



Annual Report

2012

ARGENTINA

**SEDESA**  
SEGURO DE DEPÓSITOS S.A.

## COMPOSITION OF THE BOARD OF DIRECTORS AND INTERNAL COMPTROLLERS COMMITTEE

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Vice Chairman

Mr. Norberto C. Peruzzotti

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#### ***Alternate Directors***

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*Mr. Santiago M. J. A. Nicholson*

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Mr. Walter Miner

Mr. Domingo Alberto Romano

#### ***Alternate Auditors***

*Mr. Enrique Brouchou*

*Mrs. Ana Griselda Fernández*

*Mr. Eduardo Daniel Prina*

## MESSAGE FROM THE CHAIRMAN

March, 2013

On this annual presentation, it is my pleasure, once again, to submit the Annual Report and Financial Statements of Seguro de Depósitos S.A. (SEDESA) and the Deposit Guarantee Fund (DGF) describing a summary of the activities developed by the Corporation during the fiscal year ended on December 31, 2012.

On the basis of the results obtained, we can state that the set goals have been achieved. There has been an improvement on the liquidity ratio and Shareholders' Equity of the Fund as well as on the productivity in the management of assets and efficiency in the use of resources.

Through the ended fiscal year, our management has specially pointed out the professionalism and optimization of the Corporation's internal organization that have strengthening the changes to the organizational structure. For such purpose, we have aimed at confirming our commitment by implementing the best practices on deposit insurance.

Due to SEDESA's active participation on different international activities, it has been appointed as the organizer of the 12<sup>th</sup> AGM and International Conference of the International Association of Deposit Insurers (IADI) to be held in 2013 in Buenos Aires; thus continuing giving more prestige to SEDESA as a leader in terms of Deposit Insurance.

At an international level during 2012, there were multiple and interconnected situations that the global economy was forced to face. The employment crisis, tax problems and the public debt in many European countries leave a negative bias in the global economic and financial analysis, causing a slow-down in the developed economies, due to the sovereign debt crisis on the euro zone. The United States also underwent high and persisting unemployment rates, the staggering of consumers' reliability and corporate expectations as well as the continuing weakness of the financial sector.

As a consequence thereof, markets experienced situations based on uncertainty and high level of volatility during 2012.

Thus, on the basis of the promptness imposed by the facts and circumstances governing the fiscal year 2012 with an environment of skepticism and of a slow recovery of the economic area, the relevant ability to react against them has been

demonstrated; and the DGF, once again, shows a significant increase guaranteeing high liquidity rates and a minimum risk.

Finally, on behalf of the Board of Directors, I would like to thank the Central Bank of Argentina, Caja de Valores S.A. and the Financial Institutions of our system for all the support provided and I am especially grateful to all our employees, direct collaborators and officers of this corporation for their commitments and professionalism that helped us in the reaching of the goals established for the ended fiscal year and for their efforts in the compliance of the undertakings set for the current fiscal year.

Mr. Alejandro C. Rey  
Chairman  
SEDESA

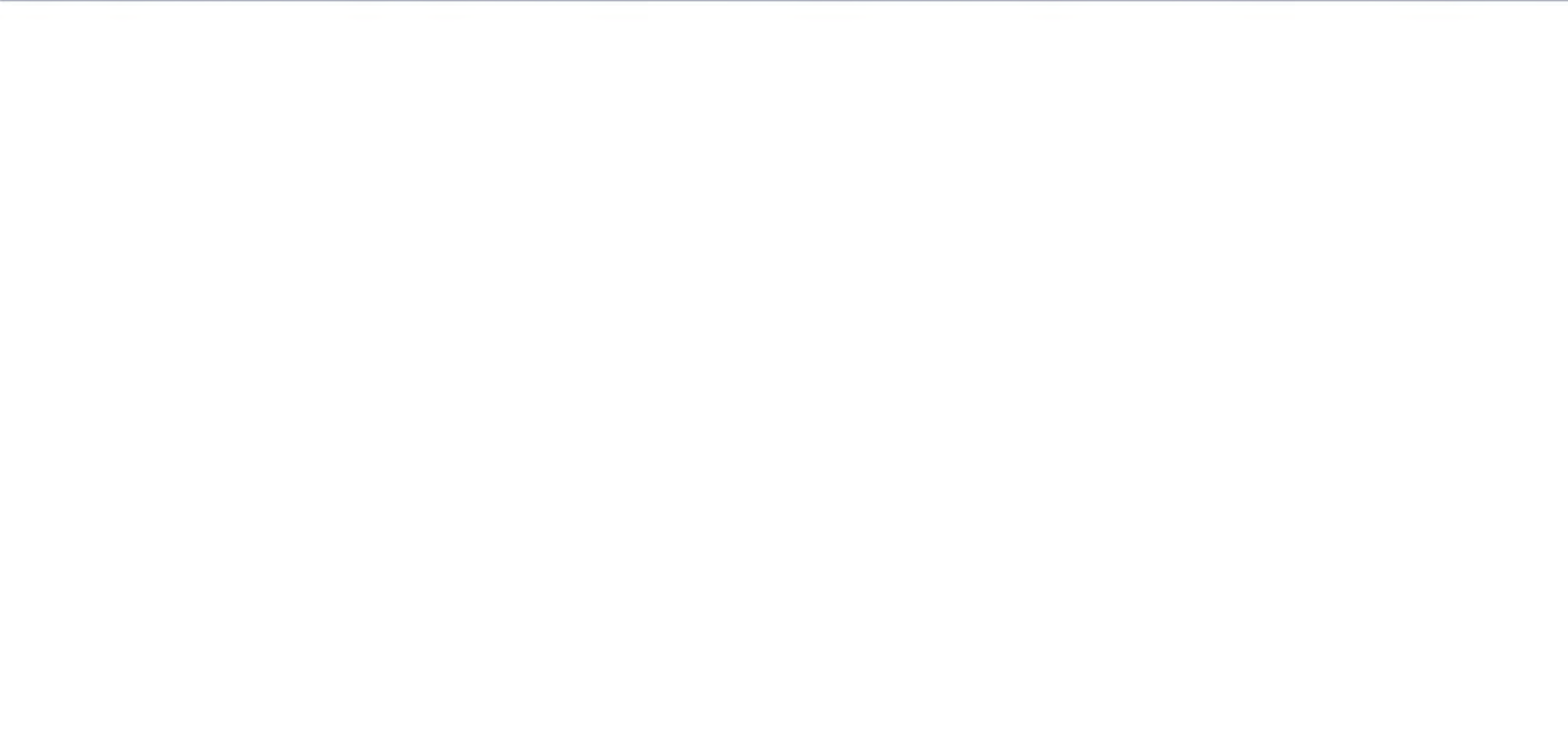
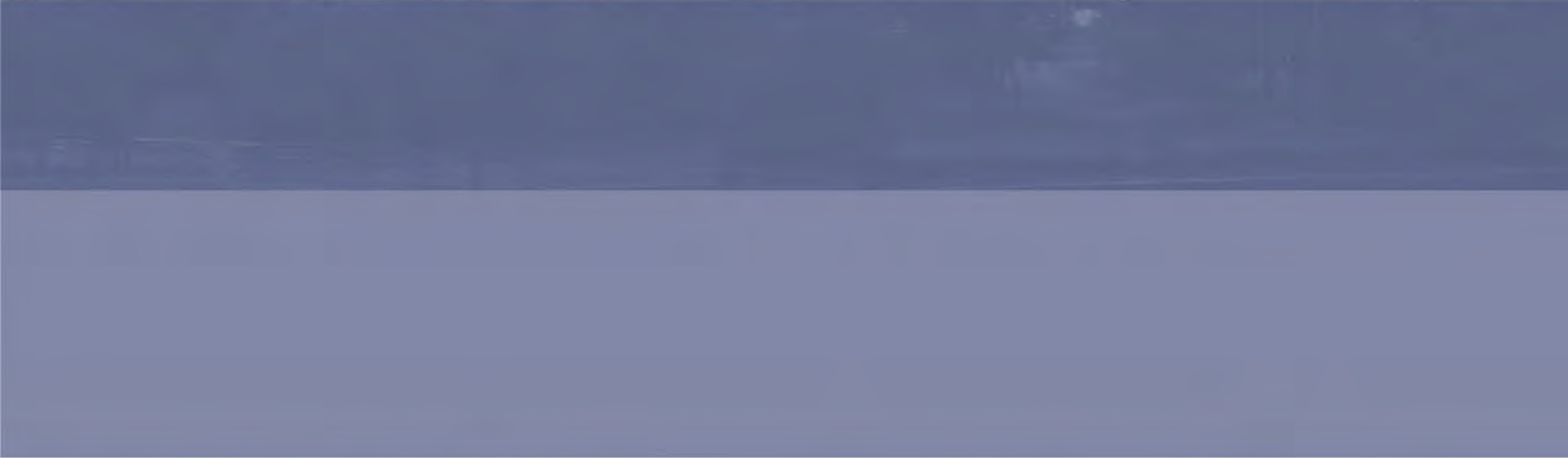


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## 1. International Context

During 2012 the financial global condition maintained some of the main features observed over the last years, especially as to the difference existing on the macroeconomic performance among developed and emerging markets.

Even though it was a fiscal year of a rather low development, the global economy shows an increase of about 3.6% as a whole (against an average of 4.5% on the first decade of the XXI century) where the heterogeneity remains as a rule: while the OECD member average an expansion of 1.5%, the remaining members would have reached an average growth rate of 5.6% over the year.

The lower growth rate was shown at international trade levels; and this contributes to a global context on which there is low consumer price inflation.

### 1.1. Developed Economies

Under a difficult situation to solidly take the growth back, the developed economies outlook may be divided in three groups: those that suffer public debt problems (mainly from Europe), those that underwent private expenses problems (USA and Japan) and Germany.

The scenario was mainly the same as that observed over the previous years, where expansive monetary policies were applied for five consecutive years (an unprecedented situation in the history of the central banking system) while fiscal policies in most of the developed countries are placed in a neutron-to-contractionary level.

USA underwent two years with a fiscal policy without new incentives, mainly as a result of the democratic government's difficulties to perform a broad fiscal agreement at the Congress. A new discussion round exists thereat due to the avoidance of the known "fiscal cliff". During the second semester of 2012, some indicators related to the real property and corporate area showed better values and the annual growth was over 2%.

A weakness on the growth was more evident in the Eurozone and in the other European countries. The European Central Bank and the Bank of England were under a new relaxing monetary stage the possible nominal expansion not only by traditional operations and a decrease in the interest rates. At the same time, some European countries such as Spain, Greece and Italy and those countries from the periphery were included in tax adjustment projects that from the time being have been insufficient to lead such economies to an economic recovery stage. Within this framework, Germany, the biggest country of the area, maintained satisfactory levels on several activities, businesses and employments though at the end of the year it started showing some weak aspects.

Japan is the only developed country that continued with an increasing development in the public shortfall even though it is not sufficient enough to prevent Japan's economy from being inserted into an increasing development sustained for more than two decades of low growth. Furthermore, 2012 was

another year of a moderated increase (average of a 2% annually) and a negative inflation (only of -0.2%) and these facts encouraged the new government elected in December 2012 to set a change in the economic policy of the previous years, including the use of expansive monetary tools aiming at breaking what they are, as stated, two weak decades.

In this framework, the called "recovery without employment" was still present under which Europe and Japan continue destroying employment positions and in USA such situation seems to be ending. In 2012 there was an increase in working positions.

Therefore, the main developed economies are kept in levels of activities lower than their potential products and this situation shall be hardly reverted in a short-term period.

## 1.2. Emerging Economies

The emerging economies, that are still the main of encouraging areas of the global growth, had a relative "slow" year, even when the growth average rate of this heterogeneous group of countries was 5.6%, under the average 6.3% of the former decade. Under the same circumstances, China showed a 7.8%-increase in comparison with an average nearest to 10.5% of the prior decade. The growth of such group of countries was based on a mixture of favorable prices of commodities and the strengthening of internal demand policies

The group of countries known as BRIC continued increasing during 2012, even though such growth was performed at a more moderated rhythm than that of previous years because it was partially conditioned by the advanced economies' evolution.

Despite the business slowdown, the current account kept levels similar to those of prior years allowing the maintenance of international reserve accumulation policies by such countries.

Moreover, the levels of activities reached were sufficient to keep the unemployment levels in the same background of the years prior to the crisis (stable in Russia and showing a decrease in China and Brazil), stating the strength of such economies under an international context which is not as favorable as the one existing in the previous decade.



## 2. Evolution of International Financial Markets

In developed countries the weakness of the activity levels and employment problems added uncertainty transferred to the unsure perspectives regarding the global evolution and also updated tensions over financial markets of the Eurozone. During the first part of the year there were problems in the quotation on sovereign securities of some European Union economies (Greece, Spain and Italy) and to a lesser extent in financial instruments related to banking and corporate areas.

In the Eurozone, the actions taken led to guarantee the financial stability and monetary union in the region. In this sense, it is worth mentioning the program of the European Central Bank that granted it the power to purchase sovereign debt under flexible terms as to its magnitude and duration. This eased tensions and it was shown in relevant falls of the spreads.

