



Annual Report
2015
ARGENTINA

SEDESA
SEGURO DE DEPÓSITOS S.A.



TABLE OF CONTENTS

Annual Report

Financial statements of Seguro de Depósitos S.A.

Auditor's Report for Seguro de Depósitos S.A.

Balance Sheet of the Fondo de Garantía de Depósitos

Auditor's Report for Fondo de Garantía de Depósitos

SEDESA
SEGURO DE DEPÓSITOS S.A.

COMPOSITION OF THE BOARD OF DIRECTORS AND INTERNAL COMPTROLLERS COMMITTEE

BOARD OF DIRECTORS

Chairman

Mr. Enrique O. Arceo

Vice Chairman

Mr. Norberto C. Peruzzotti

Director

Mr. Claudio A. Cesario

Alternate Directors

Dra. María C. Ehbrecht

Lic. María E. Deligiannis

Lic. Daniel Tillard

INTERNAL COMPTROLLERS COMMITTEE

Auditors

Dr. Alejandro Almarza

Dr. Walter Miner

Dr. Domingo Alberto Romano

Alternate Auditors

Dr. Hugo N. Bruzone

Dra. Juana G. Fernández

Dr. Eduardo D. Prina

SEDESA – Annual Report 2015

Table of Contents

1. International Context. General Provisions

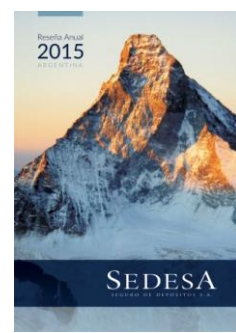
- 1.1. Developed Economies. Changes in the Policies of the Federal Reserve (FED)
- 1.2. Emerging Economies. The Trend Change
- 1.3. Argentina in the Global Context

2. The Recent Functioning of the Argentine Economy

- 2.1. The Three Stages
- 2.2. Measures adopted by the New Administration
- 2.3. Development of the Financial Sector

3. SEDESA in 2015

- 3.1. DGF in 2015
- 3.2. Actions undertaken
- 3.3. Organization
- 3.4. Financial Statements of SEDESA
- 3.5. Financial Statements of the DGF
 - 3.5.1. Assets
 - 3.5.2. Liabilities
 - 3.5.3. Balance Sheet
 - 3.5.4. Income Statement



1. International Context. General Provisions

As from March 2013, the international financial markets began anticipating the gradual tapering of the bond-buying program of the FED, “Fed Tapering”, for USD 85,000 million per month. This process commenced in December 2013 with gradual reductions of USD 10,000 million announced at every meeting of the Monetary Policy Committee. Upon termination of this debt-buying program, the FED started planning, with a more favorable scenario and employment, a very gradual commencement of the rate-increase cycle.

In 2015, there were changes in the international financial conditions, known as “tail wind end” that had begun in 2013. The strength of the Dollar was evidenced in a significant decrease in the prices of the commodities (mainly of the petroleum, at which area there were also factors of over-supply and geopolitics that caused a price decrease of almost 50%) and also in a sudden devaluation in several emerging economies (mainly in those countries where there is a relevant participation of the commodities in exports and tax resources).

Even though the volatility in the markets, mainly related to the slowing down of China and the disassemble of its credit bubbles (in the market of assets and in the local financial system), delayed until December the commencement of interest-rate increase cycle by the FED, this was not very significant; and therefore, the liquidity for the emerging economies currently remains being more selective. To sum up, the scenario is characterized by the selective liquidity consistent with the strength of the Dollar, a context of higher financial volatility in the markets and a correction of the prices of raw materials led by a decrease of the petroleum’s price.

In the abovementioned framework, during the last months of 2015, there was a deterioration of the prices of the emerging economies’ financial assets: general fall of stock market indexes of these economies, as occurred with the indicators of the most developed economies; an enhancement of the spreads of sovereign debt; and an renewed weakness in the currency of emerging economies against the Dollar. This occurred under a general situation of release of the funds specialized in assets of emerging economies and less placements of their debt instruments. The enhancement of the spreads for the debt was combined with a decrease in gross bond placements by the agents of such economies in international markets. Furthermore, in the April-August period, all the issuances of emerging debt (sovereign and corporate) were reduced by

32% in comparison with the same period of the previous year, almost three quarters of the decrease in the amounts explained by the debt of the corporate segment.

Regarding the economic activity, as from mid-2014 the development of the growth rates of advanced and emerging economies evidenced different behaviors with a greater dynamism of all the main developed regions, based on depressed levels that had been partially compensated by a low increase in the expansion of the developing economies. Jointly, the global growth remained at about 3.1% though with a Latin-American sudden slowing down led by the Brazilian fall, and a low increase by China. In turn, the global trade continued growing at a rate lower than the one observed during the last years, influenced by the situations occurred in the emerging regions.

The diverse situations faced by such regions implied different political answers. In addition to this scenario there was a significant increase in the volatility of the financial markets as to the circumstances suffered in Greece and, recently, by the situation in China.

To sum up, under these circumstances, the countries of the region showed a slowing down of the growth rhythm, in exchange of the devaluation of the currencies and the imports' adjustment within a context of a lower dollar-offer as to the correction of the commodities prices (the petroleum was at about USD 30 per barrel at the end of 2015 while it was USD 105 in June, 2014). At the same time, the cycle of the developed economies was slowly recovered due to the monetary intervention of the central banks; and the emerging economies that imported raw materials were benefited from the commodities' deflation due to the positive effect-income on the consumers' demand and the higher margin from the inflation side to decrease the rate of the monetary policy.

