

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934

or

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2007

or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from _____ to _____

or

☐ Shell Company Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of the event requiring this shell company report.

Commission file number: 001-32827

BANCO MACRO S.A.

(Exact Name of Registrant as Specified in its Charter)

Macro Bank, Inc.

(Translation of registrant's name into English)

Argentina

(Jurisdiction of incorporation or organization)

Sarmiento 447, City of Buenos Aires, Argentina

(Address of registrant's principal executive offices)

Jorge Scarinci

Financial and Investor Relations Manager

Banco Macro S.A.

401 Sarmiento, 4th Floor

Buenos Aires—C1004AAI, Argentina

Telephone: (+54-11-5222-6730)

Facsimile: (+54-11-5222-7826)

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
American Depositary Shares Class B ordinary shares, par value Ps. 1.00 per share 9.75% Fixed/Floating Rate Non-Cumulative Junior Subordinated Bonds Due 2036 8.50% Notes Due 2017 10.750% Argentine Peso-Linked Notes Due 2012	New York Stock Exchange New York Stock Exchange(*)

(*) Ordinary shares of Banco Macro S.A. are not listed for trading but only in connection with the registration of American Depositary Shares which are evidenced by American Depositary Receipts.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

9.75% Fixed/Floating Rate Non-Cumulative Junior Subordinated Bonds Due 2036
8.50% Notes Due 2017
10.750% Argentine Peso-Linked Notes Due 2012

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period

covered by the annual report.

11,235,670 Class A ordinary shares, par value Ps. 1.00 per share
672,707,767 Class B ordinary shares, par value Ps. 1.00 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☒

If “Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Indicate by check mark which financial statement item the registrant has elected to follow:
Item 17 ☐ Item 18 ☒

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 23 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court.
Yes ☐ No ☐

Please send copies of notices and communications from the Securities and Exchange Commission to:

Hugo N. L. Bruzone, Esq.
Bruchou, Fernández Madero& Lombardi
Ing. Butty 275, 12th Floor
C1001AFA — Buenos Aires, Argentina

Antonia E. Stolper, Esq.
Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022

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Certain defined terms

In this annual report, we use the terms “the registrant,” “we,” “us,” “our” and the “bank” to refer to Banco Macro S.A. and its subsidiaries, on a consolidated basis. References to “Class B shares” refer to shares of our Class B common stock and references to “ADSs” refer to American depositary shares representing our Class B shares, except where the context requires otherwise. References to our “2036 Notes” refer to our 9.75% Fixed/Floating Rate Non-Cumulative Junior Subordinated Bonds due 2036. References to our “2017 Notes” refer to our 8.50% Notes due 2017. References to our “2012 Notes” refer to our 10.750% Argentine Peso-Linked Notes due 2012.

The term “Argentina” refers to the Republic of Argentina. The terms “Argentine government” or the “government” refers to the federal government of Argentina and the term “Central Bank” refers to the *Banco Central de la República Argentina*, or the Argentine Central Bank. The terms “U.S. dollar” and “U.S. dollars” and the symbol “US\$” refer to the legal currency of the United States. The terms “peso” and “pesos” and the symbol “Ps.” refer to the legal currency of Argentina. “U.S. GAAP” refers to generally accepted accounting principles in the United States, “Argentine GAAP” refers to generally accepted accounting principles in Argentina and “Central Bank Rules” refers to the accounting rules of the Central Bank. The term “GDP” refers to gross domestic product and all references in this annual report to GDP growth are to real GDP growth.

Presentation of certain financial and other information. Accounting practices

We maintain our financial books and records in Argentine pesos and prepare and publish our consolidated financial statements in Argentina in conformity with the Central Bank Rules, which differ in certain significant respects from U.S. GAAP and, to a certain extent, from Argentine GAAP. Our consolidated financial statements contain a description of the principal differences between Central Bank Rules and Argentine GAAP. Under Central Bank Rules, our financial statements were adjusted to account for the effects of wholesale-price inflation in Argentina for the periods through February 28, 2003. For the periods subsequent to February 28, 2003, the inflation adjustments were no longer applied to our financial statements under Central Bank Rules, as inflation returned to normalized levels during 2003. In addition, in December 2004, in May 2006 and in August 2006, we acquired Nuevo Banco Suquía S.A., Banco del Tucumán S.A. (“Banco del Tucumán”) and Nuevo Banco Bisel S.A. (“Nuevo Banco Bisel”), respectively, which significantly enhanced the size and scope of our business. As a result of our acquisition of Nuevo Banco Suquía S.A. (“Nuevo Banco Suquía”), our results of operations for the year ended December 31, 2004 differ significantly from our results of operations for the year ended December 31, 2005 and as a result of our acquisitions of Banco del Tucumán and Nuevo Banco Bisel, our results of operations for the year ended December 31, 2005 are not entirely comparable to our results of operations for the year ended December 31, 2006. Additionally, our results of operations for the year ended December 31, 2007 reflect the results of Banco del Tucumán and Nuevo Banco Bisel for the entire year. Given the instability and regulatory and economic changes that Argentina has experienced since the beginning of the economic crisis in 2001 as well as our acquisitions, the financial information set forth in this annual report may not be fully indicative of our anticipated results of operations or business prospects after the dates indicated. These factors also affect comparability among periods.

Our audited consolidated financial statements for the three years ended December 31, 2007 included in this annual report have been reconciled to U.S. GAAP. See note 35 to our audited consolidated financial statements as of and for the three years ended December 31, 2007 for a reconciliation of our financial statements to U.S. GAAP.

Rounding

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Market position

We make statements in this annual report about our competitive position and market share in, and the market size of, the Argentine banking industry. We have made these statements on the basis of statistics and other information from third-party sources that we believe are reliable. Although we have no reason to believe any of this information or these reports are inaccurate in any material respect, neither we, the selling shareholders or the underwriters have independently verified the competitive position, market share and market size or market growth data provided by third parties or by industry or general publications.

Our internet site is not part of this annual report

We maintain an Internet site at www.macro.com.ar. Information contained in or otherwise accessible through this website is not a part of this annual report. All references in this annual report to these Internet sites are inactive textual references to these URLs, or “uniform resource locators” and are for your informational reference only.