In USA the basis of its monetary policies was kept. It entails the enlargement of the term of its public bonds portfolio announcing new purchases of assets and stating that the reference interest rate at low levels shall be kept for at least two more years.

Japan also adopted a bias of expansive monetary policy by the enhancement of a broad program for the purchase of public bonds.

The different implemented measures allowed the reduction of volatility and shall improve the situation of the financial systems. The yields of sovereign instruments of major liquidity and better credit ratings (such as Germany and USA) were reduced and, in some cases, fixed new historic minimums. On the contrary, other countries with uncertainty on their fiscal solvency and weakness on its level of activity submitted increasing yields and even reached record levels.

Some relevant emerging countries such as Brazil and India reduced, basically during the first part of the year, their reference interest rates with the purpose of dealing with the weakness of developed economies.

Some stock indexes of the main financial markets that went back were also affected by an environment of uncertainty during the first part of the year; and then started a recovery together with several expansive monetary policies. The stock volatility indexes showed the same background.

### 3. National Context

In 2012 the Argentine economy maintained a positive growth of about 1.9% during the year pursuant to the figures stated by the Monthly Indicator for Economic Activity (EMAE) drafted by the INDEC.

Over the year, there were two well differentiated stages. On the first six-month period, the effects of a bad agricultural campaign transferred to a minor currency disposal and Brazil's weakness that strongly affected our industrial area together with the uncertainty caused by the enforcement of new regulation for the import of goods (the Sworn Statement prior to Import – DJAI) generated a negative effect on the economy.

Moreover, the different regulatory measures on the foreign exchange market had an impact on the development of the real property industry, historically operating with US dollars, leading to a fall on one of the most dynamic sectors of the last years: the construction industry.

The gradual adaptation to the stated conditions and the strengthening of consumption and a main support of the national economic activity, sustained in the updates of salaries and retirements together with a stable level of employment, allowed the existence of an improvement as from the fourth three-month period. It is worth mentioning the good performance of service suppliers, especially the financial intermediation where SEDESA participated and to a great extent encouraged the achievements of annual results as those shown in section 4 of this Annual Report and Balance Sheet.

#### 3.1. Macroeconomics

##### 3.1.1. Economic Activity

During the first months of 2012, a combination of factors related to the external sector led to a slowdown in the economic activity as to the prior year. On the one hand, the new regulations on import transactions caused a significant fall generating difficulties on different areas of the productive chains due to the lack of inputs and the need to look for alternatives.

On the other hand, the bad weather conditions caused a reduction in the agricultural industry as from the end of 2011 to the beginning of 2012, leading to a lower exportable balance that was only compensated by better international prices on a partial and late basis. Another negative point was the weakness shown by the main commercial partner, Brazil, transferred to the domestic industrial sector.

Therefore, some new regulations applicable to the foreign exchange market were established, leading to preserve the stock of currencies necessary for the compliance external obligations of the State and the energetic supply.

For such purposes, after the second three-month term, once the period of knowledge of a new foreign exchange dynamic and adaptation thereto, several indicators traced certain reversion as regards a tendency aiming at a slowdown, to end the year with a positive growth.

### 3.1.2. External Sector

In 2012, a positive trade balance was obtained for 13 consecutive years. The exports of goods exceeded the imports by USD 12,690 million implying a 27%-increase as to the balance obtained in 2011.

This result was obtained despite the decrease in the exported value (-3% i.a.) since the value of the purchases abroad was reduced by 7% over the year.

A decrease in the exports' value was explained by an exclusive shortfall in quantities while the prices showed a 2%-increase. Manufacturers of Agricultural Origin (MOA) and Manufacturers of Industrial Origin (MOI) showed a decrease of -3% and -4%, respectively. In both cases, this was explained by a decrease in the quantities sold (-8% and -5%, respectively) while prices showed a rise of 6% and 1%. External sales of Primary Products decreased by -3% due to a fall in prices of -5% while quantities showed a rise of 1%. Furthermore, Fuel and Energy Products decreased by -2% due to a joint fall in sold quantities and prices of 1% for both cases.

Manufacturers of Agricultural Origin and Manufacturers of Industrial Origin were items of more participation in Argentine exports with 34% of the total value, respectively.

Imports showed a 7%-decrease over the year, due to a fall in the purchased quantities since the average prices remained unchanged. The item Capital Goods registered the main shortfalls (13%-decrease in value and 16% in quantities).

The item "external purchases" was composed of: Intermediate Goods (29%), Spare parts and accessories for capital goods (21%) and Capital Goods (17%).

### 3.1.3. Financial Sector

During 2012, the good performance of the financial system continued showing general increases at financial intermediation. In this sense, the total loans granted to companies and families increased 31% i.a., with a strong rise during the second semester. Deposits in Argentine Pesos and US Dollars increased 29% due to deposits of the private sector that showed a rise of 30% i.a.. Moreover, in the same positive sense, there were the solvency and profitability information and improvements in the indicators of use of services. The system's segment in dollars showed a decrease that was mitigated all over the year.

Total deposits in pesos of the private sector reached in December a 40.7%-increase in comparison with December 2011, leading by the fixed-term underwritings that showed increases of 49%, explaining almost a 39% of the total stock of deposits in the mentioned sector.

This context of high growth in deposits determined that the interest rates shall have lower values at the end of the year than those registered in December 2011, where the uncertainties for the regulations applicable to the exchange market determined a short-term leap in the rates paid by the banks.

The financing dynamic maintained a high level of expansion. Loans in Argentine Pesos to the private sector increased by more than 41% over the year, where the most relevant fact was that loans to companies exceeded the loans granted to families (43% and 36% respectively). Following the development of the activity level, during the second semester there was a major growing level in the granting of loans. As in deposits, the financing in US Dollars showed a decrease.

It is worth mentioning that the granting of loans to the productive sector was benefited from the application of credit lines to PyMes (Small and Medium Enterprises) pursuant to Communication A 5319 (and supporting resolution A 5380) known "Credit lines for productive investment" that set forth the application of the equivalent of 5% of non-financial private sector's deposits to loans for investment at a rate not exceeding 15.01% annually (the same incentive was given by the Bicentennial Fund). Until December the disbursement amounts for the credit line amounted to ARS16,760 millions and the minimum number established by such communication was exceeded.

This positive developing context allowed the existence of profits in the institutions' balance sheets allowing a new improvement in the solvency indicators. The Net Worth of the financial system increased about 30% over the year, allowing the maintenance of the capital-payment tendency, as to the enforcement of the regulations governing the system on the last decade. Over the year, the system accrued profits reaching 2.9% of the assets; obtaining the income by interests and services more relative participation within the total figures. Furthermore, the ratio of irregularity to the private sector slowly increased over the year but it is still placed at confined levels (the ratio applicable to loans granted to families is higher than the one applicable to companies)

In this context, from the offer, the activity of the financial intermediation was the most expanded factor in the national economic activity during 2012.

### 3.2. Outlook

It is believed that during 2013, the local economy continues developing the general evolution obtained on the last decade. The international context, especially the situations that our main commercial partner would undergo, shall show an improvement regarding the development of 2011. This fact together with a better harvest, lack of the weather problems underwent during the previous campaign and a lower external sovereign debt shall allow a less tensed external sector. The private and public element of consumption shall be again the main encouraging

factor for the GDP. To such effect, policies governing employment and income strengthening levels (salaries and retirements) shall be applied.

Due to a reduced level of financial depth, the ratio of loans to the private sector represents 15% of the GDP and the continuance of the main traces of the macroeconomic policy may show again a positive development during the fiscal year.

#### 4. SEDESA in 2012

Seguro de Depósitos S.A. (SEDESA) is a corporation (*Sociedad Anónima*) organized in 1995 with the purpose of acting as trustee of the Deposit Guarantee Fund (DGF). The Executive Order 540/95 created the Deposit Guarantee Fund to guarantee bank deposits with the scope of action set forth in such order and its subsequent amendments.

According to the regulations in force, SEDESA's obligations as trustee of the DGF are:

1. To pay the guaranteed amount to depositors, where applicable.
2. To make capital contributions and non-reimbursable contributions or grant loans to financial institutions that:
  - are under a regularization and reorganization plan to support the compliance thereof;
  - have acquired assets and 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*) where applicable to compensate insufficiency of such assets regarding the transferred deposits;
  - have taken over or acquired financial institutions under a regularization and reorganization plan.
3. To execute a put option agreement with financial institutions that acquire assets and undertake to pay the deposits of an institution subject to the provisions set forth in section 35 bis of the Argentine Financial Institutions Law for the benefit of the acquiring institution over all or part of the transferred assets. This arrangement may consist in the creation of a trust.
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 the holders.
5. To undertake obligations chargeable to the DGF within the limitations timely established.
6. To carry out, maintain or finance REPO programs with foreign banks for the stability of the Argentine financial system, with the prior consent of the Central Bank of Argentina and chargeable to the DGF.

#### 4.1. DGF in 2012

The Deposit Guarantee Fund (DGF) was established by agreement executed on March 7, 1997, by the Central Bank of Argentina (BCRA.), as Trustor, and Seguro de Depósitos S.A. (SEDESA), as Trustee.

According to section 1 of Executive Order 540/95, the purpose of the DGF is to cover bank deposits with the scopes established therein. Notwithstanding the foregoing, the DGF may provide the financial assistance established in section 10 bis of Executive Order 540/95 and its amendments.

In order to fulfill its purpose, the DGF obtains resources from the monthly contributions in cash made by the financial institutions under the terms, limits and conditions established by Executive Order 540/95 and its amendments, as well the supplementary regulations issued by the BCRA.

Pursuant to Communication "A" 4271 issued by the BCRA on December 30, 2004, the monthly regular contribution made by financial institutions has been established in 0.015% of the daily balance average of the deposits made in each institution, plus a varying additional contribution per institution that may reach a maximum of 0.015%.

#### 4.2. Undertaken Actions

The main guidelines of corporate organization and management process that have been applied over the last years were also applied in 2012.

In this sense, as stated in point 4.5 hereof, the certification of Quality Management System under ISO 9001:2008 Standard related to the Real Property Sales Policy was obtained. The current certification, under the same Standard, of the quality management of the Administration of Available Balance of the DGF was also revalidated.

As a member of IADI (International Association of Deposit Insurers), SEDESA has continued participating in an active manner in different international forums. In current discussions thereon related to the implementation of the Core Principles for Effective Deposit Insurance Systems, while conducting a homogenization of rules, it has sustained the need of considering special characteristics of each financial system.

On such forum, the General Manager is a member of the IADI's Executive Committee and was appointed as Chairman of the Latin-American Regional Committee (LARC). Furthermore, the company was elected to organize the IADI's XII annual conference to be held in Argentina during 2013.

Over the year, SEDESA has continued performing its undertakings in coordination with the BCRA in relation to the allocation of assets supporting the return of its portfolio.



### 4.3. SEDESA's Financial Statements

According to section 1, subsection 3 of Resolution 6/2006 of the Argentine Companies' Registration and Control Office (IGJ) and its amendments, please find below a summary of the financial position, income statements and the development and application of SEDESA's funds:

	<b>2012</b>	<b>2011</b>
Current Asset	20,645,314	18,783,590
Non-current Asset	442,839	432,680
<b>TOTAL ASSETS</b>	<b>21,088,153</b>	<b>19,216,270</b>
Current Liabilities	2,982,348	1,576,077
<b>SUBTOTAL LIABILITIES</b>	<b>2,982,348</b>	<b>1,576,077</b>
SHAREHOLDERS' EQUITY (SE)	18,105,805	17,640,193
<b>TOTAL LIABILITIES+SE</b>	<b>21,088,153</b>	<b>19,216,270</b>

	<b>2012</b>	<b>2011</b>
Ordinary Operating Income	-703,326	-105,156
Financing and Holding Income	1,419,580	3,185,377
Other Income and Expenses	47	895
Ordinary Net Income	716,301	3,081,116
Extraordinary Income	0	0
<b>Subtotal</b>	<b>716,301</b>	<b>3,081,116</b>
Income Tax	-250,689	-1,078,126
<b>Net Income</b>	<b>465,612</b>	<b>2,002,990</b>

	<b>2012</b>	<b>2011</b>
Funds arising from (applicable to) operating activities	731,231	-601,466
Funds arising from (applicable to) investment activities	1,288,120	3,158,905
Funds arising from (applicable to) financing activities	0	0
<b>Total funds for the fiscal year</b>	<b>2,019,351</b>	<b>2,557,439</b>

Moreover, pursuant to section 1, subsection 4 of the abovementioned resolution, please find below the following indicators:

	<b>Year 2012</b>	<b>Year 2011</b>
Current Liquidity (Current Assets / Current Liabilities)	6.9	11.9
Solvency (Net Shareholders' Equity / Total Liabilities)	6.1	11.2
Fixed Capital Stock (Total Assets / Non-Current Assets)	2.1%	2.3%
Return (Income for the Fiscal Year / Net Shareholders' Equity Average)	2.6%	11.4%

Regarding the analysis of the main items of SEDESA's Financial Statements, we can conclude that an increase was reflected on assets, mainly current assets, arising from the collection over the year of capital and interest services and the portfolio's sale of National Public Bonds deposited in bank accounts as of the closing of the fiscal year 2012. In relation to current liabilities, the main increase was caused by the accounting registration of a SEDESA's debt with the DGF.

