

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006
PRESENTED COMPARATIVELY WITH THE PRIOR FISCAL 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 is 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 2005 AND 2006

The accompanying financial statements disclose the BCRA's financial position as of the end of fiscal 2005 and 2006. For a better reading of the accompanying financial statements and to understand the transformation process and the financial effects thereof in fiscal 2005 and 2006, 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. Settlement of payable to the International Monetary Fund (IMF)

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 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 Resolutions Nos. 4 and 1 of the Treasury Department and the Finance Department, respectively, were issued, whereby a non-transferable bill due at ten years was issued, and through Board of Governors' Resolution No. 3 of January 5, 2006, it was accepted

to include it in BCRA's equity. Such instrument was booked in "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. Funds transferred to the Argentine Government due to investments with the IMF were settled with contra to such income.

The settlement of the payable to the IMF reached SDR 6,655,729 and implied a decrease in "International Reserves" and "International Monetary Fund" under the "Obligations with international entities" liabilities item. The decrease in reserves was offset during the current fiscal year by virtue of the reserve accumulation policy followed by the BCRA, which permitted to restore the level that they disclosed in December 2005, prior to the settlement of the payable to the IMF.

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

A plan with interest and amortization rates similar to the assets used to guarantee such aid was established for the institutions subject to the provisions of Presidential Decree No. 739/03 of March 28, 2003, which is related to the settlement of the aid for illiquidity. 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 2005 and 2006, the financial system trend towards the acceleration of the decrease in its obligations remained. This process continued during Q1 2007, in which ARS 2,988,626 was earned. The materialization of such settlements allowed debtor entities to decrease to only one of the two entities with payables as of December 31, 2006.

2.3. 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.

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

Through the enactment of Presidential Decree No. 1599/05 of 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, 2006, and 2005, the surplus in “International reserves” with respect to the monetary base amounted to ARS 18,300,351 and ARS 30,434,721, respectively.

NOTE 3 - ACCOUNTING STANDARDS APPLIED

3.1 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.

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 changes involve the adoption of the technical resolutions and interpretations issued by the FACPCE’s governing board through April 1, 2005. Such resolution is generally effective in the City of Buenos Aires for fiscal years beginning as from January 1, 2006, and establishes transition standards that defer the mandatory effective term of certain changes to the years beginning January 1, 2008.

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 2006 and 2005 comparatively, including the following items: International reserves, Monetary liabilities (Monetary base and Current accounts in other currencies) and Argentine Government deposits and Other.

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 with 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, 2006, and 2005. 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 as of such dates. The table below shows the exchange rates of different currencies with respect to the Argentine peso:

	<u>12/31/2006</u>	<u>12/31/2005</u>
US dollar	3,06950000	3,03150000
Gold	1.945,75605000	1.565,76975000
Special drawing rights (SDRs)	4,61775600	4,33283200
Euro	4,04590800	3,59141800
Yen	0,02577679	0,02575616
Pound sterling	6,00977400	5,21569600
Canadian dollar	2,63725599	2,60259427
Swiss franc	2,51495139	2,30742784

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

	<u>12/31/2006</u>	<u>12/31/2005</u>
Gold in bars	3.426.393	2.757.254
Options	24.621	0
Allowance for gold in bars (Exhibit I)	<u>(5.405)</u>	<u>(5.339)</u>
Total	<u><u>3.445.609</u></u>	<u><u>2.751.915</u></u>

Gold physical inventories were valued as of year-end at USD 633,90 (USD 516,50 as of December 31, 2005) per troy ounce, 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.

Through Resolution No. 144 of June 28, 2006, the Board of Directors authorized the Reserve Administration Main Management to carry out transactions related to futures, options or forward transactions in foreign currency and in gold with nil-credit risk institutions, to the extent that such derivatives were used to reduce the portfolio risk. In this regard, during fiscal 2006, transactions with derivatives were carried out to reduce the market risk of the position in gold. For this purpose, the strategy carried out with options allowed the BCRA to establish a coverage floor (put option exercise price) for the end of 2007 over 75% of its position in physical gold and reduce the exposure to adverse events for the gold price. In turn, this implied sacrificing part of the upside in this commodity price at the end of 2007 (cap fixed for the call exercise price). However, as a result of performing transactions over 75% of the position in physical gold, the BCRA kept a significant margin over the remaining 25% in the event of extreme events of low probability that may give rise to a significant increase in this commodity price. At the same time, the vulnerability thereof decreased significantly in unfavorable scenarios for this commodity listed price that may give rise to an important reduction in the price thereof.

