

Financial Statements

As of December 31, 2020



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Financial Statements
as of December 31, 2020
Comparative with the prior year



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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BANCO CENTRAL DE LA REPUBLICA ARGENTINA

**BALANCE SHEET AS OF DECEMBER 31, 2020
COMPARATIVELY PRESENTED WITH THE PRIOR FISCAL YEAR
- In thousands of Argentine pesos in constant currency (Note 3.4)**

ASSETS	12/31/2020	12/31/2019
	INTERNATIONAL RESERVES	3,314,225,028
Gold (Net of allowances) (Note 4.1.1 and Exhibits II)	316,237,977	218,913,058
Foreign currency (Note 4.1.2 and Exhibit II)	2,303,362,034	2,369,593,263
Deposits to be realized in foreign currency (Note 4.1.3 and Exhibit II)	696,428,457	1,071,161,584
Multilateral Credit Agreements (Net) (Note 4.1.4 and Exhibit II)	11,069	285
Derivatives over International Reserves (Note 4.1.5 and Exhibit II)	(1,814,509)	(2,639,447)
GOVERNMENT SECURITIES	5,159,661,818	4,599,332,231
BCRA HOLDINGS	5,160,437,506	4,600,400,258
Securities issued under Foreign Legislation (Note 4.2.1.1, Exhibits II and III)	3,769,984	5,823,771
Securities issued under Argentine Legislation (Note 4.2.1.2 and Exhibits II and III)	5,156,667,522	4,594,576,487
1990 National Treasury Consolidated Bond (Note 4.2.1.2.1 and Exhibits III)	4,637,829	6,325,967
Non-transferable Treasury and Other Bills (Note 4.2.1.2.2 and Exhibits II and III)	4,491,450,800	4,088,852,473
Other (Note 4.2.1.2.3, Exhibits II and III)	664,432,219	504,643,988
Adjustment for accrual on 1990 Consolidated Bond (Exhibit III)	(3,853,326)	(5,245,941)
ALLOWANCE FOR IMPAIRMENT OF GOVERNMENT SECURITIES (Note 4.2.2 and Exhibit III)	(775,688)	(1,068,027)
TEMPORARY ADVANCES TO THE ARGENTINE GOVERNMENT (Note 4.3)	1,260,450,000	1,160,911,634
LOANS TO THE ARGENTINE FINANCIAL SYSTEM	80,673	69,706
Financial institutions (net of allowances)	80,673	69,706
Financial institutions (Note 4.4)	1,452,867	1,032,374
Loan loss allowance (Note 4.4 and Exhibit I)	(1,372,194)	(962,668)
CONTRIBUTIONS TO INTERNATIONAL AGENCIES ON BEHALF OF ARGENTINE GOVERNMENT AND OTHER (Note 4.5 and Exhibit II)	422,234,613	371,757,352
RIGHTS DERIVING FROM OTHER DERIVATIVE FINANCIAL INSTRUMENTS (Note 4.6 and Exhibit II)	309,856	-
RIGHTS DERIVING FROM REPO TRANSACTIONS (Note 4.7 and Exhibit II)	3,122,243,194	2,286,829,236
OTHER ASSETS (Net of allowances) (Note 4.8 and Exhibit II)	137,627,264	17,440,543
TOTAL ASSETS	13,416,832,446	12,093,369,445

LIABILITIES		
	12/31/2020	12/31/2019
MONETARY BASE	2,470,259,790	2,580,382,664
Currency in circulation	1,897,825,312	1,570,252,649
Bank notes and coins in circulation (Note 4.9.1.1)	1,897,825,060	1,570,252,306
Settlement checks in pesos in circulation (Note 4.9.1.2)	252	343
Current accounts in pesos (Note 4.9.2)	572,434,478	1,010,130,015
INSTRUMENTS OF PAYMENT IN OTHER CURRENCY	2,809,384	2,991,130
Settlement checks in other currencies in circulation (Note 4.10.1 and Exhibit II)	1,683	1,631
Certificates of deposit for investment (Note 4.10.2 and Exhibit II)	2,807,701	2,989,499
CURRENT ACCOUNTS IN OTHER CURRENCIES (Note 4.11 and Exhibit II)	915,750,943	726,421,735
DEPOSITS FROM ARGENTINE GOVERNMENT AND OTHER (Note 4.12 and Exhibit II)	68,849,496	68,421,539
Other deposits	68,849,496	68,421,539
OTHER DEPOSITS (Note 4.13 and Exhibit II)	739,802	620,676
IMF SPECIAL DRAWING RIGHTS (Note 4.14 and Exhibit II)	38,583,744	35,898,733
Special Drawing Rights	244,811,712	227,775,467
SDR contra account	(206,227,968)	(191,876,734)
OBLIGATIONS WITH INTERNATIONAL AGENCIES (Note 4.15 and Exhibit II)	265,749,099	300,177,188
Obligations	329,894,712	359,858,960
Contra account to utilization of reserve tranche	(64,145,613)	(59,681,772)
SECURITIES ISSUED BY THE BCRA (Note 4.16 and Exhibit IV)	2,941,904,975	1,450,025,477
Bills and notes issued in Argentine pesos	2,941,904,975	1,450,025,477
CONTRA ACCOUNT TO ARGENTINE GOVERNMENT CONTRIBUTIONS TO INTERNATIONAL AGENCIES (Note 4.17 and Exhibit II)	309,576,328	264,838,990
DUE TO REPO TRANSACTIONS (Note 4.18 and Exhibit II)	3,099,542,510	2,276,072,171
DUE TO MULTILATERAL CREDIT AGREEMENTS (Note 4.19 and Exhibit II)	2,205,936	2,514,125
OTHER LIABILITIES (Note 4.20 and Exhibit II)	1,914,443,102	1,667,396,042
PROVISIONS (Note 4.21 and Exhibit I)	10,005,671	9,572,799
TOTAL LIABILITIES	12,040,420,780	9,385,333,269
NET EQUITY (as per related statement)	1,376,411,666	2,708,036,176
TOTAL LIABILITIES AND NET EQUITY	13,416,832,446	12,093,369,445

Notes 1 to 8 and Exhibits I to V are an integral part of these financial statements.

Silvana A. Lepera
ACCOUNTING MANAGER

Gerardo Graziano
MAIN GENERAL
ACCOUNTING MANAGER

Marina Ongaro
ADMINISTRATION AND CENTRAL
SERVICES DEPUTY GENERAL
MANAGER

Agustín Torcassi
GENERAL MANAGER

Miguel Ángel Pesce
PRESIDENT

Waldo J. M. Farías
DEPUTY COMPTROLLER

Marcos E. Moiseeff
COMPTROLLER

Signed for identification purposes with the report dated 04/29/2021

STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
COMPARATIVELY PRESENTED WITH THE PRIOR FISCAL YEAR
- In thousands of Argentine pesos in constant currency (Note 3.4)

	12/31/2020	12/31/2019
Interest and adjustments:		
Interest income:	104,775,756	197,069,063
On international reserves (Note 4.22.1)	4,179,854	26,952,022
On Government securities (Note 4.22.1)	99,994,350	168,987,353
On deposits in other entities	-	76,214
On loans to the financial system (Note 4.22.1)	5,520	41,438
On other assets (Note 4.22.1)	596,032	1,012,036
Interest expense:	(864,315,952)	(1,156,251,801)
On securities issued by the BCRA (Note 4.22.2)	(693,188,460)	(1,081,979,559)
On loans borrowed from international agencies (Note 4.22.2)	(2,648,589)	(7,905,809)
On other transactions with the financial system (Note 4.22.2)	(167,775,545)	(64,393,035)
On other liabilities (Note 4.22.2)	(703,358)	(1,973,398)
Set-up of allowances for government securities and loans to the financial system, net (Note 4.22.3)	(927,570)	(665,875)
Listed price differences, net (Note 4.22.4)	1,773,535,333	2,072,437,219
Foreign currency trading differences (Note 4.22.5)	1,834,184	923,139,922
Other financial instruments trading differences, net (Note 4.22.6)	154,515,658	49,836,809
Net financial income	1,169,417,409	2,085,565,336
Miscellaneous charges and fines (Note 4.22.7)	1,493,434	1,900,337
Net commissions	2,179	(13,777)
Commissions earned	8,346	2,474
Commissions paid	(6,167)	(16,251)
Contributions to General Revenue (Rentas Generales) pursuant to Budget Law. No. 27561/27467	(1,896,713)	(3,093,409)
Monetary issuance expenses (Note 4.22.8)	(10,078,649)	(5,424,851)
General expenses (Note 4.22.8)	(13,500,020)	(13,688,803)
Set-up of other allowances, net (Note 4.22.10)	(3,174,202)	(3,749,633)
Net income from operating activities	1,142,263,438	2,061,495,201
Other (Expenses) / Income, net (Note 4.22.11)	(3,136,349)	2,049,620
Adjusted Net Income	1,139,127,089	2,063,544,821
Purchasing power loss	(616,568,618)	(241,739,805)
NET INCOME	522,558,471	1,821,805,016

Notes 1 to 8 and Exhibits I to V are an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
COMPARATIVELY PRESENTED WITH THE PRIOR FISCAL YEAR
- In thousands of Argentine pesos in constant currency (Note 3.4)

ITEMS	CAPITAL	CAPITAL ADJUSTMENT	RESERVES			UNAPPROPRIATED RETAINED EARNINGS	TOTAL 12/31/2020	TOTAL 12/31/2019
			GENERAL RESERVE	SPECIAL RESERVE	APPRAISAL REVALUATION			
Restated balances at beginning of the year (Note 3.4) (*)	253,434,462	139,031,761	193,660,311			2,121,909,642	2,708,036,176	1,226,515,845
Distribution of earnings as per Board of Governors Resolutions Nos. 198, 227, 246, 252, 270, 353, 363, 374, 427, 436, 444, 450, 459 and 473 for the year 2020	-	-	-	-	-	(1,854,182,981)	(1,854,182,981)	(340,284,685)
Net income	-	-	-	-	-	522,558,471	522,558,471	1,821,805,016
Balances at year-end	253,434,462	139,031,761	193,660,311	-	-	790,285,132	1,376,411,666	2,708,036,176

(*) Balances at beginning of year restated as per Technical Resolution No. 6. They include absorption as of 01/01/2019 mentioned in Note 3.4.
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STATEMENT OF CASH FLOWS AND CASH EQUIVALENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020 COMPARATIVELY PRESENTED WITH THE PRIOR FISCAL YEAR - In thousands of Argentine pesos in constant currency (Note 3.4)	12/31/2020	12/31/2019
I) Operating activities		
1. Sources	184,060,004	767,971,663
- IADB/IBRD loans to provinces, financial program for micro, small and medium-sized companies, and revolving funds	173,962,734	63,921,946
- Net negotiation differences for the purchase and sale of securities, currencies and gold	5,013,982	684,142,380
- Interest charged for placements abroad	3,283,878	15,966,674
- Net deposits in international organizations	1,766,930	4,879,235
- Other items	32,480	(938,572)
2. Uses	(751,491,575)	(1,394,141,662)
- (Expenses) / Income, net from transactions with foreign financial institutions of the Argentine Government	(264,409,436)	444,682,215
- Net sales of foreign currency	(241,414,456)	(164,428,436)
- Transfers of deposits of financial institutions	(117,302,854)	(924,088,985)
- Net expenses from funds linked to placements and payments of Argentine Government Securities	(77,696,759)	(469,554,377)
- Net transactions with multilateral credit agreements (SML and other)	(35,967,413)	(32,498,996)
- BCRA Expenses, net from transactions with foreign financial institutions	(12,191,220)	(8,211,370)
- (Expenses)/Income, net from transactions for guarantees of derivative financial instruments	(1,989,651)	12,187,672
- Payment of sovereign debt, Law 26984 / 27249	(417,530)	(10,232,547)
- Administrative expenses	(102,255)	(89,397)
- Sales on behalf of the National Government	-	(241,907,441)
3. Net adjustment from restatement of operating activities	(70,900,530)	(484,409,725)
Net cash flows used from operating activities (1-2-3)	(638,332,101)	(1,110,579,724)
II) Investment activities		
4. Sources	-	45,524
- Collection of dividends BIS	-	45,524
5. Net adjustment from restatement of investment activities	-	27,286
Net cash flows from investment activities (4-5)	-	72,810
III) Financing activities		
6. Sources	32,390,318	-
- Net placements of repo agreements with banks and other entities in Argentina	32,390,318	-
7. Uses	(29,872,061)	56,512,656
- (Expenses)/Income, net from foreign financial institutions	(29,872,061)	56,512,656
8. Net adjustment from restatement of financing activities	(1,755,220)	22,604,321
Net cash flows from financing activities (6-7-8)	763,037	79,116,977
IV) Other		
9. Listed price differences, net	1,376,271,967	1,484,489,572
- Exchange differences, net	1,192,923,451	768,557,414
- Net adjustment from restatement of listed price differences, net	183,348,516	715,932,158
10. Effect of monetary gain/loss	(1,081,506,618)	(2,005,117,594)
- Effect of monetary gain/loss on cash and cash equivalents	(1,081,506,618)	(2,005,117,594)
Total Other (9-10)	294,765,349	(520,628,023)
Net cash flows provided by all activities (I+II+III+IV)	(342,803,716)	(1,552,017,960)
Net cash and cash equivalents at beginning of year (Note 3.1)	3,657,028,743	5,209,046,703
Net cash and cash equivalents at year-end (Note 3.1)	3,314,225,027	3,657,028,743

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Notes to the financial statements for the
fiscal year ended December 31, 2020
comparative with the prior year
- In thousands of Argentine pesos (Note
3.4) -

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

The Central Bank of Argentina (BCRA) is a self-administered National Government entity subject to the provisions of its Charter and other related rules (Section 1, Law No. 24144, as amended). The purpose of the BCRA is to promote—within the framework of its powers and the policies set by the National Government— monetary and financial stability, employment, and economic development along with social equality (Section 3, BCRA’s Charter). In addition, Section 4 of the BCRA’s Charter sets forth the following functions and powers of the BCRA:

- “ a) to regulate the operation of the financial system and enforce the Law on Financial Institutions and such regulations as may be consequently adopted;
- b) to regulate the amount of money and interest rates, and to regulate and steer lending;
- c) to serve as the financial agent for the National Government, and as depositary and agent for Argentina before international monetary, banking, and financial institutions to which Argentina has endorsed, and to play an active role in international integration and cooperation;
- d) to hold and administer its gold and foreign exchange reserves, and other foreign assets;
- e) to contribute to the smooth functioning of capital markets and implement the foreign exchange policy in full accordance with the laws passed by the National Congress;
- f) to regulate, within its authority, all payment systems, clearing and settlement houses, money remittance entities, and cash-in-transit companies, and to carry out any other action related to the financial and foreign exchange industries;
- g) to regulate, within its authority, all payment systems, clearing and settlement houses, money remittance entities, and cash-in-transit companies, and to carry out any other action related to the financial and foreign exchange industries;
- h) to provide for the protection of financial service users’ rights and of fair competition, coordinating its actions with all relevant government agencies.”

The BCRA’s Charter further establishes that the BCRA, in the exercise of its functions and powers, shall neither be subject to any order, indication, or instruction from the National Executive Branch, nor may it undertake any commitment conditioning, restricting, or delegating the abovementioned functions and powers without the express consent of the National Congress. The National State collateralizes the commitments undertaken by the BCRA in pursuit of its objectives within the applicable legal framework. These commitments mostly arise from transactions carried out with the National State, involving assets and liabilities, transactions on behalf the National State, included.

NOTE 2 - SIGNIFICANT EVENTS FOR FISCAL YEARS 2020 AND 2019

For a better understanding of these financial statements, the following paragraphs will describe the most significant events occurred during these fiscal years.

2.1 Reestablishing the Sustainability of Public Debt

Law No. 27544 on Reestablishing the Sustainability of Public Debt issued under Foreign Law was published in the Official Gazette on February 12, 2020. Such regulation declared as a priority to the interest of the Argentine Republic the restructuring of Government Securities of the Argentine Republic issued under foreign legislation, under the terms of Section 65 of Law No. 24156 on Financial Administration and Control Systems of the National Public Sector.

To this end, Section 1 of Law No. 27544 authorized the Executive Branch to perform transactions relating to the management of liabilities and/or exchange and/or restructuring of debt service (principal and interest) of Government Securities of the Argentine Republic issued under foreign legislation. Likewise, it entrusted the Executive Branch to determine the face amounts governed by such special law, implemented through Executive Decree No. 250/2020 published in the Official Gazette on March 9, 2020.

By means of Executive Decree No. 391 published on April 22, 2020, and supplementary rules (Executive Decrees No. 404, dated April 4, 2020; No. 582, dated July 6, 2020; and No. 676, dated August 16, 2020), the National Government ordered the restructuring of the Government Securities of the Argentine Republic issued under foreign legislation. For this purpose, maximum amounts were established for the issue of bonds in US dollars and Euros subject to specific financial terms and in line with the proposal for public debt restructuring submitted to external creditors.

On September 8, 2020, the BCRA took part in the swap of the Discount Bond 2033 in USD issued under foreign legislation and of International Bonds 2021 and 2028 of the Argentine Republic for the following securities issued under foreign legislation: USD 1% Global Bond maturing in 2029 at an face value of USD 5,465; USD Step Up Global Bond maturing in 2030 at an face value of USD 20,718; USD Step Up Global Bond maturing in 2035 at an face value of USD 21,962; and USD Step Up Global Bond maturing in 2038 at an face value of USD 61,555 (See Note 4.2.1.1. and Exhibit III).

On August 18, 2020, within the framework of Law No. 27556, Executive Decree No. 676/20 and Resolution No. 381/2020 of the Ministry of Economy, certain holders of bonds issued in foreign currency under Argentine legislation were called to swap such securities for new bonds in USD to be issued by the Argentine Republic.