SEDESA's income for the fiscal year ended on December 31, 2012 showed a decrease in relation to the previous year due to less financing and holding income because of a shortfall on the return of sovereign bonds market.

The item operating income evidenced a reduction mainly explained in the expenses incurred and assigned to the organization of the 12th annual conference of the International Association of Deposit Insurers (IADI) to be held in Argentina and that SEDESA will be the host company.

The Shareholders' Equity as of December 31, 2012 amounted to ARS18,105,805 and included the following items:

Capital	ARS	1,000,000
Capital Adjustment	ARS	1,197,266
Legal Reserve	ARS	439,454
Optional Reserve	ARS	15,003,473
Income for fiscal year	ARS	465,612
<b>Total</b>	<b>ARS</b>	<b>18,105,805</b>

#### 4.4. FGD's Financial Statements

The following comments about the Financial Statements are made in order to provide a framework for the understanding of such statements in view of the domestic and foreign economic and financial situation.

In this context, the management of the Deposit Guarantee Fund is still focused on the improvement of its balance sheet, reducing illiquid assets (mainly loan portfolio) and performing financial transactions compatible with the positive returns, at minimum risk, in order to comply the DGF's initial mandate and pursuant to the framework set forth in section 10 of Executive Order 540/95 and its amendments.

##### 4.4.1.Assets

In 2012 the total assets of the DGF increased by ARS1,668 million as compared to the end of the previous fiscal year (an increase of 26.9%), explained by rises of ARS1,650 million in current assets (equivalent to an increase of 27.6%) and ARS18 million in non-current assets (7.9% over the year).

The main increases were those registered under current assets, particularly Investments with a rise of ARS976.8 million (46% i.a.) and Cash and Banks with ARS748.6 million (an increase of 19.8% i.a.).

In Cash and Banks, the main increase as of the end of the previous year was focused in the item foreign currency involved in REPOs, related to the operations that the DGF has been executing with the BCRA. It is worth mentioning that under the provisions established in the agreement letters thereof, the gains/losses obtained from such operations and recorded in the Financial Statements of the Fund derived from the assets delivered by the DGF as underlying assets of the abovementioned operations. In addition, the assets involved in the operations mentioned above will be returned to their original holders, in this case, the DGF, upon their expiration or upon request of SEDESA who shall be the holder thereof.

In Investments, there was an increase of ARS1,019.9 million in Bills of the BCRA, registering an increase of about 58.6% i.a. and representing 89% of the total current investments as of the end of the fiscal year 2012. It is worth mentioning that this kind of increase on the demand of Bills and Bonds of the BCRA by SEDESA is similar to the action performed by banking institutions during 2012 that, upon an increase of such assets, enhanced the value of the broad liquidity indicator.

It is important to point out the continuous improvement in portfolio recoveries that was significantly greater than the one registered in 2011, where the collection of amortizations and profits from loans granted to financial institutions increased to ARS74.7 million from ARS25.7 million in 2011 (an increase of ARS49 million during the year).

Furthermore, in the analysis of cash generation from the DGF's operating activities, we can observe an increase of ARS303 million in comparison with 2011, where the main sources were the financial institutions' contributions (ARS144 million) and a relevant improvement on financial income (ARS103.8 million).

#### **4.4.2.Liabilities**

The DGF's Liabilities increased by ARS2.1 million as of the end of the fiscal year 2012, mainly due to an increase in the item accounts payable, especially arising from fees, in agreement with the abovementioned improvement on collection and portfolio recoveries management.

#### **4.4.3.Financial position**

As of the end of 2012, the Net Shareholders' Equity of the DGF amounted to ARS7,869,176,497, representing an increase of ARS1,666,299,545. This increase was composed of ARS908,068,786 (income generated by the DGF during the fiscal year) and ARS758,230,759 (contributions made by financial institutions).

In this sense, the Net Shareholders' Equity managed by the DGF increased 26.9%, exceeding the average increase recorded in the previous fiscal year.

#### **4.4.4.Income Statements**

A lower level of financial uncertainty in the international markets than the one experienced in 2011, allowed an income statement of the fiscal year of ARS908 million, with a rise of about ARS400 millions in comparison with the previous year (an increase of 78% i.a.). This result was reached by the financial investments that generated profits of ARS910 million showing an increase of ARS397 million as to the former period (an increase of 77.3% i.a.).

Again, the policy to improve the DGF's assets management was showed in the income statement of 2012. During the year, this item amounted to ARS23.6 million with an increase of more than ARS13.4 million as to the former year and doubling the amounts reached in 2011. The income from the collection of assigned loan recoveries, net of expenses, amounted to ARS17.7 million, representing an increase of ARS11.3 million as to the previous year. The income from financial trust recoveries, net of expenses, improved over the year, contributing ARS5.1 million, basically ARS1.4 million more than in 2011. On the other hand, administrative expenses amounted to ARS29.3 million.

#### 4.5. Organization

In 2012 the reorganization process of SEDESA's management continued. The aim of such process is to consolidate the design, drafting, approval and implementation of policies, procedure manuals, regulations and instructions, among other, to increase the integral efficiency of the Company's undertakings. This process has been consolidated and it started showing the benefits of the different implemented changes.

Among the different policies approved in the year 2012 we can mentioned: Quality Policy on Process of Real Property Sales; Real Property Sale Policy; Customer's Identification and Knowledge Policy and Opposing Parties Administration Policy.

Moreover, the Real Property Sales Regulations, the Quality Manual of the Real Property Policy as well as the following procedures were approved: Follow-up and Control Manual of Reports issued on a three-month period by Law Firms; Information Deletion and Technological Storage Unit, Investments, Real Property Sales; Non-agreement - Corrective and Preventive Actions - Quality Management System; Internal Reviews of Quality Management System; Registry Control of Quality Management System and Telephone Conversations Recording Systems.

In connection with the financial management, in order to perform the control by opposition, the report of the portfolio valuation's prices shall be conducted by an area other than the Finance Department. In this sense, the Treasurer's office, supervised by the Administrative Management, is responsible for the drafting of the report of the prices to value the DGF's investments and the Finance Management controls the generated prices. Furthermore, the Opposing Parties Policy was approved to create a registry and mode of selection of opposing parties operating with SEDESA.

Regarding the Real Property Policy, the certification of a Quality Management System was obtained complying with the requirements set forth under IRAM - ISO 9001:2008 Standard on "Realization and sale of real property to be allocated to the available balances of the deposit guarantee fund."

In order to comply with the regulations governing actions against Money laundering and terrorism financing, the Customers Identification and Knowledge Policy was established.

During 2012 the procedure evaluation and restoring of information allowed a relevant improvement of the quality and quantity of the available information that eased the taking of actions. This situation was evidenced in the high revenue level considering the condition and seniority of the portfolio.

Moreover, the new available information allowed the development of a strategy to prioritize the management of loan recoveries with a better possibility of being reimbursed and to identify those loans with low or lack

of possibility of being collected, if applicable. Within this framework, the first tendering procedures to sell the real properties held by the DGF for their sale pursuant to the new regulations approved by the company (Real Property Sales Policy, Sales Regulations and Procedures) were approved. They aimed at promoting the attendance of interested third parties and the competence of offerors, equal treatment, publication and diffusion of acts and management transparency.

#### 4.6. Operations

As regards the most important aspects of the judicial management in 2012, as a consequence of the amendments to the strategy proposed by the General Manager as from 2009 in connection with the defense of the company in actions on fees' execution filed against SEDESA, the Resolution dated October 16, 2012 stood out. This Resolution, issued by the Civil and Commercial Chamber of the City of Mar del Plata, confirmed the exceptions stated rejecting the tendency applicable up to that moment which accepted the execution of fees filed by former officers against the company.

In connection with the management of real property, all the necessary measures for the promotion and performance of the recovery and transfer in favor of SEDESA of the properties held under the portfolios known as BEO and BALCA have been taken.

Despite the seniority of the portfolio, the collection management (Judicial and Extrajudicial) has remained stable. The variation between the two fiscal years was mainly shown by the increase on the item "Assets Management and Trusts". The increase on such item is based on the:

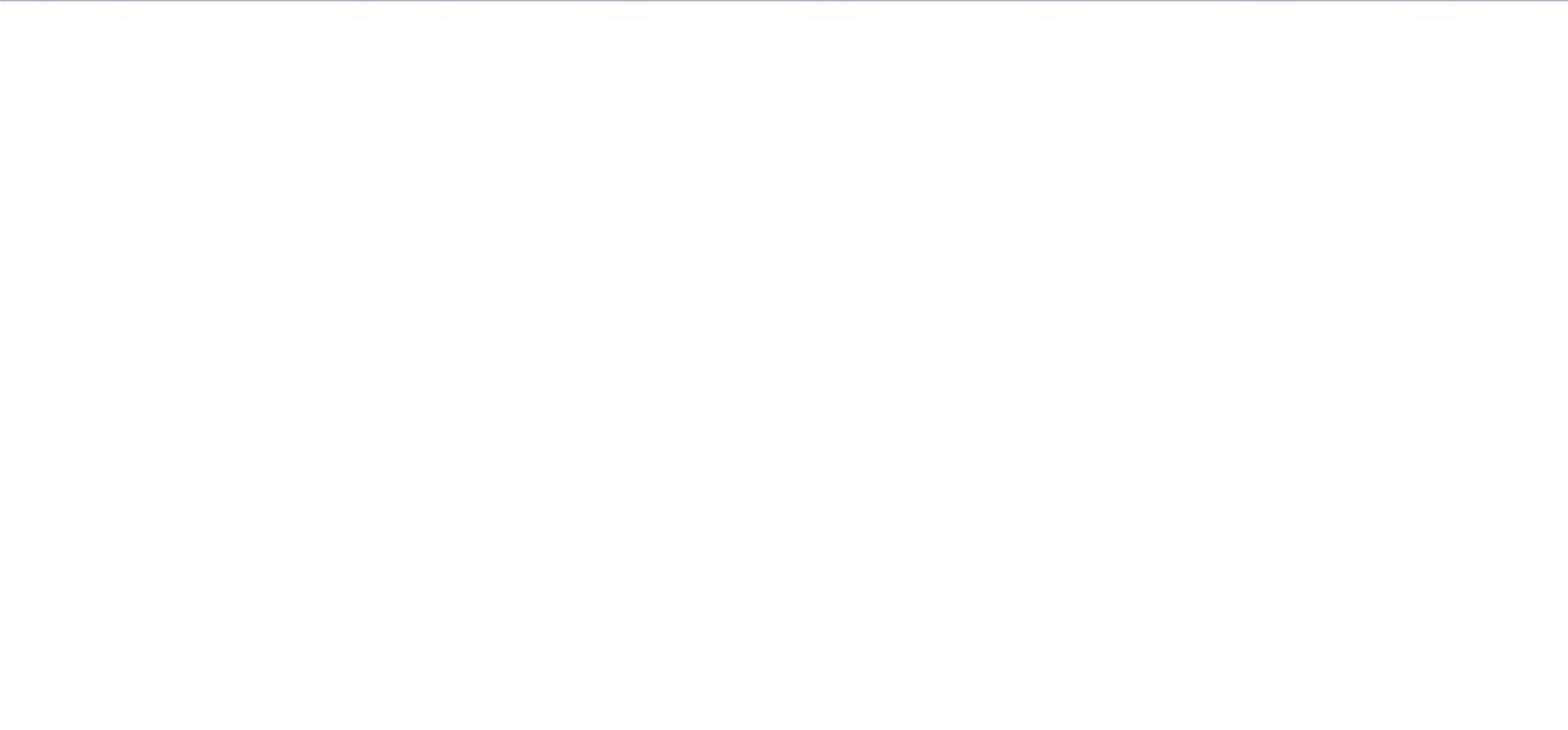
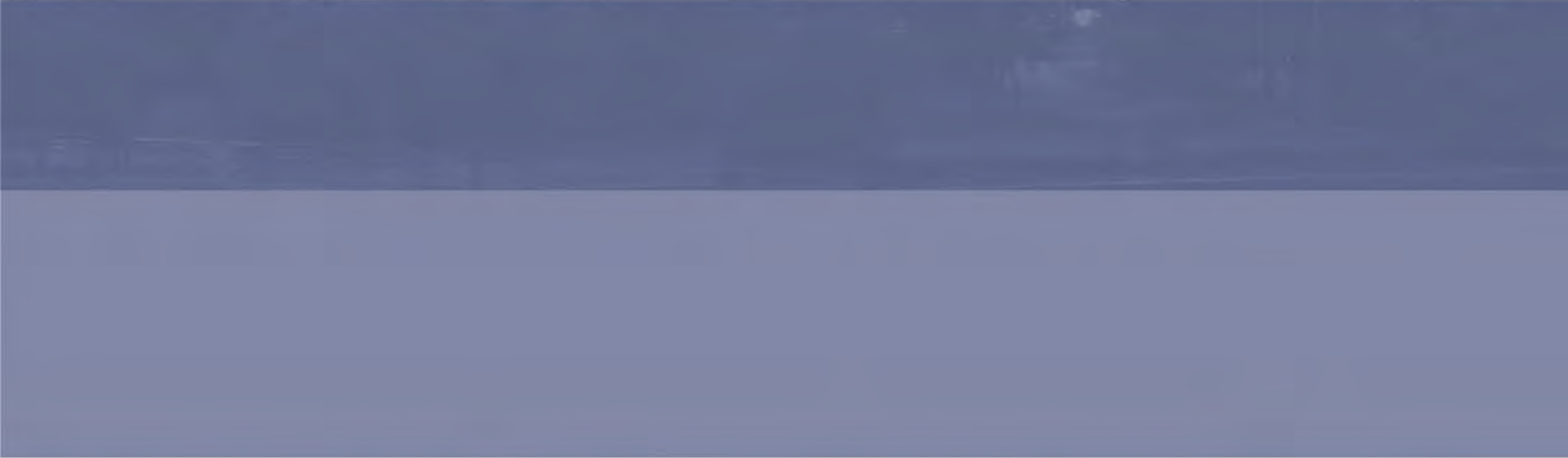
Transfer in favor of SEDESA by Banco Credicoop C.L. of ARS6.6 million for the full payment of the remaining balance of the Guarantee Fund for the contingency with the API of the Province of Santa Fe.