In fact, the strategy was aimed at reducing the volatility of income (loss) in US dollars in 2006 as a result of changes in the gold listed price, as well as providing financial coverage (within the values of exercise prices fixed) to income (loss) in US dollars for 2007 (i.e. income (loss) as of year-end, notwithstanding the variations during such year), which derives from 75% of the gold position.

Its characteristics are as follows:

TYPE OF AGREEMENT	PURPOSE OF TRANSACTIONS	TYPE OF CALCULATION	AGREEMENT NOTIONAL VALUES (*)	VALUE IN PESOS AS OF 12/31/2006
Put options - Taken				
Due date 12/24/07	Coverage	European	64	5.020
Due date 12/27/07	Coverage	European	640	50.438
Due date 12/27/07	Coverage	European	616	26.678
			1.320	82.136
Call options - Launched				
Due date 12/24/07	Coverage	European	64	2.340
Due date 12/27/07	Coverage	European	576	21.407
Due date 12/27/07	Coverage	European	64	2.076
Due date 12/27/07	Coverage	European	176	10.711
Due date 12/27/07	Coverage	European	88	4.713
Due date 12/27/07	Coverage	European	88	4.544
Due date 12/27/07	Coverage	European	88	3.948
Due date 12/27/07	Coverage	European	88	4.412
Due date 12/27/07	Coverage	European	88	3.364
Total			1.320	57.515
Net				24.621

(*) Stated in thousands of troy ounces.

4.2 Foreign currency

	12/31/2006	12/31/2005
Treasury inventories	4.656.094	5.627.592
Overnight and checking accounts in foreign correspondent banks	2.393.836	14.868.398
Total	7.049.930	20.495.990

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 Investments realizable in foreign currency

Including the following investments made abroad:

	<u>12/31/2006</u>	<u>12/31/2005</u>
Certificates of deposit in foreign currency	37.176.591	20.677.495
Foreign government securities	46.492.455	20.798.518
Demand deposits	3.864.370	20.134.066
Repurchase agreements	312.866	315.609
IMF reserve portion position	902	847
Total	<u>87.847.184</u>	<u>61.926.535</u>

Demand deposits and certificates of deposits and repurchase agreements 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 each 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, 2006, amounted to ARS 36,722,593 (ARS 9,319,240 as of December 31, 2005).

4.4.1.1 Bills on obligations towards the International Monetary Fund

As part of the payment to the International Monetary Fund mentioned in note 2(1), such instruments were disclosed as part of "Funds transferred to the Argentine Government due to investments with the IMF and Contra account of the use of reserve portion" for an amount of ARS 1,205,681 as of December 31, 2005, equal to SDR 278,266, since they represent the transfer to the Argentine Government of the funds received by the BCRA from the IMF until September 30, 1992, upon using this basic financing line. The financial performance of this asset stated in SDR is identical to the payables to foreign parties (see notes 2(1) and 4(8) and Exhibits II and III).

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 of 2005 year-end, Discount Bonds 2033 amounted to a residual nominal value of 29,413, equivalent to ARS 78,735, while no amount was booked as of the current year-end.

As of December 31, 2006, GDP-related negotiable securities issued in US dollars and maturing on December 15, 2035, amounted to a residual nominal value of 87,279, equivalent to ARS 35,785 (residual nominal value of 87,279 equivalent to ARS 14,183 as of December 31, 2005). Such financial instruments were valued at market prices. (See Exhibit III).

4.4.1.3 Securities issued under Argentine legislation

They include securities subject to Argentine legislation, which amounted to ARS 36,686,808 as of year-end (ARS 8,020,641 as of December 31, 2005).

4.4.1.3.1 1990 Argentine Treasury Consolidated Bond

This bond was issued on January 2, 1990, and 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 Non-transferable bill maturing in 2016

Through Resolution No. 3 issued by the Board of Governors on January 5, 2006, the inclusion of the Non-transferable bill in BCRA's equity was accepted, in exchange for the Argentine Government's obligations with the BCRA as a result of the payable to the International Monetary Fund. Funds transferred to the Argentine Government due to investments with the IMF were settled with contra to the inclusion of such bill. (See notes 2.1 and 4.8)

The bill was booked at nominal value and it was decided to maintain it in the portfolio until its maturity. The payment reached USD 9,530,111, which agrees with the bill nominal value.