In this context, the BCRA's Board of Directors (through Resolution No. 320 dated August 27, 2020) approved the debt swap under Argentine Legislation. According to the call for tender announced by the Ministry of Economy, total eligible securities (BONAR 8% 2020, BONAR 7.75% 2022, BONAR 7.875% 2025, BONAR 7.875% 2027 and Discount Ley Argentina) in the BCRA's portfolio were exchanged for new bonds in USD subject to the conditions above mentioned.

On September 7, 2020, the BCRA swapped the securities mentioned above for the following instruments issued under Argentine legislation: USD 1% Bond of the Argentine Republic maturing in 2029 at a face value of ARS 801,303; USD Step Up Bond of the Argentine Republic maturing in 2030 at a face value of ARS 4,637,331; USD Step Up Bond of the Argentine Republic maturing in 2035 at a face value of ARS 8,924,933; USD Step Up Bond of the Argentine Republic maturing in 2038 at a face value of ARS 952,292 (See Note 4.2.1.2.3 and Exhibit III).

The gain of the swap with Argentine government securities mentioned above and stated in constant currency amounted to ARS 114,326,983 (See Note 4.22.6).

2.2 Short-term public debt - LECAP, LELINK and LETE swap

By means of Executive Decree No. 596 dated August 28, 2019, the Ministry of Economy sets out that short-term public debt securities—Capitalizable Treasury Bills in pesos (LECAPs); Treasury Bills adjusted by CER (LECERs); Treasury Bills in USD (LETES); and Treasury Bills adjusted by the benchmark exchange rate (LELINKs)—would be reimbursed according to the following schedule: 15% of the face value at the original maturity date; 25%, three months later; and the remaining 60%, six months afterwards. Capitalized interest under the original terms and conditions of each LECAP will be monthly capitalized until each new date for payment based on the calculation originally arranged.

Afterwards, Emergency Executive Decree No. 49—published in the Official Gazette on December 19, 2019—laid down the extension of the date of service of the Treasury Bills in USD (LETES) to August 31, 2020.

On January 20, 2020, the Ministry of Economy called for tender to swap LECAPs for new instruments known as LEBADs (Treasury Bills in pesos at Badlar private banks rate). In this context, the BCRA swapped LECAPs—eligible securities—for LEBADs maturing on September 18, 2020 at an face value of ARS 5,809,843 (Badlar private banks rate + 400 B.P.) and LEBADs maturing on December 22, 2020 at an face value of ARS 23,235,565 (Badlar private banks rate + 550 B.P.S.) (See Note 4.2.1.2.3.).

In March 2020, the BCRA took part in a new swap of LECAPs, receiving in exchange National Treasury Bonds adjusted by CER (BONCER) maturing on August 5, 2021 at face value of ARS 361,089 (See Note 4.2.1.2.3.).

Additionally, in May and July 2020, the Ministry of Economy called for tender to swap assets within the framework of Section 4 of Executive Decree No. 141/2020 and Section 8 of Executive Decree No. 193/2020. The call was aimed at holders of eligible securities, including LETEs in USD and LELINKs.

In this context, the BCRA participated—on May 12 and 20, 2020 and July 22, 2020—in a new swap of LETEs and LELINKs, receiving in exchange National Treasury Bonds adjusted by CER (BONCER) with the following maturities: March 18, 2022; September 9, 2022; March 25, 2023; and March 25, 2024 (See Notes 4.2.1.2.3 and Exhibit III).

On November 24, 2020, the Ministry of Economy called for a new tender to swap eligible securities within the framework of Section 8 of Law No. 27561. Accordingly, on December 1, 2020, LEBADs, LETEs and LECERs were swapped, receiving in exchange National Treasury Bonds adjusted by CER (BONCER) maturing on September 20, 2022, and Variable Rate National Treasury Bills maturing on May 21, 2021 (See Notes 4.2.1.2.3 and Exhibit III).

The total gain obtained from the swapped as detailed herein reached ARS 10,882,665 (See Note 4.22.6).

2.3 Law No. 27541 of Social Solidarity and Production Reactivation within the framework of the Public Emergency

Law 27541, which became effective on December 23, 2019, declared the emergency in economic, financial, tax, administrative, social security, rate system, energy, sanitary and social matters (hereinafter, either “Law 27541” or “Emergency Law”). Under Section 61 of this Law, the National Government is vested with authority to issue USD-denominated Bills up to USD 4,571,000 over a ten-year (10) term, fully repayable at maturity, at an interest rate equal to that accrued by the BCRA’s International Reserves for the same period and up to the maximum annual LIBOR rate minus one percentage point; interest being payable on a half-yearly basis.

On December 30, 2019, National Treasury Bill in USD Law No. 27541 were recorded at face value of USD 1,326,576. These Bills were received by the BCRA within the framework of the provisions of Section 61 of the said law, and as provided for by the Joint Resolution No. 5/2019 issued by the Secretariat of Finance and the Secretariat of the Treasury.

Additionally, Section 62 of Law No. 27541 allowed the National Government to purchase foreign currency from the BCRA by placing the Bills eligible under Section 61 for the same face value as that stated in the Bills. Such Section also provides that these Bills as well as the Non-transferable National Treasury Bills currently held by the BCRA shall be recorded in its financial statements at technical value.

Therefore, these new Bills were recorded at their technical value (See Note 4.2.1.2.2.2). In addition, the BCRA’s Board of Directors authorized—under Resolution No. 2 dated on January 2,

2020—to change the book value of the Non-transferable National Treasury Bills held by the BCRA that had been valued at present value at prior year-end. Thus, the new Bills were valued at technical value as stated in the paragraph above.

The above-mentioned Resolution further approved the changes to the Accounting Policy Manual of the BCRA in line with the provisions of Law No. 27541.

During fiscal year 2020, the new tranches of the National Treasury Bill in USD Law No. 27541 was recorded for USD 3,244,424, totaling USD 4,571,000 (See Note 4.2.1.2.2.2 and Exhibit III). It is to note that these tranches fall within the scope of the extension decided by the Joint Resolution No. 1 of the Secretariat of the Treasury and the Secretariat of Finance issued on January 3, 2020.

2.4 Executive Decree No. 346/2020 - Deferral of payments of principal and interest of dollar-denominated securities issued under Argentine Law

Within the framework of the provisions of Law No. 27541 on Social Solidarity and Productive Reactivation, Section 1 of Executive Decree No. 346 of April 5, 2020 established the deferral of payments of public debt—principal and interest—held in the form of United States dollar-denominated securities issued under the law of the Argentine Republic until December 31, 2020 or prior date determined by the Ministry of Economy (MECON), making allowances for the progress made on reestablishing the sustainability of public debt.

The following instruments, among others, are exempted from deferral: Non-transferable National Treasury Bills in United States dollars held by the BCRA, including those issued under Section 61 of Law No. 27541. These securities will be replaced, at maturity date, for new Government securities whose terms will be defined jointly by the Secretariat of the Treasury and the Secretariat of Finance under the scope of the Ministry of Economy (See Note 4.2.1.2.2 and Exhibit III).

Within this framework, the Joint Resolution No. 28— dated April 20, 2020—provided for the issue of "Non-transferable National Treasury Bills in United States Dollars" to service the Bills held by the BCRA. During fiscal year 2020, the BCRA received, as service of interest, Non-transferable Bills maturing in April 2030 for USD 113,664 (See Note 4.2.1.2.2.3 and Exhibit III).

Additionally, Section 17 of Law 27561 provided for that the said Non-transferable National Treasury Bills in United States dollars issued within the framework of Executive Decree No. 346/2020, and directly placed in the BCRA, should be recorded in the latter's financial statements at their technical value.

2.5. Renewal of the Bilateral Currency Swap Agreement with the People's Bank of China

During this year, the terms and conditions of the currency swap master agreement between both central banks were renewed for a term of 3 years. On July 17, 2020, the People's Bank of China renewed the original agreement making available CNY 70,000,000. Subsequently, on September 17, 2020, it renewed a complementary agreement making available CNY 60,000,000. Thus, the total agreement still amounts to CNY 130,000,000, the original tranche falling due on July 17, 2021, and the supplementary tranche in January, April, and September 2021 (See Note 8.4).

According to the agreement, the bank asking for a swap transaction shall record in its books an equivalent amount in its local currency in the name of the counterparty. In turn, the bank from which the swap transaction is required shall record in its books an equivalent amount in its local currency in the name of the counterparty. None of the accounts will bear any interest, provided that the required funds are not actually used; upon maturity of a swap transaction, each bank will debit the same amount as that originally deposited.

During the term of a swap transaction, each bank may use the amount available in the local currency of the counterparty as arranged under the Agreement. In this regard, on December 15, 2020, CNY 300,000 were used for a term of 3 months, maturing on March 15, 2021, and accounting for a 0.2% of the total agreement (See Note 8.4)

It worth mentioning that the first agreement between both central banks was entered into in 2009, and was subsequently amended in 2014 and 2015. The Master Agreement expires on August 6, 2023.

2.6 COVID 19 - Current context and measures adopted

On March 11, 2020, the World Health Organization (WHO) announced that COVID-19 was officially a pandemic.

In this context, the National Government issued the Emergency Executive Decree No. 260/2020 on March 12, 2020, providing for measures to address the epidemiological situation arising from the spread of Coronavirus COVID-19. The regulation establishes, among other matters, the extension of the public health emergency set out by Law No. 27541 for a period of one year, recently extended up to December 31, 2021.

Within this framework, the BCRA's Board of Directors issued various regulations that seek to help financial institutions to face the health emergency, including several measures intended to ensure the provision of cash to the general public; to promote special lines of credit for micro, small and medium-sized companies, and other vulnerable sectors of the economy; to provide for refinancing of unpaid balances for the credit card regime; and to suspend late-payment interest on unpaid balances of loans. Additionally, the sanctions that are imposed for dishonored checks due to insufficient funds (fines, fees, and disqualifications) were suspended.

The economic emergency triggered by the COVID-19 outbreak called for a greater stimulus to credit in order to mitigate the impact of the pandemic on the income of households and companies. Thus, one of the pillars of the monetary policy during the last months was to achieve a countercyclical expansion of credit.

In addition, the emergency brought about by the pandemic forced authorities to reformulate the monetary policy framework. In a context of restrained access to the debt market, the BCRA's financial assistance and transfer of its profits to the National Treasury—as provided for in the BCRA's Charter—gave way to a significant set of fiscal measures with a view to giving social and economic support.

The BCRA's authorities continue monitoring the development of this situation in order to assess its impact and implement any necessary measures.

2.7 Reverse Repo Auctions and Purchase of Treasury Bills and Other National Government Securities in Mutual Fund Portfolios

Under Communication "A" 6767—dated August 30, 2019—the BCRA established a bidding process whereby the BCRA could buy LECAPs, LECERs, LELINKs, and LETEs from mutual funds—through financial institutions—at one or multiple prices and on a proportional basis.

Additionally, it provided that the BCRA could call upon market players, including mutual funds, to bid any of the collaterals mentioned above at reverse repo auctions in pesos and in USD.

The BCRA informed—through Communication No. 50953 dated September 16, 2019—that the Monetary Policy Committee (COPON) changed the interest rate applicable to BCRA repo transactions with mutual funds: 0.7 of the rate applicable to 1-day repo transactions for financial institutions.

Moreover, Communication "A" 6848 dated December 27, 2019 provided that the BCRA could perform secondary market transactions and call upon mutual funds to bid National Government Securities issued after December 20, 2019 at one or multiple prices and on a proportional basis.

As disclosed under Communication "A" 6861 dated January 10, 2020, the BCRA would no longer carry out repo transactions with mutual funds as from February 3, 2020.

2.8 Stand-by Arrangement with the International Monetary Fund

In June 2018, the Executive Board of the International Monetary Fund (IMF) approved a Stand-By Arrangement for the benefit of the Argentine Republic for USD 50,000,000 (equivalent to SDR 35,379,000). Afterwards, in September 2018, the National Government negotiated a new

arrangement with the IMF, thus, increasing the total amount available within the framework of the program to USD 57,100,000 until 2021.

Within the framework of the original agreement, the Argentine Republic received USD 15,000,000 (equivalent to SDR 10,613,710) in the first tranche; USD 5,700,000 (equivalent to SDR 4,100,000) in the second tranche (during October 2018); and USD 7,600,000 (equivalent to SDR 5,500,000) in the third tranche (December 2018).

During 2019, after the third and fourth review of the Stand-By agreement, the Argentine Republic received USD 10,830,000 (equivalent to SDR 7,800,000) in the fourth tranche (in April); and USD 5,395,800 (equivalent to SDR 3,900,000), in the fifth tranche (in July). Total disbursements amounted to USD 44,525,800.

During 2020, the National Government paid interest for USD 1,304,260 (equivalent to DEG 938,622) as agreed in the Stand-By Agreement.

2.9 Monetary and exchange policy

During 2019, the BCRA kept on following a contractionary monetary policy—supported by Communication “A” 6770, as complemented, in force as from September 1, 2019—by reinstating the exporters’ obligation to sell foreign currency from exports of goods and services in the market and setting requirements on certain transactions of foreign currency sales by financial institutions to their customers.

In this new 2020 scenario, the monetary policy played a key role as an instrument of financial and external stabilization. Since the pandemic outbreak, mentioned in Note 2.6, the policy of benchmark interest rates served two main purposes: to provide households and companies with liquidity during the pandemic emergency and to protect savings in pesos.

With staggered increases, the BCRA fixed the cost of overnight repo transactions with financial institutions at 32% APR (37.69% EAR). In addition, the 7-day repo transactions were resumed. Initially, the increase in interest rates of repo transactions was accompanied by two falls in LELIQ rates, which were reversed by mid-November. Thus, the LELIQ interest rate stood at 38% APR (45.44% EAR). At the same time, the limits on LELIQ holdings were changed seeking to minimize the cost of monetary sterilization. The BCRA enhanced its policy on interest rates harmonization by increasing the minimum guaranteed return on 30-day time deposits.

Furthermore, the foreign exchange policy has the structural objective of keeping the real exchange rate competitive and stable. In addition, the BCRA follows a short-term strategy that seeks to actively address any temporary imbalances that may occur in the foreign exchange market. Early this year, the BCRA set up a managed floating exchange rate regime with the aim of lowering the foreign exchange rate volatility.

NOTE 3 - ACCOUNTING STANDARDS APPLIED

3.1. Basis for the presentation of financial statements

These financial statements have been prepared pursuant to section 34 of the BCRA's Charter, in its capacity as monetary authority, in compliance with the accounting framework established in the "Accounting Policy Manual" approved by the Bank's Board of Governors through Resolution No. 86 dated May 16, 2013 and amendments.

The criteria set forth in the Accounting Policy Manual consider the provisions applicable to the BCRA as established in its Charter and in other Laws and Presidential Decrees at a national level, means that recording differs from the professional accounting standards in force as to the measurement of Non-transferrable Bills and Treasury Bills Law 27541 held in portfolio (indicated in Notes 2.4 and 4.2.1.2.2), and the valuation of securities of the nonfinancial public sector that are not recorded at market value, and that are not subject to the provisioning guidelines as provided for by the BCRA accounting standards applicable to financial institutions.

These financial statements, exhibits and notes thereto are presented in thousands.

In the statement of cash flows and cash equivalents, aggregate international reserves have been defined as "cash and cash equivalents", showing the main variations of their immediate-liquidity foreign assets.

3.2 Use of estimates

The BCRA records are based on the best estimate regarding the probability of occurrence of different future events and, therefore, the final amount of estimates may differ from such records, which may have a positive or negative impact on future years. The preparation of financial statements requires the BCRA to make estimates, in certain cases, to determine the book values of assets and liabilities, income, expenses and contingencies, as well as the disclosure thereof, at each financial reporting date.

3.3 Comparative information

The balance sheet and the statements of income, changes in equity and cash flows and cash equivalents as of December 31, 2020, as well as the related notes and exhibits are presented comparatively with balances at prior year-end. It should be noted that as a result of the implementation of the inflation accounting method as from January 1, 2020, as detailed in Note 3.4, balances as of December 31, 2019 and January 1, 2019 were modified and restated in

constant currency as of December 31, 2020 by applying the ratio arising from the CPI (Consumer Price Index) variation as of December 31, 2019 (283.4442) and December 31, 2020 (385.8826) equivalent to 1.36140588.

For comparative purposes, necessary reclassifications were made on prior-year financial statements in order to disclose the figures on a consistent basis.

The modification of the comparative information, as indicated, does not imply changes in the decisions taken based thereon.

3.4 Measurement Unit

As provided for by Resolution No. 52 of the Board of Governors dated March 28, 2019, the financial statements of the BCRA will be restated in constant currency as provided for by the SEFyC applicable to the financial statements of the entities under its supervision. Accordingly, the SEFyC had established that the financial institutions and exchange offices under its supervision would restate the financial statements in constant currency for fiscal years beginning on or after January 1, 2020 (Communication "A" 6651).

In this regard, it is required that financial statements be stated at the measurement unit at the end of the reporting period, by applying the inflation adjustment retrospectively as from the fiscal year beginning on January 1, 2020 in line with the JG FACPCE 539/18 Resolution dated September 29, 2018, whereby the general and particular rules in terms of restatement of financial statements in constant currency were approved in accordance with the adjustment procedures included in Technical Resolution No. 6 "Financial Statements in constant currency" (TR6).

To such end, the following price indexes are used:

- For items subsequent to December 2016: Consumer price index prepared by Instituto Nacional de Estadística y Censos (INDEC) [Argentine Institute of Statistics and Censuses].
- For items prior to December 2016: the price index published by Federación Argentina de Consejos Profesionales en Ciencias Económicas (FACPCE) [Argentine Federation of Professional Councils of Economic Sciences].