Income of ARS1.8 million for the sale of real property.

Regarding the loan portfolio management, there was a decrease in the extrajudicial collection based on a lower level of the Agencies' activity due to the portfolio seniority. However, such decrease was compensated by an increase on the judicial collection of a similar magnitude.

In connection with the activities conducted by the finance department, as stated hereinabove, the telephone conversations recording systems applied to financial transactions has been providing a better control environment and a more transparent management. In the same sense, a recording system was installed on the personal computers and a specific procedure for the development of the operations was also approved.

The policy on renewal of the computing system and the updated maintenance of the software licenses is still applied.



## **SEGURO DE DEPOSITOS SOCIEDAD ANONIMA**

Financial statements for the fiscal years ended December 31, 2012 and 2011; and Reports of the Independent Auditors.



# SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

## BALANCE SHEET

as of December 31, 2012 and 2011  
(in Argentine pesos)

ASSETS	<u>31/12/2012</u>	<u>31/12/2011</u>
CURRENT ASSETS		
Cash and Banks	18,120,075	1,034,959
Investments	1,894,209	16,959,974
Other receivables	<u>631,030</u>	<u>788,657</u>
<b>Total current assets</b>	<b><u>20,645,314</u></b>	<b><u>18,783,590</u></b>
NON-CURRENT ASSETS		
Other receivables	279,914	252,890
Fixed Assets	<u>162,925</u>	<u>179,790</u>
<b>Total non-current assets</b>	<b><u>442,839</u></b>	<b><u>432,680</u></b>
<b>Total assets</b>	<b><u>21,088,153</u></b>	<b><u>19,216,270</u></b>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	2,051,504	44,060
Taxes Payable	309,904	1,062,141
Social Security charges payable	<u>620,940</u>	<u>469,876</u>
<b>Total current liabilities</b>	<b><u>2,982,348</u></b>	<b><u>1,576,077</u></b>
<b>Total liabilities</b>	<b><u>2,982,348</u></b>	<b><u>1,576,077</u></b>
<b>SHAREHOLDERS' EQUITY (according to related statements)</b>	<b><u>18,105,805</u></b>	<b><u>17,640,193</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>21,088,153</u></b>	<b><u>19,216,270</u></b>

# SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

## INCOME STATEMENT

for the fiscal years ended December 31, 2012 and 2011

(in Argentine pesos)

	<u>31/12/2012</u>	<u>31/12/2011</u>
Administrative Expenses	(850,192)	(230,733)
Plus:		
Expenses Recovery	146,866	125,577
Financial and holding income from assets	<u>1,419,580</u>	<u>3,185,377</u>
Subtotal	<u>716,254</u>	<u>3,080,221</u>
Other net income	47	895
Net Income (before income tax)	<u>716,301</u>	<u>3,081,116</u>
Income Tax	(250,689)	(1,078,126)
Profits for the year	<u><u>465,612</u></u>	<u><u>2,002,990</u></u>



## **AUDITORS' REPORT**

To the Chairman and Directors of  
Seguro de Depósitos S.A.  
Legal domicile: San Martín 344, 12<sup>th</sup> floor  
City of de Buenos Aires  
CUIT: 30-68241551-3

1. We have audited the balance sheet of Seguro de Depósitos S.A. as of December 31, 2012, and the pertinent income statement, statement of shareholders' equity and cash flow for the fiscal year then ended, as well as the notes 1 to 8 and annexes I to VI that supplement such statements. Seguro de Depósitos S.A. is responsible for the reasonable drafting and submittal of the mentioned financial statements. Our obligation is to render a report on the financial statements based on the audit conducted.
2. Our examination was conducted pursuant to the auditing regulations currently in force in Argentina. Such regulations establish that we must plan and develop our obligations with the purpose of obtaining a reasonable degree of certainty regarding the lack of significant misrepresentations in the financial statements and render an opinion on the reasonableness of the relevant information included therein. An audit implies the examination, on a selective basis, of evidence that supports the figures and information described in the financial statements. An audit further includes an evaluation of the applied accounting policies and of the relevant estimates made by the Company, as well as an evaluation of the general presentation of the financial statements. We consider that the conducted examination is a sufficient and reasonable basis to support this report.
3. In our opinion, the financial statements of Seguro de Depósitos S.A. reasonably reflect, in all significant aspects, its economic and financial position as of December 31, 2012, as well as the results of the transactions, the variations in its shareholders' equity and the cash flow for the fiscal year then ended in accordance with the professional accounting regulations in force in the City of Buenos Aires.
4. The balances as of December 31, 2011, described in the financial statements for comparative purposes, derive from the financial statements of Seguro de Depósitos S.A. as of December 31, 2011, on which we issue our unqualified report dated March 28, 2012.
5. In compliance with the current provisions, we hereby state that:
  - a) the financial statements of Seguro de Depósitos S.A. are based on the accounting records kept in all formal aspects pursuant to the applicable legal regulations;
  - b) as of December 31, 2012, the accrued debt for the benefit of the Argentine Integrated Retirement System, as evidenced in the accounting records, amounts to ARS494,635.32 and it is not due and payable as of such date;

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- c) we have applied the procedures to prevent asset laundering and terrorism financing as set forth in the pertinent professional regulations issued by the Professional Council of Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 22, 2013.

PRICE WATERHOUSE & CO S.R.L.

(Partner)

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C.P.C.E.C.A.B.A. Volume 1 Folio 17  
Dra. Teresita M. Amor  
Public Accountant (UBA)  
Volume 145 - Folio 150  
C.P.C.E.C.A.B.A. [Professional Board of  
Economic Sciences of the City of Buenos Aires]

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## **DEPOSIT GUARANTEE FUND**

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, 2012 and 2011 and Reports from the Independent Auditors.

## DEPOSIT GUARANTEE FUND

### TRUST BALANCE SHEET as of December 31, 2012 and 2011 (in Argentine pesos)

	<u>31/12/2012</u>	<u>31/12/2011</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Banks	4,523,075,148	3,774,483,349
Investments	3,101,603,741	2,124,778,451
Receivables	1,169,703	79,663,541
Assets under Financial Leasing	70,019	66,019
Other Receivables	2,373,585	439,575
Other Assets	4,688,302	3,222,161
<b>Total Current Assets</b>	<u>7,632,980,498</u>	<u>5,982,653,096</u>
<b>NON-CURRENT ASSETS</b>		
Investments	142,297,852	138,849,537
Receivables	102,756,678	87,783,728
Assets under Financial Leasing	350,418	419,860
Other Assets	778,722	1,048,001
<b>Total Non-Current Assets</b>	<u>246,183,670</u>	<u>228,101,126</u>
<b>Total Assets</b>	<u><u>7,879,164,168</u></u>	<u><u>6,210,754,222</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	4,028,696	2,354,595
Other Liabilities	5,958,975	5,522,675
<b>Total Current Liabilities</b>	<u>9,987,671</u>	<u>7,877,270</u>
<b>Total Liabilities</b>	<u>9,987,671</u>	<u>7,877,270</u>
<b>SHAREHOLDERS' EQUITY (according to related statements)</b>	<u>7,869,176,497</u>	<u>6,202,876,952</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>7,879,164,168</u></u>	<u><u>6,210,754,222</u></u>

# DEPOSIT GUARANTEE FUND

## TRUST BALANCE SHEET for the fiscal years ended December 31, 2012 and 2011 (in Argentine pesos)

	<u>31/12/2012</u>	<u>31/12/2011</u>
<b>INCOME FROM FINANCIAL INVESTMENTS</b>		
Financial income from investments	303,574,807	199,788,289
Exchange rate difference	607,314,572	313,854,374
Subtotal income from financial investments	<u>910,889,379</u>	<u>513,642,663</u>
Less:		
Investment management and custody fee	( 1,648,254)	( 1,344,382)
Total income from financial statements	<u>909,241,125</u>	<u>512,298,281</u>
<b>NET INCOME FROM APPLICATION OF DEPOSIT INSURANCE</b>		
Income from paid deposit Insurance guarantees	1,119	( 157,835)
Total income from paid deposit insurance guarantees	<u>1,119</u>	<u>( 157,835)</u>
<b>INCOME FROM ASSISTANCE TO FINANCIAL INSTITUTIONS</b>		
Interest on granted loans	4,250,666	4,446,442
(Increase)/Decrease of provisions on loans with cancellation option with public bonds under guarantee	( 4,516,250)	346,198
Dividends	950,000	950,000
Income from sale of preferred stock	3,283,470	3,148,556
Total income from assistance to financial institutions	<u>3,967,886</u>	<u>8,891,196</u>
<b>INCOME FROM ASSET MANAGEMENT</b>		
Income from collection-recovery of assigned receivables, net of related expenses	17,751,560	6,392,500
Increase of provisions on loan portfolio, assets under financial leasing and other receivables	( 931,348)	( 890,822)
Income from recovery financial trusts, net of related expenses	5,164,939	3,788,579
Recovery of credit assets	1,162,975	-
Income from fixed asset management	( 564,598)	804,521
Income from other asset management	983,483	48,102
Total income from asset management	<u>23,567,011</u>	<u>10,142,880</u>
<b>ADMINISTRATIVE EXPENSES</b>	( 29,307,997)	( 22,329,012)
<b>OTHER NET EXPENSES AND INCOME</b>	599,642	( 5,557)
Profits for the year	<u><u>908,068,786</u></u>	<u><u>508,839,953</u></u>



## **AUDITORS' REPORT**

To the Chairman and Directors of  
Seguro de Depósitos S.A.  
(In its capacity as Trustee of the Deposit Guarantee Fund, CUIT: 30-70812286-2)  
Legal domicile: San Martín 344, 12<sup>th</sup> floor  
City of Buenos Aires

1. We have audited the trust balance sheet of Deposit Guarantee Fund as of December 31, 2012, and the pertinent trust income statement, statement of shareholders' equity and cash flow for the fiscal year then ended, as well as the notes 1 to 11 and annexes I to VI that supplement such statements. Seguro de Depósitos S.A., in its capacity as Trustee of the Fund, is responsible for the reasonable drafting and submittal of the mentioned trust financial statements. Our obligation is to render a report on the trust financial statements based on the audit conducted.
2. Our examination was conducted pursuant to the auditing regulations currently in force in Argentina. Such regulations establish that we must plan and develop our obligations with the purpose of obtaining a reasonable degree of certainty regarding the lack of significant misrepresentations in the financial statements and render an opinion on the reasonableness of the relevant information included therein. An audit implies the examination, on a selective basis, of evidence that supports the figures and information described in the financial statements. An audit further includes an evaluation of the applied accounting policies and of the relevant estimates made by the Company, as well as an evaluation of the general presentation of the financial statements. We consider that the conducted examination is a sufficient and reasonable basis to support this report.
3. In our opinion, the trust financial statements of the Deposit Guarantee Fund reasonably reflect, in all significant aspects, its economic and financial position as of December 31, 2012, as well as the results of the transactions, the variations in its shareholders' equity and the cash flow for the fiscal year then ended in accordance with the professional accounting regulations in force in the City of Buenos Aires.
4. The balances as of December 31, 2011, described in the trust financial statements for comparative purposes, derive from the trust financial statements of the Deposit Guarantee Fund as of December 31, 2011, on which we issue our unqualified report dated March 28, 2012.
5. In compliance with the current provisions, we hereby state that:
  - a) the trust financial statements of the Deposit Guarantee Fund are based on the accounting records kept in all formal aspects pursuant to the applicable legal regulations;
  - b) as of December 31, 2012, there is no accrued debt for the benefit of the Argentine Integrated Retirement System, as evidenced in the accounting records;

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- c) we have applied the procedures to prevent asset laundering and terrorism financing as set forth in the pertinent professional regulations issued by the Professional Council of Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 22, 2013.

PRICE WATERHOUSE & CO S.R.L.

(Partner)

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C.P.C.E.C.A.B.A. Volume 1 Folio 17  
Dra. Teresita M. Amor  
Public Accountant (UBA)  
Volume 145 - Folio 150  
C.P.C.E.C.A.B.A. [Professional Board of  
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**SEDESA**  
SEGURO DE DEPÓSITOS S.A.