1.1. Developed Economies. Changes in the Policies of the Federal Reserve (FED)

The economic activity of the United States (U.S.) remained evidencing an improvement, together with the significant advancements on the working market while in the European Union (EU), despite a certain impulse registered in the production of goods and services, the critical situation in Greece, Italy and Spain remained constituting a risk for all the region. For all the developed economies, there was still a marked divergence in the development and answers of economic policies within this group, in 2015 there was an increase of almost 1.9%, a bit higher than the one recorded in 2014. Positive developments were evidenced in EU and the United Kingdom while the countries of the Eurozone and Japan showed less favorable developments.

In EU, the monetary gradualism that the FED was trying to implement during the next years showed a dilemma in the economy that, even though it approached to the natural unemployment rate, it still had an inflation path lower than the aim to be achieved. On December 16, the Federal Open Market Committee (FOMC) of the FED finally decided to increase the objective of its reference interest rate (first increase as from June 2006), the federal funds interest rate shall increase 0.25 p.p., to the new scope 0.25-0.5%. This decision was adopted under a situation where most of the indicators showed a sustained level of activity and continuing improvements in the working market.

1.2. Emerging economies. The Trend Change

The emerging economies increased about 4.2% i.a.¹ towards the middle of the year considering, after several corrections to the decrease in the estimations, an expansion of 5.1% in 2015; 0.5 p.p. lower than the expansion recorded in 2014.

This development was affected by the deterioration of the international trade volume, in addition to, for some emerging economies, lower prices of raw materials and less favorable financial conditions. This last situation was the answer to the redirection of short-term capital flow to advanced countries and especially to the EU, bracing the Dollar evaluation that was deeply analyzed after the adjustment of the parity and the mechanism of establishing the exchange rate in China. In this context, the emerging economies that depended more from the external capital flows maintained or increased

¹ year-on-year basis/ interannual

their reference interest rate of monetary policy in relation to the levels of the previous year (the recent increases of Brazil and South Africa stood out). By virtue of these measures, such economies aimed at reducing the pressures to the value of their currencies and/or internal prices.

The doubts related to the Chinese growth were increased as the other side of the end of the inflated bubbles. It is worth mentioning that within the context of the monetary trilemma faced by the People's Bank of China, the authority decided to accelerate in the margin the exchange rate crawl (with a Dollar-value from 6.20 Yuans in August to 6.58 at the beginning of 2016), apart from having sold the reserves to finance the capital outflow and decreased the interest rate of the monetary policy, to mitigate the cycle's slowing down and the impact of the bubble's end in the value of the shares (the Shanghai Composite that was at 3300 points in January increased to 5166 points in May 2015 to then strongly decreased to 2800 points at the beginning of 2016). The estimations of the IMF showed a slowing down in the economic growth from 6.9% in 2015 to 6.3% in 2016 and to 6% in 2017, far from the average growth rhythm about 10% of the period 1980-2011.

In Latin-America, the external restriction was evident. The deterioration in the exchange among the countries of the region against the decrease in the prices of the commodities not only did it derived in a lower income of Dollars by the external current account but also it facilitated a process of capital outflow from the economies of the region towards the quality of bonds of the US Treasury. Even though devaluation at first helped correcting, according to the country, the external imbalances against the offer of commercial and financial Dollars, the fall in the exchange delayed this process and emphasized the adjustment required in imports (and in the level of activity) to return to the external balance.

In Brazil, the Central Bank increased the reference interest rate from 7.25% in March, 2013 to 14.25%; and however, inflation turned from 6.4% i.a. in December, 2014 to 10.7% i.a. pushed by the hike in the exchange rate and the increase in the prices of the regulated services, once the loss of the tax consistency limited the allowance policy. This country, together with the exchange adjustment, had to increase the interest rate to limit the capital outflow, affecting its tax solvency by higher debt interests (from 4.4% of the GDP to 8.4% of the GDP between 2013 and 2015). The result had been a

recessionary process, the loss of the investment grade and the resulting increase of the interest rate of the sovereign debt in Dollars for a 10-year period towards the 7%-zone.

1.3. Argentina in the Global Context

The main commercial partners of Argentina continued increasing at a rhythm lower than the global average, especially the reduction of the economic activity in Brazil remained having a negative influence on the external Argentine demand. Thus, the commercial balance, ICA, was USD 2,100 million, with a fall of USD 4,500 million in relation to the previous year.

Even though the fall in raw material, the Brazilian recession and the lower growth of China constituted a challenge from the point of view of the external current account in a world where the global trade continued evolving very slowly, the low interest rates in the markets against the obstacles that the FED could find to fasten the increase of the rates, and the injection of liquidity of the central banks of the Eurozone and Japan opened a window to leverage the economy from the very low levels of debt in the market (only 10% of all the dollarized public debt was in the market); showing an unprecedented situation of solvency.

2. The Recent Functioning of the Argentine Economy

2.1. The Three Stages

At a local level, the electoral year was present in the economy's functioning and showed three well-defined periods:

A first stage, until October, where the possibility of partially opening the capital account by the swap with China and other kind of unusual incomes and the sale of futures contracts by the Central Bank of Argentina (BCRA) before the election process, allowed the Government to maximize the efficiency of the exchange and tariff peg in a context where the Dollar clamp sustained the Pesos demand. With an official dollar that only changed 1% per month and with public services rates almost frozen, inflation remained at about 1.7% on a monthly basis until October (23% annually), while there was a slow increase of almost 1.2% i.a. in the economy as the other side of an increase in the remunerations of about 30% annually.

A second stage, from the result of the first voting round, when the candidate of the opposing party was more likely to win, where the expectations of devaluation were accelerated and converted into an inflation rate that in November and December was at about 3% per month.

The third period occurred with the exchange rate disclosure together with the end of the exchange rate clamp that the new Government stated (mainly in relation to the flows and, to a lesser extent, due to the stocks). In this stage there was a dollar-interest rate balance lower than the one expected by the market. With a Dollar quoted at about ARS 13, ARS 2 under the values reached by the blue chip dollar amounted to ARS 15 approximately in September and October, the 34%-devaluation hike showed a transfer to lower prices at the beginning.

