

SEDESA

Seguro de Depósitos S.A.

Annual Report and
Financial Statements
1999

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Deposit Guarantee Fund - DGF

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I. What is SEDESA?

SEDESA - Seguro de Depósitos S.A. is a private corporation established according to the regime of the Law on Societies (N° 19.550) and its modifications. In fulfillment of the provisions of Law N° 24.485 (Official Gazette 04.18.95), its creation was provided for by Decree N° 540/95 of the National Government Executive Branch (Official Gazette 04.18.95) and its modifications. Its object is the administration –as trustee– of the Deposit Guarantee Fund, also created by said decree.

The face value of SEDESA's Capital Stock amounts to One million Pesos, each share being of One peso face value. Its shareholders are the National Government and Caja de Valores S.A. The National Government, through the Banco Central de la República Argentina, holds a Class "A" share. The remaining 999,999 shares are Class "B" and belong –in the proportion of their assessments– to the contributing entities which on August 1995 voluntarily decided to constitute a trust of up to the amount of \$ 999,999, Caja de Valores S.A. being the Trustee of said Trust.

SEDESA's functions, as Administrator of the Deposit Guarantee Fund, are as follows:

1. To make payable the amount of the guarantee coverage to the depositors, whenever it pertains, according to the provisions of Decree N° 540/95 and its modifying and /or regulatory provisions.
2. To make capital contributions, non-reimbursable contributions or loans to:
 - 2.1 Entities subject to a regularisation and rehabilitation plan.
 - 2.2 Entities which purchase assets and take charge of the payment of the deposits of another entity, when this were convenient to compensate the insufficiency of said assets with regard to the deposits transferred.
 - 2.3 Entities which take-over or acquire financial entities, in the framework of a plan of regularisation and rehabilitation.
3. In the case of entities which acquire assets and take charge of the payment of the deposits of another entity, to enter into a sale option contract in favour of the acquiring entity, with regard to the whole or part of the transferred assets.
4. To acquire deposits of suspended banks, surrogating itself in the rights of the depositors.
5. To assume obligations to be charged to the Deposit Guarantee Fund.

6. To make, maintain or finance swap programs with foreign banks with the purpose of contributing to the stability of the Argentine financial system.

The applicability of alternatives 2, 3, 4 and 5 is priorily decided by an "ad hoc" Steering Committee, a body in which the Banco Central de la República Argentina is represented, entitled to the right to speak but without right to vote, although it has the possibility of veto.

The Deposit Guarantee Fund belongs to the National Government, as well as the income proceeding from its investment. Said Fund is constituted by the obligatory assessments which all financial entities authorised to operate in the country contribute monthly.

II. Composition of the Board of Directors and of the Syndics' Committee

Board of Directors

Chairman

Dr. José Carlos Jaime

Vice Chairman

Lic. Hernán del Villar

Director

Dr. Juan Carlos Fossatti

Alternate Directors

Dr. Hugo Nicolás Bruzone

Dr. Juan Carlos Cassagne

Dr. Eduardo Javier Romero

Syndics' Committee

Syndics

Dr. Carlos María Tombeur

Dr. Adolfo César Diz *

Ctdor. Enzo Agustín Vivian

Alternate Syndics

Dr. Federico Caparrós Bosch

Dr. Carlos Langbehn

Ctdor. Eduardo Gabriel Ferrari

* Up to April 8, 1999, this position was held by Dr. Jorge Enrique Rivarola.

III. Depositor Protection Systems

1. First Symposium on Deposit Insurance organized by SEDESA

During the fiscal year ended December 31, 1999, SEDESA organized its first symposium on deposit guarantee systems, the development of which is mentioned on page 46 of this Annual Report. The basic coincidences attained during its development, were as follows:

A guarantee system is a necessary condition for the development of a sound financial system, even though it is not a sufficient condition for said purpose. The deposit guarantee systems must aim at the protection of the depositor, avoiding the provision of any form of protection to the errant banker. Possibly, the so-called «moral hazard» has been overvalued, when it has been allowed to take precedence over a guarantee system. Said problem is considerably reduced when an explicit and limited system is adopted, whose premium is based on the risk presented by each contributing entity. A set of prudential regulations that evaluate the global risk of financial entities, such as has been described in the so-called Basle core principles, is an essential condition for the proper functioning of a deposit guarantee system. The basic requirements that a depositor protection regime must contain, as was mentioned in our Annual Report pertaining to the fiscal year ended December 31, 1997, are an essential element which, together with the correct quality in the performance of the financial supervision, contribute to the existence of a sound financial system which assists in the normal development of the economy.

The need for a prompt action with regard to the resolution of individual crises of individual banks, which is subject to clear rules rather than to discretion, is another essential element for the proper functioning of a deposit guarantee system.

Finally, during the development of the above mentioned symposium, it became evident that the non-existence of explicit guarantee systems in some countries of the Asian southeast, complicated the resolution of their crises, hindering the rapidity of the recovery process. While, on the other hand, in those countries possessing a guarantee system, the financial system rehabilitation processes could be undertaken without major damages.

2. Bank Restructuring

On August 1999, the Bank for international Settlements (BIS) published the conclusions attained by a group of senior officers from seventeen central banks

of countries not belonging to the G7, together with officers from the BIS. Within the subjects developed, it was considered that establishing a depositor protection system was one of the most efficient ways to avoid bank runs which may lead to systemic crises. The one in force in Argentina was mentioned as one of the more adequate to the above mentioned core principles.

3. The Core Principles

On June 1999, the Basle Committee of Banking Supervision of the Bank for International Settlements issued a document, subject to later discussion, on eventual reforms to be introduced to the "International Convergence of Capital Measurement and Capital Standards". In the considerations on which the above mentioned proposal is based, mention is made, among other items, of the need of making possible the prompt intervention of the supervisory authorities in the cases of banks' critical situations, of the need for a deeper evaluation of the risk which each entity is assuming, and of much more transparency of the information, elements which stress all those aspects that have been the basis for the adoption of a deposit guarantee system.

In a certain way, such principles have been taken into account for the creation of the Study Group on Deposit Insurance (SGDI) by the Financial Stability Forum⁽¹⁾ (FSF) on December 1999.

In this sense, it has been considered that valuable teachings can be derived from a number of financial crises occurred during the XXth Century. It has not escaped to the decision of the FSF that the financial crises which appeared in Asia by mid-1997 led to strong declines in the exchange relationship of the local currencies and to a fall in the prices of bonds and other assets in a number of countries. As is the case with all crises, this one, which expanded to other regions, provoked a series of revisions regarding the soundness, as well of the prudential regulatory framework in which the financial systems operate, as of their supervision.

For the creation and appointment of the SGDI, which is dealt with on page 46 of this Annual Report, the FSF took into account that, during the aforementioned crises, many Governments had to provide large and extended guarantees to depositors or even to other creditors of the financial entities, so as to prevent a breakdown of the financial system. Nowadays, a large number of countries continue exploring the manner in which the exposition and the costs of this safety-net can be limited, trying to strengthen a higher solvency of their financial systems. With such aim, one of the answers adopted by a great number of countries that have worked on reforms in this sense, has been the establishment of deposit guarantee systems, thus making it possible to re-establish market discipline and to

(1) The Financial Stability Forum was created, on February 1999, through the initiative of the Ministers of Finance and the Central Bank Governors of the G7, with the purpose of promoting international financial stability through the widening of international exchange of information and international cooperation on matters of supervision and control. The Forum has a permanent secretariat within the Bank for International Settlements in Basle. Its first Chairman is the Director of the Bank for International Settlements.

diminish the costs that bank crises have, both for the financial systems and for the Governments. As mentioned in our previous Annual Reports, more than seventy countries, representing around 85% of the sum of the Gross Domestic Product (GDP) of the countries which are members of the International Monetary Fund (IMF), have adopted deposit guarantee systems.

Supervision and Guarantee Systems

The close relationship existing between the existence of guarantee regimes and the context in which they are applied cannot be omitted. Political and institutional stability, the maintenance of a certain degree of economic and financial balance, as well as the enforcement of adequate economic policies, are prerequisites for the proper functioning of the deposit guarantee systems. But also, correct practices must be found in the financial systems structures, both in their regulations and in the policies applied as in the supervision to which they are subject.

With regard to the regulatory framework, it should not only aim at the application of reasonable norms in matters of liquidity and solvency. It should also deal with what concerns matters related to the administration and organization of the entities, in a way as to ensure information regimes adequate for the use, both of the public and of the control authority.

The supervision tasks shall have to contribute mainly to obtaining a preventive, rather than a repressive, management. To care for the admission of competent people to the system, and to carry out the consolidated supervision of economic groups managing the entities, are other important aspects of its activity.

It is obvious that the authorities carrying out the control of the banking system and of the bodies in charge of managing the deposit guarantee regime, must count upon sufficient faculties so as to procure the most efficient solutions, with the purpose of overcoming the difficulties which may appear among the components of said system.

From an overall point of view, the guidelines and the exercise of supervision are complementary with the deposit guarantee systems and, in many cases, they have common aims. Although the specific tasks of the banking supervision and the issuance of prudential guidelines may differ among countries according to their institutional, cultural, historical and legislative characteristics, the basic aims are generally similar. To maintain public confidence in the financial system and to promote an efficient and competitive system are tightly linked elements meant to ensure the stability of the

financial system, in the same manner in which they enable their members to perform their specific roles in an efficient manner. This means that a guarantee system must allow for the exit from the market of institutions without this causing damage to the stability of the system as a whole, thus avoiding the spread of the so-called systemic risk.

It is hard to imagine that a guarantee system may assist a country's economy if the mechanisms or the exercise of supervision are weak, and, vice versa, it is hard to imagine that supervision may act fully without the existence of a guarantee system.

4. Systems Compared

On the basis of information received from deposit insurance management agencies, from central banks and from the IMF, it has been possible to build the following descriptive table of the explicit systems in force:

Table I. Main Characteristics of some Explicit DGS

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Argentina	Deposit Guarantee Fund	Seguro de Depósitos S.A. (SEDESA)	PR	Compulsory 1995	Sight or Term Deposits up to 30,000 Pesos or US Dollars per account (2)	30,000	363	Between 36 and 72 yearly BP of the average deposits in each entity, depending on its risk premium	SEDESA may borrow funds. The Central Bank may require an assessments advance
Austria	Deposit Guarantee System	Several (3)	PR	Compulsory 1979	20,000 Euros. Partial coverage (90%) for institutional investors	20,092	73	On demand. Prorata ex post	Max. a third of the liabilities reserves of the member banks. Government backed bonds may be issued in cases of emergency.

(1) The rate of exchange prevailing in each country with regard to the Argentine Peso, as of December 1999, was applied. To that date, the par value Argentine Peso/US Dollar was of 1\$ / 1U\$S.

(2) Deposits receiving a higher yield than that of the rate called "reference rate", established by the Central Bank, plus 200 yearly BP, are excluded from the guarantee system.

(3) Five Deposit Guarantee Schemes are currently operating in Austria, all managed by private entities, covering the activity of commercial banks, savings banks, mortgage banks and two types of cooperative banks.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Bahrain			JOINT	Compulsory 1973	100% up to 2,000 Dinar. Over this amount, 75% up to a maximum of 3.5 million	100% up to \$ 5,319. Over this amount, 75% up to a maximum of 9.3 million	96	In charge of the Government	
Bangladesh	Deposit Insurance Fund		PU	Compulsory 1984	60,000 Taka	1,176	442	8 yearly BP 0.04% semi-annually) on deposits in Taka	
Belgium	Deposits and Financial Instruments Protection Fund	Fund Management Committee	PU	Compulsory 1974	15,000 Euros (20,000 as from year 2000)	15,069 (20,092 as from year 2000)	62	From 2 to 4 year BP (4)	There may be additional assessments up to the twice of the value of the ordinary assessments
Brasil	Credit Guarantee Fund	Management Council of the Credit Guarantee Fund	PR	Compulsory 1995	20,000 Reales	11,179	233	30 yearly BP	
Bulgaria	Bank Deposits' Guarantee Fund	Management Board	PU	Compulsory 1998	Partial coverage. Maximum disbursement: 6,900 Leva	Partial coverage. Maximum disbursement: 3,544	239	Initial assessment + 50 yearly BP	Increase and/or advance of the banks' yearly assessments, request of resources from the National Government Budget prior approval by the Legislative Branch
Canada	Canada Deposit Insurance Corporation	Board of Directors of the Fund	PU	Compulsory 1967	60,000 Canadian Dollars	41,571	216	From 4 to 33 yearly BP, depending on risk	It may request additional funds from the Government or request private sector financing
Chile	Responsibility of the Central Bank		PU	Compulsory 1986	90% up to 120 Financial Units (US\$ 3,600)	90% up to 3,600	73	Responsibility of the financial entities	

(4) It receives an initial capital input from the now extinct Rediscount and Guarantee Fund.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Colombia	Deposit Insurance	Financial Institutions' Guarantee Fund (FOGAFIM)	PU	Compulsory 1985		5,500	258	30 yearly BP	
Croatia			PR	Compulsory 1997	100,000 Kunas	13,075	N/a	80 yearly BP	The Fund may request loans from the Central Bank
Czech Republic	Deposit Insurance Fund		PU	Compulsory 1994	Partial coverage up to 360,000 Koruny	Partial coverage up to 10,006	183	50 yearly BP on total deposits. 10 BP in the case of the denominated "savings" banks	The Central Bank and the Government can make loans to the Fund, with the purpose of covering short-falls
Denmark	The Guarantee Fund for Depositors and Investors	Board of Directors, with the assistance of the Central Bank in the management of operational topics	PR	Compulsory 1987	300,000 Kroner (approximately 40,045 Euros)	40,229	122	Max. 20 yearly BP	Within certain limits, the Fund may borrow from the Government
Dominican Republic			JOINT	Voluntary 1962	Partial coverage, up to 205,244 Pesos	Partial coverage, up to 12,796	753	19 yearly BP	
El Salvador			PU	1991	55,000 Colones	6,282	319	Made by the Government	
Finland	Deposit Guarantee Fund of the Commercial Banks (5)	Board of Government	PR	Compulsory 1970	150,000 Markaa (approx. 25,000 Euros)	25,115	101	Between 5 and 30 yearly BP on insured deposits, depending on capitalization degree	The Fund may borrow funds. The Government appoints a representative to the Board should Government guarantee a loan

(5) 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.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
France	Deposit Guarantee Fund (6)	Management Committee, under the supervision of a Commission formed by representatives of the member banks	PR	Compulsory 1980	70,000 Euros	70,322	285	Initial assessment and yearly assessment according to requirements	
Germany	Private System: Deposit Protection Fund	The Association of Private Banks (7)	PR	Voluntary 1976	Up to 30% of the core capital of the bank per depositor	Up to 30% of the core capital of the bank per depositor		From 3 to 6 yearly BP	The yearly assessment may be doubled
	Public System: Investors' Protection and Deposit Guarantee System	The Association of Private Banks and Federal Association of Public Banks, per delegation	PR	Compulsory 1998	Partial coverage (90%) of up to 20,000 Euros	20,092	77	3 yearly BP	It may establish special assessments and borrow funds
Greece	Deposit Guarantee Fund	Greek Banks' Association	PR	Compulsory 1993	15,000 Euros (20,000 as from year 2000)	15,069 (20,092 as from year 2000)	131	Initial assessment + from 0.25 to 12.5 yearly BP, depending on the amount of deposits per entity	It may request additional assessments and request loans from member institutions or from other sources
Hungary	National Deposit Insurance Fund	Government Board	JOINT	Compulsory 1993	Up to 1,000,000 Forint	3,960	84	Premium varies between 16 and 19 yearly BP, depending on the size of deposits of the entity	The Government guarantees the loans that the Fund may request from the Central Bank or other credit institutions

(6) Up to the month of June 1999, each banking association had its own protection scheme and all entities belonging to said associations had to be contributors to said systems. As from the above mentioned date, a single deposit guarantee system under the form of a private association has been established.