Cautionary statement concerning forward-looking statements

This annual report contains certain statements that we consider to be “forward-looking statements”. We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed elsewhere in this annual report, could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

- changes in general economic, business, political, legal, social or other conditions in Argentina;
- inflation;
- changes in interest rates and the cost of deposits;
- government regulation;
- adverse legal or regulatory disputes or proceedings;
- credit and other risks of lending, such as increases in defaults by borrowers;
- fluctuations and declines in the value of Argentine public debt;
- competition in banking, financial services and related industries;
- deterioration in regional and national business and economic conditions in Argentina;
- fluctuations and declines in the exchange rate of the peso; and
- the risk factors discussed under “Item 3.D — Risk factors”.

The words “believe,” “may,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “forecast” and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or to revise any forward-looking statements after we distribute this annual report because of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this annual report might not occur and are not guarantees of future performance.

Sections of this annual report that by their nature contain forward-looking statements include, but are not limited to, Item 3. “Key Information,” Item 4. “Information on the Company,” Item 5. “Operating and Financial Review and Prospects” and Item 11. “Quantitative and Qualitative Disclosure About Market Risk.”

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following tables present summary historical consolidated financial data for each of the periods indicated. You should read this information in conjunction with our consolidated financial statements and related notes, and the information under Item 5 — “Operating and Financial Review and Prospects” included elsewhere in this annual report.

We have derived our selected consolidated financial data for the years ended December 31, 2005, 2006 and 2007 from our audited consolidated financial statements included in this annual report. We have derived our assets and liabilities balances as of December 31, 2004 and our selected financial data for the year ended December 31, 2003 and 2004 from our audited consolidated financial statements not included in this annual report.

Due to the acquisitions we have made, our results of operations are not entirely comparable between the periods presented; in particular, we acquired Nuevo Banco Suquía in December 2004, Banco del Tucumán in May 2006 and Nuevo Banco Bisel in August 2006. The results of operations of Nuevo Banco Suquía are consolidated with Banco Macro from December 22, 2004 and the results of operations of Banco del Tucumán and Nuevo Banco Bisel are consolidated with Banco Macro from May 5, 2006 and August 11, 2006, respectively.

During the economic crisis, Argentina experienced very high rates of inflation in 2002. As a result, Central Bank Rules reinstated inflation accounting at the beginning of 2002 until February 28, 2003. Therefore, all the financial statement data in this annual report for periods prior to February 28, 2003 have been restated in constant pesos as of February 28, 2003.

Solely for the convenience of the reader, the reference exchange rate for U.S. dollars for December 28, 2007, as reported by the Central Bank was Ps. 3.151 to US\$1.00.

	Year Ended December 31,				
	2003(1)	2004(2)	2005(3)	2006(3) (4)	2007
	(in thousands of pesos, except for shares, earnings per share and dividends per share)				
Consolidated Income Statement					
Central Bank Rules:					
Financial income	419,900	427,891	749,583	1,155,207	1,890,422
Financial expense	(241,152)	(133,204)	(302,909)	(394,897)	(805,265)
Gross intermediation margin	178,748	294,687	446,674	760,310	1,085,157
Provision for loan losses	(35,009)	(36,467)	(70,309)	(59,773)	(94,717)
Service charge income	125,722	154,425	302,758	452,232	662,326
Service charge expense	(20,005)	(24,963)	(59,510)	(93,323)	(150,282)
Administrative expense	(221,796)	(254,936)	(443,026)	(652,457)	(957,043)
Other income	240,622	109,581	218,884	234,807	183,525
Other expense	(63,257)	(48,651)	(98,683)	(137,317)	(139,338)
Income Tax	(833)	(699)	(34,042)	(76,961)	(92,345)
Monetary Loss	(4,343)	—	—	—	—
Minority Interest	—	—	—	(3,178)	(2,083)
Net income	199,849	192,977	262,746	424,340	495,200
Net income per share (5)	0.33	0.32	0.43	0.64	0.72
Dividends per share	—	0.10	0.05	0.10	0.15
Number of shares outstanding (in thousands)	608,943	608,943	608,943	683,943	683,979(6)
U.S. GAAP:(7)					
Net income before extraordinary items	313,371	94,229	463,795	357,959	384,040
Extraordinary Gain	—	—	—	41,705	—
Net income	313,371	94,229	463,795	399,664	384,040
Net income per share before extraordinary item(s)	0.59	0.15	0.76	0.54	0.56
Net income per share for extraordinary gain	—	—	—	0.06	—
Total net income per share (8)	0.59	0.15	0.76	0.60	0.56
Weighted average number of shares outstanding (in thousands)	526,750	608,943	608,943	666,478	683,952

- (1) In constant pesos as of February 28, 2003.
- (2) Nuevo Banco Suquía merged with and into Banco Macro from December 22, 2004.
- (3) See note 4.2. to our audited consolidated financial statements for the year ended December 31, 2007.
- (4) Banco del Tucumán and Nuevo Banco Bisel consolidated with Banco Macro from May 5, 2006 and August 11, 2006, respectively.
- (5) Net income in accordance with Argentine Banking GAAP divided by weighted average number of shares.
- (6) Includes 36 pending issuance or distribution.
- (7) See note 35 to our audited consolidated financial statements for the year ended December 31, 2007 for a summary of significant differences between Central Bank Rules and U.S. GAAP.
- (8) Net income in accordance with U.S. GAAP divided by weighted average number of shares.

As of December 31, (in thousands of pesos)					
	2003(1)	2004(2)	2005(3)	2006(3) (4)	2007
Consolidated Balance Sheet					
Central Bank Rules:					
Assets					
Cash and due from banks	674,300	1,372,261	1,189,129	2,626,908	3,117,426
Government and private securities	2,155,766	2,106,737	2,991,764	3,222,955	3,950,725
Loans:					
to the non-financial government sector	365,549	809,577	645,342	774,273	732,481
to the financial sector	17,835	81,812	80,511	436,930	161,702
to the non-financial private sector and foreign residents	723,619	2,208,996	2,948,799	5,524,483	9,335,656
Allowances for loan losses	(56,279)	(225,340)	(247,532)	(208,581)	(220,422)
Other assets	1,144,237	2,443,714	1,879,809	2,128,004	2,703,678
Total assets	5,025,027	8,797,757	9,487,822	14,504,972	19,781,246
Average assets	4,356,792	5,705,542	9,357,401	11,791,622	17,713,916
Liabilities and shareholders' equity					
Deposits:					
from the non-financial government sector	382,195	809,764	822,687	1,295,630	1,774,121
from the financial sector	11,909	4,445	5,208	5,078	13,310
from the non-financial private sector	2,633,140	4,504,788	5,737,431	8,770,309	11,803,718
Other liabilities from financial intermediation and other liabilities	559,450	1,974,786	1,241,793	1,426,047	2,813,065
Subordinated corporate bond	24,200	16,416	12,047	507,844	490,695
Items pending allocation	3,783	4,554	854	2,052	1,644
Provisions	285,128	225,699	178,150	104,870	164,347
Minority interest in subsidiaries	3	3	—	78,045	12,640
Total liabilities	3,899,808	7,540,455	7,998,170	12,189,875	17,073,540
Shareholders' equity	1,125,219	1,257,302	1,489,652	2,315,097	2,707,706
Average shareholders' equity	949,023	1,179,611	1,333,163	1,915,245	2,456,353
U.S. GAAP:(5)					
Shareholders' equity	735,386	857,666	1,191,692	1,956,242	2,222,361

