



SEDESA

SEGURO DE DEPÓSITOS S.A.

ARGENTINA

General Review **2008**



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COMPOSITION OF THE BOARD OF DIRECTORS AND THE INTERNAL COMPTROLLERS COMMITTEE

BOARD OF DIRECTORS

Chairman

Dr. Eugenio Carlos Gallegos del Santo

Vice-Chairman

Dr. Norberto C. Peruzzotti

Director

Lic. Mario Vicens

Alternate Directors

Dr. Hugo Bruzone

Dr. Santiago M. J. A. Nicholson

Lic. Daniel Tillard

INTERNAL COMPTROLLERS

Internal Comptrollers

Dr. Alejandro Almarza

Dr. Oscar Juan Camacho

Dr. Domingo Alberto Romano

Alternate Internal Comptrollers

Dr. Enrique Brouchou

Dra. Alicia Laura Bianchi de Nozieres

Dr. Alejandro Luis Sánchez

MESSAGE FROM THE CHAIRMAN

I am pleased to present the General Review of Seguro de Depósitos S.A. (SEDESA) and of the Deposit Guarantee Fund, which sets out the activities undertaken by the company in the fiscal year ended 31 December 2008.

We inform herein that the General Stockholders' Meeting, held on April 25th, 2008, resolved to end the tenure of Ms. Irene Ulnik as Chairman of the Board of Directors and of Mr. Martín Lagos as Vice-Chairman, which had began on 31 May 2005. At the Meeting, the members of the Board of Directors were appointed –the undersigned as the Chairman, Mr. Norberto Peruzzotti as Vice-Chairman, and Mr. Mario Vicens as Director.

The most important fact in management terms has been the dire need to face a new global economic scenario, which obviously involved the domestic sphere as well, thus increasing the number of challenges to which the Board of Directors, through its decisions, had to adjust itself with determination, even by introducing substantial changes in the Company's organizational structure as a necessary vehicle to respond to the new demands created by the economic events that have taken place last year, the effects of which still persist.

Even under such negative circumstances resulting from the global crisis, the financial statements submitted herein clearly show that the Deposit Guarantee Fund has increased its equity throughout fiscal year 2008, while maintaining a high liquidity rate and low risk exposure.

Thus, fully aware of the fact that all or almost all the circumstances already described persist in this fiscal year, I ratify my firm commitment to continuing in the path towards attaining our goals, strengthening follow-up on and control of our investment portfolio and the evolution of the funds entrusted to us for their administration.

Finally, I wish to express, on behalf of the Board of Directors, our gratitude to the Central Bank of the Argentine Republic, Caja de Valores S.A., the Argentine financial entities, our external advisors who give us their daily support, and our officials and staff members, who have proved to be our most important asset, sharing with us their expertise and enthusiasm to help SEDESA attain its goals.

Dr. Eugenio Gallegos del Santo

Chairman

SEDESA

March 2009



ABOUT SEDESA

Seguro de Depósitos S.A. (SEDESA) is a private corporation organized in 1995 with the purpose of acting as Trustee in relation to the Deposit Guarantee Fund (DGF).

The Fund was created by Presidential Decree 540/95 in order to insure bank deposits, its scope of action being clearly laid down in such regulation, and its subsequent amendments.

Composition of Stockholders' Equity

The capital stock of SEDESA amounts to one million Argentine pesos (ARS), each share having a par value of one peso. It is a private entity, governed by the Commercial Law.

The Duties of the Company

Pursuant by the rules in force, SEDESA's duties as trustee in relation to the DGF, are as follows:

1. Pay the insured deposit to depositors, as appropriate.
2. Make capital contributions, non-reimbursable contributions or loans to financial institutions:
 - that are carrying out a regularization and rehabilitation plan, in order to assist them with the implementation of such plan;
 - that acquire the assets or take charge of the payments of the deposits of another financial entity subject to the scheme established in Section 35 bis of the Financial Entities Law, when this were needed to compensate for the insufficiency of such assets in respect of the deposits transferred;
 - that have taken over or acquired other financial entities within the framework of a regularization and rehabilitation plan.
3. Acquire from financial entities their assets or take charge of the payments of the deposits of another financial entity subject to the scheme established in Section 35 bis of the Financial Entities Law, in favor of the acquiring entity, over all or a part of the transferred assets; this arrangement may consist in the creation of a trust fund.
4. Acquire the deposits of suspended banks up to the amount of the guarantee, subrogating itself to the rights of the depositors (including the reimbursement of the sums deposited in wages and salaries crediting accounts to their holders).
5. Contract obligations chargeable to the DGF, within the limits stipulated therefore.
6. Carry out, maintain or finance swap programs with foreign banks in order to contribute to the stability of

the Argentine financial system, with the prior consent of the BCRA and chargeable to the DGF.

The applicability of the duties specified in 2, 3, 4 and 5 must be previously decided by a Standing Committee (a collegiate body) chaired by a BCRA representative, who has no voting right but has veto power, and five regular members. The decisions adopted by the Standing Committee are binding upon SEDESA.

The DGF is made up of the obligatory monthly assessments paid by the financial institutions authorized to operate in Argentina, in respect of the peso and foreign currency deposits held in them.

Deposits guaranteed by the DGF

The deposits in pesos and foreign currency up to the amount of THIRTY THOUSAND PESOS (ARS 30,000) constituted with the participating entities under the form of checking accounts, saving accounts, time deposit, special deposits, compensation payments, time investment, immobilized balances or other forms that the Central Bank of the Argentine Republic may determine, in line with the preceding concepts, shall benefit from the insurance coverage offered by the system.

Coverage shall be applied on an equal basis to natural or legal persons.

With regard to deposits or amounts held by two or more depositors, the guarantee limit shall be ARS 30,000, regardless of the number of depositors or holders, and the amount of the guarantee shall be apportioned among relevant holders.

The total amount guaranteed to a single person, who has deposits and accounts under the insurance coverage, shall not be, according to the provision above, higher than the limit of ARS 30,000.

ABOUT SEDESA

The Central Bank of the Argentine Republic may decide, at any time and with a general criterion, the modification of said coverage amount of the guarantee system, on the basis of the evolution shown by the process of consolidation of the financial system and of other relevant economic indicators it may care to consult.

Deposits for amounts higher than the amount of the coverage are also included in the guarantee regime up to the maximum limit of ARS 30,000.

The following items do not benefit from the coverage of the guarantee system:

- Transferable fixed term deposits whose ownership has been acquired via an endorsement, even if the latest endorser is the original depositor.
- All constituted deposits which offer incentives additional to the agreed interest rate, or to the amount accrued by applying the CER (Reference Stabilization Coefficient), whatever denomination or form they may adopt (insurance premiums, raffles, tourism, services rendered, etc.).
- Deposits on which a rate of interest higher than the reference rate is agreed.
- Deposits of financial entities with other intermediaries, including certificates of deposit acquired by secondary negotiation.
- Deposits constituted by persons connected, directly or indirectly, with the entity concerned.
- Certificates of deposit of securities, acceptances or guarantees.
- Immobilized balances from deposits and other excluded operations.
- All other deposits which the Authority of Application may exclude in the future.

Contributions from Financial Entities

The DGF is made up of the obligatory monthly assessments paid by the financial institutions authorized to operate in Argentina, ranging between a minimum of 0.015% and a maximum of 0.06% of the daily balances of peso and foreign currency deposits held in financial institutions, plus an additional contributions that may be equal to, but not higher than one additional contribution, established for each institution in terms of risk indicators as considered appropriate, according to factors determined by the rules and regulations of the BCRA.

CHANGE OF THE BOARD OF DIRECTORS:

According to the decision adopted by the General Stockholders' Meeting held on April 25th, 2008, new corporate authorities were appointed.

As from the date mentioned, the Board of Directors is made up of Mr. Eugenio C. Gallegos del Santo as Chairman, Mr. Norberto Peruzzotti as Vice-Chairman and Mr. Mario Vicens as Director.



STRATEGY AND ACTIONS UNDERTAKEN

Organizational Structure

In 2008, SEDESA's organization underwent a significant readjustment in order to adapt it to the new requirements and changes in the scenarios where it operates.