The characteristics of the issuance are as follows: issuance in US dollars, ten-year term, 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.

As of December 31, 2006, the amount converted into pesos according to the method of cost valuation plus accrued interest amounted to ARS 29,818,917. During fiscal 2006, the first semi-annual financial service related to this instrument matured and was paid for an amount of USD 178,871. On January 3, 2007, the second coupon was collected for an amount of USD 187,531.

4.4.1.3.3 Other securities issued under Argentine legislation

As of December 31, 2006, the item amounted to ARS 5,986,427 (ARS 7,139,177 as of December 31, 2005).

It mainly consisted of:

a) Argentine Government bonds (BODEN) Series 2011 with a residual nominal value of 4,055,740, equal to ARS 5,154,845 (residual nominal value of 4,896,963 equal to ARS 5,778,417 as of December 31, 2005) 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. Such securities were 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. They were 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) Discount bonds issued in US dollars and maturing on December 31, 2033, for a residual nominal value of USD 101,049 equal to ARS 344,606 (residual nominal value USD 150,097 equal to ARS 414,913 as of December 31, 2005). Such financial instruments were valued at their listed prices.

c) GDP-related negotiable securities with a residual nominal value of USD 446,304 equal to ARS 173,811 (residual nominal value of USD 445,391 equal to ARS 63,602 as of December 31, 2005) received upon the conclusion of the public debt restructuring process. Such financial instruments were valued at their listed prices.

d) 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, 2006, and 2005, assets included bonds valued at listed prices for an amount of ARS 137,661 (residual nominal value of ARS 85,318) and ARS 202,769 (residual nominal value of 138,769), respectively.

b) Argentine Government bonds (BODEN) Series 2014 for a residual nominal value of USD 115,389 equal to ARS 127,448 (residual nominal value USD 629,389 equal to ARS 635,683 as of December 31, 2005). Such financial instruments were valued at their listed prices.

f) Argentine Government bonds (BODEN) Series 2007, booked at their listed prices for a residual nominal value of ARS 1,828 equal to ARS 3,482 (no balance as of December 31, 2005).

g) Other portfolio securities amounting to ARS 44,574 (ARS 44,080 as of December 31, 2005). They include bonds from the Province of Chaco amounting to ARS 43,925, which were valued at the last 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 valued at market price for ARS 68,222 as of December 31, 2006, and ARS 303,611 as of December 31, 2005 (Exhibit III), which was booked with contra to "Obligations from forward transactions" (see note 4.18).

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, 2006, an ARS 898,950 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 4.4.1.3.3.(g), net of service-charge income earned. As of December 31, 2005, the allowance amounted to ARS 911,347.

4.5 Temporary prepayments to the Argentine Government

Such prepayments are granted pursuant to section 20 of the BCRA's Charter, 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, 2006, the "Temporary prepayments to the Argentine Government" account amounted to ARS 18,330,000, and the Treasury Department requested ARS 9,796,000 to settle the obligations with international credit institutions, and ARS 8,534,000 for other purposes, while as of December 31, 2005, the prepayments to the Argentine Government amounted to ARS 15,998,200, to be used to pay obligations with international credit institutions. Such temporary prepayments do not accrue interest.

As of December 31, 2006, and 2005, the amount consists of the following prepayments:

	<u>12/31/2006</u>	<u>12/31/2005</u>
Fifty-sixth prepayment maturing on 01.20.2006	0	600.000
Fifty-seventh prepayment maturing on 01.27.2006	0	1.200.000
Fifty-eighth prepayment maturing on 02.10.2006	0	1.400.000
Fifty-ninth prepayment maturing on 02.24.2006	0	1.200.000
Sixtieth prepayment maturing on 04.21.2006	0	1.200.000
Sixty-first prepayment maturing on 04.28.2006	0	600.000
Sixty-second prepayment maturing on 05.05.2006	0	600.000
Sixty-third prepayment maturing on 07.01.2006	0	400.000
Sixty-fourth prepayment maturing on 07.28.2006	0	1.000.000
Sixty-fifth prepayment maturing on 08.26.2006	0	750.000
Sixty-sixth prepayment maturing on 09.08.2006	0	350.000
Sixty-seventh prepayment maturing on 09.23.2006	0	170.000
Sixty-eighth prepayment maturing on 10.06.2006	0	395.100
Sixty-ninth prepayment maturing on 10.13.2006	0	516.000
Seventieth prepayment maturing on 10.27.2006	0	1.090.000
Seventy-first prepayment maturing on 11.10.2006	0	450.000
Seventy-second prepayment maturing on 11.17.2006	0	1.842.000
Seventy-third prepayment maturing on 12.01.2006	0	1.100.000
Seventy-fourth prepayment maturing on 12.27.2006	0	1.135.100
Seventy-fifth prepayment maturing on 01.26.2007	1.800.000	0
Seventy-sixth prepayment maturing on 02.14.2007	1.600.000	0
Seventy-seventh prepayment maturing on 03.02.2007	1.800.000	0
Seventy-eighth prepayment maturing on 03.23.2007	600.000	0
Seventy-ninth prepayment maturing on 08.10.2007	1.700.000	0
Eightieth prepayment maturing on 08.31.07	250.000	0
Eighty-first prepayment maturing on 09.28.2007	530.000	0
Eighty-second prepayment maturing on 10.06.2007	1.000.000	0
Eighty-third prepayment maturing on 10.27.2007	1.000.000	0
Eighty-fourth prepayment maturing on 11.10.2007	600.000	0
Eighty-fifth prepayment maturing on 11.17.2007	1.700.000	0
Eighty-sixth prepayment maturing on 11.30.2007	1.200.000	0
Eighty-seventh prepayment maturing on 12.21.2007	2.550.000	0
Eighty-eighth prepayment maturing on 12.28.2007	2.000.000	0
Total	<u><u>18.330.000</u></u>	<u><u>15.998.200</u></u>

The prepayments that remain effective as of the prior year-end were fully settled as of December 31, 2006, 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>12/31/2006</u>	<u>12/31/2005</u>
Aid due to illiquidity – Communiqué “A” 3941	4.570.883	12.000.447
Prepayments to subscribe Argentine Government bonds	2.086.750	2.224.654
Financial institutions with abrogated authorization	0	915.220
Certificates of participation in trusts	0	661.833
Refinanced lines	697.340	734.760
Assets received due to rediscounts	0	133.643
Assets and rights received (section 35 bis, Financial Institutions Law)	0	33.974
Prepayments for illiquidity with other guarantees	1.364	1.364
Other	7	798
Offset account of assets received due to rediscounts	<u>0</u>	<u>(113.188)</u>
Subtotal	<u>7.356.344</u>	<u>16.593.505</u>
Less:		
Allowances on loans to the financial system	<u>1.089.058</u>	<u>2.769.159</u>
Total	<u><u>6.267.286</u></u>	<u><u>13.824.346</u></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 2006, allowances were reversed in the amount of ARS 298,973 and new allowances were booked in the amount of ARS 279,904 (see Exhibit I).

The abovementioned aids due to illiquidity are included in the settlement system established by Presidential Decrees Nos. 739/03 and 1262/03, regulatory provisions and supplementary regulations.

As of 2006 year-end, only two financial institutional held payables to the BCRA for illiquidity assistance, showing an ARS 7,429,564 decrease with respect to December 31, 2005.

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 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>12/31/2006</u>	<u>12/31/2005</u>
Argentine Government secured bonds maturing in 2018	3.615.469	7.023.936
Argentine Government secured bonds	955.410	4.504.696
Other assets	0	107.946
Argentine Government bonds (BODEN)	<u>4</u>	<u>363.869</u>
Total	<u><u>4.570.883</u></u>	<u><u>12.000.447</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 and Argentine Government Bonds in Argentine pesos accruing 2% interest and maturing in 2007, 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).