During the year, the exchange rate lag caused by the inflation in Dollars in a world where the Dollar would be strengthened if added to taxes on exports and an exchange rate gap that in average was at about 40% (considering the blue chip dollar), enhanced the lack of foreign currencies by the current account in a context where the exports lost about USD 20,000 million in two years, in part due to the fall of the export prices and where the decrease in imports of USD 10,000 million during the same term, was

exacerbated by the management of the external sector against the lack of foreign currency. Thus, the year ended with a deficit in the commercial balance of about USD 3,300 million (considering the data of INDEC's user base) and a deficit of current account of 2.2% of the GDP (USD 13,000 million).

In view of this external sector, with a tax gap that increased in 2015 to 3.7% of the GDP (considering the cash flow data of the public sector without interest and less the income of the BCRA) and expirations in foreign currency for USD 10,000 million between interests and amortizations (including USD 6,500 million of Boden 2015), and without a solution to the lawsuit in New York, the Reserves decreased USD 8,400 million as from mid-year, amounting to USD 25,400 million in December and a monetary base that ended the year with an increase of 40% i.a.

The other side of the liquidity problem of the BCRA was a significant improvement in the stock of the Treasury debt in the market, with a Debt ratio at GDP of only 10.4% (40.2% if the public intrasector debt –ANSES and BCRA- and the debt with multilateral credit organisms were further considered.)

The capital controls kept the demand in Pesos stabilized, with deposits of the private sector in Pesos that increased 42% and 48% in the segment of fixed-term deposits. The credit to the private sector increased 20.3%, mainly led by credits for consumption with an increase of 47% encouraged by the “*Ahora 12*” (interest-free installments) program, despite the strong dynamism of the subsidized credit line.

The fact of reaching the scenario of external restriction and almost full employment under an unprecedented situation of insolvency allowed thinking in a leverage of the local economy that permitted mitigating the correction of relative prices necessary for the recovery of profitability of the sector that generated foreign currency and returned to the sustainable tax path.

Regarding the evolution of the economic activity, the production of goods and services showed a greater dynamism during the first semester of 2015. It is considered that during 2015 the economy showed an interannual increase (i.a.) of the GDP near 1.5%. This improvement was mainly due to the development of the internal expenditure since the external demand was weak as stated hereinbefore. While the private consumption increased about 2% i.a., investments would have decreased 1% i.a.

In this development, the public sector faced a deficit, without considering the BCRA's recourses, of almost 4 points of the GDP.

2.2. Measures adopted by the New Administration

In mid-December it was stated the normalization of the foreign exchange market. This entailed the establishment of a sole exchange rate for every transaction and the release of the current transactions' flow (there remained some restrictions to capital transactions and external operations conducted prior to the unification), maintaining the obligation to liquidate exports in the foreign exchange market and deleting the restrictions to the acquisition of foreign currency for legal and physical persons. Moreover, a schedule was arranged to regularize due payments of imports already shipped; and, as an alternative, the Treasury requested a bond that shall pay capital as from May of the next year.

Moreover, it was agreed the partial translation of Yuans of the currencies swap between the BCRA and the Central Bank of China (for a total amount of USD 3,086 million); and later the performance of a swap with the Treasury's dollarized public instruments.

Other implemented initiatives were the removal of the restrictions applicable to the active and passive interest rates and the modification of the transactions of the open market. Changes were introduced to the processes of bidding of LEBAC in Pesos and Dollars, the variety of available instruments was enhanced and LEBAC in Pesos adjustable pursuant to the exchange rate were relaunched.

As a consequence of the abovementioned measures, term deposits in Pesos of the private sector that showed a decreasing trend until the exchange-market unification, evidenced a trajectory of sustained increase from such moment. The trend change of the term deposits occurred under a context where the passive interest rates increased in comparison with what was observed until the first two weeks of December.

Such increase was encouraged by the Central Bank that increased the LEBAC interest rate between 4 p.p. for longer term-deposits and 8.5 p.p. for shorter term-deposits. In future tenders, after the normalization of the exchange rate, part of such increases were reverted. The exchange unification and the observed greater yields encouraged

during the second fortnights of December a strong growth in foreign-currency deposits of the private sector. Thus, the balance of these placements reached USD 10,600 million, the higher level as from mid-2012.

The monetary base registered in December an interannual growth rate of 40.5%. Despite this effect, the monetary base would have ended by 2015 with an acceleration higher than 12 p.p. in relation to the previous year. The factors of variation in the monetary base in 2015, showed a growing tax deficit and a deterioration in the external accounts. Therefore, during the year, the Central Bank was a net seller of foreign currency and the operations of the public sector strengthened their expansive effect, being the main growth factor of the monetary base. The monetary aggregates ended the year with strong interannual growth rates.

2.3. Development of the Financial Sector

As regards deposits, during 2015 there was an interannual increase of 37%, with increases of 42% and 48% as the case may be for total private segments and private fixed term deposits. Regarding the Dollar tranche, the annual increase of private-sector deposits reached 29% while the aggregate percentage for this kind of deposits was 20%.

In 2015, loans in Pesos to the private sector increased the interannual rhythm of expansion, in part, benefited from a low comparison base, ending the year with a 39%-increase (percentages of changes in nominal values), accumulating an increase of about 19 p.p. in the last 12 months. Particularly, in December there was an increase of 4.8% (ARS 34,820 million) that was the highest of the year and significantly higher than the increase observed in December 2014.

The segment of the advance payments showed an increase of 5.2% (ARS 4650 million), with an interannual variation of over 40%. In turn, fundings implemented by documents showed an increase of 6.2% in the month (ARS 11,290 million) and there was a 43.7%-growth in the last twelve months.