The Finances Management was created with the main objective of administering and controlling investments of the DGF's available funds. This change was necessary on account of the evolution of assets; the need to diversify and enhance procedures and controls, and the behavior of the international financial market throughout 2008.

Furthermore, as part of the process already initiated in the past, a decision was made to strengthen audit tasks in order to implement strict follow-up and control procedures. The internal audit function, previously outsourced, was thus created, while a legal audit role was also incorporated in order to closely monitor the management of receivables from assisted entities.

Investment Portfolio Management

During this year, procedures related to the management of DGF investment portfolios were adjusted so as to meet the new demands created by the international financial crisis.

Among the changes introduced, the following can be mentioned: the replacement of the custody and investment management systems that were in force until the third quarter, as well as the necessary placing of the assets in custody in the local market.

All these changes were introduced urgently enough, without affecting asset quality or portfolio profits.

Upgrade of IT Infrastructure and Data Center

A new data center was created with improved logical and physical security, as required by the Central Bank of the Argentine Republic standards.

Taking the layout of the new offices into account, a new Central Telephone System was set up and communication equipment was significantly upgraded.

Furthermore, 50% of IT infrastructure was renewed, including computers, printers and copiers, among others.

IT Platform Upgrade:

The accounting system was upgraded to meet the security standards required in audit procedures. Additionally, surveys were conducted to develop and implement new loan management modules, enhancing their administration, reducing costs and improving process transparency.

Assets Recovery Management:

Assets Recovery management reached the goals pursued for the year. In this regard, considering natural portfolio regression, collection rates were kept similar to those in 2007.

This was made possible, among other reasons, thanks to the collection strategy adopted, which standardized loan management processes and allocated all portfolios to judicial and extrajudicial collection agents for recovery purposes.

STRATEGY AND ACTIONS UNDERTAKEN

Budgetary Control of Expenses:

As from June, the DGF administrative expenses were subject to budgetary control and this will be replicated during next year.

Communication and Image:

During the second half of 2008, a new institutional communication tool known as Newsletter was developed and presented to provide the community with monthly information on related news.

Participation in Activities with Other International Deposit Insurance Agencies

In July, Mr. Martín Lagos, former SEDESA Vice-Chairman, participated as a moderator in the Executive Training Program, jointly organized by IADI and the Federal Deposit Insurance Corporation (FDIC), based in Virginia.

The V Annual Meeting of the Latin American Regional Committee was held in October, during which Carlo Nosedá, SEDESA's Planning and Control Manager, lectured on the features of deposit insurance in the region.

In addition, SEDESA was visited by delegations from the Deposit Guarantee Fund (Fondo de Garantía de los Depósitos) of Paraguay and from the Bank Savings Protection Commission (Comisión de Protección del Ahorro Bancario) of Uruguay to exchange experiences about issues related to investment, portfolio diversification, and the regulatory and legal framework under which SEDESA operates.

A photograph of a modern office interior. In the background, a large glass wall features the SEDESA logo in a metallic, 3D font. The logo is illuminated by four spotlights from above. In the foreground, there is a dark-colored sofa with two light-colored cushions. To the left and right of the sofa are small, square glass tables, each with a potted plant on it. The floor is light-colored and has a curved white decorative element in the foreground.

SEDESA
SEGURO DE DEPÓSITOS S.A.

PERFORMANCE OF THE DEPOSIT GUARANTEE FUND (DGF)

PERFORMANCE OF THE DEPOSIT GUARANTEE FUND (DGF)

The Deposit Guarantee Fund's equity grew ARS 751.0 million, which accounted for a 28.9% increase in relation to the balance at the end of the previous year, thus totaling an amount of ARS 3,346.1 million.

	12-2008	12-2007	Annual Increase	%
Net Worth	3,346.1	2,595.1	751.0	28.9

In million pesos

Such growth resulted from the contributions made by the Financial Institutions throughout 2008, reaching an amount of ARS 341.6 million and from the profits of the fiscal year, which amounted to ARS 409.4 million.

These net earnings of the DGF are the consequence of the successful performance of different areas of SEDESA, among which we can mention the following: financial investments, recovery of assets and trusts, sales of assets, as well as an efficient administration of expenses.

Contributions from Financial Institutions

Due to the increase in bank deposits, contributions in fiscal year 2008 amounted to ARS 341.6 million, accounting for a 24.3% increase vis-à-vis the contributions in 2007, which amounted to ARS 274.8 million.

The contribution rate did not undergo any modification throughout the year. Contributions are made on a monthly basis for an amount equivalent to a 0.015% of the total deposits in each financial institution plus a varying additional contribution that may reach a maximum of 0.015%, depending on the regulations set forth by the BCRA.

Results from the Total Assistance Granted

The Standing Committee of the DGF decided to grant, within the framework of provisions set forth in Section 10a subsection b of Decree N° 540/95, a financial assistance amounting to ARS 32.3 million, as a non-reimbursable contribution, on account of a mismatch between assets and liabilities at the former Banco Municipal de la Plata, purchased by Banco de la Provincia de Bs. As.

This assistance was granted on a monthly basis in sums equivalent to those paid by Banco de la Provincia de Bs. As. as contributions to DGF up to the amount mentioned.

PERFORMANCE OF THE DEPOSIT GUARANTEE FUND (DGF)

Statement of Profit and Loss

The Statement of Profit and Loss of DGF for the fiscal year ended 31 December 2008 yielded a profit of ARS 409.4 million, accounting for a 97.5% increase vis-à-vis the year before.

This is attributable to the following:

	Fiscal Year 2008
ITEM	
Results from financial investments	467.2
Total assistance to financial entities	(63.4)
Results from the management of assets	17.1
Asset management and other income and expenses	(11.5)
TOTAL	409.4

In million pesos

Results from financial investments

	Fiscal Year	
ITEM	2008	2007
Foreign assets	214.3	114.3
Lebacs / Nobacs	9.7	11.4
Foreign exchange difference	245.8	45.0
Other	0.1	10.0
Goldman Sachs Commission	(2.7)	(2.3)
Total	467.2	178.4

In million pesos

The results from financial investments amounted to a profit of ARS \$467.2 million, as compared to ARS 178.5 million in 2007, thus yielding a 161.8% increase.

We may emphasize the excellent performance of the portfolio invested abroad, which yielded a profit of ARS 214.3 million, representing an annualized return of 9.2%

PERFORMANCE OF THE DEPOSIT GUARANTEE FUND (DGF)

The returns on investments in the domestic market (Lebacs and Nobacs) amounted to ARS 9.7 million, accounting for an annual return of more than 10% during the fiscal year.

The foreign exchange difference contributed with ARS \$245.8 million, vis-à-vis ARS \$44.9 million in 2007, which represents an increase of 446.8%.

Results from Total Assistance Granted

The assistance granted to financial entities yielded a negative result of ARS 63.4 million, mainly due to the drop in the value of secured loans to entities, leading to a loss of ARS 39.4 million and to the assistance granted (ARS \$32.3 million) to cover a mismatch between assets and liabilities at former Banco Municipal de la Plata, purchased by Banco de la Provincia de Bs. As.

Results from the Management of Assets (net of expenses)

In fiscal year 2008, this item yielded a profit of ARS 17.1 million, of which ARS 10.8 million derived from loan collections, ARS 5.4 million from current Trusts performance, and ARS 0.9 million from the sale of other assets.

With regard to asset management expenses, a 2.0% reduction was achieved, i.e. ARS 5.6 million in 2008 vis-à-vis ARS 5.7 million in 2007, as a result of the recovery of financial trusts.

Administrative Expenses

Administrative expenses during fiscal year 2008 reached ARS 11.6 million, equivalent to a 13.8% growth vis-à-vis the previous year (ARS 10.2 million).

It should be stated that personnel-related expenses amounted to ARS 6.3 million in 2008, representing a 15.9% increase when compared to the amount corresponding to 2007, which was ARS 5.5 million.

Administrative expenses during fiscal year 2008 reached ARS 5.1 million, i.e. a 7.6% growth vis-à-vis the previous year (ARS 4.7 million).

The items showing the highest increase were amortization, rentals and housing expenses, which in fiscal year 2008 amounted to ARS 1.0 million while in FY 2007 they amounted to ARS 0.6 million, particularly due to foreign exchange rate variations.

