

SEDESA

Seguro de Depósitos S.A.

General Review
2004

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I. What is SEDESA?

Seguro de Depósitos Sociedad Anónima (SEDESA) is a private corporation established according to the regime of the Law of Commercial Societies (N° 19,550) and its modifications. In fulfilment of the provisions of Law N° 24,485 (Official Gazette 18.04.95), its creation was provided for by Decree N° 540/95 of the National Government Executive Branch, with the purpose of administering (as trustee) the Deposit Guarantee Fund (DGF), also created by said decree.

On December 2001, through Decree N° 32 (Official Gazette 27.12.01) the creation of the Banking Liquidity Fund (BLF) was established, entrusting to SEDESA its administration in the capacity of trustee of said Fund. Consequently, it was decided to widen the social purpose of SEDESA so that it might fulfil the functions of trustee which the National Government or the Central Bank of the Argentine Republic (BCRA) might entrust to it (section 8,9 and 10, Decree N° 32/01).

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 Central Bank of the Argentine Republic (BCRA), holds a Class "A" share.

The remaining 999,999 shares are Class "B" and their holder is Caja de Valores S.A. as trustee owner, in accordance with the Trust Agreement subscribed on August 15, 1995, between the financial entities who wished to take part in the subscription and Caja de Valores S.A.

SEDESA's functions as Administrator of the DGF, established in its constituting regulations, 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 pertaining modifying and relevant regulatory provisions.

2. To make capital contributions, non-reimbursable contributions or loans to:

2.1 Financial entities subject to a regularization and rehabilitation plan, so that they may comply with their obligations.

2.2 Financial entities which purchase assets and take charge of the payment of the deposits of another entity, subject to the regime laid down by section 35bis of the Law of Financial Entities, when this were convenient

to compensate the insufficiency of said assets with regard to the deposits transferred.

2.3 Financial entities which take-over or acquire other financial entities, within the framework of a plan of regularization and rehabilitation.

3. In the case of entities which acquire assets and take charge of the payment of the deposits of another entity, subject to the regime laid down by section 35bis of the Law of Financial Entities, to enter into a sale option contract in favour of the acquiring entity, with regard to the whole or part of the transferred assets, all of which may also be done via the constitution of a Trust Agreement.

4. To acquire deposits of suspended banks, up to the sum of the guarantee, surrogating itself in the rights of the depositors (including the reimbursement of the sums deposited in the special accounts covering the crediting of wage and salary payments to the pertinent beneficiaries - section 1, Law 24,485, text as laid down by Law 25,089 -).

5. To assume obligations to be charged to the DGF, within limits laid down at the appropriate moment.

6. To make, maintain or finance swap programs with foreign banks with the purpose of contributing to the stability of the Argentine financial system, with the previous agreement of the Banco Central de la República Argentina and to the cost of the DGF.

The applicability of alternatives 2, 3, 4 and 5 is firstly decided by a Steering Committee (permanent collegial body) presided over by a representative of the Banco Central de la República Argentina (BCRA), entitled to the right to opine but without the right to vote, although he has the possibility of veto, plus five members, in line with the Trust Agreement of 7th March 1997. In this regard, the decisions taken by the Steering Committee will be obligatory for SEDESA.

The DGF is constituted by the obligatory assessments to which all financial entities authorized to operate in the country contribute on a monthly basis, on the deposits constituted in pesos and in foreign currency.

For its part, the BLF was constituted with the purpose of endowing with adequate liquidity the financial system, at a time when it was going through a critical situation. On 17/01/2002 SEDESA entered into, with the BCRA, acting as representative of the National Government and for the order and account of the Financial

Entities, the trust agreement which establishes the scope of its activity as trustee and administrator of the BLF. The resources of the BLF would come from the subscription of certificates of participation in said Trust Agreement (Class A) by the financial entities, in a proportion of the deposits of the private sector that each one of said entities registered as at the month of November 2001. With the same purpose, it was foreseen that the National Government annually subscribed certificates of participation (Class B) for the equivalent of 50% of the profits

that the BCRA transferred freely to it in accordance with the stipulations of its Charter, as from the financial year 2002.

The administration of this Fund by SEDESA has had an initial and transitory character; the BCRA, after sharply reducing the assessments from the financial entities as from March 2002, decided to suspend them in April of that year (Comm. "A" 3582), a measure which at the date of presenting this report, is still valid.

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

Board of Directors

Chairman

José Carlos Jaime

Vice-Chairman

Hernán del Villar

Director

Martín Lagos

Alternate Directors ¹

Alberto Patricio Huergo

Eduardo Javier Romero

Syndics' Committee

Syndics ²

Adolfo César Diz

Eugenio Carlos Gallegos del Santo

Enzo Agustín Vivian

Alternate Syndics ³

Eduardo Jorge Fasulino

Carlos Langbehn

Ricardo Enrique De Lellis

(1) Up to 31/08/04 Mr. Juan Carlos Cassagne acted as an Alternate Syndic.

(2) Up to 22/12/04 Mr. Juan Martín Lanfranco acted as Syndic.

(3) Up to 22/12/04 Mr. Federico Caparrós Bosch acted as Alternate Syndic.

III. Depositor Protection Systems

1. Fifth Symposium on Deposit Insurance organized by SEDESA

Continuing with the tradition initiated in 1999, on 25th March 2004 the Fifth Symposium on Deposit Insurance took place in Buenos Aires. The subject under discussion was "Financial Crises, their Prevention, Diagnoses and Resolution".

On this occasion, representatives of the Bank of International Settlements of Basle (BIS), of the Chicago Federal Reserve, of the International Monetary Fund (IMF) of the Office of the Comptroller of Currency in the USA (OCC), and the Federal Deposit Insurance Corporation (FDIC), contributed to the success of this meeting.

2. Seminar concerning the New Concepts governing Risk Management, as per Basle II

Bearing in mind the introduction of a new agreement on minimum capitals laid down by the Banking Supervisory Committee of Basle, which will undoubtedly have great importance on the development of financial activity as from the year 2006, Sedesa's Board thought it wise, in the light of its international relations, to offer the principal actors of the Argentine financial system an explanation of the mechanisms and consequent repercussions which said agreement will bring in its train. In this regard, a special meeting took place on November 30th 2004, to discuss all the above, with the participation of representatives of the Office of the Comptroller of the Currency (OCC) and the Bank of International Settlements, plus representatives of the BCRA, other financial entities and leading academics and businessmen.

3. Symposium on the Safety Net

Together with the American University in Paris, a Symposium was organized in that capital city on June 15th 2004, during which the following two main subjects were discussed: "The Safety Net - Its Components" and "Rules undertaken by the various actors of a Safety Net".

On said occasion, representatives of the Bank of International Settlements; European Central Bank; Federal Reserve Bank of Philadelphia and the Bank of France graced the Seminar with their presence and knowledge.

4. Working Papers

In the light of the various consultations which are usually received, the following documents were prepared during the period under review, concerning the

below-mentioned topics:

- The Deposit Insurance Vademecum - Recommendations on Deposit Insurance.
- Differentiating Premia in Deposit Insurance Schemes.
- Concerns about Basle II.

5. Depositor Protection Systems Compared

On the basis of the information provided by the organizations managing deposit insurance systems, central banks and the International Monetary Fund, as from next page, in **Table I**, an up-dated panorama of the explicit deposit insurance systems in force is detailed.

For the purpose of better individualization, below are indicated the pages on which one may find each country:

GROUP OF COUNTRIES	PAGE
Albania, Argentina, Austria, Bahamas, Bahrain, Bangladesh, Belgium, Bosnia and Brazil	10
Bulgaria, Canada, Chile, Colombia, Croatia, Cyprus, Czech Republic, Denmark and Dominican Republic	12
Ecuador, El Salvador, Estonia, Finland, France and Germany	14
Greece, Guatemala, Honduras, Hungary, Iceland, India, Ireland, Isle of Man and Italy	16
Jamaica, Japan, Jordan, Kenya, Korea, Lebanon, Lithuania and Luxembourg	18
Mexico, Morocco, Netherlands, Nigeria, Norway, Oman, Peru and Philippines	20
Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sri Lanka	22
Sudan, Sweden, Switzerland, Tanzania, Trinidad & Tobago, Turkey, Uganda United Kingdom and United States	24
Venezuela and Yugoslavia Gibraltar and Taiwan	26

Table I Main Characteristics of Explicit Deposit Guarantee Systems

Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Albania	Deposit Insurance Agency	PU	Compulsory 2002	No	647,500 leks	
Argentina	Seguro de Depósito S.A (SEDESA)	PR	Compulsory 1995	No	Sight or Term Deposits up to 30,000 pesos per account (1)	
Austria	Several (2)	PR	Compulsory 1979	No	20,000 Euros. Partial coverage (90%) for institutional investors	
Bahamas	Deposit Insurance Corporation	PU	Compulsory 1999	No	50,000 Bahamas Dollars	
Bahrain	...	JOINT	Compulsory 1993	...	100% up to 2,000 dinar	
Bangladesh	...	PU	Compulsory 1984	...	100,000 Taka	
Belgium	Fund Management Committee	PU	Compulsory 1974	...	20,000 Euros	
Bosnia	...	PU	1998	...	5,000 marka	
Brazil	Management Council of the Credit Guarantee Fund	PR	Compulsory 1995	No	20,000 Reais	

(1) Deposits receiving a higher yield than that of the rate called "reference rate", surveyed by the Central Bank, are excluded from the guarantee system.

(2) Five 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.

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

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	6,227	200	50 yearly BP and it can amount to 70 BP depending on risk premium	...
	10,000	300	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
	27,100	87	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
	50,000	559	20 yearly BP	...
	100% up to 5,320	49	In charge of the Government (ex post)	It may borrow from the markets or from the Central Bank
	1,685	478	0.5 yearly BP	It may borrow from the Government
	27,100	96	From 2 to 4 yearly BP (3)	There may be additional assessments up to twice the value of the ordinary assessments
	3,113	...	30 yearly BP	...
	6,900	250	10 yearly BP	It may borrow funds from the Central Bank, extraordinary assessments, or advances up to 12 monthly assessments

Table I Main Characteristics of Explicit Deposit Guarantee Systems (continued)

Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Bulgaria	Management Board	PU	Compulsory 1998	...	Partial coverage. Maximum disbursement: 15,000 Leva	
Canada	Board of Directors of the Fund	PU	Compulsory 1967	No	45,600 Canadian Dollars	
Chile	Board of Directors	PU	Compulsory 1986	No	90% up to 120 financial units	
Colombia	Financial Institutions' Guarantee Fund (FOGAFIN)	PU	Compulsory 1985	...	75% of 10 million Pesos	
Croatia	Agency for Deposit Guarantee and Bank Rehabilitation	PU	Compulsory 1997	...	100,000 Kunas	
Cyprus	Depositors' Protection Scheme	PU	Compulsory 2000	No	90% up to the equivalent of 20,000 euros	
Czech Republic	Deposit Insurance Fund	PU	Compulsory 1994	No	25,000 Euros	
Denmark	Board of Directors, with the assistance of the Central bank in the management of operational topics	PR	Compulsory 1987	No	40,000 Euros	
Dominican Republic	...	JOINT	Voluntary 1962	...	Partial coverage, up to 205,244 pesos	

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	Partial coverage. Maximum disbursement: 9,290	370	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
	37,400	169	From 4 to 33 yearly BP, depending on risk	It may request additional funds from the Government or request private sector financing
	5,500	121	From 10 to 15 yearly BP, depending on risk	The premium may be increased up to 30 BP of the deposits
	75% up to 7,450	399	30 yearly BP	...
	16,300	251	80 yearly BP	The Fund may request loans from the Central Bank
	90% up to the equivalent of 27,100	631	Initial assessment + supplementary and special, the maximum being 30 BP of deposits	It may request loans from the Central Bank, the Government or the financial sector
	33,875	406	10 BP for the banks and 5 BP for savings and loans banks on the insured deposits.	The Central Bank and the Government can make loans to the Fund, with the purpose of covering shortfalls
	54,200	137	Max. 20 yearly BP	Within certain limits, the Fund may borrow from the Government
	Partial coverage, up to 5,300	280	18.75 yearly BP	...

Table I Main Characteristics of Explicit Deposit Guarantee Systems (continued)

Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Ecuador	Deposit Guarantee Agency	PU	Compulsory 1998	
El Salvador	Deposit Guarantee Institute	PU	Compulsory 1991	No	55,000 Colones	
Estonia	...	PU	Compulsory 2002	No	Partial coverage (90%) of deposits up to 12,778 euros (4)	
Finland	Board of Government (5)	PR	Compulsory 1970	No	25,000 euros	
France	Board of Directors under the control of a Syndics' Committee formed by representatives of the member banks (6)	PR	Compulsory 1980	No	70,000 Euros	
Germany	The Association of Private Banks (7)	PR	Voluntary 1976	No	Up to 30% of the core capital of the bank per depositor	
	The Association of Private Banks and Federal Association of Public Banks, per delegation	PR	Compulsory 1998	No	Partial coverage (90%) of up to 20,000 Euros	

(4) Up to July 2002 the coverage was up to 2,558 euros. As from Dec. 2003, it was of 12,788 euros and as from Dec. 2005 of 12,788 euros to attain, as maximum, on Dec.2007, 20,000 euros.

(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.

(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.

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	3,250	156	65 BP + risk premium	...
	6,286	274	10 yearly BP	The assessment may be increased up to 30 BP
	17,328	252	Maximum 50 BP	...
	33,875	109	Between 5 and 25 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
	94,850	324	20 yearly BP, which may vary in accordance with the funds availabilities	Unlimited legally, without endangering the stability of the banking system
	Up to 30% of the core capital of the bank per depositor	...	From 3 to 7.5 yearly BP	The yearly assessment may be doubled
	27,100	93	3 yearly BP	It may establish special assessments and borrow funds

Table I Main Characteristics of Explicit Deposit Guarantee Systems (continued)

Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Greece	Greek Banks' Association	JOINT	Compulsory 1995	...	20,000 Euros	
Guatemala	Bank of Guatemala	PU	Compulsory 1999	...	20,000 quetzales	
Honduras	Administrative Board	JOINT	Compulsory 1999	No	150,000 lempiras	
Hungary	Government Board	PU	Compulsory 1993	No	20,000 euros	
Iceland	...	PU (commercial) and PR (savings)	Compulsory 1985	...	20,000 euros	
India	Deposit Insurance and Credit Guarantee Corporation	PU	Compulsory 1962	...	100,000 Rupees	
Ireland	Central Bank	PU	Compulsory 1989	...	Partial coverage (90%). Maximum disbursement: 20,000 euros as from year 2000	
Isle of Man	Commission of Financial Supervision	PU	Compulsory 1988	No	15,000 euros	
Italy	Council of the Interbank Deposit Protection Fund	PR	Compulsory 1987	No	103,291 euros	

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	27,100	172	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
	2,532	126	100 yearly BP of the deposits	The Fund may request extraordinary contributions to the Government of the Republic
	8,710	871	10 yearly BP of deposits on closing date of previous financial year	The Central Bank must have a contingency line with FOSEDE
	27,100	323	Initial assessment + 20 yearly BP as maximum limit	The Government guarantees the loans that the Fund may request from the Central bank or other credit institutions
	27,100	93	15 BP	...
	2,160	387	5 yearly BP on total deposits	Government support through the Reserve Bank subject to prior parliamentary approval
	Partial coverage (90%). Maximum disbursement: 27,100 as from year 2000	90	Initially, 20 yearly BP on total deposits in Pounds. Presently, extraordinary assessments only	The Central Bank may request special assessments and lend funds
	20,325	...	12.5 BP	...
	139,959	547	There are different graduations according to risk	Should the Fund be insufficient, there is no contingency support. In such a case, two options are possible: to defer payment or to diminish the compensation to be paid

Table I Main Characteristics of Explicit Deposit Guarantee Systems (continued)

Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Jamaica	Deposit Insurance Corporation	PU	Compulsory 1998	No	300,000 Jamaica Dollars	
Japan	Deposit Insurance Corporation	PU	Compulsory 1971	No	Up to 10 million yen only for term deposits, as the rest enjoys full coverage up to March 2005	
Jordan	Deposit Insurance Corporation	PU	Compulsory 2000	...	10,000 dinar	
Kenya	Deposit Gurantee System	PU	Compulsory 1985	No	100,000 Shillings	
Korea	Korea Deposit Insurance Corporation	PU	Compulsory 1996	No	50 mill. won	
Lebanon	...	JOINT	Compulsory 1967	...	5,000,000 Lebanese pounds	
Lithuania	Insurer of Deposits and Investments	PU	Compulsory 1996	No	As from June 2002, 45,000 lats. As from January 2004, 50,000 lats. As from January 2007, 60,000 lats	
Luxembourg	Luxembourg Association for Deposit Guarantee (9)	PR	Compulsory 1989	No	20,000 euros	

(8) or 300,000 Ksha, the amount that results higher.

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

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	4,863	170	15 yearly BP	The Fund may borrow money from the market or from the Government. It may also increase the assessment with official approval
	Up to 91,200 only for term deposits, as the rest enjoys full coverage up to March 2005.	271	8 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
	14,104	796	25 yearly BP	It has access to the financial market. The assessment may be doubled.
	1,314	292	15 yearly BP (8)	The Central Bank can make loans to the Deposit Guarantee System
	43,365	342	10 yearly BP for commercial banks and up to 30 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
	3,317	...	5 yearly BP in charge of the entities + 5 BP in charge of the Government	The Central Bank can make loans interest-free
	As from June 2002, 15,600. As from January 2004, 17,403. As from January 2007, 20,885	329	Commercial Banks: 45 yearly BP. Credit Unions: 20 yearly BP	The Government can contribute additional resources
	27,100	46	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

Table I		Main Characteristics of Explicit Deposit Guarantee Systems (continued)				
Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Mexico	Institute for the Protection of Bank Savings	PU	Compulsory 1986	No	Without limits (10)	
Morocco	Central Bank	PU	Compulsory 1993	No	50,000 Dirhams	
Netherlands	The Netherlands Bank	PU	Compulsory 1978	...	20,000 Euros (11)	
Nigeria	Deposit Insurance Corporation of Nigeria	PU	Compulsory 1988	It performs supervision tasks	50,000 Naira (12)	
Norway	Commercial Banks' Contingency Fund Board	PR	Compulsory 1961	No	2,000,000 Kroner	
Oman	Bank Deposits' Insurance System Fund	PU	Compulsory 1995	No	Partial coverage (75%) up to 20,000 rials Omani	
Peru	Deposit Insurance Fund FSD	JOINT	Compulsory 1992	No	68,474 Nuevos Soles (13)	
Philippines	Philippines Deposit Insurance Corporation (14)	PU	Compulsory 1963	No	100,000 Pesos Filipinos	

(10) A transition régime is in force in Mexico, during which the maximum amount guaranteed to the depositor will go from the present unlimited value, to 400,000 Investment Units as from 01.01.05 (approx. 118,800 dollars as at December 2003).

(11) In year 2000 this maximum amount shall be fixed again taking into account the variation in price indices as from year 1995.

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

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	Without limits	...	44 yearly BP plus extraordinary assessment plus a premium according to risk level (max. 80 BP)	The addition of ordinary and extraordinary assessments shall not exceed 80 yearly BP
	5,523	386	Max.: 25 yearly BP	The Central Bank may decide that additional assessments be effected, up to the maximum allowed
	27,100	85	On demand, ex post. It cannot exceed, yearly, 10% of corporate equity	The Central Bank may grant loans, if it so wishes
	92	24	93.75 yearly BP	The Government may grant loans, if it so wishes
	288,184	591	1 yearly BP, plus a premium according to risk level	Guarantees issued by the member banks in proportion to their non-covered deposits; said guarantees have sureties in cash or in deposits of Government bonds at the Bank of Norway
	Partial coverage (75%) up to 52,015	709	Initial assessment plus 2 yearly BP on deposits. The Central Bank makes assessments, also	It may borrow funds from the Government, the Central Bank and the contributing banks
	20,400	915	From 45 to 145 BP, depending on risk	The Fund may request loans from the Treasury
	1,800	182	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

[13] Adjustable according to inflation.

[14] 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.

Table I Main Characteristics of Explicit Deposit Guarantee Systems (continued)

Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Poland	Fund for Banking Guarantee	PU	Compulsory 1995	...	100% up to 1,000 euros and 90% for following amounts up to 18,000 euros in 2002 and 22,500 euros in 2003	
Portugal	Board of three members. The Central Bank provides the administrative support	PU	Compulsory 1992	No	25,000 euros	
Romania	Banking System Deposits' Guarantee Fund	JOINT	Compulsory 1996	No	6,000 euros .It will be increased up to reaching 20,000 euros in 2007	
Slovak Republic	Fund Committee	JOINT	Compulsory 1996	...	7,100 euros (16)	
Slovenia	Agency of the Republic of Slovenia for the Insurance of Deposits in Banks and Savings Banks	PU	Compulsory 1999	No	5,100,000 SIT	
Spain	Managing Society of Funds for Guarantee of Deposits in Credit Institutions (17)	JOINT	Compulsory 1977	No	20,000 euros	
Sri Lanka	Central Bank	PU	Voluntary 1987	...	100,000 Sri Lanka Rupees	

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

(16) A gradual increase in coverage is expected, until reaching 20,000 euros.