Personal loans registered an interannual variation of about 37% and pledge loan ended 2015 with an increase of 22.3%. On the other hand, mortgage loans remained showing a low dynamism with an interannual variation of 14%, representing less than 1% as to the GDP.

Fundings with credit cards, showed an interannual variation that remained at historically high levels, reaching 57.3%. Thus, the total number of loans in Pesos and in foreign currencies ended with a participation of about 13% as to the GDP.

In view of an interannual comparison, the banking credit in national currency increased 38.2% under nominal terms, 11.5% i.a. under real terms if we considered deflators of provincial institutes of official statistics. Moreover, fundings in foreign currencies decreased in the last twelve months. In this sense, loans to companies and families showed a nominal increase of 36.2% i.a., 9.9% i.a. under real terms.

It is worth mentioning that in December, the Central Bank eliminated the minimum amounts applicable to passive interest rates. At the year-end, the interest rate of the term deposits up to ARS 100,000 was at 26.6% while the BADLAR interest rate of private banks reached 27.3%. Thus, the BADLAR interest rate of private banks again showed a positive spread regarding the interest rates paid by retail deposits, as occurred in the period prior to the establishment of minimum rates.

The active interest rate also showed increases in December. Those rates that were subject to a regulation, basically those applicable to personal and pledge loans, began to be freely agreed as from the middle of the month. The monthly average of interest rates of personal loans was at 39% and the one of pledge loan at 26%.

Before the foreign exchange unification, increases in the interest rates were confirmed and began evidencing the monetary market's conditions. The increase of the hurdle interest rates in the tender of securities of the Central Bank was accompanied by the offer of a more variety of term deposits that included securities with expiration as from 35 days; the number of holders was increased, and again non-residents may subscribe LEBAC. Furthermore, changes were introduced to the tender proceeding, deleting the part of predetermined interest rates.

3. SEDESA in 2015

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; and
 - 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 to the holders of the amounts deposited in wages and salaries crediting accounts).
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 BCRA and chargeable to the DGF.

3.1. DGF in 2015

Pursuant to section 1, Executive Order 540/95, the purpose of the Deposit Guarantee Fund (DGF) is to cover bank deposits within the scope set forth thereof. Notwithstanding the foregoing, the DGF may provide the financial assistance listed in section 10 bis of Executive Order 540/95 and its amendments.

To accomplish its purpose, the DGF obtained its recourses from the monthly contributions made in cash by the financial institutions under the terms, limits and conditions set forth in Executive Order 540/95 and its amendments and in accordance with the supplementary regulations issued by the BCRA.

According to Communication "A" 5641 issued by the BCRA, dated October 6, 2014, the common monthly contributions made by the financial institutions was set at 0.60% of the average of the daily balances of the deposits of each institution, plus a contribution differentiated by the institution that may be up to an additional 0.015%. On February 10, 2015 under Communication "A" 5710, the BCRA stated that where fixed-term deposits in Dollars of the non-financial private sector of the country shall be allocated to the subscription of LEBACS in Dollars, the normal contributions that the financial institutions made on a monthly basis to the Deposit Guarantee Fund shall be equivalent to 0.015%.

3.2. Actions undertaken

In 2015, the main guidelines to improve management abilities and development of corporate policies and processes remained being applied.

During 2015, the aim was to go in depth on the design, drafting and implementation of policies, regulations, manuals, proceedings, instructions and forms to increase the integral efficiency and effectiveness of the corporate activities.

Furthermore, a training plan was conducted for all the recourses of SEDESA in the different activities it is engaged.

Regarding the international activities, SEDESA is a full member of IADI (International Association of Deposit Insurers). In 2015, SEDESA maintained its active participation in the Association and several forums and activities organized by it.

On such forums, Dr. Alejandro López, SEDESA's General Manager, is a member of the Executive Council (EXCO) of IADI and in October 2015 he was reelected as Chairman of the Latin-American Regional Committee (LARC).

In March, Dr. Alejandro López participated as a speaker in the Annual Conference of the Latin-American Regional Committee held in Bogota -

Colombia regarding the challenges faced by the regional systems and commented on the actions undertaken and the achievements reached by LARC in the last years.

Next, in April he was invited to participate in the Americas Regional Consultative Group organized by the Financial Stability Board where he was part of the panel on “The Deposit Insurance and the Role of the Financial Safety Net in Resolution Processes” in which he presented a comparative study on the resolution processes and the current situation of the members of the Latin-American Regional Committee.

Moreover, Dr. Alejandro López was a speaker in Session 3: “Crisis Preparedness and Contingency Planning – Cases and Lessons Learnt”, in the 13th Annual Meeting and International Conference "Cross-Border Cooperation in Resolution and Crisis Preparedness" held in the city of Taipei, Taiwan.

It is worth mentioning that at the 46th bis EXCO Meeting of IADI chaired by Thomas Hoenig, Vice-President of the Federal Deposit Insurance Corporation (FDIC), of the United States of America, the creation of three working groups was presented that had been formed to reach the objectives established in the Association’s Strategic Priorities: 1) Technical Assistance and Training, 2) Funding of the Association, and 3) Analysis of the Government Structure and Proceedings. To lead this last group, Hoenig requested the collaboration of the General Manager of SEDESA, as the group coordinator, to conduct an analysis on the current structure of IADI and a report of recommendation with amendments together with the implementation of the Strategic Priorities.

3.3. Organization

During 2015, SEDESA continued with the management continual improvement process as a permanent purpose of the Corporation. The base of this model proposed this general attitude to ensure the efficiency of the processes by increase the integral efficiency of the Corporation's undertakings.

