

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE ANNUAL FISCAL YEAR ENDED DECEMBER 31, 2005, PRESENTED
COMPARATIVELY WITH THE PRIOR YEAR
(In thousands)**

NOTE 1 - NATURE AND PURPOSE OF THE CENTRAL BANK OF ARGENTINA

The Central Bank of Argentina (BCRA) is a self-regulating entity of the Argentine Government that it subject to the provisions of its Charter (section 1, Law No. 24,144).

The BCRA's main function is to preserve the Argentine currency value. It is also in charge of developing a monetary and financial policy aimed at protecting money functions, such as value reserve, account unit and payment instrument to settle monetary obligations.

The BCRA is the Argentine Government's financial agent, depository and representative before the international monetary, bank and financial institutions that Argentina may join.

As established by section 41 of the Charter, income generated by the BCRA will not be subject to income tax. The Bank's assets and transactions receive the same tax treatment as the Argentine Government's assets and acts.

NOTE 2 - LEGAL AND FINANCIAL AMENDMENTS DURING FISCAL 2004 AND 2005

During 2005, the government debt restructuring process was completed and the Argentine Government decided to settle its payable to the International Monetary Fund. Also, the economic and financial variables showed evolution and the financial system is undergoing a financial consolidation process.

The accompanying financial statements disclose the BCRA's financial position as of the end of fiscal 2004 and 2005. For a better reading of the accompanying financial statements and to understand the transformation process and the financial effects thereof in fiscal 2004 and 2005, the following paragraphs will describe the most significant measures established during such fiscal years until the date of issuance of the accompanying financial statements.

2.1. Restructuring of public debt in default

Presidential Decrees Nos. 1733 and 1735 were issued on December 10, 2004, providing for the restructuring of the Argentine Government debt instrumented by the bonds whose payment was deferred, as provided for in section 59, Law No. 25,827, through a domestic and international swap transaction to be carried out with the scope and under the terms and conditions set forth in such decrees and in the offer prospectus.

Such restructuring comprised a global swap offer with segments in the United States, Argentina and several countries in Europe and Asia. The government securities to be restructured were defined as eligible debt (those issued before December 31, 2001). Three new debt securities (par, quasi-par and discount) were issued with a separable unit linked to GDP, replacing the government securities eligible for restructuring. All of them mature from 30 to 42 years as from December 31, 2003, at interest rates ranging from 1.33% to 8.28%.

In January 2005, the swap was launched in Argentina and the terms and conditions of the offer were presented in Europe and the US. The final acceptance level was about 76%.

The BCRA carried out all its transactions and registrations related to its securities portfolio during June 2005 under the same conditions as the other private creditors, selecting discount bonds in the same currency as eligible securities.

The following chart breaks down the face values of the different securities swapped:

SWAP OF BONDS IN DEFAULT – PRESIDENTIAL DECREE NO. 1735/04

NAME OF SECURITY	CURRENCY	ELIGIBLE SECURITIES NET BOOK VALUE	DISCOUNT BONDS NET BOOK VALUE
- SECURITIES UNDER FOREIGN LEGISLATION			
- BONEX GLOBAL 2008	US dollars	193.565	65.384
- F.R.B	US dollars	59.321	20.164
- BONEX GLOBAL 2027	US dollars	25.000	8.658
- BONEX GLOBAL 2018	US dollars	48.269	17.333
- BONEX 2003 Lam. C/16 8,375%	US dollars	128	43
- BONEX 2006 Lam. C/11 11%	US dollars	183	63
- BONEX 2005 Lam. C/6 11%	US dollars	92	31
- SECURITIES UNDER LOCAL LEGISLATION			
- BONEX 1992	US dollars	2.968	1.011
- BOCON DCHO. CREDIT. BCO. PROV. BS.AS.	Pesos	61.311	22.597
- BONO DEL GOB. NAC. 9%	US dollars	26.412	9.068
- BONTE 2 8,75%	US dollars	261.377	89.197
- BONTE 3	US dollars	28.273	9.652
- BONTE 03 A TASA VARIABLE	US dollars	639	221
- BONTE 04	US dollars	31.043	10.582
- BONTE 05	US dollars	73.234	25.012
- PRE 3	Pesos	47	20
- PRE 4	US dollars	20	9
- PRO 1	Pesos	6.179	2.896
- PRO 5	Pesos	5.219	1.771
- PRO 2	US dollars	44	20
- PRO 4	US dollars	61	29
- PRO 6	US dollars	8.666	2.934
- PRO 9	Pesos	7.216	2.450
- PRO 10	US dollars	418	141
- Letra Ext. Rep. Arg. Tasa: 11,75	Pesos	5.860	2.064
- Letra Ext. Rep. Arg. Tasa: 8,75	Pesos	13.400	4.703
- Letra del Tesoro 90	US dollars	5.000	1.685
- BONTE 2006	US dollars	1.595	546

2.2. Treatment given to the aid granted to the financial system due to illiquidity

The Executive Branch issued Presidential Decree No. 739/03 dated March 28, 2003, which is related to the aid settlement assumed by financial institutions due to illiquidity during the systemic crisis occurred as from 2001.

The aid granted is secured for at least 125% of principal by Argentine Government secured loans (Presidential Decree No. 1,387/01), Argentine Government secured bonds (Presidential Decree No. 1,579/02) or Argentine Government bonds in US dollars or Argentine pesos (Presidential Decrees Nos. 905/02, 1,836/02 and 739/03).

A plan with interest and amortization rates similar to the assets used to guarantee such aid was established for the institutions subject to such regulations. Such rates are adjusted by CER (benchmark stabilization coefficient), accruing an annual 3.5% interest rate to be paid on a monthly basis and to be amortized in up to 70 installments and, upon special requests made to the URSF (financial system restructuring unit), in up to 120 monthly consecutive installments as from March 2004. The system permits to settle in advance the amounts due in full or in part.

During fiscal 2004, the BCRA approved, through Communiqué “A” 4268 dated December 26, 2004, as supplemented, a mechanism aimed at consolidating the monetary policy.

Through this mechanism, financial institutions may anticipate contributions for the future settlement of principal installments of the aid received, which form part of the payment schedules arising from the system regulated by Presidential Decree No. 739/03. As a result of the monetary implications of the transaction described, the BCRA intended to continue controlling the amount authorized for pre-settlement; that is why it is offered for bidding. Therefore, in each bidding, the institutions offer the amount to be prepaid and the premium for the right to access such mechanism.

During fiscal 2005, there was a significant acceleration in the reduction of obligations arising from aid granted to financial institutions. This process continued during Q1 2006 (see note 6.2).