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Annual Report

2012

ARGENTINA

**SEDESA**

SEGURO DE DEPÓSITOS S.A.

## COMPOSITION OF THE BOARD OF DIRECTORS AND INTERNAL COMPTROLLERS COMMITTEE

### **BOARD OF DIRECTORS**

Chairman

Mr. Alejandro C. Rey

Vice Chairman

Mr. Norberto C. Peruzzotti

Director

Mr. Claudio A. Cesario

#### ***Alternate Directors***

*Mr. Hugo Bruzone*

*Mr. Santiago M. J. A. Nicholson*

*Mr. Daniel Tillard*

### **INTERNAL COMPTROLLERS COMMITTEE**

#### **Auditors**

Mr. Alejandro Almarza

Mr. Walter Miner

Mr. Domingo Alberto Romano

#### ***Alternate Auditors***

*Mr. Enrique Bouchou*

*Mrs. Ana Griselda Fernández*

*Mr. Eduardo Daniel Prina*

## MESSAGE FROM THE CHAIRMAN

March, 2013

On this annual presentation, it is my pleasure, once again, to submit the Annual Report and Financial Statements of Seguro de Depósitos S.A. (SEDESA) and the Deposit Guarantee Fund (DGF) describing a summary of the activities developed by the Corporation during the fiscal year ended on December 31, 2012.

On the basis of the results obtained, we can state that the set goals have been achieved. There has been an improvement on the liquidity ratio and Shareholders' Equity of the Fund as well as on the productivity in the management of assets and efficiency in the use of resources.

Through the ended fiscal year, our management has specially pointed out the professionalism and optimization of the Corporation's internal organization that have strengthening the changes to the organizational structure. For such purpose, we have aimed at confirming our commitment by implementing the best practices on deposit insurance.

Due to SEDESA's active participation on different international activities, it has been appointed as the organizer of the 12<sup>th</sup> AGM and International Conference of the International Association of Deposit Insurers (IADI) to be held in 2013 in Buenos Aires; thus continuing giving more prestige to SEDESA as a leader in terms of Deposit Insurance.

At an international level during 2012, there were multiple and interconnected situations that the global economy was forced to face. The employment crisis, tax problems and the public debt in many European countries leave a negative bias in the global economic and financial analysis, causing a slow-down in the developed economies, due to the sovereign debt crisis on the euro zone. The United States also underwent high and persisting unemployment rates, the staggering of consumers' reliability and corporate expectations as well as the continuing weakness of the financial sector.

As a consequence thereof, markets experienced situations based on uncertainty and high level of volatility during 2012.

Thus, on the basis of the promptness imposed by the facts and circumstances governing the fiscal year 2012 with an environment of skepticism and of a slow recovery of the economic area, the relevant ability to react against them has been

demonstrated; and the DGF, once again, shows a significant increase guaranteeing high liquidity rates and a minimum risk.

Finally, on behalf of the Board of Directors, I would like to thank the Central Bank of Argentina, Caja de Valores S.A. and the Financial Institutions of our system for all the support provided and I am especially grateful to all our employees, direct collaborators and officers of this corporation for their commitments and professionalism that helped us in the reaching of the goals established for the ended fiscal year and for their efforts in the compliance of the undertakings set for the current fiscal year.

Mr. Alejandro C. Rey  
Chairman  
SEDESA

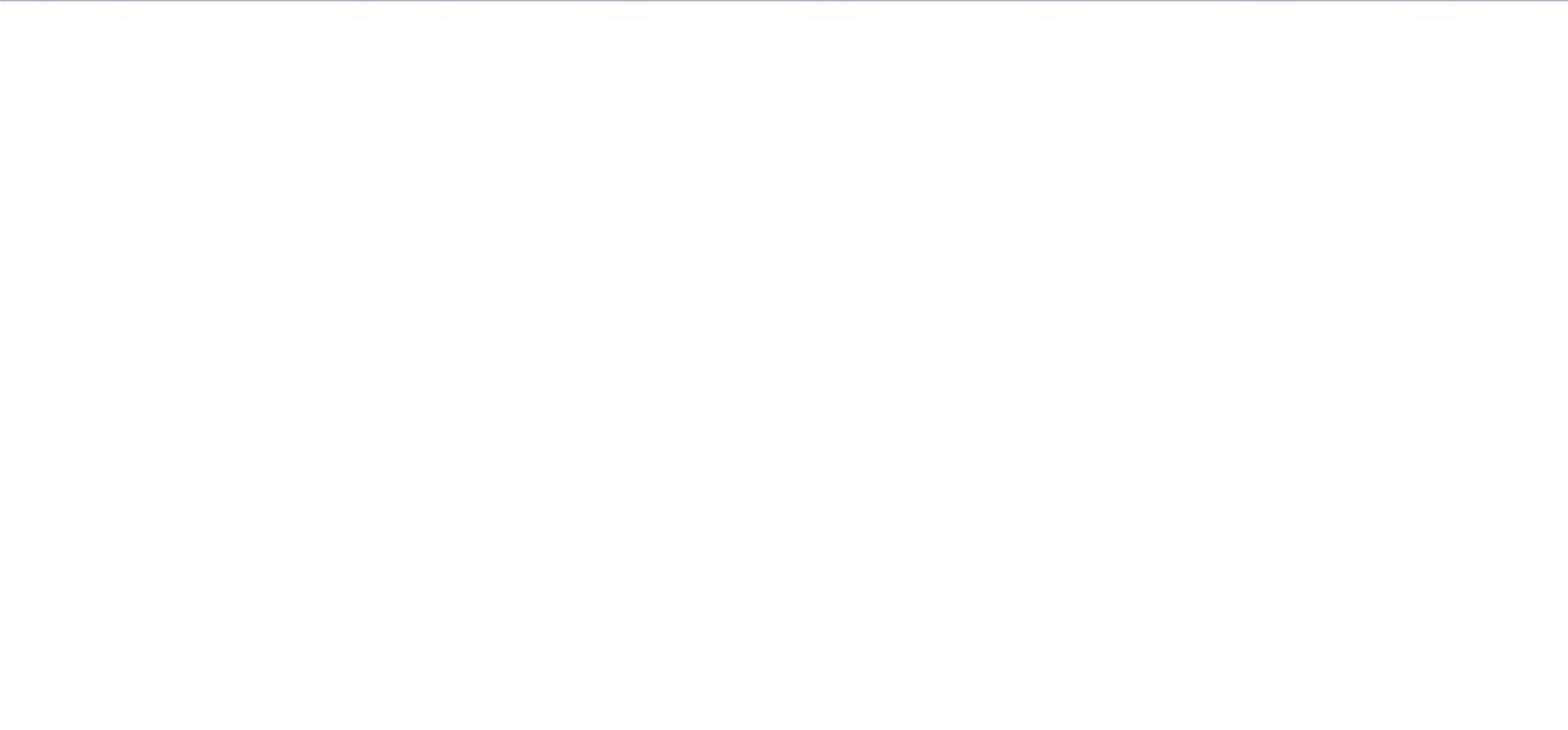
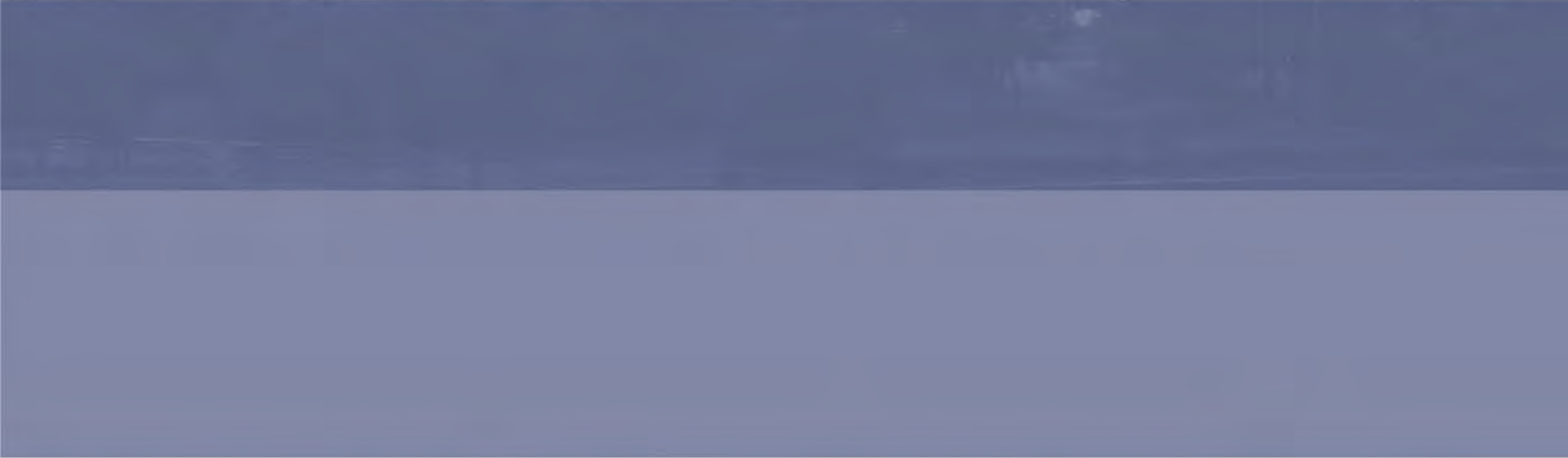


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## 1. International Context

During 2012 the financial global condition maintained some of the main features observed over the last years, especially as to the difference existing on the macroeconomic performance among developed and emerging markets.

Even though it was a fiscal year of a rather low development, the global economy shows an increase of about 3.6% as a whole (against an average of 4.5% on the first decade of the XXI century) where the heterogeneity remains as a rule: while the OECD member average an expansion of 1.5%, the remaining members would have reached an average growth rate of 5.6% over the year.

The lower growth rate was shown at international trade levels; and this contributes to a global context on which there is low consumer price inflation.

### 1.1. Developed Economies

Under a difficult situation to solidly take the growth back, the developed economies outlook may be divided in three groups: those that suffer public debt problems (mainly from Europe), those that underwent private expenses problems (USA and Japan) and Germany.

The scenario was mainly the same as that observed over the previous years, where expansive monetary policies were applied for five consecutive years (an unprecedented situation in the history of the central banking system) while fiscal policies in most of the developed countries are placed in a neutron-to-contractionary level.

USA underwent two years with a fiscal policy without new incentives, mainly as a result of the democratic government's difficulties to perform a broad fiscal agreement at the Congress. A new discussion round exists thereat due to the avoidance of the known "fiscal cliff". During the second semester of 2012, some indicators related to the real property and corporate area showed better values and the annual growth was over 2%.

A weakness on the growth was more evident in the Eurozone and in the other European countries. The European Central Bank and the Bank of England were under a new relaxing monetary stage the possible nominal expansion not only by traditional operations and a decrease in the interest rates. At the same time, some European countries such as Spain, Greece and Italy and those countries from the periphery were included in tax adjustment projects that from the time being have been insufficient to lead such economies to an economic recovery stage. Within this framework, Germany, the biggest country of the area, maintained satisfactory levels on several activities, businesses and employments though at the end of the year it started showing some weak aspects.

Japan is the only developed country that continued with an increasing development in the public shortfall even though it is not sufficient enough to prevent Japan's economy from being inserted into an increasing development sustained for more than two decades of low growth. Furthermore, 2012 was

another year of a moderated increase (average of a 2% annually) and a negative inflation (only of -0.2%) and these facts encouraged the new government elected in December 2012 to set a change in the economic policy of the previous years, including the use of expansive monetary tools aiming at breaking what they are, as stated, two weak decades.

In this framework, the called "recovery without employment" was still present under which Europe and Japan continue destroying employment positions and in USA such situation seems to be ending. In 2012 there was an increase in working positions.

Therefore, the main developed economies are kept in levels of activities lower than their potential products and this situation shall be hardly reverted in a short-term period.

## 1.2. Emerging Economies

The emerging economies, that are still the main of encouraging areas of the global growth, had a relative "slow" year, even when the growth average rate of this heterogeneous group of countries was 5.6%, under the average 6.3% of the former decade. Under the same circumstances, China showed a 7.8%-increase in comparison with an average nearest to 10.5% of the prior decade. The growth of such group of countries was based on a mixture of favorable prices of commodities and the strengthening of internal demand policies

The group of countries known as BRIC continued increasing during 2012, even though such growth was performed at a more moderated rhythm than that of previous years because it was partially conditioned by the advanced economies' evolution.

Despite the business slowdown, the current account kept levels similar to those of prior years allowing the maintenance of international reserve accumulation policies by such countries.

Moreover, the levels of activities reached were sufficient to keep the unemployment levels in the same background of the years prior to the crisis (stable in Russia and showing a decrease in China and Brazil), stating the strength of such economies under an international context which is not as favorable as the one existing in the previous decade.

## 2. Evolution of International Financial Markets

In developed countries the weakness of the activity levels and employment problems added uncertainty transferred to the unsure perspectives regarding the global evolution and also updated tensions over financial markets of the Eurozone. During the first part of the year there were problems in the quotation on sovereign securities of some European Union economies (Greece, Spain and Italy) and to a lesser extent in financial instruments related to banking and corporate areas.