The persistency in the identification of the processes and a quantifiable and actual analysis of each of them was evidenced in the results obtained throughout this year. Some of the tools used included meetings of the personnel, meeting of Directors, the application of corrective actions against the identification of observations and preventive and proactive measures.

It is important to mention that the experience obtained by SEDESA's personnel in the implementation and conduction of the Quality Management System and participation therein was very useful for SEDESA's general operating procedures and was beyond, as to the scope, the certified processes that complied with the IRAM- ISO 9001:2008 Standard.

In November, IRAM conducted a recertification audit of the QUALITY MANAGEMENT SYSTEM (QMS) under the ISO 9001:2008 standards which scope is the "Realization and sale of real state to integrate the available balance of the Deposit Guarantee Fund" and the follow-up audit of the certification of the QUALITY MANAGEMENT SYSTEM (QMS) under the ISO 9001:2008 standards which scopes is the "Management of the Deposit Guarantee Fund".

The audit finished successfully and the auditors recommended the General Committee of Certifications of IRAM to maintain the certification of the Quality Management System of Seguro de Depósitos S.A. – for all the abovementioned scopes.

Regarding the policies on Information Security, they continued being maintained and improved.

3.4. Financial Statements of SEDESA

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

	12/31/2015	12/31/2014
CURRENT ASSET	49,024,320	30,926,786
NON-CURRENT ASSETS	442,207	736,524
TOTAL ASSETS	49,466,527	31,663,310
CURRENT LIABILITIES	7,719,453	3,724,487
TOTAL LIABILITIES	7,719,453	3,724,487
NET WORTH	41,747,074	27,938,823
TOTAL LIABILITIES PLUS NET WORTH	49,466,527	31,663,310
ORDINARY OPERATING INCOME	-2,052,077	-959,887
FINANCING AND HOLDING INCOME	23,800,669	10,946,020
OTHER INCOME AND EXPENSES	0	3,911
ORDINARY NET INCOME	21,748,592	9,990,044
EXTRAORDINARY INCOME	0	0
SUBTOTAL	21,748,592	9,990,044
INCOME TAX	-7,940,341	-3,784,162
NET INCOME	13,808,251	6,205,882
	12/31/2015	12/31/2014
Funds arising from (applicable to) operating activities	-5,452,699	-3,158,254
Funds arising from (applicable to) investment activities	-228,637	-198,210
Funds arising from (applicable to) financing activities	23,768,107	10,907,582
Total funds generated or applied during the fiscal year	18,086,771	7,551,118

Moreover, pursuant to section 1, subsection 4 of the abovementioned resolution, the following indexes were evidenced:

	Year 2015	Year 2014
CURRENT LIQUIDITY (CURRENT ASSETS / CURRENT LIABILITIES)	6.4	8.3
SOLVENCY (NET WORTH / TOTAL LIABILITIES)	5.4	7.5
FIXED CAPITAL STOCK (TOTAL ASSETS / NON-CURRENT ASSETS)	0.90%	2.30%
PROFITABILITY (INCOME FOR THE FISCAL YEAR / NET WORTH AVERAGE)	33.08%	22.20%

Regarding the analysis of the main items of the Financial Statements of SEDESA, an increase in the assets was registered, mainly in the current assets generated by the investments in foreign-exchange assets after the unification of the exchange-rate system. In relation to current liabilities, the growth was caused by the increase in relation to 2014 in the item Provision Income Tax, net of advances and withholding.

The result of SEDESA in the fiscal year ended on December 31, 2015, showed a relevant improvement in relation to 2014, as a consequence of the financial results and holdings, in a context of a positive year as to the yield of the market of sovereign bonds and the depreciation of the Peso against the Dollar, as described in section 3 herein, due to the unification and normalization of the exchange-rate market.

Regarding the operative results, the deterioration against 2014 belonged to the increase of the inputs prices, specially the cost of the insurances denominated in foreign currency and withholding of provincial and national taxes (Gross Income and Tax on debits and credits in current accounts).

The Net Worth as of December 31, 2015 amounted to ARS 41,747,074 and included the following items:

Capital	ARS 1,000,000
Capital Adjustment	ARS 1,197,266
Legal Reserve	ARS 439,454
Optional Reserve	ARS 25,302,103
Income for the fiscal year	ARS 13,808,251
Total	ARS 41,747,074

3.5. Financial Statements of the DGF

The following comments on the Financial Statements are stated in order to provide a framework for the understanding thereof in view of the domestic and foreign economic and financial situation.

The local and international context in 2015 remained going through paths of high uncertainty since the global economy and the Argentine situation showed a high volatility in the real economic activity, with setback periods and stages of expansion.

Furthermore, the administration of the Deposit Guarantee Fund remained being oriented to an improvement of the structure of its balance, reducing the illiquid assets (mainly the credit portfolio) and performing financial operations that reconcile positive yields with low risk profile, to comply with the original purpose of the DGF.

3.5.1. Assets

In 2015 the total assets of the DGF increased ARS 20,099 millions regarding the end of the previous year (an increase of 87%) evidenced by increases of ARS 20,093 million in the current assets (equivalent to an 88%-increase) and an increase of ARS6 million in non-current assets (an increase of 2.4% in the year). It is worth mentioning that the increase mainly belonged to the process of foreign exchange unification that allowed the accounting registration of the value of the assets denominated in foreign currency at the true market value and the quotation of the foreign currency being in correspondence to the free market, now a single foreign exchange market.

The main increases registered in the current assets were under the item Investments, an increase of ARS 15,154 million (a growth of 107% i.a.) and in the item Cash and Banks there was an increase of ARS 4,937 million (a growth of 57% i.a.).