During the current fiscal year, Refinanced lines, Certificates of participation in trusts, receivables from Financial institutions with abrogated authorization and Assets and rights received, which were fully booked as allowances and for which no recovery was obtained for over six months, were deemed non-recoverable and the amounts thereof were booked in memorandum accounts. The same method was followed for aids granted to reimburse deposits and to bear the expenses from the liquidation process related to financial institutions and reversed assets in liquidation, which were fully booked as allowance as from 1990. The amounts of such aids form part of “Receivables deemed non-recoverable” in memorandum accounts (see note 5):

	<u>12/31/06</u>
Financial institutions with abrogated authorization	919.537
Certificates of participation in trusts	648.279
Refinanced lines	26.680
Assets and rights received	33.974
Assets received due to rediscounts	10.116
Prepayments for deposit reimbursement	6.793.368
Unsecured receivables in litigation	781.835
Liquidation expenses prepaid	126.829
Other payables	13.830.114
Total	<u><u>23.170.732</u></u>

4.7 Contributions to international entities on account of the Argentine Government and others

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

	12/31/2006	12/31/2005
Contributions to the IADB, IBRD and IDA, among others	3.336.445	3.089.478
Contributions to the IMF	2.735.687	2.566.890
Total	<u>6.072.132</u>	<u>5.656.368</u>

The IMF determines the so-called “quota” that Argentina is required to pay as a member country and, as of December 31, 2006, it amounted to 2,117,100 SDRs (the same amount as on December 31, 2005) and it is booked as follows:

	Amount in SDRs (*)	Amount in pesos as of 12/31/2006	Amount in pesos as of 12/31/2005
Treasury bills	1.524.672	7.040.565	6.606.149
Contributions to the IMF in foreign currency	529.275	2.444.064	2.293.261
Contributions to the IMF in Argentine pesos	<u>63.153</u>	<u>291.622</u>	<u>273.629</u>
Total	<u>2.117.100</u>	<u>9.776.251</u>	<u>9.173.039</u>

(*) There are identical amounts for 12-31-2006 and 12-31-2005.

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, which are booked in memorandum accounts under “Non-negotiable securities – International entities”.

4.8 Funds transferred to the Argentine Government due to investments with the IMF and Contra account of the use of reserve portion

The variations in this item during fiscal 2006 is mainly explained through a decrease of SDR 6,655,729, which were exchanged for the Non-transferable bill 2016 (Notes 2.1 and 4.4.1.3.2 and Exhibits II and III) as part of the bookings related to the payment to the IMF.

In addition, it books the new disclosure of the contra account related to the use of the reserve portion (notes 2.1 and 4.4.1.1 and exhibits II and III), which were received by the BCRA and transferred to the Argentine Government before September 30, 1992, for an amount of SDR 529,291 equal to ARS 2,444,138 (SDR 6,906,754 equal to ARS 29,925,803 as of December 31, 2005).

The use of the reserve portion is the main financial service available to a country and it does not represent the use of the credit from the IMF, there being no claim from the international organization regarding the funds used. The reserve portion of a country represents the payment percentage of the installment established for participating in the IMF, which was included in reserve assets. (See notes 4.4.1.1 and 4.15).

4.9 Rights on forward transactions

	<u>12/31/2006</u>	<u>12/31/2005</u>
LEBAC (BCRA bills) receivable in Argentine pesos and delivered in repurchase agreements	1.591.177	8.300.206
Repurchase agreements assessment	159.110	830.575
Payables for forward purchases	0	469.630
Payables for forward sales	36.698	974.059
Reverse repo payables	61.679	273.297
Payables for repurchase agreements	177.356	0
Assets applied to guarantees for participation in the ROFEX market	<u>43.040</u>	<u>74.501</u>
Total	<u><u>2.069.060</u></u>	<u><u>10.922.268</u></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. Board of Governors' Resolution No. 155 of 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, 2006, the LEBAC delivered in repurchase agreements amounted to ARS 1,591,177 (ARS 8,300,206 as of December 31, 2005). Such LEBAC were valued at market price (see note 4.16).

Through Resolution No. 181 of 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 to 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, 2006, the assets delivered in guarantee amounted to ARS 43,040, while as of December 31, 2005, it 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

	12/31/2006	12/31/2005
Secured loans – Presidential Decree No. 1387/01	856.103	820.197
Bank premises & equipment (net of accumulated depreciation)	117.184	123.212
Stock of paper and coins for monetary issuance	41.407	41.296
Coined gold	17.638	14.132
Intangible assets (net of accumulated amortization)	2.510	3.154
Accrual of IMF charges and interest	0	306.849
Prepayment of revenues	0	143.153
Other	262.264	282.286
Less:		
Allowances and provisions	148.401	213.967
Total	<u>1.148.705</u>	<u>1.520.312</u>

The Argentine Government's obligations documented through secured loans (Presidential Decree No. 1,387/01) at the BCRA's portfolio amounted to ARS 856,103 as of December 31, 2006 (ARS 820,197 as of December 31, 2005). 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 points 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 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 set forth in the abovementioned circular.

