

SEDESA

SEGURO DE DEPÓSITOS S.A.

ARGENTINA

2009

ANNUAL REPORT OF SEGURO DE DEPÓSITOS S.A.
AS OF DECEMBER 31, 2009

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➤ COMPOSITION OF THE BOARD OF DIRECTORS AND INTERNAL COMPTROLLERS COMMITTEE

BOARD OF DIRECTORS

CHAIRMAN

Dr. Eugenio Carlos Gallegos del Santo

VICE CHAIRMAN

Lic. Mario Vicens

DIRECTOR

Dr. Norberto C. Peruzzotti

ALTERNATE DIRECTORS

Dr. Hugo Bruzone

Dr. Santiago M. J. A. Nicholson

Lic. Daniel Tillard

INTERNAL COMPTROLLERS COMMITTEE

AUDITORS

Dr. Alejandro Almarza

Dr. Oscar Juan Camacho

Dr. Domingo Alberto Romano

ALTERNATE AUDITORS

Dr. Enrique Brouchou

Dra. Alicia Laura Bianchi de Nozieres

Dr. Alejandro Luis Sánchez

➤ MESSAGE FROM THE CHAIRMAN

We are pleased to present once more the Annual Report and Financial Statements of Seguro de Depósitos S.A. (SEDESA), which contain the strategy and activities undertaken by the Company during the fiscal year ended on December 31, 2009.

It is important to highlight that throughout the ended period, our management has especially focused on professionalizing and optimizing the internal organization processes of the Company, strengthening the changes in the organizational structure which were started in 2008. Therefore, we have reaffirmed our commitment with the local and international institutions in view of implementing the best practices in terms of deposit insurance to continue consolidating the liquidity ratios of the Deposit Guarantee Fund with a low risk level and strictly complying with the obligations undertaken by SEDESA in its capacity as trustee of such fund.

With the same goal in mind, we have applied new working methods by motivating the participation of all the management responsibility levels in order to achieve the highest efficiency in the planned processes for making loan portfolios, with the incorporation of new technologies applied to computerize the procedures and integrate all the databases. These tools will allow a methodical follow-up of the goals established by the Company and an increase of the information quality.

It is worth mentioning that the negative projection that resulted during the ended year due to the global crisis which affected the last months of 2008 and the first part of the following year has not been reflected in the financial condition of the DGF, which has again had a major increase, ensuring at the same time high liquidity ratios and low risk.

We should also take into consideration the involvement of SEDESA in several activities within the domestic and international areas, which have helped to maintain an appropriate technical knowledge level and detailed information about the different realities that affect the objectives of the Company.

Finally, I wish to express once again our gratitude to the Central Bank of Argentina (BCRA), Caja de Valores S.A. (securities depository) and the Financial Institutions involved in the system for all their support and I would also like to highlight the performance and professionalism of our direct collaborators and external advisors whose commitment, efforts and dedication have made it possible to achieve the goals pursued for the ended fiscal year and have contributed the necessary framework to comply with the planned objectives for the current year.

Thank you.

Buenos Aires, April 2010

Dr. Eugenio C. Gallegos del Santo
CHAIRMAN
Seguro de Depósitos S.A.



➤ MESSAGE FROM THE CEO

By means of this Annual Report 2009, we wish to reflect our commitment for a continuous improvement in the daily activities of SEDESA. As this was our vision in 2009, we have applied a new management approach to increase the efficiency of the internal procedures and enhance our level of response towards our several addressees.

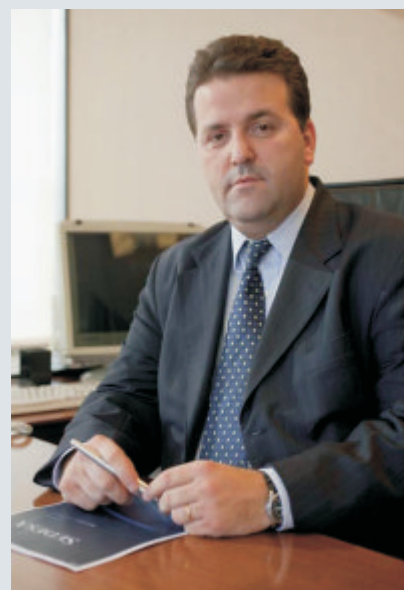
Our intention is to comply with the tasks that have been given to SEDESA as trustee of the DGF, increasing its profitability and maintaining the stability of the investments. In addition, our objective is to keep the capital and acquisition of solvency within the regulations established by the BCRA.

With regards to the maximization of the recovery of the assistance granted, SEDESA has invested human and capital resources to update and validate the information, submitting specific working plans with measurable goals in the short and medium term in order to establish the conditions in all the transactions where SEDESA is involved, according to the regulations in force.

Analysing the months of this new management, we take into account the importance and responsibility of our role as part of the financial safety net in order to make more efficient decisions in each of the mentioned

aspects. Thus, we intend to achieve the highest professional standards and implement the best practices in terms of Deposit Insurance. Moreover, we have renewed our collaboration commitment with the different local and international institutions to continue the exchange of information which helps to make correct decisions.

I would also like to thank all those who have been proactively engaged in the activities related to the Company and I wish to acknowledge their enthusiasm and dedication to carry out each one of these initiatives.



Dr. Alejandro J. López
CEO



ABOUT SEDESA

1

Composition of Shareholders' Equity ↗

Duties of the Company ↗

Deposits Guaranteed by the DGF ↗

Contributions from financial institutions to the DGF ↗

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

The Presidential Decree 540/95 created the Deposit Guarantee Fund in order to insure bank deposits. Its scope of action is set forth by such order and its subsequent amendments.



➤ COMPOSITION OF SHAREHOLDERS' EQUITY

The capital stock of SEDESA amounts to one million Argentine pesos (ARS) and each share has a par value of one peso. It is a private institution governed by the Business Corporations Law.

➤ DUTIES OF THE COMPANY

According to the regulations in force, the duties of SEDESA as trustee of the DGF are as follows

1| To pay the insured deposit to depositors, when appropriate.

2| To make capital contributions, non-reimbursable contributions or loans to financial institutions:

- which are under a regularization and reorganization plan, in order to assist them with the compliance of such plan;

- which have acquired assets and have undertaken to pay the deposits of another institution that is subject to the system set forth in Section 35 bis of the Argentine Financial Institutions' Law (Ley de Entidades Financieras), when required to compensate the insufficiency of such assets with regards to the transferred deposits;

- which have taken over or acquired financial institutions under a regularization and reorganization plan.

3| To execute put option agreements with financial institutions that acquire assets and undertake to pay the deposits of other entities which are subject to the system set forth in section 35 bis of the Argentine Financial Institutions' Law, in favour of the acquiring institution over all or part of the transferred assets. This arrangement may consist in the creation of a trust fund.

4| To acquire deposits from suspended banks up to the amount of the guarantee, subrogating to the rights of the depositors (including the reimbursement of the amounts deposited in wages and salaries crediting accounts to their holders).

5| To undertake obligations chargeable to the DGF within the limitations duly established.

6| To carry out, maintain or finance swap programs with foreign banks with the purpose of contributing to the stability of the Argentine financial system, with prior consent by the Central Bank of Argentina and chargeable to the DGF.

The application of the duties established in items 2, 3, 4 and 5 above shall be previously decided by a Steering Committee (a non-standing collegiate body) headed by a representative of the BCRA, with veto powers but no voting rights, and five regular members. Every decision made by the Steering Committee shall be binding upon SEDESA.

The DGF is made up of the mandatory contribution made each month by all the financial institutions which are authorized by the Central Bank of Argentina to operate within the country, in respect of the deposits in pesos and foreign currency held in them.

➤ DEPOSITS GUARANTEED BY THE DGF

The deposits under coverage are those in pesos and foreign currency up to THIRTY THOUSAND ARGENTINE PESOS (AR\$ 30,000) constituted in the participating institutions under the form of checking accounts, saving accounts, fixed-term deposits, salary accounts and special deposits, term investments, inactive balances from the mentioned accounts or other forms that the CENTRAL BANK OF ARGENTINA may determine.