- (1) In constant pesos as of February 28, 2003.
- (2) Nuevo Banco Suquía merged with and into Banco Macro from December 22, 2004.
- (3) See note 4.2. to our audited consolidated financial statements for the year ended December 31, 2007.
- (4) Banco del Tucumán and Nuevo Banco Bisel consolidated with Banco Macro from May 5, 2006 and August 11, 2006, respectively.
- (5) See note 35 to our audited consolidated financial statements for the year ended December 31, 2007 for a summary of significant differences between Central Bank Rules and U.S. GAAP.

	As of and for the year ended December 31,				
	2003(1)	2004(2)	2005(3)	2006(3)(4)	2007
Selected consolidated ratios:					
Profitability and performance					
Net interest margin(%) (5)	6.84	6.37	5.23	7.11	6.85
Fee income ratio(%) (6)	41.29	34.38	40.40	37.30	37.90
Efficiency ratio(%) (7)	72.85	56.77	59.11	53.81	54.77
Ratio of earnings to fixed charges (excluding interest on deposits) (8)	3.96x	5.69x	3.01x	6.76x	4.28x
Ratio of earnings to fixed charges (including interest on deposits) (9)	2.26x	3.02x	2.14x	2.49x	1.88x
Fee income as a percentage of administrative expense(%)	56.68	60.56	68.34	69.31	69.21
Return on average equity(%)	21.06	16.36	19.71	22.16	20.16
Return on average assets(%)	4.59	3.38	2.81	3.60	2.80
Liquidity					
Loans as a percentage of total deposits(%)	36.57	58.29	55.97	66.88	75.27
Liquid assets as a percentage of total deposits(%) (10)	65.12	53.69	58.64	61.92	53.21
Capital					
Total equity as a percentage of total assets (%)	22.39	14.29	15.70	15.96	13.69
Regulatory capital as a percentage of risk- weighted assets(%)	43.79	35.71	31.03	31.31	26.81
Asset Quality					
Non-performing loans as a percentage of total loans(%) (11)	8.91	6.50	5.34	2.01	1.55
Allowances as a percentage of total loans	5.08	7.27	6.74	3.10	2.15
Allowances as a percentage of non- performing loans(%) (11)	57.07	111.75	126.20	154.25	138.77
Differences due to court orders (<i>Amparos</i>) as a percentage of equity(%)	4.0	4.0	2.9	3.23	3.73
Operations					
Number of branches	150	256	254	433	427
Number of employees	2,814	4,772	5,054	7,585	7,868

(1) In constant pesos as of February 28, 2003.

(2) Nuevo Banco Suquía merged with and into Banco Macro from December 22, 2004.

(3) See note 4.2. to our audited consolidated financial statements for the year ended December 31, 2007.

(4) Banco del Tucumán and Nuevo Banco Bisel consolidated with Banco Macro from May 5, 2006 and August 11, 2006, respectively.

(5) Net interest income divided by average interest earning assets.

(6) Service charge income divided by the sum of gross intermediation margin and service charge income.

(7) Administrative expenses divided by the sum of gross intermediation margin and service charge income.

(8) For the purpose of computing the ratio of earnings to fixed charges excluding interest on deposits, earnings consist of income before income taxes plus fixed charges; fixed charges excluding interest on deposits consist of gross interest expense minus interest on deposits.

(9) For the purpose of computing the ratio of earnings to fixed charges including interest on deposits, earnings consist of income before income taxes plus fixed charges; fixed charges including gross interest on deposits is equal to interest expense.

(10) Liquid assets include cash, cash collateral, LEBACs and NOBACs, and interbank loans. Since 2004, we have included overnight loans to highly rated companies.

(11) Non-performing loans include all loans to borrowers classified as “3-with problems/medium risk”, “4-with high risk of insolvency/high risk”, “5-irrecoverable” and “6-irrecoverable by technical decision” under the Central Bank loan classification system.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks described below with all of the other information included in the annual report before deciding to invest in our Class B shares or our ADSs or our notes. If any of the following risks actually occur, they may materially harm our business and our financial condition and results of operations. As a result, the market price of our Class B shares or our ADSs or our notes could decline and you could lose part or all of your investment.

Investors should carefully read this annual report in its entirety. They should also take into account and evaluate, among other things, their own financial circumstances, their investment goals, and the following risk factors.

Risks relating to Argentina

Argentina's current growth and stabilization may not be sustainable

During 2001 and 2002, Argentina went through a period of severe political, economic and social crisis. Although the economy has recovered significantly over the past five years, uncertainty remains as to whether the current growth and relative stability is sustainable. The Argentine economy remains fragile, including for the following reasons:

- the availability of long-term fixed rate credit remains low;
- investment as a percentage of GDP remains low;
- the current fiscal surplus could become a fiscal deficit;
- the current trade surplus could reverse into a trade deficit;
- inflation has risen recently and threatens to accelerate;
- the regulatory environment continues to be uncertain;
- the country's public debt remains high and international financing is limited; and
- the recovery has depended to some extent on:
 - (i) high commodity prices, which are volatile and outside the control of the country; and
 - (ii) excess capacity, which has been reduced considerably.

Substantially all our operations, properties and customers are located in Argentina. As a result, our business is to a very large extent dependent upon the economic conditions prevailing in Argentina.

Inflation may rise again, causing adverse effects on the Argentine long-term credit markets as well as the Argentine economy generally

The devaluation of the peso in January 2002, after several years of price stability, created pressures on the domestic price system that generated high inflation before substantially stabilizing in 2003. However, consumer prices almost doubled to 6.1% during 2004, increased to 12.3% in 2005, 9.8% in 2006, and were 8.5% in 2007. Uncertainty surrounding future inflation could slow the rebound in the long-term credit market.

