pertaining agenda and, if applicable, of the recommendations of the Board of Directors in this regard, immediately after having decided of such summons, or, as the case may be, of having known of such summons ;
- p) in case of termination of the DEPOSIT INSURANCE FUND regime, to make delivery of the assets which compose it to the National Government in order to constitute the substituting guarantee regime or, failing such regime, to be distributed among the financial institutions included in the last annual communication issued by the CENTRAL BANK OF THE ARGENTINE REPUBLIC, indicating the participation of the financial institutions in the DEPOSIT INSURANCE FUND and

- q) to resolve on any matter which, within its legal, regulatory or statutory sphere of competence, is related to the interests of the Corporation. The foregoing enumeration is not restrictive and the Board of Directors has all the faculties to manage and dispose of the properties of the corporation according to the legal, regulatory and statutory rules in force, including those for which the law requires special powers in accordance to section 1881 of the Civil Code and section 9th of Decree-Law N° 5965/63. Consequently, it may , on behalf of the Corporation, enter into any type of legal act aiming at the fulfilment of the corporation purpose, among which, to operate with the banks BANCO DE LA NACION ARGENTINA, DE LA PROVINCIA DE BUENOS AIRES, DE LA CIUDAD DE BUENOS AIRES and other official or private credit institutions, inside and/or outside the country ; to establish agencies, branches or any other type of representation, inside or outside the country ; to grant to one or more persons legal or extralegal powers - including the power to charge criminal complaints- with the purpose and the scope it may deem convenient.

SECTION FOURTEEN. Representation. Functions of the Chairman. Replacement : The legal representation of the corporation corresponds to the Chairman of the Board of Directors or to the Vice-Chairman, in case of absence or of vacancy of the Chairmanship. The Chairman or whoever replaces him shall in addition have the following functions :

- (i) to preside over the sessions of the Assembly and the Board of Directors ;
- (ii) to look after the faithful fulfilment of the By-Laws and of the resolutions made by the Board of Directors ;
- (iii) in cases of urgency, to take the steps he may deem necessary, submitting these to the approval of the Board of Directors in the ordinary meeting immediately following or in the special meeting he shall have to convene should the seriousness of the case so require ;
- (iv) to sign the inventories and balance sheets of the Corporation once approved by the Board of Directors ;
- (v) to delegate the legal representation, including that of replying to interrogatories or cross-examinations by parties or principal in a suit ; and
- (vi) to exercise all the other faculties conferred to him by the By-Laws and the legal rules.

SECTION FIFTEEN. Summons to Assemblies : The Assemblies shall be summoned through publications during a period of FIVE (5) days, with THIRTY (30) days of advance at least, in the Official Gazette. There shall be made mention of the nature of the Assembly, its date, time, place of meeting and agenda. The Assembly in second summons, should the first have failed, shall be convened within the subsequent period of THIRTY (30) days, and the publications shall be made during a period of THREE (3) days with at least FIFTEEN (15) days of advance and no more than THIRTY (30) days of advance. The Assembly may be held without publication of summons when shareholders, representing the total capital stock, meet and decisions are taken by unanimity of the shares entitled to right of vote.

SECTION SIXTEEN. Representation in Assemblies : In accordance with section SIX, each share grants the right to ONE (1) vote. The shareholders may have themselves represented in the Assemblies, in accordance to the legal provisions in force.

SECTION SEVENTEEN. Presidency of Assemblies : The Assemblies shall be presided over by the Chairman or the Vice-Chairman of the Board of Directors and, in case of their absence, by the Director whom the Assembly may appoint or by ONE (1) of the Syndics .

SECTION EIGHTEEN. Quorum and Majorities : Sections 243 and 244 of Law N° 19.550 and its modifications govern with regard to quorum and majorities in ordinary and special assemblies, it being established, however, that these By-Laws or the capital stock of the Corporation shall not be modified without the affirmative vote of the Class A share.