Under TR 6, assets and liabilities that are not stated in the measurement unit at the end of the reporting period are adjusted by applying the price index. The adjusted amount of a nonmonetary item is reduced when its recoverable value is exceeded.

The impact of implementing TR 6 at the beginning of the first comparative year (January 1, 2019) was recognized in unappropriated retained earnings. All items of the statement of income are

stated at the measurement unit current at year-end (December 31, 2020). Loss on net monetary position is included in the statement of income under "Purchasing power loss".

The Bank prepares its financial statements based on the historical cost and it has applied TR 6 as follows:

- a) The balance sheet as of January 1, 2019 was restated;
- b) The statements of income and changes in equity for fiscal year 2019 were restated;
- c) The balance sheet as of December 31, 2019 was restated;
- d) The balance sheet as of December 31, 2020 was restated, and
- e) The statements of income and changes in equity for the fiscal year ended December 31, 2020 were restated.

In order to apply TR 6 to the Balance sheet, the BCRA adopted the following methodology and criteria:

- a) Non-monetary assets were restated by applying the price index mentioned above:
- b) Monetary assets were not restated.
- c) Assets and liabilities contractually related to changes in prices, such as securities and loans subject to adjustments have been measured according to the related contract.
- d) As of January 1, 2019, all equity items, except for unappropriated retained earnings, have been restated by applying the price index from the date of contribution or when they were originated. In subsequent periods, all equity items were restated by applying the price index from the beginning of the year, or from the date of contribution, if later.

In order to apply TR 6 to the Statement of income, the BCRA adopted the following methodology and criteria:

- a) All items of the statement of income were restated at the measurement unit as of December 31, 2020.
- b) Gain/loss on net monetary position is included in the Statement of income.

In the case of the Statement of cash flows, the changes in items are presented in historical amounts as of December 31, 2020 and 2019; the effect of inflation on operating, investing, financing and other activities is segregated in each case in the line net adjustment from restatement. Such restatement adjustment is based on the aging of changes recorded in each quarter by computing the average index in each period. This treatment was also applied in the case of Exhibit V—Changes in the monetary base.

Below, there is a summary of the main effects from applying TR 6 on equity as of January 1, 2019

and December 31, 2019, recognized in unappropriated retained earnings. It should be noted that Resolution No. 49 of the Board of Governors dated February 11, 2021 provided for the absorption of unappropriated retained losses in the total amount of ARS 180,344,722, calculated as of January 1, 2019, whose contra account is capital adjustment, as a result of applying the inflation accounting method.

Item	12/31/2019	1/1/2019
Equity before TR6	1,987,189,182	584,452,347
Impact of TR 6		
- Increase in non-monetary assets	1,957,639	1,197,077
Total Impact of TR 6	1,957,639	1,197,077
Equity stated in current units of measure as of December 31, 2019/January 1, 2019	1,989,146,821	585,649,424
Adjustment for restating equity in current units of measure as of December 31, 2020	718,889,355	640,866,421
Equity stated in current units of measure as of December 31, 2020	2,708,036,176	1,226,515,845

Below, there is a summary of the main effects of applying TR 6 to the statement of income/loss for the year ended on December 31, 2019:

Item	12/31/2019
Net income before TR 6	1,606,981,618
Impact of TR6	(268,802,427)
Adjustment for restating net income in current units of measure as of December 31, 2020 (*)	483,625,825
Net income in current units of measure as of December 31, 2020	1,821,805,016

(*) The restatement ratio of balances as of December 31, 2019 at current values as of December 31, 2020 amounts to 1.36140588 (See Note 3.3).

3.5. General criteria of valuation and presentation

3.5.1 Assets and liabilities in foreign currency

The measurement unit of these financial statements is the Argentine peso. Transactions in foreign currency are converted into Argentine pesos at the foreign exchange rate prevailing at the date of the transaction. Inventories in US dollars are subject to a benchmark foreign exchange rate as of December 31, 2020 and 2019, respectively, calculated by the BCRA pursuant to the methodology set forth by Communication "A" 3500. Inventories in other currencies, including gold, are valued at the US dollar exchange rate prevailing at closing in the markets in which the BCRA trades, and they are converted into local currency on a daily basis at the benchmark foreign exchange rate published by the BCRA.

Exhibit II discloses the main amounts in foreign currency at fiscal years ended 2020 and 2019.

The following table shows the Argentine peso exchange rates to the different currencies used at each year- end:

	<u>12/31/2020</u>	<u>12/31/2019</u>
United States Dollars	84.14500000	59.89500000
Gold	159,400.92220000	91,166.17950000
Special drawing rights (SDRs)	121.19151915	82.82460285
Euros	102.85043350	67.23812700
Yen	0.81472696	0.55146856
Pound Sterling	114.89158300	79.42675950
Brazilian real	16.19979978	14.88111506
Canadian dollar	65.92885685	46.15829223
Swedish krona	10.23786349	6.40437544
Norwegian krone	9.79820210	6.82012275
Swiss franc	95.06835386	61.95179975
Yuan (CNY)	12.89143890	8.60164867
Yuan (CNH)	12.94339332	8.60362560

3.5.2 Revenue and expenses recognition

Income and expenses are recognized on an accrual basis and are calculated based on the “Accounting Policy Manual” and the agreements entered into between the parties involved.

NOTE 4 - BREAKDOWN AND SPECIFIC VALUATION METHODS OF THE FINANCIAL STATEMENT ACCOUNTS AS PER THE ACCOUNTING POLICY MANUAL

4.1 International Reserves

The BCRA must, in compliance with its Charter, concentrate and manage its reserve assets (gold, foreign currency, and other foreign assets). The BCRA may keep a portion of its foreign assets in the form of deposits or other interest-bearing transactions with foreign financial institutions or as liquid and creditworthy instruments payable in gold or in foreign currency.

4.1.1 Gold

	<u>12/31/2020</u>	<u>12/31/2019</u>
Gold in bars	316,405,002	219,056,975
Allowance for gold in bars (Exhibit I)	(167,025)	(143,917)
Total	<u>316,237,977</u>	<u>218,913,058</u>

Gold physical inventories (1,984.96 troy ounces) were valued at year-end at USD 1,894.36 per ounce according to market prices effective at the related date, and converted into Argentine pesos according to the method described under Note 3.5.1 (1,764.96 troy ounces valued at USD 1,522.1 as of December 31, 2019) (See Exhibit II).

Gold bars qualify as “good delivery”. Consequently an allowance for sale expenses was recorded and calculated on the direct costs that should be incurred upon deciding to realize them. This allowance was estimated at one US dollar per ounce and has been disclosed in the financial statements, offsetting the “Gold” account balance.

According to the international reserve standards, only monetary gold qualifies as a reserve asset. As the gold inventories kept for numismatic purposes are not deemed financial assets, they are presented under Other assets – Coined gold (See Note 4.8.1).

4.1.2 Foreign currencies

	<u>12/31/2020</u>	<u>12/31/2019</u>
Current accounts in foreign correspondent banks and overnight accounts	2,111,327,310	2,155,256,712
Holdings of banknotes	192,034,724	214,336,551
Total	<u>2,303,362,034</u>	<u>2,369,593,263</u>

Holdings of banknotes were valued as established in Note 3.5.1. The checking accounts in foreign correspondent banks and overnight accounts were valued by the same criterion plus interest earned at year-end, as applicable.

4.1.3 Deposits to be realized in foreign currency

They include the following foreign investments:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Time deposits	396,430,117	574,925,475
Demand deposits	114,692,030	241,481,419
Foreign government securities	148,091,915	99,313,093
Repurchase agreements	4,762,607	125,228,179
IMF reserve tranche position	<u>32,451,788</u>	<u>30,213,418</u>
Total	<u>696,428,457</u>	<u>1,071,161,584</u>

Demand deposits, time deposits and repurchase agreements were stated at face value, plus/(minus) accrued interest or return, as applicable, as of year-end, converted into Argentine pesos according to the method established in Note 3.5.1. Demand deposits consist mainly of SDR 940,379 equivalent to ARS 113,965,950 as of December 31, 2020 (SDR 1,883,808 equivalent to ARS 212,414,189 as of December 31, 2019). (See Note 6).

The balance of foreign government securities amounts to ARS 148,091,915 as of December 31, 2020, all of which correspond to discount securities (ARS 99,313,093 as of December 31, 2019). These instruments have been stated at market prices prevailing at year-end and converted into pesos, following the criterion described in Note 3.5.1.

The Reserve Tranche Position includes the foreign assets that the central banks transfer to the IMF based on their quota with the IMF and their use of financing. This amount may be borrowed without conditions at zero interest rate, and is valued at the SDR quoted price. As of December 31, 2020, it amounts to ARS 32,448,475 (SDR 267,745). The Reserve Tranche Position accrues interest calculated by the IMF and credited to the SDR account that the BCRA holds with the IMF, amounting to ARS 3,313 (SDR 28) (ARS 30,190,413 and ARS 23,005 as of December 31, 2019, respectively, equivalent to SDR 267,745 and SDR 204, respectively) (See Note 6).

The average annual return on total time deposits and certificates of deposit was 0.52% and 2.29% for the fiscal years 2020 and 2019, respectively.

4.1.4 Multilateral credit agreements

The balance of these agreements is determined by the net asset positions by country arising from reciprocal credit transactions under the Latin American Integration Association (ALADI) and the Argentina/Brazil Local Currency Payment System (SML). These positions have been valued as established in Note 3.5.1.

4.1.5. Derivatives over International Reserves

	<u>12/31/2020</u>	<u>12/31/2019</u>
Put options taken on gold	255,723	-
Call options offered on gold	(84,759)	-
Receivables from forward purchase/ sales of foreign currency	405,464,189	613,590,519
Liabilities from forward purchase/ sales of foreign currency	(407,449,662)	(617,199,090)
Receivables from forward purchases of gold	-	27,326,151
Liabilities from forward purchases of gold	-	(26,357,027)
Total	<u>(1,814,509)</u>	<u>(2,639,447)</u>

Gold put options amount to ARS 255,723 as of December 31, 2020, while gold call options amount to ARS (84,759). These agreements were stated by using the mathematical valuation models established by the "Accounting Policy Manual" mentioned in Note 3.1. As of December 31, 2019, no gold put or call options were traded.

Receivables from the sale of currency futures amounted to ARS 404,272,103 as of December 31, 2020 and represent the right to receive United States dollars from the sale of currency futures at the agreed-upon price (ARS 613,590,519 as of December 31, 2019). In addition, receivables from the purchase of currency futures amount to ARS 1,192,086 and represent the right to receive other foreign currency in accordance with the transactions agreed with foreign counterparties. As of December 31, 2019, no purchase of currency futures was agreed.

The balance of payables from the sale of currency futures as of December 31, 2020 represents the obligation to sell the currency to foreign counterparties at the agreed-upon price of ARS (406,101,466) plus ARS (167,479) as implicit interest (ARS (616,473,816) and ARS (725,274) as of December 31, 2019, respectively). While payables from the purchase of currency futures amount to ARS (1,180,717) as of December 31, 2020, and represent the obligation to deliver the foreign currency to the foreign counterparties. As of December 31, 2019, no purchase of currency futures was agreed.

During 2019, the balance of ARS 27,326,151 corresponding to receivables from the purchase of gold futures represents the right to receive the gold equivalent to the purchase price agreed under the futures contracts (ARS 27,305,119 and ARS 21,032 as implicit interest as of December 31, 2019), while Liabilities from the purchase of gold futures equivalent to ARS (26,357,027) represent the obligation to deliver the foreign currency at the date of termination of those contracts (See Note 4.1.1).

4.2 Government securities

4.2.1 BCRA Holdings

It includes the BCRA's government securities portfolio detailed in Exhibit III, which, as of December 31, 2020, amounted to ARS 5,160,437,506 (ARS 4,600,400,258 as of December 31, 2019).

Exhibit III describes the portfolio owned by the BCRA broken down by security. The Notes explain the characteristics of the most significant bonds or bills, purchases, sales, or swaps conducted during the year and give a list of interest accrued only for those securities with coupons maturing in January subsequent to the relevant year-end.

4.2.1.1 Securities issued under foreign legislation

Securities issued under foreign legislation consist of National Government instruments that are subject to the jurisdiction of foreign courts—being stated at listed values (See Exhibit III). As of December 31, 2020, they amounted to ARS 3,769,984 (ARS 5,823,771 as of December 31, 2019).

The holding of securities issued under foreign legislation as of December 31, 2019 is subject to the provisions of Executive Decree No. 391/2020. As detailed in Note 2.1, during 2020, securities in the BCRA's own portfolio were swapped. As of December 31, 2020, the securities issued under foreign legislation for the swap—valued on a marked-to-market basis at the reporting date—are as follows:

- a) USD Step Up Global Bond maturing in 2030, at face value of USD 20,718 equivalent to ARS 725,034 as of December 31, 2020.
- b) USD Step Up Global Bond maturing in 2035, at face value of USD 21,962 equivalent to ARS 683,767 as of December 31, 2020.
- c) USD Step Up Global Bond maturing in 2038, at face value of USD 61,555 equivalent to ARS 2,154,696 as of December 31, 2020.
- d) USD 1% Global Bond maturing in 2029, at face value of USD 5,465 equivalent to ARS 206,487 as of December 31, 2020.

As of December 31, 2019, the portfolio of government securities included:

- e) Discount Bonds maturing in 2033 issued in US dollars, at face value of USD 43,904 equivalent to ARS 3,792,485 as of December 31, 2019, plus ARS 207,798 as accrued interest receivable.

- f) International Bond maturing in 2021 issued by Argentina in US dollars, at face value of USD 9,000, equivalent to ARS 452,736.
- g) International Bond maturing in 2028 issued by Argentina in US dollars, at face value of USD 35,000, equivalent to ARS 1,370,752.

4.2.1.2. Securities issued under Argentine Legislation

Securities subject to Argentine legislation amounted to ARS 5,156,667,522 as of December 31, 2020 (ARS 4,594,576,487 as of December 31, 2019).

4.2.1.2.1 1990 National Treasury Consolidated Bond

This bond was issued on January 2, 1990 for the consolidation of obligations assumed by the National Government due to the funds provided by the BCRA by virtue of Executive Decree No. 335/1991. Such bond is stated in Argentine currency for a 99-year term, it does not accrue interest and principal is adjusted by applying the buying Argentine peso-to-US dollar exchange rate published by Banco de la Nación Argentina. Adjusted principal will be refunded as from the tenth year. The adjustment was accrued until March 31, 1991, by virtue of Section 8 of the Convertibility Law (the currency board that pegged the Argentine peso to the US dollar), whereby the monetary adjustment mechanisms regarding the amounts stated in non-convertible -Australés would be applied exclusively until April 1, 1991, without accruing any new adjustments for such items subsequent to such date.

The original issue amounts to ARS 881,464, while the amount adjusted as of December 31, 2020, pursuant to issuing terms and conditions is ARS 4,734,790 (the same amount as of December 31, 2019). Section 6 of Law No. 25565 empowered the former Ministry of Economy to restructure the public debt. Under Resolution No. 334/2002 of the Ministry, public debt would be refunded in 80 annual installments. The first one, in the amount of ARS 8,815 matured on January 2, 2010. Given the specific financial characteristics of this bond, especially its term, grace period, and zero interest, a full provision has been set up for the amount adjusted in accordance with the issuing terms and conditions, net of its contra account. As of December 31, 2020, the provision was reversed in the amount equivalent to the collection of the twelfth installment on January 4, 2021 (See Note 8.1 Exhibit I and Exhibit III).

4.2.1.2.2 Non-transferable Treasury and Other Bills

Non-transferable and other National Treasury Bills amount to ARS 4,491,450,800 as of December 31, 2020 (ARS 4,088,852,473 as of December 31, 2019). The account breakdown is detailed below. It is BCRA's intention to maintain such assets up to maturity in line with the provisions of Executive Decree No. 346/2020 (See Note 2.4.)

4.2.1.2.2.1 Non-transferable Treasury Bills

The Non-transferable National Treasury Bills that remained in the portfolio at year-end were received in consideration of the transfer of funds to the Argentine Treasury, based on the following items: settlement of public debt with private bondholders - Argentine Fund for Debt-Shedding (FONDEA), settlement of principal and interest with International Financial Organizations (FONDOI) and contra account for the payment of Argentina's higher quota with the IMF.

The issuing terms and conditions of these instruments are as follows: principal denominated in United States dollars; ten-year term; fully repayable upon maturity at the interest rate accrued by BCRA's International Reserves for the same period, up to the maximum annual LIBO rate, less one percentage point, payable on a half-yearly basis.

As indicated in Note 2.3, the Board of Directors of the BCRA approved an adjustment made as of December 31, 2019 as a result of the change in the accounting recording method for Non-transferable National Treasury Bills—starting to be recorded at their technical value, as provided for in Section 62 of Law 27541 in the amount of ARS 2,900,310,674 (in constant currency); they had been recorded in 2019's statement of income under "Exchange rate differences, net-Government securities" (See Note 4.22.4).

Total Non-transferable Bills stated at technical value amount to ARS 4,097,259,778, including the amount of ARS 526,592 as accrued interest receivable (ARS 3,980,679,359 and ARS 10,706,335, respectively as of December 31, 2019) (See Exhibit III).

The treatment set forth in Section 62 of Law 27541 shall be considered within the framework of the second paragraph of Note 3.1.

During the fiscal years 2020 and 2019, Non-transferable Bills have accrued interest, in accordance with their issuing terms and conditions.