As of December 31, 2006, there were no accrued charges payable to the IMF and to be reimbursed by the Argentine Government, since the payable to the IMF was fully settled. (See notes 2.1 and 4.15).

During 2006, no profits were paid to the Argentine Government and the amount of ARS 143,153 as of December 31, 2005, was charged definitely with the distributions of earnings for such 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 transactions performed and settled pursuant to ALADI’s Agreement on Reciprocal Payments and Credits for an amount of ARS 143,032 (ARS 141,261 as of December 31, 2005) , 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; therefore, the amount was fully booked as allowance (see Exhibit I).

4.11 Monetary base

4.11.1 Monetary circulation

	<u>12/31/2006</u>	<u>12/31/2005</u>
Notes	58.216.057	47.366.790
Coins	1.006.367	970.530
Total	<u><u>59.222.424</u></u>	<u><u>48.337.320</u></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>12/31/2006</u>	<u>12/31/2005</u>
Balance at beginning of year	47.366.790	36.768.839
New notes and good use of the financial system	14.117.356	12.382.869
Notes out of circulation and destroyed or to be destroyed	<u>(3.268.089)</u>	<u>(1.784.918)</u>
Balance at end of year	<u><u>58.216.057</u></u>	<u><u>47.366.790</u></u>

4.11.2 Checking accounts in Argentine pesos

As of December 31, 2006, this account amounted to ARS 20,843,885 (ARS 6,373,172 as of December 31, 2005). The compensation for the amounts in checking accounts in Argentine pesos opened in the BCRA is calculated pursuant to Communiqué “A” 4473, 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, 2006, this item amounted to ARS 7,378,419 (ARS 6,545,596 as of December 31, 2005), and it is converted into pesos as established in note 3.2.3. Compensation conditions have been defined in such Communiqué “A” 4473, as amended and supplemented (see note 4.11.2).

4.13 Deposits from the Argentine Government and others

This item includes:

	<u>12/31/2006</u>	<u>12/31/2005</u>
Argentine Government deposits	4.590.969	1.711.378
ANSES – Social security payment orders	1.571	83.424
Argentine Government deposits - BODEN	1.498	1.682
Provincial funds	102.585	101.316
Argentine Government deposits – Law No. 25,152 – Tax anticyclical fund	2	1.514
Return transferred over deposits to strengthen BCRA reserves	0	27
Total	<u><u>4.696.625</u></u>	<u><u>1.899.341</u></u>

4.14 Other deposits

	<u>12/31/2006</u>	<u>12/31/2005</u>
In special accounts	189.163	427.057
SEDESA – Checking account in pesos	346	24.376
Other	30.456	35.540
Total	<u><u>219.965</u></u>	<u><u>486.973</u></u>

“Deposits in special accounts” includes ARS 168,782 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, 2005, the amount in this regard was ARS 405,011.

4.15 Obligations with international entities

This item includes transactions with the IMF and other entities.

The transactions with the IMF are detailed below:

	<u>12/31/2006</u>	<u>12/31/2005</u>
Contra account of the funds transferred to the Treasury Department and the bills on obligations	2.444.138	31.131.484
SDRs assigned	1.470.155	1.379.444
Other deposit accounts	300.652	272.777
Total	<u><u>4.214.945</u></u>	<u><u>32.783.705</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:

	12/31/2006	12/31/2005
Stand By 2003	0	27.089.407
Stand By 2000	0	1.656.247
Use of reserve portion	2.444.138	2.293.330
1992 extended installment agreement	0	92.500
Total	<u>2.444.138</u>	<u>31.131.484</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). Such resolution was based on the need of mechanisms favoring the immediate and highest availability and liquidity of international reserves under urgent conditions. As of December 31, 2005, the amount, including interest accrued, was ARS 2,124,636, while no amount was booked as of December 31, 2006.