The guarantee is applied on equal terms both to individuals and legal entities.

In case of 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 corresponding guarantee amount shall be proportionally distributed among them.

According to the foregoing, the total amount guaranteed to a single person, due to accumulation of accounts and deposits under the insurance coverage, shall not exceed the limit amount of AR\$30,000.

The CENTRAL BANK OF ARGENTINA may amend, at any time and on a general basis, the coverage amount of the guarantee system based on the consolidation process of the financial system and the other indicators that the BCRA may deem appropriate.

Those deposits with sums higher than the coverage amount are also included in the guarantee system up to the maximum limit of AR\$30,000.

The following are not covered by the guarantee system:

- Transferable fixed-term deposits where ownership has been acquired by means of endorsement, even when the last endorser was the original depositor.

- Deposits secured by systems which offer incentives and additional motivation at the agreed interest rate or, as the case may be, to the amount accrued due to the application of the "CER" (Reference Stabilization Coefficient), whatever name or form they may have (insurance, raffles, tourism, services, etc.).

- Deposits on which higher rates than the reference rate are agreed.

- Deposits of financial institutions with other intermediaries, including the certificates of fixed-term deposits acquired by secondary negotiation.

- Deposits made by persons related, directly or indirectly, to the entity concerned.

- Fixed-term deposits of securities, acceptances or guarantees.

- Non-transferable balances from deposits and other excluded transactions.

- All other deposits that in the future may be excluded by the Implementing Authority.

➤ CONTRIBUTIONS FROM FINANCIAL INSTITUTIONS TO THE D.G.F.

Every financial institution authorized to operate in ARGENTINA shall make contributions to the D.G.F. by means of a monthly regular amount established by the Central Bank of Argentina (BCRA) between a minimum of 0.015% and a maximum of 0.06% of the daily balance average of the deposits in pesos and foreign currency created by financial institutions, plus a varying additional contribution that may reach a maximum of 0.015% according to the regulations set forth by the BCRA.

SEDESA
SEGURO DE DEPÓSITOS S.A.

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INSTITUTIONAL GUIDELINES OF THE ORGANIZATION

2

Vision ↗

Mission ↗

Values ↗



In its role of efficiently managing the DGF and assisting the financial institutions, SEDESA has made an analysis and presentation of its Institutional Guidelines, which are mentioned below:

➤ VISION:

“To become a benchmark in the financial security network by building trust and providing value to the system in order to avoid systemic crisis.”

➤ MISSION:

“To manage and guarantee the solvency of the DGF, contributing to the stability of the financial system and securing the depositors' savings.”

➤ VALUES:

- **Responsible investment criteria**

Our goal is to increase the return on the DGF by maintaining the stability of investments, preserving the capital and solvency according to the regulations established by the BCRA.

- **Effectiveness and a correct response**

We take into account the important and responsibility of our role as part of the financial security network to make more effective decisions upon each assistance and the subsequent recovery management to all the addressees of SEDESA (depositors, contributing entities and shareholders).

- **Principles and Integrity**

Our intention is to achieve the highest professional standards within an ethical framework in order to implement the best practices in terms of Deposit Insurance, respecting the value of information, which is part of our daily work.

- **Transparency and Responsibility**

We establish clear conditions in all the transactions in which SEDESA is involved and we respect the process established for the decision making according to the regulations in force.











- **Training and qualifications**

We facilitate the access of training to all the members of our organization in the constant search of satisfying our role so that they can be more qualified and achieve better results in their tasks. In addition, we exchange experiences with our international peers.



STRATEGIES AND ACTIONS UNDERTAKEN

3

- End of the Restructuring Process of the Organization 
- Financial Investments 
- Accounting Registration 
- Asset Recovery 
- Controlling System over Trusts 
- Trust Management 
- Inventory of Tangible Assets 
- Portfolio Trading 
- Assistance to Financial Institutions 
- Participation with other international deposit insurance entities 

➤ END OF THE RESTRUCTURING PROCESS OF THE ORGANIZATION



During 2009, the restructuring process of SEDESA, which started in the middle of 2008, continued in order to render an efficient service within the regular practices of a correct management.

Pursuing the goal of efficiency, we implemented a performance scheme based on the control by opposition in order to reach satisfactory standards of transparency and professionalism.

The position of General Manager was created in order to release the Executive Director from such functions and assure the efficiency of the operative management. In this way, the functional structure was adapted to go beyond the regular and periodical changes of the Board of Directors.

Based on this restructuring, we adapted the internal procedure regulations regarding the daily activities and protecting the interests insured by SEDESA.

Finally and with regards to the administrative restructuring of the Company, we would like to mention the matter related to the auditing management that has been conducted by the Argentine General Audit Committee (SIGEN) since September 2009.

This measure, which was taken by the Board of Directors and requested by the Supervising Committee, will also contribute, by means of the obtained results, to the intended optimization of the management and to correct the possible findings that may arise.

Upon the end of this Annual Report, SIGEN has submitted its preliminary reports and the Final Report is still under process.

➤ FINANCIAL INVESTMENTS

Regarding financial investments, an information programme called ESCO was acquired to have the data collection of the financial transactions made and all the market services and events corresponding to the instruments that are part of the assets.

Moreover, the investment procedure was approved, which jointly with the investment policies duly passed, generate an efficient controlling functional scheme over the available balance of the DGF.

By means of Deutsche Bank, we have implemented the task of securities custody regarding the DGF. This entity offers SEDESA a wide range of services related to custody, clearing and liquidation of transactions in the market. We also offer notification, confirmation and collection of financial services and events corresponding to the instruments that are part of the portfolio and other related rates and taxes.

Moreover, we request the custodian to send us supporting documents of all the liquidations, as well as detailed reports of our positions under custody in order to control them. The necessary conditions to have the quality certification of the investment process were also established.

➤ ACCOUNTING REGISTRATION

Regarding this matter, we activated in the financial statements the certificates of participation which prudently show the financial status of the DGF. This task was conducted by means of a detailed analysis and estimations conducted according to the accounting regulations in force in Argentina, and on those cases where it is acquired an economic value that allows to adjust the reserves and/or provisions by which they were duly charged off.

After this first procedure, we suggested that the information included in the debtors' database should be consolidated for the subsequent year. This will allow activating in the financial statements those credits that are recoverable due to their characteristics.

➤ ASSET RECOVERY

During the year 2009, the recovery policy was amended in order to favour the collection of judicial and extrajudicial credits with regards to the previous year.

In spite of the mentioned amendment and as a partial consequence of the seniority of the portfolio, the result from the collection of judicial and extrajudicial credits was AR\$16,278,090, representing an increase of 1.8% over AR\$15,990,218, as compared to the incomes obtained in 2008.

➤ CONTROLLING SYSTEM OVER TRUSTS

Due to the mentioned restructuration, a controlling system has been established over the trusts where SEDESA, in its capacity as trustee of the Deposit Guarantee Fund, is the holder of the certificates of participation. This situation had not been institutionalized since the creation of the deposit guarantee system and, thus, we believed it was important to put it into practice in order to have an updated management of such participations. In 2010, the working plan about this new area will be presented.

➤ TRUST MANAGEMENT

During the fiscal year 2009 and according to the performance of trusts, the amount of AR\$2,943,574 has been obtained as income.