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	100% up to 1,355 and 90% for following amounts up to 24,390 in 2002 and 38,500 in 2003	709	Up to 40 yearly BP	...
	33,875	231	Initial assessment + between 12 and 24 yearly BP, depending on the entity's capitalization level	...
	8,130. It will be increased until it reaches 27,100 in the year 2007	319	80 yearly BP	The Fund may request from the banks a special assessment, which cannot be more than double the yearly contribution (15)
	9,621	151	From 10 to 30 yearly BP, depending on the type of entity	The Central Bank may make loans, if it so wishes
	25,600	183	Explicit: underwritten by the financial entities	...
	27,100	133	10 Yearly BP	Only with an exceptional character, a Fund may receive contributions from the Bank of Spain, in which case the amount must be established by law
	970	108	15 yearly BP	...

(17) 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 (FGDCA)" (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.

Table I Main Characteristics of Explicit Deposit Guarantee Systems (continued)

Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Sudan	Banking Deposits Guarantee Fund	JOINT	1996	
Sweden	Deposit Guarantee Committee	PU	Compulsory 1992 (18)	No	250,000 kronor	
Switzerland	Swiss Bankers' Association	PR	Voluntary 1984	No	30,000 francs	
Tanzania	Deposit Insurance Board	PR	Compulsory 1994	No	250,000 Shillings	
Trinidad & Tobago	Deposit Insurance Corporation	PU	Compulsory 1986	...	50,000 TT Dollars	
Turkey	Central Bank	PU	Compulsory 1983	No	50 TL billion	
Uganda	Central Bank	PU	Compulsory 1994	No	3,000,000 Shillings	
United Kingdom	Board of the Deposit Protection Fund (20)	PU	Compulsory 1982	No	Maximum 31,700. (100% up to 2,000 and 90% in the following 33,000)	
United States	Federal Deposit Insurance Corporation (FDIC)	PU	Compulsory 1933	Yes	100,000 Dollars	

(18) 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.

(19) 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.

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	...	29	20 yearly BP	It may request loans
	33,200	98	Between 6 yearly BP and 14 yearly BP of the guaranteed deposits	It may borrow from the National Government
	23,560	53	On demand	Subscribed by the member banks
	231	87	10 yearly BP on average deposits	The Central Bank may grant loans
	7,970	111	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 (19)
	33,314	991	100 yearly BP plus additional sum, covering risk	It may borrow from the Central Bank, upon request from the Minister in charge of Economic Affairs
	1,747	694	20 yearly BP on deposits from the banks. Same amount from the Government	The Government may grant loans, if it so wishes
	Maximum 56,743 (100% up to 3,586 and 90% in the following 59,165)	187	Initial assessment plus further limited contributions which cannot be above 30 BP on guaranteed deposits	The Board may request special assessments and may apply for loans
	100,000	267	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

(20) 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.

Table I Main Characteristics of Explicit Deposit Guarantee Systems (continued)

Country	Management	Administration Characteristics	Assessment Characteristics and Year of Creation	Exercises Supervision	Maximum Protection Level (in the currency of origin)	
Venezuela	Directing Board	PU	Compulsory 1985	No	10,000,000 Bolívares for deposits in Bolívares	
Yugoslavia	Agency for Deposit Insurance, Bank Rehabilitation, Bankruptcy and Liquidation	PU	Compulsory 1989	No	...	

There are certain regimes within the System of Deposit Guarantees which respond to the following characteristics:

Gibraltar	Deposit Guarantee Board	PR	Compulsory 1998	No	90% of deposit up to 20,000 euros	
Taiwan	Board composed of Finance Ministry and Central Bank	PU	Compulsory 1985	Yes	1,000,000 NT Dollars, covering deposits in local currency	

	Maximum Protection Level (in USA Dollars)	Maximum Protection Level (as % of the per capita GDP)	Ratio Assessments / Deposits in basis points (BP)	Contingency Assessments
	5,214	138	50 yearly BP	The assessment percentages may be modified, and a mechanism of differential assessments may be established
	Determined by the Central Bank according to entity	...

	90% of deposit up to 27,100	...	Ex - post upon request	No
	31,447	221	From 5 to 6 yearly BP on deposits, according to risk	The Central Bank may grant loans, if it so wishes

IV. The Argentine Financial System

1. Monetary Aggregates

In December 2004 the M1 monetary aggregate was 23.0% higher than in December 2003. As may be observed in Table II and Chart 1, as a proportion of GDP the ratio was 16.5%.

Within the components of M1, over the period above-mentioned, the growth of bills and coins reached 26.7% and that of current accounts, 19.6%.

The more ample monetary aggregate of M2 surpassed the growth of M1, with an expansion of 26.5%, propelled by a raise in deposits in

savings accounts.

It should be pointed out that the sharp increase in total deposits is the result of the strong growth in those made by the non-financial public sector, of more than 71%, as those made by the private sector only grew by 28%.

As percentage of GDP, the ample monetary aggregate M2 rose from 29.9% in December 2003 to 34.6% in December 2004.

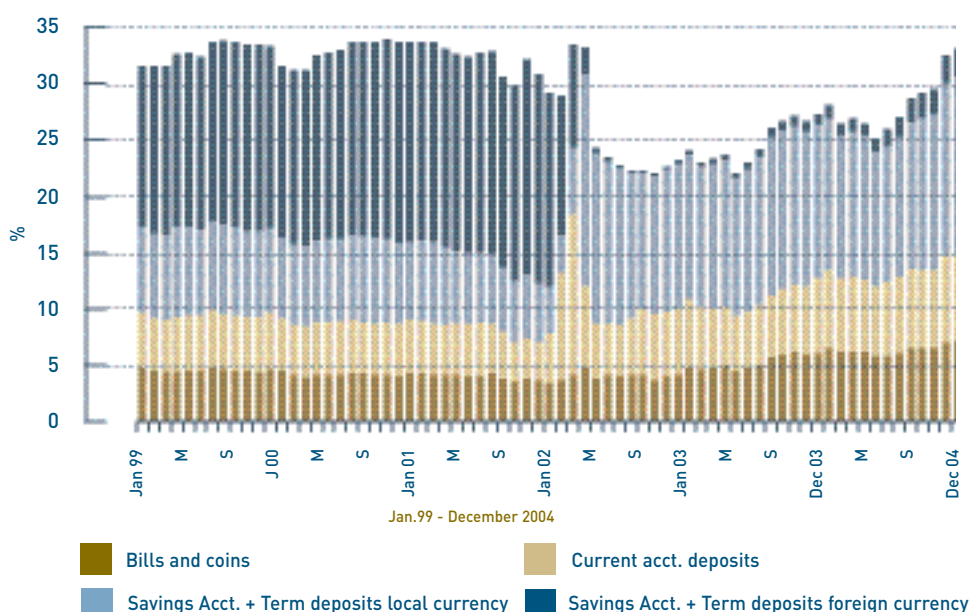
Table II

Monetary Aggregates as at December 2004

Monetary Aggregates	Millions of \$	In % of GDP
Bills and Coins	33,760	8.22
Current account, in local currency	32,563	7.94
Current account, in foreign currency	1,248	0.30
M1	67,571	16.46
Savings account, in local currency	21,932	5.34
Term deposits, in local currency	42,222	10.29
Savings account, in foreign currency	5,481	1.34
Term deposits, in foreign currency	4,935	1.20
M2	142,141	34.63

Chart 1

Evolution of Monetary Aggregates as % of GDP



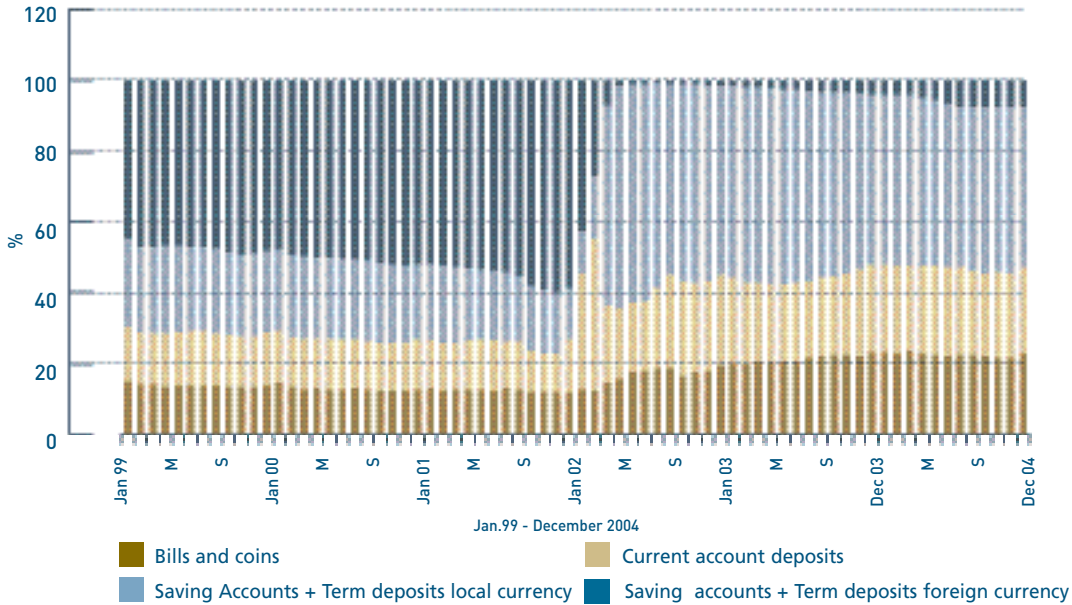
Source: SEDESA on the basis of data provided by the BCRA

Taking into account the participation of each monetary aggregate in the total M2, during 2004 one may observe the preference of the public for placements in saving accounts, since these grew from 14.3% in December 2003 to 19.3% in December 2004.

Insofar as the rest of the monetary aggregates are concerned, bills and coins continue showing the same participation in the more ample monetary aggregate, 23.7%; placements in current accounts declined from 25.2% to 23.9% and those expressed as term deposits declined from 36.8% to 33.2% (Chart 2).

Percentage Composition of the Monetary Aggregates

Chart 2



Source: SEDESA on the basis of data provided by the BCRA

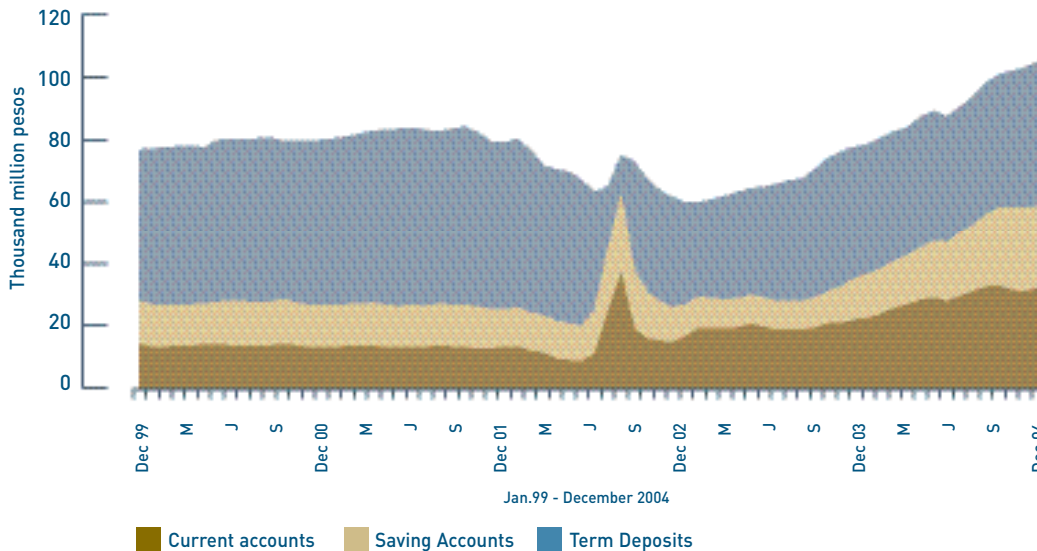
Total deposits within the financial system rose during the year under review by 26.5%.

saving accounts rose by 70.6%, whereas placements made in current accounts increased by 19.6% and those made in term deposits were augmented by 14.1%.

Upon making a breakdown by type of placement, one may observe that savings made in

Evolution of Deposits by type of placement

Chart 3



Source: SEDESA on the basis of data provided by the BCRA

A breakdown of the composition of deposits in the system, by type of placement, may be seen in the following Table (Table III).

In line with what was stated above, one may appreciate the considerable increase in placements made in saving accounts during the year 2004, opposite lower advances registered in current accounts and fixed term deposits.

Table III

Percentage distribution of total deposits		
Type of Deposit	Dec. 2003	Dec. 2004
Current Accounts	33.0	31.2
Saving Accounts	18.8	25.3
Fixed Term Deposits	48.2	43.5
TOTAL	100.0	100.0

2. Reference Rates

Reference Rates represent the maximum level at which deposits may be placed, to be within the guaranteed regime.

These Reference Rates are stipulated periodically by the BCRA and are obtained by adding 2 percentage points p.a. to the moving average of the passive rates ruling during the previous five banking working days, which arise from a survey made by the BCRA.

Reference Rates for term deposits expressed in pesos, during the year 2004, remained fairly stable and appreciably higher than those obtaining in the market place; these experienced a negative trend during the course of the year under analysis (Table IV and Chart 4).

Table IV

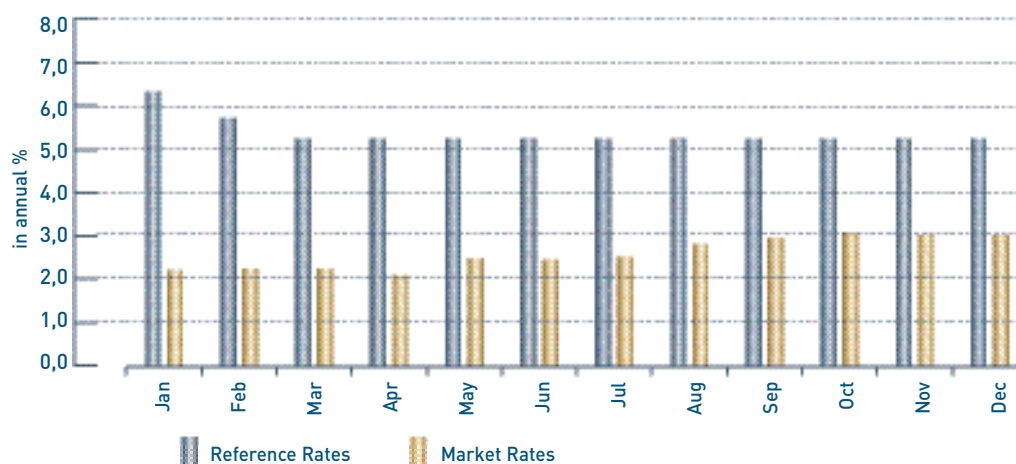
Rates of interest for term deposits , in pesos (in % p.a., year 2004) ⁽¹⁾					
Month	Rates of Reference	Market Rates (2)	Month	Rates of Reference	Market Rates (2)
January	6.31	2.20	July	5.25	2.50
February	5.71	2.23	August	5.25	2.79
March	5.25	2.23	September	5.25	2.94
April	5.25	2.09	October	5.25	3.06
May	5.25	2.45	November	5.25	3.01
June	5.25	2.44	December	5.25	3.01

(1) Weighted average as per days in force.

(2) In force in the market, surveyed by the BCRA, for term deposits of between 30 and 59 days.

Reference rates and Market rates. Term Deposits in Pesos. Year 2004

Chart 4



Source: SEDESA on the basis of data provided by the BCRA

Whereas reference rates for placements in foreign currency held steady during the year 2004, market rates experienced a declining

trend, contrary to what occurred with placements in local currency (Table V and Chart 5).

Rates of interest for term deposits, in foreign currency (in % p.a., year 2004)

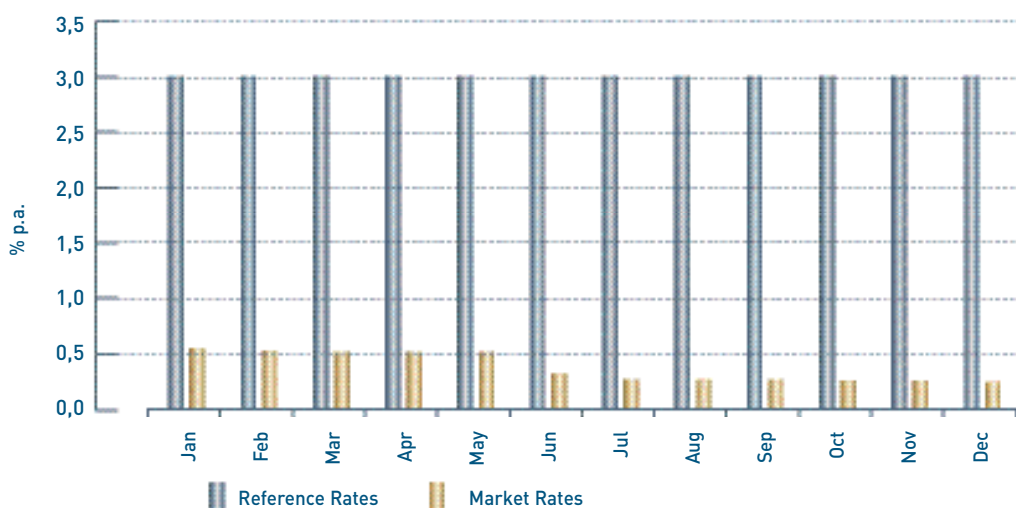
Table V

Month	Reference Rates	Market Rates (1)	Month	Reference Rates	Market Rates (1)
January	3.00	0.55	July	3.00	0.27
February	3.00	0.53	August	3.00	0.27
March	3.00	0.52	September	3.00	0.27
April	3.00	0.51	October	3.00	0.26
May	3.00	0.51	November	3.00	0.26
June	3.00	0.32	December	3.00	0.25

(1) In force in the market, surveyed by the BCRA, for term deposits of between 30 and 59 days.

Reference rates and Market rates. Term deposits in foreign currency. Year 2004

Chart 5



Source: SEDESA on the basis of data provided by the BCRA.

Insofar as saving accounts in local currency are concerned, reference rates remained constant throughout the entire year at 2.8% nomi-

nal p.a., showing a difference with regard to market rates of about 2 percentage points p.a. (see **Table VI** and **Chart VI**):

Table VI

Rates of Interest for Saving Accounts deposits in pesos (in % p.a., year 2004)

Month	Reference Rates	Market Rates (1)	Month	Reference Rates	Market Rates (1)
January	2.80	0.77	July	2.80	0.75
February	2.80	0.66	August	2.80	0.77
March	2.80	0.60	September	2.80	0.80
April	2.80	0.56	October	2.80	0.84
May	2.80	0.72	November	2.80	0.81
June	2.80	0.75	December	2.80	0.76

(1) In force in the market, surveyed by the BCRA.

Chart 6

Reference and Market Rates. Saving Accounts in pesos. Year 2004



Source: SEDESA on the basis of data provided by the BCRA.

As in the two previous cases, reference rates for deposits in saving accounts expressed in foreign currency remained constant during the year under review, experiencing a diffe-

rence with market rates of a greater magnitude than those of the previous case, as may be observed in **Table VII** and **Chart 7**.