(7) Each type of financial entities' association -commercial banks, savings banks and credit co-operative institutions- has its own guarantee scheme.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Iceland	It has two systems of protection: for commercial banks and for savings banks. Both are monitored by the Supervision Agency		PU (commercial) and PR (savings)	Compulsory 1985	100% up to 19,794 Euros. Over this amount, the percentage depends on the resources of the Fund	100% up to 19,885. Over this amount, the percentage depends on the resources of the Fund	65	15 BP	
India	Deposit Insurance System	Deposit Insurance and Credit Guarantee Corporation	PU	Compulsory 1961	100,00 Rupees	2,299	510	5 yearly BP on total deposits	Government support through the Reserve Bank subject to prior parliamentary approval
Ireland	Deposit Protection Fund	Central Bank	PU	Compulsory 1980	Partial coverage (90%). Maximum disbursement: 15,000 Euros (20,000 as from year 2000)	Partial coverage (90%). Maximum disbursement: 15,069 (20,092 as from year 2000)	66	20 yearly BP on total deposits in Pounds (Assessment not lower than 25,395 Euros)	The Central Bank may request special assessments and lend funds
Italia	Interbank Deposit Protection Fund (8)	Council of the Interbank Deposit Protection Fund	PR	Compulsory 1987	103,291 Euros	103,766	511	On demand. Between 40 and 80 yearly BP	Should the Fund be insufficient, there is no contingency support. In such case, two options are possible: to defer payment or to diminish the compensation to be paid
Jamaica			PU	Compulsory 1998	200,000 Jamaica Dollars	4,855	182	10 yearly BP	The Fund may borrow money from the market or from the Government

(8) The Interbank Deposit Protection Fund is organized as a banks' consortium under the aegis of the Italian Banking Association and the Banca d'Italia. Being a member of this fund is a pre-requisite to be able to perform banking activities. Though the guarantee scheme has private characteristics, many decisions must be approved by the Central Bank. There also exists a Co-operative Credit Depositors Guarantee Fund, which has the membership of a great number of mutual associations.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Japan	Deposit Insurance Fund (9)	Deposit Insurance Corporation	JOINT	Compulsory 1971	Without limits up to March 2001	Without limits up to March 2001		8.4 yearly BP on deposits in Yens	It may request loans of up to 1,000 billion Yens from the Central Bank and from other financial entities
Kenya	Deposit Guarantee System		PU	Compulsory 1985	100,000 Shillings	1,371	398	15 yearly BP	The Central Bank can make loans to the Deposit Guarantee System
Korea	Deposit Insurance System	Korea Deposit Insurance Corporation	PR	Compulsory 1996	Without limits up to year 2000	Without limits up to year 2000		5 yearly BP for commercial banks and 15 yearly BP for other financial non-banking intermediaries	The Fund may request the loan of resources from the Government or the Central Bank, subject to prior approval of the Ministry of Finance
Latvia			PU	Compulsory 1998		830 up to year 2000 (10)	N/a	30 yearly BP	
Lebanon			PR	Compulsory 1967	5,000,000 Lebanese Pounds	3,317	N/a	5 yearly BP in charge of the entities + 5 PB in charge of the Government	The Central Bank can make interest - free loans
Lithuania			PU	Compulsory 1996	100% up to 25,000 Lats; above this, partial coverage	100% up to 6,250; above this, partial coverage	215	150 yearly BP	The Government can contribute additional resources
Luxembourg	Deposit Guarantee System	Luxembourg Association for Deposit Guarantee (11)	PR	Compulsory 1989	15,000 Euros (20,000 as from year 2000)	15,069 (20,092 as from year 2000)	37	On demand, and it may not exceed, each year, 5% of the capital of the contributing entities	The Association may request advances from the contributing entities

(9) The Governor of the Deposit Insurance Corporation is Vice-Governor of the Bank of Japan. The management includes representatives of the private financial institutions, who are also members. There is another deposit protection scheme for special financial institutions, such as agricultural and fishery co-operative associations.

(10) In Latvia, the coverage will be gradually increased until reaching 20,000 ECU in year 2008.

(11) It is a mutual, non-profit making association.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Mexico	System of Protection of Bank Savings	Institute for the Protection of Bank Savings	PU	Compulsory 1986	Without limits (12)	Without limits		40 yearly BP plus a premium according to risk level	The addition of ordinary and extraordinary assessments shall not exceed 80 yearly BP
Morocco	Collective Deposit Guarantee Fund	Central Bank	PU	Compulsory 1993	50,000 Dirhams	4,957	387	Max.: 25 yearly BP	The Central Bank may decide that additional assessments fixed by law be required
Netherlands	Collective Guarantee System (13)	The Netherlands Bank	PU	Compulsory 1978	20,000 Euros (14)	20,092	83	On demand, ex post. It cannot exceed, yearly, 5% of corporate equity	The Central Bank can grant loans, if it so wishes
Nigeria	Deposit Insurance Corporation	Deposit Insurance Corporation of Nigeria	PU	Compulsory 1988	50,000 Naira (15)	516	100	93.75 yearly BP	The Government can make loans, if it so wishes
Norway	Commercial Banks' Contingency Fund (16)	Commercial Banks' Contingency Fund Board	PR	Compulsory 1988	2,000,000 Kroner	24,871	76	1 yearly BP, plus a premium according to risk level	Guarantees issued by the member banks in proportion to their non-covered deposits
Oman	Subject to the administrative and financial supervision of the Central Bank	Bank Deposits' Insurance System Fund	JOINT	Compulsory 1995	Partial coverage (75%) up to 20,000 Rials Omani	Partial coverage (75%) up to 37,900	668	Initial assessment plus 2 yearly BP on deposits. The Central Bank makes assessments also	

(12) A transition regime is in force in Mexico, during which the maximum amount guaranteed to the depositor will go from the present non-limit value, to 400,000 Investment Units as from 01.01.05 (approx. 112,000 dollars as at December 1999).

(13) The Collective Guarantee System is established in joint co-operation between the banks and the Bank of the Netherlands.

(14) On year 2000 this maximum amount shall be fixed again taking into account the variation in price indexes as from year 1995.

(15) It only covers deposits on current accounts and savings deposits in local currency and excludes interbank deposits.

(16) The Contingency Fund is an independent legal entity 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. A similar regime to that of the commercial banks exists for the savings banks, this last scheme is obligatory since 1924.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Perú	Deposit Guarantee Fund	Superintendence of Bank and Insurance	PR	Compulsory 1992	63,702 Nuevos Soles (17)	18,148	717	From 45 to 145 BP, depending on risk	The Fund may request loans from the Treasury
Philippines	Philippines Deposit Insurance Corporation	Philippines Deposit Insurance Corporation (18)	PU	Compulsory 1963	100,000 Pesos Filipinos	2,481	286	20 yearly BP on total deposits	Any additional contribution requires legislative sanction. In cases of urgency it is authorized to borrow from the Central Bank or from other banks that have been appointed fiscal agents or government depositories
Poland	Fund for the Protection of Bank Deposits	Fund for Banking Guarantee	PU	Compulsory 1995	100% up to 990 Euros + 90% for amounts comprised between 990 and 3,958 Euros	100% up to 995 + 90% for amounts between 995 and 3,976	102	Up to 40 yearly BP (19)	
Portugal	Deposit Guarantee Fund (20)	Board of three members. The Central Bank provides the administrative support	PU	Compulsory 1992	25,000 Euros	25,115	230	Initial assessment + between 8 and 20 yearly BP, depending on the entity's capitalization level	The Minister of Finance can establish special contributions from the member entities
Romania	Deposit Guarantee System	Banking System Deposits' Guarantee Fund	JOINT	Compulsory 1996	Up to 56,200,000 Lei, adjustable every six months according to inflation	Up to 3,464, adjustable every six months according to inflation	204	Initial contribution plus between 30 and 60 yearly BP, depending on risk level	The Fund may request from the banks a special assessment, which cannot be more than double the yearly assessment (21)

(17) Adjustable according to inflation. Per depositor and only up to two deposits in two different institutions per year.

(18) The Philippines Deposit Insurance Corporation Board is chaired by the Secretary of Finance, with the President of the Corporation acting as Alternate. The Central Bank Governor and two representatives of the private banks constitute this five-member board.

(19) The Banks with Government guarantee contribute up to 20 BP.

(20) The agricultural credit banks have their own guarantee scheme.

(21) In case of need, the Deposit Guarantee Fund of the Romanian Banks could obtain additional funds from the Government, the Central Bank and from other financial institutions.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Slovak Republic	Deposit Protection Fund	Fund Committee	JOINT	Compulsory 1996	7,100 ECU	7,058	187	From 10 to 30 yearly BP, depending on the type of entity	The Central Bank can make loans, if it so wishes
Slovenia	In charge of the Central Bank	Agency of the Republic of Slovenia for the Insurance of Deposits in Banks and Savings Banks	PU	Compulsory 1999	3,700,000 Tolars	18,804	191	Explicit: underwritten by the financial entities	
Spain	Deposit Guarantee System (22)	Fund of Guarantee of Deposits in Banking Institutions	JOINT	Compulsory 1977	15,000 Euros (20,000 in year 2000)	15,069 (20,092 in year 2000)	107	10 Yearly BP (23)	Only with an exceptional character, a Fund may receive contributions from the Bank of Spain, in which case the amount must be provided for by law
Sri Lanka	Deposit Insurance System	Central Bank	JOINT	Voluntary 1987	100,000 Sri Lanka Rupees	1,387	165	4 yearly BP	
Sweden	Deposit Insurance System	Deposit Guarantee Committee	PU	Compulsory 1992 (24)	250,000 Kronor	29,326	115	Between 40 to 60 yearly BP according to the capitalization level	It may borrow from the National Government
Switzerland	Convention XVIII (25)	Swiss Bankers' Association	PR	Voluntary 1984	30,000 Francs	18,755	51	On demand	Subscribed by the member banks

(22) In the Spanish banking system, there are three bodies, created in the five year period of 1977/82, which are in charge of the functions of deposit insurance and guarantee of the system's stability. These are the "Fondo de Garantía de los Depósitos en Establecimientos Bancarios (FGDEB)" (Fund of Guarantee of Deposits in Banking Institutions), the "Fondo de Garantía de Depósitos en Cajas de Ahorro (FGCA)" (Fund of Guarantee of Deposits in Savings Banks) and the "Fondo de Garantía de los Depósitos en Cooperativas de Crédito (FGDCC)" (Fund of Guarantee of Deposits in Credit Co-operative Institutions), funds which are made up with assessments from their respective institutions.

(23) Level of contribution corresponding to year 1998.

(24) Prior to 1992, Sweden had not implemented a depositor protection scheme. Financed with public funds, it introduced a provisional scheme of total guarantee of banking deposits during the crisis, and replaced it with a formal system, according to the European Union guidelines, on January 1996.

(25) 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 depositors with a legal claim. Although it has therefore no legal status as a deposit guarantee, we have ranked the Convention under deposit insurance agencies, as its over-riding purpose is to provide deposit protection.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
Taiwán	Central Corporation of Deposit Insurance	Board integrated by the Ministry of Finance and the Central Bank	PU	Compulsory 1985	NT\$ 1,000,000, for deposits in local currency	30,211	N/a	1.5 yearly BP on deposits	The Central Bank may grant loans
Tanzania	Deposit Insurance Fund	Deposit Insurance Board	PU	Compulsory 1991	250,000 Shillings	314	122	10 yearly BP on the average deposits	The Government may grant loans
Trinidad & Tobago	Deposit Insurance Fund	Deposit Insurance Corporation	PU	Compulsory 1986	50,000 TT Dollars	7,974	186	Initial assessment (40 BP) and yearly premium (20 BP)	With the authorization of the Ministry of Finance, it may request a special assessment from the entities (26)
Turkey	Deposit Insurance Fund	Central Bank	PU	Compulsory 1983	Without limits	Without limits		100 yearly BP	It may borrow from the Central Bank, upon request from the Minister in charge of Economic Affairs
Uganda	Deposit Insurance	Central Bank	PU	Compulsory 1994	3,000,000 Shillings	1,992	623	20 yearly BP on deposits from the banks. Same amount from the Government	The Government may grant loans, if it so wishes

(26) The Central Bank of Trinidad & Tobago contributes with an amount equal to that of the initial assessment and to the special assessment of the member entities.

Table I. Main Characteristics of some Explicit DGS (continued)

Country	Type of System	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Maximum Protection Level (in the currency of origin)	Maximum Protection Level (in Argentine Pesos) (1)	Maximum Protection Level as % of the per capita GDP	Ratio Assessments/ Deposits in basis points (BP)	Contingency Assessments
United Kingdom	Deposit Protection Fund (27)	Board of the Deposit Protection Fund (28)	PU	Compulsory 1979	Partial coverage (90%). Max. disbursement: 18,000 Pounds Sterling or 20,000 Euros (whichever is higher)	29,095	121	Initial assessment plus further limited contributions	The Board may request special assessments and may apply for loans
United States	Bank Deposits Insurance Fund	Federal Deposit Insurance Corporation (29)	PU	Compulsory 1933	100,000 Dollars	100,000	309	Between 0 and 27 yearly BP on total deposits, depending on the entity's capitalization level	It may request from the Treasury of the United States loans of up to a maximum amount of 30 billion
Venezuela	Fund of Deposit Guarantee and Bank Protection (FOGADE)		PU	Compulsory 1985	1,000,000 Bolívares for deposits in Bolívares	1,543	38	200 yearly BP	The Government and the Central Bank have absorbed losses of the Fund

(27) On June 1998, the Bank of England supervisory functions were transferred to Financial Services Authority - FSA. There is the intention, when a new Financial Markets and Services Act is passed, one only compensation scheme be established in replacement of those presently existing, including the present Deposit Protection System. This might happen during year 2000.

(28) The Board has three seats which belong in a permanent way to the Chairman and the Executive Director of the Financial Services Authority - FSA, and to the Vice-Governor of the Bank of England. The First named is also Chairman of the Board and has appointed another Executive Director of the FSA, as a member of the Board. Finally, there are three ordinary members in representation of the contributing entities.

(29) The Corporation has a Board of five members, appointed by the President of the United States of America, with the advice from, and approval of, the Senate. The Comptroller of the Currency and the Director of the Financial Entities' Supervisory Office are two of these five Directors. The FDIC administers the guarantee funds of the Banking Deposits and of the Savings and Loans associations.

May the Bankers who feed it manage a Guarantee Fund?

On September 1997, the International Monetary Fund issued a document entitled "Towards a Framework for Financial Stability". The aforementioned document was an analysis of what was considered to be the best practices meant to avoid or to minimize crises in financial systems which, owing to their magnitude, would be damaging to their countries' economy and to the payments system.

In our Annual Report pertaining to year 1998, we included a tentative "commandments" table, which in the aforementioned document was shown as a basic requirement for the correct functioning of a deposit guarantee system. In said decalogue were underlined a series of aims which were, in all cases, fulfilled by SEDESA, with the exception of a recommendation according to which it was considered inadvisable that the system be administered by the bankers concerned.

On the occasion of SEDESA's first symposium in 1999 (a fact to which reference is made in this Annual Report) Mr. Carl-Johan Lindgren mentioned in his presentation a document, then recently appeared, issued by the International Monetary Fund, referred to an examination of the best practices to be applied in the subject of Deposit Insurance. In this context, the document pointed out that "to avoid regulatory captures by the industry it guarantees (Systems of Deposit Guarantee), it is not advisable to place bankers who are currently employed in the industry, in charge of decision-making because their interests would conflict with those of the depositors and taxpayers". However, in a footnote, said document states that there is the case of successful guarantee systems, which are handled by Directors appointed by the financial industry, as is the case in Argentina.

Nowadays, when this subject is mentioned, it is no longer approached with the excluding attitude existing five years ago, and the fact that SEDESA has been chosen to be part of the SGDI of the FSF is proving this to be so.