	12/31/2009	12/31/2008
Banco Roela S.A. – Trustee of SUMA Trust (Former – Banco Israelita de Córdoba S.A.)	AR\$ 2,104,000	AR\$ 1,730,000
Banco Credicoop C.L. – Trustee of COOPESUR Trust (Former – Banco Coopesur C.L.)	AR\$ 144,814	AR\$ 933,924
Banco Credicoop C.L. – Trustee of ARGENCOOP Trust (Former – Banco Argencoop C.L.)	AR\$ 210,000	AR\$ 368,201
Banco Finansur S.A. – Trustee of NUES Trust (Former – Banco Almafuerite C.L.)	AR\$ 33,718	AR\$ 230,291
Banco Regional de Cuyo S.A. – Trustee of MENDOZA Trust (Former – Banco Mendoza S.A.)	–	AR\$ 16,000
Comafi Fiduciario Financiero S.A. – Trustee of MAYO II Trust (Former – Banco Patricios S.A.)	AR\$ 415,474	AR\$ 290,600
Former – Banco Caseros	AR\$ 27,280	AR\$ 2,611,571
Former – Banco Medefin	–	AR\$ 283,019
BBVA Banco Frances S.A. – Trustee of BALCARCE Trust (Former – Banco Balcarce S.A.)	AR\$ 8,288	–
Total Income per Trust	AR\$ 2,943,574	AR\$ 6,463,606

➤ INVENTORY OF TANGIBLE ASSETS

During the second half of 2009, several proceedings have taken place to determine an inventory of tangible assets, to know their ownership status and to sell them through processes that assure the advertising and transparency of the action.

From another part of the liquidation (or sale or trading) of the assets recovered from trusts, the amount of AR\$109,377 was obtained as profit.

➤ PORTFOLIO TRADING

Pursuant to the above-mentioned points and in order to optimize our performance for the year 2010, the portfolios are being reviewed to establish the best collection strategies.

In 2009, the plan to trade the non-performing loan portfolios (those that have not regularly complied with their payment obligations) was approved. From such plan, it was noticed that certain loans bear efficient documents to initiate legal proceedings.

➤ ASSISTANCE TO FINANCIAL INSTITUTIONS

During the fiscal year 2010, we plan to set forth the assistance process to financial institutions based on SEDESA's experience throughout all these years, plus any experience gathered from similar assistance processes all over the world.

➤ PARTICIPATION WITH OTHER INTERNATIONAL DEPOSIT INSURANCE ENTITIES:

SEDESA continued acting as ISC (International Survey Coordinator) as from the end of 2007. During 2009, the members' queries were centralized, a follow-up of the participants was conducted, and the following surveys were coordinated: "Response to the Financial Crisis" and "Payment Processes". Other surveys are being drafted and developed and will be conducted during the next year.

It is worth mentioning that upon the execution of an agreement between IADI and EFDI (European Forum of Deposit Insurers), the country members from such institution were invited to participate. This led to a higher participation of the entities engaged in Bank Deposit Insurance and more appropriate global results were achieved.

In August, the Sixth Meeting of the Latin American Regional Committee (LARC) "The Role of Deposit Insurance in the Current Crisis" took place in the city of Lima, Peru. The Chairman of SEDESA attended this meeting and Dr. Marcelo Griffi, Legal Advisor of the Board of Directors, participated with the presentation of "Crisis and Security Network. Variations of design and application of tools. Argentine experience".

In September, the Eighth Annual Conference and General Annual Meeting of IADI was held in Basel, Switzerland. The framework of the conference was the "Core Principles for Effective Deposit Insurance Systems" since the institution recognizes the importance of deposit insurances to protect depositors, keep their reliance and promote financial stability. This event, which was attended by Lic. Mario Vicens (Vice Chairman of SEDESA), was co-organized by the Financial Stability Institute, IADI and the Basel Committee on Banking Supervision (BCBS).

Moreover, during this year the following entities were incorporated to IADI and the Latin American Committee: Deposit Insurance Institution of Ecuador (COSEDE) and the Deposit Guarantee Fund of the Central Bank of Paraguay (BCP). Both bodies became members of the organization with the unanimous approval of all the members of the Committee.



PERFORMANCE OF THE DEPOSIT GUARANTEE FUND (D.G.F.)

4

- Contributions from Financial Institutions ↗
- Assistance to Financial Institutions ↗
- Financial Results ↗
- Results from Financial Investments ↗
- Results from Assistance to Financial Institutions ↗
- Results from Asset Management (net of expenses) ↗
- Administrative Expenses ↗

During the current fiscal year, the Shareholders' Equity of the Deposit Guarantee Fund had an increase of AR\$942.3 million, equivalent to a 28.2% increase in relation to the balance as at the end of the previous year, evidencing a total amount of AR\$4,288.4 million.

	12/2009	12/2008	Annual Increase	%
Shareholders' Equity	4,288.4	3,346.1	942.3	28.2

Amounts are given in million of Argentine pesos

Such increase was partially originated from the contributions made by the Financial Institutions during 2009, totaling an amount of AR\$392.8 million, and mainly from the results of the fiscal year which amounted to AR\$549.5 million.

The strengthening of the D.G.F. is mainly based on the positive result obtained in financial underwritings, the recovery of trusts, collections and an effective management of the administrative expenses controlled by the Company.

➤ CONTRIBUTIONS FROM FINANCIAL INSTITUTIONS

Pursuant to the increase in bank deposits, the contributions during this fiscal year amounted to AR\$392.8 million, showing a 15% increase as compared to the contributions received during 2008 (AR\$341.6 million)

The contribution rate was not modified during the year and contributions are made on a monthly basis with an amount equivalent to 0.015% over the deposits of each financial institution, plus a varying additional contribution that may reach a maximum of 0.015%, according to the factors established by the BCRA.

➤ ASSISTANCE TO FINANCIAL INSTITUTIONS

On December 4, 2007, the Steering Committee of the D.G.F. decided to grant, pursuant to the provisions set forth in Section 10 bis, subsection b of the Executive Order 540/95, financial assistance in the amount of AR\$32.3 million, as Non-reimbursable Contribution, due to the asset-liability mismatch of Former Banco Municipal de la Plata, borne by Banco de la Provincia de Bs. As.

This assistance was monthly disbursed by amounts similar to those paid by Banco de la Provincia de Bs. As. as contributions to D.G.F. until reaching the above-mentioned amount. This situation was ended in January of the current year.

During this fiscal year, no assistance was granted to financial.

➤ FINANCIAL RESULTS

The Income Statement of the D.G.F. for the year ended December 31, 2009 shows a profit of AR\$549.5 million, representing an increase of 34.2% in relation to the same period of the previous year.

This result was originated on the following items:

ITEM	Fiscal Year 2009	Fiscal Year 2008	Percentage Variation
Results from Financial Investments	463.9	467.3	(0.70)
Net results from the application of deposit guarantees	0.4	–	–
Results from Assistance to Financial Institutions	53.6	(63.4)	118.3
Results from Asset Management	46.0	17.0	170.6
Administrative Expenses and other Income and Expenses	(14.4)	(11.5)	25.2
Total	549.5	409.4	34.2

Amounts are given in million of Argentine pesos

RESULTS FROM FINANCIAL INVESTMENTS

ITEM	Corporate Year		Percentage Variation
	2009	2008	
Foreign Assets	119.4	214.3	(44.3)
Lebac / Nobac	52.8	9.7	444.3
Exchange difference	292.2	245.8	18.9
Others	0.11	0.1	10
Portfolio administration fee	(0.65)	(2.7)	24.1
Final Result	463.9	467.2	(0.70)

Amounts are given in million of Argentine pesos

The result obtained from financial investments was AR\$463.9 million in comparison with AR\$467.2 million of the previous year, evidencing a low decrease of 0.7%.

The yield decrease of the portfolio invested in foreign assets consisted in 55.2% as compared to the year 2008 and took place due to the exchange rate variations of the different currencies in which such portfolio was invested. The yield of the portfolio invested in foreign assets amounted to AR\$119.4 million, representing a percentage reduction as compared to the 44.3% yield of the previous year.

The returns on investments made in the domestic market (Lebac and Nobac) amounted to AR\$52.8 million with annual yields higher than 13% during the year.

The difference in the exchange rate showed a positive result of AR\$292.2 million as compared to AR\$245.8 million of the previous year, indicating an increase of 18.9%.

➤ RESULTS FROM ASSISTANCE TO FINANCIAL INSTITUTIONS

The assistance granted to financial institutions yielded a positive return of AR\$53.6 million, mainly generated by the decrease in the provisions on Securities that guarantee the loans to institutions, which had a positive return of AR\$46.1 million.