In the past, inflation has materially undermined the Argentine economy and the government's ability to create conditions that would permit growth. A return to a high inflation environment would also undermine Argentina's foreign competitiveness by diluting the effects of the peso devaluation, with the same negative effects on the level of economic activity and employment. In addition, a return to high inflation would undermine the very fragile confidence in Argentina's banking system in general, which would negatively and materially affect our business volumes and potentially preclude us from fully resuming lending activities.

Argentina’s ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth

In the first half of 2005, Argentina restructured part of its sovereign debt that had been in default since the end of 2001. The Argentine government announced that as a result of the restructuring, it had approximately US\$126.6 billion in total outstanding debt remaining. Of this amount, approximately US\$19.5 billion are defaulted bonds owned by creditors who did not participate in the restructuring.

Some bondholders in the United States, Italy and Germany have filed legal actions against Argentina, and holdout creditors may initiate new suits in the future. Additionally, foreign shareholders of certain Argentine companies have filed claims in excess of US\$17 billion before the International Center for the Settlement of Investment Disputes, or ICSID, alleging that certain government measures are inconsistent with the fair and equitable treatment standards set forth in various bilateral treaties to which Argentina is a party. In May 2005, the ICSID tribunal issued an opinion against Argentina in a case initiated by CMS Compañía Transportadora de Gas, which was appealed by Argentina. In October 2006, another ICSID tribunal issued a “decision on liability” against Argentina in a case initiated by LG&E Energy Corp., LG&E Capital Corp. and LG&E International Inc., which liability was recently fixed at US\$57.40 million. The tribunal admitted that the Argentine government was not accountable for the consequences of measures taken during December 1, 2001 and April 26, 2003, given the general state of emergency in place at such time. In February 2007, the ICSID issued a judgment against Argentina in a case initiated by Siemens for US\$208 million for indemnity in the failure to complete a contract in 2001 concerning identification documents. In subsequent actions, ICSID tribunals ordered Argentina to pay, in May 2007, US\$106 million to Enron Corporation and Ponderosa Assets LP, shareholders of the local gas distributor Transportadora de Gas del Sur, in connection to tariff adjustments; in August 2007, US\$105 million to Compañía de Aguas del Aconquija S.A. and Vivendi Universal in connection with the termination of the water concession agreement executed with such company for the Province of Tucumán; and in September 2007, US\$172 million to Semptra Energy International, due to the depreciation of its share holdings in Sodigas Pampeana y Sodigas Sur (shareholders in turn of the local concessionaries of the gas distribution service in Argentina, Camuzzi Gas Pampeana and Camuzzi Gas del Sur), as a consequence of the economic measures taken by the Argentine government in 2002.

The Argentine government cancelled all of its pending debt with the IMF on January 3, 2006. However, Argentina’s past default and its failure to restructure its remaining sovereign debt completely and fully negotiate with the holdout creditors may prevent Argentina from re-entering the international capital markets. Litigation initiated by holdout creditors as well as ICSID claims may result in material judgments against the Argentine government and could result in attachments of or injunctions relating to assets of Argentina that the government intended for other uses. As a result, the government may not have the financial resources necessary to implement reforms and foster growth, which could have a material adverse effect on the country’s economy and, consequently, our business. Furthermore, Argentina’s inability to access the international capital markets in the medium and long term could have an adverse impact on our own ability to access international credit markets.

Significant devaluation of the peso against the U.S. dollar may adversely affect the Argentine economy as well as our financial performance

Despite the positive effects of the real depreciation of the peso in 2002 on the competitiveness of certain sectors of the Argentine economy, it has also had a far-reaching negative impact on the Argentine economy and on businesses and individuals’ financial condition. The devaluation of the peso has had a negative impact on the ability of Argentine businesses to honor their foreign currency-denominated debt, led to very high inflation initially, significantly reduced real wages, had a negative impact on businesses whose success is dependent on domestic market demand, such as utilities and the financial industry, and adversely affected the government’s ability to honor its foreign debt obligations.

If the peso devalues significantly, all of the negative effects on the Argentine economy related to such devaluation could recur, with adverse consequences to our business.

Significant appreciation of the peso against the U.S. dollar may adversely affect the Argentine economy

A substantial increase in the value of the peso against the U.S. dollar also presents risks for the Argentine economy. The appreciation of the peso against the U.S. dollar negatively impacts the financial condition of entities whose foreign currency-denominated assets exceed their foreign currency-denominated liabilities. In addition, in the short term, a significant real appreciation of the peso would adversely affect exports. This could have a negative effect on GDP growth and employment as well as reduce the Argentine public sector’s revenues by reducing tax collection in real terms, given its current heavy reliance on taxes on exports.

Government measures to preempt, or in response to, social unrest may adversely affect the Argentine economy

During its crisis in 2001 and 2002, Argentina experienced social and political turmoil, including civil unrest, riots, looting, nationwide protests, strikes and street demonstrations. Despite Argentina’s ongoing economic recovery and relative stabilization, the social and political tensions and high levels of poverty and unemployment continue. Future government policies to preempt, or in response to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors’ rights, new taxation policies, including royalty and tax increases and retroactive tax claims and changes in laws and policies affecting foreign trade and investment. Such policies could destabilize the country and adversely and materially affect the economy, and thereby our business.

Exchange controls and restrictions on transfers abroad and capital inflow restrictions have limited, and can be expected to continue to limit, the availability of international credit and may impair our ability to make payments on our obligations

In 2001 and 2002, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. These restrictions have been substantially eased, including those requiring the Central Bank's prior authorization for the transfer of funds abroad in order to pay principal and interest on debt obligations. However, Argentina may re-impose exchange control or transfer restrictions in the future, among other things, in response to capital flight or a significant depreciation of the peso. In addition, the government issued a decree in June 2005 that established new controls on capital inflows that could result in less availability of international credit. Additional controls could have a negative effect on the economy and our business if imposed in an economic environment where access to local capital is substantially constrained. Moreover, in such event, restrictions on the transfers of funds abroad may impede our ability to make dividend payments to ADS holders and payments on the notes.

The Argentine economy could be adversely affected by economic developments in other global markets

Financial and securities markets in Argentina are influenced, to varying degrees, by economic and market conditions in other global markets. Although economic conditions vary from country to country, investors' perception of the events occurring in one country may substantially affect capital flows into and securities from issuers in other countries, including Argentina. The Argentine economy was adversely impacted by the political and economic events that occurred in several emerging economies in the 1990s, including Mexico in 1994, the collapse of several Asian economies between 1997 and 1998, the economic crisis in Russia in 1998 and the Brazilian devaluation in January 1999. In addition, Argentina continues to be affected by events in the economies of its major regional partners. Furthermore, the Argentine economy may be affected by events in developed economies, which are trading partners or that impact the global economy.