Non-transferable bills are broken down as follows:

Non-transferable bills	Item	Amount subscribed in USD (see Exhibit III - Nominal Value)	Maturity	In pesos 12/31/2020	In pesos 12/31/2019
Maturing in 2021 – Presidential Decree No. 2054/10	FONDEA	7,504,000	1/7/2021	631,602,913	614,734,159
Maturing in 2021 – Presidential Decree No. 276/11	FONDOI	2,121,386	3/14/2021	178,504,066	173,378,495
Maturing in 2022 Law No. 26728 Res. 131/12	FONDEA	5,674,000	4/20/2022	477,438,730	463,330,184
Maturing in 2022 – Presidential Decree No. 928/12 Res. 171/12	FONDOI	2,083,648	6/28/2022	175,328,563	169,907,526
Maturing in 2023 Law No. 26784 Res. 8/ 13	FONDEA	7,132,655	1/16/2023	600,349,042	584,115,151
Maturing in 2023 – Presidential Decree No. 309/13	FONDOI	2,292,297	8/16/2023	192,885,311	187,496,729
Maturing in 2024 Law No. 26865 Res. 30/ 14	FONDEA	7,896,765	1/30/2024	664,649,257	646,369,170
Maturing in 2024 – Presidential Decree No. 1311/14 Res. 190/ 14	FONDOI	3,043,000	8/25/2024	256,053,235	248,828,740
Maturing in 2025 Law No. 27008 Res. 406/ 15	FONDEA	10,562,540	6/1/2025	888,784,904	861,798,132
Maturing in 2026 Law No. 26849 Res. 262/ 16	INCREASE IMF QUOTA	376,300	4/29/2026	31,663,757	30,721,073
TOTAL		48,686,591		4,097,259,778	3,980,679,359

The Argentine Fund for Debt-Shedding (FONDEA) was created under National Executive Branch Decree No. 298, dated March 1, 2010 to pay off the National Treasury public debt with private bondholders for such fiscal year. Subsequently, as established by Executive Decree No. 2054/2010 and Argentine Administration General Budget Laws Nos. 26728, 26784, 26895 and 27008 for the fiscal years 2012 to 2015, respectively, the Executive Branch was authorized to sequentially fund FONDEA in order to pay the National Treasury public debt with private bondholders corresponding to the fiscal years from 2011 to 2015.

Additionally, principal and interest with International Financial Organizations (FONDOI) for fiscal years 2010, 2011, 2012, 2013 and 2014 were paid on maturity with freely available international reserves, including, as from 2013, the payment for official bilateral external debt services falling due in fiscal year 2013. Those payments were authorized as under Executive Decrees Nos. 297 of March 1, 2010; 276 of March 3, 2011; 928 of June 21, 2012; 309 of March 21, 2013; and 1311 of August 15, 2014.

Finally, the BCRA received a Non-transferable Bill issued by the Argentine Treasury as provided for by Resolutions Nos. 159/2016 and 262/2016 of the former Ministry of Economy and Public Finance in consideration for the payment of 25% of the total increase in the quota with the IMF made with foreign assets on behalf of Argentina, as set forth by Section 4 of Law No. 26849.

4.2.1.2.2 National Treasury Bills in USD Law No. 27541

On December 30, 2019, the Treasury Bill in USD Law No. 27541 was recorded at face value of USD 1,326,576. It was received by the BCRA within the framework of Section 61 of Law No. 27541, and as provided for by Joint Resolution No. 5/2019 issued by the Secretariat of the Treasury and the Secretariat of Finance (See Note 2.3).

During fiscal year 2020, new tranches were recorded in the amount of USD 3,244,424, totaling USD 4,571,000 (See Note 2.4 and Exhibit III). In this regard, it is to note that the tranches mentioned above fall within the extension decided by Joint Resolution No. 1/2020 of the Secretariat of the Treasury and the Secretariat of Finance issued on January 3, 2020.

Based on the issuing terms and conditions, this instrument is issued in USD; with a ten-year term; fully repayable upon maturity on December 31, 2029 at the interest rate accrued by the BCRA's international reserves for the same period, up to the maximum annual LIBO rate less one percentage point payable on a half-yearly basis.

In accordance with the provisions of Section 62 of Law No. 27541, these Bills shall be recorded at technical value (See Note 2.3) and shall be subject to the second paragraph of Note 3.1.

As of December 31, 2020, face value amounts to USD 4,571,000, and the technical value to ARS 384,626,795 (as of December 31, 2019, the face value amounts to USD 1,326,576, equivalent to ARS 108,173,114, out of which ARS 2,257 correspond to accrued interest receivable).

4.2.1.2.3 Non-transferable Bills Executive Decree No. 346/20

Within the framework established by Executive Decree No. 346/2020, Joint Resolution No. 28/2020 of the Secretariat of the Treasury and the Secretariat of Finance of the Ministry of Economy dated April 20, 2020 provided for the issue of "Non-transferable National Treasury Bills in US Dollars" to cover the debt service of BCRA Bill holdings. Section 17 of Law 27561/2020 laid down that the referred Non-transferable National Treasury Bills in USD issued within the framework of Executive Decree No. 346/2020 and directly placed with the BCRA shall be recorded in its financial statements at their technical value.

During fiscal year 2020, the BCRA received as replacement for service of interest the amount of USD 113,664 of the referred Non-transferable Bills maturing in April 2030 (See Note 2.4. and Exhibit III). As of December 31, 2020, face value in USD amounts to 113,664, equivalent to ARS 9,564,227.

4.2.1.2.3 Other securities issued under Argentine legislation

As of December 31, 2020, the balance of this account amounts to ARS 664,432,219 (ARS 504,643,988 as of December 31, 2019).

As indicated in Note 2.1, Resolution No. 320 dated August 27, 2020 of the Board of Directors approved the debt swap in USD under Argentine legislation, in line with the exchange offer announced by the Ministry of Economy, thereby accepting to swap all eligible securities (BONAR 8% 2020, BONAR 7.75% 2022, BONAR 7.875% 2025, BONAR 7.875% 2027 and Discount Ley Argentina) held in BCRA's portfolio for new bonds. As a result, BCRA's portfolio includes USD Step Up bonds of the Argentine Republic, maturing in 2030; USD Step Up bonds of the Argentine Republic, maturing in 2035; USD Step Up bonds of the Argentine Republic, maturing in 2038; and USD 1% bonds of the Argentine Republic, maturing in 2029.

Additionally, as indicated in Note 2.2, the BCRA held in portfolio short-term public debt in pesos and USD subject to Executive Decree No. 596/2019. During fiscal year 2020, such holdings were swapped, receiving in exchange Discount National Treasury Bills (LEBAD) and National Treasury Bonds adjusted by CER (BONCER).

The following Argentine government securities are also part of the BCRA's portfolio as of December 31, 2020 and 2019, and are stated at their market value and at constant currency:

- a) Discount National Treasury Bill in pesos, maturing on 01/29/2021, at face value of ARS 5,894,444 equivalent to ARS 5,745,315 as of December 31, 2020.
- b) Discount National Treasury Bill in pesos, maturing on 02/26/2021, at face value of ARS 2,941,470 equivalent to ARS 2,785,572 as of December 31, 2020.
- c) Discount National Treasury Bill in pesos adjusted by CER, maturing on 05/21/2021, at face value of ARS 9,280,200 equivalent to ARS 9,280,200 as of December 31, 2020. Such securities were included in BCRA's portfolio on December 1, 2020 within the framework of the short-term public debt swap carried out during 2020 (See Note 2.2).
- d) National Treasury Bond adjusted by CER (BONCER), maturing on 08/05/2021, at face value of ARS 361,089 equivalent to ARS 480,790 as of December 31, 2020. Such securities were included in BCRA's portfolio by virtue of the short-term public debt swap carried out during 2020 (See Note 2.2).
- e) National Treasury Bond adjusted by CER (BONCER), maturing on 03/18/2022, at face value of ARS 3,375,356 equivalent to ARS 4,219,195 as of December 31, 2020. Such securities were included in BCRA's portfolio by virtue of the short-term public debt swap carried out during 2020 (See Note 2.2).
- f) National Treasury Bond adjusted by CER (BONCER), maturing on 09/20/2022, at face value of ARS 20,173,391 equivalent to ARS 23,199,399 as of December 31, 2020. Such

securities were included in BCRA's portfolio by virtue of the short-term public debt swap carried out during 2020 (See Note 2.2).

- g) National Treasury Bond adjusted by CER (BONCER), maturing on 03/25/2023, at face value of ARS 4,197,599 equivalent to ARS 4,953,166 as of December 31, 2020. Such securities were included in BCRA's portfolio by virtue of the short-term public debt swap carried out during 2020 (See Note 2.2).
- h) National Treasury Bond adjusted by CER (BONCER), maturing on 03/25/2024, at face value of ARS 12,575,057 equivalent to ARS 13,694,238 as of December 31, 2020. Such securities were included in BCRA's portfolio by virtue of the short-term public debt swap carried out during 2020 (See Note 2.2).
- i) USD Step Up Bonds of the Argentine Republic, maturing in 2030, at face value of USD 4,348,906 equivalent to ARS 148,717,494 as of December 31, 2020. Such securities were included in BCRA's portfolio by virtue of the debt swap in USD under Argentine legislation approved by Resolution No. 320 of the Board of Directors, dated August 27, 2020.
- j) USD Step Up Bonds of the Argentine Republic, maturing in 2035, at face value of USD 8,924,933 equivalent to ARS 274,110,806 as of December 31, 2020. Such securities were included in BCRA's portfolio by virtue of the debt swap in USD under Argentine legislation approved by Resolution No. 320 of the Board of Directors, dated August 27, 2020.
- k) USD Step Up Bonds of the Argentine Republic, maturing in 2038, at face value of USD 952,292 equivalent to ARS 30,609,901 as of December 31, 2020. Such securities were included in BCRA's portfolio by virtue of the debt swap in USD under Argentine legislation approved by Resolution No. 320 of the Board of Directors, dated August 27, 2020.
- l) USD 1% Bonds of the Argentine Republic, maturing in 2029, at face value of USD 801,303 equivalent to ARS 28,554,755 as of December 31, 2020. Such securities were included in BCRA's portfolio by virtue of the debt swap in USD under Argentine legislation approved by Resolution No. 320 of the Board of Directors, dated August 27, 2020.
- m) Discount Bonds 2033 issued in pesos, at face value of ARS 6,228,791 equivalent to ARS 117,101,263 as of December 31, 2020 (face value of ARS 6,228,791 equivalent to ARS 73,775,234 plus ARS 3,939,190 as accrued interest as of December 31, 2019) (See Exhibit III).
- n) Discount Bonds 2033 – issued in 2010 – in pesos, at face value of ARS 5,846 equivalent to ARS 104,753 as of December 31, 2020 (face value of ARS 5,846 equivalent to ARS 68,441 plus ARS 3,696 as accrued interest as of December 31, 2019) (See Exhibit III).

- o) Par Bonds 2038 issued in pesos, at face value of ARS 22,093 equivalent to ARS 157,746 as of December 31, 2020 (face value of ARS 22,093 equivalent to ARS 136,854 as of December 31, 2019) (See Exhibit III).
- p) Quasi-Par Bonds Series 2045, at face value of ARS 40,351 equivalent to ARS 407,542 as of December 31, 2020 (face value of ARS 40,351 equivalent to ARS 346,083 plus ARS 15,841 as accrued interest as of December 31, 2019) (See Exhibit III).
- q) GDP-linked marketable securities in USD, at face value of USD 445,051 equivalent to ARS 275,710 as of December 31, 2020 (face value of USD 445,051 equivalent to ARS 545,306 as of December 31, 2019), received upon the completion of the public debt restructuring process. Such financial instruments were stated at their market value. In addition, the holding of GDP-linked marketable securities in pesos amounts to face value of ARS 1,861,192 equivalent to ARS 34,246 as of December 31, 2020 (face value of ARS 1,861,192 equivalent to ARS 78,549 as of December 31, 2019) (See Exhibit III).
- r) Argentine Government Bonds (BONAR) Series 2020, at face value of USD 283,000 equivalent to ARS 12,983,864 as of December 31, 2019. Such financial instruments were stated at their market value. In September 2020, they were exchanged in the swap as provided for by Resolution No. 320 of the Board of Directors, dated August 27, 2020 (See Exhibit III).
- s) Argentine Government Bonds (BONAR) Series 2022, at face value of USD 4,497,753 equivalent to ARS 148,531,351 as of December 31, 2019. These financial instruments had been recorded in assets as a result of the swap of the Non-transferable National Treasury Bills. As there was no active market, they had been stated at an estimated present value. In September 2020, they were exchanged in the swap as provided for-by Resolution No. 320 of the Board of Directors, dated August 27, 2020 (See Exhibit III).
- t) Argentine Government Bonds (BONAR) Series 2025, at face value of USD 4,510,463 equivalent to ARS 161,610,365 as of December 31, 2019. These financial instruments had been recorded in assets as a result of the swap of the Non-transferable National Treasury Bills. As there was no active market, they had been stated at an estimated present value. In September 2020, they were exchanged in the swap as provided for by Resolution No. 320 of the Board of Directors, dated August 27, 2020 (See Exhibit III).
- u) Argentine Government Bonds (BONAR) Series 2027, at face value of USD 4,690,500 equivalent to ARS 181,726,759 as of December 31, 2019. These financial instruments had been recorded in assets as a result of the swap of the Non-transferable National Treasury Bills. As there was no active market, they had been stated at an estimated present value. In September 2020, they were exchanged in the swap as provided for by Resolution No. 320 of the Board of Directors, dated August 27, 2020 (See Exhibit III).
- v) Discount Bonds 2033 issued in US dollars and maturing on December 31, 2033, (face value of USD 679,220 equivalent to ARS 50,580,767 plus ARS 3,214,757 as accrued interest as of December 31, 2019). These financial instruments were stated at their

market prices. In September 2020, they were exchanged in the swap as provided for by Resolution No. 320 of the Board of Directors, dated August 27, 2020 (See Exhibit III).

- w) Capitalizable Treasury Bills (LECAPs): they were purchased by the BCRA within the framework of Communication "A" 6767. The securities in portfolio as of December 31, 2019 detailed in Exhibit III were under the scope of Executive Decree No. 596/2019 (See Note 2.2). Capitalizable interest under the original terms and conditions of each LECAP will be monthly capitalized in accordance with the calculation originally determined until the new date for payment of each of the related amounts. These financial instruments were stated at their market prices. During fiscal year 2020, the amount of ARS 1,764,707 was received as LECAP interest and amortization, while the rest of the portfolio was exchanged in the swap (See Note 2.2).
- x) Treasury Bills adjusted by the benchmark exchange rate (LELINKs): they were purchased by the BCRA within the framework of Communication "A" 6767 (See Note 2.7). Securities in portfolio as of December 31, 2019, described in Exhibit III, are within the scope of Executive Decree No. 596/2019 (See Note 2.2). These financial instruments were stated at their market prices. During fiscal year 2020, the amount of ARS 36,110 was received as LELINK interest and amortization, while the rest of the portfolio was exchanged in the swap (See Note 2.2).
- y) Treasury Bills adjusted by CER (LECERs): they were purchased by the BCRA within the framework of Communication "A" 6767 (See Note 2.7). Securities in portfolio as of December 31, 2019, described in Exhibit III, are within the scope of Executive Decree No. 596/2019 (See Note 2.2). These financial instruments were stated at their market prices. During fiscal year 2020, the amount of ARS 2,349,267 was received as LECER interest and amortization, while the rest of the portfolio was exchanged in the swap (See Note 2.2).
- z) Treasury Bills in USD (LETEs): they were purchased by the BCRA within the framework of Communication "A" 6767 (See Note 2.7). Securities in portfolio as of December 31, 2019, described in Exhibit III, are within the scope of Executive Decree No. 596/2019 and Executive Decree No. 49/2019 (See Note 2.2), which defined that the maturity date for such securities is August 31, 2020. These financial instruments were stated at their market prices. During fiscal year 2020, the amount of ARS 197,782 was received as interest and amortization, while the rest of the portfolio was exchanged in the swap (See Note 2.2).

aa) Other securities in portfolio amounting to ARS 128 as of December 31, 2020 (ARS 174 as of December 31, 2019).

4.2.2. Allowance for impairment of Government Securities

The allowance for impairment of value of securities is ARS 775,688 (ARS 1,068,027 as of December 31, 2019), accounting for 88 % of the original issue amount of the Bond mentioned in Note 4.2.1.2.1., and presenting the market values of certain government securities booked as of December 31, 2020. During this fiscal year, 1% of the provision was reversed due to the collection of the twelfth amortization installment of the security on January 4, 2021 (See Notes 4.2.1.2.1 and 8.1 and Exhibit I).

4.3 Temporary advances to the Argentine Government

By virtue of the last Charter amendment under Law No. 26739—enacted on March 22, 2012—, the BCRA may make (under Section 20) temporary advances to the National Government for a term of twelve months up to 12% of the monetary base, which consists of the currency in circulation plus financial institutions' demand deposits in the BCRA, whether in checking or special accounts. It may also make advances not exceeding 10% of the cash resources obtained by the National Government in the last twelve months. Exceptionally and only if required by the circumstances or by national or international economic prospects, the BCRA may grant temporary advances for an additional amount not exceeding 10% of the cash earned by the National Government in the last twelve months. This extraordinary power may be exercised for a maximum term of eighteen months. In all cases, once financial assistance terms have elapsed, the BCRA may not exercise this power again until the amounts due are reimbursed. These Temporary Advances do not accrue any interest rates.

As of December 31, 2020, the balance of the Temporary Advances to the National Government account amounts to a face value of ARS 1,260,450,000 (ARS 1,160,911,634 as of December 31, 2019), out of which ARS 704,200,000 have been granted for a twelve-month period (ARS 834,174,223 as of December 31, 2019), and the amount of ARS 556,250,000 as an exception, has been requested and agreed on an eighteen-month period, in accordance with the current regulatory framework (ARS 326,737,411 as of December 31, 2019).