➤ RESULTS FROM ASSET MANAGEMENT (NET OF EXPENSES)

In fiscal year 2009, these results amounted to AR\$46.0 million. As compared to the AR\$17.0 million of the fiscal year 2008, there was an increase of 170.6%. It is worth mentioning that AR\$19.9 million derived from recoveries of financial trusts, and the amount of AR\$18.0 million was generated by assessing the holding of certificates of participation charged off at 100%. Such certificates, which are currently in full force and effect and whose sole beneficiary is in most cases the DGF, bear elements of judgment to conduct such valuation. We should also take into account the income obtained from the collection of assigned receivables for the amount of AR\$12.2 million and AR\$13.5 million for the sale of bond "B" of the certificate of participation in the former Mendoza trust for the amount of AR\$15 million.

As regards the expenses related to the management of these assets, there was a decrease of 12.5%, amounting to AR\$4.9 million during 2009 and AR\$5.6 million during the same period of the previous year. Such decrease was generated from the recovery of financial trusts.

➤ ADMINISTRATIVE EXPENSES

The administrative expenses during the fiscal year 2009 reached the amount of AR\$13.9 million, with an increase of AR\$2.3 million as compared to the year 2008, representing 19.8% over AR\$11.6 million in expenses from the previous year.

It is important to point out that the expenses related to the personnel and fees of directors and statutory auditors for the fiscal year 2009 amounted to AR\$9.8 million, with an increase of 32.4% in relation to the AR\$7.4 million of the fiscal year 2008.

Regarding other administrative expenses during the year 2009, there was a decrease of 3.4% (AR\$4.0 million) when compared with the AR\$4.2 million corresponding to the same period of the previous fiscal year.

In the item professional fees, there was a relevant decrease of 31% due to a reduction of general services rendered.

Under the item conservation, repair and maintenance expenses, there was a significant reduction of 65.9% due to the moving of our offices at the beginning of 2008 and the necessary refurbishments and modifications for the operation of the offices.

The major increase was based on the item amortization, leases and maintenance fees that during the fiscal year amounted to AR\$1.2 million and during the fiscal year 2008 amounted to AR\$1.0 million, equivalent to the 20.6% derived mainly from the leasing of our offices, corresponding 18.0% to the exchange rate variation and 11.5% to the average lease price of such offices.



EVOLUTION OF AVAILABLE BALANCE

5

- Evolution of available balance of the DGF during 2009 ↗
- Income to the available balance of the DGF ↗
- Expenses of the available balance of the DGF ↗
- Available Balance of the DGF / ↗
- Total deposits in the financial system ratio



The Available Balance of the DGF had a growth of AR\$865.8 million, which represents an increase of 27.7% regarding the available balance as of the beginning of the fiscal year, reaching the amount of AR\$3,996.8 million as at December 31, 2009.

The growth of liquidity is mainly based on AR\$392.8 million derived from the contributions made by financial institutions and AR\$463.9 million from returns on investments.

	12/2009	%	12/2008	%	Annual Increase
Available Funds	3,996.8		3,131.0		865.8
Foreign Assets	3,021.5	76	2,436.6	78	584.9
Domestic Assets	975.3	24	694.4	22	280.9

Amounts are given in million of Argentine pesos

76% of the available funds are invested in foreign assets pursuant to the investment guidelines set forth by the regulations in force. Those resources have been invested under conditions similar to those established within the guidelines authorized for investments of foreign exchange international reserves of the Central Bank of Argentina, according to the provisions set forth in Section 10 of the Executive Order 540/95 and its amendments.

Funds invested in domestic assets as of the end of the fiscal year amounted to AR\$975.3 million. Such funds are mainly invested in securities issued by the Central Bank of Argentina for the amount of AR\$589.7 million and in checking accounts of the BCRA for AR\$384.5 million.

During the fiscal year 2009, as in 2008, several swap transactions with the BCRA were conducted, affecting the above-mentioned investments in foreign assets, which are currently in force as of the end of this fiscal year. Due to the implementing characteristics of such transactions, the yield of the assets is still owned by the D.G.F.

In 2009, swap transactions were conducted against securities issued by the BCRA (Lebac) and the balance amounted to AR\$476.7 million as of December 31.

Two swap transactions against US dollars for the amount of AR\$2,146.2 million were also made.

↗ EVOLUTION OF AVAILABLE BALANCE OF THE DGF DURING 2009

Available balance as of:	Available balance in Argentine pesos	Flow Index
12/31/2008	3,130,963,112	100.0
01/31/2009	3,161,161,602	101.0
02/28/2009	3,233,248,587	103.3
03/31/2009	3,423,290,387	109.3
04/30/2009	3,470,163,123	110.8
05/31/2009	3,609,838,530	115.3
06/30/2009	3,680,731,687	117.6
07/31/2009	3,779,889,354	120.7
08/31/2009	3,853,091,417	123.1
09/30/2009	3,913,777,572	125.0
10/31/2009	3,941,956,642	125.9
11/30/2009	3,999,133,521	127.7
12/31/2009	3,996,855,376	127.7

↗ INCOME TO THE AVAILABLE BALANCE OF THE DGF

Cash incomes had an increase of 4.8% in relation to the previous fiscal year.

Management operations were the main source of income, representing 55.8% of the total income, whereas contributions accounted for 44.2%.

	12/2009	%	12/2008	%	Annual Variation
Contributions	392.8	44.2	341.6	40.3	51.2
Management	495.9	55.8	506.8	59.7	(10.9)
Total income	888.7	100	848.4	100	40.3
Expenses	(22.8)		(51.2)		28.4
Cash Variation	865.9		797.2		68.7

Amounts are given in million of Argentine pesos

↗ EXPENSES OF THE AVAILABLE BALANCE OF THE DGF

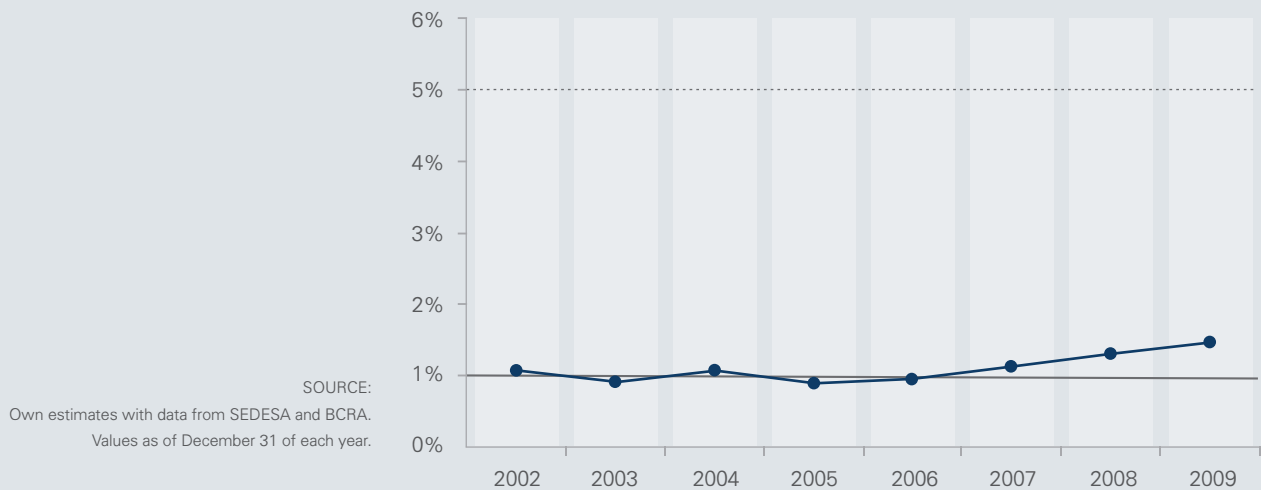
In 2009, financial assistance was granted due to the asset-liability mismatch of Former Banco Municipal de la Plata, borne by Banco de la Provincia de Bs. As. for the amount of AR\$32.3 million, generating financial expenses for AR\$2.8 million in 2009. The balance was paid in January 2009.

Cash expenses allocated to the operating activities amounted to AR\$20.0 million, representing a 10.8% increase in relation to the previous year.