5. Evolution of the Deposit Guarantee System in Argentina

1. Foreword

Argentina registers in the development of its financial system various changes insofar as deposit guarantee regimes are concerned. In 1935 the first specific legal provisions ruling the bank industry are enacted. As from that year, in which the Central Bank of the Argentine Republic (B.C.R.A.) is created and other legislative measures are adopted to overcome the crisis developed as a consequence of the Great Depression, the banks were subject to regulatory and control regimes by the above mentioned institution, derived from the enforcement of the laws regulating financial activity.

It may be stated, in a general way, that along the 64 years elapsed since 1935 to the present date, the Argentine financial system has counted, during the major part of said period, with explicit deposit guarantee systems.

We now detail the deposit guarantee regimes which have been in force in Argentina, pointing out their characteristics as well as the structure

of the banking systems on which they were applicable, the singular facts of a monetary characteristic registered in each period and their effects on the system's composition and "modus operandi".

2. Characteristics of the Various Systems in Force

2.1 Without Deposit Guarantee. The periods covered by this provision pertain to that of the validity of the first legal order (1935 to 1946) and to that of the elimination of the guarantee provisions existing in the Law on Financial Institutions, from 1992 to 1995. In both cases, provisions were foreseen tending to ensure certain special privileges in favor of the depositors in case of failure of financial entities.

2.2 With Deposit Guarantee

2.2.1 Unconditional coverage. On the total deposits in national currency without limitations as to amount, type of deposit, receiving entity and ownership; the Government took charge of the guarantee. This system corresponds to the term of validity of the so-called regime of "nationalization and deposit guarantee", in force as from 1946 up to 1957, and from 1973 up to 1977, with the total control of the monetary liabilities of the system (deposits were received on behalf of the B.C.R.A.), and of the active operative modalities. Loans were awarded on a discretionary basis by the B.C.R.A.

2.2.2 Unlimited or partial coverage. It corresponds to periods in which the financial system's operation was based on the fractional required reserve regime, with some variations in certain periods and also in what refers to the operational freedom of the entities and to the reach of the B.C.R.A. regulations. The models applied may be grouped as follows:

2.2.2.1 Unlimited coverage

- It covered total deposits in national currency, without limitations with regard to amounts.
- When the law on financial entities was applied (1969 onwards), there were periods in which non-banking intermediaries were excluded.
- The B.C.R.A. provided the resources, without assessments from the entities

In force from 1957 to 1973 and, later, from 1977 to 1979.

2.2.2.2 Partial coverage

- It covered a proportion of the different types of deposits in local currency.
- It was optional for the financial entities.
- It required assessments from the financial entities to build

- up a Fund, to which the B.C.R.A. also contributed.
- It excluded some deposits for institutional reasons (connected persons) and for operational reasons (premiums, excessive rates of interest, etc.).
 - In order to make the guarantee payable, the B.C.R.A. drew on the resources of the Fund or granted advances.

It was in force from 1979 to 1991. At certain periods there were maximum limits to the coverage on the basis of different type of deposits and of their owners. Between 1991 and 1992 a special system was in force, on the basis of the creation of a Fund, constituted with the contribution of public bonds and assessments from the entities; by virtue of this system, payment of the guarantee was limited to the resources available at said Fund.

2.2.2.3 System presently in force

- It covers, in general, all deposits (in pesos and in foreign currency) made in all financial entities, which participate in an obligatory manner, up to the amount of Thirty thousand Pesos (\$ 30,000).
- The Deposit Guarantee Fund is created with the assessments from all financial entities, and Seguro de Depósitos S.A. (SEDESA) is created to administer said fund. SEDESA is constituted by all participating financial entities; the Government owns a share.
- This Corporation, with extensive faculties for the investment of resources, operates in the private sector.

It is in force since 1995 and is complementary to provisions included in the Law of Financial Entities, which guarantees privileges to depositors in cases of liquidation of financial entities.

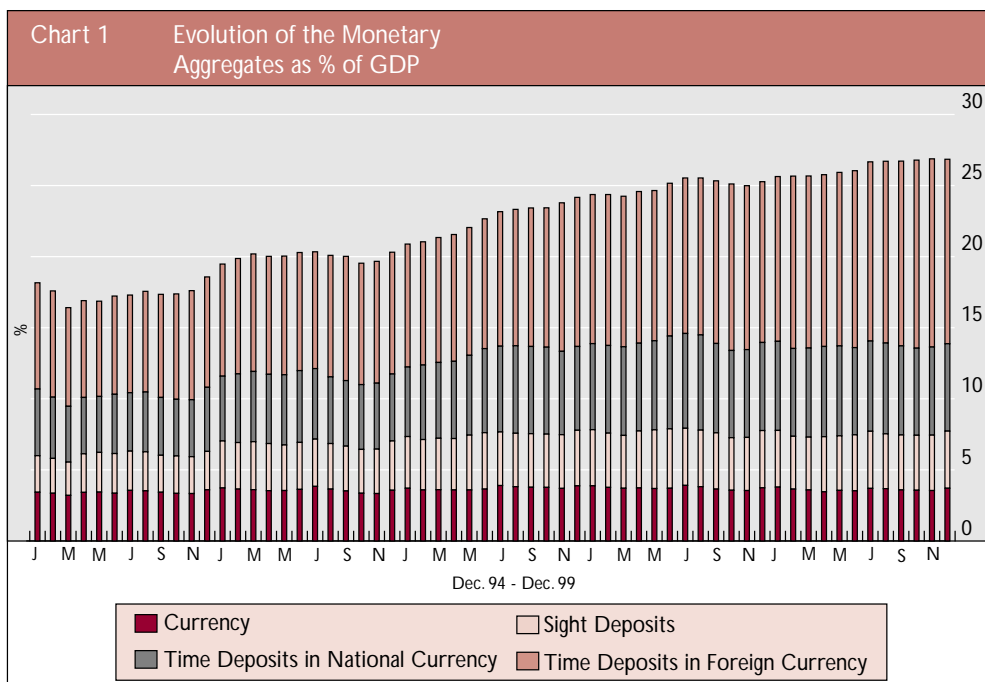
IV. The Argentine Financial System

1. Monetary Aggregates

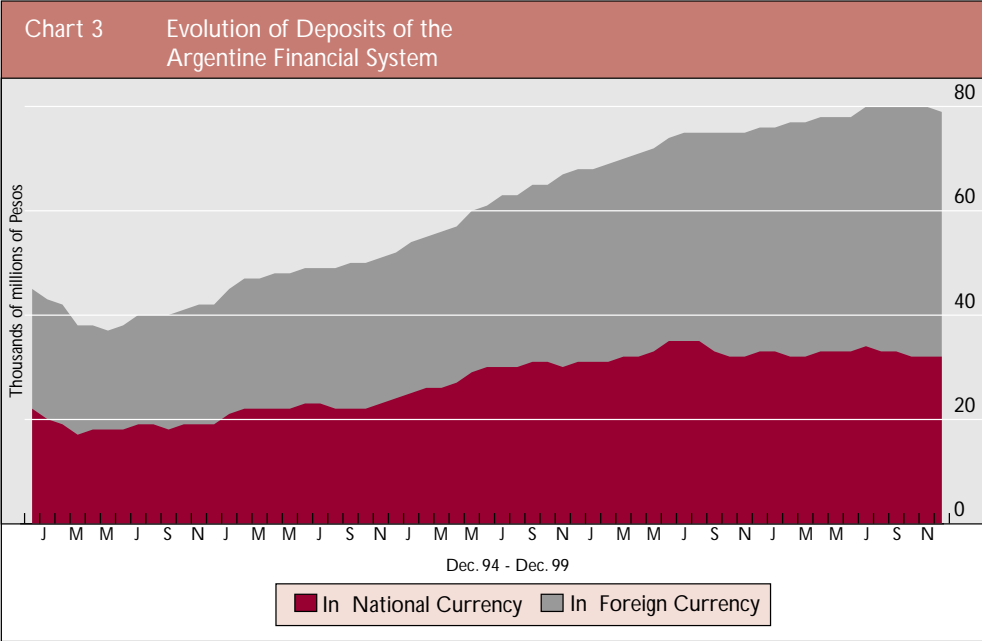
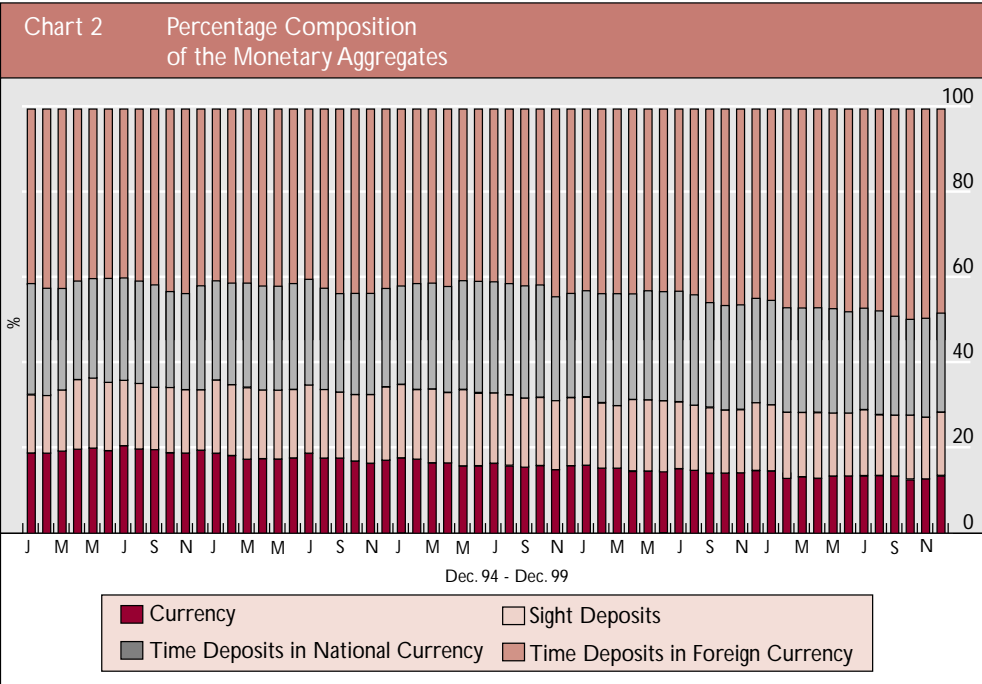
During the period covered by the present Annual Report, a consolidation in the behaviour of the monetary aggregates expressed as percentage of the Gross Domestic Product (GDP) has been observed. In total variations, an increase of 1.4 percentage points is noted, 0.4% corresponding to the restricted M1 aggregate, as may be observed in Table II and Chart 1.

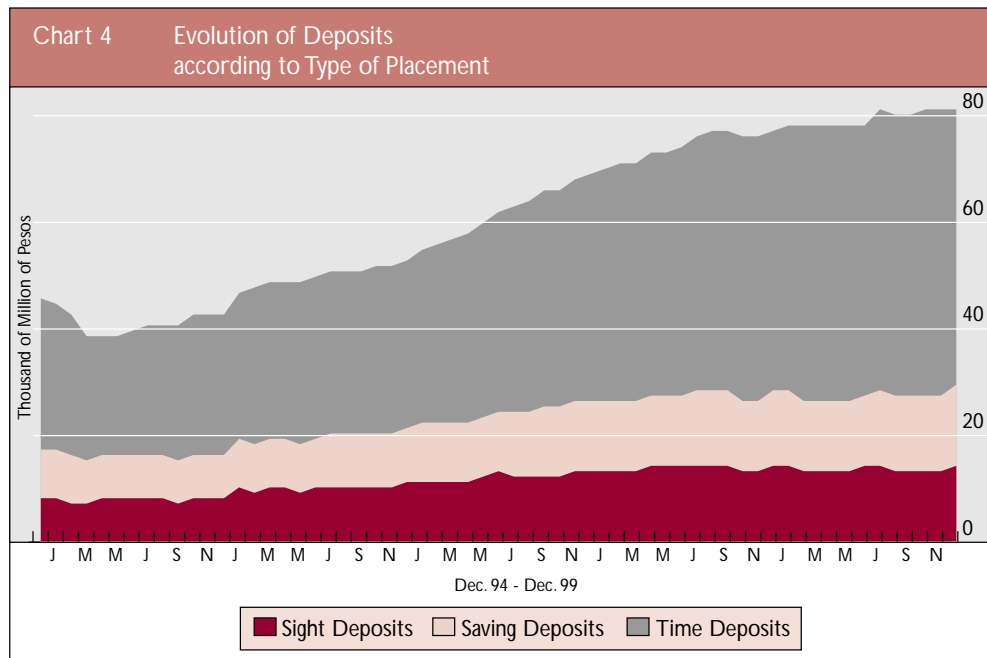
Another aspect which must be pointed out is that the degree of "banking ratio", i.e. people's use of the banking system (which in the past was

Monetary Aggregates	Million \$	As % of GDP
Currency	12,762	3.69
Sight Deposits, in Pesos	11,263	3.26
Sight Deposits, in Dollars	2,552	0.74
M1	26,577	7.69
Time Deposits, in National Currency	21,175	6.12
Time Deposits, in Foreign Currency	44,662	12.92
M2	92,414	26.73



called "banking habit"), has increased, if measured through the participation of deposits in the financial system when compared with any type of monetary aggregate. In fact, within a wide monetary aggregate, such as M2, it may be observed that cash held by the public, which represented 15% of the total during 1998, was reduced to 13.7% during 1999. If, on the other hand, we compare the months of December of both years, we find that there is almost no variation, although the so-called "Y2K" effect significantly increased the cash held by the public during the period in which the fiscal year being considered in this Report ended. (Chart 2).





The total deposits in the financial system showed an upward trend during the whole of 1999, and even taking into account the seasonal decrease in December, and the aforementioned "Y2K" effect, a nominal increase of 5.3% was observed, on comparing December 1999 with December 1998 (Charts 3 and 4).

2. Reference Rates

The so-called reference rates (communicated by the B.C.R.A., and which are the result of an average of market rates, Communication "A" 2337), expressed as a monthly weighted average (as per the number of days in force within each month), showed a significant increase for time deposits in pesos with regard to time deposits in dollars, particularly for the last quarter of 1999.

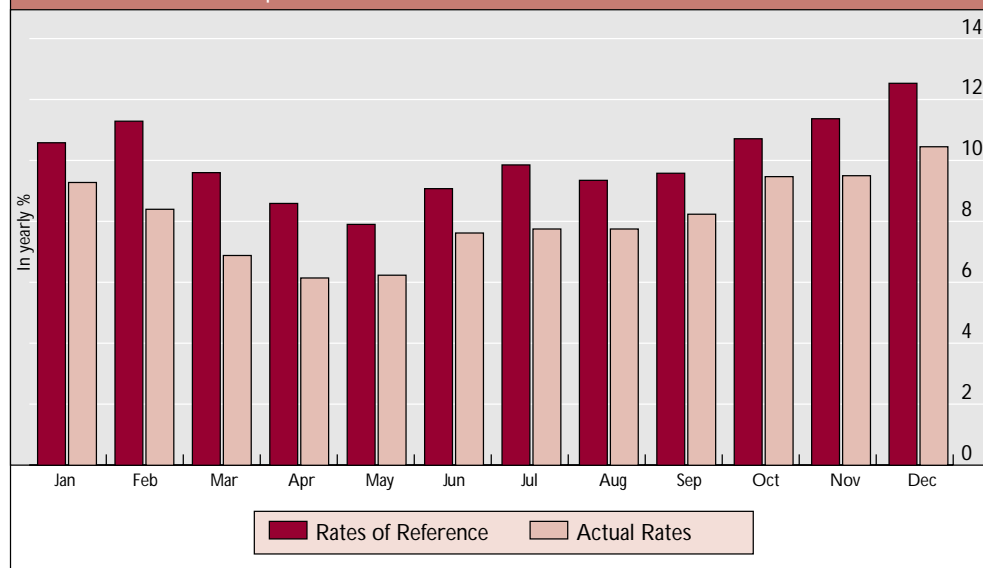
The volatility registered in the international markets and the constitution of liquidity reserves by the members of the financial system to confront the so-called "Y2K" effect have not been alien to this circumstance.