Table VII

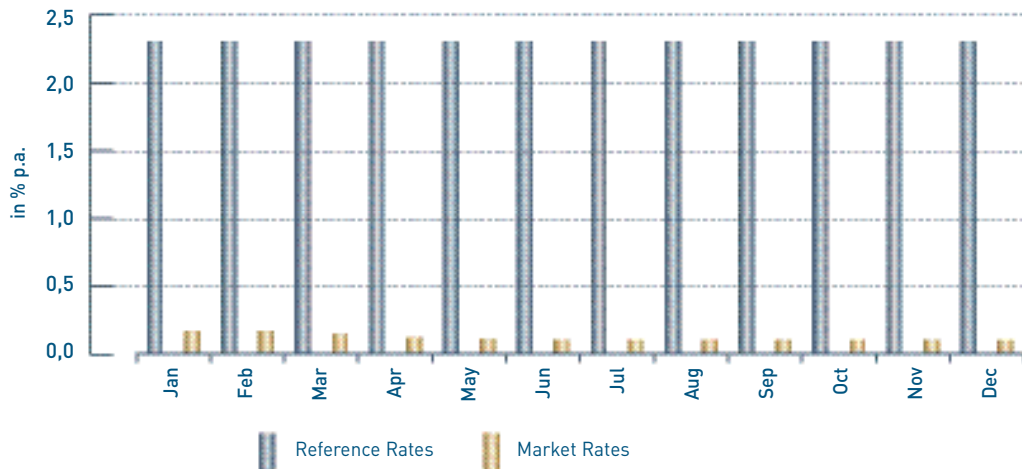
Rates of interest for Saving Accounts expressed in foreign currency (in % p.a., year 2004)

Month	Reference Rates	Market Rates (1)	Month	Reference Rates	Market Rates (1)
January	2.30	0.17	July	2.30	0.11
February	2.30	0.17	August	2.30	0.11
March	2.30	0.15	September	2.30	0.11
April	2.30	0.13	October	2.30	0.11
May	2.30	0.12	November	2.30	0.11
June	2.30	0.11	December	2.30	0.11

(1) Current rates in the market, surveyed by the B.C.R.A.

Reference Rates and Market Rates. Saving Accounts in foreign currency. Year 2004

Chart 7



Source: SEDESA on the basis of data provided by the BCRA

The reference rates for deposits in current accounts, both in pesos and in foreign currency, did not show variations either, as may be appreciated in **Table VIII**.

Rates of interest for current accounts, in pesos and foreign currency (in annual %, year 2004)

Table VIII

Month	Reference Rates	Market Rates	Month	Reference Rates	Market Rates
January	2.00	...	July	2.00	...
February	2.00	...	August	2.00	...
March	2.00	...	September	2.00	...
April	2.00	...	October	2.00	...
May	2.00	...	November	2.00	...
June	2.00	...	December	2.00	...

3. Financial Institutions

During year 2004, a diminution could be observed in the number of entities of the financial system, dropping from 96 at the end of 2003, to 91 entities.

This is the consequence of the liquidation

of two private banking institutions and of three non-banking financial institutions, thus leaving 15 official banks, 58 private banks and 18 non-banking financial institutions (16 financial companies and 2 credit entities). (Table IX and Chart 8).

Table IX

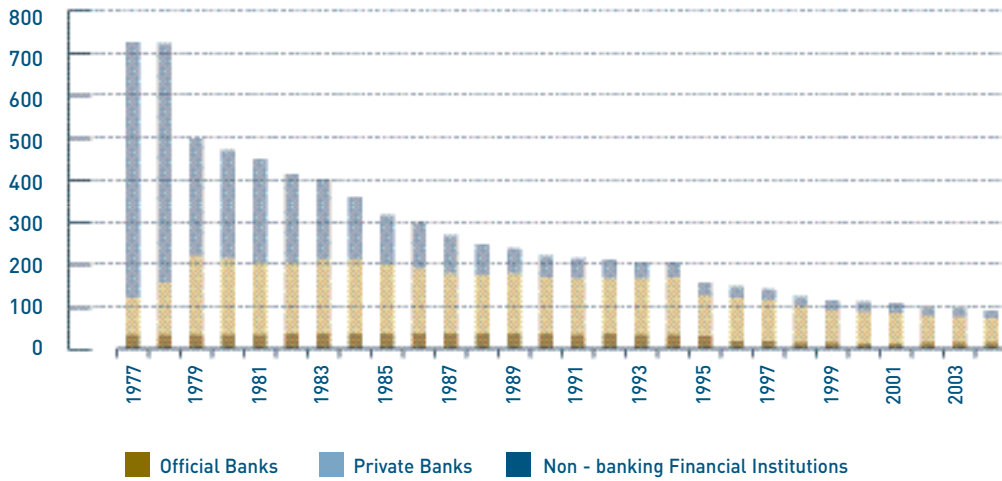
Number of Entities by Type of Institution

Month	Official Banks	Private Banks	Non - banking Financial Institutions	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	86	23	125
Dec-99	16	76	24	116
Dec-00	14	75	24	113
Dec-01	13	73	22	108
Dec-02	16	63	21	100
Dec-03	15	60	21	96
Dec-04	15	58	18	91

Source: Prepared on the basis of data provided by the BCRA

Number of Entities by type of Institution

Chart 8



Source: SEDESA on the basis of data provided by the BCRA

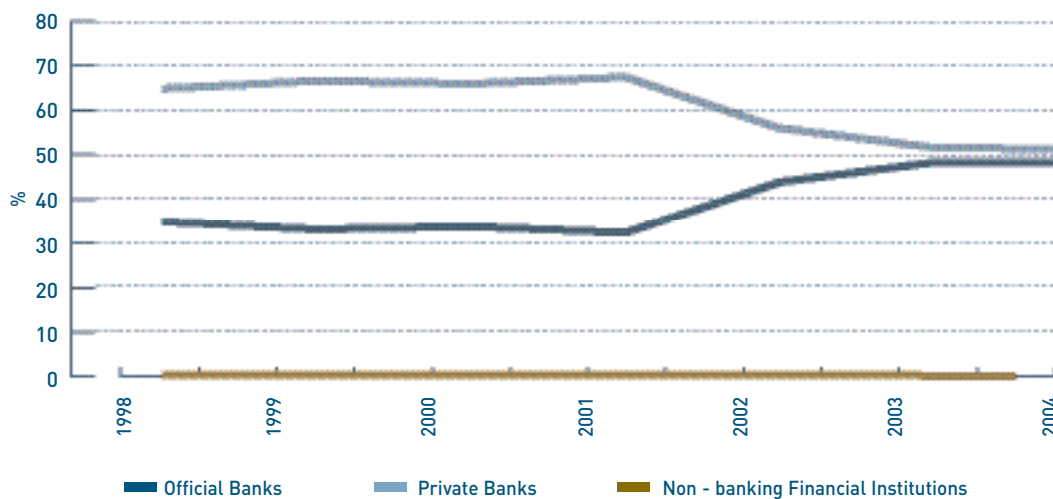
The distribution of the total deposits of the financial system, placed in official and private institutions, continues showing an increase among those made with official institutions, a situation which is being observed since the sys-

temic crisis which took place at the end of 2001.

Thus, in December 2004, the deposits placed with official banks participated by 47.8% and those constituted with private banks, by 52.1%.

Distribution of deposits within the entities of the Financial System

Chart 9



Source: SEDESA on the basis of data provided by the BCRA

An indicator used to measure the quality of the financial system's portfolio is the ratio between non-performing portfolio net of provisions as a percentage of equity.

The negative slope of the curve (Chart 10) is the result of a combination of three factors.

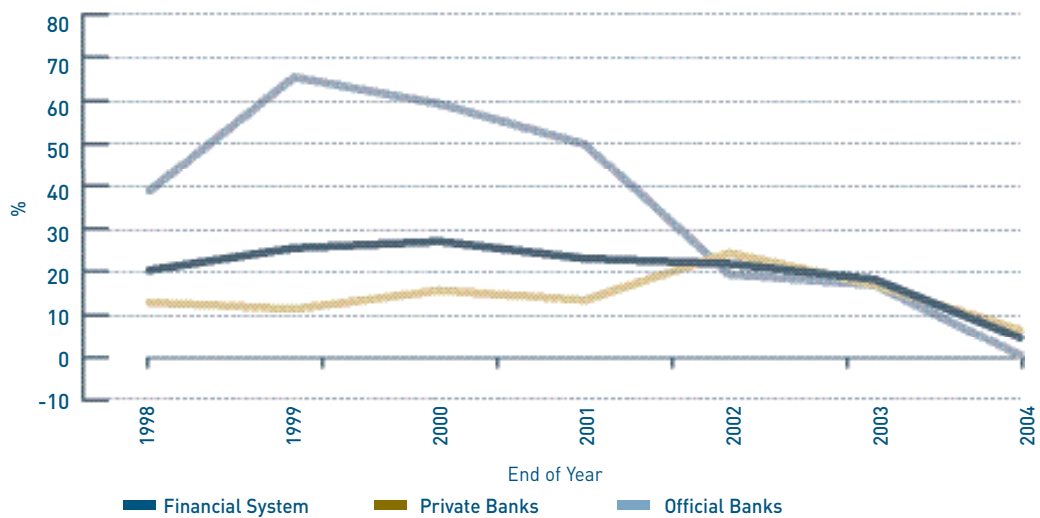
The first factor is given by the fall in the stock of finance granted. After two years from the crisis which took place at the end of 2001,

a fall of around 23% of the system's credit stock may be observed, with a slight recovery of around 5 % observed during 2004.

The second factor corresponds to a growth in equity of the institutions and the third factor, to an improvement in the quality of the credit portfolio: i.e., what we call non-performing portfolio decreases.

Chart 10

Non-performing portfolio net of provisions / Equity



Source: SEDESA on the basis of data provided by the BCRA

Another indicator of the financial system is that which measures equity as a fraction expressed in percentage of the assets at risk.

In Chart 11 a slight decrease in this indicator may be observed during the last year, of a greater magnitude in official banks.

Chart 11

Equity / Assets at Risk



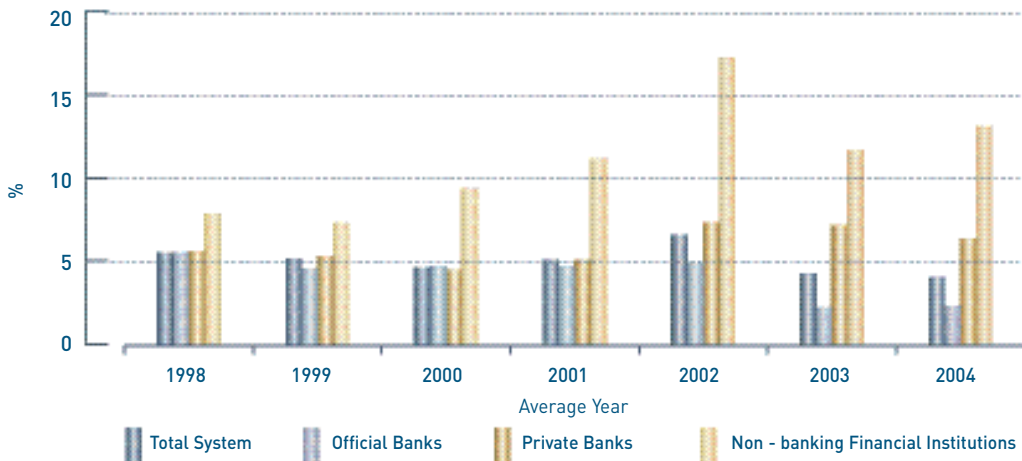
Source: SEDESA on the basis of data provided by the BCRA

A ratio used to measure the efficiency of the financial system is the relationship between administrative expenses as a fraction expressed in percentage of the total assets (Chart 12).

During the last year an increase in the efficiency of private entities may be observed, while the official entities maintained their previous level and the non-banking increased their expenditures in relationship to the total assets.

Administrative Expenses / Assets

Chart 12



Source: SEDESA on the basis of data provided by the BCRA

In Chart 13 we may observe the profitability measured as percentage of equity.

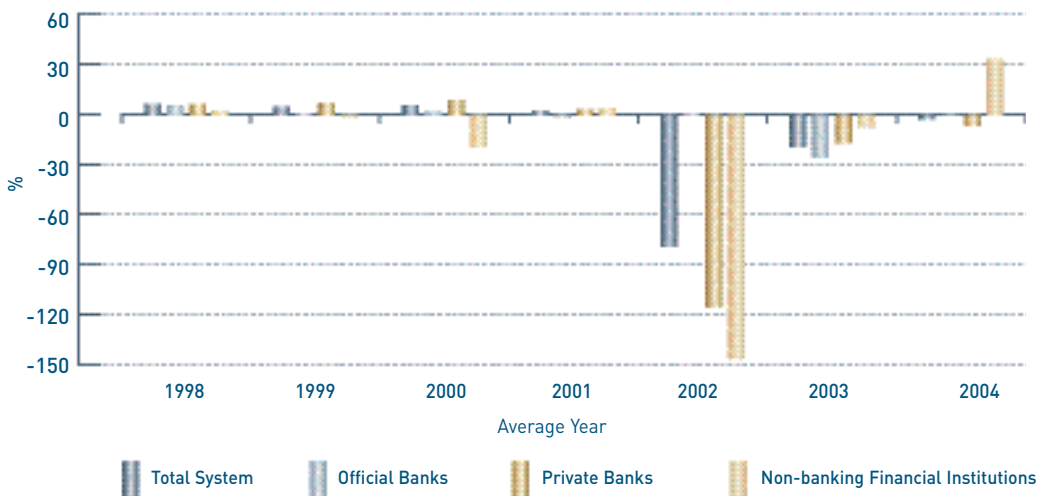
profitability of the financial system.

Both official banks and private banks continue showing negative results in 2004, though of lesser magnitude than in the two previous years, showing the beginning of a recovery of

The loss for the total system was of 2.9%, for the official institutions it was of 0.6% and for the private ones of 6.3%. Contrariwise, the non-banking financial entities show positive profitability, of 32.8%.

Profitability / Equity

Chart 13



Source: SEDESA on the basis of data provided by the BCRA.

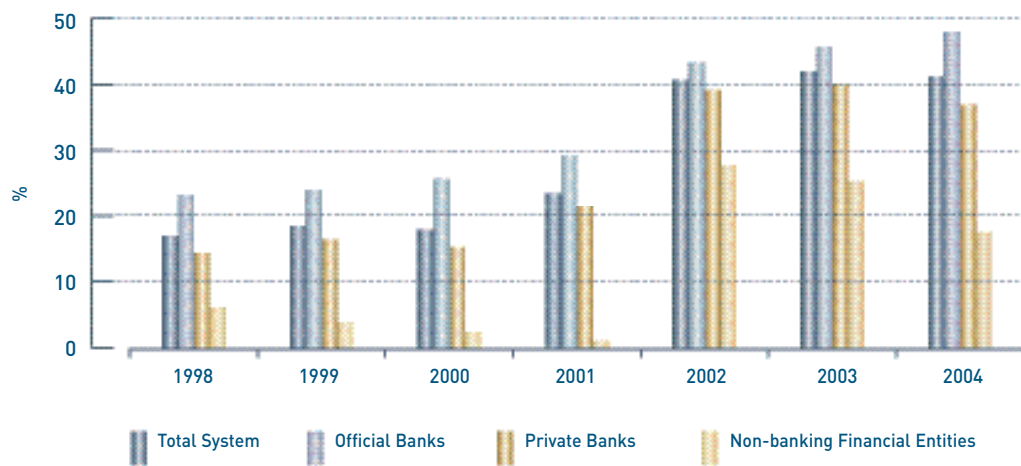
The participation of bonds and loans to the Government in the total assets of the institutions may be observed in **Chart 14**. Said ratio, after the abrupt peak observed in year 2002 as a consequence of the effects caused by the systemic crisis of the end of 2001, shows in the last year a slight decrease in the total system, going from 42% at the end of

2003 to 41.2 % at the end of 2004.

On the other hand, according to the type of institutions, the official ones increased their loans to the government, this ratio going from 45.6% to 48.0%; while the private ones decreased from 39.9% to 36.9% and the non-banking ones, from 25.3% to 17.5%.

Chart 14

Bonds + Loans to the Public Sector, as % of Assets



Source: SEDESA on the basis of data provided by the BCRA.

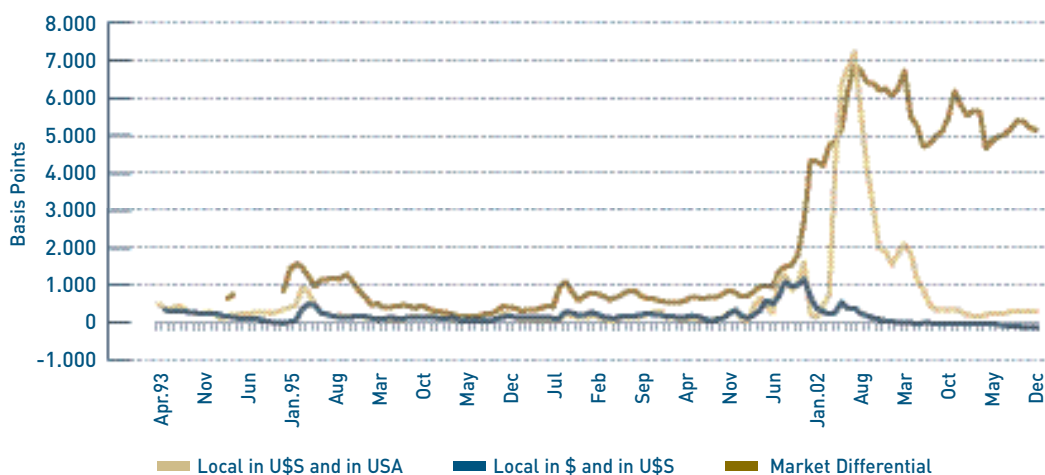
As may be observed in **Chart 15**, the market differential still is very high, around 5,000 basis points, as a consequence of the default of the public debt as from the end of 2001.

indicating a lower perception of the exchange risk, as well as with the differential in domestic interest rates for placements in dollars, versus the equivalent in the United States of America, also show decreasing levels, product of a scarce or nil perception of the possibility of a systemic risk.

The differential between interest rates for placements in local currency and placements in foreign currency, shows decreasing levels

Chart 15

Differential between passive rates and Market Differential



Source: SEDESA on the basis of data provided by the BCRA.

V. Allocation of Resources of the Deposit Guarantee Fund (DGF)

1. General Commentary

Diverse mechanisms -foreseen in the provisions of the legal regime in force- have been used to assist financially in the resolution of problems posed by financial institutions in difficulties.

Thus, in one single opportunity, SEDESA proceeded to reimburse directly the deposits covered by the guarantee; it assisted various entities with non-reimbursable contributions; it granted loans to entities which took charge of privileged liabilities and also, within the framework of section 34 of the Law of Financial Entities (LEF); it took part in trust agreements and acquired credit portfolios and other assets of former financial entities. All this and at the same time attending to advances of funds corresponding to the acquisition of deposits of suspended entities, including the reimbursement to holders of sums deposited in special accounts concerning the crediting of wages and salaries.

The evolution registered by SEDESA as the administrator of the DGF, commenced in a limited primary stage to make effective the guarantee of the deposits, then a second stage was registered, in which the constitution of trust agreements prevailed as well as their consequent follow-up, including the control of the activities of the trustees. Subsequently, and when considered timely, the direct administration of certain assets excluded from the balance-sheets of entities comprised in Section 35 bis of the LEF has been faced.

In the light of the foregoing, the assets of the DGF registers not only cash and investments, but also other financial resources, such as public bonds, loans to financial entities, credits recovered from trust agreements and lately refinanced by SEDESA, guaranteed loans and also goods (properties) from former trust agreements or as a by-product of the acquisition of certain assets excluded from a former entity. Such a situation has various origins as the direct acquisition of assets from former entities to entities that took charge of their deposits; the cancellation of assistance granted with the guarantee of Public Bonds; the partial recovery of certificates of participation in trust agreements, and the transfer, on the due date of the respective contracts, of remaining goods under trusteeship.

2. Main characteristics of the financial assistance granted by the DGF

In **Table X** that follows the main characteristics of the financial assistance operations and other formulae employed in the allocation of the resources of the DGF, performed by SEDESA from the beginning of its activities up to the end of the present fiscal year, are described.