2.3. Presidential Decree No. 1599/05 (ratified by Law No. 26,076)

Through the enactment of Presidential Decree No. 1599/05 dated December 15, 2005, the Executive Branch amended sections 4, 5 and 6, Law No. 23,928, whereby the reserves exceeding the 100% support of the monetary base will be deemed “freely available” and they may be used to pay the obligations assumed with international financial institutions provided that it implied a nil monetary effect. As of December 31, 2005, the surplus in “International reserves” with respect to the monetary base amounted to ARS 30,434,721.

NOTE 3 - ACCOUNTING STANDARDS APPLIED

3.1.1. Significant accounting policies

Financial statements were prepared in accordance with the professional accounting standards and the general valuation methods established for the institutions belonging to the Argentine financial system.

The text of professional accounting standards effective as of December 31, 2005, is that approved by the CPCECABA (Professional Council in Economic Sciences of the City of Buenos Aires) under Resolution CD 87/03. Such revised text includes FACPCE (Argentine Federation of Professional Councils in Economic Sciences) Technical Resolutions No. 6, 8, 9, 16, 17, 18, 20 and 21 as amended, supplemented, and interpreted by the CPCECABA. In particular, with respect to the financial institutions governed by the BCRA, CPCECABA kept in force Resolution C. 98/93, thus maintaining, for financial statements, the suspension of discounted-value measurement of beginning and end-of-year balances of monetary receivables and payables generated by financial transactions and refinancing, and of other monetary receivables and liabilities not generated by trading of goods and services.

The financial statements are presented comparatively with the prior fiscal year. Basic financial statements disclose figures in Argentine pesos while the notes and exhibits disclose them in thousands of Argentine pesos.

The specific characteristics of the BCRA and the duties and functions assigned by the Charter, particularly those related to the power to issue notes and coins, plus the specificity of the transactions that it performs, cannot be assimilated to the transactions of financial institutions regarding the preparation of the statement of cash flows. Exhibit IV includes the statement of cash flows and explains the variations on the net amount of indicators defined as funds occurred during fiscal 2005 and 2004 comparatively, including the following items: International reserves, Monetary liabilities (Monetary base and Current accounts in other currencies) and Argentine Government deposits and Other.

3.1.2. Changes in professional accounting standards

In August 2005, the CPCECABA (Professional Council in Economic Sciences of the City of Buenos Aires) approved Resolution CD No 93/2005, whereby it introduced a series of changes in its professional accounting standards, as a result of the agreement entered into with the FACPCE (Argentine Federation of Professional Councils in Economic Sciences) to unify Argentine professional accounting standards. Such resolution became effective in the City of Buenos Aires for the fiscal years beginning as from January 1, 2006, but early application is allowed. In addition, it establishes transition standards that defer the effective term of certain changes to the years beginning as from January 1, 2008.

The changes that could be most significant for the Bank are as follows:

- a) Annulment of the suspension of the present value measurement of beginning and end-of-year balances of monetary receivables and payables generated by financial transactions and refinancing, and of other monetary receivables and liabilities not generated by trading of goods or services in the financial statements of financial institutions; and
- b) For matters not foreseen in general or specific accounting standards and that cannot be resolved by using the general framework of accounting standards, International Financial Reporting Standards and interpretations approved by the International Accounting Standards Board, effective for the fiscal year in question, shall be also applied in the year when such supplementary standards are applicable.

3.2. General valuation and disclosure methods

3.2.1. Consideration of inflation effects

Following the provisions under Presidential Decree No. 664/03 and the regulation CONAU 1 – 569 issued by the BCRA for financial institutions, the application of the adjustment for inflation was abrogated as from March 1, 2003.

In addition, the CPCECABA issued Resolution MD No. 41/03, which established that the restatement in constant pesos was required to continue until September 30, 2003. Consequently, the BCRA did not recognize in books the effects of variations in the currency purchasing power generated from March 1 through September 30, 2003, as required by current professional accounting standards. The effects of failing to recognize the variations in the currency purchasing power as of such date are not significant as regards the financial statements taken as a whole.

3.2.2. Receivables and payables in Argentine pesos

Assets and liabilities are stated at nominal values, including, as the case may be, interest accrued as of each year-end, in conformity the effective accounting standards applicable to all financial institutions.

3.2.3. Assets and liabilities in foreign currency

Receivables and payables in foreign currency were valued based on the method used for all financial institutions. In this regard, the US dollar-to-Argentine peso exchange rate published by the BCRA was used, which was effective upon the closing of transactions on December 31, 2005, and 2004. Inventories in other currencies were valued at the selling exchange rate published by Banco de la Nación Argentina, New York branch, at the close of transactions. The table below shows the exchange rates of different currencies with respect to the Argentine peso:

	<u>12-31-2005</u>	<u>12-31-2004</u>
US dollar	3,03150000	2,97380000
Gold	1.565,76975000	1.304,60606000
Special drawing rights (SDRs)	4,33283200	4,61834114
Euro	3,59141800	4,05091000
Yen	0,02575616	0,02906088
Sterling pound	5,21569600	5,73735200
Canadian dollar	2,60259427	2,47486772
Swiss franc	2,30742784	2,62494750

3.2.4. Method to recognize income and expenses

Income and expenses are recognized on an accrual basis and calculated pursuant to Argentine legislation or the agreement entered into among the parties involved, as the case may be.

NOTE 4 - BREAKDOWN AND SPECIFIC VALUATION METHODS OF THE MAIN ITEMS IN FINANCIAL STATEMENTS

4.1. Gold

Gold in bars	2.757.254	2.297.356
Allowance for gold in bars (Exhibit I)	<u>(5.339)</u>	<u>(5.237)</u>
	<u>2.751.915</u>	<u>2.292.119</u>

Gold physical inventories were valued as of year-end at USD 516,50 (USD 438,70 as of December 31, 2004) per troy ounce –stated in US dollars-, at the exchange rate of Banco de la Nación Argentina, New York branch, as of such dates, and converted into Argentine pesos according to the method under note 3.2.3.

According to the international reserve standards, only monetary gold qualifies as a reserve asset; therefore, the gold inventories kept for numismatic purposes are not deemed financial assets.

Currently, the gold ingots kept in the BCRA’s vault qualify as “good delivery”; consequently, a provision for sale expenses was booked, which consists in calculating the variable costs that should be incurred upon deciding to realize them. Such allowance was estimated in one US dollar per ounce and it is disclosed in financial statements, offsetting the amount in the “Gold” account.