In Cash and Bank, most of the increase in relation to the prior end of the year, was concentrated in the item foreign currency affected by the REPO transactions (ARS 5,197 millions more), related to the operating procedures that the DGF usually conducts with the BCRA. It is important to mention that pursuant to the sections set forth in the letter of agreement, the results generated therein and recorded in the Financial Statements of the Fund, belonged to the assets delivered by the DGF as underlying assets in the transactions. Moreover, the assets in kind involved therein shall be returned to their original holders -in this case the DGF- upon expiration.

As of the issuance date of the financial statements mentioned in this report, the REPO transactions amounted to USD 967,323,337.

In the item Investments it is relevant to mention the growth in the holding of national public securities in Pesos, ARS 7,943 million in the year, as well as securities in foreign currency allotted to REPO transactions, that entailed an increase of ARS 5,137 million due to the effect of the foreign exchange unification at the year-end.

Furthermore, in the analysis of cash-generation of the DGF's operating activities, there was an increase of ARS 7,013 million as to 2014, practically triplicating the closing value of the prior year, where the main sources were the contributions of the institutions (ARS 4,522 millions). Besides, it is worth mentioning the dragging effect generated by the regulatory amendments established by the BCRA at the end of the year by which the coverage limit of deposit insurances was enlarged, determining an increase in the percentage that the banks should pay to the DGF for such purpose. Additionally, a relevant growth was registered in the financial income (ARS 2,498 million).

3.5.2. Liabilities

In 2015 the Liabilities of the DGF were increased (ARS 5,204 million), basically evidenced by the impact of the foreign exchange unification due to the REPO transactions as liabilities of the Fund using securities in foreign currency.

3.5.3. Balance Sheet

As of the December 31 2015, the Net Worth of the DGF amounted to ARS 30,618,183,533, representing an increase of ARS 14,894,711,069. This increase in the Net Worth was composed of ARS 8,458,953,667 (income generated by the DGF during the fiscal year) and ARS 6,435,757,402 (contributions made by financial institutions). It is worth mentioning that, for the fourth consecutive year, the increase in the Net Worth was mainly caused by the income generated by the Fund, over the contributions of the institutions.

In this sense, the Net Worth managed by the DGF increased 94.7%, again exceeding the average growth recorded in the previous fiscal year (44%).

3.5.4. Income

The national and international financial context allowed that the income of the fiscal year amounted to ARS 8,459 million, with an increase of ARS 5,572 million in comparison with the income of the previous year; showing an income 193% higher than the one of the previous year. This result was reached by the financial investments that generated profits of ARS 8,509 million entailing an increase of ARS 5,599 million as to the former period (an increase of 192.3% i.a.).

The continuity in the policy to improve the management of the DGF was showed in the income statement of 2015. During the year, this item implied a negative impact on the income due to the reduction of the administered residual assets and the cancellation of debts from preexisting judicial claims.

On the other hand, administrative expenses amounted to ARS 69.3 million. The annual increase was mainly based in Remunerations, Social Security Contributions and Expenses incurred in Employees, Fees of Directors and Statutory Auditors and Professional Fees.



SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

Financial statements for the fiscal years ended as of December 31, 2015
and 2014.

SEDESA
SEGURO DE DEPÓSITOS S.A.

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

BALANCE SHEET

as of December 31, 2015 and 2014
(in Argentine Pesos)

ASSETS	<u>12/31/2015</u>	<u>12/31/2014</u>
CURRENT ASSETS		
Cash and banks	9,692,384	5,054,384
Investments	39,241,950	25,793,179
Other receivables	<u>89,986</u>	<u>79,223</u>
Total current assets	<u>49,024,320</u>	<u>30,926,786</u>
NON-CURRENT ASSETS		
Other receivables	182,919	160,527
Fixed assets	259,288	134,798
Intangible assets	<u>-</u>	<u>441,199</u>
Total non-current assets	<u>442,207</u>	<u>736,524</u>
Total assets	<u><u>49,466,527</u></u>	<u><u>31,663,310</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	580,534	-
Taxes payable	5,719,739	2,718,406
Corporate debts	<u>1,419,180</u>	<u>1,006,081</u>
Total current liabilities	<u>7,719,453</u>	<u>3,724,487</u>
Total liabilities	<u><u>7,719,453</u></u>	<u><u>3,724,487</u></u>
NET WORTH (according to related statements)	<u>41,747.074</u>	<u>27,938,823</u>
Total Liabilities and Net Worth	<u><u>49,466.527</u></u>	<u><u>31,663,310</u></u>

SEGURO DE DEPOSITOS SOCIEDAD ANONIMA

INCOME STATEMENT
for the fiscal years ended December 31, 2015 and 2014
(in Argentine pesos)

	<u>12/31/2015</u>	<u>12/31/2014</u>
Administrative expenses	(2,156,224)	(1,082,025)
Plus:		
Recovery of expenses	104,147	122,138
Financial and holding income from assets	<u>23,800,669</u>	<u>10,946,020</u>
Subtotal	<u>21,748,592</u>	<u>9,986,133</u>
Other net Income and accounts payable	-	3,911
Net profit (before Income Tax)	<u>21,748,592</u>	<u>9,990,044</u>
Charge from income tax	(7,940,341)	(3,784,162)
Net profit for the fiscal year	<u><u>13,808,251</u></u>	<u><u>6,205,882</u></u>

INDEPENDENT AUDITORS' REPORT

To the Directors of
SEGURO DE DEPÓSITOS S.A.
Legal domicile: San Martin 344, 12th floor
City of Buenos Aires

I. Report on the financial statements

Introduction

1. We have audited the attached financial statements of SEGURO DE DEPÓSITOS S.A. ("the Company") that includes: (a) the balance sheet as of December 31, 2015, (b) the income statement, the statement of changes in net worth and the statement of cash flow for the fiscal year then ended, and (c) a summary of the significant accounting policies and other explanatory information.