The advances at prior year-end falling due in this fiscal year were fully settled as of December 31, 2020 pursuant to the provisions of Section 20 of the Charter of the BCRA.

4.4. Loans to the Argentine Financial System

The table below shows the balance of “Loans to the Argentine financial system” accounts:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Due to fines	1,431,231	999,630
Refinanced lines	21,636	29,455
Financing to the productive sector	-	3,289
Allowances for loans to the financial system (Exhibit I)	<u>(1,372,194)</u>	<u>(962,668)</u>
Total	<u>80,673</u>	<u>69,706</u>

The account “Loans to the Argentine financial system” mainly relates to “Debts from fines on Financial institutions”, which includes accruals of fines payable to the BCRA arising from the enforcement of the Foreign Exchange Criminal Regime and the Law on Financial Institutions (Section 41). The balance amounts to ARS 1,431,231 as of December 31, 2020 (ARS 999,630 as of December 31, 2019). Out of the total balance as of December 31, 2020, the amount of ARS 1,415,513 is subject to court procedures (ARS 979,299 as of December 31, 2019) and a provision has been set up for the total amount of ARS 1,350,955 (ARS 933,753 as of December 31, 2019).

The account “Refinanced lines” is related to the Federal Trust Fund for Regional Infrastructure (FFFIR) debt. This fund was created by Law No. 24855, to which the consolidated debt held by the former Banco Hipotecario Nacional with the BCRA had been transferred. By means of Resolution No. 2 of the Board of Directors, dated January 4, 2018, the FFFIR and the BCRA reached the Debt Settlement Agreement. As of December 31, 2020, the debt amounts to ARS 21,636 (ARS 29,455 as of December 31, 2019).

The “Financing to the productive sector” account mainly includes funds granted to financial institutions within the framework of Communication “A” 5303, as supplemented, to finance the productive sector with a balance of ARS 3,289 as of December 31, 2019, which were fully collected during fiscal year 2020. These loans required collaterals over 125% of principal due measured at market value. The collaterals given by institutions are stated at market value (up to the amount of the credit) supported the whole debt. As of December 31, 2019, total collaterals paid in with BONCER 2021 reached ARS 3,289.

The amount of the Allowances for Loans to the Local Financial System, which as of December 31, 2020 is ARS 1,372,194 (ARS 962,668 as of December 31, 2019), mainly includes the Allowance for fines referred to in the preceding paragraph in the amount of ARS 1,350,955 (ARS 933,753 as of December 31, 2019), and the Allowance for Credit lines existing before enactment of Law No. 24144 equivalent to ARS 21,239 (ARS 28,915 as of December 31, 2019). During fiscal year 2020, the allowance was used in the total amount of ARS 215,179, while new allowances were set up in the amount of ARS 880,260 (changes in constant currency during the fiscal year ending December 31, 2019 amounted to ARS 208,821 as reversals for collection of debts; ARS 360,154 as utilizations of allowances and ARS 932,811 as increases, respectively) (See Exhibit I).

This account is stated at face value plus accrued and uncollected interest at the agreed upon rate, net of the provision for uncollectibility. This provision is set up on the basis of estimates of recoverable amounts, which comprise compliance and quality of collaterals, among other factors.

4.5. Contributions to international agencies on behalf of Argentine Government and other

The table below shows the balance amount of the accounts presenting the contributions made by the BCRA on behalf of the National Government and other:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Contributions to IADB, IBRD, IDA and other	318,012,608	274,788,071
Contributions to the IMF	<u>104,222,005</u>	<u>96,969,281</u>
Total	<u>422,234,613</u>	<u>371,757,352</u>

This account is stated at face value and converted into Argentine pesos, as established in Note 3.5.1.

As to the contributions to the IMF, the National Government records a quota, as resolved at the Meeting of the Board of Governors of the IMF, in the amount of SDR 3,187,300 as of December 31, 2020 (the same amount of SDR as of December 31, 2019), as detailed below:

	<u>12/31/2020</u>		<u>12/31/2019</u>	
	<u>SDR</u>	<u>Argentine pesos</u>	<u>SDR</u>	<u>Argentine pesos</u>
Treasury Bills	2,327,322	282,051,724	2,327,322	262,423,976
Contributions to the IMF in foreign currency	796,825	96,568,462	796,825	89,848,342
Contributions to the IMF in local currency	<u>63,153</u>	<u>7,653,543</u>	<u>63,153</u>	<u>7,120,939</u>
Total	<u>3,187,300</u>	<u>386,273,729</u>	<u>3,187,300</u>	<u>359,393,257</u>

Treasury Bills are issued by the BCRA on behalf of the National Government in its capacity as Government's financial agent pursuant to Article III, Section 4, and Article V, Section 11 of the Articles of Agreement of the IMF, and are recorded in memorandum accounts (See Notes 5 and 6).

4.6 Rights deriving from other Derivative Financial Instruments

As of December 31, 2020, the Daily Clearing Margin's balance reaches ARS 309,856, accounting for receivables in pesos from changes in the price of open positions at the closing of the forward ROFEX's market price, at year-end. Such amount was collected in full on January 4, 2021.

4.7 Rights deriving from repo transactions

	<u>12/31/2020</u>	<u>12/31/2019</u>
LELIQ receivable in Argentine pesos and delivered under reverse repurchase agreements	1,273,624,128	613,113,435
Rights under reverse repurchase transactions	148,065,045	99,256,176
Repurchase transactions margin	126,826,021	65,233,658
Rights from currency swap transactions	<u>1,573,728,000</u>	<u>1,509,225,967</u>
Total	<u>3,122,243,194</u>	<u>2,286,829,236</u>

On January 10, 2018, the BCRA informed, through Communication "A" 6426, the issue and placement of 7-day Bills in pesos in force as from January 11, 2018. These instruments can be used as collaterals in REPO transactions.

As of December 31, 2020, total LELIQ ad government securities receivables under repurchase transactions, including premiums to be accrued, amounted to ARS 1,273,624,128. Such instruments have been stated at market value (LELIQ and Government securities receivables under repurchase transactions, including premiums to be accrued in the amount of ARS 613,113,435 as of December 31, 2019) (See Note 4.18).

Rights under reverse repurchase transactions are related to transactions agreed upon with Banks and other entities. Principal receivable in this regard amounts to ARS 148,065,045 as of December 31, 2020 (ARS 99,256,176 as of December 31, 2019). These reverse repurchase transactions were valued based on prices agreed upon for each transaction, plus the related premiums accrued at each year-end.

Rights from currency swap transactions amounted to ARS 1,573,728,000 as of December 31, 2020 (ARS 1,509,225,967 as of December 31, 2019). This balance represents the right to receive from People's Bank of China the amount in national currency agreed under the currency swap transaction (See Notes 2.6 and 4.18).

4.8 Other assets

4.8.1 Breakdown of the account

	<u>12/31/2020</u>	<u>12/31/2019</u>
Assets applied to collateral (see Note 4.8.2)	120,299,276	796,840
Bank premises & equipment (net of depreciation)	5,084,548	5,053,154
Stock of banknote paper and coins for monetary issuance	4,875,544	5,574,737
Margin Call from Forward transactions (see Note 4.8.2)	2,260,054	256,187
Coined gold	1,446,992	1,126,716
Secured loans – Presidential Decree No. 1387/01	703,744	697,644
Numismatics – Museum	421,277	404,464
Intangible assets	31,823	53,520
Trust Fund IMF	-	1,757,744
Miscellaneous	2,524,639	1,734,376
Allowances (Exhibit I)	(20,632)	(14,839)
Total	<u>137,627,265</u>	<u>17,440,543</u>

Property & equipment have been valued at acquisition cost net of accumulated depreciation. Depreciation is calculated by applying the straight- line method, taking into account property, plant & equipment estimated useful life. By virtue of the inflation adjustment method, balances at years ended 2019 and 2020 are presented adjusted as of December 31, 2020.

The Margin Call from forward transactions includes the margin requested by the counterparties to those transactions and is equivalent to ARS 2,260,054 as of December 31, 2020 (ARS 256,187 as of December 31, 2019). These funds are daily built up in foreign currency by the BCRA, and the counterparty pays an interest on them. If under market conditions, the BCRA is to require that such margin be posted, the funds in foreign currency are received and recorded in a contra liability account, and interest is paid on those funds (See Notes 4.1.5 and 4.20).

According to the international definitions of gold computable as a reserve asset (See Note 4.1.1), gold coins held for numismatic purposes were excluded from the Gold sub-account and were included in Other Assets. Additionally, a provision for transportation costs amounting to 1% of total stock was set up.

Collateralized loans involve financial instruments issued by the National Government under Executive Decree No. 1387/01, and supplementary regulations, which were accepted in support of financial aid for temporary liquidity strains granted to financial institutions with revoked licenses. They are unlisted securities transferable by deed, yield interest, and are adjusted by CER (benchmark stabilization coefficient). At year-end, they were stated at face value plus accrued interest pending collection, and CER adjusted.

The Numismatic pieces - Museum account includes coins donated to the BCRA by Mr. Héctor Carlos Janson—a collection of 2,800 coins, which includes Argentine coins issued between 1813 and 2016, among others. To express our gratitude for the donation, the Museum was named “Héctor Carlos Janson” Numismatic and Historical Museum in honor of the most outstanding numismatic.

The Trust Fund for HIPC – IMF Initiative records the contribution to the Poverty Reduction and Growth Trust – Heavily Indebted Poor Countries (IMF). On May 4, 2020, the IMF disbursed SDR 15,628 (face value), which was deposited in the “National Government deposits in foreign currency” account. On December 31, 2020, this item recorded no balance (ARS 1,757,744 (SDR 15,589) as of December 31, 2019) (See Note 6).

Miscellaneous includes, among other, assets received from court and out-of-court receivables pending collection in the amount of ARS 218,025 (ARS 134,382 as of December 31, 2019), for which a provision has been set up in the amount of ARS 14 (ARS 19 as of December 31, 2019) and unreported advance payments and prepayments in the amount of ARS 919,951 (ARS 13,956 as of December 31, 2019).

Note 4.8.2 Restricted assets

As of December 31, 2020 and 2019, the BCRA has set up the following collaterals:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Margin Call from forward transactions	2,260,054	256,187
Collateral Assets applied to forward transactions	120,299,276	796,840
Total	<u>122,559,330</u>	<u>1,053,027</u>

4.9 Monetary Base

According to the provisions of the Charter, the monetary base consists of money in circulation plus financial institutions’ demand deposits with the BCRA, whether in checking or special accounts. It also includes outstanding settlement checks. Exhibit V presents the changes in the monetary base, which mainly shows monetary regulation operations performed by the BCRA as part of the powers assigned by the Charter regarding its relationship with the National Government and the financial system, and related uses (operating and financial expenses).

4.9.1 Currency in Circulation

4.9.1.1 Banknotes and coins in circulation

	<u>12/31/2020</u>	<u>12/31/2019</u>
Banknotes	1,890,885,386	1,562,960,023
Coins	6,939,674	7,292,283
Total	<u>1,897,825,060</u>	<u>1,570,252,306</u>

Banknotes and coins in circulation at each year-end account for the balance held by the public and financial institutions (See Note 5).

Changes in banknotes in circulation have been as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Balance at beginning of year	1,562,960,023	1,164,294,924
New banknotes and banknotes in good conditions placed in the financial system	751,184,250	481,947,161
Banknotes out of circulation and destroyed or to be destroyed	(8,347,398)	(83,282,062)
Adjustment from the monetary restatement of the balance at beginning of the year	(414,911,489)	-
Balance at year-end	<u>1,890,885,386</u>	<u>1,562,960,023</u>

4.9.1.2 Settlement checks in pesos in circulation

The amount of ARS 252 as of December 31, 2020 (ARS 343 as of December 31, 2019) accounts for the BCRA's obligation for settlement checks requested by financial institutions and issued in Argentine pesos.

4.9.2 Current accounts in pesos

As of December 31, 2020, the balance amounted to ARS 572,434,478 (ARS 1,010,130,015 as of December 31, 2019). During the fiscal years 2020 and 2019, the rate determined for checking accounts was 0% pursuant to BCRA Communication "A" 6052 and supplementary regulations.

4.10. Instruments of payment in other currencies

4.10.1. Settlement checks in other currencies in circulation

The balance of ARS 1,683 as of December 31, 2020 (ARS 1,631 as of December 31, 2019) accounts for the BCRA's obligation for settlement checks requested by financial institutions and issued in US dollars, which have been converted into Argentine pesos as stated in Note 3.5.1.

4.10.2. Certificates of Deposit for Investment

The balance of ARS 2,807,701 as of December 31, 2020 (ARS 2,989,499 as of December 31, 2019) accounts for the BCRA's obligation for the Certificates of Deposit for Investment issued pursuant to Law No. 26860, which are outstanding. These instruments are issued in US dollars and have been converted into Argentine pesos according to Note 3.5.1.

4.11 Current accounts in other currencies

The balance of ARS 915,750,943 as of December 31, 2020 (ARS 726,421,735 as of December 31, 2019) has been converted into pesos as established in Note 3.5.1. Remuneration as defined in BCRA's Communication "A" 6052, as supplemented, was 0%.

4.12 Deposits from de Argentine Government and other

This account includes the following items:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Argentine Government deposits	63,984,458	63,817,451
A.N.S.E.S. - Social security payment orders	475,107	349,989
Provincial funds	2,812,198	2,725,183
Argentine Government deposits – Law No. 25152 – Tax anti-cyclical fund	1,577,733	1,528,916
Total	<u>68,849,496</u>	<u>68,421,539</u>

4.13 Other deposits

	<u>12/31/2020</u>	<u>12/31/2019</u>
Deposits from collections	258,713	350,849
In special accounts	98,111	106,437
Miscellaneous	382,978	163,390
Total	<u>739,802</u>	<u>620,676</u>

Deposits from collections amount to ARS 258,713 (ARS 350,849 as of December 31, 2019) and mainly include those arising from the collection of financial and exchange fines, as well as deposits from collections of financial institutions that were liquidated, but pending allocation.

Deposits in special accounts include the amount of ARS 78,358 corresponding to deposits made by the National Government under Section 1 of Executive Decree 1836/2002, which cannot be attached or disposed of, and which solely serve as collateral for different series of National Government bonds to be swapped for certificates of deposit held by savers in the financial system. As of December 31, 2019, the balance of such account amounted to ARS 79,546.

4.14 Special drawing rights

The special drawing right (SDR) allocation is the amount allocated by the IMF to the Argentine Republic as a member country. By virtue of its Articles of Agreement, the IMF may allocate SDRs to member countries in proportion to their quotas, whether on a general or special basis, as provided for by Articles XVIII, XXIV and XXVI of the Articles of Agreement.

In 2009, the IMF made a general allocation of SDRs of up to USD 250,000,000 among participant countries, USD 2,460,375 (SDR 1,569,427) of which were allocated to the Argentine Republic. On the other hand, the Fourth Amendment to the IMF Articles of Agreement—approved in 1997 and becoming effective in fiscal year 2009—sets forth a special one-time allocation of SDRs amounting to about USD 33,000,000, out of which USD 207,316 (SDR 132,243) was allocated to the Argentine Republic. Both general and one-time allocations—SDR 1,701,670 in total—were received by the BCRA on behalf of the National Government.

The contra account to the SDRs transferred to the National Government is disclosed as an adjustment to the IMF Special Drawing Rights account, which amounts to ARS 206,227,968, equivalent to SDRs in the amount of 1,701,670 as of December 31, 2020 (ARS 191,876,734 equivalent to the same amount of SDRs as of December 31, 2019).

The net balance of SDR 318,370 as of December 31, 2020 and December 31, 2019 shows the amount of SDRs received by the Bank prior to its Charter amendment dated September 30, 1992.

The account breakdown is as follows:

	12/31/2020		12/31/2019	
	SDR	Argentine pesos	SDR	Argentine pesos
Allocated SDRs	2,020,040	244,811,712	2,020,040	227,775,467
Contra account to the account IMF Special Drawing Rights transferred to the Argentine Government	(1,701,670)	(206,227,968)	(1,701,670)	(191,876,734)
	318,370	38,583,744	318,370	35,898,733

This account is stated at face value in the currency of origin and converted into Argentine pesos, as established in Note 3.5.1.

4.15 Obligations with international Agencies

As approved by Resolution No. 301 of the BCRA's Board of Directors dated July 30, 2020, the BCRA entered into a twelve-month credit facility agreement with the Bank for Internal Settlements (BIS). As of December 31, 2020, the balance amounts to ARS 252,435,000 (USD 3,000,000) plus interest accrued in the amount of ARS 82,462 (USD 980).

As of December 31, 2019, the balance of the credit facility that had been approved by Board Resolutions No. 160 dated July 25, 2019 and No. 255 dated October 23, 2019, amounted to ARS 286,722,672, principal amounting to ARS 285,394,917 (USD 3,500,000) and interest to ARS 1,327,755 (USD 16,283).

The reserve tranche involves the facility of first resort that the IMF makes available to a country, but it does not represent any use of the funds assigned. Hence, the tranche contains no claim from the IMF regarding the funds used¹. The reserve tranche of a country represents the right to draw on amounts from the IMF, as mentioned above, which derives from the quota established for being a participating country, subscribed in reserve assets.

In addition to the item previously mentioned, the "Obligations to international agencies" account includes the balances of deposits of the Inter-American Development Bank (IDB), the IMF and other international agencies with the BCRA.

¹ Positions are exclusively unwound in the cases considered in Articles XXIV and XXVI of the Articles of Agreement.