Table X

Cases administered by the DGF up to 31/12/2004
 (Amounts expressed in millions of current pesos)

Entity	Beneficiary of Assistance	Type of Assistance / Transaction	Observations	Disbursement		Guaranteed Deposits
				Date	Amount	
Caja de Crédito Pavón Coop. Ltda.	Direct payment of the guarantee to the depositors of the entity	Sect. 10 bis para.a) Decree 540/95 and its modifications	Payment of the guarantee	Dec.-96	0.66	1.05
Banco Unión Comercial e Industrial S.A. (BUCI)	Corp. Banca S.A. (Trust Agreement Corp Banca)	Partial acquisition of deposits	Incorporated to the Trust Agreement	Feb-97	23.69	118.00
		Contribution to a Trust Agreement constituted with certain assets from the BUCI	Corp Banca acquired certain assets and took charge of the payment of deposits of the BUCI	May-97	94.23	
					117.92	
Banco Coop. de Caseros S.A.	Banco de Crédito Argentino S.A. (Trust Agreement Caseros)	Contribution to a Trust Agreement constituted with certain assets of the Banco Coop de Caseros S.A.	The Banco de Crédito Argentino S.A. acquired certain assets and took charge of the payment of deposits from Banco Coop. de Caseros S.A.	Apr-Jul 97	73.74	76.60
Banco Platense S.A.	Banco Municipal de La Plata	Non-reimbursable contribution	The BMLP acquired certain assets and took charge of the payment of deposits of Banco Platense S.A.	Jun-97	13.00	19.10
		Acquisition of Corporate Bonds		Jun-97	5.00 (1)	
					18.00	
Nuevo Banco de Azul S.A.	Nuevo Banco Industrial de Azul S.A. (NBIASA)	Loan	Loan granted to NBIASA to strengthen its computable shareholders' equity in view of the offer to acquire certain assets and the liabilities of Nuevo Banco de Azul S.A.	May-97	2.00 (1)	12.40
		Contribution to a Trust Agreement constituted with certain credit assets of the Nuevo Banco de Azul S.A.	NBIASA acquired certain assets and took charge of the payment of deposits of Nuevo Banco de Azul S.A.	Aug-97	6.65	
				Jan-99	0.34	
					8.99	
Banco Coopesur C.L.	Banco Credicoop C.L. (Trust Agreement Coopesur)	Contribution to a Trust Agreement constituted with certain assets of Banco Coopesur C.L.	Banco Credicoop C.L. acquired certain assets and took charge of the payment of deposits of Banco Coopesur C.L.	Jun-Sept 97	39.80	43.20
Banco de Crédito Provincial S.A. (BCP)	Mercobank S.A.	Non-reimbursable contribution	Mercobank S.A. acquired certain assets and took charge of the payment of deposits of Banco de Crédito Provincial S.A.	Oct-Nov 97	17.43	117.00
				May-98	69.57	
		Jul-98		0.99		
		May-98		7.80		
		Sep-99		0.20		
					95.99	

Table X

Cases administered by the DGF up to 31/12/2004 (continued)
 (Amounts expressed in millions of current pesos)

Entity	Beneficiary of Assistance	Type of Assistance / Transaction	Observations	Disbursement		Guaranteed Deposits
				Date	Amount	
Banco Argencoop C.L.	Banco Credicoop C.L. (Trust Agreement Argencoop)	Contribution to a Trust Agreement constituted with certain assets of Banco Argencoop C.L.	Banco Credicoop C.L. acquired certain assets and took charge of the payment of deposits of Banco Argencoop C.L.	Jan-98	60.00	88.70
				May-01	0.24	
				Mar-Oct 02	1.20	
				Jan-Dec 03	1.31	
					62.75	
Banco Patricios S.A.	Banco Mayo C.L. (Trust Agreements Mayo I and II)	Partial acquisition of deposits	Incorporated to the Trust Agreements	Apr-Jul 98	26.10	138.51
		Contribution to two Trust Agreements constituted with certain credit and non-credit assets of the former Banco Patricios S.A.	Banco Mayo C.L. acquired certain assets and took charge of the payment of deposits of Banco Patricios S.A.	Jul-98	98.90	
					125.00	
Banco Mayo C.L.	Citibank N.A. and other entities (Trust Agreement Acex)	Contribution to a Trust Agreement constituted with certain assets of Banco Mayo C.L.	Citibank NA and other entities subscribed certificates of participation in a Trust Agreement constituted with certain assets of Banco Mayo C.L. and took charge of the payment of its deposits	Dec-98	200.00	360.40
				Jan-Dec 99	150.00	
					350.00	
Banco Almafuerde C.L.	8 entities (Trust Agreement Nues)	Contribution to a Trust Agreement constituted with certain assets of Banco Almafuerde C.L.	The Banks BBVA Banco Francés, Credicoop, Bisel, Galicia, Macro, de San Juan and Suquía subscribed certificates of participation in a Trust Agreement constituted with certain assets of Banco Almafuerde C.L. and took charge of the payment of its deposits	Dec-98	5.00	98.54
				Jan-Nov 99	55.00	
					60.00	
Banco Israelita de Córdoba S.A.	6 financial entities (Trust Agreement Suma)	Contribution to a Trust Agreement constituted with certain assets of Banco Israelita de Córdoba S.A.	The Banks Bisel, Macro Misiones, BNL, Sudameris, Suquía and Super-vielle Société Générale subscribed certificates of participation in a Trust Agreement constituted with certain assets of Banco Israelita de Córdoba S.A. and took charge of the payment of its deposits	Mar-Dec 99	50.00	145.90
				Jan-Feb 00	10.00	
					60.00	
Banco de Mendoza S.A.	9 financial entities (Trust Agreement Mendoza)	Contribution to a Trust Agreement constituted with certain assets of Banco de Mendoza S.A.	The Banks BBVA Banco Francés, Credicoop, Nación, Galicia, Macro Misiones, Banco de San Juan, HSBC, Velox and Suquía subscribed certificates of participation in a Trust Agreement constituted with certain assets of Banco de Mendoza S.A. and took charge of the payment of its deposits	Apr-Dec 99	75.01	220.88
				Jan-Mar 00	24.99	
					100.00	

Table X

Cases administered by the DGF up to 31/12/2004 (continued)
 (Amounts expressed in millions of current pesos)

Entity	Beneficiary of Assistance	Type of Assistance / Transaction	Observations	Disbursement		Guaranteed Deposits
				Date	Amount	
Luján Williams Compañía Financiera S.A.	Banco Sudameris Argentina S.A. (Trust Agreement Luján)	Contribution to a Trust Agreement constituted with certain assets of Luján Williams Cía. Fciera. S.A.	Banco Sudameris S.A. acquired certain assets and took charge of the payment of deposits of Luján Williams Cía. Fciera.S.A.	Jun-00	3.00	7.40
Mercobank S.A.	10 financial entities (Trust Agreement Diagonal)	Contribution to a Trust Agreement constituted with certain assets of Mercobank S.A.	The Banks BBVA Banco Francés, Credicoop, Galicia, Nación, Suquía, Sudameris, Bisel, Rio de la Plata, Ciudad and BNL subscribed certifi- cates of participation in a Trust Agreement constituted with certain assets of Mercobank and took charge of the payment of its deposits	Jan-Apr 01	130.00	138.80
Caja de Crédito Varela S.A.	Caja de Crédito Coop. La Capital del Plata Ltda.	Credit Cession and Collection Management Contract with Caja de Crédito Coop. La Capital del Plata Ltda.	Assets transfer from Caja de Crédito Varela S.A and assumption of its privileged liabilities	May-01	1.70	2.30
Banco Balcarce S.A.	5 financial entities (Trust Agreement Balca)	Contribution to a Trust Agreement constituted with certain assets of Banco de Balcarce S.A.	The Banks Credicoop, Galicia, Sudameris, San Luis y NBIASA subscribed certificates of participa- tion in a Trust Agreement consti- tuted with certain assets of Banco de Balcarce S.A.and took charge of the payment of its deposits	Sep-01	16.34	19.37
		Deposits contingency	Contingent amount 2.56			
Caja de Crédito Floresta Luro Vélez Coop. Ltda.	Banco de la Ciudad de Buenos Aires	Non-reimbursable contribution	Banco de la Ciudad de Buenos Aires took charge of the privileged liabilities of the entity	Dec-01	9.40	10.80
Banco de Galicia y Bs. As. S.A.	Banco de Galicia y Bs. As. S.A.	Loan	Loan Contract dated 21 March 2002	May-02	200.00 (1)	
		Loan through contribution to a Trust Agreement constituted with mort- gage portfolio of Banco de Galicia with partici- pation of a group of entities	Entity subject to the Normalization and Rehabilitation Plan (Section 34 - Law 21,526)	May-02	21.00 (1)	
					221.00	
Scotiabank Quilmes S.A.	Holders of salary payment accounts	Payment of the guarantee to holders of deposits for wages and salaries	Section 1° second paragraph of Law 24,485 (text Law N° 25,089)	May-02	12.63	253.30
	Banco Comafi S.A.	Loan of Consumable Goods Contract guaranteed by	The Banks Bansud S.A. and Comafi S.A. subscribed certificates of participation in a Trust Agreement constituted with certain assets of Scotiabank Quilmes S.A. and took charge of the payment of its deposits	Sep-02	123.50	
	Banco Bansud S.A.	Two Trust Agreements consti- tuted with Public Bonds in Foreign Currency			66.50	
					202.63	

Table X		Cases administered by the DGF up to 31/12/2004 (continued) (Amounts expressed in millions of current pesos)				
Entity	Beneficiary of Assistance	Type of Assistance / Transaction	Observations	Disbursement		Guaranteed Deposits
				Date	Amount	
Banco de la Edificadora de Olavarría S.A. (BEO)	Columbia Cía. Fin. S.A. (now Banco Columbia S.A.)	Contract of Transfer of Certain Assets of the BEO, from Columbia Cía.Fin. S.A. to SEDESA (DGF)	Columbia Cía Fin. S.A transferred to SEDESA(DGF) certain assets of the BEO and took charge of the payment of its deposits	Dec-02	54.99	47.50
Banco Velox S.A.	Nuevo Banco Industrial de Azul S.A.	Loan of Consumable Goods Contract guaranteed by US denominated bonds, transferred to a Trust Agreement On 17/02/04 a "Modificatory Agreement of the Loan Contract" was subscribed and , among other aspects, the Bank constituted to the benefit of SEDESA a real right of lien in the first degree of privilege on public bonds constituted before as guarantee through the aforementioned trust agreement	The Nuevo Banco Industrial de Azul S.A. took charge of the payment of deposits and acquired certain assets of Banco Velox S.A.	Mar-03	31.00	49.27
Sociedad Anónima del Atlántico S.A. (SADELA)	Holders of wages and salary accounts	Payment of the guarantee to holders of wages and salary accounts	Section 1, Second paragraph of Law 24,485 (Text of Law N° 25,089)	Oct-Dec 03	0,28	12.16
	Banco Macro Bansud S.A.	Contract of Transfer of assets from Sadela, from Banco Macro Bansud to SEDESA (DGF)	Banco Macro Bansud S.A. transferred to SEDESA (DGF) certain assets from Sadela and took charge of the payment of its deposits	Jan-Mar 04	8.21	
					8.49	
TOTALS					1,791.40	1,981.18
Ratio between assistance granted and guaranteed deposits of the entities in crisis (1)						78.91%

(1) Does not include loans made to the entities (Section 34 LEF), according to Section 10 bis, paragraph b) of Decree N° 540/95 and its modifications.

Table X Summary of assistance from the DGF up to 31/12/2004

(Amounts expressed in millions of current pesos)
Section 10 bis Decree 540/95 and its modifications and Section 1° second paragraph Law 24,485 Text as per Law 25,089

Paragraph	Type of assistance / Transactions	Amount	Number of cases
Paragraph a)	Payment of the guarantee to the depositors of the entity	0.66	1
Paragraph b)	Loans to entities which took charge of privileged liabilities	228.00	4
	Loans to entity (Sect. 34 Law of Financial Entities)	221.00	1
	Non-reimbursable contributions to entities which took charge of privileged liabilities	110.39	3
Paragraph c)	Contributions to entities which took charge of privileged liabilities, through the purchase of participations in financial trust agreements	1,103.75	12
	Purchase of credit portfolio of former entity from the entity which took charge of its privileged liabilities	1.70	1
	Purchase of excluded assets from the former entity by the entity which took charge of its privileged liabilities	63.48 (1)	2
Paragraph d)	Partial acquisition of deposits of suspended entity	49.79	2
	Payment of the guarantee to the holders of deposits in salary payment accounts	12.63	1
TOTALS		1,791.40	27

(1) Includes Pesos 0.28 million covering the payment to holders of wage and salary accounts

Table XI Annual assistance from the DGF

Fiscal Year / Year	Disbursements (in million pesos)
1996	0.66
1997	275.54
1998	468.36
1999	330.55
2000	37.99
2001	157.68
2002	479.82
2003	32.59
2004	8.21
TOTALS	1,791.40

VI. Deposit Guarantee Fund (DGF)

1. Evolution of the DGF (values expressed in current pesos)

1.1. Income

The income of funds to the DGF in 2004 was of \$ 453.47 million, as per the following detail:

Evolution of the DGF (Income 2004)		
Item	Million \$	%
Monthly assessments of the financial institutions	372,71	82.19
Financial revenues and for holding operations	51,42	11.34
Income from collection of credits transferred in favor of SEDESA as trustee of the DGF	13,38	2.95
Recovery of assistance to financial entities	8,82	1.95
Income from recovery of Financial Trust Agreements	4,51	1.00
Proceeds from sale and renting of properties from former entities	2,29	0.50
Other income	0,34	0.07
TOTAL	453,47	100.00

Table XII

In the fiscal year ended 31 December 2004, 82.19% of the total income had its origin in the "Monthly assessments of the financial entities", which were, up to September 2004, of a monthly average of \$ 36.07 million. As from the month of October 2004 a reduction in the

percentage of the normal assessment takes place, going from 0.03% to 0.02% (Communiqué "A" 4206). With the new percentage, the monthly assessments of the entities to the DGF during the last quarter of this fiscal year showed an average of \$ 19.24 million.

1.2. Expenditure

Expenditure during the year under review reached 43.37 million, a sum composed, in part, by a cancellation of a liability with the BCRA as at 31 December 2003 of Pesos 14.78 million, concerning the "swap operations".

With regard to help afforded to other entities, there was only one case during the year 2004, relating to the taking on privileged liabilities of SADELA on the part of Banco Macro Bansud S.A., which represented an outlay of Pesos 8.21 million.

1.3. Available balance

The available balance includes deposits with the BCRA, placements effected in line with dispositions laid down by Decree 540/95 and its modifications, realizable within 48 hours, public bonds with payment of services made in regular fashion and the balances of cash and banks.

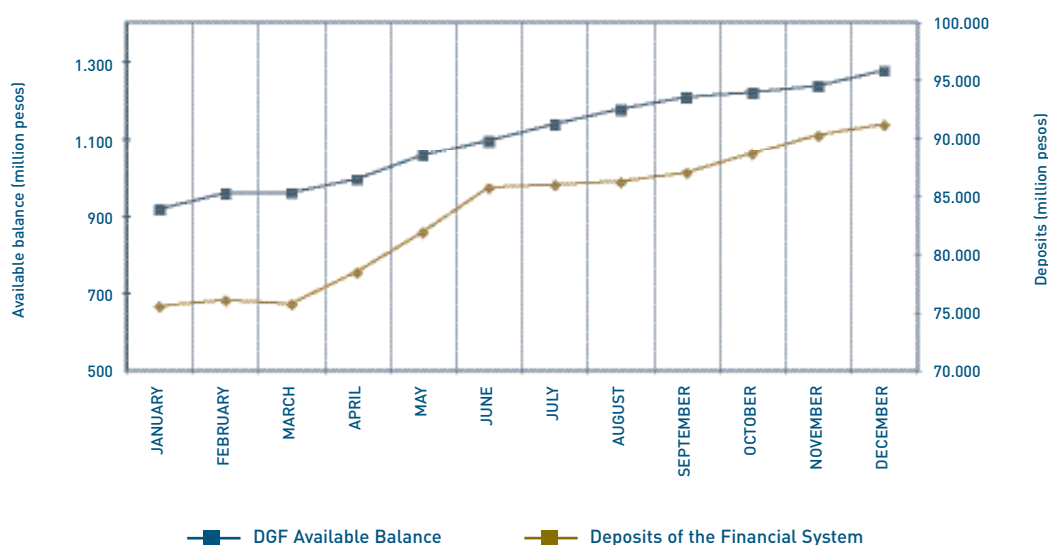
The following Table XIII details its monthly evolution:

Table XIII		Monthly Evolution of the Available Balance (in millions of pesos)			
Month	Total income	Total expenditures	DGF Available balance	Deposits of the financial system (1)	Ratio available balance / deposits
Available balance as at 31/12/2003			863,67		
January	52.65	0.91	915.41	75,525.00	1.21%
February	41.93	1.46	955.88	76,056.00	1.26%
March	26.98	25.26	957.60	75,707.00	1.26%
April	34.74	0.44	991.90	78,453.00	1.26%
May	63.59	1.49	1,054.00	81,853.00	1.29%
June	40.87	1.77	1,093.10	85,688.00	1.28%
July	44.87	2.08	1,135.89	85,952.00	1.32%
August	39.95	1.50	1,174.34	86,208.00	1.36%
September	32.33	1.85	1,204.82	86,970.00	1.39%
October	13.95	1.29	1,217.48	88,632.00	1.37%
November	18.6	2.09	1,233.99	90,263.00	1.37%
December	43.01	3.23	1,273.77	91,183.00	1.40%

(1) Excluded official deposits in Banco de la Nación Argentina, Decree Nbr. 177/ 96.

Chart 16

Monthly Evolution of Available Balance (DGF) and Deposits in the Financial System



Source: SEDESA on the basis of data provided by the BCRA

2. Origin and allocation of funds

2.1. Between May 1995 and 31st December 2004 (Table XIV and Chart 17)

Since the inception of the application of the current regime, the DGF has received from the entities the sum of Pesos 2,477 million, in the nature of assessments, all of which reaches 73.18% of its total income; one must add other income amounting to Pesos 907.8 million, as detailed in Table XIV.

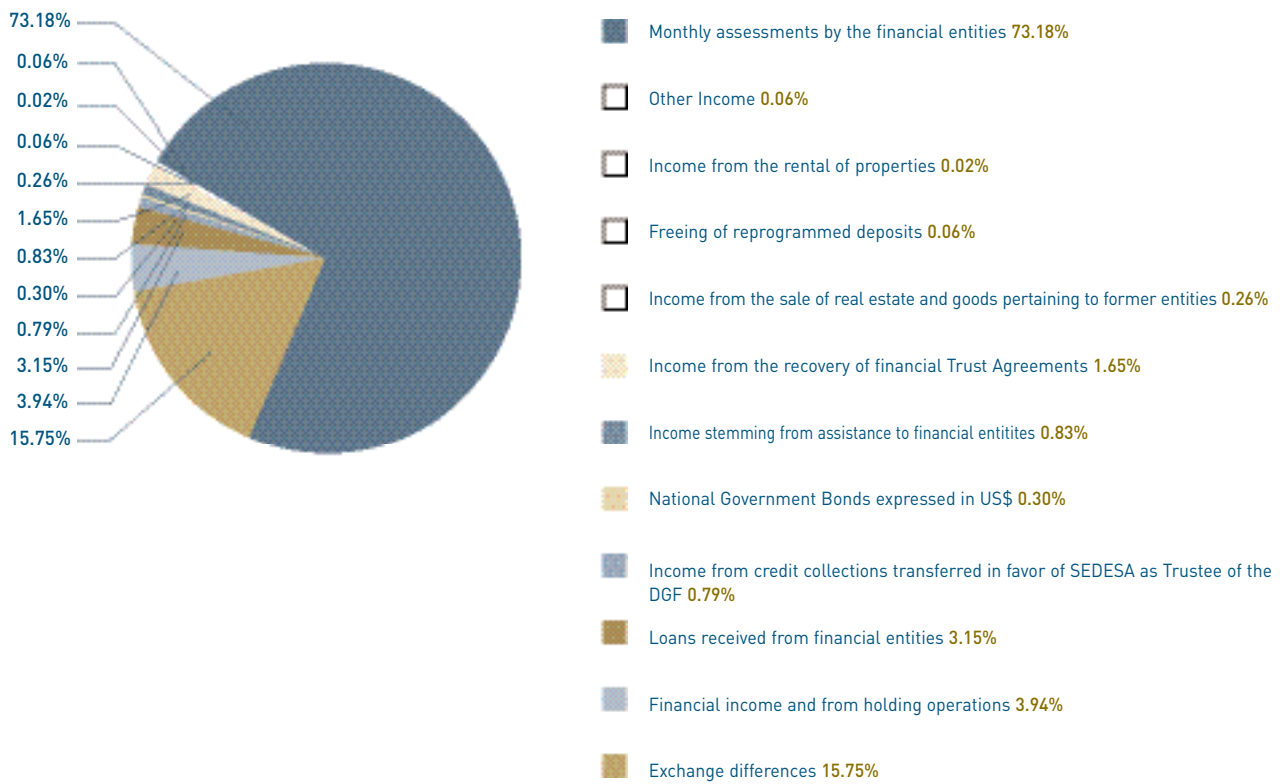
Insofar as the allocation of DGF funds is concerned, one should mention that 51.81% of total income was destined to cover the requirements of financial entities in difficulties, as outlined in the Table above-mentioned; 10.56% was destined to other matters and the remaining 37.63% of the total constitutes the balance available as at 31 December 2004.