Duties of the Company's Board of Directors in relation to the financial statements

2. The Board of Directors of Seguro de Depósitos S.A. is responsible for the reasonable drafting and filing of the attached financial statements pursuant to the information framework established by the Companies' Control and Registration Office (IGJ) that, as stated in note 1 of the attached financial statements, requires the application of the Argentine professional accounting regulations in force in the City of Buenos Aires, provided it is not expressly stated otherwise in the law, regulatory provisions or resolutions of such controlling body. Moreover, the Board of Directors is liable for the internal control that it deems necessary for the drafting of financial statements free of significant misrepresentations based on mistakes or irregularities.

Duties of the auditor

3. We are liable for the rendering of a report on the attached financial statements based on our audit conducted. We have performed our work pursuant to the auditing regulations set forth in the Technical Resolution No. 37 of the Argentine Association of Professional Councils of Economic Sciences. Such regulations establish that auditors must comply with ethical requirements and that we have to plan and perform our obligations with the purpose of obtaining a reasonable degree of certainty about the lack of significant misrepresentations in the financial statements.

An audit implies the application of procedures to obtain items of evidence that support the information and figures described in the financial statements. The selected procedures depend on the professional opinion of the auditor, who evaluates the possibility of relevant misrepresentations in the financial statements caused by mistakes or irregularities. To conduct this risk examination, the auditor considers the internal control of the Company regarding the relevant aspects for the reasonable drafting and submittal of the financial statements, in order to select the auditing procedures that are suitable according to the circumstances but not with the purpose of rendering an opinion on the effectiveness of the current internal control system of the Company. An audit further includes an evaluation of the suitability of the used accounting policies and of the reasonability of the accounting estimations made by the Company's Board of Directors, as well as an evaluation of the submittal of the financial statements as a whole.

We consider that the conducted examination is a sufficient and reasonable ground to support this auditor's report.

Opinion

4. In our opinion, the financial statements attached hereto reasonably reflect, in all significant aspects, the financial position of SEGURO DE DEPÓSITOS S.A. as of December 31, 2015, as well as the results of its transactions, and its cash flows for the fiscal year then ended in accordance with the accounting information framework stated above in paragraph 2.

II. Report on other legal and regulatory requirements

In compliance with the current provisions, we hereby state that:

- a) As of December 31, 2015, the accrued debt of social security contributions for the benefit of the Argentine Integrated Retirement System, as evidenced in the Company's accounting records, amounts to ARS1,119,782 and is not due and payable as of such date.

- b) We have applied the procedures to prevent asset laundering and terrorism financing as set forth in the current professional regulations.

City of Buenos Aires,
February 4, 2016

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E.C.A.B.A. [Professional Board of Economic Sciences of the
City of Buenos Aires] Volume 1 – Folio 13

NORBERTO M. NACUZZI
Partner
Public Accountant U.B.A.
C.P.C.E.C.A.B.A. Volume 196 – Folio 142



FONDO DE GARANTIA DE LOS DEPOSITOS

Fideicomiso resultante del Contrato de Fideicomiso celebrado el 7 de marzo de 1997 entre Banco Central de la República Argentina, como fiduciante, y Seguro de Depósitos S.A., como fiduciaria.

Estados contables fiduciarios por los ejercicios económicos finalizados el 31 de diciembre de 2015 y 2014 juntamente con los Informes de los Auditores Independientes.

SEDESA
SEGURO DE DEPÓSITOS S.A.

FONDO DE GARANTIA DE LOS DEPOSITOS

ESTADOS FIDUCIARIOS DE SITUACION PATRIMONIAL

al 31 de diciembre de 2015 y 2014

(en pesos)

	<u>31/12/2015</u>	<u>31/12/2014</u>
ACTIVO		
ACTIVO CORRIENTE		
Caja y Bancos (nota 3.1)	13.583.135.526	8.645.808.732
Inversiones (nota 3.2)	29.304.298.855	14.150.099.260
Créditos (nota 3.3)	2.770.798	1.741.955
Bienes dados en Locación Financiera (nota 3.4)	24.194	274.393
Otros Créditos (nota 3.5)	670.375	125.707
Otros Activos (nota 3.6)	<u>1.141.561</u>	<u>1.100.166</u>
Total del Activo Corriente	<u>42.892.041.309</u>	<u>22.799.150.213</u>
ACTIVO NO CORRIENTE		
Inversiones (notas 3.2)	154.077.716	150.349.663
Créditos (nota 3.3)	104.102.818	101.724.708
Otros Créditos (nota 3.5)	206.060	206.060
Otros Activos (nota 3.6)	<u>1.952.476</u>	<u>1.887.921</u>
Total del Activo No Corriente	<u>260.339.070</u>	<u>254.168.352</u>
Total del Activo	<u><u>43.152.380.379</u></u>	<u><u>23.053.318.565</u></u>
PASIVO		
PASIVO CORRIENTE		
Cuentas por pagar (nota 3.7)	10.391.684	7.508.495
Pasivos por operaciones de pases (nota 3.8)	12.517.602.298	7.319.950.483
Otros pasivos (nota 3.9)	<u>6.202.864</u>	<u>2.387.123</u>
Total del Pasivo Corriente	<u>12.534.196.846</u>	<u>7.329.846.101</u>
Total del Pasivo	<u>12.534.196.846</u>	<u>7.329.846.101</u>
PATRIMONIO NETO (según estado correspondiente)	<u>30.618.183.533</u>	<u>15.723.472.464</u>
TOTAL PASIVO MAS PATRIMONIO NETO	<u><u>43.152.380.379</u></u>	<u><u>23.053.318.565</u></u>

FONDO DE GARANTIA DE LOS DEPOSITOS

ESTADOS FIDUCIARIOS DE RESULTADOS

correspondientes a los ejercicios económicos finalizados el 31 de diciembre de 2015 y 2014
(en pesos)