Items such as representation expenses, travel allowances and transportation, dropped 60% since the number of trips abroad was cut down.

Bank commissions and expenses were reduced by 19.9%, while hardware and software license expenses fell 38.7%.



EVOLUTION OF DGF'S AVAILABLE BALANCE

EVOLUTION OF DGF'S AVAILABLE BALANCE

The available balance of the Deposit Guarantee Fund grew ARS 797.2 million, equivalent to a 34.2% increase vis-à-vis 2007, to a total amount of ARS 3,131.0 million as at 31 December 2008.

The growth of liquidity is due to the contributions made by financial institutions, which reached an amount of ARS 341.6 million; and from returns on investments, which amounted to ARS 467.2 million.

	12-2008	%	12-2007	%	Annual Incr.
Available Funds	3,131.0		2,333.8		797.2
Foreign	2,436.6	78	2,314.6	99	122.0
Domestic	694.4	22	19.2	1	675.2

In million pesos

78% of available funds are invested abroad, in line with the investment guidelines issued in compliance with the regulations in force. These resources have been invested in conditions similar to those established to place foreign exchange international reserves of the Central Bank of the Argentine Republic, as stated in Section 10 of Decree N° 540/95, as amended.

Funds invested in the country at end of fiscal year reached an amount of ARS 694.4 million and are mainly placed in securities issued by the Central Bank of the Argentine Republic as follows: ARS 96.5 million and ARS 594.7 million in checking accounts at BCRA.

Throughout the fiscal year, three swap agreements were made with the BCRA involving the foreign investments already mentioned, still in effect until the end of the fiscal year. Given the operational characteristics of these transactions, the return on these investments belongs to the DGF.

The first two operations were made against securities issued by the BCRA (Lebacs and Nobacs) for ARS 1,295.2 million, while the third one was made against USD 869.3 million.

EVOLUTION OF DGF'S AVAILABLE BALANCE

**Evolution of the DGF's Available Balance
in 2008**

Available balance at:	Available balance in ARS	Evolution Index
31/12/2007	2,333,804,760	100.0
31/01/2008	2,398,066,874	102.8
28/02/2008	2,442,453,124	104.7
31/03/2008	2,475,072,488	106.1
30/04/2008	2,491,192,798	106.7
31/05/2008	2,462,382,104	105.5
30/06/2008	2,434,374,493	104.3
31/07/2008	2,488,629,278	106.6
31/08/2008	2,516,890,049	107.8
30/09/2008	2,633,488,462	112.8
31/10/2008	2,891,703,442	123.9
30/11/2008	2,930,803,442	125.6
31/12/2008	3,130,963,112	134.2

EVOLUTION OF DGF'S AVAILABLE BALANCE

Income to the DGF's Available Balance

Cash receipts represent a 20.6% increase vis-à-vis the amount in the previous year.

Management operations were the main source of income, accounting for 59.7% of total revenues, while contributions accounted for 40.3% of the total.

	2008	%	2007	%	Annual Var.
Contributions	341.6	40.3%	274.8	39.1%	66.8
Management	506.8	59.7%	428.0	60.9%	78.8
Total income	848.4	100%	702.8	100%	145.6

Expenses	51.2		19.6		31.6
Variation	797.2		683.2		114.0

In million pesos

Expenses from the DGF's Available Balance

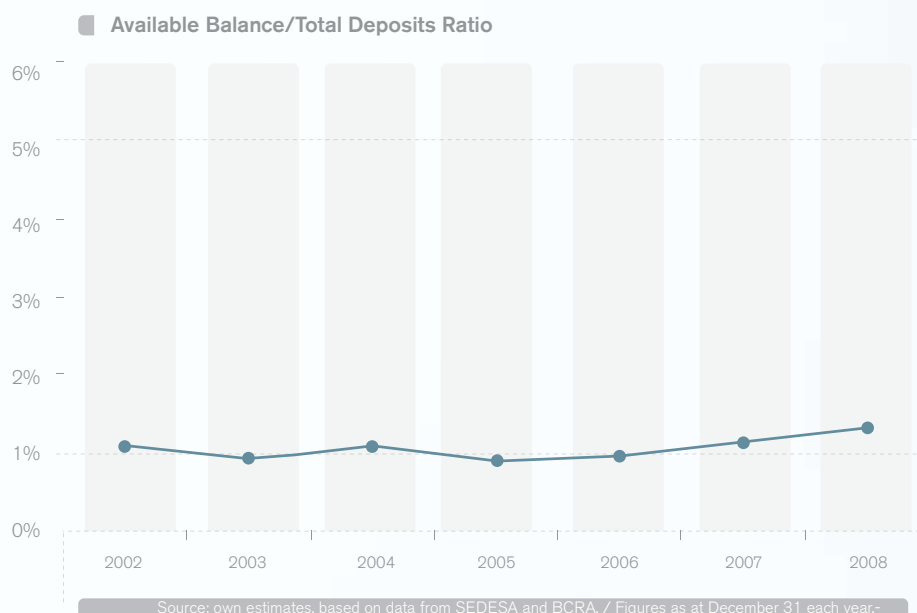
During this fiscal year, only one financial assistance was granted due to a mismatch between assets and liabilities at former Banco Municipal de la Plata, purchased by Banco de la Provincia de Bs. As. for ARS 32.3 million, causing in 2008 financial expenses amounting to ARS 29.5 million, the rest having been settled in January 2009.

Cash used in operating activities in 2007 amounted to ARS 21.7 million, which represents a reduction of ARS 10.8 million when compared to 2007.

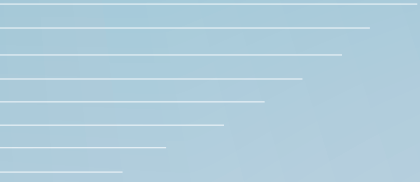
EVOLUTION OF DGF'S AVAILABLE BALANCE

Available Balance of DGF /Total Deposits in the Financial System Ratio

Year	Ratio
2002	1.08%
2003	0.93%
2004	1.08%
2005	0.90%
2006	0.96%
2007	1.14%
2008	1.32%



The growth of the available balance was higher than the increase in bank deposit amounts, thus improving the coverage ratio (Available balance / Total deposits), which grew from 1.14% at the end of 2007 to 1.32% at the end of 2008.





SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA

Balance Sheet and Statement of Profit and Loss for Seguro de Depósitos S.A. for the fiscal year ended December 31st, 2008 presented comparatively.

BALANCE SHEET

as at 31 December 2008 and 2007 (in Argentine pesos)

ASSETS	31/12/2008	31/12/2007
CURRENT ASSETS		
Cash and bank accounts	28,986	155,529
Investments	10,115,554	11,664,440
Other receivables	206,501	193,401
Total current assets	10,351,041	12,013,370
NON-CURRENT ASSETS		
Investments	3,216,396	-
Other receivables	154,387	19,600
Fixed assets	453,064	1,454,473
Total non-current assets	3,823,847	1,474,073
Total assets	14,174,888	13,487,443
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	50,188	542,245
Taxes payable	427,279	67,936
Social security charges payable	166,657	105,015
Other receivables	40,228	-
Total current liabilities	684,352	715,196
NON-CURRENT LIABILITIES		
Taxes payable	-	17,330
Total non-current liabilities	-	17,330
Total liabilities - subtotal	684,352	732,526
NET WORTH (as per relevant profit and loss statement)	13,490,536	12,754,917
Total liabilities plus stockholders' equity	14,174,888	13,487,443

SEGURO DE DEPÓSITOS SOCIEDAD ANÓNIMA

STATEMENT OF PROFIT AND LOSS

for the fiscal year ended 31 December 2008 and 2007
(in Argentine pesos)

	31/12/2008	31/12/2007
Administrative expenses	(322,277)	(309,346)
Plus:		
Expenses recovery	138,724	150,903
Financial income (expense) and holding gains (losses)	(109,120)	783,366
Subtotal	(292,673)	624,923
Other income, net	1,426,575	-
Profit, net (before income tax)	1,133,902	624,923
Income tax	(398,283)	(228,166)
Profit for the year	735,619	396,757





DEPOSIT GUARANTEE FUND

Trust Balance Sheet and Statements of Profit and Loss for the Deposit Guarantee Fund for the fiscal year ended December 31st, 2008 presented comparatively.