2.2. Figures corresponding to year 2004 (Table XV and Chart 18)

Origin and Allocation of funds of the DGF (between May 1995 and 31 December 2004) (figures expressed in current million pesos)		Table XIV	
Origin	Amount	%	
Monthly assessments by the financial entities	2,477.0	73.18	
Exchange differences	533.0	15.75	
Financial income and from holding operations	133.2	3.94	
Loans received from financial entities	106.6	3.15	
Income from credit collections transferred in favor of SEDESA as trustee of the DGF	26.8	0.79	
National Government Bonds expressed in US\$	10.1	0.30	
Income stemming from assistance to financial entities	28.2	0.83	
Income from the recovery of financial Trust Agreements	56.0	1.66	
Income from the sale of real estate and goods pertaining to former entities	8.7	0.26	
Freeing of reprogrammed deposits	2.2	0.06	
Income from the rental of properties	0.8	0.02	
Other income	2.2	0.06	
Total Origin	3,384.8	100.00	
Allocations	Amount	%	
Assistance to entities (Sect. 10 bis Decree 540/95 (T.A.) Section 1 Law 24,485 and modif.)	1,753.5	51.81	
Breakdown:			
For loans	438.6	12.96	
For non-reimbursable contributions	110.4	3.26	
For loans convertible into corporate bonds	5.0	0.15	
For transfer of credits	1.7	0.05	
For acquisition of Assets	35.2	1.04	
For contributions to Trust Agreements	1149.7	33.97	
Reimbursement balances accounts cred. Wages and salaries (exchanged for BODEN 2005)	12.6	0.37	
Reimbursement balances accounts for the crediting of wages and salaries	0.3	0.01	
Disbursement of the guarantee on deposits (Sect.. 10 bis Para. a) Decree 540/95 and its. mod.)	0.7	0.02	
Amortization of loans to financial entities (CAPITAL + CER)	151.9	4.49	
Financial interests	11.5	0.34	
Payment of swap operations	139.4	4.12	
Justice rate, judicial expenses and legal stipends corresponding to the principal debtors of the Former Mendoza Trust Agreement	3.5	0.10	
Admin. expenses and others arising from the control of Trust Agreements and former entities	41.5	1.23	
Life insurance on debt balances covering transferred credits	1.3	0.04	
Reprogramming of deposits	1.6	0.05	
Value Added Tax	0.5	0.01	
Other expenditure	5.6	0.16	
Total Allocations	2,111.0	62.37	
Available balance of the DGF as at 31 December 2004	1,273.8	37.63	
Total	3,384.8	100.00	

Origin of Funds of the DGF (between May 1995 and December 2004)

Chart 17



Allocations of Funds by the DGF (between May 1995 and December 2004)

Chart 17

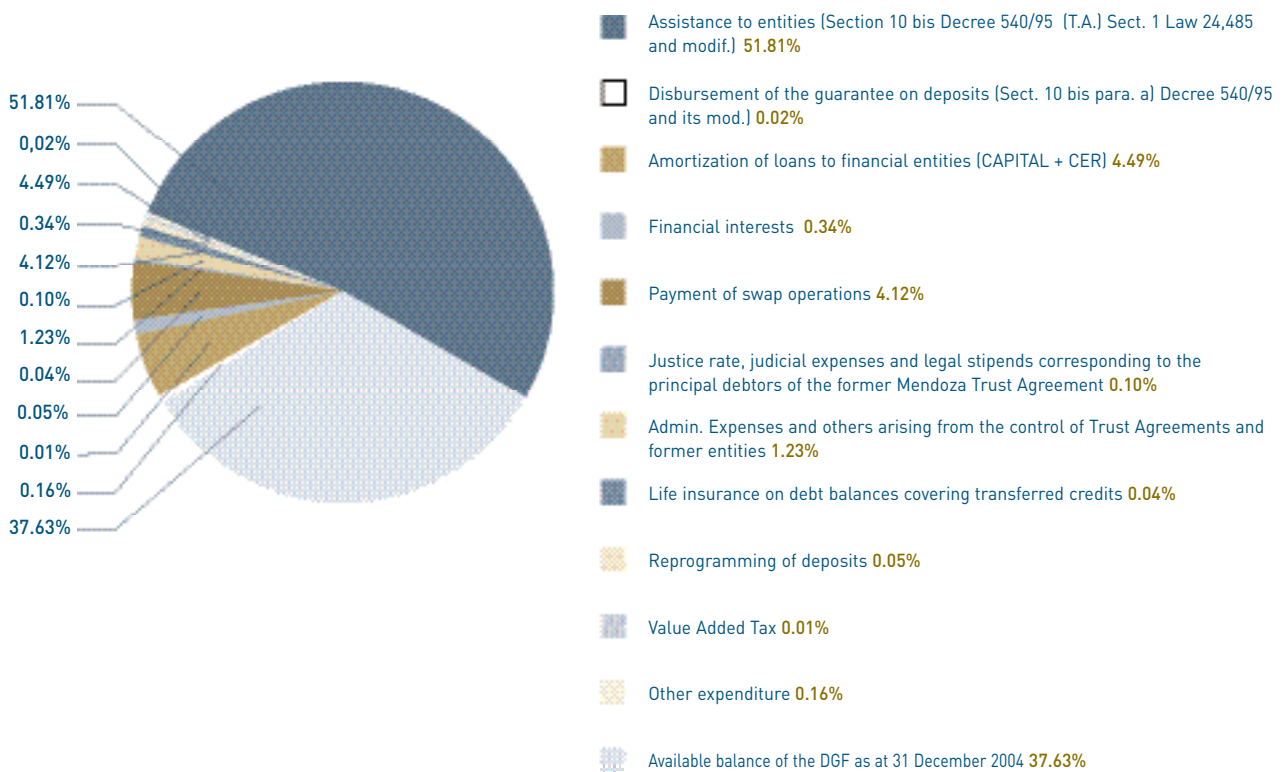


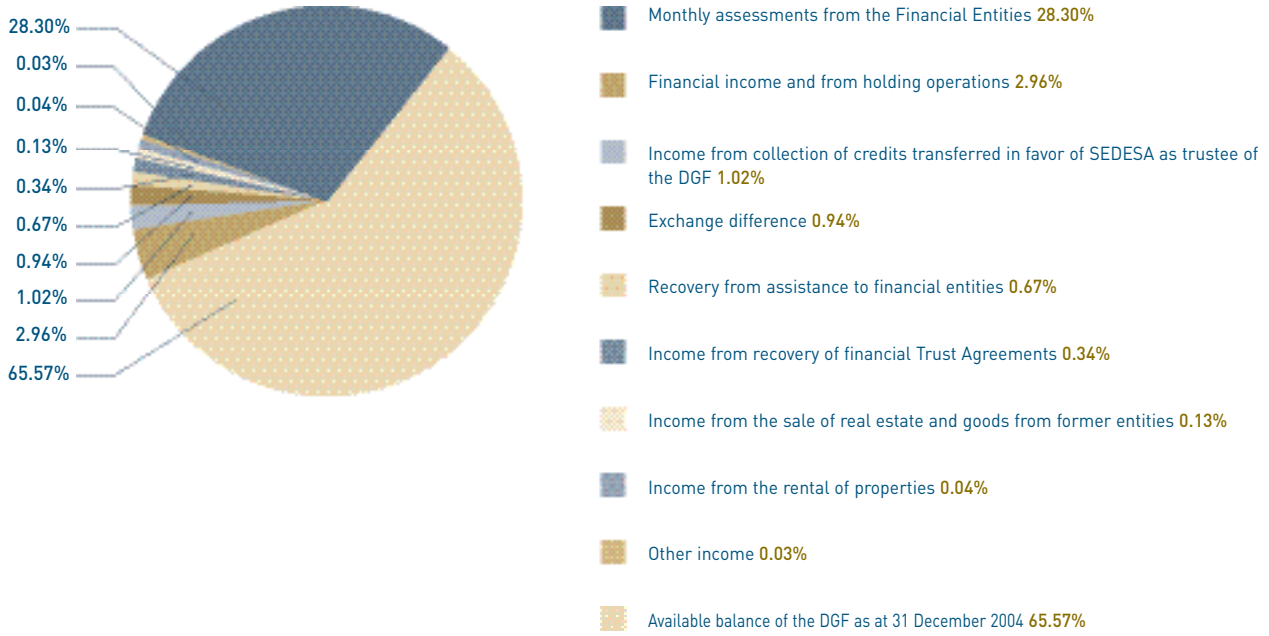
Table XV

Origin and Allocation of funds of the DGF (fiscal year 2004)
(figures expressed in current million pesos)

	Amount	%
Available balance of the DGF as at 31 December 2004	863.7	65.57
Total origin	453.5	34.43
Monthly assessments from the financial entities	372.7	28.30
Financial income and from holding operations:	39.0	2.96
From placements in:		
Bills of the B.C.R.A.	12.4	0.94
International Assets	7.9	0.60
Bonds of the National Government in US\$ (BODEN)	1.7	0.13
Guaranteed Loans	0.3	0.02
Brady Bonds	0.0	-
Overnight	0.0	-
From assistance to financial entities	10.9	0.83
From credit assets acquired from former entities	5.8	0.44
Income from collection of credits transferred in favor of SEDESA as trustee of the DGF	13.4	1.02
Exchange difference	12.4	0.94
Recovery from assistance to financial entities	8.8	0.67
Income from recovery of Financial Trust Agreements	4.5	0.34
Income from the sale of real estate and goods from former entities	1.7	0.13
Income from the rental of properties	0.6	0.04
Other income	0.4	0.03
Total origin + Available balance of the DGF as at 31 December 2004	1,317.2	100.00
Total Allocations	43.4	3.30
Payments Swap Programme	14.8	1.13
Assistance to entities: for acquisition of credit assets	8.2	0.62
Administrative expenses and for management of assets acquired from Trust Agreements and former entities	20.3	1.54
Other expenditures	0.1	0.01
Available balance of the DGF as at 31 December 2004	1,273.8	96.70
Total	1,317.2	100.00

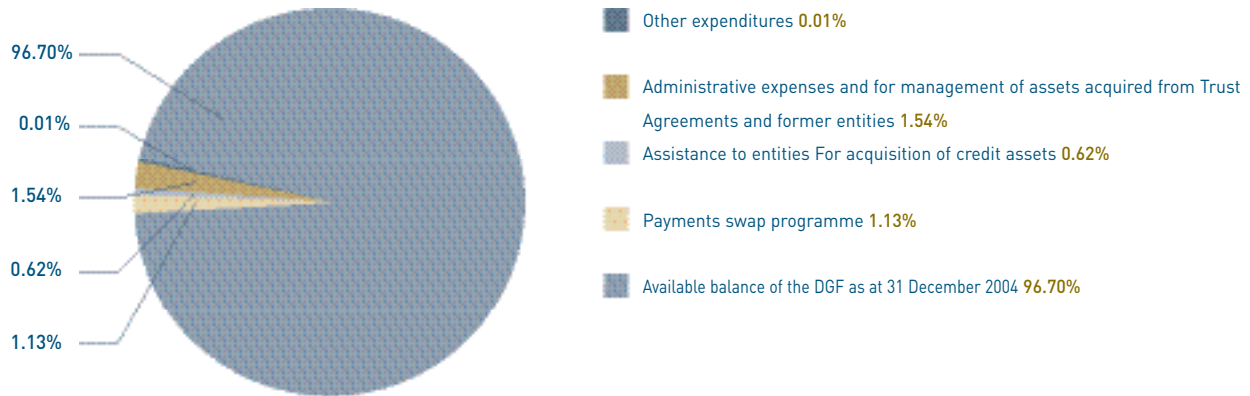
Origin of Funds of the D.G.F. (2004)

Chart 18



Allocation of Funds of the D.G.F. (2004)

Chart 18



VII Banking Liquidity Fund (BLF)

1. Objective and characteristics of the Fund

On 26th December 2001, the National Executive Branch issued Decree N° 32, whereby was created the Banking Liquidity Fund with the objective of “facilitating adequate liquidity to the banking system”, for the duration of five years. By the same Decree, SEGURO DE DEPOSITOS S.A. (SEDESA), was appointed administrator and trustee of the BLF. All this was formalized on 17th January 2002 through a Trust Agreement Contract, between the Central Bank of the Argentine Republic, in representation of the National State, as trustor, acting on behalf of the financial entities, and SEDESA, in its character of trustee and administrator of the goods under trusteeship. Furthermore, and according

to said Decree, SEDESA's social responsibilities were enlarged, so that it might act within the functions of trusteeship which, at the appropriate moment, may be granted, either by the National State or by the Central Bank of the Argentine Republic.

In accordance with stipulations foreseen by said Decree, investment decisions of the BLF are adopted by the Steering Committee created by Section 10 bis of Decree N° 540/95 and its modifications.

VIII Activities and tasks

1. Administration and Finance

Within its traditional policy of improving aspects of administration and organization, based on the intention of achieving optimum results with the best use of available resources, SEDESA had a successful year during 2004.

Bearing in mind the objectives concerning the creation of the DGF, it may be stated that results during the year under review were highly positive. It is possible to affirm that the level of coverage of the DGF with regard to deposits is an appropriate one, with optimum liquidity, as was demonstrated by the diminution of contributions made by the financial entities during 2004. Moreover what is really worth underlining is that, without failing to succour financial entities in difficulties, last year's administrative techniques and strategies allowed particularly during the latter part of the year, a sustainable process of recovery of funds applied, to take place.

The direct administration of assets emanating from the incorporation of goods in exchange for assistance purveyed, as well as those originating in the cancellation of certificates of participation in Trust Agreements and the transfer of goods in trusteeship stemming from the expiry of contracts, have all permitted an undoubted improvement in SEDESA's performance, particularly with regard to the recovery of credit portfolios and all matters concerning the decisions aimed at the sale of assets.

All the above was complemented by the adequate placing of available resources in investments both local and foreign, in accordance with guidelines set by current legislation.

1.1. Investments

According to the provisions of Section 10 of Decree 540/95 and its modifications, the resources of the Deposit Guarantee Fund (DGF) must be invested under conditions similar to those fixed for the placement of international reserves by the CENTRAL BANK OF THE ARGENTINE REPUBLIC, with this entity being able to authorize that up to 50% of the DGF's assets may be invested in local bonds.

The strategy adopted in all cases was one which aimed at preserving an adequate level of liquidity of all placements, reducing risks to a minimum and endeavouring to achieve the highest yields without endangering the capital of said investments.

With regard to the BLF, the non-applied liquid balances were invested in the CENTRAL BANK OF THE ARGENTINE REPUBLIC.

1.2. Information concerning the available balance of the Deposit Guarantee Fund

SEDESA informs on a monthly basis the general public and the Superintendence of Financial and Exchange Entities of the CENTRAL BANK concerning the available balance of the DGF; via information certified by External Auditors to the Superintendence in question and to the general public, via the Official Gazette and this Society's Web Page.

In this way, SEDESA complies with instructions laid down in the last paragraph of Section 10 of Decree 540/95 and its modifications; one should clarify that the certification of accounts by External Auditors is not laid down by law, but responds to the customary practice by SEDESA of offering up the maximum level of security and transparency to all its acts.

1.3. Organization Manual and Norms and Procedures Manual

In line with habitual practice, during the year under review the task of bringing up-to-date the above-mentioned Manuals was continued and the start of the compilation of another Manual covering SEDESA's operational activities, was implemented.

The Board of SEDESA has interpreted, from its very first meeting of 13th October 1995 that, given the nature and characteristics of the society, all those aspects relating to administration and transparency are of prime importance. Given this, the preparation of a thorough Procedures Manual and its permanent up-dating, is of singular importance.

2 Exchange with other countries and entities

As a consequence of SEDESA being selected during the year 1999 to form part of a Task Force destined to prepare a document concerning the development of deposit insurance schemes, together with members of the G7 and the agencies of five other countries, as well as by the IMF and the World Bank, SEDESA has frequently been invited to participate in a number of meetings on a global scale. Furthermore, it has maintained important exchanges of technical information with numerous organisms, especially with: Asociación Española de Banca; American University of Paris; Banca d'Italia (Italy); Banco Central de Bolivia; Central Bank of the Popular Republic of China; Banco Central del Paraguay; Banco Central del Uruguay; Banco de España; Inter-American Development Bank (IDB); Bank for international Settlements, Basle; Bank of England; Federal Deposit Insurance Corporation (USA); Federal Reserve Bank

of Chicago (USA); Federal Reserve Bank of Philadelphia (USA); Fondo de Garantía de Depósitos de España; Fondo Interbancario di Tutela dei Depositi (Italy); Fundo Garantidor de Creditos (Brazil); International Association of Deposit Insurers (IADI); International Monetary Fund (USA); Organization for Economic Co-operation and Development (OECD); Office of the Comptroller of the Currency (OCC); The World Bank and Vilanova University.

3. Systems

3.1. Up-dating the information platform

During the year 2004, the computer hardware was renovated, new servers and printers were incorporated and an additional Internet connection was established at head-office.

Moreover, much the same applied to the equipment existing in the Mendoza office, with the renewal of hardware and the establishing of the pertinent connections.

3.2. Collection management system for transferred assets

During the year under review the development of this system continued, extending to the firm's office in Mendoza. Moreover, work was effected on its adaptation, to the incorporation of two new types of asset portfolio.

Requirement procedures governing the transfer of data concerning credit portfolios were established and ample support was afforded to the entities, so as to ensure compliance.

After a thorough quality analysis covering all aspects

of pros and cons, and costs, a service was contracted which will allow SEDESA to visualize in real time the income arising from payments made by debtors, via a top security connection. This system offers a possibility of viewing through an Internet connection the evolution of payments on a daily basis, as well as accumulated by periods. This system is highly adaptable to SEDESA's requirements, particularly bearing in mind the transfer of this information to SEDESA's own system.

3.3. Another Aspect

Technical information was afforded to various financial entities, concerning a number of necessary verifications.

3.4. Up-dating of Web Page

During the year under analysis, SEDESA's Web Page was re-designed so as to make access to same more readily available.

The modifications introduced were aimed at meeting the requirements of the general public requesting information, covering the needs both of conventional users as well as students of financial and monetary matters.

In this regard, the access to information habitually requested by the public has been simplified and furthermore, on top of the usual Annual Reports, a summary of Symposia undertaken has also been supplied. This latter aspect covers the presentations made in same, working documents and all data relating to deposit insurance systems and local security nets are also included.

The number of visits made to SEDESA's Web Page is constantly escalating, as may be appreciated in the following **Table XVI**:

Table XVI

Web Page		
Year	Number of visits	% of variation
2001	2.296	-
2002	3.327	45%
2003	5.244	58%
2004	9.758	86%

IX. Financial Statements as at 31/12/2004**Seguro de Depósitos Sociedad Anónima**

Registration Number at the Supervisory Body of Legal Entities: 8662

1. Balance Sheet as at 31 December 2004, compared with the previous period (in pesos)

	31/12/2004	31/12/2003
ASSETS		
CURRENT ASSETS		
Cash and Banks	275,532	186,047
Investments	10,257,988	9,501,417
Other Receivables	1,470,640	1,216,247
Total Current Assets	<u>12,004,160</u>	<u>10,903,711</u>
NON-CURRENT ASSETS		
Other Receivables	127,129	-
Fixed Assets	1,696,977	1,858,808
Total non-current assets	<u>1,824,106</u>	<u>1,858,808</u>
Total Assets	<u><u>13,828,266</u></u>	<u><u>12,762,519</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	976,550	828,552
Social security charges payable	84,810	44,529
Taxes payable	1,024,588	168,159
Others	3,000	-
Total Current Liabilities	<u>2,088,948</u>	<u>1,041,240</u>
NON-CURRENT LIABILITIES		
Taxes payable	-	534,059
Others	-	3,000
Total non-current Liabilities	<u>-</u>	<u>537,059</u>
Total Liabilities - Subtotal	<u>2,088,948</u>	<u>1,578,299</u>
SHAREHOLDERS' EQUITY (as per corresponding statement)	<u>11,739,318</u>	<u>11,184,220</u>
Total Liabilities plus Shareholders' Equity	<u><u>13,828,266</u></u>	<u><u>12,762,519</u></u>

See our report dated:
15 February 2005FINSTERBUSCH PICKENHAYN SIBILLE
Prof. Assoc. Reg. CPCECABA T° 2 F° 6Ricardo E. De Lellis
Partner
Chartered Public Accountant (U.B.A.)
C.P.C.E.C.A.B.A. T° XCIV F° 166Enzo Agustín Vivian
Syndic
for Syndics' CommitteeJosé Carlos Jaime
Chairman

Seguro de Depósitos Sociedad Anónima

Registration Number at the Supervisory Body of Legal Entities: 8662

2. Statement of Income and Expenditure - Results for the fiscal year ended 31 December 2004, in comparison with the previous fiscal year (in pesos)

	<u>31/12/2004</u>	<u>31/12/2003</u>
Income from commissions	1,850	8,439
Administrative Expenses	(891,015)	(992,964)
Plus: Expenses' recovery	718,528	538,955
Financial income and for holding:		
Exchange difference	136,339	(1,197,312)
Financial income	936,813	710,674
Income from exposure to inflation:		
Generated by assets	-	(81,774)
Generated by liabilities	-	8,356
Total financial income and for holding	<u>1,073,152</u>	<u>(560,056)</u>
Other income	-	58,449
Profit / (Loss) net (before income tax)	<u>902,515</u>	<u>(947,177)</u>
Income tax	<u>(347,417)</u>	<u>229,324</u>
Profit / (Loss) from the fiscal year	<u>555,098</u>	<u>(717,853)</u>

See our report dated:
15 February 2005

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

Ricardo E. De Lellis
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José Carlos Jaime
Chairman

Seguro de Depósitos Sociedad Anónima

Registration Number at the Supervisory Body of Legal Entities: 8662

3. Statement of Changes in Shareholders' Equity for the fiscal year ended 31 December 2004, in comparison with the previous fiscal year (in pesos)

	Shareholders' Contribution		Reserve Earnings			Retained earnings	Total as at 31/12/2004	Total as at 31/12/2003
	Capital Stock	Capital adjustment	Legal Reserve	Optional Reserve	Total			
Balances at the beginning of the fiscal year	1,000,000	1,197,266	439,454	11,470,147	14,106,867	(2,922,647)	11,184,220	12,812,190
Modification of balances	-	-	-	-	-	-	-	(910,117)
Balances at the beginning of the fiscal year, modified	1,000,000	1,197,266	439,454	11,470,147	14,106,867	(2,922,647)	11,184,220	11,902,073
Result of f.y. as per statement of results - Profit (Loss)	-	-	-	-	-	555,098	555,098	(717,853)
Balances at the closing of the fiscal year	1,000,000	1,197,266	439,454	11,470,147	14,106,867	(2,367,549)	11,739,318	11,184,220

See our report dated:
15 February 2005

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

Ricardo E. De Lellis
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Enzo Agustín Vivian
Syndic
for Syndics' Committee

José Carlos Jaime
Chairman

4. Auditors' Report on the Financial Statements

To the Chairman and Board of Directors of
SEGURO DE DEPOSITOS SOCIEDAD ANONIMA
Av. Corrientes 311, Piso 10°
Buenos Aires

We have examined the balance sheet of SEGURO DE DEPOSITOS SOCIEDAD ANONIMA as of December 31, 2004 and the related statement of income and changes in stockholders' equity and cash flow, notes 1 to 13 and the Exhibits I to III for the fiscal year then ended, submitted in comparison with 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.