The account breakdown is as follows:

	12/31/2020	12/31/2019
Credit installments agreement	252,517,462	286,722,672
Use of the Reserve Tranche	64,145,613	59,681,772
IMF Account No. 1	7,627,918	7,097,097
IDB	5,534,322	5,989,157
Accrued charges	42,427	296,121
IBRD	21,444	14,303
IMF Account No. 2	602	561
Other	4,924	57,277
	329,894,712	359,858,960

The IMF account No. 1 is an IMF's deposit with the BCRA to record mainly transactions such as quota subscriptions and purchases or repurchases of the reserve tranche. The balance in pesos is equivalent to SDR 62,941 as of December 31, 2020 and agrees to the balance as of December 31, 2019 (See Note 6).

Additionally, the IMF account No. 2 is used for administrative expenses or income in the country. The balance in pesos is equivalent to SDR 5 as of December 31, 2020 and agrees to the balance as of December 31, 2019 (See Note 6).

The contra account to the use of the reserve tranche includes the BCRA's claim against the National Government in connection with the funds received by the BCRA and transferred to the National Government in the amount of SDR 529,291 equivalent to ARS 64,145,613 (same amount of SDR equivalent to ARS 59,681,772 as of December 31, 2019).

4.16 Securities issued by the BCRA

In accordance with Section 18 of its Charter, the BCRA is empowered to issue securities or bonds, as well as certificates of participation in any of its portfolio securities.

Communication "A" 6426 (dated January 10, 2018) established the issuance and placement of 7-day bills in pesos effective as of January 11, 2018. These instruments, named Liquidity Bills (LELIQs), are daily offered through a special segment named "LELI Round" of the SIOPEL system of MAE S.A. They are discount securities and are stated at face value net of interest to be accrued at year-end. The counterparties authorized to operate with the BCRA are financial institutions on their behalf or on behalf of another local financial institution exclusively. LELIQs can be used as collateral in REPO transactions. The balance amounted to 4,433,653,338 as of December 31, 2020 (ARS 2,935,233,357 as of December 31, 2019).

The BCRA authorized the use of LELIQs to perform repo transactions for monetary regulation. As a result, the portfolio of these bills so used is presented at mark-to-market value net of the amount corresponding to "Securities issued by the BCRA" (See Note 4.7).

It should be noted that the BCRA released a Communiqué on January 17, 2020, whereby it would offer 7-day and 14-day LELIQs in the market as from January 21, 2020 in order to improve the monetary policy rate pass-through.

By means of Communication “A” 7191 dated December 28, 2020, the issuance of BCRA bills to the mining sector in pesos and payable at the benchmark exchange rate (LEMIN) was authorized. As of December 31, 2020, no LEMINs were issued.

Communication “A” 6575 dated September 28, 2018 established that financial institutions could subscribe 30-day Notes for Cash Compensation (NOCOMs), accruing 1/5 of the benchmark rate determined by the BCRA, against the stock of banknotes they have in their own vaults as well as in armored vehicles, being considered “eligible” but not subject to the “interbank clearing of banknotes” (CIB), provided that they complied with the preparation and safekeeping requirements laid down in the rules about reporting excess of banknotes. As of December 31, 2020 and 2019, no balances were recorded in this regard.

The securities issued by the BCRA at each year-end are as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Bills and notes issued in local currency		
Liquidity bills	4,433,653,338	2,935,233,357
Bills in portfolio available for repurchase transactions	<u>(1,491,748,363)</u>	<u>(1,485,207,880)</u>
Total	<u>2,941,904,975</u>	<u>1,450,025,477</u>

Exhibit IV shows LELIQs outstanding at each year-end, broken down by type of instrument and maturity.

4.17 Contra account of Argentine Government Contributions to International Agencies

As of December 31, 2020, the amount of ARS 309,576,328 represents the balance of the contra account of contributions made on behalf of the National Government to international agencies of which the Argentine Republic is a member. As from September 30, 1992, the legal form of the BCRA and its relationship with the National Government were modified upon the amendment of the BCRA’s Charter. The amount as of December 31, 2019 was ARS 264,838,990.

4.18 Due to Repo Transactions

	<u>12/31/2020</u>	<u>12/31/2019</u>
Amounts payable under repurchase transactions	1,275,551,197	654,414,652
Securities to be delivered under repo transactions	148,093,298	99,313,961
Obligations under currency swap transactions	1,675,898,015	1,522,343,558
Total	<u>3,099,542,510</u>	<u>2,276,072,171</u>

The amounts payable under repo transactions total ARS 1,275,551,197 as of December 31, 2020 and represent the funds to be repaid to financial institutions upon maturity of the transactions mentioned in Note 4.7 for principal, premium, and haircut—ARS 1,141,434,189; ARS 7,290,987 and ARS 126,826,021, respectively (balances as of December 31, 2019: ARS 587,102,920; ARS 2,078,074 and ARS 65,233,658, respectively). They were valued based on the price for each transaction, plus the related premiums accrued at each year-end.

Securities to be delivered under repo transactions as of December 31, 2020 totaled ARS 148,093,298 and represented holdings of foreign government securities received under repo transactions, and valued at mark-to-market value (ARS 99,313,961 as of December 31, 2019).

Obligations under currency swap transactions as of December 31, 2020 amounted to ARS 1,675,898,015 (ARS 1,522,343,558 as of December 31, 2019). The balance represents the BCRA's commitment to repay the People's Bank of China the amount in foreign currency arranged under the currency swap (See Note 4.7).

4.19 Due to Multilateral Credit Agreements

This account's balance represents the net liabilities resulting from reciprocal credit transactions within the framework of the Latin American Integration Association (ALADI), which totaled ARS 2,205,936 as of December 31, 2020, and ARS 2,514,125 as of December 31, 2019.

4.20 Other liabilities

This account includes the following items:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Currency swap deposit	1,573,728,000	1,509,225,967
Revolving funds and other foreign-currency denominated obligations	148,467,464	99,425,316
Contra account to Reserve Tranche Position in IMF	32,448,475	30,190,412
Obligations from servicing secured loans	526,493	64,124
Advances collected from Margin Call on forward transactions	177,546	543,882
Obligations to the Argentine Government	-	164,556
Miscellaneous	159,095,124	27,781,785
Total	<u>1,914,443,102</u>	<u>1,667,396,042</u>

The “currency swap deposit” amounted to ARS 1,573,728,000 as of December 31, 2020 (ARS 1,509,225,967 as of December 31, 2019) and represents the total amount in ARS deposited in favor of the People’s Bank of China under the Bilateral Currency Swap Agreement entered into by the BCRA with the later (See Notes 2.6 and 4.7).

“Revolving funds and other foreign currency obligations” represent the transactions resulting from international agreements executed with multilateral or foreign official agencies, central banks or entities of which only the BCRA can be a borrower on its own behalf or on behalf of the National Treasury as a financial agent of the Argentine Republic, pursuant to the provisions of Section 17 of the Charter.

The balance of “revolving funds” is made up of disbursements made by the IDB and the International Bank for Reconstruction and Development (IBRD) for loans, technical cooperation efforts, and small projects for the purchase of goods and services, pursuant to the terms and conditions of the agreements executed with those international agencies, among other funds.

The “contra account to the reserve tranche position in the IMF” reflects—on the liabilities side—the reserve tranche position included in the international reserves account (See Note 4.1.3) and amounted to ARS 32,448,475 as of December 31, 2020 (ARS 30,190,412 as of December 31, 2019) (See Note 4.1.3.)

The item “advances collected from margin calls on forward transactions”, with a balance of ARS 177,546, reflects the collateral provided by the counterparties involved. These funds are daily deposited in foreign currency, and the BCRA pays interest on them. As of December 31, 2019, the balance recorded for this item amounted to ARS 543,882 (See Note 4.1.5.)

“Obligations from servicing secured loans” include the funds used to service the loans mentioned above, which amounted to ARS 526,493 as of December 31, 2020 (ARS 64,124 as of December 31, 2019).

“Obligations to the National Government” include deposits of funds received from international agencies for the following purposes: National Government’s operations, stabilization of the financial system, credit programs for “provinces and urban conglomerates”, and “micro-, small- and medium-sized enterprises”. This account shows no balance as of December 31, 2020, amounting to ARS 164,556 as of December 31, 2019.

Some items included in “miscellaneous” are the following: “obligations to the National Government for repayment with BOCONES, ARS 108,336 (ARS 225,978 as of December 31, 2019); “obligations to provincial governments”, ARS 91,071 (ARS 2,037,859 as of December 31, 2019); “withholdings from suppliers and employees and payroll contributions payable”, ARS 947,547 (ARS 790,672 as of December 31, 2019), “contra account of contributions made to international agencies prior to the amendment to the Charter by Law No. 24144”, ARS 13,548,163 (ARS 13,127,404 as of December 31, 2019); and provisions in the amount of ARS 2,410,196 (ARS 1,900,630 as of December 31, 2019), among others.

The provisions set as of each year-end, as listed in Exhibit I, involve the following items:

4.21 Provisions

	<u>12/31/2020</u>	<u>12/31/2019</u>
Provision for lawsuits	3,034,076	3,384,601
Provision for labor -related liabilities	6,971,375	6,187,899
Other provisions	220	299
Total (Exhibit I)	<u>10,005,671</u>	<u>9,572,799</u>

The criterion used by the BCRA to determine the amounts of the provision for lawsuits was as follows:

Lawsuits were classified based on their procedural status and the type of case (lawsuits seeking the reimbursement of deposits; labor lawsuits, etc.). The estimation of the outcome of the disputes was made based on background information concerning judgments entered in lawsuits with the same or similar characteristics.

The lawsuits prior to April 1, 1991 were adjusted using the general wholesale price index plus an annual 6% interest rate until March 31, 1991. From then onwards, the common savings account rate published by the BCRA was applied. In the case of lawsuits filed after March 31, 1991, and prior to January 1, 2002, the deposit rate under BCRA Communiqué No. 14290 was used until December 31, 2001. From then onwards, the common savings account rate published by the

BCRA was applied, under Laws No. 25344 and Section 58 of Law No. 25725. In the case of lawsuits after December 31, 2001 through the date of these Accounting Statements, the deposit rate for judicial purposes under BCRA Comunicado No. 14290 was applied.

The amounts of local claims in US dollars were determined in pesos at one peso per US dollar, with no interest rate applied, as the BCRA has never had to pay these claims in dollars.

In addition, lawsuits for damages and other administrative claims were brought against the BCRA for unspecified amounts and, as of the date of issuance of these financial statements, it is not likely that an adverse judgment be rendered against the BCRA. Therefore, no provision was set up.

As of the date of issuance of these financial statements, the BCRA was served in one hundred and seven proceedings in relation to transactions under dollar futures contracts maturing through June 2016, which were executed after September 29, 2015 (Comunicado 657 of Argentina Clearing S.A. and Mercado a Término S.A. (ROFEX)). Such proceedings were brought for the administrative act to be declared null. Provisions were set up in accordance with the applicable regulations, where appropriate. As informed by the legal department, the BCRA is not aware of the existence of any claims requiring the setup of any related provisions. Hence, the BCRA does not have sufficient information to determine any possible impact on the financial statements. From a legal standpoint, the judgments rendered in such proceedings so far have been favorable to the BCRA. While the outlook is positive, the BCRA cannot determine whether its financial statements might be affected as a result of futures transactions as no final judgments have been rendered in the ordinary lawsuits so far.

The provision for labor-related liabilities is mainly made up of an estimate of bonuses paid to the staff for years of service and for retirement in the amount of ARS 6,971,375 (ARS 6,187,899 as of December 31, 2019).

4.22 Statement of income – Main accounts

Below is a breakdown of the main Income Statement accounts:

4.22.1 Interest income and other adjustments

On International Reserves	<u>12/31/2020</u>	<u>12/31/2019</u>
Time deposits	3,316,159	13,902,008
Certificates of time deposits in foreign currency	176,171	120,939
Demand deposits and foreign currency	651,645	7,694,511
Foreign government securities	35,568	5,223,837
Multilateral credit agreements	311	10,727
Total:	<u>4,179,854</u>	<u>26,952,022</u>

On Government Securities

	<u>12/31/2020</u>	<u>12/31/2019</u>
Interest on government securities	84,061,236	121,242,730
CER on government securities	5,955,763	618,007
Interest on Non-Transferable Treasury Bills and other Treasury Bills	9,977,351	47,126,616
Total:	<u>99,994,350</u>	<u>168,987,353</u>

On Loans to the Financial System

	<u>12/31/2020</u>	<u>12/31/2019</u>
Interest income	5,520	41,438
Total:	<u>5,520</u>	<u>41,438</u>

On other assets

	<u>12/31/2020</u>	<u>12/31/2019</u>
Interest and adjustments on secured loans	259,576	319,348
FABP (return and interest)	310,696	487,247
Other interest income	25,760	205,441
Total:	<u>596,032</u>	<u>1,012,036</u>

4.22.2 Interest expense and other adjustments

On Securities issued by the BCRA

	<u>12/31/2020</u>	<u>12/31/2019</u>
Interest on LELIQ	(693,150,942)	(1,081,870,839)
Interest on "NOCOM"	(37,518)	(108,720)
Total:	<u>(693,188,460)</u>	<u>(1,081,979,559)</u>

On Loans borrowed from International Agencies

	<u>12/31/2020</u>	<u>12/31/2019</u>
Other obligations	(2,648,589)	(7,905,809)
Total:	<u>(2,648,589)</u>	<u>(7,905,809)</u>

On Other transactions with the Financial System

	<u>12/31/2020</u>	<u>12/31/2019</u>
Net premiums accrued on repo transactions	(167,775,545)	(64,393,035)
Total:	<u>(167,775,545)</u>	<u>(64,393,035)</u>

On other liabilities

	<u>12/31/2020</u>	<u>12/31/2019</u>
Interest	(685,490)	(1,956,621)
Loss on CER application	(17,868)	(16,777)
Total:	<u>(703,358)</u>	<u>(1,973,398)</u>

4.22.3 (Set-up) / reversals of allowances for government securities and loans to the Financial System, net

	<u>12/31/2020</u>	<u>12/31/2019</u>
For government securities	8,815	12,000
For receivables from the financial system	(936,385)	(677,875)
Total:	<u>(927,570)</u>	<u>(665,875)</u>

4.22.4 Listed Price differences, net

	<u>12/31/2020</u>	<u>12/31/2019</u>
For international reserves		
Foreign currency, time and demand deposits	1,185,601,393	1,156,071,723
Gold	156,629,466	139,269,184
Foreign government securities	47,227,786	214,232,815
Certificates of time deposits in foreign currency	5,082,692	4,381,737
Derivatives	(30,775,614)	(41,283,544)
Others	11,760,290	13,515,794
Argentine Government Securities (1) (2)	1,957,980,196	3,239,882,461
International agencies	33,996,275	48,979,780
Entities' deposits in current accounts and Argentine Government deposits	(309,901,428)	(899,995,188)
Other valuation adjustments of assets and liabilities		
Rights and obligations under repo transactions	(1,124,869,984)	(1,619,619,679)
Others	(159,195,739)	(182,997,864)
Total:	<u>1,773,535,333</u>	<u>2,072,437,219</u>

(1) As of December 31, 2019, it includes ARS (656,869,100) as rights deriving from repo transactions involving government securities, offset against a valuation adjustment gain to government securities.

(2) As of December 31, 2019, it includes the change in the valuation criterion of Non-transferable Bills mentioned in Notes 2.4 and 4.2.1.2.2.1.

4.22.5 Foreign currency trading differences, net

	<u>12/31/2020</u>	<u>12/31/2019</u>
For the purchase and sale of foreign currency	1,834,184	923,139,922
Total:	<u>1,834,184</u>	<u>923,139,922</u>

4.22.6 Other financial instruments trading differences, net

	<u>12/31/2020</u>	<u>12/31/2019</u>
On transactions with securities- swap (1)	125,209,648	-
On forward transactions	25,079,125	16,669,596
On forward/futures transactions	4,208,350	31,468,074
On transactions with securities - other	6,851	1,699,139
Other transactions	11,684	-
Total:	<u>154,515,658</u>	<u>49,836,809</u>

(1) Total gain/loss obtained from the swap transactions include ARS 114.326.983 corresponding to the swap of government securities under foreign legislation and government securities under Argentine legislation and ARS 10.882.665 corresponding to the swap of short-term government debt conducted during fiscal year 2020.