4.2. Foreign currency

	<u>12-31-2005</u>	<u>12-31-2004</u>
Treasury inventories	5.627.592	2.092.973
Overnight and checking accounts in foreign correspondent banks	<u>14.868.398</u>	<u>1.156.262</u>
	<u>20.495.990</u>	<u>3.249.235</u>

Treasury inventories were valued as established in note 3.2.3. The overnight and checking accounts in foreign correspondent banks were valued through the same method plus the related accrued interest.

4.3. Realizable investments in foreign currency

Including the following investments made abroad:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Certificates of deposit in foreign currency	20.677.495	37.266.331
Foreign government securities	20.798.518	7.017.795
Demand deposits	20.134.066	5.174.272
In federal funds	0	1.968.656
Repurchase agreements	315.609	1.486.900
IMF reserve tranche position	<u>847</u>	<u>0</u>
	<u>61.926.535</u>	<u>52.913.954</u>

Demand deposits and certificates of deposits, repurchase agreements and investments in federal funds were stated at face value, plus interest accrued until each year-end, converted into Argentine pesos according to the method established in note 3.2.3.

Foreign government securities were stated at market values as of year-end.

4.4. Government securities

4.4.1. BCRA's own portfolio

It includes the BCRA's government securities portfolio detailed in Exhibit III, which, as of December 12, 2005, amounted to ARS 9,319,240 (ARS 9,200,776 as of December 31, 2004).

4.4.1.1. Bills on obligations towards the International Monetary Fund (IMF)

The amounts of ARS 1,205,681 and ARS 1,285,129 at the end of fiscal 2005 and 2004, respectively, represent the debt assumed by the Argentine Treasury Department with the BCRA with respect to the transfer of funds received by such bank from the IMF until September 30, 1992. Such assets stated in SDRs have the same financial performance as the liabilities with foreign parties (see note 4.15).

4.4.1.2. Securities issued under foreign legislation

They include securities issued by the Argentine Government and subject to the jurisdiction of foreign courts.

As a result of the restructuring process of the public debt in default mentioned in note 2.1, in June 2005, the Argentine government swapped the government securities eligible for restructuring for the new bonds and credited such bonds to the respective bank accounts through Caja de Valores (depository trust company).

In this regard, the portfolio of securities issued before December 31, 2001, that were comprised in this process amounted to ARS 322,820 as of December 31, 2004. As of the current year-end, the residual nominal value of the discount bonds issued in US dollars and maturing on December 31, 2033, amounted to 29,413 –equal to ARS 78,735-, while the residual nominal value of the GDP-related denominated in US dollars and maturing on December 15, 2035, amounted to 87,279 –equal to ARS 14,183-. Such financial instruments were valued at market prices.

4.4.1.3. Securities issued under Argentine legislation

They include securities subject to Argentine legislation, which amounted to ARS 8,020,641 as of year-end (ARS 7,592,827 as of December 31, 2004).

4.4.1.3.1. 1990 Argentine Treasury Consolidated Bond

This bond was issued on January 2, 1990. It is related to the consolidation of obligations assumed by the Argentine Government due to the funds provided by the BCRA by virtue of Presidential Decree No. 335/91. Such bond is stated in Argentine currency for a 99-year term, it does not accrue interest and principal is adjusted through the selling Argentine peso-to-US dollar exchange rate published by Banco de la Nación Argentina. The amortization of adjusted principal will be paid as from the tenth year. The adjustment was accrued until March 31, 1991, by virtue of section 8, Convertibility Law (the currency board that pegged the Argentine peso at parity with the US dollar), whereby the monetary adjustment mechanisms regarding the amounts stated in non-convertible australes would be applied exclusively until April 1, 1991, without accruing new adjustments for such items after that opportunity.

The original issuance amounts to ARS 881,464 while the amount adjusted pursuant to issuance conditions is ARS 4,734,790. Considering that section 6, Law No. 25,565, authorized the Ministry of Economy to restructure the public debt, Resolution No. 334/02 of such ministry established that it will be amortized in 80 annual installments, the first one maturing on January 2, 2010. Taking into account the specific financial characteristics of this bond, especially its term, grace periods and that it does not accrue interest, the amount adjusted in accordance with the issuance terms and conditions, net of its offset account, was fully booked as an allowance considering the present value thereof and applying a rate that shows the assessment of the time value of money and the specific risks of assets.

4.4.1.3.2. Other securities issued under Argentine legislation

As of December 31, 2005, this item amounted to ARS 7,139,177 (ARS 6,711,363 as of December 31, 2004).

It mainly consisted of:

a) Argentine Government bonds (BODEN) Series 2011 with a residual nominal value of 4,896,963, equal to ARS 5,778,417 (residual nominal value of 5,891,137 equal to ARS 5,375,773 as of December 31, 2004) that entered the BCRA's portfolio in compliance with the monetary consolidation program by which the federal and provincial securities issued to replace Argentine pesos were redeemed during fiscal 2003. This security was issued on April 30, 2003, and the monthly amortization and 2% annual interest services are adjusted by the CER as established by Presidential Decree No. 743/03. It is not listed as of year-end or as of the date of issuance of the financial statements; therefore, the valuation thereof was determined based on theoretical parity according to estimated notional values and the average life of bonds under similar issuance conditions.

b) Argentine Government bonds (BODEN) Series 2014 with a residual nominal value of 629,389, equal to ARS 635,683, which entered the portfolio as a result of the negotiation approved by Joint Resolution No. 64/2005 of the Finance Department, Resolution No. 135/2005 of the Treasury Department and Board of Directors' Resolution No. 180 dated June 3, 2005; thus, on June 14, 2005, Argentine Government bonds Series 2013 were swapped at notional price for a residual nominal value of 743,338, equal to ARS 634,197 as of December 31, 2004, held by the BCRA for such financial instruments in order to provide the BCRA with more liquidity and to have more monetary regulation instruments. They were valued at market prices.

c) Secured bonds (BOGAR 2018): they were received in exchange for the swap of provincial public debt securities included in the BCRA's portfolio. As of December 31, 2005, and 2004, assets included bonds valued at listed prices for an amount of ARS 202,366 (residual nominal value of 138,769) and ARS 165,149 (residual nominal value of 144,551), respectively.

d) Discount bonds issued in Argentine pesos and maturing on December 31, 2033, with a residual nominal value of 150,097, equal to ARS 414,913, and GDP-related securities denominated in Argentine pesos and maturing on December 15, 2035 with a residual nominal value of 445,391, equal to ARS 63,602, received at the end of the public debt restructuring process referred to in note 2.1.

e) Other securities in portfolio amounting to ARS 44,196. They include bonds from the Province of Chaco amounting to ARS 44,080, which were valued at the listed price of bonds with similar issuance characteristics, and the other holdings were valued at the last listed price available.