DEPOSIT GUARANTEE FUND

TRUST BALANCE SHEET

as at 31 December 2008 and 2007 (in Argentine pesos)

ASSETS	31/12/2008	31/12/2007
CURRENT ASSETS		
Cash and bank accounts	1,466,660,885	742,098
Investments	1,664,306,345	2,333,082,933
Receivables	3,188,926	5,985,732
Assets given for financial lease	55,564	243,586
Other receivables	764,211	1,328,459
Other assets	1,981,785	3,897,600
Total current assets	3,136,957,716	2,345,280,408
NON-CURRENT ASSETS		
Investments	107,774,247	103,963,836
Receivables	103,263,762	144,622,035
Assets given for financial lease	605,327	660,364
Other receivables	125,414	231,287
Other assets	2,218,476	2,885,941
Total non-current assets	213,987,226	252,363,463
Total assets	3,350,944,942	2,597,643,871
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,250,020	1,301,769
Other receivables	3,581,245	1,281,793
Total current liabilities	4,831,265	2,583,562
Total liabilities - subtotal	4,831,265	2,583,562
NET WORTH (as per relevant profit and loss statement)	3,346,113,677	2,595,060,309
Total Liabilities plus Net Worth	3,350,944,942	2,597,643,871

DEPOSIT GUARANTEE FUND

STATEMENTS OF PROFIT AND LOSS

 For the fiscal year ended
 as at 31 December 2008 and 2007 (in Argentine pesos)

	12/31/2008	12/31/2007
FINANCIAL INVESTMENTS		
Financial income on investments	224,148,420	128,694,854
Exchange rate difference	245,814,471	44,952,337
(Losses) gains from securities holdings	(377,531)	6,674,381
(Losses) gains from secured loans	377,756	503,607
Financial income - Subtotal	469,963,116	180,825,179
Minus: Investment management fees	(2,667,783)	(2,329,865)
Total financial income	467,295,333	178,495,314
ASSISTANCE TO FINANCIAL ENTITIES		
Interests on loans granted	7,293,366	12,862,531
Assistance to financial entities	(32,298,025)	-
Provision on loans with option of cancellation with public bonds in trust agreement and/or under guarantee	(39,354,230)	(914,211)
Dividends	950,000	1,900,000
Results from sale of preferred stock	-	934,288
Total assistance to financial entities	(63,408,889)	14,782,608
ASSET MANAGEMENT		
Income from collections of receivables assigned net of related expenses	11,669,186	11,904,873
Increase (decrease) in loan loss provision	(833,720)	(981,487)
Income from recovery of financial trust net of related expenses	5,386,048	5,825,832
Fixed asset management	544,470	5,533,717
Other asset management	301,466	2,026,840
Result from asset management	17,067,450	24,309,775
ADMINISTRATIVE EXPENSES	(11,642,974)	(10,230,661)
OTHER NET INCOME AND EXPENSES	130,133	(11,080)
Profit for the year	409,441,053	207,345,956





ANNEXES

LEGAL PRECEDENT OF DEPOSIT INSURANCE IN THE ARGENTINE REPUBLIC

In our country, we have seen several and varied bank deposit guarantee systems. Without delving into the provisions established prior to the creation of the Central Bank of Argentina, it may be said that recent history of deposit guarantees dates back to the foundation of the Central Bank and the simultaneous establishment of general rules on the bank administration system.

Between 1935 and 1946.

Section 9 of the original Banking Act (passed on March 28, 1935) established the creation of a general privilege, after those established by the Civil and Commercial Codes and Bankruptcy Law, for savings deposits up to m\$n 5,000, which could be increased to m\$n 10,000 when the depositor was a social savings institution or a cooperative.

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 State, and at the same time established that said deposits would be received and registered on behalf of the Central Bank of Argentina (which had become part of the State).

Between 1957 and 1969.

Section 11, Act No. 14,467, which ratified Decree/Law No. 13,127/57, called “Banking Law”, laid down that: “In the event of liquidation of a private or mixed bank, the Central Bank shall advance the necessary funds to guarantee the reimbursement of deposits to their owners or their transfer to another bank. These advances shall be supported by the allocation of assets of the bank in liquidation and other guarantees at the discretion of the Central Bank.” State-owned banks were not included.

Between 1969 and 1971.

Section 49, Act No. 18,061, known as “Financial Institutions Act” set forth that: “When a national commercial bank –either private or mixed– falls into liquidation, the Central Bank shall advance the necessary funds for the reimbursement to the owners or the transfer to another bank of the deposits in national currency.” State-owned banks, other banking agencies and non-banking institutions were not included.

Between 1971 and 1973.

The settlement of a guarantee fund appeared for the first time in the Argentine legislation when Act No. 18,939 was passed on February 16, 1971. The Deposit Guarantee Fund was created, under the purview of the Central Bank of Argentina, to take care of the reimbursement of deposits and other liabilities in pesos in case of the winding up of a financial (banking or non-banking) institution. It was created with assessments from member institutions, in accordance with the rules and resolutions issued by the Central Bank, and with the returns on investments. Once these were implemented, Section 49 of Act No. 18,061 would be repealed and replaced by the following provision: “When a financial institution, governed by this Act and the Deposit Insurance Fund system, is wound up, the Fund shall advance the necessary funds to reimburse its owners the deposits in pesos and other liabilities in pesos protected by the relevant regulation.”

This system, without having been put into motion, was repealed by Act No. 20,040, passed on December 23, 1972 and published on December 29, 1972., Said Act established the creation of the Deposit Guarantee Fund so that the Central Bank of Argentina, in the event that a national private financial institution, governed by

ANNEX I

Act No. 18,061 but not included in section 49, may be wound up, should advance the necessary funds for the reimbursement to their owners of the deposits in pesos or transfer thereof to another institution. The protection covered an amount of up to ARS 20,000 for every account holder in an institution. This system came into force on January 1, 1973, but the protection set forth under Act No. 18,061, Section 49 continued to be applicable for commercial banks.

Between 1973 and 1977.

When the nationalization of deposits was reinstated by Act No. 20,050, passed on August 16, 1973 and published on August 22, 1973, the guarantee provided by the State on deposits in pesos was re-established, with no limit whatsoever by reason of amount or ownership, reception or register on behalf of the Central Bank. For commercial banks and savings accounts, the system was in force as from September 1973, and for the remaining intermediaries, as from February 1, 1974. The provisions established under Section 40, Act No. 18,061 and Act No. 20,040 were respectively repealed as from both dates.

Between 1977 and 1979.

Act No. 21495 (passed on January 17, 1977 and published on January 21, 1977), stated the "decentralization of deposits," which came into force along with Financial Institutions Act No. 21,526, on June 1 that year. The latter established in Article 56 that if any financial institution authorized under the Act came into liquidation, the Central Bank of Argentina had to choose between: a) letting other institutions take charge of the deposits, either partially or totally, or b) grant an advance of funds so that owners of deposits in local currency could recover the sums involved, with a charge imposed on the institution under liquidation not lower than the

maximum rediscount rate. In both cases, this decision referred to deposits in local currency.

Between 1979 and 1982.

The guarantee system was modified in 1979, after Act No. 22,051 was passed on August 14 1979 and published on August 20, 1979 - Act No. 21,526 was amended in respect of deposit guarantees. Thus, Section 56 of said act was replaced by the following: "In the event an institution covered by this act goes into liquidation, the Central Bank of Argentina shall reimburse the deposits in pesos only if the institution is under the deposit guarantee system in accordance with the conditions and requirements as specified below and in compliance with the regulations issued by the Bank". This system was voluntary and onerous. It only offered a partial cover and only included deposits expressed in local currency. Subsequent rules laid down the details of this guarantee: 100% coverage for deposits made by individuals of up to ARS 1 million (minimum amount subject to adjustments) and up to 90% for deposits in excess of that amount. Subsequently, the minimum value was raised to ARS 100 million, without any adjustment (1980). The 90% cover rate was reduced (1982). The institutions in question were obliged to make a monthly contribution of 0.03% of the average value of their deposits. Over time, institutions were gradually and steadily leaving the system. In the light of the fact that subscription was voluntary, this guarantee system was gradually losing its importance.