Future shocks of a similar magnitude to the international markets can be expected to adversely affect the Argentine economy and its financial system and us well.

Risks Relating to the Argentine Financial System

The health of Argentina's financial system depends on a return of the long-term credit market, which is currently recovering at a relatively slow pace

As a result of the 2001 and 2002 crisis, the volume of financial intermediation activity in Argentina fell drastically: credit fell from 23.1% of GDP in March 2001 to just 7.7% in June 2004, while deposits as a percentage of GDP fell from 31.5% to 23.2% during the same period. During this period our financial intermediation activities also declined. The depth of the crisis and the effect of the crisis on depositors' confidence in the financial system created significant uncertainties as to the likelihood that the financial system would fully recover its ability to act as an intermediary between savings and credit. Despite the ongoing recovery of Argentina's short-term credit market (68% of loan growth in 2005, 58% of loan growth in 2006 and 53% of loan growth in 2007 was in the form of overdrafts, consumer loans and advances), long-term lending has recovered more slowly.

If longer-term financial intermediation activity fails to resume at substantial levels, the ability of financial institutions, including us, to generate profits will be negatively affected. Even though deposits in the financial system and with us resumed growth in mid-2002, most of these new deposits are either sight or very short-term time deposits, creating a liquidity risk for banks engaged in long-term lending and increasing their need to depend on the Central Bank as a potential liquidity backstop.

The recovery of the financial system depends upon the ability of financial institutions, including us, to retain the confidence of depositors

The massive withdrawal of deposits experienced by all Argentine financial institutions, including us, during 2001 and the first half of 2002 was largely due to the loss of confidence by depositors in the Argentine government's ability to repay its debts, including its debts within the financial system, and to maintain peso-dollar parity in the context of its solvency crisis. In addition, the measures taken by the government to protect the solvency of the banking system, most significantly the limitation on the right of depositors to freely withdraw their money and the pesification of their dollar deposits, generated significant opposition directly against banks from depositors frustrated by losses of their savings.

Although short-term deposits have substantially recovered since 2002, the deposit base of the Argentine financial system, including ours, may be affected in the future by adverse economic, social and political events. If depositors once again withdraw significant holdings from banks, there will be a substantial negative impact on the manner in which financial institutions, including us, conduct their business and on their ability to operate as financial intermediaries.

The asset quality of financial institutions, including us, is fragile due to high exposure to public sector debt

Financial institutions, including us, have a significant portfolio of bonds of, and loans to, the Argentine federal and provincial governments as a result of the crisis and compensation measures undertaken by the government in conjunction with the pesification. To a large extent, the value of a large portion of the assets held by Argentine banks, as well as their income generation capacity, is dependent on the Argentine public sector's creditworthiness, which is in turn dependent on the government's ability to promote sustainable economic growth in the long run, generate tax revenues and control public spending.

As of December 31, 2007, our net exposure to the public sector, not including LEBACs (*Letras del Banco Central*) and NOBACs (*Notas del Banco Central*), totaled approximately Ps.726.7 million, representing 3.7% of our total assets.

Our asset quality and that of other financial institutions may deteriorate if the Argentine private sector does not fully recover

The capacity of many Argentine private sector debtors to repay their loans deteriorated significantly as a result of the economic crisis, materially affecting the asset quality of financial institutions, including us. We established large allowances for loan losses in 2002 to cover the risks inherent to our portfolio of loans to the private sector. During 2004, 2005, 2006 and 2007, the quality of our loan portfolio improved from 2003 levels as a result of high GDP growth and a better overall economic environment. However, this improvement did not fully offset the deterioration in the quality of our assets caused by the crisis. Moreover, the current improvement may not continue, and we will likely not succeed in recovering substantial portions of loans that were written off. Our business strategy includes substituting a large portion of our current portfolio of government securities for loans to the private sector. As a result, we expect that our credit risk exposure to the private sector will increase in the near term. If the recovery of the financial health of Argentina's private sector reverses, we may experience an increase in our incidence of non-performing loans.

Limitations on enforcement of creditors' rights in Argentina may adversely affect financial institutions

To protect debtors affected by the economic crisis, beginning in 2002 the Argentine government adopted measures that temporarily suspended proceedings to enforce creditors' rights, including mortgage foreclosures and bankruptcy petitions. Most of these measures have been rescinded; however, in November 2006, the Argentine government suspended mortgage foreclosure proceedings and established a special proceeding to replace ordinary trials for the enforcement of some mortgage loans. Such special proceedings give creditors ten days to inform the debtor the amounts owed to them and thereafter agree with the debtor on the amount and terms of payment. In case of failure to reach an agreement by the parties, payment conditions will be set forth by a judge. We cannot assure you that in an adverse economic environment the government will not adopt additional measures in the future, which could have a material adverse effect on the financial system and our business.

Risks Relating to Us

Our target market may be the most adversely affected by economic recessions

Our business strategy is to increase fee income and loan origination in our target market, low- and middle-income individuals and small and medium-sized businesses. The current economic situation favors this target market and it is experiencing solid growth. However, this target market is particularly vulnerable to economic recessions and, in the event of such a recession, growth in our target market may slow and consequently adversely affect our business. The Argentine economy as a whole and our target market has not stabilized enough for us to be certain that demand will continue to grow. Therefore, we cannot assure you that our business strategy will in fact be successful.

Our controlling shareholders have the ability to direct our business and their interests could conflict with yours

Our controlling shareholders beneficially own 10,187,559 Class A shares and 225,972,567 Class B shares. Although there currently is no formal agreement among them, together our controlling shareholders control virtually all decisions with respect to our company made by shareholders. They may, without the concurrence of the remaining shareholders, elect a majority of our directors, effect or prevent a merger, sale of assets or other business acquisition or disposition, cause us to issue additional equity securities, effect a related party transaction and determine the timing and amounts of dividends, if any. Their interests may conflict with your interests as a holder of class B shares, ADSs or notes, and they may take actions that might be desirable to the controlling shareholders but not to other shareholders or holders of our notes.