4.4.2. Financial system repo portfolio

This line includes the securities received in exchange for reverse repos amounting to ARS 303,611 (market value) as of December 31, 2005, and ARS 14,108 as of December 31, 2004 (Exhibit III), which was booked with contra to "Obligations from forward transactions" (see note 4.17).

4.4.3. Allowance for impairment in value of government securities

To disclose the market values of the government securities booked as of December 31, 2005, an ARS 911,347 allowance for impairment in value was booked for 100% of the original amount for the issuance of the bond mentioned in 4.4.1.3.1. and the bonds of the Province of Chaco mentioned in 4.4.1.3.2. e), net of service-charge income earned. As of December 31, 2004, the allowance amounted to ARS 1,008,562.

4.5. Temporary advanced funds to the Argentine Government

Such prepayments are granted pursuant to section 20 of the BCRA's Charter, through Law No. 25,780, which established as follows:

"The Bank may make temporary prepayments to the Argentine Government up to an amount equivalent to 12% (twelve percent) of the monetary base, which consists of monetary circulation plus financial institutions' demand deposits in the Central Bank of Argentina, whether in checking or special accounts. It may also make prepayments not exceeding 10% (ten percent) of the cash resources obtained by the Argentine Government in the last twelve months. The amount of temporary prepayments, excluding those to be exclusively used to pay obligations with multilateral credit institutions, may exceed 12% (twelve percent) of the monetary base, as previously defined.

All the prepayments granted under this section shall be reimbursed within the term of twelve months as from the prepayment date. Should any of these prepayments remain unpaid after such term has matured, this possibility may not be used again until the amounts due are reimbursed."

As of December 31, 2005, the "Temporary prepayments to the Argentine Government" account amounted to ARS 15,998,200, which was fully requested by the Treasury Department to settle the obligations with international credit institutions, while as of December 31, 2004, the prepayments to the Argentine Government amounted to ARS 13,309,200. Such temporary prepayments do not accrue interest.

As of December 31, 2005, and 2004, the amount consists of the following prepayments:

	12-31-2005	12-31-2004
Forty-fourth prepayment maturing on 03.09.2005	0	4.591.000
Forty-fifth prepayment maturing on 06.18.2005	0	1.060.000
Forty-sixth prepayment maturing on 06.28.2005	0	170.000
Forty-seventh prepayment maturing on 08.02.2005	0	750.000
Forty-eighth prepayment maturing on 09.17.2005	0	750.000
Forty-ninth prepayment maturing on 10.04.2005	0	395.100
Fiftieth prepayment maturing on 10.15.2005	0	516.000
Fifty-first prepayment maturing on 10.22.2005	0	700.000
Fifty-second prepayment maturing on 11.10.2005	0	450.000
Fifty-third prepayment maturing on 11.15.2005	0	842.000
Fifty-fourth prepayment maturing on 12.06.2005	0	1.825.100
Fifty-fifth prepayment maturing on 12.15.2005	0	1.260.000
Fifty-sixth prepayment maturing on 01.20.2005	600.000	0
Fifty-seventh prepayment maturing on 01.27.2006	1.200.000	0
Fifty-eighth prepayment maturing on 02.10.2006	1.400.000	0
Fifty-ninth prepayment maturing on 02.24.2006	1.200.000	0
Sixtieth prepayment maturing on 04.21.2006	1.200.000	0
Sixty-first prepayment maturing on 04.28.2006	600.000	0
Sixty-second prepayment maturing on 05.05.2006	600.000	0
Sixty-third prepayment maturing on 07.01.2006	400.000	0
Sixty-fourth prepayment maturing on 07.28.2006	1.000.000	0
Sixty-fifth prepayment maturing on 08.26.2006	750.000	0
Sixty-sixth prepayment maturing on 09.08.2006	350.000	0

Sixty-seventh prepayment maturing on 09.23.2006	170.000	0
Sixty-eighth prepayment maturing on 10.06.2006	395.100	0
Sixty-ninth prepayment maturing on 10.13.2006	516.000	0
Seventieth prepayment maturing on 10.27.2006	1.090.000	0
Seventy-first prepayment maturing on 11.10.2006	450.000	0
Seventy-second prepayment maturing on 11.17.2006	1.842.000	0
Seventy-third prepayment maturing on 12.01.2006	1.100.000	0
Seventy-fourth prepayment maturing on 12.27.2006	1.135.100	0
	<u>15.998.200</u>	<u>13.309.200</u>

The prepayments that remain effective as of the prior year-end were fully settled as of December 31, 2005, pursuant to section 20.

4.6. Loans to the Argentine financial system

The table below shows the amounts of the accounts related to the loans to the Argentine financial system:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Aid due to illiquidity – Communiqué “A” 3941	12.000.447	19.343.865
Prepayments to subscribe Argentine Government bonds	2.224.654	2.558.974
Financial institutions with abrogated authorization	915.220	1.124.285
Certificates of participation in trusts	661.833	685.853
Refinanced lines	734.760	745.419
Assets received due to rediscounts	133.643	133.643
Assets and rights received (section 35 bis, Financial Institutions Law)	33.974	33.974
Prepayments for illiquidity with other guarantees	1.364	1.364
Other	798	10.027
Offset account of assets received due to rediscounts	<u>(113.188)</u>	<u>(113.188)</u>
Subtotal	16.593.505	24.524.216
Less:		
Allowances on loans to the financial system	<u>2.769.159</u>	<u>3.826.690</u>
	<u>13.824.346</u>	<u>20.697.526</u>

“Loans to the Argentine financial system” basically discloses the amount of the aid granted in previous fiscal years to financial institutions to solve temporary illiquidity (pursuant to section 17 of the BCRA’s Charter). Such aids were stated at their original values adjusted as per CER variations plus accrued interest and offset by an allowance determined on the uncollectibility estimated and the assessment of guarantees received. During fiscal 2005, allowances were reversed in the amount of ARS 882,253 and new allowances were booked in the amount of ARS 39,061 (see Exhibit I).

The abovementioned aids due to illiquidity are included in the settlement system established by Presidential Decrees Nos. 739/03 and 1,262/03, regulatory provisions and supplementary regulations setting forth payment schedules up to 70 or even 120 monthly consecutive installments as from March 2004, respectively.