With regard to the financial statements as at 31 December 2003, we have issued on April 2, 2004, an auditors' report without qualifications.

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 from 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 aspects, the financial position of the Corporation as at December 31, 2004, as well as the results of the operations and the changes in stockholders' equity and cash flow for the fiscal year ended on that date, in conformity with generally accepted accounting standards in force in the Autonomous City of Buenos Aires.

In accordance with current regulations, we inform that:

a) The financial statements arise from the accounting records of the Corporation, and are in the process of transcription to the records Inventory and Balance Sheets and Journal, respectively;

b) Liabilities accrued in favor of the National Social Security Administration, as of December 31, 2004, according to the accounting records, amounted to \$ 81,128, none of which had fallen due at that date.

Buenos Aires, 15 February 2005

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

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

5. Report of the Syndics' Committee

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

In fulfilment of the mission entrusted to this Committee by the Ordinary Meeting and in compliance with legal and statutory regulations in force, this Committee has developed its specific activity in permanent contact with the management of the Corporation during the course of the Tenth Fiscal Year, ended as at 31 December 2004, and has had intervention in those matters on which it has been called in the sphere of the duties and attributions of its responsibility. 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 in the pertinent minutes.

Moreover, it has examined the financial statements and inventories of the Corporation as at 31/12/2004, as well as those pertaining to the trust agreement of the Deposit Guarantee Fund (DGF) as at 31 December 2004, in which SEDESA acts as trustee and those of the Banking Liquidity Fund (BLF) as at 31 December 2004, created by Decree N° 32/01 of the National Executive Branch of 26/12/2001, through which its administration was entrusted to the Corporation as trustee of same.

The preparation of the above-mentioned documents is the responsibility of the Board of Directors of the Corporation. The responsibility of this Committee is to inform on said documents on the basis of the task which is mentioned in the following paragraph.

The examination of the Committee was performed in accordance with the rulings for Syndics' activities contained in Technical Resolution N° 15 of the Argentine Federation of Economic Science Professional Councils. Said regulations require that the examination be made in accordance with the audit norms in force, foreseen by Technical Resolution N° 7 of said Federation.

To this purpose, it has taken into account the audit of the above-mentioned documents performed by the firm Finsterbusch Pickenhayn Sibille in its capacity of external auditors. Furthermore, it has verified the consistency of the documents examined with the information on corporate decisions mentioned in minutes and the adequacy of said decisions with the law and by-laws, in what refers to their formal and documentary aspects.

It has not evaluated the development of the administrative functions, since said functions are of the exclusive concern of the Directors of the Corporation and of the Shareholders' Meeting.

This Committee considers, on the basis of the revision carried out and of the report of the External Auditors dated 15/02/05 and 02/02/05, that the above-mentioned Financial Statements and inventories reasonably show, in all their significant aspects, the stockholders' equity and financial situation of Seguro de Depósitos S.A., of the Deposit Guarantee Fund and of the Banking Liquidity Fund as at 31/12/2004, the results of the operations, the evolution of stockholders' equity, the statement of cash flow, the notes and the exhibits to the Financial Statements, in accordance with professional accounting norms in force in the Argentine Republic. In addition, it should be noted that the above-mentioned Financial Statements arise from the accounting registrations of the Corporation carried out, in their formal aspects, in accordance with the legal provisions in force.

Moreover, the Committee agrees 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, of the Deposit Guarantee Fund and of the Banking Liquidity Fund, of the main aspects and facts of the Corporation management and, essentially, of the specific results.

Buenos Aires, 26 April 2005

For the Syndics' Committee

C.P.A. Enzo A. Vivian

Dr. Eugenio C. Gallegos del Santo

Dr. Adolfo C. Diz

Fondo de Garantía de los Depósitos

1. Balance Sheet as at 31 December 2004 compared with the previous fiscal year (in pesos)

	<u>31/12/2004</u>	<u>31/12/2003</u>
ASSETS		
CURRENT ASSETS		
Cash and Banks	86,334,944	213,767,705
Investments	1,179,331,598	641,223,905
Credits	12,079,550	11,599,213
Other Credits	101,645	158,319
Other Assets	36,253,725	33,024,848
Total current assets	<u>1,314,101,462</u>	<u>899,773,990</u>
NON-CURRENT ASSETS		
Credits	245,893,071	241,978,905
Other Credits	90,858	119,949
Other Assets	7,100,336	4,820,474
Total non-current assets	<u>253,084,265</u>	<u>246,919,328</u>
Total assets	<u><u>1,567,185,727</u></u>	<u><u>1,146,693,318</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,344,368	1,034,294
Other liabilities	344,967	15,417,556
Total current liabilities	<u>1,689,335</u>	<u>16,451,850</u>
Total liabilities - Subtotal	<u>1,689,335</u>	<u>16,451,850</u>
EQUITY (as per corresponding statement)	<u>1,565,496,392</u>	<u>1,130,241,468</u>
TOTAL	<u><u>1,567,185,727</u></u>	<u><u>1,146,693,318</u></u>

See our report dated:
15 February 2005

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

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

Enzo Agustín Vivian
Syndic
for Syndics' Committee

José Carlos Jaime
Chairman

Fondo de Garantía de los Depósitos

2. Statement of Income and Expenditure - Results for the fiscal year ended as at 31 December 2004, compared with the previous fiscal year (in pesos)

	31/12/2004	31/12/2003
Income from incorporation of credits from former financial entities and from recovery of trust agreements net of provisions	8,782,968	11,947,775
Income from collection of credits transferred in favor of SEDESA net of related expenses	4,715,319	3,791,111
Income from recovery of financial Trust Agreements and collection management, net of related expenses	5,106,567	11,040,100
Assistance to financial entities written down by 100%	(8,209,306)	(1,595,268)
Justice tax, judicial expenses and legal fees	(3,465,530)	-
Provision on loans with option of cancellation with public bonds in trust agreement and/or in guarantee	7,865,928	(22,220,260)
Debit for stand-by repo's facilities programme with the BCRA	-	(15,167,994)
Administrative expenses	(6,001,918)	(3,598,091)
Other income and expenditures	(1,038,438)	2,969,317
Financial results and from holding operations:		
Exchange difference	15,980,633	(104,709,619)
Results for holding public bonds and guaranteed loans	5,178,135	139,670
Income from adjustments and accrued interests:		
Financial results from loans granted and placements	33,630,588	15,473,183
Financial results from loans received	-	(2,759,761)
Results from exposure to inflation:		
Generated by Assets	-	(614,181)
Generated by Liabilities	-	45,959
Total Financial Results	54,789,356	(92,424,749)
Profit / (Loss) of the fiscal year	62,544,946	(105,258,059)

See our report dated:
15 February 2005

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

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Enzo Agustín Vivian
Syndic
for Syndics' Committee

José Carlos Jaime
Chairman

Fondo de Garantía de los Depósitos

3. Statement of evolution of equity for the fiscal year ended as at 31 December 2004 compared with the previous fiscal year (in pesos)

	Contributions from financial entities	Assessments adjustment	Retained Earnings	Fiscal year ended on	
				31/12/2004	31/12/2003
				Total equity	Total equity
Balances at the beginning of the fiscal year	2,104,278,938	1,865,510,565	(2,839,548,035)	1,130,241,468	917,690,142
Contributions from financial entities	372,709,978	-	-	372,709,978	317,809,385
Result of the fiscal year as per statement of income - Profit / (Loss)	-	-	62,544,946	62,544,946	(105,258,059)
Balances at the closing of the fiscal year	2,476,988,916	1,865,510,565	(2,777,003,089)	1,565,496,392	1,130,241,468

See our report dated:
15 February 2005

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

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C.P.C.E.C.A.B.A. T° XCIV F° 166

Enzo Agustín Vivian
Syndic
for Syndics' Committee

José Carlos Jaime
Chairman

4. Auditors' Report on the Financial Statements

To the Chairman and Board of Directors of
SEGURO DE DEPOSITOS SOCIEDAD ANONIMA
Av. Corrientes 311, Piso 10°
Buenos Aires

We have examined the balance sheet of FONDO DE GARANTIA DE LOS DEPOSITOS as of December 31, 2004 and the related statement of income and changes in equity and cash flow, notes 1 to 10 and the Exhibits I to V for the fiscal year then ended, submitted in comparison with the previous fiscal year. These financial statements are the responsibility of the Board of Directors of the Trustee of this Trust Agreement. Our responsibility is to express an opinion on these financial statements based on our audit.

With relation to the financial statements of the Fondo de Garantía de los Depósitos as at 31 December 2003, we have issued, on 2 April 2004, an auditors' report without qualifications.

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 from 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 the Board of the Trustee, 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 aspects, the financial position of the 'FONDO' as at December 31, 2004, as well as the results of the operations and the changes in equity and cash flow for the fiscal year ended on that date, in conformity with generally accepted accounting standards in force in the Autonomous City of Buenos Aires.

In accordance with current regulations, we inform that:

- a) The financial statements arise from the accounting records of the 'FONDO', and are in process of transcription to the records of Inventory and Balance Sheets and Journal, respectively;
- b) As of December 31, 2004, according to the accounting records, there are no debts pending, on an accrual basis, with the National Administration of Social Security.

Buenos Aires, 15 February 2005

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

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

Fondo de Liquidez Bancaria

1. Balance Sheet as at 31 December 2004, compared with the previous fiscal year (in pesos)

	<u>31/12/2004</u>	<u>31/12/2003</u>
ASSETS		
CURRENT ASSETS		
Cash and Banks	780,536	31,979,123
Investments	25,253,955	-
Credits	-	297,725
Other assets	1,837,046	-
Total current assets	<u>27,871,537</u>	<u>32,276,848</u>
NON-CURRENT ASSETS		
Credits	9,208,240	7,553,088
Total non-currents assets	<u>9,208,240</u>	<u>7,553,088</u>
Total Assets	<u><u>37,079,777</u></u>	<u><u>39,829,936</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	104,762	58,719
Total Liabilities - Subtotal	<u>104,762</u>	<u>58,719</u>
EQUITY (as per corresponding statement)	<u>36,975,015</u>	<u>39,771,217</u>
TOTAL	<u><u>37,079,777</u></u>	<u><u>39,829,936</u></u>

See our report dated:
15 February 2005

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

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

Enzo Agustín Vivian
Syndic
for Syndics' Committee

José Carlos Jaime
Chairman

Fondo de Liquidez Bancaria

2. Statement of Income and Expenditure - Results for the fiscal year ended 31 December 2004 compared with the previous fiscal year (in pesos)

	<u>31/12/2004</u>	<u>31/12/2003</u>
Administrative expenses	(324,158)	(278,565)
Provision on loans with option to cancellation with public Bonds in guarantee	(2,987,401)	(21,446,912)
Financial results and for holding operations:		
Financial results	515,357	212,783
Results from exposure to inflation:		
Generated by assets	-	(341,476)
Generated by liabilities	-	1,104
Total financial results	<u>515,357</u>	<u>(127,589)</u>
Loss for fiscal year	<u>(2,796,202)</u>	<u>(21,853,066)</u>

See our report dated:
15 February 2005

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

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Enzo Agustín Vivian
Syndic
for Syndics' Committee

José Carlos Jaime
Chairman

Fondo de Liquidez Bancaria

3. Statement of changes in Equity for the fiscal year ended 31 December 2004 compared with the previous fiscal year (in pesos)

	Contributions of Financial entities	Adjustment for Contributions	Retained Earnings	Fiscal year ended on	
				31/12/2004	31/12/2003
				Total Equity	Total Equity
Balances at the beginning of the fiscal year	-	1,098,554,194	(1,058,782,977)	39,771,217	61,624,283
Results of the fiscal year-Loss	-	-	(2,796,202)	(2,796,202)	(21,853,066)
Balances at the closing of the fiscal year	-	1,098,554,194	(1,061,579,179)	36,975,015	39,771,217

See our report dated:
15 February 2005

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

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

Enzo Agustín Vivian
Syndic
for Syndics' Committee

José Carlos Jaime
Chairman

4. Auditors' Report on Financial Statements

To the Chairman and Directors of
SEGURO DE DEPOSITOS SOCIEDAD ANONIMA
Av. Corrientes 311, Piso 10°
Buenos Aires

1. Financial statements audited

We have examined the balance sheet of FONDO DE LIQUIDEZ BANCARIA as at 31 December 2004 and the related statement of income, changes in equity and cash flow, notes 1 to 7 and Exhibits I, II and III for the fiscal year then ended, submitted in comparison with the previous fiscal year. These financial statements are the responsibility of the Board of Directors of the Trustee of this Trust Agreement. Our responsibility is to express an opinion on these financial statements based on our audit.

With regard to the balance sheets pertaining to the Fondo de Liquidez Bancaria as at 31 December 2003, we have issued a report dated April 2, 2004 including an indeterminate observation, covering the accrual of interests which one should register with the Class A Certificates of Participation, corresponding to the assessments made by the financial entities to the Fondo, as expressed in clause 3 below.

2. Scope of the 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 the Board of Directors of the Trustee, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our professional opinion.

3. Statements prior to the opinion

As it is mentioned in note 1, at the date of issuance of the present financial statements, the Certificates of Participation Class A corresponding to the assessments made by the financial entities to the Fondo de Liquidez Bancaria were not issued, owing to the fact that the Central Bank of the Argentine Republic (BCRA) has not as yet determined the amount, rate of interest and other conditions of the certificates of the Fondo. Consequently, the corresponding accrued interests for assessments to the Fondo are not registered in the financial statements.

4. Professional Opinion

In our opinion, subject to the effect of the accrual of interests which should be registered from the Certificates of Participation Class A, should they be finally approved by the BCRA, as stated in clause 3), the financial statements mentioned in the first paragraph of this report present fairly, in all material aspects, the information on the equity and financial situation of the FONDO DE LIQUIDEZ BANCARIA as at 31 December 2004, the results of its operations, the changes in equity and the cash flow for the fiscal year then ended, in conformity with generally accepted accounting standards in force in the Autonomous City of Buenos Aires.

5. Additional information required by legal provisions

In accordance with current regulations, we inform that:

a) the financial statements arise from the accounting records of the Fondo, and are in the process of transcription to the Registers of Inventory and Balance Sheets and Journal Book, respectively.

b) As at 31 December 2004, there are no liabilities accrued in favour of the National Social Security Administration, according to the accounting records as of that date.

Buenos Aires, 2 February 2005

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

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

Annex

Regulatory and Legal Framework

1. Deposits Insurance Guarantee System

- **Created by Law 24,485 - Sect. 1**
 - Partially enacted by Decree 538/95
 - Amended by Law 25,089 (O.G. 14/05/99)
- **Regulated by Decree 540/95 (12/04/95)**
 - Amended by Decree 177/96 (21/2/96)
 - Amended by Decree 1,292/96 (15/11/96)
 - Amended by Decree 1,127/98 (O.G. 28/9/98)
 - Amended by Decree 1,292/99 (O.G.11/11/99)
 - Amended by Decree 32/01 (O.G. 27/12/01)
 - Amended by Decree 214/02 (O.G. 04/02/02)
- **Decree 905/02 (O.G. 01/06/02)**

1.1. Law 24,485

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

¹When the Central Bank of the Argentine Republic provided for the total or partial suspension of operations or the revocation of the authorization to function of a financial entity, the System of Deposit Insurance Guarantee shall provide for the reimbursement to their holders of the amounts deposited in the special accounts for payment of salaries, established by virtue of the provisions contained in Section 124 of Law 20,744 (text amended in 1976), in a term not longer than five (5) working days as from the date of the suspension or the revocation of the authorization to function.

1.2. Decree N° 540/95 and its amendments

²**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.

³The constitution of the corporation “SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA” (SEDESA) is decided, with the exclusive purpose of holding the functions of trustee which shall be entrusted to it at the right moment by the NATIONAL GOVERNMENT or by the BANCO CENTRAL DE LA REPUBLICA ARGENTINA.

³**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 to the account and entity that the BANCO CENTRAL DE LA REPÚBLICA ARGENTINA may determine.

¹ Law 25,089.

² Decree N° 1292/1996, sect. 3

³ Decree N° 32/2001, sect. 8

²**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.

⁴**Section 6:** The financial entities authorized to operate in the ARGENTINE REPUBLIC shall be obliged to 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 FIFTY PER CENT (50%) of the pertaining assessment to be made.

⁴**Section 7:** The BANCO CENTRAL DE LA REPÚBLICA ARGENTINA 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 which 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.

⁴**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 a 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.

⁵**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.

⁴Decree N° 1292/96, sect. 3

⁵Decree N° 1292/99, sect. 1

The collaterals to be granted by the financial entities, in accordance with 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.

⁶**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 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 on a monthly basis inform the public and the SUPERINTENDENCY OF FINANCIAL AND FOREIGN EXCHANGE INSTITUTIONS the balance of the D.G.F.

⁷**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 their 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 fulfilment of same
- (II) The financial institutions which acquire assets and assume the responsibility for the payment of the deposits of another institution subject to the regime of Section 35 bis and concordant of Law of 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 the Articles of Incorporation of the BANCO CENTRAL DE LA REPUBLICA ARGENTINA (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 on account of the D.G.F., in its capacity of administrator of same, 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 with the provisions of Section 6, during the period of TWO (2) years effective as from the moment when the loan or the credit transaction is initiated. To the effect of determining the total assessments during the above-mentioned TWO (2) year 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 on account of the D.G.F.

The application of the alternatives foreseen in the foregoing paragraphs b), c) and d) as well as the transactions

⁶Decree N° 1292/96, sect. 3

⁷Decree N° 1292/99, sect. 2

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 make up said 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 with 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 to the D.G.F. lower than that which would result on account 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 the 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 insurance 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 01.07.1995, 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.

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 another pertinent economic indicators it may care to consult.

⁸Decree N° 1127/98, sect. 1

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

⁹**Section 13 bis:** SEDESA may issue nominative bonds non-endorsable with the purpose of offering them to the depositors in payment of the deposit guarantee, if it had not enough funds to these effects.

Said bonds, whose conditions shall be established with a general character by the BANCO CENTRAL DE LA REPUBLICA ARGENTINA, shall have to be accepted by the financial entities so as to constitute deposits in the conditions stipulated by said regulations.

¹⁰**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.

¹¹**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 of 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 REPUBLICA 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. are 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 objective in mind 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 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.

¹²**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 REPUBLICA ARGENTINA may issue.