What has been stated above is clearly demonstrated if we observe the behavior of the reference rates for deposits in savings accounts, whether in dollars or in pesos, where both the currency differential as its evolution along time, do not register the fluctuations which may be observed for those in force for time deposit transactions.

**Table III. Rates of Interest for Time Deposits, in Pesos
(as yearly %, 1999)**

	Reference Rates	Actual Rates		Reference Rates	Actual Rates
January	10.5	9.2	July	9.8	7.7
February	11.2	8.3	August	9.3	7.7
March	9.5	6.8	September	9.5	8.2
April	8.5	6.1	October	10.6	9.4
May	7.8	7.5	November	11.3	9.4
June	9.0	7.7	December	12.4	10.3

**Chart 5 Rates of Reference and Actual Rates
Time Deposits, in Pesos, 1999**



**Table IV. Rates of interest for Time Deposits, in Dollars
(in yearly %, 1999)**

	Reference Rates	Actual Rates		Reference Rates	Actual Rates
January	8.8	7.3	July	8.0	6.3
February	9.0	6.7	August	8.0	6.3
March	8.3	6.0	September	8.0	6.6
April	8.3	5.6	October	8.8	7.0
May	7.4	5.6	November	9.0	6.7
June	8.0	6.2	December	9.0	7.1

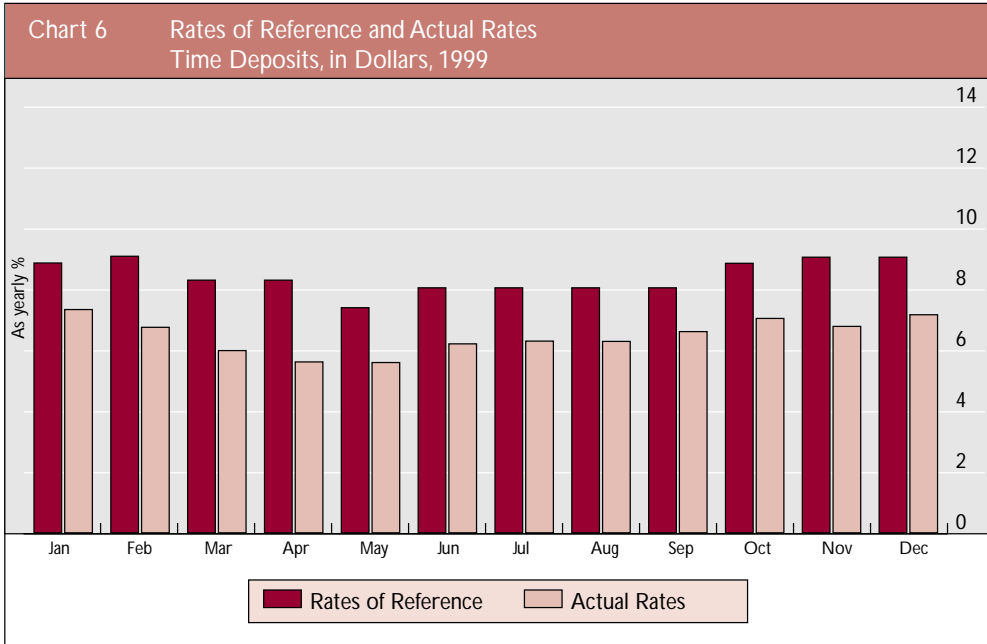
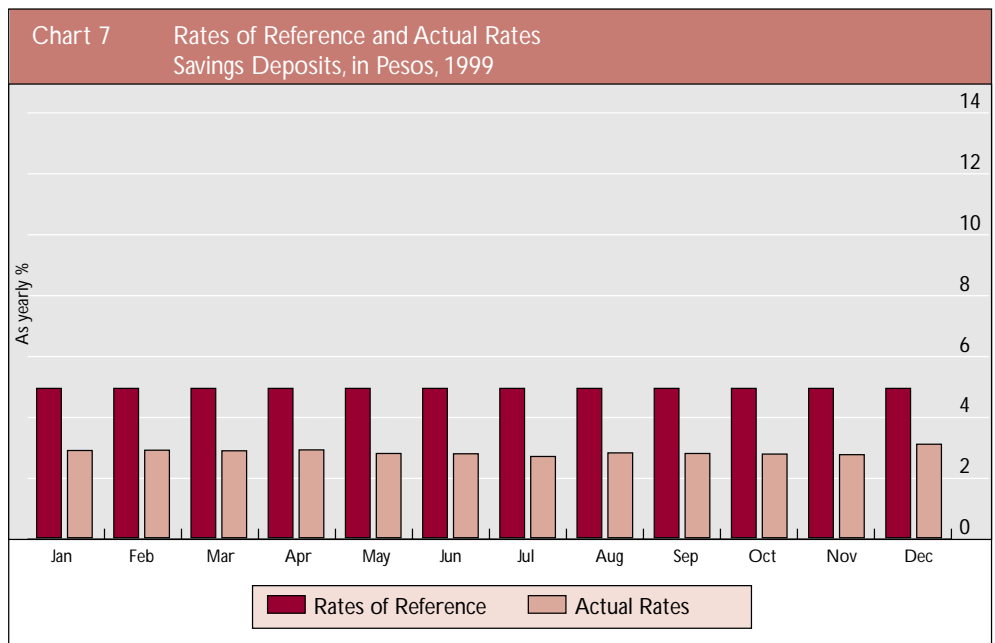


Table V. Rates of Interest for Savings Deposits, in Pesos
(as yearly %, 1999)

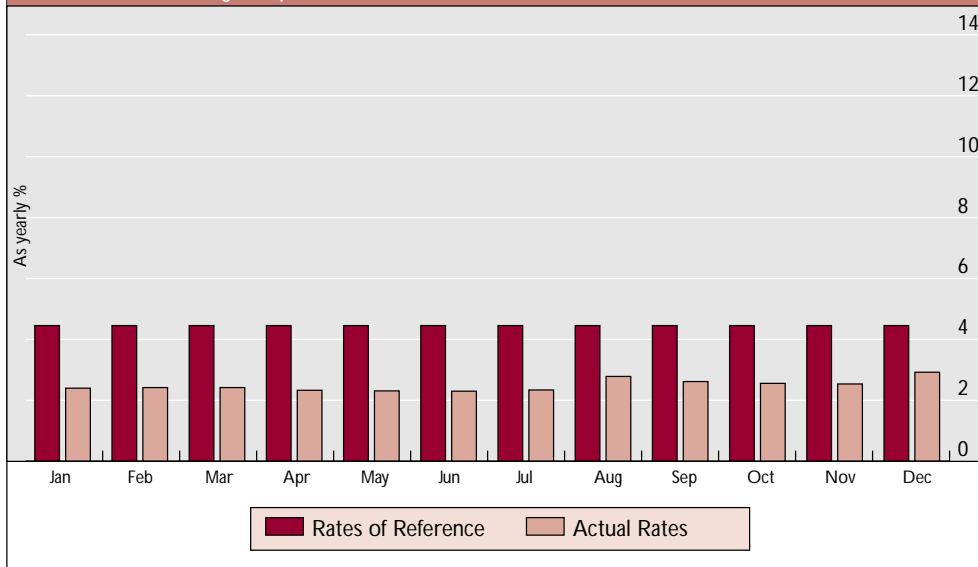
	Reference Rates	Actual Rates		Reference Rates	Actual Rates
January	5.0	2.9	July	5.0	2.7
February	5.0	2.9	August	5.0	2.8
March	5.0	2.9	September	5.0	2.8
April	5.0	2.9	October	5.0	2.8
May	5.0	2.8	November	5.0	2.8
June	5.0	2.8	December	5.0	3.1



**Table VI. Rates of Interest for Savings Deposits, in Dollars
(as yearly %, 1999)**

	Reference Rates	Actual Rates		Reference Rates	Actual Rates
January	4.5	2.4	July	4.5	2.4
February	4.5	2.4	August	4.5	2.8
March	4.5	2.4	September	4.5	2.6
April	4.5	2.4	October	4.5	2.6
May	4.5	2.3	November	4.5	2.6
June	4.5	2.3	December	4.5	3.0

**Chart 8 Rates of Reference and Actual Rates
Savings Deposits, in Dollars, 1999**



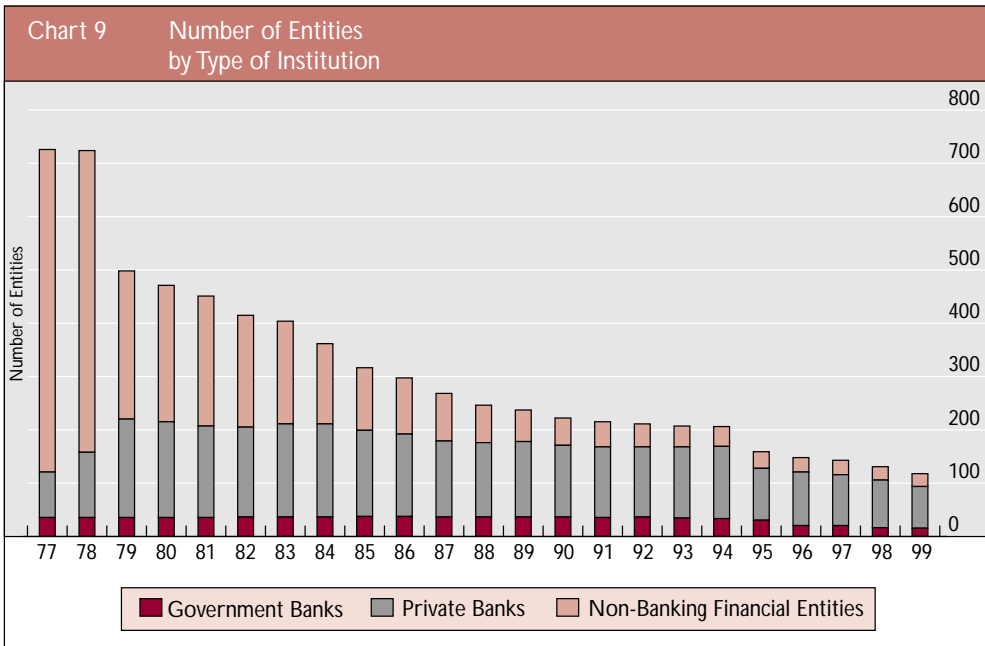
It should also be pointed out that, during the period covered by this Report, the rates of reference were modified 22 times, against 12 modifications in 1998, 6 in 1997 and 8 in 1996.

3. Financial Entities

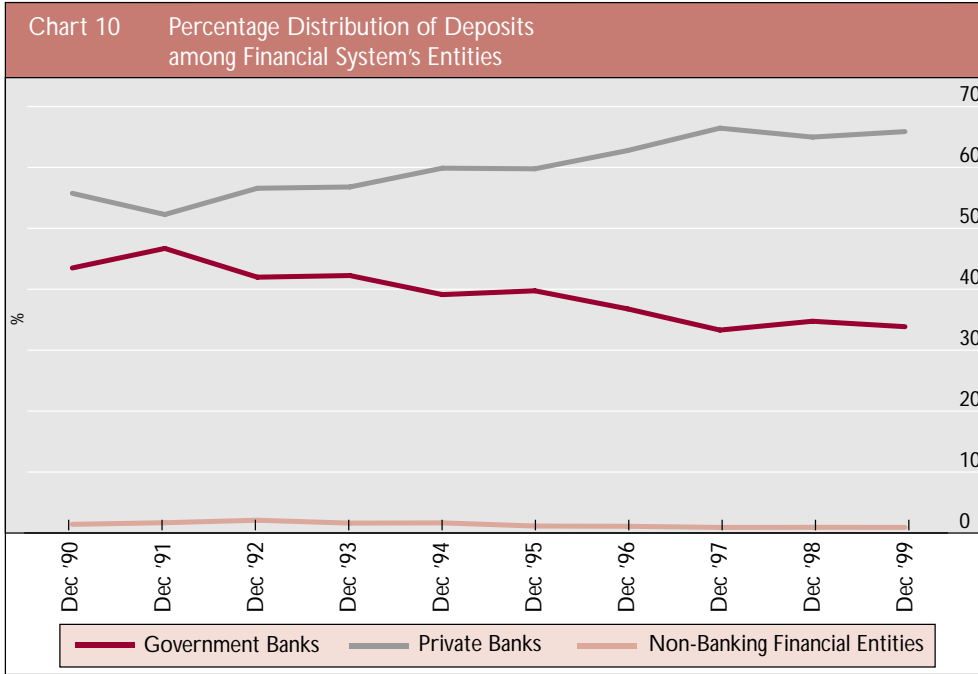
The period under analysis continues showing a decrease in the number of financial entities, a phenomenon that can be described as an uninterrupted trend during the last twenty-three years. By the end on 1999 the number of financial entities was 117, and they may be grouped as 15 Government banks, 78 private banks and 24 non-banking financial entities.

Table VII. Number of Entities by Type of Institution				
	Government Banks	Private Banks	Non-Banking Financial Entities	TOTAL
Dec-77	35	85	603	723
Dec-78	35	122	564	721
Dec-79	35	184	277	496
Dec-80	35	179	255	469
Dec-81	35	171	243	449
Dec-82	36	168	209	413
Dec-83	36	174	192	402
Dec-84	36	174	150	360
Dec-85	37	161	117	315
Dec-86	37	154	105	296
Dec-87	36	142	89	267
Dec-88	36	139	70	245
Dec-89	36	141	59	236
Dec-90	36	134	51	221
Dec-91	35	132	47	214
Dec-92	36	131	43	210
Dec-93	34	133	39	206
Dec-94	33	135	37	205
Dec-95	30	97	31	158
Dec-96	20	100	27	147
Dec-97	20	95	27	142
Dec-98	16	89	25	130
Dec-99	15	78	24	117

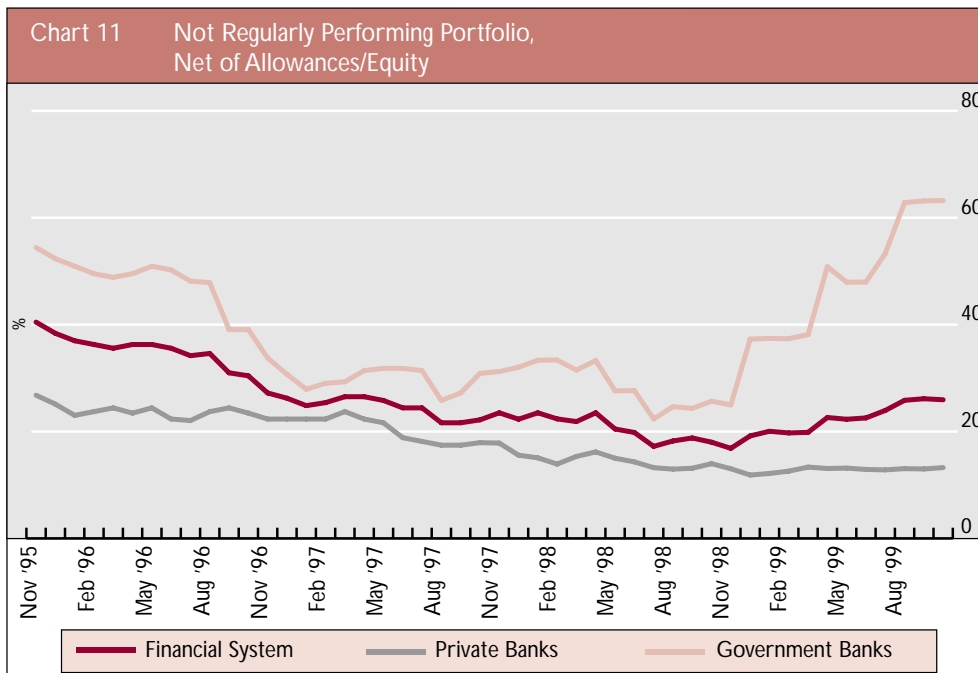
Source: Made on the basis of data provided by the B.C.R.A.