We will continue to consider acquisition opportunities, which may not be successful

We have expanded our business primarily through acquisitions. We will continue to consider attractive acquisition opportunities that we believe offer additional value and are consistent with our business strategy. We cannot assure you, however, that we will be able to identify suitable acquisition candidates or that we will be able to acquire promising target financial institutions on favorable terms. Additionally, our ability to obtain the desired effects of such acquisitions will depend in part on our ability to successfully complete the integration of those businesses. The integration of acquired businesses entails significant risks, including:

- unforeseen difficulties in integrating operations and systems;
- problems assimilating or retaining the employees of acquired businesses;
- challenges retaining customers of acquired businesses;
- unexpected liabilities or contingencies relating to the acquired businesses; and
- the possibility that management may be distracted from day-to-day business concerns by integration activities and related problem solving.

We depend on key personnel for our current and future performance

Our current and future performance depends to a significant degree on the continued contributions of our senior management team and other key personnel, in particular Jorge Horacio Brito and Delfín Jorge Ezequiel Carballo. Our performance could be significantly harmed if we lose their services. Should their services no longer be available to us, we may not be able to locate or employ qualified replacements on acceptable terms.

Increased competition and consolidation in the banking industry may adversely affect our operations

We expect trends of increased competition in the banking sector, as banks continue to recover from the recent economic crisis. Additionally, if the trend towards decreasing spreads is not offset by increases in lending volumes, then resulting losses could lead to consolidation in the industry. We expect trends of increased consolidation to continue. Consolidation can result in the creation of larger and stronger banks, which may have greater resources than we do.

We expect that competition with respect to small and medium-sized businesses is likely to increase. As a result, even if the demand for financial products and services from these markets continues to grow, competition may adversely affect our results of operations by decreasing the net margins we are able to generate.

Reduced spreads without corresponding increases in lending volumes could adversely affect our profitability

The spread for Argentina's financial system between the interest rates on loans and deposits decreased from a high of 39.9% in March 2003 to 14.6% in December 2007 as a result of increased competition in the banking sector and the government's tightening of monetary policy in response to inflation concerns. In comparison, our interest rate spread decreased from 42% to 8.9% during the same period. We and other financial institutions have largely responded by lowering operating costs. However, if spreads continue to decrease without a corresponding increase in lending or additional cost-cutting, our profitability may be adversely affected.

Differences in the accounting standards between Argentina and certain countries with highly developed capital markets, such as the United States, may make it difficult to compare our financial statements and reported earnings with companies in other countries and the United States

Publicly available corporate information about us in Argentina is different from and may be more difficult to obtain than the information available for registered public companies in certain countries with highly developed capital markets, such as the United States. Except as otherwise described herein, we prepare our financial statements in accordance with Central Bank Rules, which differ in certain significant respects from U.S. GAAP and, to a certain extent, from Argentine GAAP. As a result, our financial statements and reported earnings are not directly comparable to those of banks in the United States in this and other respects.

Risks relating to our Class B Shares and the ADSs

Holders of our Class B shares and the ADSs may not receive any dividends

In 2003, the Central Bank prohibited financial institutions from distributing dividends. In 2004, the Central Bank amended the restriction to require the Central Bank's prior authorization for the distribution of dividends. On July 20, 2004, we were authorized by the Central Bank to distribute dividends corresponding to fiscal year 2003, on April 18, 2005 to distribute dividends corresponding to fiscal year 2004, on April 21, 2006 to distribute dividends corresponding to fiscal year 2005, on April 16, 2007 to distribute dividends corresponding to fiscal year 2006 and on April 11, 2008 to distribute dividends corresponding to fiscal year 2007. In each case the dividends were distributed. Notwithstanding the foregoing, no assurance can be given that the Central Bank will continue to grant us the authorization to distribute dividends approved by our shareholders at the annual ordinary shareholders' meeting.

Holders of our Class B shares and the ADSs located in the United States may not be able to exercise preemptive rights

Under Argentine corporations law, if we issue new shares as part of a capital increase, our shareholders may have the right to subscribe to a proportional number of shares to maintain their existing ownership percentage. Rights to subscribe for shares in these circumstances are known as preemptive rights. In addition, shareholders are entitled to the right to subscribe for the unsubscribed shares remaining at the end of a preemptive rights offering on a pro rata basis, known as accretion rights. Upon the occurrence of any future increase in our capital stock, United States holders of Class B shares or ADSs will not be able to exercise the preemptive and related accretion rights for such Class B shares or ADSs unless a registration statement under the Securities Act is effective with respect to such Class B shares or ADSs or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to those Class B shares or ADSs. We cannot assure you that we will file such a registration statement or that an exemption from registration will be available. Unless those Class B shares or ADSs are registered or an exemption from registration applies, a U.S. holder of our Class B shares or ADSs may receive only the net proceeds from those preemptive rights and accretion rights if those rights can be sold by the depository; if they cannot be sold, they will be allowed to lapse. Furthermore, the equity interest of holders of Class B shares or ADSs located in the United States may be diluted proportionately upon future capital increases.

Non-Argentine companies that own our Class B shares directly and not as ADSs may not be able to exercise their rights as shareholders unless they are registered in Argentina

Under Argentine law, foreign companies that own shares in an Argentine corporation are required to register with the *Inspección General de Justicia*, or Superintendency of Legal Entities, or IGJ, in order to exercise certain shareholder rights, including voting rights. If you own Class B shares directly (rather than in the form of ADSs) and you are a non-Argentine company and you fail to register with IGJ, your ability to exercise your rights as a holder of our Class B shares may be limited.

You may not be able to sell your ADSs at the time or the price you desire because an active or liquid market may not develop

Prior to March 24, 2006, there has not been a public market for the ADSs or, in the case of our Class B shares, a market outside of Argentina. We cannot assure you as to the liquidity of any markets that may develop for our Class B shares or for the ADSs or the price at which the Class B shares or the ADSs may be sold.

The relative volatility and illiquidity of the Argentine securities markets may substantially limit your ability to sell Class B shares underlying the ADSs at the price and time you desire

Investing in securities that trade in emerging markets, such as Argentina, often involves greater risk than investing in securities of issuers in the United States, and such investments are generally considered to be more speculative in nature. The Argentine securities market is substantially smaller, less liquid, more concentrated and can be more volatile than major securities markets in the United States, and is not as highly regulated or supervised as some of these other markets. There is also significantly greater concentration in the Argentine securities market than in major securities markets in the United States. The ten largest companies in terms of market capitalization represented approximately 76% of the aggregate market capitalization of the Buenos Aires Stock Exchange as of December 31, 2007. Accordingly, although you are entitled to withdraw the Class B shares underlying the ADSs from the depositary at any time, your ability to sell such shares at a price and time at which you wish to do so may be substantially limited. Furthermore, new capital controls imposed by the Central Bank could have the effect of further impairing the liquidity of the Buenos Aires Stock Exchange by making it unattractive for non-Argentines to buy shares in the secondary market in Argentina.