¹²**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 balance sheets corresponding to the closing of that day, constituted in financial entities which were not suspended by the BANCO CENTRAL DE LA REPUBLICA ARGENTINA or whose authorization to operate had not been revoked.

Section 22: The BANCO CENTRAL DE LA REPUBLICA ARGENTINA shall be the Authority of Application of the sys-

⁹Decree N° 214/02, sect. 16

¹⁰Decree N° 1292/96, sect. 3

¹¹Repealed by Decree N° 1127/98, sect. 2

¹²Decree N° 1292/96, sect. 3

tem 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, have 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 trans-formation 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.

1.3. Decree 905/2002 (relevant part)

CHAPTER VII - ON THE FINANCIAL ENTITIES

SECTION 30: In the case of financial entities affected by the implications of section 35 bis of Law N° 21,526 of Financial Entities or suspended in the terms of section 49 of the Articles of Incorporation of the BANCO CENTRAL DE LA REPUBLICA ARGENTINA or those that resulted included in said provisions over the duration of the term of public emergency, stipulated by Law N° 25,561, in the terms regulated by the BANCO CENTRAL DE LA REPUBLICA ARGENTINA, its deposits, for up to the amount indicated in section 13 and with the limitations established in section 15, both of Decree N° 540/95 and its amendments, net of the amounts mentioned in paragraphs a) to d) of the present section, shall be cancelled according to the mechanism foreseen in the above-mentioned decree.

Should the funds of SEGURO DE DEPOSITOS SOCIEDAD ANONIMA (SEDESA) be insufficient, for up to said limit, net of the amounts mentioned in paragraphs a) to d) of the present section, the deposits shall have to be cancelled through the delivery of bonds of the National Government in Pesos of similar financial conditions in what refers to term, capital adjustment and interest as those foreseen in section 11 of the present decree, and the dates of issuance and maturity shall have to be amended in accordance with the date of adoption of said measure. The depositors in such entities may opt to receive "BONOS DEL GOBIERNO NACIONAL EN DOLARES ESTADOUNIDENSES LIBOR 2012" foreseen in section 10 of the present decree up to the amount indicated in the preceding paragraph, in which case the conversion to US Dollars shall be made at the exchange rate in force on the date of the revocation of the authorization to operate of the financial entity, all this in the manner that the BANCO CENTRAL DE LA REPUBLICA ARGENTINA may regulate.

The proceeding detailed in the previous paragraph shall not be applicable in case the pertinent financial entity submits, within the terms and conditions established by the BANCO CENTRAL DE LA REPUBLICA ARGENTINA, a plan of action which to the exclusive opinion of said Entity, proves the viability of the financial entity or satisfies the situation of its depositors.

In case the assets in the entity were not sufficient to allow it to cover the total deposits, the BANCO CENTRAL DE LA REPUBLICA ARGENTINA shall have to exclude assets which are sufficient in its opinion, in favour of a trustee which shall be a financial entity and whose beneficiary in the first degree shall be the National State as a counterpart of the bonds to be delivered, all of this in the manner that the BANCO CENTRAL DE LA REPUBLICA ARGENTINA may regulate.

The preceding provisions shall be applicable with the exceptions listed below, which shall be cancelled in cash within TEN (10) working days to be counted as from the date of suspension, in the manner established by the BANCO CENTRAL DE LA REPUBLICA ARGENTINA:

a) Accounts for the payment of salaries: the last payment of salaries, with a minimum of PESOS ONE THOUSAND TWO HUNDRED (\$ 1,200).

b) Accounts for the payment of retirement benefits and pensions.

c) Accounts of physical persons up to PESOS ONE THOUSAND TWO HUNDRED (\$ 1,200).

d) Current accounts of legal persons: the last payroll.

1.4. Rules issued by the BCRA on the application of the Deposit Guarantee Insurance System (Communiqué “A” 2337 and complementary)

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1. Trust Agreement Shareholder of SEDESA

The participation in the Trust Agreement that acts as shareholder of the corporation Seguro de Depósitos S.A. (SEDESA) arises from apportioning the assessment contributed by each entity with regard to the assessments collected from the whole system, pertaining to each calendar year. Should one entity not make use of the participation option, a proportional increase in the participation of the other entities shall be determined.

2. Normal Assessment

The entities comprised in the Law of Financial Entities shall each month destine to the Deposit Guarantee Fund (D.G.F.) a normal assessment equivalent to 0.015% of their monthly average of daily balances of the items listed in point 5.1), registered in the second month immediately preceding. To this purpose the Banco de la Nación Argentina shall adjust itself to the provisions of the second paragraph of Section 6 of Decree 540/95 (text as per Decree 1292/96 - Section 3).

The Banco Central de la República Argentina may request the integration, as an advance, of the equivalent of up to twenty-four (24) minimum normal assessments, with no less than thirty calendar days beforehand, to cover the Fund's resource requirements.

3. Additional assessment

Apart from the normal assessment referred to in point 2., the entities shall have to make an additional differential assessment according to the result obtained from the weighting of the following factors, on the basis of the methodology contained in point 7.

3.1) The rating assigned to the entity as per the evaluation made by the Superintendencia of Financial and Foreign Exchange Entities.

3.2) The ratio of excess of integration of computable shareholders' equity responsibility with regard to the minimum capital requirement. To this effect, to the computable shareholders' equity responsibility, shall be added the provisions for risk of non-collection constituted in excess of the minimum established in the pertinent norms.

3.3) The rating of the active portfolio measured by:

3.3.1) Minimum provisions required for non-collection risk with regard to financing.

3.3.2) Computable assets to determine the required minimum capital, weighted as per the provisions of the rules on "Financial entities' Minimum Capital" with regard to the total assets.

The additional contribution arising from the application of the above-mentioned factors shall not exceed one time the normal assessment.

4. Integration of assessments

The normal, additional and advance assessments shall be debited from the sight accounts of the entities with the Banco Central de la República Argentina no later than the 12th day of the corresponding month.

In case up-dated information to establish the pertinent calculation basis is not available, the amount shall be determined as per the last available data, increasing by 10% the basis thus obtained.

5. Scope of the Guarantee

5.1) Included deposits

The coverage offered by the system shall reach the deposits in Pesos and foreign currency constituted in the participating entities under the following forms:

5.1.1) Sight accounts.

5.1.2) Saving accounts.

5.1.3) Time deposits.

5.1.4) Salary and Special payments.

5.1.5) Term investments.

5.1.6) Immobilized balances proceeding from the preceding concepts.

5.2) Exclusions.

5.2.1) Transferable time deposits, whose ownership has been acquired by way of endorsement, even though the last endorser is the original depositor.

5.2.2) The placements obtained through systems offering incentives or additional stimulations over the agreed rate of interest, whatever is the denomination or the form they adopt (insurance, drawing lots, tourism, lending of services, etc.)

5.2.3) Deposits on which rates of interest higher than the reference rates of interest are agreed. The reference rates are periodically divulged by the Banco Central de la República Argentina, through Communiqués "B", and are determined by adding two percentage annual points to the mobile average to the last five banking working days of the actual rates which, for fixed term deposits and balances of sight accounts (checking accounts and saving accounts) of up to \$ 100,000 (or its equivalent in other currencies) arise from a survey carried out by the Banco Central de la República Argentina.

5.2.4) Deposits of financial entities in other intermediaries, including the certificates of deposit acquired by secondary negotiation.

5.2.5) Deposits made by persons connected, directly or indirectly, to the entity according to the standards defined in point 4.2 of Chapter I of Circular OPRAC-1 in point 1.1. of Annex I to Comunicado A-2140.

5.2.6) Time deposits of securities, acceptances or guarantees.

5.2.7) Immobilized balances proceeding from deposits and other excluded transactions.

5.3) Coverage. Amount and formalities

5.3.1) The guarantee shall cover the reimbursement of the deposited capital and its interests, accrued up to the date of revocation of the authorization to function or up to the date of suspension of the entity by application of Section 49 of the Charter of the Banco Central de la República Argentina, should this measure have been adopted prior to the former, without exceeding -for both concepts- \$ 30,000.

5.3.2) In the accounts and impositions constituted in the name of two or more persons, the limit of the guarantee shall be of \$ 30,000, whatever is the number of holders, and the amount of the corresponding guarantee shall be distributed pro-rata among the holders.

5.3.3) The total guaranteed to one certain person, owing to accumulation of accounts and deposits reached by the coverage, as provided for beforehand, shall not exceed the limit of \$ 30,000 established in Section 13 of Decree 540/95 (text as per Decree 1127/98).

5.3.4) SEDESA shall reject or postpone until its judicial recognition the request for coverage by application of this guarantee regime when the deposits do not meet the requirements established by the applicable rules or when the depositors do not produce titles materially and formally valid.

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

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

6. Implementation

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

"The deposits in Pesos and in foreign currency benefit from a guarantee of \$ 30,000. In transactions made in the name of two or more persons, the guarantee will be distributed on a pro-rata basis among its holders. In no case the total guarantee per person shall exceed \$ 30,000, whatever the number of accounts and/or deposits may be. Law 24,485, Decree 540/95 and Communiqué A-2337 and their modifications and complementary regulations. Those attracted at rates higher than the reference rate and those that have had special incentives or stimulations additional to the rate of interest, are excluded".

Should one of the cases referred to above take place, the following statement shall be placed in a visible way and printed on the face of the documents:

"Deposit without guarantee"

This last requirement shall not be applicable when the transactions are done through ATM belonging to nets that make possible the operational interconnection of the financial entities.

The entities shall keep at the disposal of their customers the complete texts of Law 24,485, of Decree 540/95 (text amended) and of the present rules.

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

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

Until the new documents containing the printed statements are available, the requirement may be fulfilled by the

printing of stamps with the following statements: "The deposits benefit of a limited guarantee for their reimbursement. Law 24,485, Decree 540/95 and rules on "Application of the deposit insurance guarantee system" issued by the Banco Central de la República Argentina", or "Deposit without guarantee" for each case, respectively.

7. Determination of the additional assessment

The normal assessment shall be corrected according to the results obtained for each entity through the application of an index that, constructed as a function of the factors outlined in clause 3, shall fluctuate between the values 1 and 2.

7.1) Entities with "CAMELS" rating¹³

It shall arise from the following expression:

$$Ic = \{(Ipr/f + Iar/a + 2 * Icamels)/4\} - Irpc/Kmin$$

where:

Ipr/f: indicator referred to in point 3.3.1. which shall take the value arising from the following expression:

$$Ipr/f = (Vi/0.04)^{1.20}$$

where:

Vi: ratio between the minimum provisions required according to point 2.1. of Section 2. of the rules on "Minimum provisions for non-collection risk" and the total financing included (Section 2. of the rules on "Debtors Rating".) Said concept includes the balances of the guarantees granted for liabilities assumed on behalf of third parties, registered on the last day of the pertinent month, according to the rating informed on the debtor's situation.

The value of the index shall be limited between 1 and 2.5. Which means that in the cases in which the result of the expression is, respectively, lower or higher than those inferior or superior limits, 1 or 2.5 shall be taken, as the case may be.

Iar/a: Indicator to which point 3.3.2. refers, which shall take the value arising from the following expression:

$$Iar/a = (Vi/0.70)^{1.30}$$

where:

Vi: ratio between the risk assets of the entity and the total assets. Assets are defined as risk assets when they add up the total of the concepts "Ais", "Vrf" and "Vrani" - in these last two cases computed as per their weighted value- in the terms to which item 3.1 of Section 3 of the rules on "Minimum Capital of the Financial Entities" and as total of assets those adding the concepts "Ais", "f" and of those other non-immobilized assets not included in "f" -included in "Vrani-".

The value of the index shall be limited between 1 and 2. This means that, when the result of the expression was, respectively, lower or higher than those inferior and superior limits, 1 or 2 shall be taken, as the case may be.

Icamels: Indicator to which point 3.1. refers. The value arising from the following table shall be taken:

¹³ The Superintendency of Financial and Exchange Entities (SEFyC) of the Central Bank of the Argentine Republic (BCRA), makes an overall evaluation of the situation of each entity, which is then turned into a system of numerical rating which uses the acronym CAMELS (on the basis of the initials in English of its components: Capital, Assets, Management, Earnings, Liquidity and Sensitivity) and adopts values between 1 and 5 (1 corresponds to the entity with the best rating and 5 to that with the worst rating). The CAMELS Rating System affords a general framework for the evaluation of the soundness of the financial entities supervised by the S.E.F. y C. and of the fulfillment of the laws and rules in force.

Rating	Index
1	1.00
2	1.33
3	1.66
4	2.00
5	2.00

The rating which the Superintendence of Financial and Foreign Exchange Entities may assign to the financial entity shall be taken into account with the purpose of the calculation of the assessments to the Deposit Guarantee Fund which are liable to be demanded as from the third month following the month in which the pertinent notification took place.

lrpc/Kmin: Indicator to which point 3.2. refers. The value arising from the following table shall be taken:

Ratio CER/minimum capital requirement	Index
Up to 0.90	-0.50
More than 0.90 to 0.95	-0.25
More than 0.95 to 1.00	-0.10
More than 1.00 to 1.10	0.00
More than 1.10 to 1.20	+0.05
More than 1.20 to 1.30	+0.10
More than 1.30 to 1.50	+0.20
Superior to 1.50	+0.30

The value of the index I_c shall be limited between 1 and 2. This means that, in those cases when the result of the expression was, respectively, lower or higher than those inferior and superior limits, 1 or 2 shall be taken, as the case may be.

For the calculation of the ratios the amounts corresponding to the third month prior to the due date of the assessments shall be taken.

7.2) Entities without "CAMELS" rating

While the rating of the Superintendence of Financial and Foreign Exchange Entities is not available ("CAMELS") the calculation of the correction index shall arise from the following expression:

$$I_c = \{(lpr/f + lar/a)/2\} - lrpc/Kmin$$

For its application, the definitions of the terms as per point 7.1. shall be taken into account.

7.3) Transitory rulings¹⁴

As a means of determining the additional assessment -calculating the adjustment index " I_c "- the value of the index to be used since the assessment corresponding to September 2003 up to that corresponding to March 2004 regarding the relationship RPC/minimum capital requirement - lrpc/Kmin indicator - will be equal to 0.

Moreover, from the moment that the assessment corresponding to September 2003 is made until the assessment corresponding to August 2004 is also made, the index of correction " I_c " will be calculated as laid down by clause 7.2, applying as from September 2004, the expression foreseen in clause 7.1 for entities enjoying the "CAMELS" rating and the corresponding value of the " I_{camels} " index value, insofar as the entities in question enjoy ratings subsequent to June 2003.

Eventual differences which might emerge corresponding to assessments already made, will be compensated when assessments are carried out, with expiry dates subsequent to 12/11/03 and those following, up until their total absorption; this last criterion shall apply when the resulting adjustments show a balance in favour of the entities.

¹⁴ Communiqué "A" 4040 of 30/10/2003.

2. Banking Liquidity Fund

2.1. Decree N° 32/2001

Section 1: The BANKING LIQUIDITY FUND (BLF) is created, with the purpose of endowing with adequate liquidity the banking system with the scope foreseen in the present decree. To this purpose the BLF shall be able to:

- a) grant loans to financial entities, convertible or not into shares;
- b) acquire assets from financial entities;
- c) make swap transactions with financial entities, with assets having or not public quotation;
- d) subscribe and integrate corporation bonds, subordinated or not, convertible or not into shares, issued by financial entities;
- e) subscribe and integrate shares corresponding to increases of capital in financial entities;
- f) realize the assets it acquires;
- g) transfer or receive the trust property of financial entities' properties or of the BANCO CENTRAL DE LA REPUBLICA ARGENTINA;
- h) acquire property in guarantee of the credits it grants.

Section 2: The BLF shall be administered by SEGURO DE DEPOSITOS SOCIEDAD ANONIMA (SEDESA) which shall act as trustee of same, within the scope foreseen in the Trust Agreement to be entered into at the appropriate moment between SEDESA and the NATIONAL GOVERNMENT through the BANCO CENTRAL DE LA REPUBLICA ARGENTINA. The BLF shall be in force for FIVE (5) years as from the date of publication of the present decree. The compensation and expenses reimbursement to the Trustee shall be established in the Trust Agreement contract.

Section 3: The financial entities authorized to operate in the ARGENTINE REPUBLIC shall integrate the BLF through the subscription of Certificates of Participation Class A for an amount of up to FIVE PER CENT (5%) of the average of daily balances of the deposits of the private sector in Pesos and in foreign currency constituted in each financial entity corresponding to the month of November 2001, according to what the BANCO CENTRAL DE LA REPUBLICA ARGENTINA may determine, and it may establish an additional assessment of up to FIFTY PER CENT (50%) of the one foreseen in the present Section.

Likewise, other certificates of participation or titles of debt to be subscribed with resources coming from the financing of multilateral credit organizations or with other resources which may be obtained to the aims foreseen in the present Decree.

Section 4: The NATIONAL GOVERNMENT, represented by the SECRETARY OF FINANCES, shall integrate yearly the BLF through the annual subscription of Certificates of Participation Class B, for an amount equivalent to the FIFTY PER CENT (50%) of the profits transferred to it freely by the BANCO CENTRAL DE LA REPUBLICA ARGENTINA in fulfillment of Section 38 of Law N° 24,144 as from fiscal year 2002.

The redemption of Certificates of Participation Class B shall be subordinated to the total cancellation of the Certificates of Participation Class A in circulation.

Section 5: The BANCO CENTRAL DE LA REPUBLICA ARGENTINA shall determine the amount, rate of interest and other conditions of the BLF certificates.

Section 6: The liquid balances non- applied of the BLF shall be invested in the BANCO CENTRAL DE LA REPUBLICA ARGENTINA and the earnings of the BLF shall be a part of same.

Section 7: The investment decisions of the BLF shall be adopted by the Steering Committee created in Section 10 bis of Decree N° 540/95 and its modifications, and the representative of the BANCO CENTRAL DE LA REPUBLICA ARGENTINA shall retain the right to veto but shall have no right of vote.

Section 8: The second paragraph of Section 1 of Decree N° 540/95 is substituted and shall be drafted as follows:

“The constitution of the corporation “SEGURO DE DEPOSITOS SOCIEDAD ANONIMA” (SEDESA) is decided with the exclusive purpose of exercising the functions of trustee which shall be entrusted to it at the right moment by the NATIONAL GOVERNMENT or by the BANCO CENTRAL DE LA REPUBLICA ARGENTINA.”

Section 9: The BANCO CENTRAL DE LA REPUBLICA ARGENTINA is instructed, in its capacity of shareholder of SEDESA, in representation of the NATIONAL GOVERNMENT, to promote the reform of its By-Laws with the purpose of adapting them to the provisions of the present decree.

Section 10: The By-Laws' modification regarding the social purpose of SEGURO DE DEPOSITOS SOCIEDAD ANONIMA (SEDESA) shall be in force as from the date of publication of these presents, without prejudice to the corporation's meeting that resolves said modification.

Section 11: The present decree shall be in force as from the date of its publication in the Official Gazette.

Section 12: To be informed to the HONORABLE CONGRESS OF THE NATION, by virtue of the provisions of Section 99, paragraph 3 of the National Constitution.

Section 13: To be communicated, published, given to the NATIONAL DIRECTION OF OFFICIAL REGISTRY and filed.

3. Communiqués of the Central Bank of the Argentine Republic (relating to SEDESA)

Communiqué “A” 2337 (19 May 1995)

The Central Bank of the Argentine Republic (BCRA) lays down the rules of application of the Deposit Insurance System, as per the terms contained in the annexes which are part of this Communiqué and which are a complement of the provisions of Decree N° 540/95, regulatory of Section 1 of Law 24,485. This sets as the date of expiry of the first monthly assessment to the DGF, as at 24 May 1995.

Communiqué “B” 5806 (9 June 1995)

Issues clarifications to the rulings laid down by Communiqué “A” 2337.

Communiqué “B” 5816 (29 June 1995)

Mention is made for the first time concerning the “Reference Rate” which must be taken into account, concerning the cover afforded by the Deposit Guarantee System.

Note of the Central Bank of the Argentine Republic (4 August 1995)

At the request of the Ministry of Economy and Public Works, information is given concerning the schedule which must be observed when signing the Trust Agreement Contract with SEDESA, to be made between Caja de Valores S.A. and the financial entities which wish to participate.

Communiqué “B” 5847 (8 August 1995)

It reports the assessments of the financial entities to the Deposit Insurance Fund corresponding to the month of May 1995, which must be taken into account with the purpose of determining their initial participation in the shareholders' Trust Agreement of SEDESA.

Communiqué “B” 5850 (10 August 1995)

Information is given concerning the proportion that each financial entity must initially observe in the overall Trust Agreement with SEDESA, in line with the commitments of participation originally undertaken.