The percentage structure of deposits indicates that practically two thirds of deposits in the financial system pertain to private banks, while the remaining third is deposited with Government banks; only 0.5% of the system's deposits corresponds to those made with non-banking financial institutions.

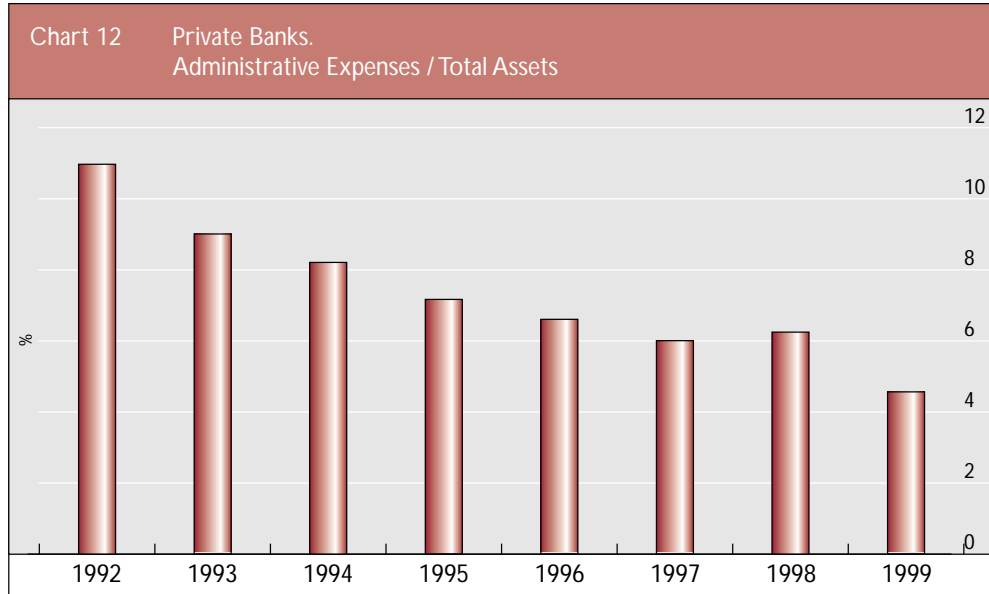


The fulfilment of the provisions issued by the B.C.R.A. in order to rate the not regularly performing portfolio net of allowances of the Government banks, has led to the fact that the one in private banks does not reach a 15% value; but it has however led the total of the system to an approximately 25% value. Furthermore it must be taken into account that the equity responsibility

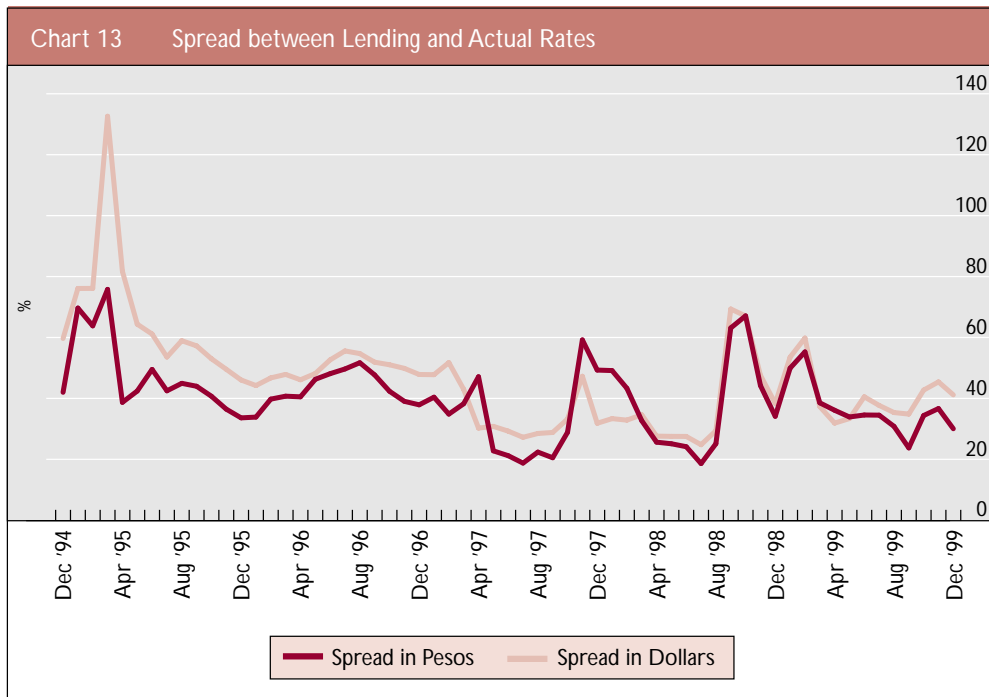


with regard to risk assets is of 12.5%, an amount above the recommendations issued by the Basle Committee of Banking Supervision of the Bank for International Settlements.

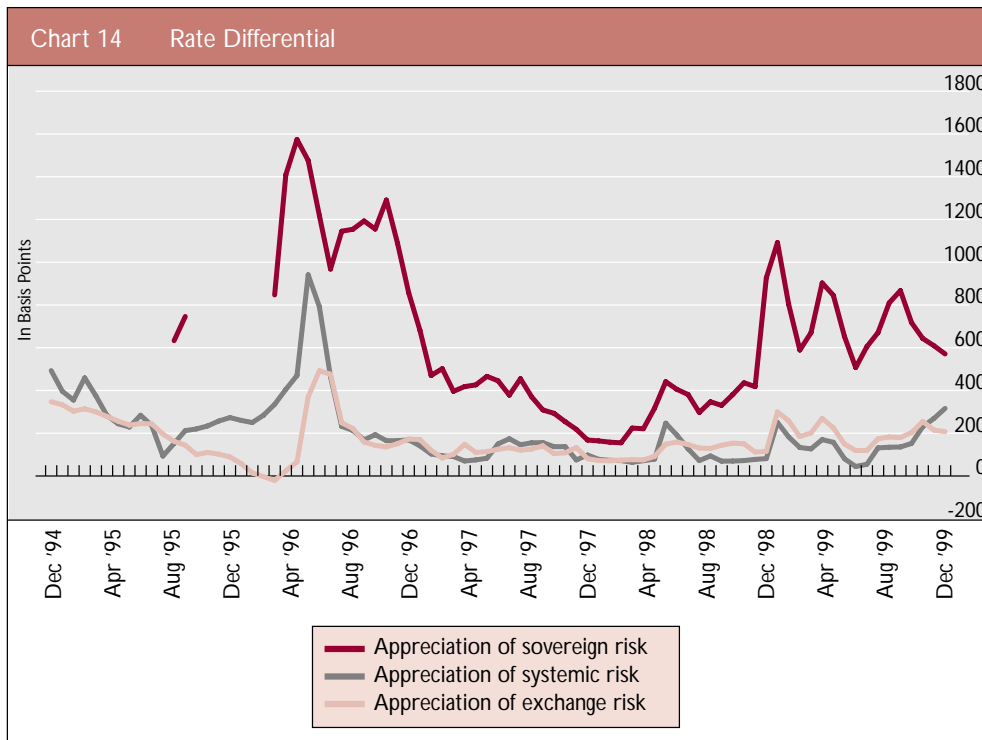
During 1999 the efficiency of the Argentine banking system continued improving significantly. Administrative expenses on total assets, which in 1992 were of 11%, have been reduced to less than 5% for the period covered by this Report.



The spread between lending and actual rates defined as the differential of average rates paid for time deposits from 30 to 59 days and those charged for loans to first-rate enterprises, for a 30 days term, was significantly reduced with regard to the rates ruling during the last quarter of 1998.



The consequences of the Russian crisis of mid-1998 and the economic events registered in Brazil at the end of that same year, led to the observation, during the period covered by this Report, of a significant fluctuation between the rate differential of Argentine external bonds with regard to similar bonds of the United States Treasury. This did not mean that the differentials for rates in force for time deposits in US dollars in the Argentine system with regard to those registered in the USA system showed significant increases yet, owing to the so-called "Y2K" effect, at the end of our Fiscal Year, a significant difference could be observed between rates of interest in pesos and in US dollars within our own system.



V. Cases entrusted to SEDESA

1. Total Cases Administered

Answers to Requirements

As per Section Thirteenth of its By-Laws, SEDESA possesses the faculty of making partial payments to the depositors of entities suspended by the B.C.R.A.

This faculty has been applied in various cases, upon request of the above-mentioned body, a necessary pre-requisite in order to fulfill said operation.

It must be pointed out that this procedure implies to set in motion an important mechanism consisting in entering into individual contracts with each one of the depositors, sending these contracts to each one of the branches (in many cases these were located in different regions of the country), setting in motion a control mechanism at the headquarters of the bank involved, performing audits of all branches and performing a final control.

In the case of the Banco Unión Comercial e Industrial S.A. (BUCI), where the acquisition of deposits for up to \$ 1,000 started ten days after receiving the request from the B.C.R.A., when the term given to the depositors expired, 31,738 acquisition contracts had been performed in 41 branches disseminated throughout the country.

The case of Banco Patricios S.A. was one endowed with peculiar characteristics. On that occasion, payment of advances through an electronic mechanism was made for the first time -automatic teller networks- and through an electronic contract.

On this occasion the mechanism was activated on the very day the request was received from the B.C.R.A. and in only 15 working days, the accounts of 91,000 depositors were paid, representing a 73% on the total. All these tasks were performed, given the case, through opportune contracts with third-parties, representing a scant expenditure for the Deposit Guarantee Fund.

Within the legal framework of Decree N° 540/95 and its modifications, SEDESA -in its capacity of a corporation endowed with the administration of the Deposit Guarantee Fund- had to administer assistance requirements related to the following banking institutions:

Table VIII. Total Cases Administered					
Entity	Date of the Assistance Decision	Disbursement Date	Type of Transaction	Additional Considerations	Amount (in million dollars)
Banco de Caseros S.A.	10/22/96	04/24/97 to 07/22/97	Trust agreement, on credits of doubtful recovery from Banco de Caseros S.A.	The Banco de Crédito Argentino S.A. acquired assets and took charge of the payment of deposits of Banco Caseros S.A.	73.741
Caja de Crédito Pavón Coop. Ltda.	11/21/96	12/01/96 to 01/10/97	Payment of the Guarantee		0.662
Banco Unión Comercial e Industrial S.A. (BUCI)	02/11/97	02/18/97	Partial Acquisition of Deposits		23.690
	05/08/97	05/12/97	Trust Agreement on BUCI's portfolio	Corp Banca S.A. acquired assets and took charge of the payment of deposits of the BUCI	94.226
Banco Coopesur Coop. Ltda.	02/28/97	06/20/97 to 09/25/97	Trust Agreement, on portfolio of doubtful recovery from Banco Coopesur C.L.	Banco Credicoop C.L. acquired assets and took charge of the payment of the deposits from Banco Coopesur C.L.	39.799
Nuevo Banco de Azul S.A.	05/08/97	05/23/97	Loan Convertible into Corporate Bonds	Loan granted to the Nuevo Banco Industrial de Azul S.A. with the purpose of strengthening its appraisable shareholders' equity, as said bank offered to acquire assets and liabilities from the Nuevo Banco de Azul S.A.	2.000
	05/08/97	08/05/97 to 01/12/99	Trust Agreement, on credits of doubtful recovery from the Nuevo Banco de Azul S.A.	The Nuevo Banco Industrial de Azul S.A. acquired assets and took charge of the payment of deposits from the Nuevo Banco de Azul S.A.	7.000

Table VIII. Total Cases Administered (continued)					
Entity	Date of the Assistance Decision	Disbursement Date	Type of Transaction	Additional Considerations	Amount (in million dollars)
Banco Platense S.A.	05/08/97	06/10/97	Non-Reimbursable Contribution	The Banco Municipal de La Plata acquired assets and took charge of the payments of the deposits from Banco Platense S.A.	13.000
	05/08/97	06/10/97	Loan Convertible into Corporate Bonds	The Banco Municipal de La Plata acquired assets and took charge of the payment of the deposits of Banco Platense S.A.	5.000
Banco de Crédito Provincial S.A. (BCP)	09/18/97	10/06/97 to 11/28/97	Partial Acquisition of Deposits		17.431
	12/23/97 and 06/02/98	05/11/98 and 07/02/98	Non-Reimbursable Contributions and Trust Agreement on BCP real estate	Mercobank S.A. acquired assets and took charge of the payment of the deposits of BCP	78.374
Banco Argencoop Coop. Ltda.	12/12/97	01/02/98	Trust Agreement on credits of doubtful recovery of Banco Argencoop C.L.	Banco Credicoop C.L. acquired assets and took charge of the payment of deposits of Banco Argencoop C.L.	60.000
Banco Patricios S.A.	03/20/98	04/01/98 to 06/22/98	Partial Acquisition of Deposits		26.121
	06/19/98	07/06/98 to 07/20/98	Trust Agreement on credits and non-credit assets of Banco Patricios S.A.	Banco Mayo CL acquired assets and took charge of the payment of the deposits of Banco Patricios S.A.	95.199
Banco Mayo C.L.	10/23/98	12/02/98 to 12/01/99	Trust Agreement on assets from Banco Mayo C.L.	Citibank N.A. subscribed Participation Certificates in a Trust Agreement and took charge of the payment of deposits of Banco Mayo CL	350.000

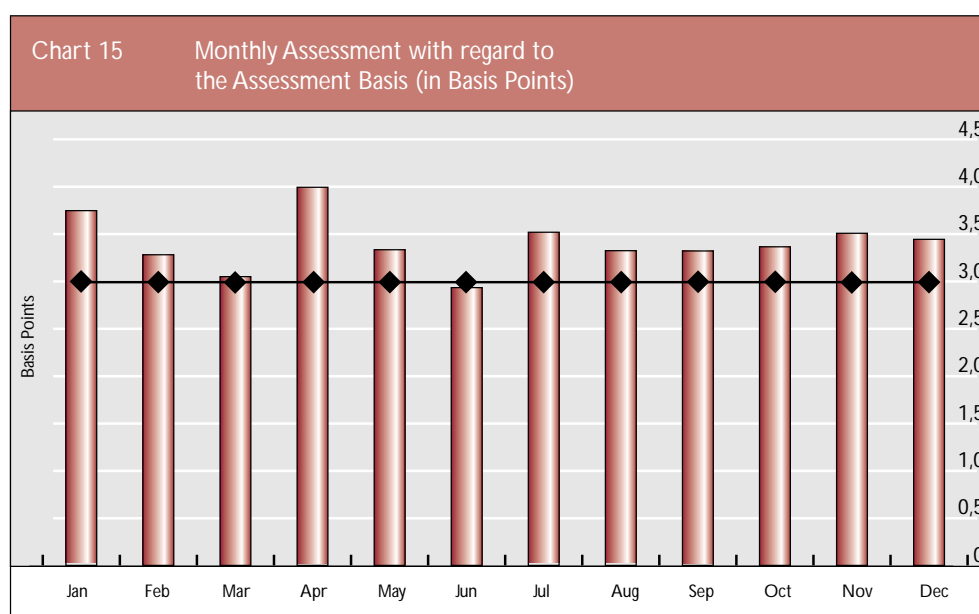
Table VIII. Total Cases Administered <i>(continued)</i>					
Entity	Date of the Assistance Decision	Disbursement Date	Type of Transaction	Additional Considerations	Amount (in million dollars)
Banco Almafuerite C.L.	11/26/98	12/01/98 to 10/27/99	Trust Agreement on assets from Banco Almafuerite C.L.	The Banks BBV Francés, Bisel, Credicoop, Galicia, Macro Misiones, de Río Negro, de San Juan and Suquía, subscribed certificates of participation in a Trust Agreement and took charge of the payment of the deposits of Banco Almafuerite C.L.	60.000
Banco Israelita de Córdoba S.A.	02/11/99	03/05/99 to 12/05/99	Trust Agreement on assets of the Banco Israelita de Córdoba S.A.	The Banks Bisel, Macro Misiones, Nazionale del Lavoro, Suquía, Sudameris Argentina and Supervielle Société Générale subscribed certificates of participation in a trust agreement and took charge of the payment of the deposits of Banco Israelita de Córdoba S.A.	50.000 ⁽¹⁾
Banco Mendoza S.A.	04/14/99	04/21/99 to 12/21/99	Trust Agreement on assets from the Banco Mendoza S.A.	The Banks BBV Francés, Citibank N.A., Credicoop, Galicia, Nación, de San Juan, Macro Misiones, Suquía, HSBC Roberts and Velox, subscribed certificates of participation in a Trust Agreement and took charge of the payment of the deposits of Banco Mendoza S.A.	75.010 ⁽²⁾
<p>(1) Plus 2 monthly instalments, equal and consecutive, for a value of \$ 5.00 million. (2) Plus 3 monthly instalments, equal and consecutive, for a value of \$ 8.33 million.</p>					

VI. The Deposit Guarantee Fund

1. Evolution of the Deposit Guarantee Fund

During Fiscal Year 1999 no extraordinary assessments were requested from the entities of the system, and neither was it necessary to obtain financing from other credit sources. Likewise, a careful administration avoided any loss and allowed for the liquid resources of the Fund to be available at the time when they were required.