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 with an annual 8% coupon at a 3-year term, and NOBAC in pesos to be adjusted by CER with an 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>12/31/2006</u>	<u>12/31/2005</u>
Primary issuance of bills and notes	50.681.320	37.003.925
Bills and notes in portfolio available for repurchase agreements	<u>(8.644.911)</u>	<u>(1.877.297)</u>
Bills and notes in circulation in Argentine pesos	<u>42.036.409</u>	<u>35.126.628</u>
Bills and notes issued in foreign currency	<u>55.432</u>	<u>144.857</u>
Total	<u><u>42.091.841</u></u>	<u><u>35.271.485</u></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 Contra account of Argentine Government contributions to international entities

As of December 31, 2006, the amount of ARS 2,301,788 related to this item represents the contra account of Argentine Government contributions to international entities made on account of the Argentine Government as from September 30, 1992, on which the BCRA's Charter was amended. The amount of ARS 2,045,369 as of December 31, 2005, was included in "Other liabilities".

4.18 Obligations from forward transactions

	<u>12/31/2006</u>	<u>12/31/2005</u>
Obligations from repurchase agreements	1.768.726	8.305.751
Payables for forward purchases	0	469.630
Payables for forward sales	36.698	974.059
Obligations from reverse repos	<u>68.222</u>	<u>303.611</u>
Total	<u><u>1.873.646</u></u>	<u><u>10.053.051</u></u>

As of December 31, 2006, "Obligations from repurchase agreements" amounted to ARS 1,768,726 and represented the funds to be reimbursed to financial institutions on the maturity date of the transactions mentioned in note 4.9 (as of December 31, 2005, the amount booked in this regard was ARS 8,305,751).

As of December 31, 2006, "Obligations from reverse repos" totaled ARS 68,222 and represented the government securities held in portfolio and to be reimbursed due to reverse repos, valued at market price (see note 4.4.2).

As of December 31, 2006, “Payables for forward sales” reached ARS 36,698 and the related “Payables for forward purchases” reached ARS 0 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).

4.19 Other liabilities

This item breaks down as follows:

	<u>12/31/2006</u>	<u>12/31/2005</u>
Contra account of Argentine Government contributions to international entities	0	2.045.369
Obligations from BODEN subscribed	1.610.985	1.838.505
Accrual of IMF charges and interest	0	240.771
Obligations from secured loan services	67.694	351.533
Obligations with the Argentine Government	96.662	90.591
Other	769.882	582.294
Total	<u><u>2.545.223</u></u>	<u><u>5.149.063</u></u>

“Contra account of Argentine Government contributions to international entities”, which amounted to ARS 2,045,369 as of December 31, 2005, was restated as a new item under liabilities with an identical name.

As of December 31, 2006, the amount booked for “Obligations from BODEN subscribed” was ARS 1,610,985 (ARS 1,838,505 as of December 31, 2005) 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 67,694 as of December 31, 2006 (the amount as of December 31, 2005, was ARS 351,533).

As of December 31, 2006, no accrued charges payable to the IMF were computed since the obligations towards the IMF that were used to calculate them were fully settled. As of December 31, 2005, they amounted to ARS 240,771. (See notes 2.1 and 4.10).

4.20 Provisions and reserves (Exhibit I)

	<u>12/31/2006</u>	<u>12/31/2005</u>
Litigation reserve	1.285.151	1.221.684
Provision for difference due to conversion into pesos – Communiqué “A” 4058	966	1.302
Provision for implementing the monetary consolidation program	0	19.405
Provision for guarantee fund under Law No. 22,510	9.241	6.112
Other provisions and reserves	<u>53.956</u>	<u>53.306</u>
Total	<u><u>1.349.314</u></u>	<u><u>1.301.809</u></u>

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

Lawsuits were classified based on their procedural status and the type of cases (lawsuits related to the reimbursement of deposits, labor lawsuits, etc.) Based on such classification, the reserve was estimated taking into account a percentage related to identical or similar lawsuits finished.

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, 2006, it amounted to ARS 966 (ARS 1,302 as of December 31, 2005).

As of year-end, the allowance for the monetary consolidation program was recovered (for an amount of ARS 19,405 as of December 31, 2005). This allowance was aimed at covering the contingency over the loss to be booked for BODEN received for the redemption of provincial and federal securities (quasi-currencies). Taking into account that the redemption process is closed, the allowance was recovered.