Our shareholders may be subject to liability for certain votes of their securities

Our shareholders are not liable for our obligations. Instead, shareholders are generally liable only for the payment of the shares they subscribe. However, shareholders who have a conflict of interest with us and who do not abstain from voting may be held liable for damages to us, but only if the transaction would not have been approved without such shareholders' votes. Furthermore, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to Argentine corporate law or our bylaws may be held jointly and severally liable for damages to us or to other third parties, including other shareholders.

Our Class B shares or the ADSs might be characterized as stock in a "passive foreign investment company" for U.S. federal income tax purposes The application of the "passive foreign investment company" rules to equity interests in banks such as us is unclear under current U.S. federal income tax law. It is therefore possible that our Class B shares or the ADSs could be characterized as stock in a "passive foreign investment company" for U.S. federal income tax purposes, which could have adverse tax consequences to U.S. holders in some circumstances. In particular, U.S. holders of our Class B shares or the ADSs generally would be subject to special rules and adverse tax consequences with respect to certain distributions made by us and on any gain recognized on the sale or other disposition of our Class B shares or the ADSs. Such U.S. holders might be subject to a greater U.S. tax liability than might otherwise apply and incur tax on amounts in advance of when U.S. federal income tax would otherwise be imposed. A U.S. holder of our Class B shares or the ADSs might be able to avoid these rules and consequences by making an election to mark such shares to market (although it is not clear if this election is available for the Class B shares). U.S. holders should carefully read "Taxation—Material U.S. Federal Income Tax Considerations—Passive Foreign Investment Companies" and consult their tax advisors regarding the "passive foreign investment company" rules.

Risks relating to our Notes

The notes are effectively subordinated to our secured creditors and our depositors

Unless otherwise specified, the notes rank at least *pari passu* in right of payment with all of our existing and future unsecured and unsubordinated indebtedness, other than obligations preferred by statute or by operation of law, including, without limitation, tax and labor-related claims and our obligations to depositors.

In particular, under the Financial Institutions Law, all of our existing and future depositors will have a general priority right over holders of notes issued under our medium-term note program. The Financial Institutions Law provides that in the event of judicial liquidation or insolvency, all depositors would have priority over all of our other creditors (including holders of notes), except certain labor creditors and secured creditors. Moreover, depositors would have priority over all other creditors, with the exception of certain labor creditors, to funds held by the Argentine Central Bank (*Banco Central de la República Argentina* or the "Central Bank") as reserves, any other funds at the time of any revocation of our banking license and proceeds from any mandatory transfer of our assets by the Central Bank.

We may also issue subordinated notes. In that case, in addition to the priority of certain other creditors described in the preceding paragraphs, subordinated notes will also rank at all times junior in right of payment to certain of our unsecured and unsubordinated indebtedness.

Exchange controls and restrictions on transfers abroad may impair your ability to receive payments on the notes

In 2001 and 2002, Argentina imposed exchange controls and transfer restrictions, substantially limiting the ability of companies to retain foreign currency or make payments abroad. These restrictions have been substantially eased, including those requiring the Central Bank's prior authorization for the transfer of funds abroad in order to pay principal and interest on debt obligations. However, Argentina may re-impose exchange controls and transfer restrictions in the future, among other things, in response to capital flight or a significant depreciation of the peso.

In such event, your ability to receive payments on the notes may be impaired.

The notes under our medium-term note program will be subject to transfer restrictions which could limit your ability to resell your notes

New issuances of notes will be offered in reliance on an exemption from the registration requirements of the Securities Act. As a result, the notes may be transferred or resold only in transactions that are registered under the Securities Act or on the basis of an exemption from such registration and in compliance with any other applicable securities laws of other jurisdictions. These restrictions could impair your ability to resell notes you purchase.

We may redeem the notes prior to maturity

The notes are redeemable at our option in the event of certain changes in Argentine taxes and, if so specified, the notes may also be redeemable at our option for any other reason. We may choose to redeem those notes at times when prevailing interest rates may be relatively low. Accordingly, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.

As a financial institution, any bankruptcy proceeding against us would be subject to intervention by the Central Bank, which may limit remedies otherwise available and extend the duration of proceedings

If we are unable to pay our debts as they come due, the Central Bank would typically intervene by appointing a reviewer, request us to file a reorganization plan, transfer certain of our assets and liabilities and possibly revoke our banking license and file a liquidation petition before a local court. Upon any such intervention, noteholders' remedies may be restricted and the claims and interests of our depositors and other creditors may be prioritized over those of noteholders. As a result, the noteholders may realize substantially less on their claims than they would in a bankruptcy proceeding in Argentina, the United States or any other country.

Holders of notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons

We are organized under the laws of Argentina and our principal place of business (*domicilio social*) is in the City of Buenos Aires, Argentina. Most of our directors, officers and controlling persons reside outside the United States. In addition, all or a substantial portion of our assets and their assets are located outside of the United States. As a result, it may be difficult for holders of notes to effect service of process within the United States on such persons or to enforce judgments against them, including any action based on civil liabilities under the U.S. federal securities laws. Based on the opinion of our Argentine counsel, there is doubt as to the enforceability against such persons in Argentina, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws.

Risk relating to our 9.75 % Fixed/Floating Rate Non-Cumulative Junior Subordinated Bonds Due 2036 (the "2036 Notes")

Interest on the Notes may be limited to the extent we do not have sufficient Distributable Amounts

No interest on the 2036 Notes will be due and payable in the event that the payment of such interest, together with any other payments or distributions (other than payments in respect of redemptions or repurchases) on or in respect of our Parity Obligations (including the Notes) previously made or scheduled to be made during the Distribution Period in which such Interest Payment Date falls, would exceed our Distributable Amounts for such Distribution Period. Interest payments on the Notes are non-cumulative such that if an interest payments is not made in full as a result of the limitation described in the preceding sentence, such unpaid interest will not accrue or be due and payable at any time and, accordingly, holders of 2036 Notes will not have any claim therefor, whether or not interest is paid with respect to any other interest period.