Between 1982 and 1992.

Modifications introduced to the financial system in 1982 also affected the deposit guarantee system, which had to adjust to the circumstances. Subsequently, the rules were updated in 1985, 1987 and 1988, and individual depositors received better treatment than other types

of depositors. Distinctions were also made concerning the class of deposits and scales. In 1991, a Special Limited Fund was established so as to underwrite the deposit guarantee, which was based on Argentine external bonds, 1989 series, with a nominal value of USD 50 million, plus the assessments made by member institutions. Thus, the guarantee offered by the Central Bank was limited by the resources constituted by said Fund. If this Fund was exhausted, depositors had the privilege of being protected by the Financial Institutions Act up to the value of the guaranteed amounts.

Between 1992 and 1995.

Modifications introduced to the Financial Institutions Act when the Charter of the Central Bank of Argentina was reformed in October 1992, eliminated the guarantee on deposits. Act No. 24,144 (passed on October 13 and 15, 1992 and published on October 22, 1992), apart from tacitly eliminating Section 56 of said act (insofar as deposit guarantee was concerned) also modified Section 49 of said act. It established for depositors a special and exclusive privilege in local currency on the funds included in the minimum cash reserves of the institutions in liquidation, according to a certain pre-determined order. A further privilege was also created to cover all deposits, once the credit position of the Central Bank had been satisfied.

Since 1995

Act No. 24,485 (passed on April 12, 1995 and published on April 18, 1995) created a "Guarantee System for all Deposits". This system is limited, onerous, compulsory, subsidiary and ancillary to the system of privileges and protection for depositors, as laid down by the Financial Institutions Act. Executive Order No. 540/95

created the Deposit Guarantee Fund (DGF), with the assessments of the financial institutions as from May 1995. It also established the organization of SEDESA —Seguro de Depósitos Sociedad Anónima—to manage the Fund. The guarantee covers all deposits in pesos and in foreign currency, with limitations, up to a sum of ARS 30,000, including principal and interest. For this purpose, all deposits held by a person at any institution are calculated, and the values are proportionately distributed when accounts are held by more than one person. The act in question was modified by Act No. 25,089. It created the guarantee system to reimburse the owners of sums deposited in special accounts to pay wages and salaries when the authorization for financial institutions to operate is annulled or when their operations are suspended. Act No. 24,485 has been subjected to Executive Order No. 540, dated April 12, 1995, amended by Executive Orders No. 177/96, 1292/96, 1292/99, 32/01 214/02 905/2 and several communications issued by the Central Bank.

In addition, the regime of privileges in favour of depositors, as laid down by the Financial Institutions Act, was subject to subsequent modifications. A general privilege was fixed on top of all other credits, with the exception of those secured by a pledge, mortgage and of labour creditors (wages and salaries). Priority is granted to such deposits up to ARS 50,000.

ANNEX II

MAIN EVENTS IN THE FINANCIAL SYSTEM**The international context**

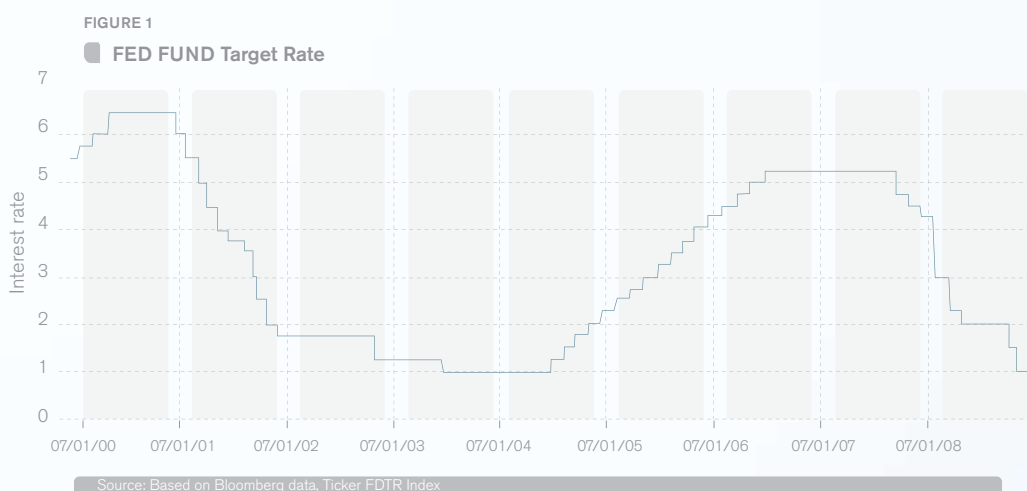
The year 2008 witnessed a worldwide economic and financial crisis deemed as the most important one since the 1929 collapse. Neither its magnitude nor its duration can be anticipated, but given its spread over all the developed countries, it will surely become a chapter in the history of the world's economy.

At the local level, the crisis has had an impact on variables that strongly affect emerging economies, which are on the frontlines of the transmission mechanisms of the crisis.

Some details of the economic and financial activities at the global and local levels are given below.

- **FEDERAL RESERVE'S TARGET RATE**

Even though in September 2007 the FOMC (FEDERAL OPEN MARKET COMMITTEE) started to envisage a reduction in the interest rate, it was this financial crisis that drove the decision to push the rate down to 0.25%, an unprecedented fall in the last 40 years.

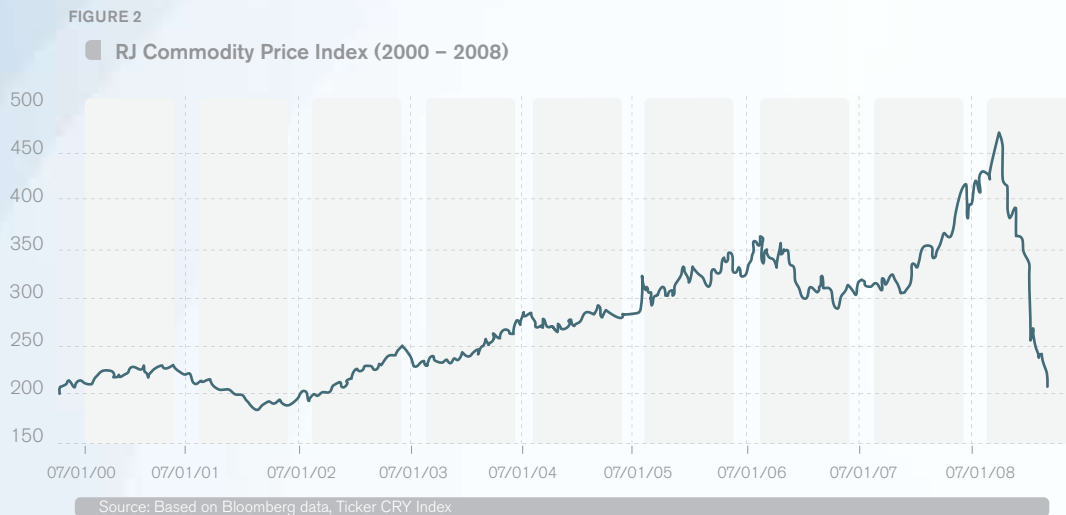


The interest rate reduction was mainly intended to counteract the lack of liquidity in the financial system, as a result of economic agents' loss of confidence in the global financial system.

• *COMMODITY PRICES*

The current financial crisis, having direct consequences on the domestic economy, has also had an impact in the fall of commodity prices.

As shown in the following figure, the RJ/CRB index, representing the leading commodity prices, including soybean and oil, after a brief peak in July 2008, went into free fall for 6 months, down to values never seen since 2003.



This drop in commodity prices impacts on trade and fiscal surpluses at the domestic level.

ANNEX II

• STOCK MARKET INDICES

The table below shows the leading international stock indices, which on average underwent a 45% drop in USD values.