4.21 Statement of income – Significant items

The most significant items are:

	<u>12/31/2006</u>	<u>12/31/2005</u>
FINANCIAL INCOME		
Investments realizable in foreign currency		
Foreign securities	1.181.230	359.771
Long-term deposits	1.663.995	1.284.795
Other	224.731	348.106
Total	<u><u>3.069.956</u></u>	<u><u>1.992.672</u></u>
OTHER ASSETS		
INTEREST AND ADJUSTMENTS		
Loans to financial institutions	1.395.271	2.306.882
Government securities under local legislation	1.751.939	899.940
Total	<u><u>3.147.210</u></u>	<u><u>3.206.822</u></u>
LISTED PRICE DIFFERENCE IN GOLD, FOREIGN CURRENCY AND GOVERNMENT SECURITIES		
INCOME /(LOSS)		
Gold, foreign currency and investments abroad	1.521.188	639.848
Argentine Government securities	735.044	1.078.301
Foreign exchange difference from sale of foreign currency and BCRA securities invested	(196.866)	(24.815)
Institutions' deposits in checking accounts and Argentine Government deposits	(152.163)	(38.419)
Foreign securities	1.181.230	164.482
Valuation adjustment of other assets and liabilities in foreign currency	(444.015)	90.272
Total	<u><u>2.644.418</u></u>	<u><u>1.909.669</u></u>

	<u>12/31/2006</u>	<u>12/31/2005</u>
FINANCIAL EXPENSE ON OTHER ACCOUNTS, INTEREST AND ADJUSTMENTS		
Interest on securities issued by the BCRA (Lebac and Nobac)	3.069.397	980.716
CER adjustment to Lebac and Nobac	<u>591.805</u>	<u>1.038.016</u>
Subtotal	3.661.202	2.018.732
Interest on transactions with the financial system	470.480	575.673
Interest on obligations with other entities	39.988	2.586
Interest on obligations with international entities (IMF)	13.667	1.498.597
Bills on obligations with the IMF	(13.667)	(1.498.597)
Other	<u>337.942</u>	<u>32.945</u>
Total	<u><u>4.509.612</u></u>	<u><u>2.629.936</u></u>

NOTE 5 – CREDIT- AND DEBIT-BALANCE MEMORANDUM ACCOUNTS

As of December 31, 2006, credit- and debit-balance memorandum accounts amounted to ARS 440,763,978 (ARS 383,899,679 as of December 31, 2005), which broke down as follows:

	<u>12/31/2006</u>	<u>12/30/2005</u>
Checks and securities in custody	256.918.706	241.454.413
Checks and securities received in guarantee	16.535.302	25.753.608
Notes and coins in Treasury's custody	135.994.124	108.225.831
Non-negotiable securities – International entities	7.445.109	7.038.775
Contingent payable	0	20.455
Receivables deemed non-recoverable	23.170.732	0
Fines under criminal foreign exchange system – Section 41 L.E.F.	228.870	229.216
MAE (electronic over-the-counter market) forward transactions	52.298	0
Funds managed on behalf of Treasury Department	376.905	376.428
Other	<u>41.932</u>	<u>800.953</u>
Total	<u><u>440.763.978</u></u>	<u><u>383.899.679</u></u>

During the current fiscal year, the receivables deemed non-recoverable were included in this item. This item includes refinanced lines, certificates of participation in trusts, receivables from financial institutions with abrogated authorization, which were fully booked as allowances and for which no recovery was obtained for over six months. The same method was followed for aids granted to reimburse deposits and to bear the expenses from the liquidation process related to financial institutions and reversed assets in liquidation, which were fully booked as allowance as from 1990. (See note 4.6)

NOTE 6 – EVENTS SUBSEQUENT TO YEAR-END

6.1 International reserve accumulation policy

During Q1 2007, the BCRA booked a monthly average of the net increase in international reserves amounting to USD 1,448,222, thus continuing with its reserve accumulation policy that allowed restoring and exceeding the levels observed as of January 2, 2006, prior to the settlement of payables to the IMF (USD 28,078,258), with a stock amounting to USD 36,643,883 as of March 28, 2007.

6.2 Transfer of profits to the Argentine Government

On February 28, 2007, pursuant to Board of Governors' Resolution No. 47, an amount of ARS 1,000,000 was transferred to the Argentine Government regarding profits on account of unappropriated retained earnings for fiscal 2006.