

AUDITOR'S REPORT

To the Chairman and Directors of
BANCO CENTRAL DE LA REPUBLICA ARGENTINA
Reconquista 266
Buenos Aires

1. We have audited the accompanying balance sheet of BANCO CENTRAL DE LA REPUBLICA ARGENTINA (BCRA), a self-governed entity of the Argentine Government, as of December 31, 2004, and the related statements of income, changes in net worth and cash flows (included as Exhibit IV) for the year then ended. These financial statements are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. The financial statements of BANCO CENTRAL DE LA REPUBLICA ARGENTINA as of December 31, 2003, which are attached hereto for comparative purposes, were examined by other auditors, who issued their reports dated April 29, 2004. Such reports, to which we refer, included qualified opinions.

3. Our work was done in conformity with the auditing standards effective in Argentina and, as deemed appropriate in view of the Bank's specific characteristics, with the "Minimum standards on external audits" issued by the BCRA itself in its capacity as supervisor of Argentine financial system institutions. An audit requires that the auditor plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a selective test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting standards used and the significant estimates made by the Bank's Board of Directors, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. As explained in note 1 to the accompanying financial statements, as part of its duties, the BCRA acts as the Argentine Government's financial agent as well as its depositary and agent before international monetary, bank and financial institutions and, in compliance with its goals, it performs a number of transactions with the Argentine Government and carries assets and liabilities on its behalf. As established in its charter, the financial statements mentioned in paragraph 1 were prepared by the BCRA in conformity with the general principles established by the professional accounting standards effective in Buenos Aires, Argentina and, as the case may be, with the general valuation and disclosure methods set forth for Argentine financial institutions, considering the special characteristics of the transactions and functions performed by a central bank, which differ from those of private institutions significantly. In this regard, as mentioned in notes 4.4.1.1, 4.8 and 4.14 to the accompanying financial statements, the BCRA booked the obligations assumed by the Argentine Government with international entities as liabilities and, as a contra account, it booked the funds transferred thereto as assets; consequently, it is required to consider such transactions in full. In addition, as mentioned in note 4.5 to the accompanying financial statements, it booked in assets the prepayments made to the Argentine Government in compliance with section 20 of its charter. The significant accounting policies mentioned in paragraph 1 and the general valuation and income (loss) recognition methods are detailed in note 3 to the accompanying financial statements.

5. During 2004, the Argentine economy showed an improvement in the main economic variables and the financial system continued the normalization process that had begun after the crisis that affected it during the last few years; however, the resolution of certain aspects affecting the economic activity in general, the government sector and the economic system are still pending. In this regard, the Argentine Government carries significant payables; the payments of a portion thereof are suspended and under restructuring and negotiations are under way with respect to payables to international entities. The manner in which these situations are resolved may affect the book value recoverability of the government securities and loans granted to the financial sector (the latter being secured through government securities and secured loans).

As previously mentioned, the accompanying financial statements include: (a) loans to the Argentine financial system amounting to thousands ARS 20,697,526 (see note 4.6), (b) government securities that entered the BCRA portfolio in compliance with the monetary consolidation program, which were booked under "Securities regulated by local legislation" for an amount of thousand ARS 6,009,970 (see note 4.4.1.3.2.a)), (c) government securities under restructuring booked under "Securities regulate by foreign legislation" and "Securities regulated by local legislation" for an amount of thousand ARS 797,035 (see notes 4.4.1.2 and 4.4.1.3.2.c)) and (d) secured loans received from financial institutions to settle illiquidity rediscounts for an amount of thousand ARS 747,942 booked under "Other assets" (see note 4.9).

The final resolution of the abovementioned issues cannot be determined. According to the professional accounting standards effective in Buenos Aires, Argentina, the adjustments that could be required upon knowing the resolution of such uncertainties will be booked in financial statements as soon as they are known and once it is possible to quantify the effects thereof appropriately.

6. In our opinion, subject to the effect of adjustments, if any, that may have been required if the final resolution of the uncertainties described in paragraph 5 had been known, the financial statements mentioned in paragraph 1 present fairly, in all material respects, the financial position of BANCO CENTRAL DE LA REPUBLICA ARGENTINA as of December 31, 2004, and the results of its operations and cash flows for the fiscal year then ended, in conformity with the accounting standards mentioned in paragraph 4.

7. In compliance with current regulations, we further report that:

(a) The financial statements mentioned in paragraph 1 are consistent with the Bank's bookings, which were not transcribed into officially stamped books as it is not required by its charter.

- b) As of December 31, 2004, liabilities accrued in employer and employee contributions to the Integrated Pension Fund System resulting from the Bank's accounting books amount to ARS 3,216,228, none of which was due and payable as of that date.

Buenos Aires,
April 28, 2005

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