Out of the twenty-four debtor financial institutions that applied for the settlement system mentioned in the previous paragraph during 2003, at the end of fiscal 2005, only five of them held payables to the BCRA for illiquidity assistance, showing an ARS 7,343,418 decrease as compared to December 31, 2004. Such amount includes the payments made by financial institutions as prepayments, pursuant to point 7 of Communiqué “A” 4268 (see notes 2.2 and 6.2).

The amounts of the aid granted to the financial institutions that joined the settlement mechanism under Presidential Decree No. 739/03 are supported, as of the date of issuance of the financial statements, for at least 125% (notional values) of the related obligations, by Argentine Government secured loans (Presidential Decree No. 1387/01), Argentine Government secured bonds (Presidential Decree No. 1579/02) or Argentine Government Bonds in US dollars at LIBOR 2012, or in Argentine pesos accruing 2% interest and maturing in 2007 (Presidential Decree No. 905/02 as amended).

The notional values of the guarantees related to prepayments and rediscounts due to illiquidity considered up to the amount of the loan are booked in memorandum accounts and made up of:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Argentine Government secured bonds maturing in 2018	7.023.936	10.060.860
Argentine Government secured bonds	4.504.696	8.725.017
Other assets	107.946	551.822
Argentine Government bonds (BODEN)	363.869	6.166
	<u><u>12.000.447</u></u>	<u><u>19.343.865</u></u>

“Prepayments to subscribe Argentine Government bonds (BODEN)” discloses the prepayments in Argentine pesos made by the BCRA, as set forth in section 14, Presidential Decree No. 905/02, to financial institutions against the guarantees created for the amounts required to acquire Argentine Government bonds in US dollars at LIBOR 2012, Argentine Government bonds in Argentine pesos accruing 2% interest and maturing in 2007, and Argentine Government bonds at LIBOR 2005, to be delivered to the depositors of the related institutions that requested them in exchange for their deposits. The guarantees filed by the institutions and stated at notional values cover the percentage established by the abovementioned presidential decree (100% of debt).

“Refinanced lines”, “Certificates of participation in trusts” and “Entities with abrogated authorization” were fully booked in an allowance.

The prepayments related to institutions under liquidation refer to aids granted to reimburse deposits and bear the expenses deriving from the liquidation process of financial institutions and reversed assets under liquidation and they are fully booked as allowance as from 1990 notwithstanding the actions required to collect them (Exhibit I).

	<u>12-31-2005</u>	<u>12-31-2004</u>
Prepayments for deposit reimbursement	6.805.883	6.996.725
Unsecured receivables in litigation	781.978	782.694
Liquidation expenses prepaid	126.440	135.383
Other payables	12.946.826	12.969.884
Less:		
Allowances	<u>20.661.127</u>	<u>20.884.686</u>
	<u>0</u>	<u>0</u>

4.7. Contributions to international entities on account of the Argentine Government

The table below shows the amounts of the accounts related to the contributions made by the BCRA on account of the Argentine Government:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Contributions to the IADB, IBRD and IDA, among others	3.089.478	2.978.372
Contributions to the IMF	<u>2.566.890</u>	<u>2.736.033</u>
	<u>5.656.368</u>	<u>5.714.405</u>

The IMF determines the so-called “quota” that Argentina is required to pay as a member country and, as of December 31, 2005, it amounted to 2,117,100 SDRs (the same amount as on December 31, 2004) and it is booked as follows:

	<u>Amount in SDRs (*)</u>	<u>Amount in pesos as of 12-31-2005</u>	<u>Amount in pesos as 12-31-2004</u>
Treasury bills	1.524.672	6.606.149	7.041.457
Contributions to the IMF in foreign currency	529.275	2.293.261	2.444.373
Contributions to the IMF in Argentine pesos	<u>63.153</u>	<u>273.629</u>	<u>291.660</u>
	<u>2.117.100</u>	<u>9.173.039</u>	<u>9.777.490</u>

Treasury bills are issued by the BCRA on account and behalf of Argentina as the Government’s financial agent, keeping the possible commitment to paying the amounts thereof to the IMF on demand, and they are booked in memorandum accounts.

(*) There are identical amounts for 12-31-2005 and 12-31-2004.

4.8. Funds transferred to the Argentine Government due to investments with the IMF

This item (ARS 29,925,803 as of December 31, 2005, and ARS 43,061,753 as of December 31, 2004) discloses the transfer of the funds received from the IMF to the Treasury Department as from September 30, 1992. The financial performance of such asset is identical to the payables to foreign parties and it is stated at technical value (Note 4.15).

4.9. Rights on forward transactions

	<u>12-31-2005</u>	<u>12.31.2004</u>
LEBAC (BCRA bills) receivable in Argentine pesos and delivered in repurchase agreements	8.300.206	5.846.392
Repurchase agreements assessment	830.575	591.257
Payables for forward purchases	469.630	0
Payables for forward sales	974.059	0
Reverse repo payables	273.297	12.695
Assets applied to guarantees for participation in the ROFEX market	74.501	0
	<u>10.922.268</u>	<u>6.450.344</u>

The BCRA issues LEBAC (BCRA bills) and NOBAC (BCRA notes) as the main regulatory instruments with which it absorbs market liquidity to meet the effective monetary program goals.

Considering that the debt securities issued by the Argentine Government could not be used at that time for certain financial transactions because they did not have a sufficiently liquid market, Board of Governors' Resolution No. 155 dated May 20, 2004, authorized the issuance of LEBAC to be applied as eligible assets, upon agreeing upon repurchase agreements. Such resolution established that the assessment of these transactions amounted to 10% of the transaction. As of December 31, 2005, the LEBAC delivered in repurchase agreements amounted to ARS 8,300,206 (ARS 5,846,392 as of December 31, 2004). Such LEBAC were valued at market price (see note 4.16).

Through Resolution No. 181 dated June 3, 2005, the Board of Directors authorized the BCRA to join as agent of the forward market of Rosario (ROFEX) and as clearing member of Argentina Clearing S.A. to carry out transactions in such market for a term of up to 6 months for the purpose of having all monetary and foreign exchange policy tools available and contribute to the development of forward markets in Argentina.

To formalize its participation in such forward market, the BCRA had to cover the initial guarantee margin, which is common to all participants, the portfolio risk margin and the daily clearing margins for revaluation of open positions. As of December 31, 2005, the assets delivered in guarantee amounted to ARS 74,501.

The BCRA's participation in this market is regulated by section 18(a) of the Charter, which empowers the BCRA to purchase and sale government securities, foreign currency and other financial assets at market and forward prices for monetary and foreign exchange regulation purposes. The book accounts of this transaction were valued at market prices.