In the Eurozone, the actions taken led to guarantee the financial stability and monetary union in the region. In this sense, it is worth mentioning the program of the European Central Bank that granted it the power to purchase sovereign debt under flexible terms as to its magnitude and duration. This eased tensions and it was shown in relevant falls of the spreads.

In USA the basis of its monetary policies was kept. It entails the enlargement of the term of its public bonds portfolio announcing new purchases of assets and stating that the reference interest rate at low levels shall be kept for at least two more years.

Japan also adopted a bias of expansive monetary policy by the enhancement of a broad program for the purchase of public bonds.

The different implemented measures allowed the reduction of volatility and shall improve the situation of the financial systems. The yields of sovereign instruments of major liquidity and better credit ratings (such as Germany and USA) were reduced and, in some cases, fixed new historic minimums. On the contrary, other countries with uncertainty on their fiscal solvency and weakness on its level of activity submitted increasing yields and even reached record levels.

Some relevant emerging countries such as Brazil and India reduced, basically during the first part of the year, their reference interest rates with the purpose of dealing with the weakness of developed economies.

Some stock indexes of the main financial markets that went back were also affected by an environment of uncertainty during the first part of the year; and then started a recovery together with several expansive monetary policies. The stock volatility indexes showed the same background.

### 3. National Context

In 2012 the Argentine economy maintained a positive growth of about 1.9% during the year pursuant to the figures stated by the Monthly Indicator for Economic Activity (EMAE) drafted by the INDEC.

Over the year, there were two well differentiated stages. On the first six-month period, the effects of a bad agricultural campaign transferred to a minor currency disposal and Brazil's weakness that strongly affected our industrial area together with the uncertainty caused by the enforcement of new regulation for the import of goods (the Sworn Statement prior to Import – DJAI) generated a negative effect on the economy.

Moreover, the different regulatory measures on the foreign exchange market had an impact on the development of the real property industry, historically operating with US dollars, leading to a fall on one of the most dynamic sectors of the last years: the construction industry.

The gradual adaptation to the stated conditions and the strengthening of consumption and a main support of the national economic activity, sustained in the updates of salaries and retirements together with a stable level of employment, allowed the existence of an improvement as from the fourth three-month period. It is worth mentioning the good performance of service suppliers, especially the financial intermediation where SEDESA participated and to a great extent encouraged the achievements of annual results as those shown in section 4 of this Annual Report and Balance Sheet.

#### 3.1. Macroeconomics

##### 3.1.1. Economic Activity

During the first months of 2012, a combination of factors related to the external sector led to a slowdown in the economic activity as to the prior year. On the one hand, the new regulations on import transactions caused a significant fall generating difficulties on different areas of the productive chains due to the lack of inputs and the need to look for alternatives.

On the other hand, the bad weather conditions caused a reduction in the agricultural industry as from the end of 2011 to the beginning of 2012, leading to a lower exportable balance that was only compensated by better international prices on a partial and late basis. Another negative point was the weakness shown by the main commercial partner, Brazil, transferred to the domestic industrial sector.

Therefore, some new regulations applicable to the foreign exchange market were established, leading to preserve the stock of currencies necessary for the compliance external obligations of the State and the energetic supply.

For such purposes, after the second three-month term, once the period of knowledge of a new foreign exchange dynamic and adaptation thereto, several indicators traced certain reversion as regards a tendency aiming at a slowdown, to end the year with a positive growth.

### 3.1.2. External Sector

In 2012, a positive trade balance was obtained for 13 consecutive years. The exports of goods exceeded the imports by USD 12,690 million implying a 27%-increase as to the balance obtained in 2011.

This result was obtained despite the decrease in the exported value (-3% i.a.) since the value of the purchases abroad was reduced by 7% over the year.

A decrease in the exports' value was explained by an exclusive shortfall in quantities while the prices showed a 2%-increase. Manufacturers of Agricultural Origin (MOA) and Manufacturers of Industrial Origin (MOI) showed a decrease of -3% and -4%, respectively. In both cases, this was explained by a decrease in the quantities sold (-8% and -5%, respectively) while prices showed a rise of 6% and 1%. External sales of Primary Products decreased by -3% due to a fall in prices of -5% while quantities showed a rise of 1%. Furthermore, Fuel and Energy Products decreased by -2% due to a joint fall in sold quantities and prices of 1% for both cases.

Manufacturers of Agricultural Origin and Manufacturers of Industrial Origin were items of more participation in Argentine exports with 34% of the total value, respectively.

Imports showed a 7%-decrease over the year, due to a fall in the purchased quantities since the average prices remained unchanged. The item Capital Goods registered the main shortfalls (13%-decrease in value and 16% in quantities).

The item "external purchases" was composed of: Intermediate Goods (29%), Spare parts and accessories for capital goods (21%) and Capital Goods (17%).

### 3.1.3. Financial Sector

During 2012, the good performance of the financial system continued showing general increases at financial intermediation. In this sense, the total loans granted to companies and families increased 31% i.a., with a strong rise during the second semester. Deposits in Argentine Pesos and US Dollars increased 29% due to deposits of the private sector that showed a rise of 30% i.a.. Moreover, in the same positive sense, there were the solvency and profitability information and improvements in the indicators of use of services. The system's segment in dollars showed a decrease that was mitigated all over the year.

Total deposits in pesos of the private sector reached in December a 40.7%-increase in comparison with December 2011, leading by the fixed-term underwritings that showed increases of 49%, explaining almost a 39% of the total stock of deposits in the mentioned sector.

This context of high growth in deposits determined that the interest rates shall have lower values at the end of the year than those registered in December 2011, where the uncertainties for the regulations applicable to the exchange market determined a short-term leap in the rates paid by the banks.

The financing dynamic maintained a high level of expansion. Loans in Argentine Pesos to the private sector increased by more than 41% over the year, where the most relevant fact was that loans to companies exceeded the loans granted to families (43% and 36% respectively). Following the development of the activity level, during the second semester there was a major growing level in the granting of loans. As in deposits, the financing in US Dollars showed a decrease.

It is worth mentioning that the granting of loans to the productive sector was benefited from the application of credit lines to PyMes (Small and Medium Enterprises) pursuant to Communication A 5319 (and supporting resolution A 5380) known "Credit lines for productive investment" that set forth the application of the equivalent of 5% of non-financial private sector's deposits to loans for investment at a rate not exceeding 15.01% annually (the same incentive was given by the Bicentennial Fund). Until December the disbursement amounts for the credit line amounted to ARS16,760 millions and the minimum number established by such communication was exceeded.

This positive developing context allowed the existence of profits in the institutions' balance sheets allowing a new improvement in the solvency indicators. The Net Worth of the financial system increased about 30% over the year, allowing the maintenance of the capital-payment tendency, as to the enforcement of the regulations governing the system on the last decade. Over the year, the system accrued profits reaching 2.9% of the assets; obtaining the income by interests and services more relative participation within the total figures. Furthermore, the ratio of irregularity to the private sector slowly increased over the year but it is still placed at confined levels (the ratio applicable to loans granted to families is higher than the one applicable to companies)

In this context, from the offer, the activity of the financial intermediation was the most expanded factor in the national economic activity during 2012.

### 3.2. Outlook

It is believed that during 2013, the local economy continues developing the general evolution obtained on the last decade. The international context, especially the situations that our main commercial partner would undergo, shall show an improvement regarding the development of 2011. This fact together with a better harvest, lack of the weather problems underwent during the previous campaign and a lower external sovereign debt shall allow a less tensed external sector. The private and public element of consumption shall be again the main encouraging

factor for the GDP. To such effect, policies governing employment and income strengthening levels (salaries and retirements) shall be applied.

Due to a reduced level of financial depth, the ratio of loans to the private sector represents 15% of the GDP and the continuance of the main traces of the macroeconomic policy may show again a positive development during the fiscal year.



#### 4. SEDESA in 2012

Seguro de Depósitos S.A. (SEDESA) is a corporation (*Sociedad Anónima*) organized in 1995 with the purpose of acting as trustee of the Deposit Guarantee Fund (DGF). The Executive Order 540/95 created the Deposit Guarantee Fund to guarantee bank deposits with the scope of action set forth in such order and its subsequent amendments.

According to the regulations in force, SEDESA's obligations as trustee of the DGF are:

1. To pay the guaranteed amount to depositors, where applicable.
2. To make capital contributions and non-reimbursable contributions or grant loans to financial institutions that:
  - are under a regularization and reorganization plan to support the compliance thereof;
  - have acquired assets and 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*) where applicable to compensate insufficiency of such assets regarding the transferred deposits;
  - have taken over or acquired financial institutions under a regularization and reorganization plan.
3. To execute a put option agreement with financial institutions that acquire assets and undertake to pay the deposits of an institution subject to the provisions set forth in section 35 bis of the Argentine Financial Institutions Law for the benefit of the acquiring institution over all or part of the transferred assets. This arrangement may consist in the creation of a trust.
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 the holders.
5. To undertake obligations chargeable to the DGF within the limitations timely established.
6. To carry out, maintain or finance REPO programs with foreign banks for the stability of the Argentine financial system, with the prior consent of the Central Bank of Argentina and chargeable to the DGF.

#### 4.1. DGF in 2012

The Deposit Guarantee Fund (DGF) was established by agreement executed on March 7, 1997, by the Central Bank of Argentina (BCRA.), as Trustor, and Seguro de Depósitos S.A. (SEDESA), as Trustee.

According to section 1 of Executive Order 540/95, the purpose of the DGF is to cover bank deposits with the scopes established therein. Notwithstanding the foregoing, the DGF may provide the financial assistance established in section 10 bis of Executive Order 540/95 and its amendments.

In order to fulfill its purpose, the DGF obtains resources from the monthly contributions in cash made by the financial institutions under the terms, limits and conditions established by Executive Order 540/95 and its amendments, as well the supplementary regulations issued by the BCRA.

Pursuant to Communication "A" 4271 issued by the BCRA on December 30, 2004, the monthly regular contribution made by financial institutions has been established in 0.015% of the daily balance average of the deposits made in each institution, plus a varying additional contribution per institution that may reach a maximum of 0.015%.

#### 4.2. Undertaken Actions

The main guidelines of corporate organization and management process that have been applied over the last years were also applied in 2012.

In this sense, as stated in point 4.5 hereof, the certification of Quality Management System under ISO 9001:2008 Standard related to the Real Property Sales Policy was obtained. The current certification, under the same Standard, of the quality management of the Administration of Available Balance of the DGF was also revalidated.

As a member of IADI (International Association of Deposit Insurers), SEDESA has continued participating in an active manner in different international forums. In current discussions thereon related to the implementation of the Core Principles for Effective Deposit Insurance Systems, while conducting a homogenization of rules, it has sustained the need of considering special characteristics of each financial system.

On such forum, the General Manager is a member of the IADI's Executive Committee and was appointed as Chairman of the Latin-American Regional Committee (LARC). Furthermore, the company was elected to organize the IADI's XII annual conference to be held in Argentina during 2013.

Over the year, SEDESA has continued performing its undertakings in coordination with the BCRA in relation to the allocation of assets supporting the return of its portfolio.

### 4.3. SEDESA's Financial Statements

According to section 1, subsection 3 of Resolution 6/2006 of the Argentine Companies' Registration and Control Office (IGJ) and its amendments, please find below a summary of the financial position, income statements and the development and application of SEDESA's funds:

	<b>2012</b>	<b>2011</b>
Current Asset	20,645,314	18,783,590
Non-current Asset	442,839	432,680
<b>TOTAL ASSETS</b>	<b>21,088,153</b>	<b>19,216,270</b>
Current Liabilities	2,982,348	1,576,077
<b>SUBTOTAL LIABILITIES</b>	<b>2,982,348</b>	<b>1,576,077</b>
SHAREHOLDERS' EQUITY (SE)	18,105,805	17,640,193
<b>TOTAL LIABILITIES+SE</b>	<b>21,088,153</b>	<b>19,216,270</b>

	<b>2012</b>	<b>2011</b>
Ordinary Operating Income	-703,326	-105,156
Financing and Holding Income	1,419,580	3,185,377
Other Income and Expenses	47	895
Ordinary Net Income	716,301	3,081,116
Extraordinary Income	0	0
<b>Subtotal</b>	<b>716,301</b>	<b>3,081,116</b>
Income Tax	-250,689	-1,078,126
<b>Net Income</b>	<b>465,612</b>	<b>2,002,990</b>

	<b>2012</b>	<b>2011</b>
Funds arising from (applicable to) operating activities	731,231	-601,466
Funds arising from (applicable to) investment activities	1,288,120	3,158,905
Funds arising from (applicable to) financing activities	0	0
<b>Total funds for the fiscal year</b>	<b>2,019,351</b>	<b>2,557,439</b>

Moreover, pursuant to section 1, subsection 4 of the abovementioned resolution, please find below the following indicators:

	<b>Year 2012</b>	<b>Year 2011</b>
Current Liquidity (Current Assets / Current Liabilities)	6.9	11.9
Solvency (Net Shareholders' Equity / Total Liabilities)	6.1	11.2
Fixed Capital Stock (Total Assets / Non-Current Assets)	2.1%	2.3%
Return (Income for the Fiscal Year / Net Shareholders' Equity Average)	2.6%	11.4%

Regarding the analysis of the main items of SEDESA's Financial Statements, we can conclude that an increase was reflected on assets, mainly current assets, arising from the collection over the year of capital and interest services and the portfolio's sale of National Public Bonds deposited in bank accounts as of the closing of the fiscal year 2012. In relation to current liabilities, the main increase was caused by the accounting registration of a SEDESA's debt with the DGF.