➤ AVAILABLE BALANCE OF THE 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%
2009	1.47%

➤ RATIO: AVAILABLE BALANCE / TOTAL DEPOSITS RATIO




The increase of the available balance was higher than the one registered in the number of deposits, allowing an improvement of the coverage ratio (Available Balance / Total Deposits) from 1.32% at the end of 2008 to 1.47% as of December 2009.



SEGURO DE DEPÓSITOS
SOCIEDAD ANÓNIMA

6

Financial statements for the fiscal years ended 
December 31, 2009 and 2008

Financial statements
for the fiscal years
ended December 31,
2009 and 2008

➤ BALANCE SHEET AS OF DECEMBER 31, 2009 AND 2008 (IN ARGENTINE PESOS)

	12/31/2009	12/31/2008
ASSETS		
CURRENT ASSETS		
Cash and banks	57,575	28,986
Investments	13,473,996	10,115,554
Other receivables	398,919	206,501
Total current assets	13,930,490	10,351,041
NON-CURRENT ASSETS		
Investments	1,424,021	3,216,396
Other receivables	41,701	154,387
Fixed assets	360,411	453,064
Total non-current assets	1,826,133	3,823,847
Total Assets	15,756,623	14,174,888
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	12,488	50,188
Taxes payable	467,335	427,279
Social security charges payable	248,621	166,657
Other liabilities	-	40,228
Total current liabilities	728,444	684,352
Total liabilities	728,444	684,352
SHAREHOLDERS' EQUITY (according to related statements)	15,028,179	13,490,536
Total Liabilities and Shareholders' Equity	15,756,623	14,174,888

INCOME STATEMENT

FOR THE FISCAL YEARS ENDED DECEMBER 31,
2009 AND 2008


(IN ARGENTINE PESOS)

	12/31/2009	12/31/2008
Administrative expenses	(336,284)	(322,277)
Plus:		
Expenses recovery	147,327	138,724
Financial income (expense) and holding gains (losses)	2,535,136	(109,120)
Other net income	15,150	1,426,575
Net income (before income tax)	2,361,329	1,133,902
Income tax	(823,686)	(398,283)
Profit for the year	1,537,643	735,619



DEPOSIT GUARANTEE FUND

7

Trust financial statements 
for the fiscal years ended
December 31, 2009 and 2008

Trust arising from the Trust Agreement entered into on March 7, 1997, by and between the Central Bank of Argentina (BCRA), as trustor, and Seguro de Depósitos S.A., as trustee.

Trust financial statements for the fiscal years ended December 31, 2009 and 2008

TRUST FINANCIAL STATEMENT AS OF DECEMBER 31, 2009 AND 2008 (IN ARGENTINE PESOS)

	12/31/2009	12/31/2008
ASSETS		
CURRENT ASSETS		
Cash and banks	2,648,592,053	1,466,660,885
Investments	1,348,265,904	1,664,306,345
Receivables	18,800,682	3,188,926
Assets under financial leasing	75,641	55,564
Other receivables	557,338	764,211
Other assets	2,104,412	1,981,785
Total Current Assets	4,018,396,030	3,136,957,716
NON-CURRENT ASSETS		
Investments	127,616,927	107,774,247
Receivables	145,812,801	103,263,762
Assets under financial leasing	547,055	605,327
Other receivables	-	125,414
Other assets	1,503,532	2,218,476
Total Non-Current Assets	275,480,315	213,987,226
Total Assets	4,293,876,345	3,350,944,942
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	3,938,679	1,250,020
Other liabilities	1,564,061	3,581,245
Total Current Liabilities	5,502,740	4,831,265
Total Liabilities	5,502,740	4,831,265
SHAREHOLDERS' EQUITY (according to related statements)	4,288,373,605	3,346,113,677
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,293,876,345	3,350,944,942

➤ TRUST FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2009 AND 2008
(IN ARGENTINE PESOS)

	12/31/2009	12/31/2008
INCOME FROM FINANCIAL INVESTMENTS:		
Financial income from investments	172,255,669	224,148,420
Exchange rate difference	292,233,826	245,814,471
Income (loss) from holding and sale of securities	(112,335)	(377,531)
Income from secured loans	223,333	377,756
Subtotal income from financial investments	464,600,493	469,963,116
Minus: investment management fee	(650,624)	(2,667,783)
Total income from financial investments	463,949,869	467,295,333
NET INCOME FROM APPLICATION OF DEPOSIT INSURANCE GUARANTEES:		
Net recovery of paid deposit insurance guarantees	395,733	-
Total net income from application of deposit insurance guarantees	395,733	-
INCOME FROM ASSISTANCE TO FINANCIAL INSTITUTIONS:		
Interest on granted loans	4,539,911	4,564,705
Assistance to financial institutions	-	(32,298,025)
Decrease/(Increase) of provisions on loans with cancellation option with public bonds under guarantee	46,024,313	(39,354,230)
Dividends	-	950,000
Increase of price per preferred stock	3,018,495	2,728,661
Total income (loss) from assistance to financial institutions	53,582,719	(63,408,889)
INCOME FROM ASSET MANAGEMENT:		
Income from collection-recovery of assigned receivables, net of related expenses	12,490,134	11,669,186
Increase of provisions on loan portfolio	(263,290)	(833,720)
Income from recovery of financial trusts, net of related expenses	19,864,371	5,348,970
Recovery of credit assets	13,500,000	-
Income from fixed asset management	9,304	544,470
Income from other asset management	424,406	300,539
Total income from asset management	46,024,925	17,029,445
ADMINISTRATIVE EXPENSES	(13,894,528)	(11,627,844)
OTHER NET EXPENSES AND INCOME	(560,788)	153,008
Profit for the year	549,497,930	409,441,053



- Legal Background of Deposit Insurance in Argentina ↗
- Main Macroeconomic Events in Argentina's Financial System ↗
- Legal and Regulatory Background ↗
of the Deposit Insurance System in Argentina

➤ LEGAL BACKGROUND OF DEPOSIT INSURANCE IN ARGENTINA

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\$ 5,000, which could be increased to m\$ 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 N° 14,467, which ratified Decree/Law N° 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 N° 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 N° 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 N° 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 N° 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 Act N° 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 N° 18,061, Section 49 continued to be applicable for commercial banks.

Between 1973 and 1977. When the nationalization of deposits was reinstated by Act N° 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 N° 18,061 and Act N° 20,040 were respectively repealed as from both dates.

Between 1977 and 1979. Act N° 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 N° 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 N° 22,051 was passed on August 14 1979 and published on August 20, 1979 - Act N° 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 N° 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 N° 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 N° 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 N° 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 N° 24,485 has been subjected to Executive Order N° 540, dated April 12, 1995, amended by Executive Orders N° 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 favor 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 labor creditors (wages and salaries). Priority is granted to such deposits up to ARS 50,000.

➤ MAIN MACROECONOMIC EVENTS IN ARGENTINA'S FINANCIAL SYSTEM

INTERNATIONAL CONTEXT

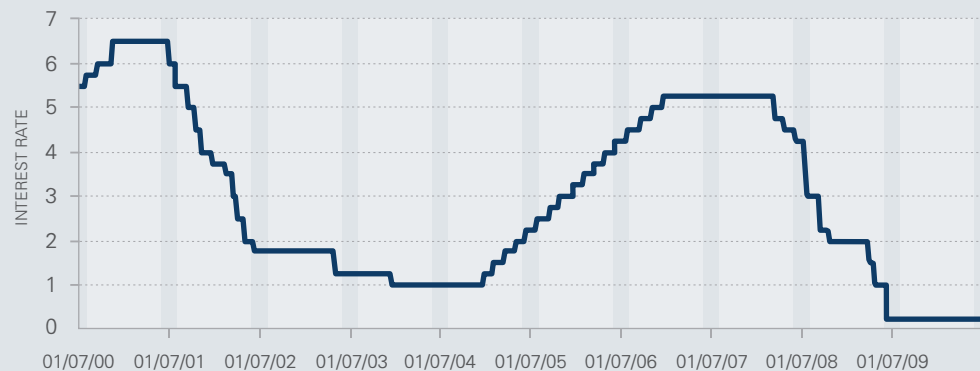
As the activity indicators of the main developed economies have ceased to debilitate, the year 2009 can be considered as a period of inflection. There is no consensus regarding the end of the crisis as the incentive measures applied by authorities in the economy cannot be used forever.