4.10. Other assets

	<u>12-31-2005</u>	<u>12-31-2004</u>
Secured loans – Presidential Decree No. 1387/01	820.197	747.942
Accrual of IMF charges and interest	306.849	289.343
Prepayment of 2004 revenues to be settled with unappropriated retained earnings	143.153	143.153
Bank premises & equipment (net of accumulated depreciation)	123.212	124.735
Stock of paper and coins for monetary issuance	41.296	20.353
Intangible assets (net of accumulated amortization)	3.154	507
Coined gold	14.132	11.765
Uruguayan bond	0	64.040
Other	282.286	98.686
Less:		
Allowances	<u>213.967</u>	<u>5.315</u>
	<u><u>1.520.312</u></u>	<u><u>1.495.209</u></u>

The Argentine Government obligations documented through secured loans (Presidential Decree No. 1,387/01) at the BCRA's portfolio amounted to ARS 820,197 as of December 31, 2005 (ARS 747,942 as of December 31, 2004). Such instruments were accepted to settle the illiquidity aid to the institutions with abrogated authorization to operate.

The portfolio was valued at year-end as established for financial institutions through CONAU 1-564 circular (Communiqué "A" 3911 and supplementary regulations), which pointed out that it will be required to book such instruments at the lower amount between the present value determined as of year-end based on the discount rate set forth in such regulation and the "notional" value (an amount adjusted, as the case may be, through CER plus interest accrued pursuant to contractual terms). In addition, the difference between the values previously determined and notional (accounting) values was charged to an offset account in assets established for such purpose, as established in the abovementioned circular.

As of December 31, 2005, ARS 233,889 (ARS 279,764 as of December 31, 2004) was computed due to charges accrued to be paid to the IMF for the use of receivables, and ARS 72,960 (ARS 9,579 as of December 31, 2004) was charged due to interest receivable from the IMF. Both items accrued for period November / December 2005 were settled in February 2006. The contra account of the charges accrued is disclosed under "Other liabilities" (see note 4.18).

By virtue of section 38 of the Charter, on March 9, 2004, the BCRA drew profit prepayments to the Argentine Treasury amounting to ARS 1,000,000. The aid granted in this regard was partially offset during fiscal 2004 with the allocation of unappropriated retained earnings for fiscal 2003 (ARS 856,847) as set forth in Board of Governors' Resolution No. 131 dated April 29, 2004. The amount of ARS 143,153 not yet settled will be charged to income realized during the current fiscal year.

Bank premises & equipment were valued at acquisition cost, net of the related accumulated depreciation, including the adjustment for inflation until February 28, 2003. Amortization is calculated through the straight-line method, taking into account bank premises & equipment estimated useful life. The net book value booked does not exceed, as a whole, the recoverable valued based on the information available to date.

Taking into account the international definitions related to the gold to be computed as reserve assets (see note 4.1), this item was included in the gold coins held for numismatic purposes, which were booked as allowance for finesse, representing 1% of total inventories (see Exhibit I).

“Other” includes interest accrued on reverse repos, not yet collected, amounting to ARS 67,368 (the same amount as in December 31, 2004), as well as transactions performed and settled pursuant to ALADI’s Agreement on Reciprocal Payments and Credits for an amount of ARS 141,261, which was claimed to the Central Bank of Uruguay. As of the date of issuance of the accompanying financial statements, such disagreement was not solved. Both amounts were fully booked in a provision (see Exhibit I).

4.11. Monetary base

4.11.1. Monetary circulation

	<u>12-31-2005</u>	<u>12-31-2004</u>
Notes	47.366.790	36.768.839
Coins	970.530	855.314
	<u>48.337.320</u>	<u>37.624.153</u>

The amount of the “Monetary circulation” account as of each year-end is related to notes and coins in the possession of the public and financial institutions.

Notes in circulation varied as follows:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Balance at beginning of year	36.768.839	29.554.530
New notes and good use of the financial system	12.382.869	8.763.744
Notes out of circulation and destroyed or to be destroyed	(1.784.918)	(1.549.435)
	<u>47.366.790</u>	<u>36.768.839</u>

4.11.2. Checking accounts in Argentine pesos

As of December 31, 2005, this account amounted to ARS 6,373,172 (ARS 14,853,261 as of December 31, 2004). The compensation for the amounts in checking accounts in Argentine pesos opened in the BCRA is calculated pursuant to Communiqué “A” 4147, as amended and supplemented, and it consists in the calculation of interest over the average of daily amounts at the rate fixed and published by the trading desk.

4.12. Checking accounts in other currencies

As of December 31, 2005, this item amounted to ARS 6,545,596 (ARS 8,047,839 as of December 31, 2004), and it is converted into pesos as established in note 3.2.3. Compensation conditions have been defined in such Communiqué “A” 4147, as amended and supplemented (see note 4.11.2).

4.13. Deposits from the Argentine Government and others

This items includes:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Provincial funds	101.316	99.387
Argentine Government deposits – Law No. 25.152 – Tax anticyclical fund	1.514	24.220
ANSES – Social security payment orders destroyed	83.424	20.271
Argentine Government deposits	1.711.378	14.859
Argentine Government deposits - BODEN	1.682	2.460
Return transferred over deposits to strengthen BCRA reserves	27	27
Other	0	38
	<u>1.899.341</u>	<u>161.262</u>

4.14. Other deposits

	<u>12-31-2005</u>	<u>12-31-2004</u>
In special accounts	427.057	352.317
SEDESA – Checking account in pesos	24.376	80.024
Other	35.540	10.732
	<u>486.973</u>	<u>443.073</u>

“Deposits in special accounts” includes ARS 405,011 related to deposits made by the Argentine Government under the terms of section 1, Presidential Decree No. 1,836/02, which cannot be attached or disposed of and they will exclusively guarantee the different series of Argentine Government bonds to be swapped for certificates of deposit of financial system savers. As of December 31, 2004, the amount in this regard was ARS 272,890.

4.15. Obligations with international entities

This item includes transactions with the IMF, the Bank for International Settlements (BIS), among others.

The transactions with the IMF are detailed below:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Contra account of the funds transferred to the Treasury Department and the bills on obligations	31.131.484	44.346.881
SDRs assigned	1.379.444	1.470.341
Other deposit accounts	<u>272.777</u>	<u>290.952</u>
	<u><u>32.783.705</u></u>	<u><u>46.108.174</u></u>

The funds transferred to the Treasury Department were booked with contra to the foreign currency entered due to the credit aid granted by the IMF to the Argentine Government sector through the BCRA:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Stand By 2003	27.089.407	29.305.684
Stand By 2000	1.656.247	11.610.798
Use of reserve tranche	2.293.330	2.444.447
1992 extended installment agreement	<u>92.500</u>	<u>985.952</u>
	<u><u>31.131.484</u></u>	<u><u>44.346.881</u></u>

Resolution No. 377 issued by the Board of Governors on December 15, 2005 approved the credit installments agreement with the Bank for International Settlements (BIS) for an amount of USD 500,000.