SEDESA's income for the fiscal year ended on December 31, 2012 showed a decrease in relation to the previous year due to less financing and holding income because of a shortfall on the return of sovereign bonds market.

The item operating income evidenced a reduction mainly explained in the expenses incurred and assigned to the organization of the 12th annual conference of the International Association of Deposit Insurers (IADI) to be held in Argentina and that SEDESA will be the host company.

The Shareholders' Equity as of December 31, 2012 amounted to ARS18,105,805 and included the following items:

Capital	ARS	1,000,000
Capital Adjustment	ARS	1,197,266
Legal Reserve	ARS	439,454
Optional Reserve	ARS	15,003,473
Income for fiscal year	ARS	465,612
<b>Total</b>	<b>ARS</b>	<b>18,105,805</b>

#### 4.4. FGD's Financial Statements

The following comments about the Financial Statements are made in order to provide a framework for the understanding of such statements in view of the domestic and foreign economic and financial situation.

In this context, the management of the Deposit Guarantee Fund is still focused on the improvement of its balance sheet, reducing illiquid assets (mainly loan portfolio) and performing financial transactions compatible with the positive returns, at minimum risk, in order to comply the DGF's initial mandate and pursuant to the framework set forth in section 10 of Executive Order 540/95 and its amendments.

##### 4.4.1.Assets

In 2012 the total assets of the DGF increased by ARS1,668 million as compared to the end of the previous fiscal year (an increase of 26.9%), explained by rises of ARS1,650 million in current assets (equivalent to an increase of 27.6%) and ARS18 million in non-current assets (7.9% over the year).

The main increases were those registered under current assets, particularly Investments with a rise of ARS976.8 million (46% i.a.) and Cash and Banks with ARS748.6 million (an increase of 19.8% i.a.).

In Cash and Banks, the main increase as of the end of the previous year was focused in the item foreign currency involved in REPOs, related to the operations that the DGF has been executing with the BCRA. It is worth mentioning that under the provisions established in the agreement letters thereof, the gains/losses obtained from such operations and recorded in the Financial Statements of the Fund derived from the assets delivered by the DGF as underlying assets of the abovementioned operations. In addition, the assets involved in the operations mentioned above will be returned to their original holders, in this case, the DGF, upon their expiration or upon request of SEDESA who shall be the holder thereof.

In Investments, there was an increase of ARS1,019.9 million in Bills of the BCRA, registering an increase of about 58.6% i.a. and representing 89% of the total current investments as of the end of the fiscal year 2012. It is worth mentioning that this kind of increase on the demand of Bills and Bonds of the BCRA by SEDESA is similar to the action performed by banking institutions during 2012 that, upon an increase of such assets, enhanced the value of the broad liquidity indicator.

It is important to point out the continuous improvement in portfolio recoveries that was significantly greater than the one registered in 2011, where the collection of amortizations and profits from loans granted to financial institutions increased to ARS74.7 million from ARS25.7 million in 2011 (an increase of ARS49 million during the year).

Furthermore, in the analysis of cash generation from the DGF's operating activities, we can observe an increase of ARS303 million in comparison with 2011, where the main sources were the financial institutions' contributions (ARS144 million) and a relevant improvement on financial income (ARS103.8 million).

#### **4.4.2.Liabilities**

The DGF's Liabilities increased by ARS2.1 million as of the end of the fiscal year 2012, mainly due to an increase in the item accounts payable, especially arising from fees, in agreement with the abovementioned improvement on collection and portfolio recoveries management.

#### **4.4.3.Financial position**

As of the end of 2012, the Net Shareholders' Equity of the DGF amounted to ARS7,869,176,497, representing an increase of ARS1,666,299,545. This increase was composed of ARS908,068,786 (income generated by the DGF during the fiscal year) and ARS758,230,759 (contributions made by financial institutions).

In this sense, the Net Shareholders' Equity managed by the DGF increased 26.9%, exceeding the average increase recorded in the previous fiscal year.

#### **4.4.4.Income Statements**

A lower level of financial uncertainty in the international markets than the one experienced in 2011, allowed an income statement of the fiscal year of ARS908 million, with a rise of about ARS400 millions in comparison with the previous year (an increase of 78% i.a.). This result was reached by the financial investments that generated profits of ARS910 million showing an increase of ARS397 million as to the former period (an increase of 77.3% i.a.).

Again, the policy to improve the DGF's assets management was showed in the income statement of 2012. During the year, this item amounted to ARS23.6 million with an increase of more than ARS13.4 million as to the former year and doubling the amounts reached in 2011. The income from the collection of assigned loan recoveries, net of expenses, amounted to ARS17.7 million, representing an increase of ARS11.3 million as to the previous year. The income from financial trust recoveries, net of expenses, improved over the year, contributing ARS5.1 million, basically ARS1.4 million more than in 2011. On the other hand, administrative expenses amounted to ARS29.3 million.

#### 4.5. Organization

In 2012 the reorganization process of SEDESA's management continued. The aim of such process is to consolidate the design, drafting, approval and implementation of policies, procedure manuals, regulations and instructions, among other, to increase the integral efficiency of the Company's undertakings. This process has been consolidated and it started showing the benefits of the different implemented changes.

Among the different policies approved in the year 2012 we can mentioned: Quality Policy on Process of Real Property Sales; Real Property Sale Policy; Customer's Identification and Knowledge Policy and Opposing Parties Administration Policy.

Moreover, the Real Property Sales Regulations, the Quality Manual of the Real Property Policy as well as the following procedures were approved: Follow-up and Control Manual of Reports issued on a three-month period by Law Firms; Information Deletion and Technological Storage Unit, Investments, Real Property Sales; Non-agreement - Corrective and Preventive Actions - Quality Management System; Internal Reviews of Quality Management System; Registry Control of Quality Management System and Telephone Conversations Recording Systems.

In connection with the financial management, in order to perform the control by opposition, the report of the portfolio valuation's prices shall be conducted by an area other than the Finance Department. In this sense, the Treasurer's office, supervised by the Administrative Management, is responsible for the drafting of the report of the prices to value the DGF's investments and the Finance Management controls the generated prices. Furthermore, the Opposing Parties Policy was approved to create a registry and mode of selection of opposing parties operating with SEDESA.

Regarding the Real Property Policy, the certification of a Quality Management System was obtained complying with the requirements set forth under IRAM - ISO 9001:2008 Standard on "Realization and sale of real property to be allocated to the available balances of the deposit guarantee fund."

In order to comply with the regulations governing actions against Money laundering and terrorism financing, the Customers Identification and Knowledge Policy was established.

During 2012 the procedure evaluation and restoring of information allowed a relevant improvement of the quality and quantity of the available information that eased the taking of actions. This situation was evidenced in the high revenue level considering the condition and seniority of the portfolio.

Moreover, the new available information allowed the development of a strategy to prioritize the management of loan recoveries with a better possibility of being reimbursed and to identify those loans with low or lack

of possibility of being collected, if applicable. Within this framework, the first tendering procedures to sell the real properties held by the DGF for their sale pursuant to the new regulations approved by the company (Real Property Sales Policy, Sales Regulations and Procedures) were approved. They aimed at promoting the attendance of interested third parties and the competence of offerors, equal treatment, publication and diffusion of acts and management transparency.

#### 4.6. Operations

As regards the most important aspects of the judicial management in 2012, as a consequence of the amendments to the strategy proposed by the General Manager as from 2009 in connection with the defense of the company in actions on fees' execution filed against SEDESA, the Resolution dated October 16, 2012 stood out. This Resolution, issued by the Civil and Commercial Chamber of the City of Mar del Plata, confirmed the exceptions stated rejecting the tendency applicable up to that moment which accepted the execution of fees filed by former officers against the company.

In connection with the management of real property, all the necessary measures for the promotion and performance of the recovery and transfer in favor of SEDESA of the properties held under the portfolios known as BEO and BALCA have been taken.

Despite the seniority of the portfolio, the collection management (Judicial and Extrajudicial) has remained stable. The variation between the two fiscal years was mainly shown by the increase on the item "Assets Management and Trusts". The increase on such item is based on the:

Transfer in favor of SEDESA by Banco Credicoop C.L. of ARS6.6 million for the full payment of the remaining balance of the Guarantee Fund for the contingency with the API of the Province of Santa Fe.

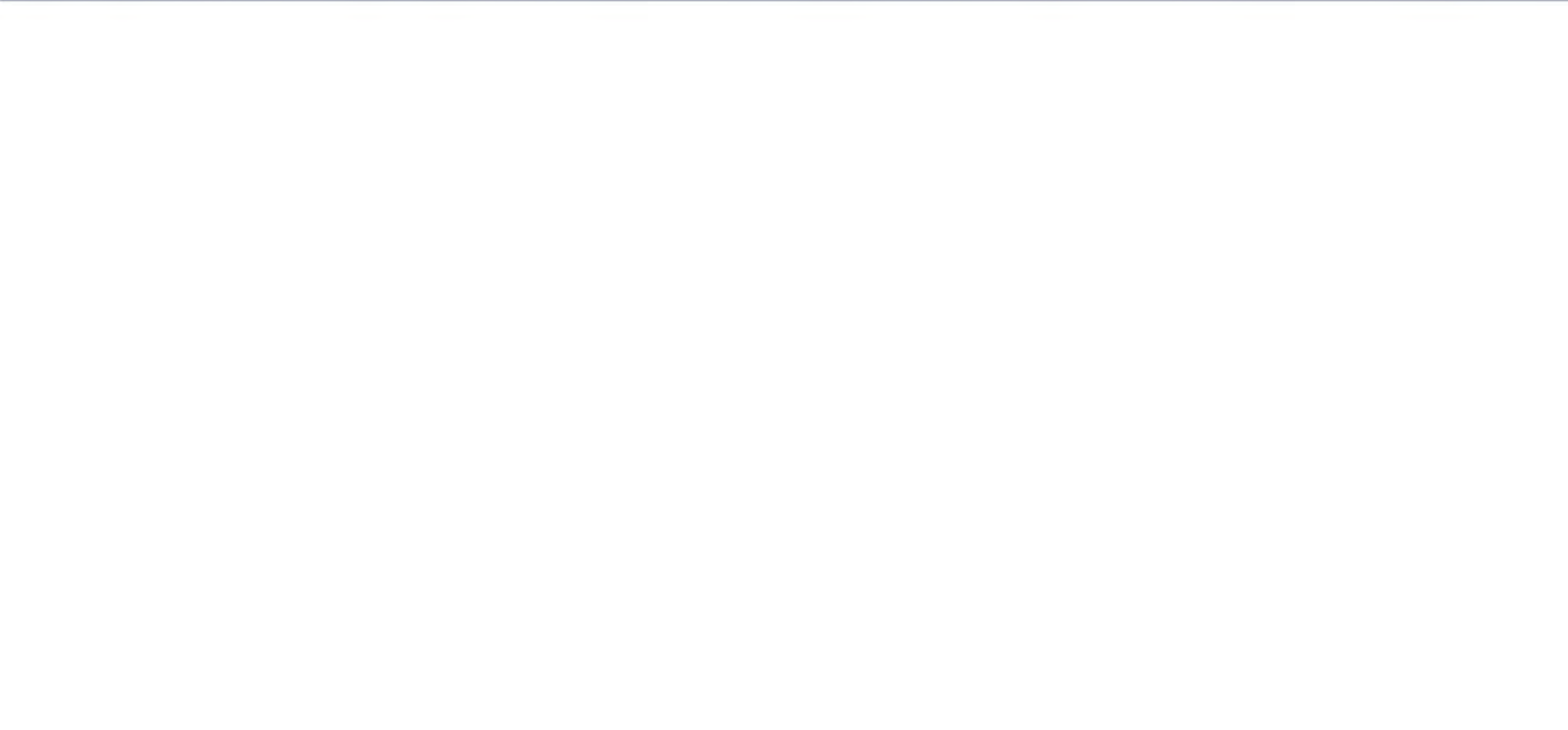
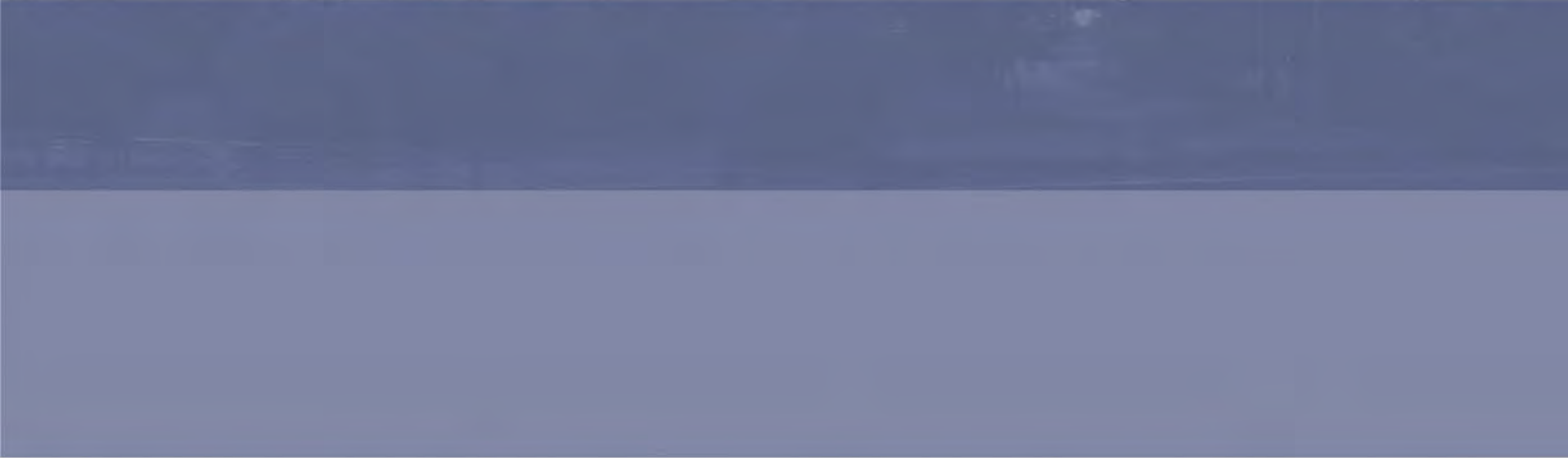
Income of ARS1.8 million for the sale of real property.