FEDERAL RESERVE TARGET RATE

The FOMC (FEDERAL OPEN MARKET COMMITTEE) remained steady the reference interest rate at 0.25% throughout 2009. These values have not been applied in the last 40 years. This steadiness is one of the main incentive elements used to face the financial crisis.

➤ FED FUND Target Rate

GRAPH 1



SOURCE: Own elaboration Ticker FDTR Index, based on Bloomberg

The interest rate has been reduced in order to counterbalance the lack of liquidity in the financial system due to the loss of reliability by the economic agents within the global financial system and also to motivate consumption and investment.

• COMMODITY PRICES

The evolution of the commodities prices is an indicator that shows a restraint to the international financial crisis and better perspectives of the domestic economy. In the following graph, we can see the recovery of the RJ CRB index, which represents the price of the main commodities, including SOY and OIL, with values similar to those obtained in 2005 after reaching a minimum level during the first quarter of 2009.

↗ RJ Commodity Price Index (2000 - 2009)

GRAPH 2



SOURCE: Own elaboration Ticker CRY Index, based on Bloomberg

• STOCK INDEXES

The following table reflects the fluctuation of the main stock exchange indexes, where we can see a positive performance in all of them. It is important to mention that there was a highly negative trend in 2008, with an average of 45%.

We should specially consider the stock exchange index of BRASIL as it had the most outstanding recovery. This shows that the current crisis has had a higher impact on developed economies, while emerging countries were in a better position.

TABLE 1

Index	Country	Value as of 12/31/08	Value as of 12/31/09	VAR %	VAR % in USD
Dow Jones Indus. AVG	USA	8,776.39	10,428.05	18.82%	18.82%
S&P 500 Index	USA	903.25	1,115.10	23.45%	23.45%
Nasdaq Composite Index	USA	1,577.03	2,269.15	43.89%	43.89%
S&P/TSX Composite Index	Canadá	8,987.70	11,746.11	30.69%	51.24%
Mexico Bolsa Index	México	22,380.32	32,120.47	43.52%	49.90%
Brazil Bovespa Index	Brasil	37,550.31	68,588.41	82.66%	142.34%
ESTX 50 € Pr	Europa	2,447.62	2,964.96	21.14%	24.17%
FTSE 100 Index	UK	4,437.17	5,412.88	21.99%	35.17%
Nikkei 225	Japón	8,859.56	10,546.44	19.04%	15.99%
Hang Seng Index	Hong Kong	14,387.48	21,872.50	52.02%	51.94%
S&P/ASX 200 Index	Australia	3,722.30	4,870.60	30.85%	67.18%

SOURCE: Own estimates based on data from Bloomberg

Regarding the currency variation as compared to the United States dollar, it is important to note the performance of the MEXICAN PESO and the BRAZILIAN REAL regarding the POUND STERLING and the AUSTRALIAN DOLLAR. Such evolution can indicate the flow of international capitals in each of the economies.

TABLE 2

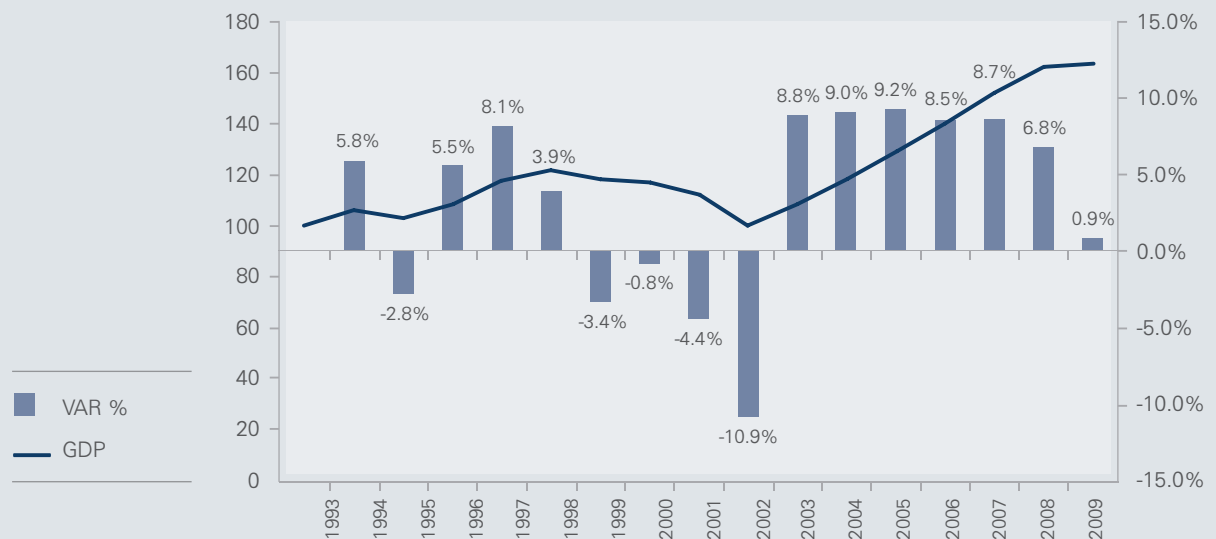
Currency	12/31/2008	12/31/2009	VAR %
Mexico	0.07	0.08	4.44
Brazil	0.43	0.57	32.67
Europe	1.46	1.40	-4.24
UK	1.9850	1.4593	-26.48
Japan	0.0110	0.0108	-2.56
Hong kong	0.1290	0.1290	-0.05
Australia	0.88	0.70	-19.71

DOMESTIC CONTEXT

GROSS DOMESTIC PRODUCT

With the official announcement by the Argentine Institute of Statistics and Censuses (INDEC) about an inter-annual growth of 2.60% in the last quarter of 2009, the year ended with a 0.3% increase in the GDP. In the last 6 consecutive years, the Argentine GDP had increase rates higher than 7.00%, but the impact from the international crisis led to an economy growth rate of 0.9%.

↗ Evolution of the GDP in percentage and base real value | 100 = 1993 **GRAPH 3**



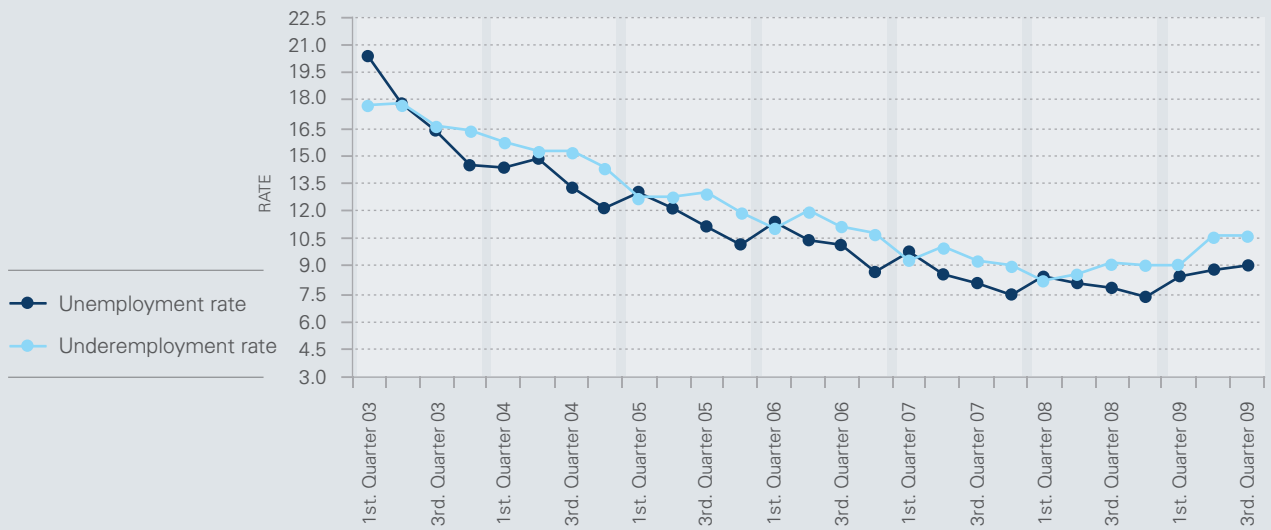
SOURCE: Own estimates based on the announcements by INDEC data

• UNEMPLOYMENT RATE

According to INDEC, the unemployment rate was 9.1% and the underemployment rate was 10.6% during the third quarter of 2009. The following graph, which was taken from the website of INDEC, shows how the negative trend of the unemployment rate has changed since 2009 due to the restraint in the economy growth.