The evolution of the monthly assessments perceived was as follows:



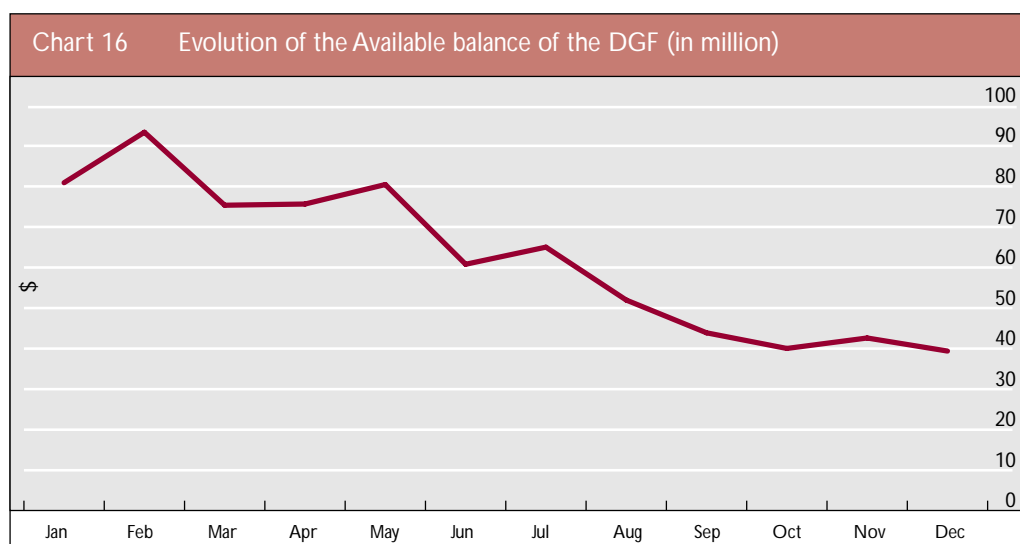
The break-down and evolution of the Available Balance may be appreciated in detail in the following table:

Month	Contrib. to the DGF (at the end of each month)		Deposit Guarantee Fund			Deposits (in million)	Coverage DGF/Dep. (%)
	Accumulated	Monthly	Net Income Incorp. (1)	Contr. to Entities + Expenses Stand By Repo's Facilities Program (2)	Balance (Initial Bce. + 1-2)		
Jan	859.395	28.147	0.441	12.847	80.904	76,639.00	0.106

Table IX. Evolution of the Deposit Guarantee Fund
(in million) *(continued)*

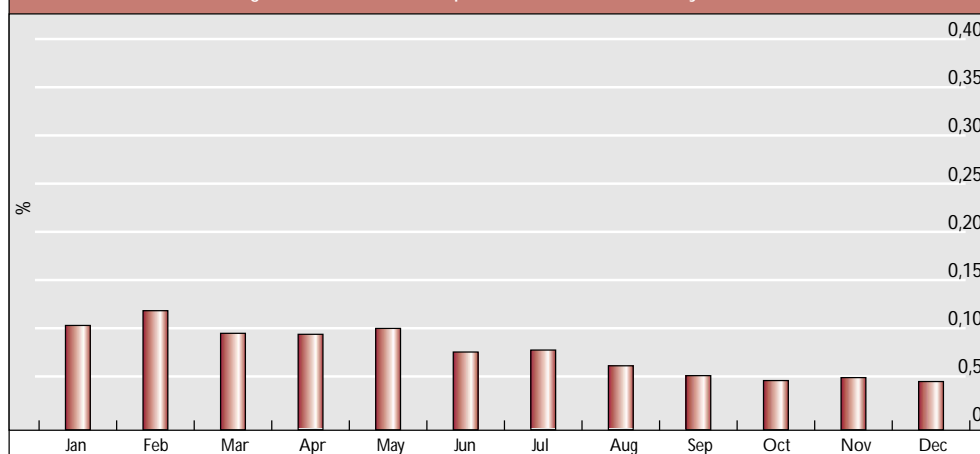
Month	Contrib. to the DGF (at the end of each month)		Deposit Guarantee Fund			Deposits	Coverage
	Accumulated	Monthly	Net Income Incorp. (1)	Contr. to Entities + Expenses Stand By Repo's Facilities Program (2)	Balance (Initial Bce. +1-2)	(in million)	DGF/Dep. (%)
Feb	884.222	24.827	0.125	12.500	93.356	77,121.00	0.121
Mar	907.596	23.374	0.498	41.874	75.354	77,234.00	0.098
Apr	938.397	30.801	0.211	30.714	75.652	77,801.00	0.097
May	964.145	25.748	1.557	22.500	80.457	77,970.00	0.103
Jun	986.972	22.826	0.837	43.324	60.797	77,338.00	0.079
Jul	1,014.408	27.437	0.329	23.544	65.018	79,787.00	0.081
Aug	1,040.117	25.709	0.408	39.160	51.975	79,880.00	0.065
Sep	1,066.619	26.501	0.198	34.782	43.892	80,031.00	0.055
Oct	1,093.496	26.878	0.303	31.036	40.037	80,216.00	0.050
Nov	1,121.570	28.074	0.335	25.830	42.616	80,487.00	0.053
Dec	1,149.195	27.625	0.268	31.113	39.396	79,652.00	0.049

The evolution of the Available Balance of the DGF has been represented in the following chart:



The evolution of the coverage ratio, i.e. the evolution between the Available Balance of the DGF and the deposits existing in the financial system, has been as follows:

Chart 17 Ratio of the Available Balance of the DGF with regard to the Total Deposits in the Financial System



2. Origin and Allocation of Funds

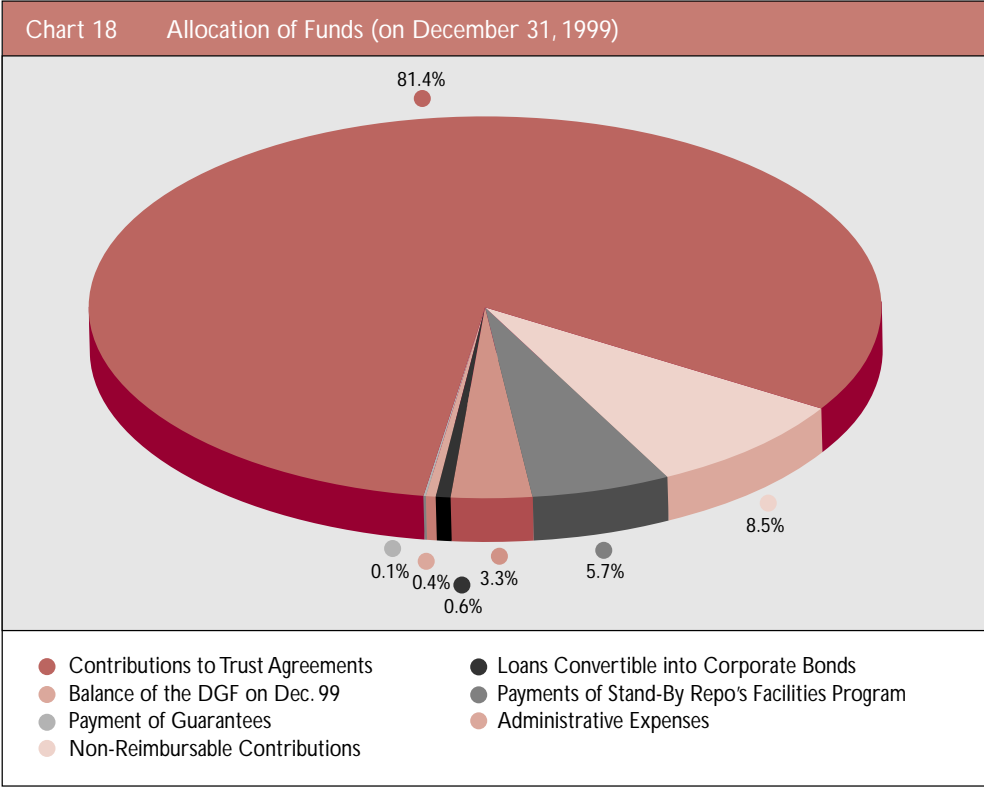
As from the month of May 1995, date of the first assessment from the financial entities to the DGF and up to December 1999, the last month of the Fiscal Year under analysis, the Fund has received income for an amount of \$ 1,149.20 million which, in addition to the interest accrued on investments made, and of the income proceeding from the recovery of Trust Agreements receivables portfolios, totals an income of \$ 1,183 million.

On the total amount received, 81% was assigned via contributions to entities through Trust Agreements, 8.5% to Non-Reimbursable Contributions, 0.6% to Loans Convertible into Corporate Bonds and 0.1% to the Payment of Guarantees to depositors, as it is shown in the following table:

Table X. Origin and Allocation of DGF Funds (as at December 31, 1999)

Origin	Million Dollars	%
Assessments from Entities (from May 95 to Dec 99)	1,149.2	97.1
Financial Income	28.2	2.4
Recovery of Contributions made to Entities	5.6	0.5
Total	1,183.0	100.0
Allocation		
Payment of Guarantees	0.7	0.1
Expenses attributable to financial interests	0.2	0.0
Contributions to Entities:		
Via Contributions to Trust Agreements	962.7	81.4
Via Non-Reimbursable Contributions	101.0	8.5
Via Loans Convertible into Corporate Bonds	7.0	0.6
Payments Stand-By Repo's Facilities Program (B.C.R.A.)	67.7	5.7
Administrative Expenses	4.5	0.4
Balance of the DGF on December 1999	39.2	3.3
Total	1,183.0	100.0

The graphic representation of the allocation of funds is as follows:



VII. Other Activities and Tasks

1. Administration and Finance

During the Fiscal Year under review the task of introducing into the registration systems of SEDESA all those first generation developments aimed at obtaining instantaneous, analytic and economic information, has continued. In this regard, the systems of information on foreign investment accounts have been improved, by linking operators' accounts with contributors' accounts, thereby making it possible to know the accounts balances within real time.

2. Systems

The preparation for year 2000 was clearly intelligible to users, owing to the mode and anticipation with which the compliance process was approached.

In order to prevent the possible problems that the so-called "Y2K Effect" could give rise to, work was performed both on the hardware and on the software of existing equipment. Thus, an upgrade of the BIOS of the server and of the remaining PCs' was carried out. A new version of the Server's Operational System was installed. Tasks for the prevention of failures on the occasion of the change of year were coordinated.

Work was also performed on the updating of the "informative platform", by purchasing two new Pentium equipments, upgrading browsers for Internet use and the electronic mail software for the corresponding working stations.

Finally, a series of routine tasks aimed at the maintenance of the local network were performed, such as upgrading of the antivirus program, periodical DAT files' updating and antivirus scanning, regular back-up operations, assistance to internal users.

SEDESA's institutional Web site was up-dated with regard to each modification that the B.C.R.A. performed on interest reference rates. During 1999 the total number of visits to said site amounted to 1,700.

3. General Secretariat

Among the tasks pertaining to the function, the translation into English and French of the Annual Report and Financial Statements for the year 1998

must be highlighted. The translation task was also intense with regard to the preparation and performance -on April 1999- of the Symposium on deposit insurance organized by SEDESA.

During Fiscal Year 1999 assistance was granted to the Trust Agreement Sector in all that refers to written and telephone communications with third parties. Registration was made of 533 incoming notes and of the issuance of 337 notes. 45 Minutes of the Board of Directors' meeting were compiled.

4. Technical Assistance Granted

During the month of January, and on the basis of a recommendation from the World Bank, the Central Bank of the Republic of Paraguay contacted SEDESA. This institution wished to establish an advisory mechanism with regard to the drafting of a Project of Law on Deposit Guarantee for said neighbouring country.

On April 14, the First Symposium on Deposit Insurance, organized by SEDESA, took place. The Governor of the B.C.R.A. kindly launched the seminar. The speakers were: Adolfo Diz (international consultant), Jonathan Fiechter (World Bank), Aristóbulo de Juan, Carl J. Lindgren (IMF), Arthur J. Murton (Federal Deposit Insurance Corporation), Elizabeth Roberts (Bank for International Settlements) and José Tuya (Comptroller of the Currency).

The conclusions reached through this symposium, as well as the exchange of opinions among speakers and participants, gave rise to a significant interest among institutions dedicated to the management of deposit guarantee systems, central banks and research and teaching centers. In order to answer such an extended interest, the final draft of the symposium performance was published both in Spanish and in English, so as to meet the great number of enquiries received.

Also during the month of May, at the request of the IMF, SEDESA cooperated in the drafting of a Banking System Rehabilitation Plan for Ecuador. To this effect, SEDESA appointed an officer in Quito, so as to provide the required assistance.

During the month of June, SEDESA received the visit of a representation of the Bank and Insurance Superintendence of the Republic of Peru, interested in getting to know different aspects of the Deposit Guarantee System in Argentina.

As has already been stated in page 10 of this Annual Report, the Financial Stability Forum gave rise to a Study Group to examine international experience on the subject of deposit insurance. SEDESA was invited to be part of said group, together with the Federal Deposit Insurance Corporation (FDIC) of the United States of America, the Canada Deposit Insurance Corporation (CDIC) of Canada, the Instituto de Protección del Ahorro Bancario (IPAP) (*Banking Savings Protection Institute*) of Mexico, the Central Bank of Chile, the Deposit Insurance National Fund of Hungary, the

Deposit Insurance Corporation of Jamaica, the Deposit Insurance Corporation of The Philippines, the Banca d'Italia, the National Bank Commission of France, the Finance Ministry of Germany, the Finance Ministry of Japan, the IMF and the World Bank.

The first meeting of the Study Group took place on December 15 in Ottawa, Canada, and its conclusions and recommendations will be contained in a report to be published on March 15, 2000.

5. Corporation Activities

On March 19 and August 24, continuing with the direct contact with the financial entities with an interest in the Trust Agreement entered into with Caja de Valores in its capacity of a shareholder of SEDESA, SEDESA's Chairman made a presentation on the performance of the corporation during the prior six month period. The presentations took place at the "Bosch Hall" of the B.C.R.A.

On May 28, 1999, the Ordinary and Extraordinary Shareholders' Assembly took place. In fulfillment of Item 1 of the Agenda, the representatives of the two shareholders were appointed (Lic. Martín Lagos and Dr. Federico Spraggon Hernández), to sign the Minutes of the Assembly. Immediately after this, the modification of Sections 10 and 19 of the Corporation By-Laws was considered, thus answering the request made by various entities. The new draft proposed for said Sections, which was subject to consideration by the representative of Caja de Valores, was unanimously approved. Subsequently the documents foreseen by Section 234, item 1° of Law N° 19.550, for the Fiscal Year closed on December 31, 1998, were approved, and the Profit of the Fiscal Year (\$ 220,350) was allocated to the account "Retained Earnings".