Table 1

INDEX	COUNTRY	Value as at 31/12/07	Value as at 31/12/08	% VAR	% VAR in USD
Dow Jones Indus. Avg	USA	13264,82	8776,39	-33.84%	-33.84%
S&P 500 Index	USA	1468,36	903,25	-38.49%	-38.49%
Nasdaq Composite Index	USA	2652,28	1577,03	-40.54%	-40.54%
S&P/TSX Composite Index	Canada	13833,06	8987,7	-35.03%	-46.78%
Mexico Bolsa Index	México	29536,83	22380,32	-24.23%	-39.60%
Brazil Bovespa Stock Idx	Brazil	63886,1	37550,31	-41.22%	-54.80%
DJ EURO stoxx50=pr	Europe	4399,72	2447,62	-44.37%	-46.73%
FTSE 100 Index	UK	6456,9	4437,17	-31.28%	-49.48%
Nikkei 225	Japan	15307,78	8859,56	-42.12%	-28.64%
Hang Seng Index	Hong Kong	27812,65	14387,48	-48.27%	-47.94%
S&P/ASX 200 Index	Australia	6339,8	3722,3	-41.29%	-52.86%

Source: based on Bloomberg data

The table above implicitly shows the variation in the base currencies of stock market indices. As can be observed in the following table, 2008 currencies were strongly depreciated vis-à-vis the US Dollar, except for the Japanese Yen, which experienced a 23% rise, and the HONG KONG Dollar.

The table below lists the currency quotes, expressed as USD amount per currency unit.

Table 2

CURRENCY	12/31/07	12/31/08	% VAR
MÉXICO	0.09	0.07	-20.29%
BRAZIL	0.56	0.43	-23.09%
EUROPE	1.46	1.40	-4.24%
UK	1.9850	1.4593	-26.48%
JAPAN	0.0089	0.0110	23.29%
HONG KONG	0.1282	0.1290	0.64%
AUSTRALIA	0.88	0.70	-19.71%

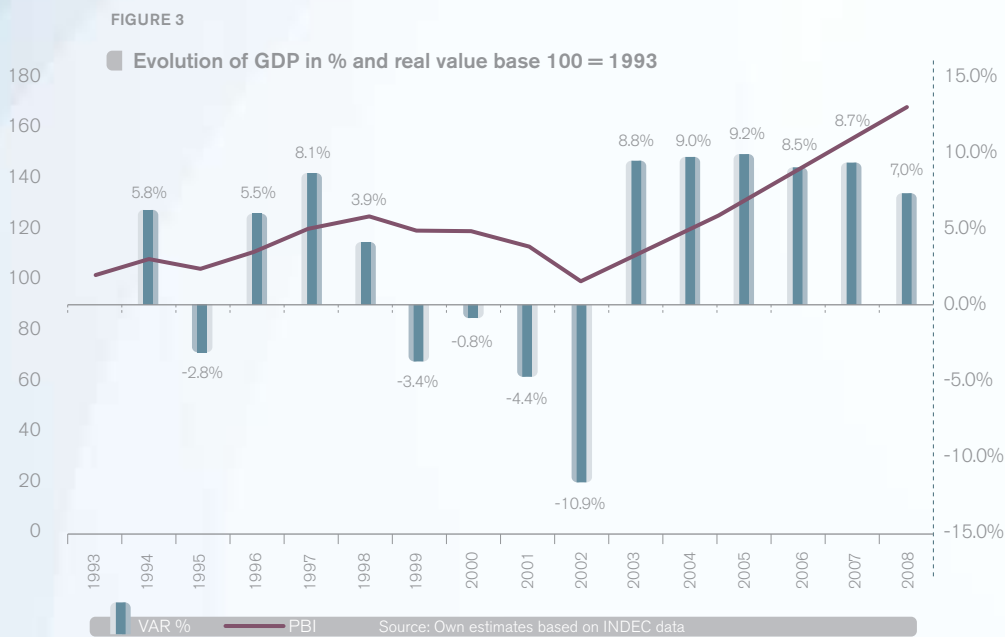
Source: Own estimates based on Bloomberg data

Domestic context

• GROSS DOMESTIC PRODUCT

According to the official announcement of INDEC (the National Institute of Statistics), the inter-annual growth in the last quarter of 2008 was 4.9%, thus closing out 2008 with a total GDP growth of 7.0%. This means that the GDP in Argentina has grown for 6 consecutive years at a rate higher than 7.0%.

The following figure, based on INDEC data, shows that the GDP growth by year-end from 2002 to 2008 was 63.3 %.



GDP evolution will be further analyzed due to the international financial crisis.

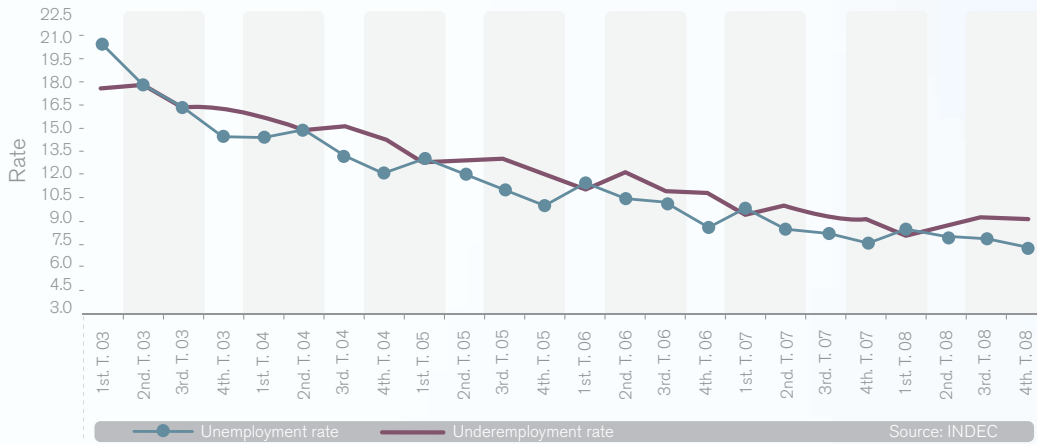
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• **UNEMPLOYMENT RATE**

The unemployment rate, as announced by INDEC, was 7.3% in the last quarter of 2008, while the underemployment rate reached 9.1%. The figure below, drawn from INDEC website, shows the decreasing trend undergone by the unemployment rate since 2003.

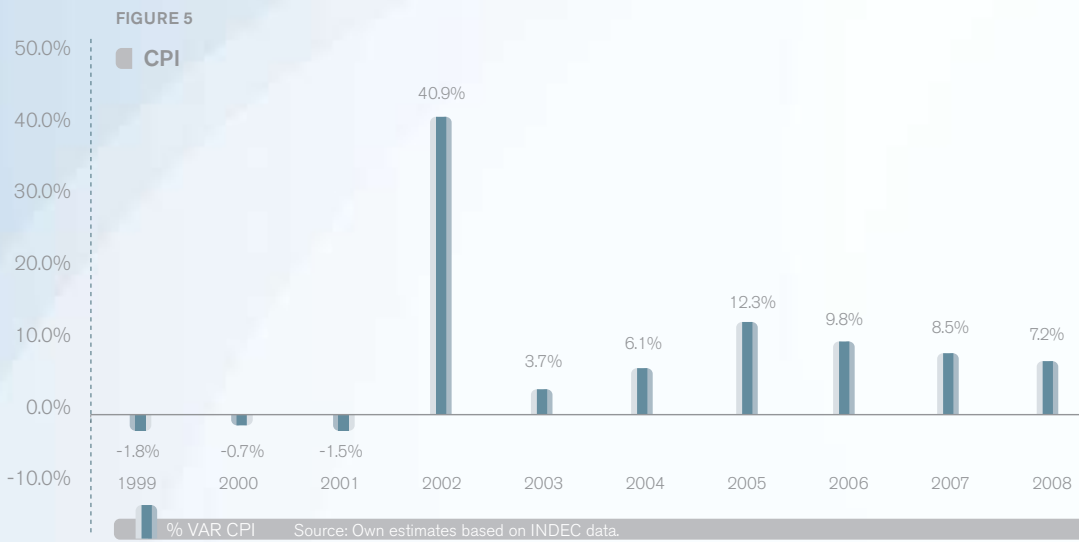
FIGURE 4

■ Quarterly evolution of unemployment and underemployment rate in all urban centers, from Q1 2003 onwards