GRAPH 4

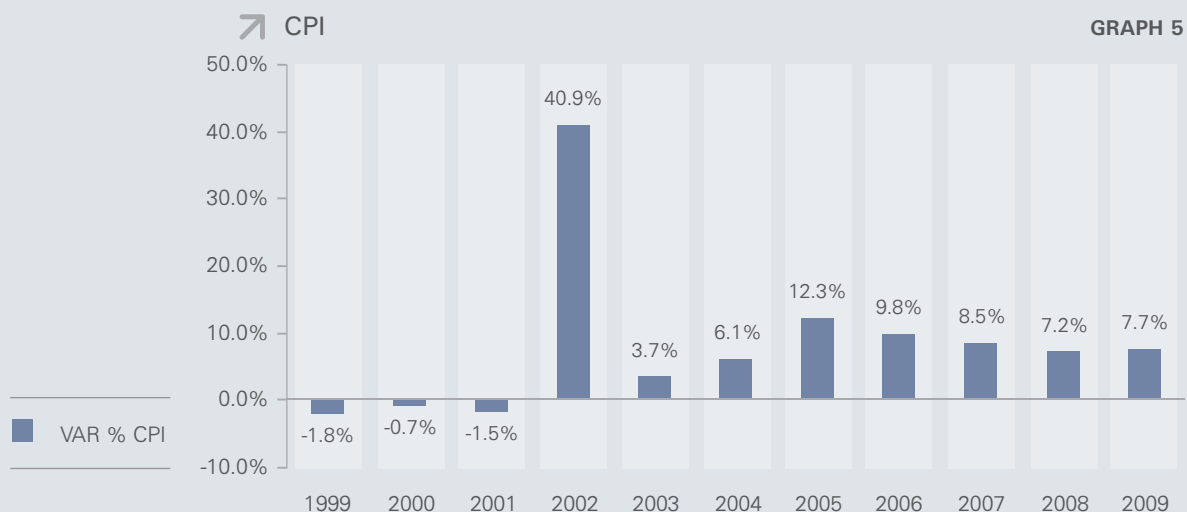
➤ Quarterly evolution of the unemployment and underemployment rates in all the urban agglomerations, from the 1st quarter of 2003



SOURCE: Own elaboration based on data from INDEC

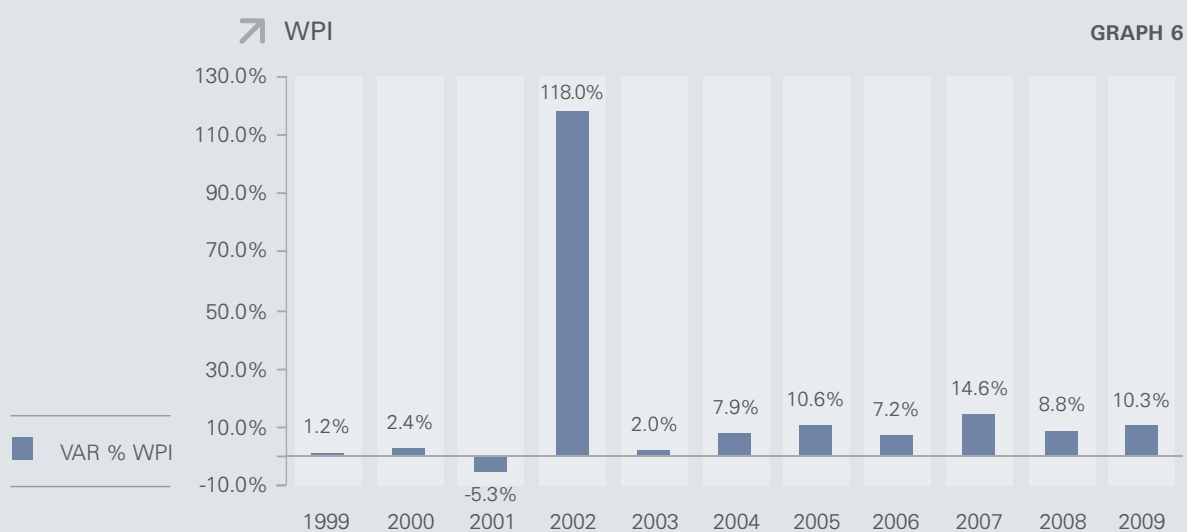
• CONSUMER PRICE INDEX (CPI) & WHOLESALE PRICE INDEX (WPI)

Another macroeconomic variable that we should consider is CONSUMER PRICE INDEX or what is known as inflation. In this case, the values published by INDEC establish an inflation of 7.7% in 2009.



SOURCE: Own estimates based on data from INDEC data

As regards the WHOLESALE PRICE INDEX, the values disclosed by INDEC established an increase of 10.3% in 2009, whereas such index rose 8.8% in 2008.



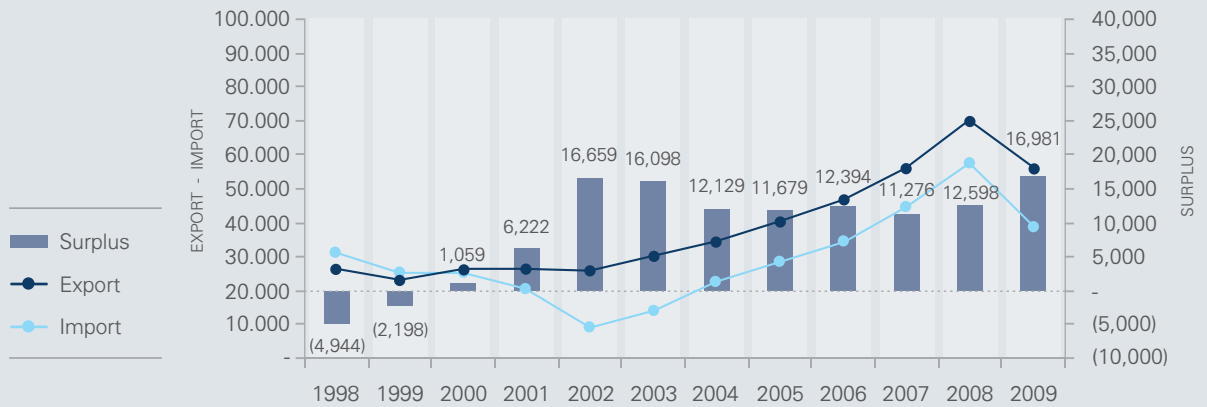
SOURCE: Own estimates based on data from INDEC data

• FOREIGN TRADE

In 2009, exports amounted to USD 55,752 million and imports to USD 38,771 million, generating a trade surplus of USD 16,981 million. Exports and imports decreased by 20% and 32%, respectively, as compared to 2008. Statistics show a trade surplus for 10 consecutive years.