	<u>31/12/2015</u>	<u>31/12/2014</u>
RESULTADOS POR INVERSIONES FINANCIERAS		
Resultados financieros por colocaciones (nota 4.1)	3.373.172.235	940.976.097
Diferencia de cotización (nota 4.2)	5.138.059.688	1.971.945.163
Sub-Total de resultados por inversiones financieras	<u>8.511.231.923</u>	<u>2.912.921.260</u>
Menos:		
Intereses por operaciones de pase	(960.647)	(254.141)
Comisión por administración y custodia de inversiones	(959.249)	(1.997.017)
Total resultados por inversiones financieras	<u>8.509.312.027</u>	<u>2.910.670.102</u>
RESULTADOS POR ASISTENCIAS A ENTIDADES FINANCIERAS		
Intereses por préstamos otorgados (nota 4.3)	3.683.754	3.542.071
Dividendos	950.000	950.000
Resultado por opción de venta de acciones preferidas	3.800.000	3.800.000
Total resultados por asistencias a entidades financieras	<u>8.433.754</u>	<u>8.292.071</u>
RESULTADOS POR LA GESTION DE ACTIVOS		
Ingresos por cobranzas-recuperos de créditos cedidos neto de gastos relacionados (nota 4.4)	7.171.958	13.067.574
Aumento neto de provisiones sobre cartera de créditos, bienes dados en locación financiera y otros créditos	(2.812.494)	(1.491.805)
Ingresos por recuperos de fideicomisos financieros y por compra de carteras, neto de gastos relacionados (nota 4.5)	3.928.459	5.625.676
Diferencia de cotización de créditos y otros créditos (nota 4.2)	250.066	119.931
Resultados netos de activos fijos (nota 4.6)	(500.492)	2.135.634
Resultados netos de otros activos (nota 4.7)	2.468.581	(57.793)
Total resultados por la gestión de activos	<u>10.506.078</u>	<u>19.399.217</u>
GASTOS DE ADMINISTRACION (Anexo VI)	(69.298.192)	(51.412.035)
OTROS INGRESOS	-	249.439
Ganancia del ejercicio	<u>8.458.953.667</u>	<u>2.887.198.794</u>

INDEPENDENT AUDITORS' REPORT

To the Directors of
SEGURO DE DEPÓSITOS S.A.
TRUSTEE OF THE DEPOSIT GUARANTEE FUND
Legal domicile: San Martín 344, 12th floor
City of Buenos Aires

I. Report on the trust financial statements

Introduction

1. We have audited the attached trust financial statements of the DEPOSIT GUARANTEE FUND ("the Fund") that includes: (a) the trust balance sheet as of December 31, 2015, (b) the trust income statement, the statement of changes in net worth and the statement of cash flow for the fiscal year then ended, and (c) a summary of the significant accounting policies and other explanatory information.

Duties of the Board of Directors of the Trustee of the Fund in relation to the trust financial statements

2. The Board of Directors of Seguro de Depósitos S.A., in its capacity as Trustee of the Fund, is responsible for the reasonable drafting and filing of the attached trust financial statements pursuant to the Argentine professional accounting regulations in force in the City of Buenos Aires. It is further liable for the internal control that it deems necessary for the drafting of financial statements free of significant misrepresentations based on mistakes or irregularities.

Duties of the auditor

3. We are liable for the rendering of a report on the attached trust financial statements based on our audit conducted. We have performed our work pursuant to the auditing regulations set forth in the Technical Resolution No. 37 of the Argentine Association of Professional Councils of Economic Sciences. Such regulations establish that auditors must comply with ethical requirements and that we have to plan and perform our obligations with the purpose of obtaining a reasonable degree of certainty about the lack of significant misrepresentations in the financial statements.

An audit implies the application of procedures to obtain items of evidence that support the information and figures described in the financial statements. The selected procedures

depend on the professional opinion of the auditor, who evaluates the possibility of relevant misrepresentations in the financial statements caused by mistakes or irregularities. To conduct this risk examination, the auditor considers the internal control of the Trust Company regarding the relevant aspects for the reasonable drafting and submittal of the Fund's financial statements, in order to select the auditing procedures that are suitable according to the circumstances but not with the purpose of rendering an opinion on the effectiveness of the current internal control system of the Trust Company. An audit further includes an evaluation of the suitability of the used accounting policies and of the reasonability of the accounting estimations made by the Company's Board of Directors, as well as an evaluation of the submittal of the financial statements as a whole.

We consider that the conducted examination is a sufficient and reasonable ground to support this auditor's report.

Opinion

4. In our opinion, the trust financial statements attached hereto reasonably reflect, in all significant aspects, the financial position of the DEPOSIT GUARANTEE FUND as of December 31, 2015, as well as the results of its transactions, and its cash flows for the fiscal year then ended in accordance with the Argentine professional accounting regulations in force in the City of Buenos Aires.

II. Report on other legal and regulatory requirements

In compliance with the current provisions, we hereby state that:

- a) The trust financial statements mentioned on paragraph 1 are kept on the Inventory and Balance Sheet book and are based on the accounting records kept in all formal aspects pursuant to the current legal regulations.
- b) As of December 31, 2015, there is no accrued debt as social security contributions for the benefit of the Argentine Integrated Retirement System, as evidenced on the accounting records of the Fund.
- c) We have applied the procedures to prevent asset laundering and terrorism financing as set forth in the current professional regulations.

City of Buenos Aires,
February 4, 2016

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E.C.A.B.A. [Professional Board of Economic Sciences of the
City of Buenos Aires] Volume 1 – Folio 13

NORBERTO M. NACUZZI
Partner
Public Accountant (U.B.A.)
C.P.C.E.C.A.B.A. Volume 196 – Folio 142