Regarding the loan portfolio management, there was a decrease in the extrajudicial collection based on a lower level of the Agencies' activity due to the portfolio seniority. However, such decrease was compensated by an increase on the judicial collection of a similar magnitude.

In connection with the activities conducted by the finance department, as stated hereinabove, the telephone conversations recording systems applied to financial transactions has been providing a better control environment and a more transparent management. In the same sense, a recording system was installed on the personal computers and a specific procedure for the development of the operations was also approved.

The policy on renewal of the computing system and the updated maintenance of the software licenses is still applied.





## **SEGURO DE DEPOSITOS SOCIEDAD ANONIMA**

Financial statements for the fiscal years ended  
December 31, 2012 and 2011; and Reports of the  
Independent Auditors.

# SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

## BALANCE SHEET

as of December 31, 2012 and 2011  
(in Argentine pesos)

ASSETS	31/12/2012	31/12/2011
<b>CURRENT ASSETS</b>		
Cash and Banks	18,120,075	1,034,959
Investments	1,894,209	16,959,974
Other receivables	631,030	788,657
<b>Total current assets</b>	<b>20,645,314</b>	<b>18,783,590</b>
<b>NON-CURRENT ASSETS</b>		
Other receivables	279,914	252,890
Fixed Assets	162,925	179,790
<b>Total non-current assets</b>	<b>442,839</b>	<b>432,680</b>
<b>Total assets</b>	<b>21,088,153</b>	<b>19,216,270</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	2,051,504	44,060
Taxes Payable	309,904	1,062,141
Social Security charges payable	620,940	469,876
<b>Total current liabilities</b>	<b>2,982,348</b>	<b>1,576,077</b>
<b>Total liabilities</b>	<b>2,982,348</b>	<b>1,576,077</b>
<b>SHAREHOLDERS' EQUITY (according to related statements)</b>	<b>18,105,805</b>	<b>17,640,193</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>21,088,153</b>	<b>19,216,270</b>

# SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

## INCOME STATEMENT

for the fiscal years ended December 31, 2012 and 2011

(in Argentine pesos)

	<u>31/12/2012</u>	<u>31/12/2011</u>
Administrative Expenses	(850,192)	(230,733)
Plus:		
Expenses Recovery	146,866	125,577
Financial and holding income from assets	<u>1,419,580</u>	<u>3,185,377</u>
Subtotal	<u>716,254</u>	<u>3,080,221</u>
Other net income	47	895
Net Income (before income tax)	<u>716,301</u>	<u>3,081,116</u>
Income Tax	(250,689)	(1,078,126)
Profits for the year	<u><u>465,612</u></u>	<u><u>2,002,990</u></u>



## **AUDITORS' REPORT**

To the Chairman and Directors of  
Seguro de Depósitos S.A.  
Legal domicile: San Martín 344, 12<sup>th</sup> floor  
City of de Buenos Aires  
CUIT: 30-68241551-3

1. We have audited the balance sheet of Seguro de Depósitos S.A. as of December 31, 2012, and the pertinent income statement, statement of shareholders' equity and cash flow for the fiscal year then ended, as well as the notes 1 to 8 and annexes I to VI that supplement such statements. Seguro de Depósitos S.A. is responsible for the reasonable drafting and submittal of the mentioned financial statements. Our obligation is to render a report on the financial statements based on the audit conducted.
2. Our examination was conducted pursuant to the auditing regulations currently in force in Argentina. Such regulations establish that we must plan and develop our obligations with the purpose of obtaining a reasonable degree of certainty regarding the lack of significant misrepresentations in the financial statements and render an opinion on the reasonableness of the relevant information included therein. An audit implies the examination, on a selective basis, of evidence that supports the figures and information described in the financial statements. An audit further includes an evaluation of the applied accounting policies and of the relevant estimates made by the Company, as well as an evaluation of the general presentation of the financial statements. We consider that the conducted examination is a sufficient and reasonable basis to support this report.
3. In our opinion, the financial statements of Seguro de Depósitos S.A. reasonably reflect, in all significant aspects, its economic and financial position as of December 31, 2012, as well as the results of the transactions, the variations in its shareholders' equity and the cash flow for the fiscal year then ended in accordance with the professional accounting regulations in force in the City of Buenos Aires.
4. The balances as of December 31, 2011, described in the financial statements for comparative purposes, derive from the financial statements of Seguro de Depósitos S.A. as of December 31, 2011, on which we issue our unqualified report dated March 28, 2012.
5. In compliance with the current provisions, we hereby state that:
  - a) the financial statements of Seguro de Depósitos S.A. are based on the accounting records kept in all formal aspects pursuant to the applicable legal regulations;
  - b) as of December 31, 2012, the accrued debt for the benefit of the Argentine Integrated Retirement System, as evidenced in the accounting records, amounts to ARS494,635.32 and it is not due and payable as of such date;

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- c) we have applied the procedures to prevent asset laundering and terrorism financing as set forth in the pertinent professional regulations issued by the Professional Council of Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 22, 2013.

PRICE WATERHOUSE & CO S.R.L.

(Partner)

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C.P.C.E.C.A.B.A. Volume 1 Folio 17  
Dra. Teresita M. Amor  
Public Accountant (UBA)  
Volume 145 - Folio 150  
C.P.C.E.C.A.B.A. [Professional Board of  
Economic Sciences of the City of Buenos Aires]

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## **DEPOSIT GUARANTEE FUND**

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, 2012 and 2011 and Reports from the Independent Auditors.

## DEPOSIT GUARANTEE FUND

### TRUST BALANCE SHEET as of December 31, 2012 and 2011 (in Argentine pesos)

	<u>31/12/2012</u>	<u>31/12/2011</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Banks	4,523,075,148	3,774,483,349
Investments	3,101,603,741	2,124,778,451
Receivables	1,169,703	79,663,541
Assets under Financial Leasing	70,019	66,019
Other Receivables	2,373,585	439,575
Other Assets	4,688,302	3,222,161
<b>Total Current Assets</b>	<u>7,632,980,498</u>	<u>5,982,653,096</u>
<b>NON-CURRENT ASSETS</b>		
Investments	142,297,852	138,849,537
Receivables	102,756,678	87,783,728
Assets under Financial Leasing	350,418	419,860
Other Assets	778,722	1,048,001
<b>Total Non-Current Assets</b>	<u>246,183,670</u>	<u>228,101,126</u>
<b>Total Assets</b>	<u><u>7,879,164,168</u></u>	<u><u>6,210,754,222</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	4,028,696	2,354,595
Other Liabilities	5,958,975	5,522,675
<b>Total Current Liabilities</b>	<u>9,987,671</u>	<u>7,877,270</u>
<b>Total Liabilities</b>	<u>9,987,671</u>	<u>7,877,270</u>
<b>SHAREHOLDERS' EQUITY (according to related statements)</b>	<u>7,869,176,497</u>	<u>6,202,876,952</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>7,879,164,168</u></u>	<u><u>6,210,754,222</u></u>



# DEPOSIT GUARANTEE FUND

## TRUST BALANCE SHEET for the fiscal years ended December 31, 2012 and 2011 (in Argentine pesos)

	<u>31/12/2012</u>	<u>31/12/2011</u>
<b>INCOME FROM FINANCIAL INVESTMENTS</b>		
Financial income from investments	303,574,807	199,788,289
Exchange rate difference	607,314,572	313,854,374
Subtotal income from financial investments	<u>910,889,379</u>	<u>513,642,663</u>
Less:		
Investment management and custody fee	( 1,648,254)	( 1,344,382)
Total income from financial statements	<u>909,241,125</u>	<u>512,298,281</u>
<b>NET INCOME FROM APPLICATION OF DEPOSIT INSURANCE</b>		
Income from paid deposit Insurance guarantees	1,119	( 157,835)
Total income from paid deposit insurance guarantees	<u>1,119</u>	<u>( 157,835)</u>
<b>INCOME FROM ASSISTANCE TO FINANCIAL INSTITUTIONS</b>		
Interest on granted loans	4,250,666	4,446,442
(Increase)/Decrease of provisions on loans with cancellation option with public bonds under guarantee	( 4,516,250)	346,198
Dividends	950,000	950,000
Income from sale of preferred stock	3,283,470	3,148,556
Total income from assistance to financial institutions	<u>3,967,886</u>	<u>8,891,196</u>
<b>INCOME FROM ASSET MANAGEMENT</b>		
Income from collection-recovery of assigned receivables, net of related expenses	17,751,560	6,392,500
Increase of provisions on loan portfolio, assets under financial leasing and other receivables	( 931,348)	( 890,822)
Income from recovery financial trusts, net of related expenses	5,164,939	3,788,579
Recovery of credit assets	1,162,975	-
Income from fixed asset management	( 564,598)	804,521
Income from other asset management	983,483	48,102
Total income from asset management	<u>23,567,011</u>	<u>10,142,880</u>
<b>ADMINISTRATIVE EXPENSES</b>	( 29,307,997)	( 22,329,012)
<b>OTHER NET EXPENSES AND INCOME</b>	599,642	( 5,557)
Profits for the year	<u><u>908,068,786</u></u>	<u><u>508,839,953</u></u>



## **AUDITORS' REPORT**

To the Chairman and Directors of  
Seguro de Depósitos S.A.  
(In its capacity as Trustee of the Deposit Guarantee Fund, CUIT: 30-70812286-2)  
Legal domicile: San Martín 344, 12<sup>th</sup> floor  
City of Buenos Aires

1. We have audited the trust balance sheet of Deposit Guarantee Fund as of December 31, 2012, and the pertinent trust income statement, statement of shareholders' equity and cash flow for the fiscal year then ended, as well as the notes 1 to 11 and annexes I to VI that supplement such statements. Seguro de Depósitos S.A., in its capacity as Trustee of the Fund, is responsible for the reasonable drafting and submittal of the mentioned trust financial statements. Our obligation is to render a report on the trust financial statements based on the audit conducted.
2. Our examination was conducted pursuant to the auditing regulations currently in force in Argentina. Such regulations establish that we must plan and develop our obligations with the purpose of obtaining a reasonable degree of certainty regarding the lack of significant misrepresentations in the financial statements and render an opinion on the reasonableness of the relevant information included therein. An audit implies the examination, on a selective basis, of evidence that supports the figures and information described in the financial statements. An audit further includes an evaluation of the applied accounting policies and of the relevant estimates made by the Company, as well as an evaluation of the general presentation of the financial statements. We consider that the conducted examination is a sufficient and reasonable basis to support this report.
3. In our opinion, the trust financial statements of the Deposit Guarantee Fund reasonably reflect, in all significant aspects, its economic and financial position as of December 31, 2012, as well as the results of the transactions, the variations in its shareholders' equity and the cash flow for the fiscal year then ended in accordance with the professional accounting regulations in force in the City of Buenos Aires.
4. The balances as of December 31, 2011, described in the trust financial statements for comparative purposes, derive from the trust financial statements of the Deposit Guarantee Fund as of December 31, 2011, on which we issue our unqualified report dated March 28, 2012.
5. In compliance with the current provisions, we hereby state that:
  - a) the trust financial statements of the Deposit Guarantee Fund are based on the accounting records kept in all formal aspects pursuant to the applicable legal regulations;
  - b) as of December 31, 2012, there is no accrued debt for the benefit of the Argentine Integrated Retirement System, as evidenced in the accounting records;

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- c) we have applied the procedures to prevent asset laundering and terrorism financing as set forth in the pertinent professional regulations issued by the Professional Council of Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 22, 2013.

PRICE WATERHOUSE & CO S.R.L.

(Partner)

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Dra. Teresita M. Amor  
Public Accountant (UBA)  
Volume 145 - Folio 150  
C.P.C.E.C.A.B.A. [Professional Board of  
Economic Sciences of the City of Buenos Aires]

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# SEDESA

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