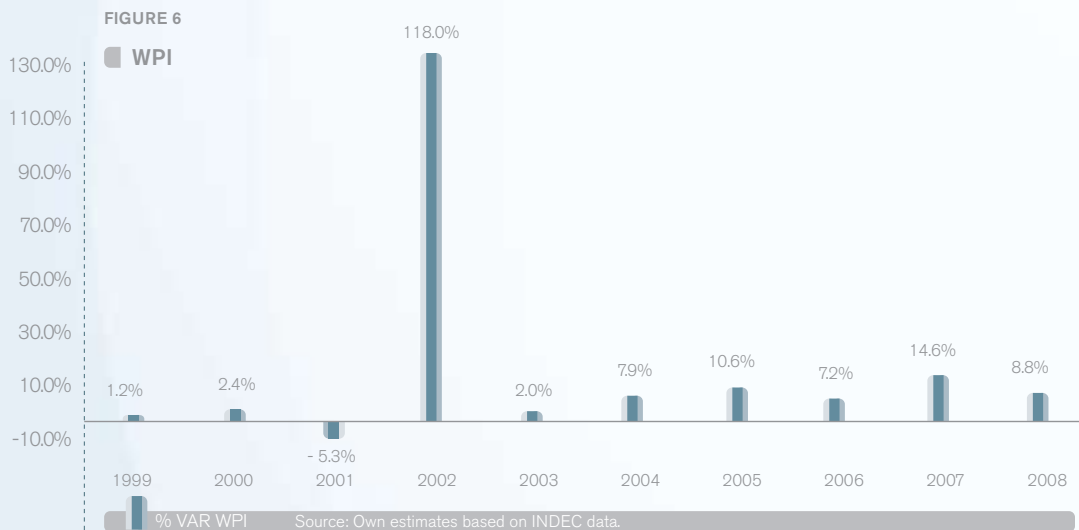


• **CONSUMER PRICE INDEX (CPI) AND WHOLESALE PRICE INDEX (WPI)**

Another macroeconomic variable deserving special attention is the CONSUMER PRICE INDEX, commonly known as “inflation”. In this respect, the figures published by INDEC reflect an inflation rate of 7.2% during 2008, the lowest since 2005 as shown in the following figure.



As far as the evolution of the WHOLESALE PRICE INDEX is concerned, the rate announced by INDEC indicates there was an 8.8% increase in 2008, while in 2007 this index had grown 14.6%.



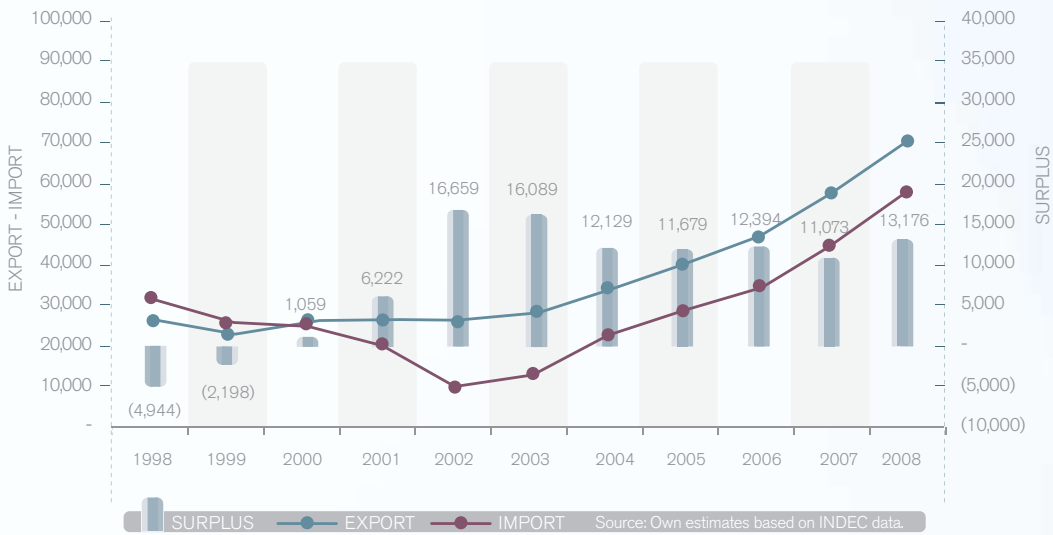
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• **FOREIGN SECTOR**

Throughout 2008, exports amounted to USD 70,588 million, while imports reached USD 57,412 million, thus creating a trade surplus of USD 13,176 million. Exports grew by 27% vis-à-vis 2007, while imports increased by 27%. According to statistics, there has been trade surplus for 9 consecutive years.

FIGURE 7

Foreign sector



• **NOMINAL EXCHANGE RATE**

The value of the US dollar in the local market rose approximately 9.7% when comparing its last quote in 2008 against the last quote in 2007. However, if we take the average exchange rate in June 2008 and confront it against the average in December 2008, fluctuation grows to about 12.4%.

As shown in the following figure, the exchange rate at the end of 2008 is higher than in 2003.



ANNEX II

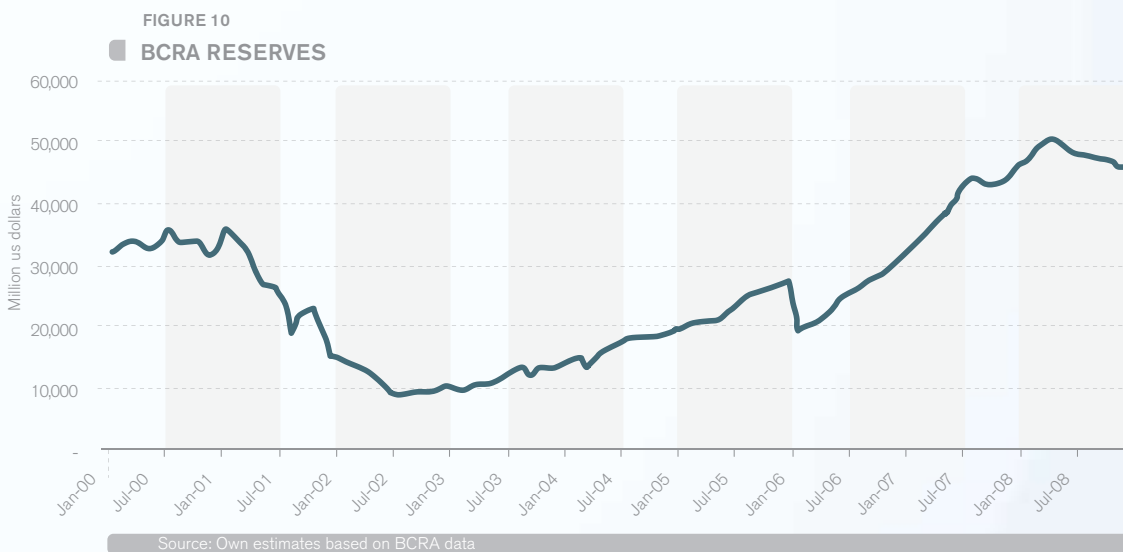
• **INTEREST RATE**

The figure below shows the interest rate evolution throughout 2008 in terms of the BADLAR rate. In general, the nominal interest rate was kept above 20%, a hike unseen since 2003.