4.22.7 Miscellaneous charges and fines

	<u>12/31/2020</u>	<u>12/31/2019</u>
Fines	1,048,453	1,396,853
Charges	444,981	503,484
Total:	<u>1,493,434</u>	<u>1,900,337</u>

4.22.8 Monetary issuance expenses

	<u>12/31/2020</u>	<u>12/31/2019</u>
Materials	(10,078,649)	(5,059,616)
Other expenses	-	(365,235)
Total:	<u>(10,078,649)</u>	<u>(5,424,851)</u>

4.22.9 General expenses

	<u>12/31/2020</u>	<u>12/31/2019</u>
Amortization	(70,460)	(10,034)
Other general expenses	(13,429,560)	(13,678,769)
Total:	<u>(13,500,020)</u>	<u>(13,688,803)</u>

4.22.10 Set-up of other allowances

	12/31/2020	12/31/2019
Allowance for gold	(24,843)	(4,562)
Provision for lawsuits	(580,673)	(1,034,232)
Provision for labor -related liabilities	(2,565,186)	(2,711,200)
Other provisions	(3,500)	361
Total:	(3,174,202)	(3,749,633)

4.22.11 Other net (expenses)/income

	12/31/2020	12/31/2019
Other	(3,136,349)	2,049,620
	(3,136,349)	2,049,620

NOTE 5 – DEBIT- AND CREDIT-BALANCE MEMORANDUM ACCOUNTS

As of December 31, 2020, the balance of memorandum accounts on the assets and liabilities side amounted to ARS 20,701,961,924 (ARS 18,012,693,737 as of December 31, 2019), which are broken down as follows:

	12/31/2020	12/31/2019
Total stock of banknotes and coins	1,977,146,774	1,738,417,750
Stock of banknotes and coins issued for circulation deposited in the BCRA	79,321,714	168,165,444
Other (bank note paper/coin blanks/ bank notes and coins in process)	875,922,716	272,514,614
Settlement check	1,625,243	1,578,628
Certificate of deposit for investment (CEDIN)	2,808,234	2,990,224
Monetary assets in custody	11,046,441,254	9,566,133,089
Non-monetary assets in custody	158,285,468	389,787,825
Securities received as guarantee	23,383,904	33,490,956
Non-negotiable securities – International agencies	4,166,910,960	3,877,425,824
Commitments agreed with international agencies	1,935,860,318	1,885,205,731
Loans classified as irrecoverable	32,137,355	38,842,879
Funds managed on behalf of the Treasury Department	29,865,520	28,940,037
Financial fines under the criminal foreign exchange system – Section 41, Financial Institutions Law and Criminal Foreign Exchange System	2,998,609	3,138,118
Contingent rights and obligations		
Imports under ALADI agreement	6,172,984	6,028,470
Other contingent obligations from forward transactions		
OCT - MAE sales (Foreign currency)	100,191,685	-
Rofex market sales (Foreign currency)	262,864,184	-
Other	25,002	34,148
Total	20,701,961,924	18,012,693,737

The stock of banknotes and coins recorded amounts to ARS 1,977,146,774 (ARS 1,738,417,750 as of December 31, 2019), out of which ARS 1,897,825,060 stood for money in circulation as of December 31, 2020 (ARS 1,570,252,306 as of December 31, 2019), and ARS 79,321,714 were deposited in the BCRA for circulation (ARS 168,165,445 as of December 31, 2019) (See Note 4.9.1.1).

The item Others (banknote paper/coin blanks/banknotes and coins in process) includes finished banknotes pending verification in the amount of ARS 861,057,210 (ARS 186,563,739 as of December 31, 2019), stock of banknote paper and coin blanks in the amount of ARS 23,758 (ARS 50,374 as of December 31, 2019) and paper, banknotes and coins of old lines to be destroyed in the amount of ARS 2,117 (ARS 32,930,030 as of December 31, 2019).

The balance of ARS 1,625,243 as of December 31, 2020 for settlement checks represents settlement checks issued in Argentine pesos and US dollars held by the public, and the checks paid and forwarded to the BCRA for final verification and destruction (ARS 1,578,628 as of December 31, 2019).

Assets in custody include securities, national and foreign currency, and other instruments deposited in the BCRA's Treasury or regional agencies in the exercise of the BCRA's duties or by court order. Assets with an economic value were classified as monetary, while non-monetary assets are those that—in the case of currency—are not capable of settling obligations because they are old, or those with no economic value—in the case of government securities. Monetary assets in custody were valued at the price prevailing at each year-end.

The balance of assets received as collateral mainly includes the amount of ARS 2,069,134 in securities and other instruments deposited in the BCRA or in other institutions for credit transactions (ARS 2,893,359 as of December 31, 2019) and ARS 21,314,770 in securities deposited as collateral by local banks for ALADI transactions (ARS 30,597,597 as of December 31, 2019), among others.

The balance of non-negotiable securities held by international agencies mainly includes:

- Treasury Bills issued by the BCRA on behalf of the National Government in the amount of ARS 282,051,724 as of December 31, 2020 (ARS 262,423,977 as of December 31, 2019) equivalent to SDR 2,327,322, with the potential commitment to pay the IMF, as mentioned in Note 4.5 (See Note 6).

- Treasury Bills issued by the National Government and deposited in custody in the BCRA, which represent the commitments of the National Government with the IMF arising from the Stand-By Arrangements. As of December 31, 2020, they amount to ARS 3,867,670,997 equivalent to SDR 31,913,710 (as of December 31, 2019, the balance amounted to ARS 3,598,522,958 equivalent to DEG 31,913,710) (See Note 2.9).

The commitments undertaken with international agencies mainly include the principal payable to each agency (IDB, FONPLATA, IBRD, among others). The principal is payable on demand where any of the agencies need to meet obligations.

Bad debts include loans granted to former financial institutions that are currently subject to liquidation proceedings in the amount of ARS 21,654,134 (ARS 28,490,381 as of December 31, 2019) and to former institutions whose licenses had been revoked in the amount of ARS 10,309,399 (ARS 10,138,329 as of December 31, 2019). In both cases, loans have been verified in court.

The funds managed on behalf of the Secretariat of the Treasury include the amount of ARS 28,287,787 (ARS 27,411,122 as of December 31, 2019) as collateral of the Secretariat of the Treasury, which were delivered to be managed by the BCRA, and ARS 1,577,733 (ARS 1,528,915 as of December 31, 2019) corresponding to the Fiscal Counter-Cyclical Fund.

Fines imposed under Section 41 of the BCRA's Law on financial institutions are irrecoverable and account for ARS 2,998,609 (ARS 3,128,118 as of December 31, 2019).

"Contingent obligations from transactions under ALADI agreements" represent the instruments issued by financial institutions for imports under such agreement. As of December 31, 2020, the balance amounts to ARS 6,172,984 (ARS 6,028,470 as of December 31, 2019).

"Contingent obligations from forward transactions" includes the agreements for foreign exchange futures executed at face value through Mercado Abierto Electrónico (MAE) and Rofex, respectively.

NOTE 6 - Summary of position with the IMF

The BCRA acts as a financial agent for the National Government and as a depository before the IMF. Consequently, its balance sheet reflects the financial position of the country with the IMF.

There follows a breakdown of assets and liabilities related to SDR holdings, contributions, SDR allocations, use of financing, and deposits.

Item	Amount in SDRs 12/31/2020	Amount in SDRs 12/31/2019
Assets:		
Demand deposits (see Note 4.1.3)	940,379	1,883,808
Contributions to the IMF (see Note 4.5)	859,978	859,978
IMF Reserve Tranche Position (see Note 4.1.3)	267,773	267,949
Trust Fund for HIPC – IMF Initiative (see Note 4.8.1)	-	15,589
Total assets	2,068,130	3,027,324
Liabilities:		
Allocated SDRs. (See Note 4.14)	2,020,040	2,020,040
Use of the Reserve Tranche (see Note 4.15)	529,291	529,291
Account No. 1 (see Note 4.15)	62,941	62,941
Account No. 2 (see Note 4.15)	5	5
SDR accrued charges (See Note 4.15)	350	2,626
Total liabilities	2,612,627	2,614,903

In addition, memorandum accounts include the year-end balances of Treasury Bills issued by the BCRA on behalf of the National Government for paying Argentina's contributions to the IMF, and the Treasury Bills issued by the National Government to the IMF—a commitment of the National Government to the IMF as under the Stand-By Arrangements, the funds of which are deposited in custody at the BCRA:

Memorandum accounts	Amount in SDRs 12/31/2020	Amount in SDRs 12/31/2019
Treasury Bills – Stand-By - National Government Commitments (see Notes 2.9 and 5)	31,913,710	31,913,710
Treasury Bills issued by the BCRA on behalf of the National Government - Quota - (see Notes 4.5 and 5)	2,327,322	2,327,322
Total	34,241,032	34,241,032

NOTE 7 - RISK MANAGEMENT POLICIES

7.1 Comprehensive risk management framework

Risk management is conducted according to the “Comprehensive Risk Management Framework of the BCRA” approved by the Board of Directors through Resolution No, 18 on February 7, 2019.

The BCRA’s risk policy is aimed at keeping a low and predictable level of risks seeking to preserve its reputation and solvency, without neglecting the priority of compliance with the duties established by the Charter, as well as the achievement of its purposes.

Risk management is based on a three-line defense model; these lines are independent enough so as not to undermine the effectiveness of the model, while they operate on a coordinated basis in order to maximize its efficiency and effectiveness.

The first line of defense is represented by the departments, services, and other organizational structures of the BCRA which, as part of their activity, give rise to the risk exposure. The second line of defense is represented by the units of the BCRA in charge of risk control and supervision. The third line of defense is represented by the Internal Audit.

7.2 International reserves management risk

The management of International Reserves seeks to make prudent and secure investments. As the need for reserves may arise suddenly, liquidity is also important. Given the size of the administered portfolios, return should not be disregarded. Therefore, security, liquidity and return are the three pillars on which the investment guidelines of all central banks rest.

In order to manage the risks inherent in the administration of its international reserves within acceptable levels and parameters, the BCRA’s Board of Directors establishes in its investment guidelines the level of permitted risks, as well as the different risk limits tolerated in each investment.

The risks inherent in the administration of international reserves are daily monitored by the BCRA’s risk area in accordance with the guidelines set by the BCRA’s Board of Directors.

7.2.1 Credit risk

Credit risk consists in potential losses resulting from the counterparty defaulting on its obligations.

In this regard, the sovereign risk of the countries listed in the Manual of Policies for Investment of International Reserves is eligible for reserves. For international reserves, exposure is allowed

for eligible countries that meet certain minimum requirements regarding international risk rating, structural risk rating and market prices of credit risk (CDS).

The following bodies may be counterparties to the BCRA: international agencies, multilateral financial institutions, central banks, central securities depositories and commercial or investment banks that meet requirements relating to country of residence, equity, systemic importance, supervision system and credit quality, and, in the case of state-owned banks, explicit support by the central or state government in their country of residence.

Credit quality is assessed in terms of credit risk ratings, market prices of credit risk and the structural model selected for countries or banks.

Individual limits to exposure in eligible countries and banks depend on the group or level assigned according to the respective credit quality indicators, the reserves level and, in the case of banks, their market capitalization. In addition, overall limits are determined for countries or banks classified within a group or level, and for the total bank risk, as a percentage of international reserves. In turn, the total bank risk tolerated is reduced if the probability of default, on average, of eligible banks exceeds the threshold defined by the investment policies.

Furthermore, exposures to any country or counterparty may not be increased or shall be liquidated in full if the market prices of the credit risk overcome certain barriers.

Below is a classification of financial instruments by credit level included in the operating portfolio and the investment portfolio of the international reserves at year-end:

Placements by credit level	2020	2019
	%	%
BIS, Central banks and banknotes	88,3	85,7
Other Level 1 counterparties	4,9	4,8
Other Level 2 counterparties	5,7	8,3
Other Level 3 counterparties	0,0	0,0
Other Level 4 counterparties	0,0	0,0
Other multilateral entities	1,1	1,2
	100,0	100,0

Additionally, financial instruments are classified by minimum credit rating of placements mentioned above:

Placements by credit rating	2020	2019
	%	%
AAA	13,2	15,6
AA+/AA/AA-	1,2	14,7
A+/A/A-	59,8	52,4
BBB+/BBB/BBB-	1,1	0,6
Banknotes	24,7	16,7
	100,0	100,0

7.2.2 Market risk

Market risk arises from market price fluctuations of financial instruments: interest rates and exchange rates. Accordingly, investment guidelines establish that the duration of the investment portfolio and of each tranche must always be positive (higher than zero); the Conditional Value at Risk (CVaR) of the investment portfolio must not exceed 200 basis points in a 1-year horizon with 95% confidence level; and exposures in currencies other than the US dollar may only deviate from the BCRA's direct liabilities in the same currency on a reduced basis.

7.2.3 Liquidity risk

The liquidity risk to which an instrument is exposed involves the potential lack of buyers or losses due to the absence of a deep market.

Investment guidelines related to liquidity risk establish that the instruments in which reserves are invested must be sufficiently liquid to be sold within three business days without negatively affecting their market value.

As it relates to time deposits, they are deemed to be sufficiently liquid when analyzed within the maturity term established for each instrument and subject to the assessment of the early payment or repurchase capacity of the issuer. On the other hand, for international bonds, the issue must have a minimum amount outstanding, and a limit is set to the percentage of each issue that may be acquired.

Furthermore, reserves in foreign currency consist of three portfolios: operating portfolio, aimed at satisfying operating needs; investment portfolio, to improve risk-adjusted returns and diversification of international reserves; and hedge portfolio for hedging the BCRA's liabilities in foreign currency, agreements and other financial positions.

Below are financial instruments included in the operating portfolio and the investment portfolio of the international reserves at year-end, sorted out by maturity term:

Maturity	2020	2019
	%	%
From 0 to 3 months	100	100
From 3 to 12 months	0	0
Over 1 year	0	0
	100	100

7.3 Operational risk

Operational risk is the likelihood of incurring losses due to a failure or weakness of internal processes, staff or information systems, or unexpected events falling outside the control of the BCRA that hinder its proper operation. This definition also includes the legal risk.

Operational risk management includes policies, practices, procedures and structures held by the BCRA for adequate management.

To manage this risk consistently with international standards, the BCRA analyzes the probability of occurrence of different events that may have a negative impact on the BCRA, and identifies any vulnerabilities that may arise in the different scenarios analyzed as well as the critical nature of each processes.

Based on the analyses conducted, the BCRA follows up the different events that may occur and has risk measures and indicators in place, which are monitored by means of scores. These metrics defined by the risk unit are monitored to identify situations that may affect the regular operating performance, entail noncompliance with the strategy or cause undesired outcomes.

There is also a continuous follow-up and monitoring of the mitigation plans and/or actions defined by the business areas involved in the identification of risks and control of vulnerabilities associated with each process.

7.4 Asset concentration risk

The BCRA could be exposed due to a lack of asset portfolio diversification or could be significantly exposed to risk of noncompliance by a single security issuer or group of related issuers. In this regard, the Law on Convertibility, and specifically the BCRA's Charter, Sections 17 and 20, regulate the management of loans and advances to the Argentine financial system and the National Government, respectively.

NOTE 8 – SUBSEQUENT EVENTS

8.1 Maturity and amortization of 1990 National Treasury Consolidated Bond

As provided for by Resolution No, 334/2002 of the former Ministry of Economy, whereby the restructuring of the obligations arising from the amortization of the 1990 National Treasury Consolidated Bond was established, the twelfth installment equivalent to 1% of the nominal value of the security was settled on January 4, 2021.

8.2 Non-transferable National Treasury Bills in USD maturing on January 7, 2031

On January 7, 2021, the Non-transferable Bill maturity 2021 –Executive Decree No, 2054/2010 became due. Based on the provisions of Executive Decree No, 346/2020 on the replacement of service of interest and principal with new government securities, and the extension provided for by Law No, 27591–Joint Resolution No, 3/2021 of the Secretariat of the Treasury and the Secretariat of Finance—a “Non-transferable National Treasury Bill in USD” was issued for an amount that should not be over USD 7,506,209 and received by the BCRA on January 7, 2021.

On March 11, 2021, Joint Resolution No, 11/2021 of the Secretariat of the Treasury and the Secretariat of Finance provided for the enlargement of the issuance of the “Non-transferable National Treasury Bill in USD maturing on January 7, 2031” for up to USD 2,121,386 (face value). Such amount was received by the BCRA on March 15, 2021 as replacement for the Non-transferable Bill maturity 2021 – Executive Decree No, 276/2011.

The Treasury Bill was issued for a term of 10 years, accruing interest, payable on a six-month basis based on the interest rate to be accrued by the BCRA’s international reserves for the same period and, at a maximum, the annual LIBOR minus one (1) percentage point.

8.3 BCRA bills in pesos and payable at the benchmark exchange rate Comm. “A” 3500 to set up collaterals in the markets authorized by the CNV at zero rate (LEGAR) – Communication “A” 7220

As from February 8, 2021, the BCRA has offered “BCRA bills in pesos and payable at the benchmark exchange rate to set up collaterals in foreign currency in the markets authorized by the National Securities Commission (CNV) to carry out transactions involving futures, options and other derivative instruments, whose underlying assets are commodities in USD” as follows:

As provided for by said Communication, markets authorized by the CNV may subscribe those bills to the extent that the funds of such subscription are exclusively used to set up collaterals and hedge against daily fluctuation of prices (MTM) in foreign currency of futures, options and other derivative instruments whose underlying assets are commodities in USD.

The term of these instruments is up to 365 days. Upon maturity, the settlement will be made at the purchase price plus the fluctuation of the benchmark exchange rate between the date of subscription and maturity.

BCRA bills in pesos and payable at the benchmark exchange rate Comm. “A” 3500 shall not be transferred. The markets included in this regulation, holders of these bills, may opt for exercising the option of total or partial redemption as from the business day following the subscription date. In this case, the settlement will be made at the purchase price of the bill plus the fluctuation of the benchmark exchange rate between the date of subscription and the date of repurchase by the BCRA.

As of February 18, 2021, the balance of LEGAR amounted to ARS 1,556,857.

8.4 Bilateral Currency Swap Agreement with the People's Bank of China, Renewal of the first supplementary tranche and use of funds

The first tranche (maturity January 2021) of the Supplementary Agreement to the Bilateral Currency Swap Agreement entered into with the People's Bank of China was renewed on January 15, 2021 to fall due on January 14, 2022.

The settlement of CNY 300,000 used as mentioned in Note 2.5. was recorded on March 15, 2021. In addition, CNY 300,000 used for a term of 3 months fell due on May 26, 2021.

8.5 Situation triggered by the COVID-19 pandemic

Against the backdrop of the COVID-19 pandemic, the National Government issued the Executive Decree No, 235/2021 on April 8, 2021 (amended by Executive Decree No, 241/2021 published on April 16, 2021) laying down general preventive measures along with local, containment provisions based on scientific evidence and the epidemiological dynamic. The provisions of the decree should be complied with by everyone through to April 30, 2021 with a view to mitigating the spread of SARS-COV-2 and its health-related impact.