Such resolution is based on the need of mechanisms favoring the immediate and highest availability and liquidity of international reserves under urgent conditions. In this regard, the BIS offered an installment plan to the BCRA to obtain liquid resources for an amount of USD 500,000. The term of such credit plan may be renewed for three months, its cost is set at LIBOR and without establishing any availability commissions. On December 22, 2005, the Board of Governors issued Resolution No. 393, which approved the increase in the aggregate amount of such installment plan to USD 700,000. As of December 31, 2005, the amount, including interest accrued, was ARS 2,124,636.

4.16. Securities issued by the BCRA

One of the transactions allowed to be BCRA under section 18 of its Charter consists in issuing securities or bonds and certificates of participation on the securities that it holds. Such monetary instrument known as LEBAC is issued in Argentine pesos and US dollars since 2002. Such LEBAC are negotiated on a discount basis and they are stated at face value net of interest to be accrued as of each year-end. LEBAC in foreign currency are stated at face value net of interest to be accrued and restated as mentioned in note 3.2.3.

In addition, as from May 2004, Board of Governors' Resolution No. 155/04 authorized that a portion of issued LEBAC be used to perform repurchase agreements as monetary regulation instruments. As a result, the LEBAC portfolio used for such transactions is stated at market values and disclosed by deducting from "Securities issued by the BCRA" (see note 4.9).

Since October 2, 2003, the BCRA has issued NOBAC in pesos annual 8% coupon at a 3-year term, and NOBAC in pesos to be adjusted by CER annual 3% coupon at a 3-year term. In addition, as from April 19, 2005, NOBAC in Argentine pesos began to be issued with a variable coupon (BADLAR + 2.5%). Such NOBAC were stated at face value, plus interest accrued until each year-end.

	<u>12-31-2005</u>	<u>12-31-2004</u>
Bills and notes issued in Argentine pesos	35.126.628	20.396.567
Primary issuance	37.003.925	21.296.952
LEBAC held to be delivered in repurchase agreements	(1.877.297)	(900.385)
Bills and notes issued in foreign currency	144.857	161.239
	<u>35.271.485</u>	<u>20.557.806</u>

Exhibit V discloses the LEBAC and NOBAC held as of each year-end broken down by type of instrument and maturity term.

4.17. Obligations from forward transactions

	<u>12-31-2005</u>	<u>12-31-2004</u>
Obligations from repurchase agreements	8.305.751	5.915.123
Payables for forward purchases	469.630	0
Payables for forward sales	974.059	0
Obligations from reverse repos	303.611	14.108
	<u>10.053.051</u>	<u>5.929.231</u>

As of December 31, 2004, "Obligations from repurchase agreements" amounted to ARS 8,305,751 and represent the funds to be reimbursed to financial institutions on the maturity date of the transactions mentioned in note 4.9 (as of December 31, 2004, the amount booked in this regard was ARS 5,915,123).

As of December 31, 2005, “Obligations from reverse repos” totaled ARS 303,611 and represented the government securities held in portfolio and to be reimbursed due to reverse repos, valued at market price.

As of December 31, 2005, “Payables for forward sales” reached ARS 974,059 and the related “Payables for forward purchases” reached ARS 469,630 as of year-end. Such items disclose the BCRA’s payables to different counterparties for its participation in the ROFEX (foreign currency forward market) (see note 4.9).

4.18. Other liabilities

This item breaks down as follows:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Contra account of Argentine Government contributions to international entities	2.045.369	1.995.609
Obligations from BODEN subscribed	1.838.505	2.801.334
Accrual of IMF charges and interest	240.771	285.123
Obligations from secured loan services	351.533	155.489
Obligations with the Argentine Government	90.591	283.402
Other	582.294	559.646
	<u>5.149.063</u>	<u>6.080.603</u>

“Contra account of Argentine Government contributions to international entities” included the contributions made on account of the Argentine Government as from September 30, 1992, on which the BCRA’s Charter was amended.

As of December 31, 2005, the amount booked for “Obligations from BODEN subscribed” was ARS 1,838,505 (ARS 2,801,334 as of December 31, 2004) and represented the amounts due to the Argentine Government. Such amounts are released for the amount equal to the financial services due of each bonds series, whenever the Finance Department instructs so.

“Obligations from secured loan services” includes the funds that will be used to pay the abovementioned loan services, which amounted to ARS 351,533 as of December 31, 2005 (the amount as of December 31, 2004, was ARS 155,489).

As of December 31, 2005, ARS 240,771 (ARS 285,123 as of December 31, 2004) was computed due to charges accrued to be paid to the IMF for the use of receivables earned in November / December 2005, which were settled in February 2006. The contra account of the charges accrued is disclosed under “Other assets” (see note 4.10).

4.19. Provisions and reserves

	<u>12-31-2005</u>	<u>12-31-2004</u>
Litigation reserve (Exhibit I)	1.221.684	1.214.875
Provision for difference due to conversion into pesos – Communiqué “A” 4058 (Exhibit I)	1.302	21.134
Provision for implementing the monetary consolidation program (Exhibit I)	19.405	19.405
Provision for guarantee fund under Law No. 22,510 (Exhibit I)	6.112	4.870
Other provisions and reserves (Exhibit I)	<u>53.306</u>	<u>34.691</u>
	<u>1.301.809</u>	<u>1.294.975</u>

The method used by the BCRA to determine the amounts of the litigation reserve was as follows:

The lawsuits with no final judgment were classified according to the type of cases (lawsuits related to the reimbursement of deposits, labor lawsuits, etc.) quantifying a reserve based on experience and, for each group, based on the probability of an unfavorable judgment for the BCRA. The outcome of controversies was estimated based on finished lawsuits with the same or similar characteristics, and the same percentage as in 2004 remained, because there were no significant changes in judgments during the fiscal year that may permit to introduce changes in judgments.

The lawsuits prior to April 1, 1991, were adjusted through the general wholesale price index plus an annual 6% interest until March 31, 1991, and, as from such date, the common savings account rate published by the BCRA was used. In the case of lawsuits with causes subsequent to March 31, 1991, and prior to January 1, 2002, the depositary rate under BCRA Notice No. 14,290 was used until December 31, 2001, and, from such date onwards, the common savings account rate based on Law No. 25,344. In the case of lawsuits subsequent to December 31, 2001, and until the closing date of the accompanying financial statements, the depositary rate under BCRA Notice No. 14,290 for judicial purposes was used.