The performance of the Board of Directors and that of the Syndics' Committee during year 1998 were also approved, as well as their remuneration. Finally, the following officers were elected for the term of three fiscal years: Messrs. José Carlos Jaime, Hernán del Villar and Juan Carlos Fossatti as Directors and Hugo Nicolás Bruzone, Juan Carlos Cassagne and Eduardo Javier Romero, as Alternate Directors. The Syndics and Alternate Syndics of the Syndics' Committee were also elected.

Immediately after this, a meeting of the members of SEDESA's Board of Directors took place, with the purpose of choosing authorities for the new period. In said meeting, Dr. José Carlos Jaime was elected Chairman and Lic. Hernán del Villar was appointed Vice Chairman.

On July 29, 1999, SEDESA addressed a note to the B.C.R.A. in order to request the compliance with communiqués "B" 2140 and "B" 2216 with the purpose of improving receivables' recovery by the trustees. On the basis of such request, the B.C.R.A. issued Communiqué "B" 6587 dated September 23, 1999.

During 1999, meetings were held with representatives of various entities connected with the corporation's activity and to the management of the Deposit Guarantee Fund. Among these, those held with managing officers of the following institutions should be outlined: International Monetary Fund, International Bank for Reconstruction and Development, Inter-American Development Bank, Board of Governors of the Federal Reserve System of the United States of America, Office of the Comptroller of Currency of the United States of America, Bank of Spain, Federal Deposit Insurance Corporation of the United States of America, Spanish Association of Private Banks, Bank of England, The Financial Services Authority of the United-Kingdom, Bank for International Settlements, Financial Stability Institute, Fondo Interbancario di Tutela dei Depositi, Banca d'Italia, Bulgarian Deposit Insurance Fund.

VIII. Financial Statements

Seguro de Depósitos Sociedad Anónima

Registration Number in the Supervisory Body of Legal Entities: 8662

1. Balance Sheet as at December 31, 1999 and 1998 (in Argentine Pesos)

Assets	1999	1998
Current Assets		
Cash and Banks	4,096,475	64,135
Investments	3,141,890	7,058,509
Other Receivables	69,172	63,191
Total Current Assets	<u>7,307,537</u>	<u>7,185,835</u>
Non-Current Assets		
Investments	3,976	-
Other Receivables	11,400	11,400
Fixed Assets	254	5,377
Total Non-Current Assets	<u>15,630</u>	<u>16,777</u>
Total Assets	<u>7,323,167</u>	<u>7,202,612</u>
Liabilities		
Current Liabilities		
Accounts Payable	160,039	88,963
Social Security Charges Payable	10,324	7,762
Taxes Payable	3,319	38,254
Total Current Liabilities	<u>173,682</u>	<u>134,979</u>
Non-Current Liabilities		
Other Liabilities	3,000	3,000
Total Non-Current Liabilities	<u>3,000</u>	<u>3,000</u>
Total Liabilities - Sub-Total	<u>176,682</u>	<u>137,979</u>
Shareholders' Equity	<u>7,146,485</u>	<u>7,064,633</u>
Total	<u>7,323,167</u>	<u>7,202,612</u>
Off-Balance Sheet Items		
Shareholders' Equity of the Deposit Guarantee Fund	50,011,427	72,163,409

See our Report dated March 8, 2000

FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg., CPCECF T° 2 F°6

Ricardo E. De Lellis
Partner
Chartered Public Accountant (U.B.A.)
C.P.C.E.C.F.T° XCIV F° 166

José Carlos Jaime
Chairman

Seguro de Depósitos Sociedad Anónima

Registration Number in the Supervisory Body of Legal Entities: 8662

2. Statement of Income for Fiscal Year ended December 31, 1999
In comparison with the previous fiscal year (In Argentine Pesos)

	<u>1999</u>	<u>1998</u>
Investment Income	354,082	442,052
Administrative Expenses	(636,796)	(538,222)
Plus:		
Expenses Recovery	<u>432,000</u>	<u>428,100</u>
Net Profit (before Income Tax)	149,286	331,930
Income Tax	<u>(61,300)</u>	<u>(111,580)</u>
Fiscal Year Profit	<u>87,986</u>	<u>220,350</u>

See our Report dated March 8, 2000

FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg. CPCECF T° 2 F°6

Ricardo E. De Lellis
Partner
Chartered Public Accountant (U.B.A.)
C.P.C.E.C.F.T° XCIV F° 166

José Carlos Jaime
Chairman

Seguro de Depósitos Sociedad Anónima

Registration Number in the Supervisory Body of Legal Entities: 8662

3. Statement of Changes in Shareholders' Equity for the Fiscal Years ended on December 31, 1999 and 1998 (in Argentine Pesos)

	Shareholders' Contributions	Reserved Earnings			Retained Earnings	Total on 12-31-99	Total on 12-31-98
	Capital stock	Legal Reserve	Optional Reserve	Total			
Balances at the Beginning of the Fiscal Year	1,000,000	200,000	5,220,191	5,420,191	644,442	7,064,633	6,844,283
Amendment of Balances Amended	-	-	-	-	(6,134)	(6,134)	-
Balances	1,000,000	200,000	5,220,191	5,420,191	638,308	7,058,499	6,844,283
Profit of the Fiscal Year As per Income Statement	-	-	-	-	87,986	87,986	220,350
Balances on the Closing of the Fiscal Year	1,000,000	200,000	5,220,191	5,420,191	726,294	7,146,485	7,064,633

See our Report dated March 8, 2000

FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg. CPCECF T° 2 F°6

Ricardo E. De Lellis
Partner
Chartered Public Accountant (U.B.A.)
C.P.C.E.C.F.T° XCIV F° 166

José Carlos Jaime
Chairman

4. Independent Auditor's Report

To the Chairman and Board of Directors
SEGURO DE DEPOSITOS SOCIEDAD ANONIMA
Av. Leandro N. Alem 651, 7th Floor
Buenos Aires

We have examined the balance sheet of SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA as of December 31, 1999, and the related statements of income and changes in stockholders' equity, notes 1 to 12 and the Exhibits I to III for the fiscal year then ended, submitted in comparison to the previous fiscal year. These financial statements are 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.

We have conducted our audit in accordance with generally accepted auditing standards in force in the Argentine Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our professional opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of SEGURO DE DEPOSITOS SOCIEDAD ANONIMA as of December 31, 1999 and 1998, as well as the results of the operations and the changes in stockholders' equity for the fiscal years ended on those dates, in conformity with generally accepted accounting standards in force in the Argentine Republic.

In accordance with current regulations, we inform that:

a) the financial statements are entered on the ledger of inventories and balance sheets, and arise from the accounting records kept in conformity with the applicable statutory rules;

b) as it is explained in Note 1, the provisions of Decree 316/95 and of General Resolution 8/95 of the Supervisory Body of Legal Entities have been complied with;

c) liabilities accrued in favor of the National Social Security Administration, as of December 31, 1999, according to the accounting records, amounted to \$ 9,282.49, none of which were past due at that date.

Buenos Aires, March 8, 2000

FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg. CPCECF T° 2 F° 6

Ricardo E, De Lellis
Partner
Chartered Public Accountant (U.B.A.)
C,P,C,E,C,F,T° XCIV F° 166

Deposit Guarantee Fund - DGF

Trust Agreement between Banco Central de la República Argentina as Trustor and Seguro de Depósitos S.A. as Trustee -as per contract dated March 7, 1997-

5. Balance Sheet as at December 31, 1999 and 1998 (in Argentine Pesos)

Assets	1999	1998
Current Assets		
Cash and Banks	225,535	135,904
Investments	38,992,221	64,809,377
Receivables	155,800	159,122
Other Receivables	121,471	59,006
Other Assets	3,516,400	-
Total Current Assets	43,011,427	65,163,409
Non-Current Assets		
Receivables	7,000,000	7,000,000
Total Non-Current Assets	7,000,000	7,000,000
Total Assets	50,011,427	72,163,409
Shareholders' Equity (as per pertaining statement)	50,011,427	72,163,409

See our Report dated March 8, 2000

FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg. CPCECF T° 2 F°6

Ricardo E. De Lellis
Partner
Chartered Public Accountant (U.B.A.)
C.P.C.E.C.F.T° XCIV F° 166

José Carlos Jaime
Chairman

Deposit Guarantee Fund - DGF

Trust Agreement between Banco Central de la República Argentina as Trustor and Seguro de Depósitos S.A. as Trustee -as per contract dated March 7, 1997-

6. Statement of Income for Fiscal Year ended December 31, 1999 In comparison with the previous fiscal year (In Argentine Pesos)

	<u>1999</u>	<u>1998</u>
Income from Recovery of Receivables and other Assets from Certificates of Participation in Trust Agreements	10,700,559	1,493,098
Income from Accrued Interests	3,404,954	10,900,465
Debit owing to non-recoverability (participation in Trust Agreements and Assistance to Financial Entities)	(330,357,269)	(464,694,217)
Debit owing to the Swap Program handled by the B.C.R.A.	(18,660,632)	(23,854,444)
Expenses owing to Financial Interests	(206,275)	-
Administrative Expenses	<u>(1,726,006)</u>	<u>(1,427,219)</u>
Ordinary Loss	(336,844,669)	(477,582,317)
Extraordinary Results	<u>(3,254,917)</u>	<u>-</u>
Fiscal Year Loss	(340,099,586)	(477,582,317)

See our Report dated March 8, 2000

FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg.: CPCECF T° 2 F°6

Ricardo E. De Lellis
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C.P.C.E.C.F.T° XCIV F° 166

José Carlos Jaime
Chairman

Deposit Guarantee Fund - DGF

Trust Agreement between Banco Central de la República Argentina as Trustor and Seguro de Depósitos S.A. as Trustee –as per contract dated March 7, 1997-

7. Statement of Changes in Shareholders' Equity for the Fiscal Years ended on December 31, 1999 and 1998 (in Argentine Pesos)

	Contributions from Financial Entities	Retained Earnings	Fiscal Year ended	
			12-31-1999 Total Shareholders' Equity	12-31-1998 Total Shareholders' Equity
Balances at the Beginning of the Fiscal Year	831,247,750	(759,084,341)	72,163,409	240,441,519
Contributions from Financial Entities	317,947,604	-	317,947,604	309,304,207
Loss of the Fiscal Year As per Statement of Income	-	(340,099,586)	(340,099,586)	(477,582,317)
Balances at the Closing of the Fiscal Year	1,149,195,354	(1,099,183,927)	50,011,427	72,163,409

See our Report dated March 8, 2000

FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg. CPCECF T° 2 F°6

Ricardo E. De Lellis
Partner
Chartered Public Accountant (U.B.A.)
C.P.C.E.C.F.T° XCIV F° 166

José Carlos Jaime
Chairman

8. Independent Auditor's Report

To the Chairman and Board of Directors
SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA
Av. Leandro N. Alem 651, 7th Floor
Buenos Aires

We have examined the balance sheet of FONDO DE GARANTIA DE LOS DEPOSITOS as of December 31, 1999, and the related statements of income and changes in stockholders' equity, and origin and allocation of the funds, notes 1 to 11 and the Exhibits I, II and III for the fiscal year then ended, submitted in comparison to the previous fiscal year. These financial statements are 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.

We have conducted our audit in accordance with generally accepted auditing standards in force in the Argentine Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our professional opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of FONDO DE GARANTIA DE LOS DEPOSITOS as of December 31, 1999 and 1998, as well as the results of the operations and the changes in stockholders' equity and origin and allocation of funds for the fiscal years ended on those dates, in conformity with generally accepted accounting standards in force in the Argentine Republic.

In accordance with current regulations, we inform that:

a) the financial statements are entered on the ledger of inventories and

balance sheets, and arise from the accounting records kept in conformity with the applicable statutory rules;

b) as it is explained in Note 2, the provisions of Decree 316/95 and of General Resolution 8/95 of the Supervisory Body of Legal Entities have been complied with;

c) as of December 31, 1999, there are no liabilities accrued in favor of the National Social Security Administration according to the accounting records as of that date.

Buenos Aires, March 8, 2000

FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg. CPCECF T° 2 F° 6

Ricardo E, De Lellis
Partner
Chartered Public Accountant (U.B.A.)
C,P,C,E,C,F,T° XCIV F° 166

9. Report of the Syndics' Committee

Buenos Aires, April 24, 2000

To the
Shareholders of SEDESA
Seguro de Depósitos S.A.

In fulfillment of the mission entrusted to this Committee by the Ordinary Assembly and in compliance with the legal and statutory regulations in force, this Committee has developed its specific activity in permanent contact with the management of the Corporation all along the development of the Fifth Fiscal Year, ended as at December 31, 1999, and has had 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, as well as all the administrative management in its capacity of trustee of the Deposit Guarantee Fund (D.G.F.), were checked with the required frequency and periodicity. On the other hand, it was endeavoured to coordinate 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, of investments with their supporting documentation and other assets, rights and liabilities connected with the society management, as shown by the pertaining working papers and reports related to the checking carried out.

Finally, the Balance Sheet, Inventory and Income Statement were verified, and it was confirmed that they actually show, in a correct and adequate way, the shareholders' equity and financial situation of the Corporation. Said Statements were prepared in accordance with the legal provisions in force and to the accountant norms on the matter. In like manner, we performed the same functions with regard to the Financial Statements of the Deposit Guarantee Fund (D.G.F.) for the period ended as of December 31, 1999, verifying that they reasonably show the shareholders' equity and financial position of the D.G.F.

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 of the Deposit Guarantee Fund, of the main aspects and facts of the Corporation management and, essentially, of 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.

On behalf of the Syndics' Committte

CPA Enzo A. Vivian
Syndic

Dr. Carlos M. Tombeur
Syndic

Dr. Adolfo C. Diz
Syndic

IX. Legal and Regulatory Framework

1. Law N° 25,089

This law, passed on 04.21.99 and partially enacted on 05.11.99, stipulates that, when the Central Bank should decide the total or partial suspension of operations or the revocation of the authorization to operate of a financial entity, the System of Deposit Guarantee shall reimburse, within a delay no longer than five working days as from that date, the last salary payment credited by the employer to the salary payment account. (Official Gazette 05.14.99).

2. Decree N° 499/99

It observes (invalidates) the paragraph of Law N° 25,089 which limits the guarantee to be paid, to the last salary payment credited (O.G. 05.14.99).

3. Decree N° 1292/99

Published in the O.G. dated 11.11.99. It introduces modifications to Decree 540/95 and its modifications; said Decree regulated the organization and brought into operation the System of Banking Deposits Guarantee created by Law N° 24,485.

Decree N° 1292/99 authorizes SEDESA to contract debt, in charge of the D.G.F., for an amount not higher than the amount which can presently be requested, as advance payment, from the entities of the system. Under this new alternative, the entities would be allowed to act as warrantors of the requested loan, in the proportion of their monthly assessments to the Fund at the time when the credit transaction is entered into. These credit application transactions must previously be approved by the Steering Committee.

The new regulation does also make more flexible the concept of "least direct cost for the D.G.F." which had opportunely been introduced by Decree N° 1292/96. Aiming at the stability of the financial system, it allows that the amount of the assistance granted to an entity may equal the amount of the eligible deposits of said entity, amount which could be higher than the payment of the guarantee in view of the 30,000 Pesos figure which limits said guarantee.

4. Decree N° 540/95 (amended text)

The Deposit Guarantee System has been subject to amendments since its creation, and its regulations and operations have been adapted as the requirements of the resolution of different situations proved it convenient. Thus, the modifications made to Decree N° 540/95 were referred to the

type of assistance that SEDESA could grant as administrator of the Deposit Guarantee Fund (Decree N° 1292/96), to the extent of the guaranteed amount (Decree N° 1127/98), to the term within which the guarantee on the amounts deposited in the banking accounts for the payment of salaries was to be paid (Law N° 25,089 and Decree N° 499/99) and, now, to the possibility of the Deposit Guarantee Fund to contract debt (Decree N° 1292/99).