SECTION NINETEEN. Control : The control of the corporation shall be entrusted to THREE (3) syndics and THREE (3) alternate syndics, elected one permanent syndic and ONE (1) alternate syndic on behalf of Class A and TWO (2) permanent syndics and TWO (2) alternate syndics on behalf of Class B, who shall be in office for the term of ONE (1) year and will be re-eligible. Their resolutions shall be adopted by majority and their abilities and duties are those established by the legal provisions in force. For the fulfilment of these abilities and duties they shall meet at least once every THREE (3) months or whenever it may be requested by any syndic leaving record on a minutes book of the meetings held and the decisions agreed upon. All the meetings shall be notified in writing to the address that each syndic indicates when taking office. In case of absence, disability or death of a syndic, such syndic shall be replaced by his respective alternate, who shall remain in office until the permanent syndic reincorporates or until the due date of the term for which the alternate was elected. The compensation of the syndics shall be determined by the Assembly which appoints them, said compensation to be charged to general expenses, unless there were profits, in which case the procedure established by section twenty of these By-Laws shall apply.

SECTION TWENTY. Fiscal year. Use of Profits : The fiscal year shall end on December 31 of each year. To that date, the accounting statements are to be prepared according to the provisions in force and technical rules on the subject. The Assembly may modify the date of ending of the fiscal year, registering the pertaining resolution in the Public Registry of Commerce. The earned and net profits shall be used :

- a) FIVE PER CENT (5%) up to TWENTY PER CENT (20%) of the underwritten capital, shall be destined to the legal reserve fund ;
- b) to compensation of the members of the Board of Directors and Syndics ;
- c) the balance, as a whole or in part, shall be destined to dividend of the ordinary shares, or to optional reserve fund or provision fund or to the use the Assembly may determine.

SECTION TWENTY-ONE. Authority of Enforcement : The Corporation shall be subject to the control of the CENTRAL BANK OF THE ARGENTINE REPUBLIC, which shall be entitled to issue regulatory rules with regard to the procedure of the Corporation.

SECTION TWENTY-TWO. Dividends : The dividends shall be paid to the shareholders, proportionally to their respective integrations, exclusively in cash, within THREE (3) months of their approval. The dividends in cash approved by the Assembly and not collected prescribe in favour of the Corporation after the expiration of a THREE

(3) years term as from the putting of the dividends at disposal. In such case they will integrate a special reserve, the use of which shall be decided by the Board of Directors.

SECTION TWENTY-THREE. Winding up of the Corporation: The winding up of the Corporation may be performed by the Board of Directors or by the liquidator or liquidators appointed by the Assembly, under the monitoring of the Syndics. Once the liabilities are cancelled and the capital is reimbursed, the amount outstanding shall be distributed among the shareholders, with the priorities indicated in the preceding section.

1) The Board of Directors is authorised to perform all acts included in its purpose during the period of constitution of the Corporation.

2) Special power is granted in favour of _____, _____, _____ and _____, with the purpose that acting jointly and severally, alternatively or indifferently, they take all necessary steps to obtain the consent of the authority of control and registration in the Public Registry of Commerce, with the faculty of accepting or proposing modifications to these presents, to subscribe the complementary registered deeds which may be necessary, as well as to deposit with and withdraw from the BANCO DE LA NACION ARGENTINA, the funds of the deposit made in said Bank, on the occasion of the payment of the whole or part of the subscribed capital stock. THE CAPITAL: it is subscribed in ONE MILLION (1,000,000) ordinary shares of ONE PESO (\$1) nominal value and one vote each share, as per the following detail: the National Government subscribes ONE (1) Class A share, i.e. a total of ONE PESO (\$1) and the Caja de Valores S.A. subscribes NINE HUNDRED NINETY NINE THOUSAND NINE HUNDRED NINETY NINE (999,999) shares, i.e., a total of PESOS NINE HUNDRED NINETY NINE THOUSAND NINE HUNDRED NINETY NINE (\$999,999); they integrate the TWENTY FIVE PER CENT (25%) of the capital and oblige themselves to integrate the balance within the term stipulated by the Board of Directors, term which may not exceed from TWO (2) years as from this date. IT IS RESOLVED. I) TO ESTABLISH REGISTERED OFFICE in the street _____; and II) INTEGRATION OF THE BOARD OF DIRECTORS: to integrate the Board of Directors as follows: Chairman: _____; Vice-Chairman: _____; Directors: _____; Alternate Directors: _____; _____; _____, Permanent Syndics: _____ and Alternate Syndics _____ who accept the positions granted.