Foreign Trade

GRAPH 7



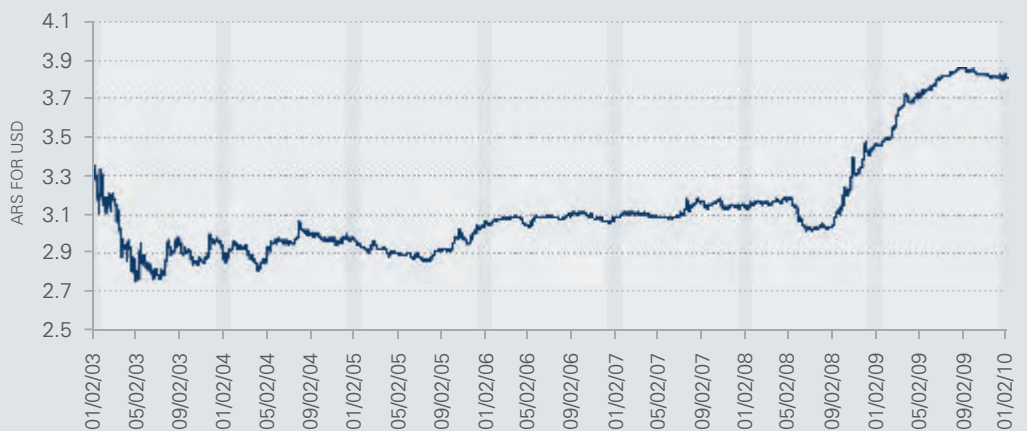
SOURCE: Own elaboration based on data from INDEC

• NOMINAL EXCHANGE RATE

The US dollar rate in the domestic market increased by 9.94%, approximately, if we compare the last quotations of 2009 and 2008. The following graph shows that by the end of 2009, the exchange rate is higher than in 2003.

Nominal Exchange Rate

GRAPH 8



SOURCE: Own estimates based on BCRA reports

• INTEREST RATE

In the next graph we can see the evolution of the interest rate in 2009 if we consider BADLAR as a representation of such rate. In general terms, the nominal interest rate reached values near 20% by early 2009 and then 10% by the end of 2009. Such decrease can be the consequence of a higher general liquidity within the financial system.



• RESERVES

In December 2009, the reserve level in the BCRA was USD 47,717 million. Compared to the same time period in 2008, the percentage variation amounted to 3.29%. The maximum level of reserves was in the amount of USD 50,330 million in April 2008. In spite of the trade surplus, the stagnation of the reserve level was mainly caused by capital outflows.

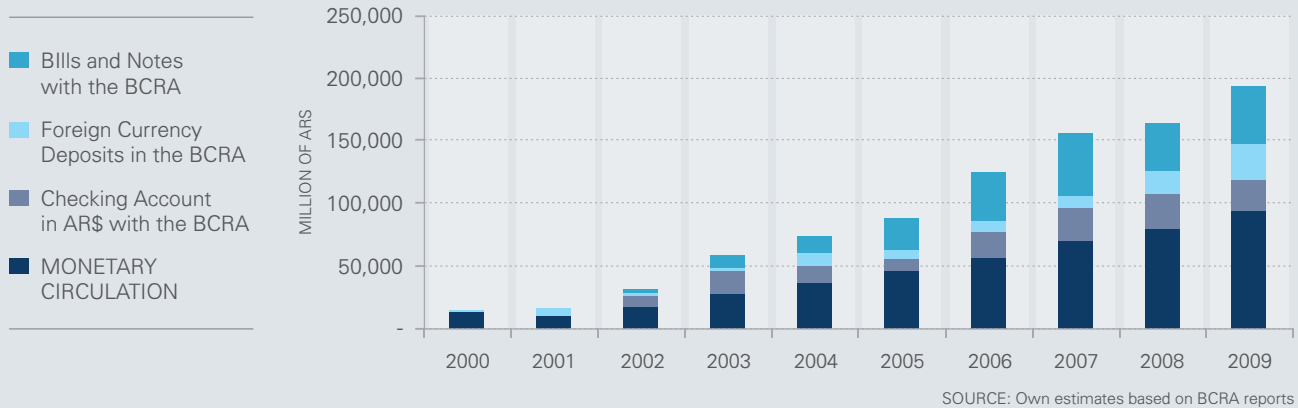


• BCRA LIABILITIES

The liabilities of the BCRA, without taking into account the net position of swap operations as of December 2009, was approximately AR\$192,491 million and the Monetary Base was approximately AR\$ 118,661 million (Monetary Circulation plus Checking Account in AR\$ with the BCRA). The Monetary Base was extended by 11.48% between December 2008 and December 2009, whereas the stock in Bills and Notes of the BCRA increased by 13.29% throughout the same period. Finally, it can be observed that the Foreign Currency Deposits in the BCRA increased by 69.77% in the same period. The following graph shows the values as of December of each year, according to the data provided by the BCRA.

Liabilities of the BCRA

GRAPH 11



• REDISCOUNT OF THE BCRA

In 2009 and as it has been happening since 2003, there was a decrease in the rediscount and advances of liquidity granted by the BCRA. According to the information supplied by such entity, there was still a stock of AR\$1,132 million as of December 2009, whereas the amount in 2008 during the same month was AR\$ 2,571 million, that is to say, a drop of 55.98%.

Liquidity Rediscount and Advances

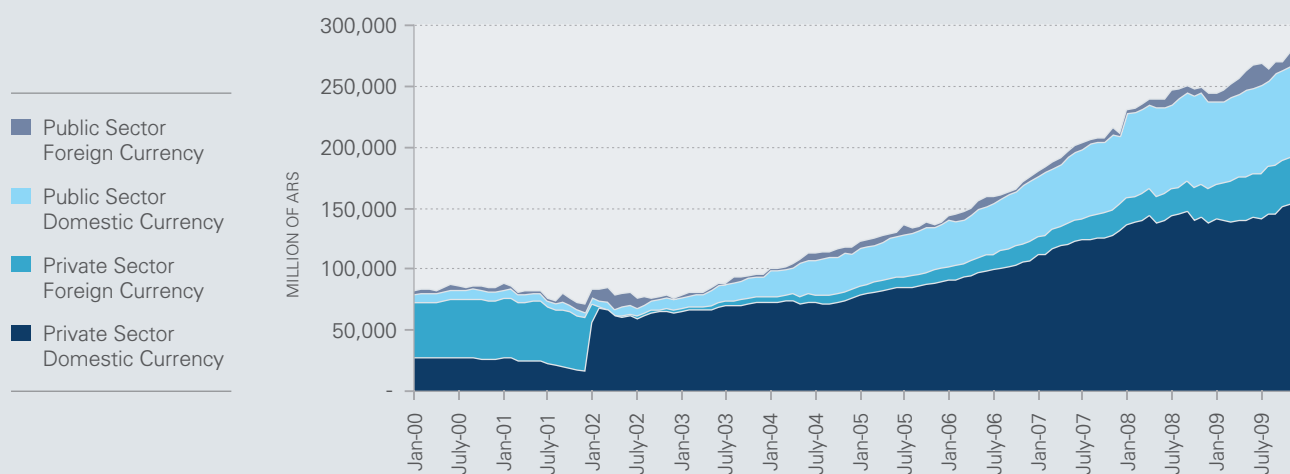
GRAPH 12



• DEPOSITS FROM THE PRIVATE SECTOR AND THE PUBLIC SECTOR

After a stagnation period throughout the first half of 2009, there was another increase in the total level of deposits from the Private Sector in Domestic Currency. On the other hand, the total amount of deposits from the private and public sector as of December 2009 amounted to AR\$ 276,839 million, 13.61% higher than the one registered in December 2008. Based on the information provided by the BCRA (balances as of the end of the month), 16.76% of the deposits were made in foreign currency in December 2009, while this rate was 13.94% in December 2008.

GRAPH 13



SOURCE: Own estimates based on BCRA reports

➤ LEGAL AND REGULATORY BACKGROUND OF THE DEPOSIT INSURANCE SYSTEM IN ARGENTINA

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

1 | Deposit Insurance System

- 1.1 | Law N° 24.485
- 1.2 | Presidential Decree N° 540/95 as amended
- 1.3 | Presidential Decree N° 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>

SEDESA

SEGURO DE DEPÓSITOS S.A.

344 San Martín St., 12th floor
C1004AAH - Buenos Aires City
Argentina

Tel.: +54.11.4131.2800

Fax: +54.11.4131.2801

sedesa@sedesa.com.ar

www.sedesa.com.ar