In view of the above, we have considered it convenient to transcribe the amended text of Decree N° 540/95, which states:

⁽¹⁾ **Section 1:** The "DEPOSIT GUARANTEE FUND" (D.G.F.) is created with the purpose of covering the banking deposits with the scope foreseen in this Decree.

The constitution of the corporation "SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA" (SEDESA) is decided, with the exclusive purpose of holding the functions of trustee of the Trust Agreement to be entered into between SEDESA and the NATIONAL GOVERNMENT, through the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA, for the management of the D.G.F.

⁽²⁾ When the Banco Central de la República Argentina should decide the total or partial suspension of the operations of a financial entity, or the revocation of the authorization to operate of a financial entity, the Deposit Insurance Guarantee System shall dispose the reimbursement, to their holders, of the amounts deposited in the special accounts for salary credit, opened by virtue of the provisions contained in section 124 of Law 20,744 (text amended in 1976), within a term not longer than five (5) working days as of the date of the suspension or the revocation of the authorization to operate.

⁽³⁾ *The guarantee shall cover the full amount of the last salary credited by the employer to the account.*

⁽⁴⁾ **Section 2:** The approval of the Charter and by-laws of the corporation "SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA" (SEDESA), is delegated to the MINISTRY OF ECONOMY AND PUBLIC WORKS AND SERVICES. The corporation shall have as partners the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA, with one share as a minimum, and whoever results to be trustee in the Trust Agreement to be entered into by the financial institutions authorized to operate in the ARGENTINE REPUBLIC which may express their will to be part of said Trust Agreement, in the proportion which for each one shall be determined by the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA, on the basis of their assessments to the D.G.F. Until SEDESA is constituted, the assessments to the D.G.F. shall be deposited

(1) Decree N° 1292/96, section 3

(2) Law 25.089/99, section 1

(3) Vetoed by Decree N° 499/99

(4) Decree N° 1292/96, section 3

to the account and entity that the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may determine.

⁽⁵⁾ **Section 3:** SEDESA shall receive no compensation whatsoever for its activities as trustee of the D.G.F. The operational expenses of the corporation shall be those strictly necessary to operate and must be covered with the income of the D.G.F. The amendment of its by-laws or of its capital stock shall require at least the favorable vote of the shares belonging to the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA.

Section 4: The charter and by-laws of SEDESA, as well as any proceedings which must be given public deed rank, 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 SUPERVISORY BODY OF LEGAL ENTITIES is instructed to grant the respective agreements or authorizations and to take note of the recording of SEDESA on the registry kept by said body.

⁽⁶⁾ **Section 6:** The financial entities authorized to operate in the ARGENTINE REPUBLIC shall obligatorily deposit with the D.G.F. a normal monthly assessment to be determined by the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA between a minimum of ZERO DECIMAL POINT ZERO FIFTEEN PER CENT (0.015%) 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 foreign currency constituted with the financial institutions, and with the additional assessments that the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may establish for each entity on the basis of the risk indicators it may deem appropriate. In no case the additional assessment of an entity shall exceed the equivalent of a normal assessment.

In what refers to the calculation of the average of the daily balances of deposits in pesos and in foreign currency, the deposits corresponding to national official accounts opened with the BANCO DE LA NACION ARGENTINA are excluded.

The BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may determine that the payment of the assessment be in cash, or through the assumption of the commitment to make said payment, implemented under the conditions and formalities that the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may determine, and the contributing financial entities, in this last case, shall comply with the rules in force pertaining to minimum capital requirements. Said commitments may not be over the FIFTY PER CENT (50%) of the pertaining assessment to be made.

⁽⁷⁾ **Section 7:** The BANCO CENTRAL DE LA REPÚBLICA ARGENTINA

⁽⁵⁾ Decree N° 1292/96, section 3

⁽⁶⁾ Decree N° 1292/96, section 3

⁽⁷⁾ Decree N° 1292/96, section 3

shall determine the deadline of the obligation to deposit the assessments. The financial entities shall punctually deposit their assessments as a condition for operating legally. All financial entities that start to operate in the ARGENTINE REPUBLIC may join the trust referred to in Section 2 of the present Decree, and those who cease operating shall lose their capacity to integrate it, making cession of their right to the face value of SEDESA's shares. The Authority of Application shall annually establish the proportion of participation in the trust for each financial entity, and the transfers corresponding to the face value of the shares shall be immediately effected.

⁽⁸⁾ **Section 8:** When the D.G.F. reaches the amount of TWO THOUSAND MILLION PESOS (\$ 2,000,000,000) or FIVE PER CENT (5%) of the total deposits to the financial system, should such proportion be higher, the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may suspend or reduce the obligation of making assessments to the D.G.F., totally or partially restoring said obligation when the D.G.F. decreases from said amount or proportion. To the purposes of this Section, only the cash assessments made by the financial entities shall be computed. The BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may adapt the total amount that the D.G.F. must reach, when it considers that the accumulated amount is sound in relation to the financial market situation and to the functions of the D.G.F.

⁽⁹⁾ **Section 9:** At any time, the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may require from the financial institutions the advance payment of the contribution of up to TWO (2) years of the minimum foreseen for the normal assessments, whether it be totally in cash or including the assessment commitments up to the maximum authorized by Section 6 of the present Decree. It may also demand from whatever contributing financial entity the constitution of collaterals for the operations referred to in Paragraph e) of Section 10 bis of the present Decree. The BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may, at SEDESA's requirement, debit directly the normal or additional assessments due by the financial entities, from the funds deposited by these with said Institution. It may proceed likewise in case the assessment commitments foreseen in Section 6 of the present Decree are not complied with.

The collaterals to be granted by the financial entities, in accordance to the provisions of the preceding paragraph, shall be determined on the basis of the amounts that individually pertain to them, and shall be at first request and in the conditions and formalities stipulated in this regard by the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA.

⁽¹⁰⁾ **Section 10:** The resources of the D.G.F. shall be invested in similar conditions to those set for the placement of the international foreign currency reserves of the BANCO CENTRAL DE LA REPÚBLICA

(8) Decree N° 1292/96, section 3

(9) Decree N° 1292/99, section 1

(10) Decree N° 1292/96, section 3

ARGENTINA. Notwithstanding this, the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may authorize that up to FIFTY PER CENT (50%) of the assets composing the D.G.F. is invested in government public bonds. The earnings of the D.G.F. shall be a part of it and shall be reinvested in the same conditions. SEDESA shall monthly inform the public and the SUPERINTENDENCY OF FINANCIAL AND FOREIGN EXCHANGE INSTITUTIONS the balance of the D.G.F.

⁽¹¹⁾ **Section 10 bis:** SEDESA may perform, with the resources of the D.G.F., the following transactions:

- a) To make effective the coverage of the guarantee to the depositors, with the limits and conditions set forth in these presents and its regulatory, complementary and clarifying provisions.
- b) To make capital contributions, non reimbursable contributions or loans to:
 - (I) The financial institutions which are subject to a regularization and restructuring plan and to the effect of supporting the fulfillment of same
 - (II) The financial institutions which acquire assets and take in charge the payment of the deposits of another institution subject to the regime of Section 35 bis and concordant of Law on Financial Entities N° 21,526 and its modifying laws, when it were convenient to compensate the inadequacy of said assets with regard to the whole of the deposits transferred; or
 - (III) The financial institutions which take over or purchase financial institutions in the framework of a regularization and restructuring plan.
- c) To enter, with financial entities acquiring assets and taking charge of the payment of the deposits of another entity subject to the regime of Section 35 bis and concordant of Law N° 21,526 and its modifications, a contract of sale option in favor of the acquiring entity, on the whole or part of the assets transferred.

The transaction foreseen in this Paragraph may be performed through the constitution of a trust agreement to which the assets of an entity subject to the regime of Section 35 bis of the above mentioned Law are transferred, and in which SEDESA, in its capacity of administrator of the D.G.F., acquires beneficiary right on the proceeds of the sale or of the liquidation of the assets transferred to the trust agreement.
- d) To acquire deposits of banks suspended under Section 49 of Law N° 24,144, up to the amounts of the guarantees foreseen in Section 13 of the present Decree, surrogating itself in the rights of the depositors.
- e) To borrow or to receive loans or to enter whatever other credit operation

⁽¹¹⁾ Decree N° 1292/99, section 2

on charge of the D.G.F., in its capacity of administrator of same, for up to an amount not higher than the total amount of the monthly normal and additional assessments of the financial entities referred to in Section 6, be it cash or through the assumption of the commitment to contribute in accordance to the provisions of Section 6, during the period of TWO (2) years to be counted as from the moment when the loan or the credit transaction is performed. To the effect of determining the total assessments during the above mentioned TWO (2) years term, the amount of the monthly assessments of each entity at the time of contracting the loan or performing the credit transaction, shall be computed.

- f) To perform, maintain or finance swap programs with foreign banks, with the purpose of contributing to the stability of the Financial System, with the previous agreement of the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA, and with charge to the D.G.F.

The application of the alternatives foreseen in the foregoing paragraphs b), c) and d) as well as the transactions to which paragraph e) refers, shall be exclusively decided by a Steering Committee, the decisions of which shall be binding to SEDESA. A representative of the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA and a number of members to be determined in the Trust Agreement between a minimum of FOUR (4) and a maximum of SEVEN (7) representatives of the financial entities which contribute to the D.G.F. shall compose such Committee.

The representative of the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA shall be the President and will have a right of veto, but no right to vote.

The members shall have a right of vote in proportion to the assessments made to the D.G.F. by the institutions they represent and in accordance to the provisions of the Trust Agreement.

The Steering Committee shall decide on the application of some of the alternatives foreseen in the preceding paragraphs b), c) and d) when, on the basis of estimates which may be made at the time when the decision must be taken, their adoption implies a direct cost on the D.G.F. lower than that which would result in charge of the D.G.F. in case the authorization to operate of the affected institution were revoked and the payment to the depositors, foreseen in the preceding paragraph a), were to be effected, for which purpose the equity capital situation of the affected institution and the possible recovery of SEDESA's disbursements by way of subrogation shall have to be taken into account.

Exceptionally, and in case it is reckoned that the revocation of the authorization to operate of the affected entity could endanger the stability of other financial entities or of the financial system as a whole, the application of some of the alternatives foreseen in the preceding paragraphs b), c) and d) may be admitted even though this may imply a higher direct cost for the D.G.F. than the one resulting from the application of alternative

foreseen in paragraph a), however in no way such cost may be higher than the total amount of the guaranteed deposits constituted at the affected financial entity.

Any aspect referring to the Steering Committee shall be foreseen in the Trust Agreement to be entered into by the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA and SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA.

Section 11: The deposits in PESOS and in foreign currency constituted with the participating entities under the form of checking accounts, saving accounts, certificates of deposit or other forms that the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA 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 entities with other intermediaries, including certificates of deposit acquired by secondary negotiation.
- b) Deposits made by persons connected, directly or indirectly, to the entity, according to the established guidelines or to those guidelines to be established in future by the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA.
- c) Certificates of deposit of securities, acceptances or guarantees.
- d) Deposits constituted after July 1 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 NACIÓN ARGENTINA corresponding to the day prior to that of the deposit. The BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may modify the reference rate set forth in this clause, communicating it with an anticipation of FIVE (5) banking working days.
- e) All other deposits which the Authority of Application may exclude in future.

⁽¹²⁾ **Section 13:** The guarantee will cover the reimbursement of the sight deposits or of the certificates of deposit constituted for up to the amount of THIRTY THOUSAND PESOS (\$ 30,000).

The BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may decide, at any time and with a general character, the modification of said coverage amount of the guarantee system, on the basis of the evolution that the process of consolidation of the financial system shows, and of other indicators it may deem convenient.

Deposits for amounts higher than the amount of the coverage are also included in the guarantee regime up to the maximum limit.

(12) Decree N° 1127/98, section 1

⁽¹³⁾ **Section 14:** The reception by the depositors of the amounts disbursed by SEDESA with the funds available in the D.G.F., implies the legal subrogation in favor of SEDESA in the rights to collect from the liquidation or bankruptcy of the entity, with the privileges corresponding to the depositors and with collection priority over them up to reaching the amounts paid by SEDESA in accordance to the provisions of Section 13 of the present Decree.

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 authorization to operate shall be computed. In the accounts and certificates of deposit made 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.

⁽¹⁴⁾ **Section 16:**

Section 17: The guarantee shall be paid in a subsidiary and complementary manner to the reimbursement of deposits by application of the privilege set forth in the law on financial entities, within the term of THIRTY (30) working days as of the day following that of the revocation of the authorization to operate of the entity, provided the depositors meet the established requirements and the D.G.F. has funds available. At SEDESA's request, the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may authorize the extension of said term, when the number of beneficiaries in process of settlement so justifies it. When the resources of the D.G.F. 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 D.G.F. reports the existence of financial availability. In these cases and when there were more than one entity whose authorization had been revoked, the payment priority shall be governed by the chronological order resulting from the beginning of the counting of the term of payment of the guarantee. In no case shall the D.G.F. cover or acknowledge interests for the period going from the original due date of the deposits 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 capital deposited. With this last purpose and in order to equalize the balances of the total deposited when dealing with deposits in foreign currency, its equivalent in pesos shall be applied

(13) Decree N° 1292/96, section 3

(14) Repealed by Decree N° 1127/98, section 2

according to the seller rate of exchange for bills of the BANCO DE LA NACIÓN ARGENTINA, corresponding to the day prior to that of the revocation of the authorization to operate of the entity concerned.

⁽¹⁵⁾ **Section 19:** SEDESA may reject or postpone until its judicial recognition the request for coverage of the guarantee when the respective deposits do not meet the formal or substantial requirements set forth in the present regulations or other provisions that the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may issue.

⁽¹⁶⁾ **Section 20:** SEDESA 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 entities which were not suspended by the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA or whose authorization to operate had not been revoked.

Section 22: The BANCO CENTRAL DE LA REPÚBLICA ARGENTINA shall be the Authority of Application of the system created by Law 24,485 and regulated herein, it being authorized 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 ENTITIES depending from the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA its opinion regarding the financial entities 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 authorization to operate or of transformation under consideration by the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA.

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.

(15) Decree N° 1292/96, section 3

(16) Decree N° 1292/96, section 3

5. Communiqués of the Banco Central de la República Argentina

Comunicado "B" 6506 (April 5, 1999)

With regard to the ex-officio calculation that the B.C.R.A. performs with regard to the assessments of the different entities to the Deposit Guarantee Fund (Comunicado "A" 2718), Comunicado "B" 6056 stipulates that, in case all the information required to that effect were not available, the B.C.R.A. shall proceed taking as basis the last available information of the monthly averages of the daily deposits balances subject to contributions (even though it did not correspond to the immediate second prior to the assessment), and to multiply it by factors "0.03" and "1.5" (average between 1 and 2, values within which the correcting index I_c may fluctuate).

Should the average mentioned in the above paragraph not be available, the B.C.R.A. shall take as a calculation basis the addition of the end of the month balances of the deposits covered.

Comunicado "A" 2926 (May 24, 1999)

The B.C.R.A. informs on a new register design to be used by the administrators of the credit portfolios of former financial entities, to report the list of debtors in irregular situation (a consolidated list is available for the financial entities).

Comunicado "B" 6575 (August 27, 1999)

It informs the proportion in which each financial entity participates, as at December 1998, in the Trust Agreement which controls SEDESA.

Comunicado "B" 6587 (September 23, 1999)

The B.C.R.A. requests that determined information regarding Financial Trust Agreements in whose assets there were credits originated in financial entities, including those in which Seguro de Depósitos S.A. has the character of beneficiary, be transmitted to the Superintendency of Financial and Foreign Exchange Entities of the B.C.R.A.

Comunicado "A" 3041 (December 20, 1999)

It up-dates the methodology on which basis the monthly assessment of the financial entities to the Deposit Guarantee Fund is calculated.

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