Communiqué "B" 5855 (18 August 1995)

The final list of financial entities taking part in the overall Trust Agreement with SEDESA and the State is made known, with participations of \$ 999,999.- and \$ 1.-, respectively.

Communiqué "A" 2399 (15 December 1995)

The BCRA resolves to substitute clauses 6.4 and 7 of the "Rules of Application and Complementary Rules" of the "Deposit Insurance Guarantee System" (annex 1 to Communiqué "A" 2337) with the following paragraphs:

- Excludes from the guarantee all values taken through systems which offer additional stimuli or incentives to the agreed interest rate, under whichever denomination or form these may adopt (insurance schemes, raffles, tourism, special services, etc. etc.), and

- Adjust, in line with the foregoing, rules covering "implementation" relative to texts which must figure in the documents representing the passive operations, concerning the scope of the guarantee.

Communiqué "A" 2413 (29 January 1996)

The formula is given which must be used by the financial entities in the calculation of assessments to the Deposit Guarantee Fund.

Communiqué "A" 2449 (28 June 1996)

Reports on the financial entity, and number and denomination of the account into which the assessments to the Deposit Insurance Fund are to be made, as from 01/07/1996.

Communiqué "A" 2482 (15 October 1996)

At the moment of establishing new modalities to the absorption of resources expressed in time deposits, conditions are laid down for these types of investments which, when not expressly foreseen, will observe the general dispositions established for term deposits, including conditions relating to guarantees, when these were applicable.

Communiqué "B" 6080 (5 November 1996)

In compliance with section 7 of Decree N° 540/95, informs regarding the proportion which each entity participates with, as at the month of December 1995, in the Trust Agreement which controls SEDESA.

Press Communiqué N° 27,170 (18 November 1996)

This refers to the publication of Decree 1,292/96, which introduces modifications to the system covering deposits' guarantees, especially those relating to regulations established by Decree N° 540/95. These reforms are aimed at laying down new mechanisms which will afford the system greater scope of flexibility and grant the depositors improved safeguards.

Communiqué "A" 2561 (11 July 1997)

It resolves that the rating that the Superintendency of Financial and Foreign Exchange Entities (SEFyC) assigns to a financial entity, shall be incorporated into the calculation of the ("Icamel" indicator), all part of the assessments to the Deposit Insurance Fund, which may be required in obligatory fashion, as from the third month when the pertinent notification is made.

Communiqué "A" 2580 (26 August 1997)

With regard to the debtors' rating, the BCRA decides to include in the category of "non-recoverable as per technical provision", said debtors under an irregular situation of trusteeship, in which SEDESA is the beneficiary.

Communiqué "B" 6215 (17 September 1997)

In compliance with provisions laid down by section 7 of Decree N° 540/95, modified by Decree N° 1,292/96, it informs the proportion with which each financial entity participates, as at December 1996, in the Trust Agreement which controls SEDESA.

Communiqué "A" 2590 (19 September 1997)

"Payment of wages and salaries" accounts are created and it is decided that deposits thus constituted are covered by the insurance system included in the deposits' guarantees.

Communiqué "A" 2718 (16 June 1998)

It informs that, as at July 1998, the determination of the assessment made by the financial entities to the Deposit Guarantee Fund will be made ex - officio by the BCRA, in accordance with the methodology included as an annex to this Communiqué and the BCRA will debit said amount with the current account that the entities maintain with this Institution.

Communiqué "B" 6346 (19 June 1998)

It informs the proportion with which each financial entity participates, as at December 1997, in the Trust Agreement that controls SEDESA.

Communiqué "A" 2777 (17 September 1998)

It informs concerning the modification to the method of calculation of the Reference Rate, used to determine the exclusion from the guarantee covering operations, in which the interest rates selected are superior to those of the Reference (clause 6.3 of Annex 1 of Communiqué "A" 2337). Instead of using as a basis the rates stipulated by the Banco de la Nación Argentina, the Reference Rates shall be determined adding two percentage points p.a. to the moving average of the last five bank working days, to the passive rates which emerge from the survey carried out by the Central Bank.

Communiqué "A" 2791 (23 October 1998)

It informs the financial entities that they will be able to make active pass transactions with the Central Bank against debt instruments which SEDESA may issue, debiting the Deposits Guarantee Fund.

Communiqué "A" 2807 (19 November 1998)

Publicity is given to the new amended text containing rulings applicable to the Insurance System covering the deposits' guarantees, which includes a sum which stipulates the coverage of said guarantee, according to what is laid down by Decree 1127/98.

Communiqué "B" 6506 (5 April 1999)

With regard to the ex - officio calculation that the Central Bank of the Argentine Republic carries out with the assessments of the different entities, to the Deposits Guarantee Fund (Communiqué "A" 2718), this Communiqué stipulates that, in the case that information required to that effect were not available, the Central Bank shall take the last available information concerning the monthly average of daily deposits' balances subject to assessments (even though this did not correspond to the second month immediately prior to the assessment) and multiply this 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 preceding paragraph be not available, the Central Bank will take as a basis of calculation, the sum of the month-end balances of the deposits covered by this measure.

Communiqué "A" 2926 (24 May 1999)

Publicity is given to a new design of the registry, with its corresponding instructions, which must be observed by the administrators of the credit portfolios of former financial entities, so that information may be obtained concerning the list of irregular debtors.

Communiqué "B" 6575 (27 August 1999)

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

Communiqué "B" 6587 (23 September 1999)

The BCRA requests that certain information regarding financial agreements in whose assets figure credits originating in financial entities, including those in which Seguro de Depósitos S.A. is a beneficiary, be transmitted to the Superintendency of Financial and Exchange Entities of the BCRA.

Communiqué "A" 3041 (20 December 1999)

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

Communiqué "A" 3064 (21 January 2000)

It reduces the normal assessment to 0.015%, as from January 2000, for financial entities which enter into loan agreements with SEDESA, destined to the DGF. For those entities not subscribing to these agreements, their monthly assessment remains at 0.03%. Moreover, it regulates conditions covering loans to the DGF, over a period of 36 months.

Communiqué "A" 3068 (28 January 2000)

Through the diffusion of a new amended text, regulations covering the Application of the System of Insurance of the Guarantees covering Deposits are up-dated, as a consequence of Communiqué "A" 3064 and it clarifies that loans made by entities to the DGF are excluded from the limits established in the breaking-down of the credit risk (Communiqué "A" 2140 and complementary rulings).

Communiqué "A" 3153 (24 August 2000)

The provisions corresponding to loans from the financial entities to the DGF are rescinded (without this affecting current loans), fixing the normal monthly assessment at 0.015% of the monthly average of daily balances of the appropriate allotments.

Communiqué "B" 6869 (9 May 2001)

Publicity is given to the proportions which the financial entities, as at December 1999, have in the Trust Agreement controlling SEDESA.

Communiqué "A" 3270 (15 May 2001)

Notification is made of the new amended text, which brings up-to-date the rulings applicable to the Insurance System covering Deposits' Guarantees, as a consequence of Communiqué "A" 3153. In the same Communiqué, mention is made of the amended texts up-dating the rulings referring to savings and term deposits.

Communiqué "A" 3299 (13 July 2001)

It informs that, concerning time deposits and investments in Euros, the rates corresponding to the same operations in dollars shall be observed at least temporarily, until operations in Euros in the local market permits the determination of more specific rates.

Communiqué "B" 6922 (19 July 2001)

It notifies the proportions with which each of the financial entities participates, as at December 2000, in the Trust Agreement controlling SEDESA.

Communiqué "A" 3336 (27 September 2001)

A "pension savings account" is created and rulings covering its method of operations are approved, which are incorporated into clause 3 of the amended text concerning savings accounts, payment of wages and salaries and special matters. All these accounts will be covered by the guarantee system, as they are also covered by the general norms relating to savings accounts, whenever they are not specifically covered by the implications of clause 3.

Communiqué "A" 3358 (9 November 2001)

The normal monthly assessment that the financial entities must make to the DGF is increased, it being established at 0.03% of the monthly average of daily balances of the appropriate items. Furthermore, a change in the calculation of the reference rate is determined, establishing a maximum figure of \$ 100,000 (or its equivalent in other currencies) for sight or time deposits, which emerge from a survey carried out by the Central Bank.

Communiqué "B" 7079 (31 December 2001)

Information is given concerning the procedures that must be observed by the financial entities when these request credit support through the Banking Liquidity Fund (BLF), created by Decree of the Executive Branch N° 32/2001, to afford greater liquidity to the financial system.

Communiqué "A" 3487 (22 February 2002)

Reduces from 6% to 1.90%, with effect as from 01/03/02, the level of assessments to the Banking Liquidity Fund, levied on the average of the daily balances of deposits in the private sector, in pesos and in foreign currency, corresponding to November 2001.

Communiqué "B" 7143 (1 March 2002)

Financial entities are requested to remit to the Central Bank of the Argentine Republic information required to adjust the fulfillment of the assessments to the Banking Liquidity Fund.

Communiqué "A" 3508 (14 March 2002)

Incorporates as a deductible concept towards the determination of the minimum encashment ratio, the sums contributed since 01/03/02 to the Banking Liquidity Fund, including sums that exceed the equivalent of the obligatory assessment.

Communiqué "A" 3513 (15 March 2002)

Establishes at 3.5%, with effect as from 15/03/02, the assessments to the Banking Liquidity Fund, in line with what was laid down by Communiqué "A" 3487.

Communiqué "A" 3582 (26 April 2002)

Sets at 0 % (ZERO PER CENT) the assessment rate to the Banking Liquidity Fund.

Communiqué "A" 3654 (4 July 2002)

Establishes at Pesos 1.40 per US Dollar the accountancy balances as at 31/12/01, corresponding to the denomination "other credits through financial intermediation - other methods of finance", relating to the Deposits Guarantee Fund (assessments and debts) and to the Banking Liquidity Fund.

Communiqué "A" 3675 (30 July 2002)

Modifies what was laid down by Communiqué "A" 3654 concerning what should be informed, with regard to the accountancy balances as at 31/12/01, "other credits through financial intermediation - other methods of finance" laying down the following:

- Deposits Guarantee Fund (assessments and debts): 1 \$ per US dollar.
- Banking Liquidity Fund: \$ 1.40 per dollar.

Communiqué "A" 3689 (12 August 2002)

It is resolved to suspend the application of rulings covering "pension savings accounts" which form part of clause 3 of the regime concerning "savings accounts, payment of wages and salaries, pension savings accounts and special accounts".

Communiqué "B" 7659 (27 December 2002)

It invalidates the resolution adopted via Communiqué "B" 7079 of 31/12/01 relating to the procedure that had to be observed by financial entities when they requested assistance by the Banking Liquidity Fund.

Communiqué "B" 7977 (4 September 2003)

Publicity is given to the proportions which the financial entities participate in, as at December 2002, in the Trust Agreement controlling SEDESA.

Communiqué "A" 4040 (30 October 2003)

Determination of the additional assessment. Transitory adequacy.

It informs that between the period September 2003 and up to the assessment corresponding to March 2004, and with the purpose of determining the additional assessment, the value of the index to be used corresponds to the ratio CPR/minimum capital requirement, shall be equal to 0 (ZERO).

Furthermore, between September 2003 and August 2004, the correction factor "Ic" will be calculated without taking into account the terms and indicators associated with the CAMELS rating. As from September 2004, the dispositions laid down by clause 7.1 for entities which merit ratings subsequent to June 2003, will enter into full effect.

Communiqué "B" 8192 (30 April 2004)

It informs the proportion with which each financial entity participates, as at December 2003, in the Trust Agreement that controls SEDESA.

Communiqué "A" 4206 (14 September 2004)

It establishes that as from the assessment made as at September 2004, subsequent assessments made by the financial entities to the DGF will be reduced from 0.03% to 0.02 %.

Communiqué "A" 4232 (19 October 2004)

It informs that, in the light of what is laid down by Section 9 of Decree 1220/04, the rulings established by the BCRA concerning "Pension Saving Accounts" (Communiqué "A" 3336 and complementary rulings) no longer have effect.

Communiqué "A" 4271 (30 December 2004)

It establishes that as from the assessment made during the month of January 2005, the normal assessments to be made by the financial entities to the DGF will be reduced from 0.02% to 0.015 %.

4. Legal precedents of deposit guarantee in the Argentine Republic

Systems concerning the guarantee of bank deposits in the Argentine Republic have been many and varied. Commencing with the foundation of the Central Bank in 1935, it may be stated that as from that moment together with the establishment of overall rulings governing the creation and administration of banks, there was also established a system of bank deposits' guarantee. This latter aspect may be divided, chronologically, in the following manner:

Between 1935 and 1946. The original Banking Law (sanctioned on 28 March 1935) laid down in its Section 9 a general privilege, after those established by the Civil and Commercial Codes and Bankruptcy Law, for savings deposits up to the sum of Pesos Moneda Nacional 5,000, which could be raised to Pesos Moneda nacional 10,000 in the case of the depositor being a mutual savings fund or a co-operative.

Between 1946 and 1957. The so-called "nationalization of deposits" included, de jure and de facto, an absolute and unlimited guarantee for all banking deposits on the part of the Nation, at the same time establishing that said deposits had been received and registered on behalf of the BANCO CENTRAL DE LA REPUBLICA ARGENTINA (which had become part of the State).

Between 1957 and 1969. Law 14,467, which ratified Decree/Law 13,127/57, denominated "Banking Law", laid down in its Section 11: "In the case of the liquidation of a private or mixed bank, the Central Bank shall advance the necessary funds to guarantee the reimbursement of the deposits concerned to their owners, or their transfer to another Bank. These advances shall be underwritten by the assignment of assets of the bank in liquidation and other guarantees, to the satisfaction of the Central Bank". Official banks were excluded from this stipulation.

Between 1969 and 1971. Law 18,061, called "Law of Financial Entities" laid down in its Section 49: "When a national commercial bank - private or mixed - enters into liquidation, the Central Bank shall advance the necessary funds for the reimbursement to their owners or the transfer to another bank of the deposits in national currency". From the entities covered by the Law were excluded the official banks, other banking intermediaries and the non-banking entities.

Between 1971 and 1973. The establishment of a guarantee fund appears for the first time in the Argentine legislation with Law 18,939, of 16/02/1971. The "Deposit Guarantee Fund" was created to take care, in case of winding up of a financial entity (banking and non-banking) of the reimbursement of the deposits and other liabilities in pesos. It was constituted with assessments from the entities incorporated, according to the regulatory rules issued by the Central Bank; once these were implemented, Section 49 of Law 18,061 would be repealed.

Without having been definitely started, this régime was repealed by Law 20,040 of 23/12/1972. Through this Law the "Deposit Guarantee Fund" was created to reimburse deposits in pesos in financial national private entities that were not commercial banks, whose winding up were decided. The coverage was of up to Pesos 20,000 per owner of deposit account in an entity. The régime was in force on 01/01/1973; for the commercial banks, the guarantee of Section 49 of Law 18,061 continued to exist.

Between 1973 and 1977. When the régime of "nationalization" of deposits was reinstated by Law 20,520 - enacted on 16/08/1973 - the guarantee of the Nation on deposits in pesos was reestablished, with no limit whatsoever by reason of amount or ownership, as well as their reception and registry on behalf of the Central Bank. For commercial banks and saving accounts the system was in force as from September 1973 and for the remaining intermediaries, as from 01/02/74, repealing, as from said dates, the provisions of Section 49 of Law 18,061 and of Law 20,040, respectively.

Between 1977 and 1979. Law 21,495 of 17/01/1977, established the "decentralization of deposits", which became implemented together with the Law of Financial Entities N° 21,526 of 1st June of that year. This latter law laid down, via Section 56, that, if a financial entity authorized by said law went into liquidation, the Central Bank could opt between letting other entities take charge of its deposits, either partially or totally, or grant an advance of funds so that the owners of the deposits in question could recover the sums involved. In all cases, these decisions referred to deposits expressed in local currency.

Between 1979 and 1982. A variant to the guarantee system was introduced in 1979, with the sanction of Law 22,051 of 14/01/1979, which modified the text of Law 21,526, insofar as the guarantee covering deposits was concerned. The new régime became voluntary, it bore a cost and had only a partial coverage, including as it did only deposits expressed in local currency. Subsequent rulings laid down the details of this guarantee: 100% coverage for those deposits made by people of up to Pesos One million - minimum value subject to adjustments -, and up to 90% for values in excess of this sum. Subsequently, the minimum value was raised to Pesos 100 million, without adjustment (1980), and the 90% rate of coverage was reduced (1982). The entities in question were obliged to make a monthly contribution of 0.03% of the average value of their deposits. Over time, there was a gradual yet steady exodus on the part of the entities, in the light of the fact that the subscription was a voluntary one, so gradually this guarantee system lost significance.

Between 1982 and 1992. Modifications which were made to the financial system towards the middle of 1982 also affected the guarantee of deposits régime, which per force had to adapt itself to the prevailing circumstances. Subsequently, the rules were up-dated in 1985, 1987 and 1988, savers with deposits receiving better treatment than other types of depositors. Distinctions were also made concerning the class and scale of deposits. In 1991 a "Special Limited Fund" was constituted so as to underwrite the deposits guarantee, which was based on external bonds of the Argentine Republic, 1989 series with a nominal value of u\$s 50 million, plus the assessments made by entities which subscribed to the régime. In this way, the guarantee made by the Central Bank was limited by the resources constituted by said Fund; should this Fund become exhausted, the depositors, up to the value of the guaranteed sums, enjoyed the privilege of being covered by the Law of Financial Entities, insofar as expenditures and advances made by the BCRA were concerned.

Between 1992 and 1995. Modifications introduced to the Law of Financial Entities when the Charter of the Central Bank of the Argentine Republic was reformed, in October 1992, eliminated "de jure" the guarantee on deposits. Law 24,144, apart from eliminating tacitly Section 56 of said Law (insofar as the deposits guarantee was concerned) also included the reform of Section 49 of this Law, establishing for depositors in local currency a special, exclusive and discriminating privilege on the funds included in the legal encashment (minimum cash reserves) of the entities which were liquidated, in line with a certain pre-determined order. A further privilege was also laid down covering all deposits, once the credit position of the Central Bank had been satisfied.

Position as from 1995. Law 24,485 enacted on 12/04/1995, created a "System of Guarantee Insurance for all deposits", which is: limited, bears a cost, obligatory, subsidiary and complementary to the régime of privileges and protection for depositors as laid down by the Law of Financial Entities. Through Decree 540/95 the Deposit Guarantee Fund (DGF) is created, with the assessments of the financial entities as from May 1995 and SEDESA - Seguro de Depósitos Sociedad Anónima- was also created, with the object of administering this fund. The guarantee covers all deposits in pesos and foreign currency, with a few exclusions, up to a sum including capital and interest, of Pesos 30,000, computing to this effect all deposits that any one person could hold in any entity and pro-rating the values, should there be more than one owner of the accounts in question. The Law in question was modified by Law N° 25,089 which obliged the insurance system to reimburse the owners of sums deposited in special accounts aimed at the paying of wages and salaries, in the case of the suspension of operations or annulment of the authorization to operate, of any given financial entity. Law 24,485 has been subject to rulings by Decree N° 540 of 12/04/1995 and all this has been further modified by Decrees N° 177/96, 1292/96, 1127/98, 1292/99, 32/01 and 214/02.

At the same time, the régime of privileges in favour of certain depositors, as laid down by the Financial Entities Law, was subject to subsequent modifications, a general privilege having been fixed on top of all other credits, with the exception of those covered by a pledge or mortgage and labour creditors (wages and salaries). A first order of preference is granted to those deposits, up to the sum of Pesos 50,000.

Acronyms' Glossary

B

BCP	Banco de Crédito Provincial
BCRA	Banco Central de la República Argentina
BEO	Banco de la Edificadora de Olavarría S.A.
BIS	Bank for International Settlements
BLF	Banking Liquidity Fund
BODEN	Bonds of the National Government
BUCI	Banco Unión Comercial e Industrial S.A.

C

CAMELS	Capital, Assets, Management, Earnings, Liquidity and Sensitivity
CER	Reference Stabilization Coefficient

D

DGF	Deposit Guarantee Fund
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F

FDIC	Federal Deposit Insurance Corporation
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I

IADI	International Association of Deposit Insurers
IDB	Inter-American Development Bank

K

KPMG	Finsterbusch Pickenhayn Sibille
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L

LEF	Law of Financial Entities
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O

OCC	Office of the Comptroller of Currency
OECD	Organization for Economic Cooperation and Development
OG	Official Gazette
OPRAC	Lending Transactions

S

SADELA	Sociedad Anónima del Atlántico Compañía Financiera
SEDESA	Seguro de Depósitos Sociedad Anónima
SEFyC	Superintendencia of Financial and Exchange Entities

T

TNA	Annual Nominal Rate of Interest
TA	Text Amended
TP	Public Bonds

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