• **BCRA RESERVES**

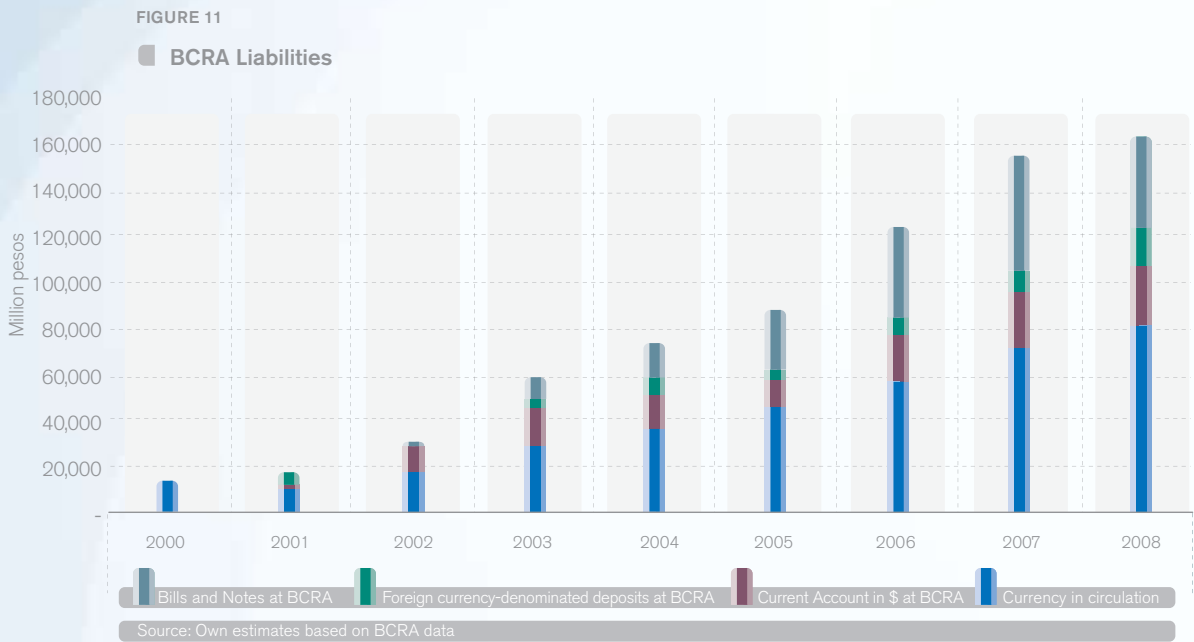
The reserves of the Central Bank of the Argentine Republic (BCRA) as at December 2008 amounted to USD 46,198 million. When compared to the same period in 2007, the percentage variation was 1.07%. Reserves reached a maximum amount of USD 50,330 million in April 2008.



• **BCRA LIABILITIES**

The liabilities of BCRA, without considering its net position concerning repos (repurchase agreements) as of December 2008, amounted approximately to ARS 163,000 million, the monetary base being around ARS 103,000 million (Currency in circulation plus current account held in pesos at BCRA). Even though the Monetary Base rose 10.47% between December 2008 and December 2007, the BCRA notes and bonds contracted 22.94% in the same period.

Finally, foreign currency-denominated deposits at BCRA increased by 101.98% in the same period. The following figure shows values as of December each year, according to BCRA data.



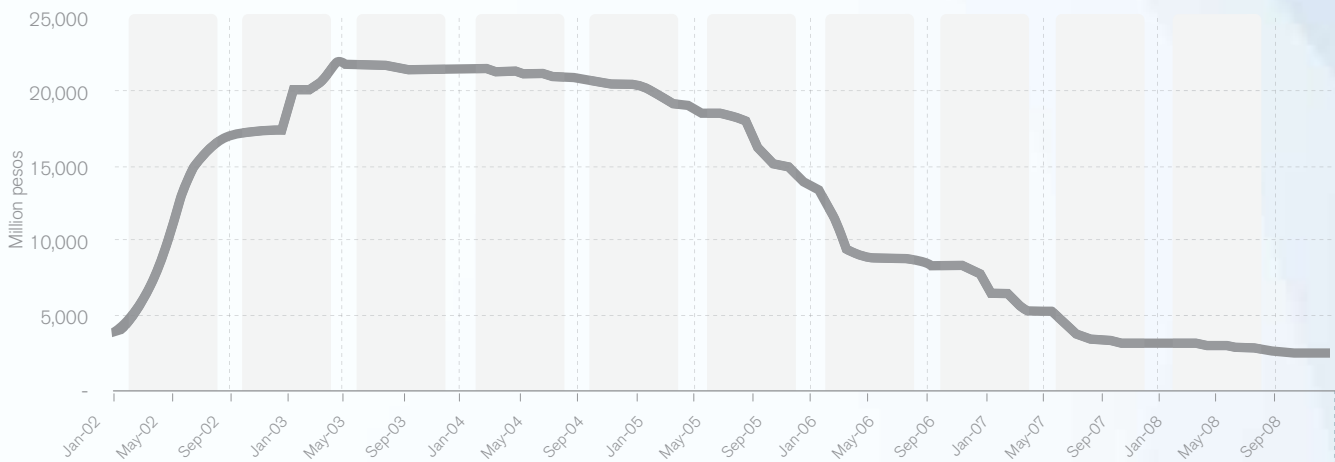
ANNEX II

• **REDISCOUNTS WITH BCRA**

Just as it has been taking place since 2003, rediscounts and liquidity advances made by the BCRA were also reduced in 2008. According to information supplied by this entity, as of December 2008 there was a stock of ARS 2,571 million, while in December 2007 such stock amounted to ARS 3,256 million, i.e. a 21.04% lower.

FIGURE 12

■ **REDISCOUNTS AND LIQUIDITY ADVANCES**

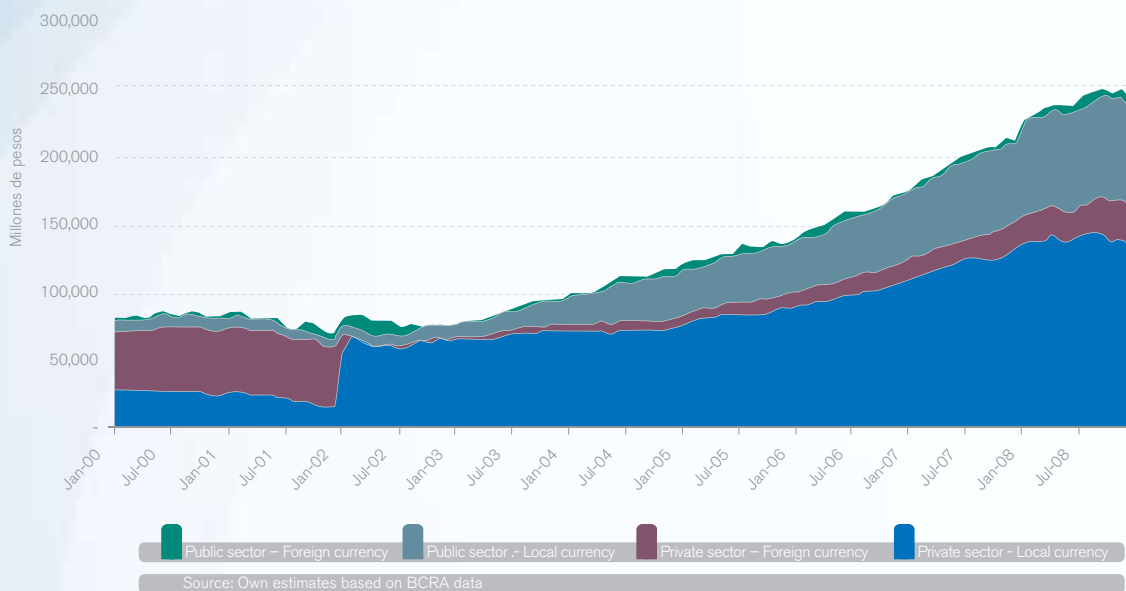


Source: Own estimates based on BCRA data

• **DEPOSITS HELD BY THE PRIVATE AND PUBLIC SECTORS**

In December 2008, deposits held by the private and public sectors amounted to ARS 243,671 million, i.e. an increase of 15.44% if compared to December 2007. According to BCRA data (balance at end of month), in December 2008, 13.94% of deposits were denominated in foreign currency, against 11.15% in December 2007.

FIGURE 13



ANNEX III

LEGAL AND REGULATORY BACKGROUND OF DEPOSIT INSURANCE IN THE ARGENTINE REPUBLIC

For information on the following issues, please visit our website: www.sedesa.com.ar

1. Deposit Insurance System
 - 1.1. Law 24,485
 - 1.2. Decree N° 540/95 as amended
 - 1.3. Decree 905/2002 (Relevant sections)
 - 1.4. BCRA rules on the implementation of the Deposit Insurance System (Communication A 2337 and supplementary ones)

2. BCRA Communications related to SEDESA.
<http://www.bcra.gov.ar/pdfs/texord/t-seggar.pdf>

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