8.6 Exchange rate

The US dollar benchmark exchange rate as of April 23, 2021 amounted to ARS 93.125.

There were no other events or transactions from year-end to the date of these financial statements that would have a material effect on the financial position or income of the BCRA as of December 31, 2020.

CHANGES IN ALLOWANCES/ PROVISIONS AS OF DECEMBER 31, 2020
- In thousands of Argentine pesos in constant currency (Note 3.4) -

Items	Balances at beginning of year restated at year-end	Increases	Decreases		Monetary gain/loss	Balances at year-end
			Reversals	Uses		
DEDUCTED FROM ASSETS						
Allowance for gold in bars	143,917	61,312	(1)	-	(38,205)	167,025
Allowance for impairment of government securities	1,068,027	-	8,815	-	(283,524)	775,688
Allowance for loans to the Argentine financial system	962,668	880,260	-	215,179	(255,555)	1,372,194
Other allowances	14,839	80,349	9,296	(1)	(65,261)	20,632
TOTAL ALLOWANCES DEDUCTED FROM ASSETS	2,189,451	1,021,921	18,110	215,178	(642,545)	2,335,539
INCLUDED IN LIABILITIES						
Provision for lawsuits	3,384,601	581,424	752	32,703	(898,494)	3,034,076
Provision for labor-related liabilities	6,187,899	2,565,186	-	139,038	(1,642,672)	6,971,375
Other provisions	299	-	-	-	(79)	220
TOTAL PROVISIONS INCLUDED IN LIABILITIES	9,572,799	3,146,610	752	171,741	(2,541,245)	10,005,671

NOTE: Increases and decreases in allowances/provisions are presented under "Reversals (Set-up) of allowances for Government Securities and loans to the financial system- net" and "Set-up of other allowances- net".

Silvana A. Lepera
ACCOUNTING MANAGER

Gerardo Graziano
MAIN GENERAL
ACCOUNTING MANAGER

Marina Ongaro
ADMINISTRATION AND CENTRAL
SERVICES DEPUTY GENERAL
MANAGER

Agustín Torcassi
GENERAL MANAGER

Miguel Ángel Pesce
PRESIDENT

Waldo J. M. Farias
DEPUTY COMPTROLLER

Marcos E. Moiseff
COMPTROLLER

Signed for identification purposes with the report dated 04/29/2021

**COMPARATIVE TABLE OF MAIN ACCOUNTS IN FOREIGN CURRENCY
AS OF DECEMBER 31, 2020 AND 2019
- In thousands of Argentine pesos in constant currency (Note 3.4)**

	12/31/2020		12/31/2019	
	Balances in US dollars	Balances in Argentine pesos	Balances in US dollars	Balances in Argentine pesos
ASSETS	105,348,910	8,864,584,046	107,908,616	8,799,020,006
INTERNATIONAL RESERVES				
Gold (Net of allowances)	3,758,250	316,237,977	2,684,686	218,913,058
Foreign currency	27,373,724	2,303,362,034	29,060,000	2,369,593,263
Deposits to be realized in foreign currency	8,276,528	696,428,457	13,136,413	1,071,161,584
Multilateral credit agreements	132	11,069	3	285
Derivatives over International Reserves	(21,564)	(1,814,509)	(32,369)	(2,639,447)
GOVERNMENT SECURITIES				
Securities issued under Foreign Legislation	44,803	3,769,984	71,421	5,823,770
Securities issued under Argentine Legislation	59,108,913	4,973,719,466	54,900,318	4,476,649,031
CONTRIBUTIONS TO INTERNATIONAL AGENCIES ON BEHALF OF ARGENTINE GOVERNMENT	5,017,941	422,234,613	4,559,124	371,757,352
RIGHTS FROM OTHER DERIVATIVE FINANCIAL INSTRUMENTS	3,682	309,856	-	-
RIGHTS DERIVING FROM REPO TRANSACTIONS	1,759,642	148,065,045	3,525,877	287,504,924
OTHER ASSETS				
Margin call	26,859	2,260,054	3,142	256,187
LIABILITIES	42,814,125	3,602,594,410	38,359,360	3,127,876,208
INSTRUMENTS OF PAYMENT IN OTHER CURRENCY	33,387	2,809,384	36,682	2,991,130
CURRENT ACCOUNTS IN OTHER CURRENCIES	10,883,011	915,750,943	8,908,624	726,421,735
DEPOSITS FROM ARGENTINE GOVERNMENT AND OTHER				
Other deposits	516,082	43,425,727	356,986	29,109,124
OTHER DEPOSITS	1,950	164,078	1,262	102,917
SPECIAL DRAWING RIGHTS				
Special Drawing Rights	2,909,403	244,811,712	2,793,372	227,775,467
SDR contra account	(2,450,864)	(206,227,968)	(2,353,120)	(191,876,734)
OBLIGATIONS WITH INTERNATIONAL AGENCIES				
Obligations	3,920,550	329,894,712	4,413,205	359,858,960
Contra account to utilization of reserve tranche	(762,322)	(64,145,613)	(731,920)	(59,681,772)
CONTRA ACCOUNT TO ARGENTINE GOVERNMENT CONTRIBUTIONS TO INTERNATIONAL AGENCIES	3,679,082	309,576,328	3,247,908	264,838,990
DUE FROM REPO TRANSACTIONS				
Securities to be delivered under reverse repo transactions	1,759,977	148,093,298	1,217,958	99,313,961
Obligations from currency swap transactions with China	19,916,787	1,675,898,015	18,669,577	1,522,343,558
DUE TO MULTILATERAL CREDIT AGREEMENTS	26,216	2,205,936	30,832	2,514,125
OTHER LIABILITIES				
Other obligations in foreign currency				
Other financial intermediation agents	1,759,734	148,072,795	1,217,291	99,259,615
Revolving funds	4,185	352,129	2,016	164,379
Other	616,947	51,912,934	548,687	44,740,753

NOTE: The accounts included herein represent the most significant balances in foreign currency.

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COMPARATIVE TABLE OF GOVERNMENT SECURITIES
AS OF DECEMBER 31, 2020 AND 2019

- In thousands of Argentine pesos in constant currency (Note 3.4)

GOVERNMENT SECURITIES	Currency (**)	12/31/2020		12/31/2019	
		Original Nominal Value	Argentine Pesos	Original Nominal Value	Argentine Pesos
TOTAL GOVERNMENT SECURITIES:			5,159,661,818		4,599,332,231
BCRA HOLDINGS			5,160,437,506		4,600,400,258
ISSUED UNDER FOREIGN LEGISLATION			3,769,984		5,823,771
Discount Bonds 2033	USD	-	-	43,904	4,000,283
Argentina's International Bond maturing in 2021	USD	-	-	9,000	452,736
Argentina's International Bond maturing in 2028	USD	-	-	35,000	1,370,752
Global Bond USD Step Up maturing in 2030 Foreign Legislation	USD	20,718	725,034	-	-
Global Bond USD Step Up maturing in 2035 Foreign Legislation	USD	21,962	683,767	-	-
Global Bond USD Step Up maturing in 2038 Foreign Legislation	USD	61,555	2,154,696	-	-
Global Bond USD 1% maturing in 2029 Foreign Legislation	USD	5,465	206,487	-	-
ISSUED UNDER ARGENTINE LEGISLATION			5,156,667,522		4,594,576,487
1990 NATIONAL TREASURY CONSOLIDATED BOND	\$	4,734,790	4,637,829	4,734,790	6,325,967
NON-TRANSFERABLE AND OTHER TREASURY BILLS			4,491,450,800		4,088,852,473
Non-transferable bill maturing in 2021 - Presidential Decree 2054/10 (*)	USD	7,504,000	631,602,913	7,504,000	614,734,159
Non-transferable bill maturing in 2021 - Presidential Decree 276/11	USD	2,121,386	178,504,066	2,121,386	173,378,495
Non-transferable bill maturing in 2022 - Res. 131/12	USD	5,674,000	477,438,730	5,674,000	463,330,184
Non-transferable bill maturing in 2022 - Res. 171/12	USD	2,083,648	175,328,563	2,083,648	169,907,526
Non-transferable bill maturing in 2023 - Presidential Decree 309/13	USD	2,292,297	192,885,311	2,292,297	187,496,729
Non-transferable bill maturing in 2023 - Res. 8/13 (*)	USD	7,132,655	600,349,042	7,132,655	584,115,151
Non-transferable bill maturing in 2024 - Res. 30/14 (*)	USD	7,896,765	664,649,257	7,896,765	646,369,170
Non-transferable bill maturing in 2024 - Res. 190/14	USD	3,043,000	256,053,235	3,043,000	248,828,740
Non-transferable bill maturing in 2025 - Res. 406/15	USD	10,562,540	888,784,904	10,562,540	861,798,132
Non-transferable bill maturing in 2026 - Res. MH y FP 262/16	USD	376,300	31,663,757	376,300	30,721,073
Treasury Bills Law No. 27541/19	USD	4,571,000	384,626,795	1,326,576	108,173,114
Non-transferable bill maturing in 2030 - Presidential Decree 346/20	USD	113,664	9,564,227	-	-
OTHER SECURITIES			664,432,219		504,643,988
BONAR 2020	USD	-	-	283,000	12,983,864
BONAR 2022	USD	-	-	4,497,753	148,531,351
BONAR 2025	USD	-	-	4,510,463	161,610,365
BONAR 2027	USD	-	-	4,690,500	181,726,759
LECAP S30G9 Coupon - Decree 596/19	\$	-	-	8,291,042	8,747,792
LECAP S13S9 Coupon - Decree 596/19	\$	-	-	14,998,573	14,497,593
LECAP S11O9 - Decree 596/19	\$	-	-	4,887,644	6,203,521
LECAP S15N9 - Decree 596/19	\$	-	-	6,562,747	7,639,051
LECAP S28F0 - Decree 596/19	\$	-	-	19,693	21,287
LECAP S30S9 - Decree 596/19	\$	-	-	260,000	322,109
LECAP S31O9 - Decree 596/19	\$	-	-	85,211	129,057
LECER X30G9 - Decree 596/19	\$	-	-	1,502,775	819,377
LECER X30S9 - Decree 596/19	\$	-	-	121,731	103,578
LLELINK V04S9 - Decree 596/19	USD	-	-	120	1,956
LLELINK V05N9 - Decree 596/19	USD	-	-	2,026	118,965
LETE U11O9 - Decree 49/2019	USD	-	-	83,767	3,444,380
LETE U13S9 - Decree 49/2019	USD	-	-	50,455	1,923,311
LETE U15N9 - Decree 49/2019	USD	-	-	54,243	2,556,075
LETE U25O9 - Decree 49/2019	USD	-	-	67,408	2,271,223
LETE U27S9 - Decree 49/2019	USD	-	-	61,873	2,914,917
LETE U29N9 - Decree 49/2019	USD	-	-	15,007	766,544
LETE U30G9 - Decree 49/2019	USD	-	-	88,971	2,854,765
Discount National Treasury Bill maturing on 1/29/2021	\$	5,894,444	5,745,315	-	-
Discount National Treasury Bill maturing on 2/26/2021	\$	2,941,470	2,785,572	-	-
Variable National Treasury Bill maturing on 5/21/2021	\$	9,280,200	9,280,200	-	-
National Treasury Bond adjusted by CER maturing on 8/5/2021	\$	361,089	480,790	-	-
National Treasury Bond adjusted by CER maturing on 3/18/2022	\$	3,375,356	4,219,195	-	-
National Treasury Bond adjusted by CER maturing on 9/20/2022	\$	20,173,391	23,199,399	-	-
National Treasury Bond adjusted by CER maturing on 3/25/2023	\$	4,197,599	4,953,166	-	-
National Treasury Bond adjusted by CER maturing on 3/25/2024	\$	12,575,057	13,694,238	-	-
Bond of the Republic of Argentina USD Step Up 2030	USD	4,348,906	148,717,494	-	-
Bond of the Republic of Argentina USD Step Up 2035	USD	8,924,933	274,110,806	-	-
Bond of the Republic of Argentina USD Step Up 2038	USD	952,292	30,609,901	-	-
Bond of the Republic of Argentina USD 1% 2029	USD	801,303	28,554,755	-	-
Discount Bonds 2033	USD	-	-	679,220	53,795,524
Discount Bonds 2033	\$	6,228,791	117,101,263	6,228,791	77,714,424
Discount Bonds 2033 - 2010 Issuance	\$	5,846	104,753	5,846	72,137
Par Bonds 2038	\$	22,093	157,746	22,093	136,854
Cuasi Par bonds 2045	\$	40,351	407,542	40,351	361,924
GDP-linked marketable securities	USD	445,051	275,710	445,051	545,306
GDP-linked marketable securities	\$	1,861,192	34,246	1,861,192	78,549
Bonds Province of Formosa series 4	\$	128	128	128	174
PORTFOLIO OF GOVERNMENT SECURITIES TO BE DELIVERED UNDER REPO AGREEMENTS					(188,248,746)
BONAR 2022	USD	-	-	(238,309)	(7,869,799)
BONAR 2027	USD	-	-	(4,655,712)	(180,378,948)
MENOS:					-
ADJUSTMENT ACCRUAL ON 1990 NATIONAL TREASURY	\$	-	(3,853,326)	-	(5,245,941)
ALLOWANCE FOR IMPAIRMENT OF GOVERNMENT SECURITIES			(775,688)		(1,068,027)
1990 National Treasury Consolidated Bond	\$	-	(775,688)	-	(1,068,027)

(*) The column Pesos as of 12/31/2020 includes interest accrued to be collected

(**) USD = United States dollars and \$ = Argentine Pesos

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SERVICES DEPUTY GENERAL
MANAGER

Agustín Torcassi
GENERAL MANAGER

Miguel Ángel Pesce
PRESIDENT

Waldo J. M. Farías
DEPUTY COMPTROLLER

Marcos E. Moiseff
COMPTROLLER

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Securities issued by the BCRA as of 12/31/2020
- In thousands of Argentine pesos in constant currency (Note 3.4)

SECURITIES ISSUED BY THE BCRA	Total as of 12/31/2020	Maturities						Total as of 12/31/2019
		Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	Over 12 months	
TOTAL:	2,941,904,975							1,450,025,477
ISSUED IN LOCAL CURRENCY	2,941,904,975							1,450,025,477
LIQUIDITY BILLS (LELIQ)	1,673,644,764	1,673,644,764	-	-	-	-	-	1,026,546,173
Capital stock	1,701,909,070	1,701,909,070	-	-	-	-	-	1,034,919,729
Interest to be accrued	(28,264,306)	(28,264,306)	-	-	-	-	-	(8,373,556)
LELIQ- ISSUANCE FOR REPURCHASE AGREEMENTS	1,268,260,211	1,268,260,211	-	-	-	-	-	423,479,304
Issued in Argentine pesos for repurchase agreements	2,760,008,574	2,760,008,574	-	-	-	-	-	1,908,687,184
To be delivered under repurchase agreements	(1,491,748,363)	(1,491,748,363)	-	-	-	-	-	(1,485,207,880)

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MONETARY BASE VARIATION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020 COMPARATIVELY PRESENTED WITH THE PRIOR FISCAL YEAR - In thousands of Argentine pesos in constant currency (Note 3.4)	12/31/2020	12/31/2019
I) Monetary Base Variation provided by operating activities		
1. Increases	2,352,357,900	540,823,497
- Other government deposits	2,098,811,579	430,772,639
- Premiums paid for repurchase agreements with Argentine financial institutions	145,992,982	28,971,157
- Temporary Advances to Argentine Government (Article 20, Charter) (1)	75,500,000	60,000,000
- Administrative expenses	12,512,693	8,669,050
- Monetary issuance expenses	10,257,662	3,216,198
- IADB/IBRD loans to provinces, financial program for micro, small and medium-sized companies, and revolving credit facilities	7,762,984	6,083,241
- Contributions to General Revenue (Rentas Generales) pursuant to Budget Law. No. 27467	1,520,000	1,520,000
- Purchase of real and personal property	-	1,591,212
2. Decreases	(1,777,478,985)	(54,419,871)
- Placements of repurchase agreements with Argentine financial institutions	(861,479,930)	(262,816,152)
- Placements of securities issued by the BCRA to financial institutions	(327,338,317)	610,778,753
- Net sales of foreign currency (2)	(312,175,294)	(199,616,131)
- Transfers from financial institutions to other deposits	(169,927,551)	(120,775,852)
- Net transfers of funds from transactions with Argentine Government Securities	(57,281,833)	206,836,285
- Multilateral Credit Agreements (Net)	(25,191,439)	(24,134,330)
- Net trading differences from forward transactions	(23,009,949)	(11,266,432)
- Net settlements of loans to Argentine financial institutions	(703,187)	(1,633,385)
- Net sales of foreign currency to the National Treasury	-	(8,859,445)
- Sales on behalf of the National Government	-	(241,907,441)
- Other items	(371,485)	(1,025,741)
3. Net restatement adjustment	126,147,914	166,479,793
- Net restatement adjustment	126,147,914	166,479,793
4. Effect of monetary gain/loss	(811,149,703)	(1,023,298,371)
- Effect of monetary gain/loss on monetary base	(811,149,703)	(1,023,298,371)
Monetary base variation provided by all activities	(110,122,874)	(370,414,952)
Monetary base at beginning of year	2,580,382,664	2,950,797,616
Monetary base at year-end	2,470,259,790	2,580,382,664

(1) The net accumulated variation in temporary advances amounts to \$ 407,720,000, out of which \$ 75,500,000 have a contra account in the Monetary Base and \$ 332,220,000 have a contra account in Argentine Government Deposits.

(**) It includes sales net of foreign currency presented in the statement of cash flows and net sales of the domestic market (USMEP).

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