In addition, lawsuits for damages were brought against the BCRA for unspecified amounts, and an unfavorable outcome thereof for the BCRA is remote as of the issuance of the accompanying financial statements; therefore, no reserve was booked.

The allowance for switching into pesos related to differences in the amounts determined to convert into pesos the amounts in checking accounts in foreign currency opened in the BCRA and “Liquidity requirements” accounts opened in Deutsche Bank, New York, represents the estimated amount to be reimbursed to the financial institutions as determined pursuant to applicable regulations, booked with contra to income-statement accounts. As of December 31, 2005, it amounted to ARS 1,302 (ARS 21,134 as of December 31, 2004).

As of year-end, the allowance amounted to ARS 19,405 (the same amount as in December 31, 2004) related to the monetary consolidation program implemented for the purpose of redeeming the provincial and federal securities issued during the 2001 economic crisis and to be applied to the valuation adjustment to be booked with respect to the BODEN receivable due to quasi-currency redemption requests not yet resolved.

4.20. Statement of income – Significant items

The most significant items are:

	<u>12-31-2005</u>	<u>12-31-2004</u>
FINANCIAL INCOME		
Investments realizable in foreign currency		
Foreign securities	359.771	473.350
Certificates of deposit	1.284.795	435.073
Other	348.106	104.744
	<u>1.992.672</u>	<u>1.013.167</u>
OTHER ASSETS, INTEREST AND ADJUSTMENT		
Loans to financial institutions		
Financial institutions' payables	2.306.882	1.096.934
Certificate of participation in trusts	0	4.483
	<u>2.306.882</u>	<u>1.101.417</u>
LISTED PRICE DIFFERENCE IN GOLD, FOREIGN CURRENCY AND GOVERNMENT SECURITIES - INCOME /(LOSS)		
Gold, foreign currency and investments abroad	639.848	1.992.192
Argentine Government securities	1.078.301	1.269.725
Foreign exchange difference from sale of foreign currency and BCRA securities invested	(24.815)	(157.833)
Institutions' deposits in checking accounts and Argentine Government deposits	(38.419)	(188.171)
Foreign securities	164.482	(171.513)
Valuation adjustment of other assets and liabilities in foreign currency	90.272	69.593
	<u>1.909.669</u>	<u>2.813.993</u>
FINANCIAL EXPENSE ON OTHER ACCOUNTS, INTEREST AND ADJUSTMENTS		
Interest on securities issued by the BCRA (Lebac and Nobac)	980.716	993.521
CER adjustment to Lebac and Nobac	1.038.016	269.281
Subtotal:	<u>2.018.732</u>	<u>1.262.802</u>
Interest on transactions with the financial system	575.673	221.910
Interest on obligations with other entities	2.586	308
Interest on obligations with international entities (IMF)	1.498.597	1.691.714
Bills on obligations with the IMF	(1.498.597)	(1.691.714)
Other	32.945	80.813
	<u>2.629.936</u>	<u>1.565.833</u>

NOTE 5 – CREDIT- AND DEBIT-BALANCE MEMORANDUM ACCOUNTS

As of December 31, 2005, credit- and debit-balance memorandum accounts amounted to ARS 383,899,679 (ARS 133,465,711 as of December 31, 2004), which broke down as follows:

	<u>12-31-2005</u>	<u>12-31-2004</u>
Checks and securities in custody	241.454.413	42.447.430
Checks and securities received in guarantee	25.753.608	32.702.805
Notes and coins in Treasury's custody	108.225.831	50.281.481
Non-negotiable checks and securities – International entities	7.038.775	7.422.585
Contingent payable	20.455	20.455
Other	1.406.597	590.955
	<u>383.899.679</u>	<u>133.465.711</u>

NOTE 6 – EVENTS SUBSEQUENT TO YEAR-END

6.1. Full settlement of payable to the International Monetary Fund

On January 3, 2006, the BCRA settled the Argentine Government's payable to the IMF in full by virtue of Law No. 26,076 and Resolution No. 49/05 from the Ministry of Economy and Production and Resolution No. 431/05 of the BCRA's Board of Governors.

Through Resolution No. 49 dated December 20, 2005, the Ministry of Economy and Production entrusted the BCRA by virtue of Presidential Decree No. 1599 of December 15, 2005, and section 1 of Presidential Decree No. 1601 of December 15, 2005, to settle the payable to the IMF in full. In addition, section 2 of Resolution No. 49 instructed the Treasury Department and the Finance Department of such ministry to swap the Argentine Government's liabilities that represented BCRA's assets as a result of the indebtedness assumed with the IMF by issuing a bill in US dollars.

On January 5, 2006, Joint Resolution No. 4 and 1 of the Treasury Department and the Finance Department, respectively, was issued. Such resolution set forth the issuance of the non-transferable bill at 10 years, with the following characteristics: issuance in US dollars, full amortization as of due date and interest accrual at an annual rate equivalent to that accrued by BCRA's international reserves for the same period and up to a cap LIBOR less a percentage point, payable twice a year.

Board of Governors' Resolution No. 3 dated January 5, 2006, accepted the inclusion of such US-dollar bill in the BCRA's equity. Such instrument was booked under "Non-transferable bill due in 2016" under the "Government securities" assets account at nominal value for an amount of USD 9,530,111, which agrees with the value of the payable settled. Such valuation was based on the BCRA's financial capacity and its decision to maintain it until the due date in conformity with current professional accounting standards. "Funds transferred to the Argentine Government due to investments with the IMF" was settled with contra to such income. Until that time, such item was used to book the Argentine Government's obligations with the BCRA as a result of the payable to the International Monetary Fund.

The total payment reached SDR 6,655,729 and implied an equivalent decrease in "International Monetary Fund" under the "Obligations with international entities" liabilities item (see note 2.3).

6.2. Settlement of illiquidity assistance subject to the system under Presidential Decree No. 739/03

The installments paid by financial institutions during Q1 2006 according to the schedules prepared according to Communiqué “A” 3941 represented ARS 487,840 (principal, CER adjustment and interest). In addition, the presettlements made by financial institutions with settlement value until March 2, 2006, represented income amounting to ARS 4,506,688 (principal and CER adjustment). Summing up, the BCRA earned ARS 4,994,528 for both items. The materialization of such settlements allowed debtor entities to decrease from five –holding the obligations mentioned as of December 31, 2005- to three.