The Distributable Amounts available for payment of interest on the 2036 Notes on an interest payment date is based principally on our unappropriated retained earnings from the prior year. Subject to certain limited exceptions, Argentine law does not restrict our shareholders from approving the payment of dividends to themselves out of our unappropriated retained earnings, and the indenture relating to the Notes will not restrict our ability to pay dividends unless and until interest on the Notes has not been paid in full as scheduled. In addition, Distributable Amounts available for payment of interest on the 2036 Notes depends on the amount of payments or other distributions on or in respect of our Parity Obligations previously made or schedule to be made during the relevant Distribution Period. Although we do not currently have any Parity Obligations outstanding, the indenture relating to the Notes will not restrict our ability to issue Parity Obligations in the future. Accordingly, we cannot assure you that we will have sufficient Distributable Amounts to make interest payments on the 2036 Notes.

We may be prevented by the Central Bank or Argentine banking regulations from making interest or other payments on or in respect of the Notes

No interest on the 2036 Notes will be due and payable on an Interest Payment Date in the event that we would be prevented from paying interest on the Notes on such Interest Payment Date as a result of (X) a general prohibition by the Central Bank on paying interest or making other payments or distributions on or in respect of our Parity Obligations (including the Notes) or (Y) as provided in Communications “A” 4589 and “A” 4591 of the Central Bank or any successor regulations thereto, (a) we are subject to a liquidation procedure or the mandatory transfer of our assets by the Central Bank in accordance with Sections 34 or 35 bis of the Financial Institutions Law or successors thereto; (b) we are receiving financial assistance from the Central Bank (except liquidity assistance under the pesification rules pursuant to Decree No. 739/2003); (c) we are not in compliance with or have failed to comply on a timely basis with our reporting obligations to the Central Bank; or (d) we are not in compliance with minimum capital requirements (both on an individual and consolidated basis) or with minimum cash reserves (on average).

As a result of the recent Argentine crisis, all banks were prohibited by the Central Bank from paying dividends in 2002 and 2003. As the economy recovered, the Central Bank eased the prohibition but still required prior authorization for the distribution of dividends by banks in 2004, 2005 and 2006. Although this requirement is no longer in effect, we cannot assure you that, if confronted with a similar crisis, the Central Bank will not prevent banks from making interest payments on Parity Obligations, including the 2036 Notes.

The Notes are unsecured and subordinated and, in the event of our bankruptcy, the Notes will rank junior to our unsubordinated obligations and certain of our subordinated obligations

The 2036 Notes constitute our unsecured and subordinated obligations. In the event of our bankruptcy, the 2036 Notes will rank junior to all claims of our unsubordinated creditors and certain of our subordinated creditors. By reason of the subordination of the Notes, in the case of our bankruptcy, although the Notes would become immediately due and payable at their principal amount together with accrued interest thereon, our assets would be available to pay such amounts only after all such creditors have been paid in full. We expect to incur from time to time additional obligations that rank senior to the Notes, and the indenture relating to the Notes does not prohibit or limit the incurrence of such obligations.

Under Argentine law, our obligations under the 2036 Notes will also be subordinated to certain statutory preferences such as tax and labor-related claims and our obligations to depositors. In particular, under the Financial Institutions Law, all of our existing and future depositors will have a general priority right over holders of Notes. The Financial Institutions Law provides that in the event of our bankruptcy or insolvency, all depositors would have priority over all of our other creditors (including holders of Notes), except certain labor creditors and secured creditors. Moreover, depositors would have priority over all other creditors, with the exception of certain labor creditors, to funds held by the Central Bank as reserves, any other funds at the time of any revocation of our banking license and proceeds from any mandatory transfer of our assets by the Central Bank.

If we do not satisfy our obligations under the 2036 Notes, your remedies will be limited

Payment of principal on the 2036 Notes may be accelerated only in certain events involving our bankruptcy. There is no right of acceleration in the case of a default in the performance of any of our covenants, including a default in the payment of principal, premium or interest.

The ratings of the Notes may be lowered or withdrawn depending on various factors, including the rating agency’s assessment of our financial strength and Argentine sovereign risk

The Notes are rated “B3” by Moody’s Investors Service, Inc. and “B-” by Fitch Ratings Ltd. At the local level, Moody’s Latin America has rated the notes “A3.ar” and Fitch Argentina has rated the notes “A(arg).” The ratings of the Notes reflect the relevant rating agency’s assessment of our ability to make timely payment of principal and interest on the Notes. Moreover, the methods of assigning ratings used by Argentine rating agencies may differ in important aspects from those used by the rating agencies in the United States or other countries. The ratings on the 2036 Notes are not a recommendation to buy, sell or hold the Notes, and the ratings do not comment on market prices or suitability for a particular investor. We cannot assure you that the ratings of the 2036 Notes will remain for any given period of time or that the ratings will not be lowered or withdrawn. A downgrade in ratings will not be an event of default with respect to the 2036 Notes. The assigned ratings may be raised or lowered depending, among other things, on the rating agency’s assessment of our financial strength as well as its assessment of Argentine sovereign risk generally, and any change to these may affect the market price or liquidity of the 2036 Notes.

The U.S. federal income tax treatment of the 2036 Notes is unclear

Because of certain features of the 2036 Notes, the U.S. federal income tax treatment applicable to the 2036 Notes is uncertain. While we do not intend to treat the 2036 Notes as subject to the “contingent payment debt instrument” rules under U.S. federal income tax regulations, it is possible that the U.S. Internal Revenue Service (“IRS”) could assert such treatment. If this assertion were successful, U.S. holders (as defined in “Taxation—Material U.S. Federal Income Tax Considerations”) generally would be required to include interest income on a constant yield basis at a rate that could differ from, and could at certain times be in excess of, the stated interest on the 2036 Notes. In addition, any gain on the sale of 2036 Notes derived by a U.S. holder would be treated as ordinary income rather than capital gain.

It is also possible that the IRS could assert that the 2036 Notes should be treated as equity for U.S. federal income tax purposes. If this assertion were successful, U.S. holders could also be subject to adverse tax rules (including an interest charge on and ordinary income treatment of any gain derived with respect to the notes) if it were also determined that we are a “passive foreign investment company” for U.S. federal income tax purposes. While we do not believe that we are currently a passive foreign investment company, the test for determining “passive foreign investment company” status is a factual one based upon a periodic evaluation of our assets and income and is unclear when applied to banking businesses such as our own. Thus we cannot provide any assurance that we will not be determined to be a “passive foreign investment company” as of the issuance of the 2036 Notes or in any future period.

Risks relating to our 10.750% Argentine Peso-Linked Notes Due 2012 (the “2012 Notes”)

A devaluation of the Argentine peso will result in a loss of principal and interest in U.S. dollar terms, which could affect our 2012 Notes

Payments of principal, interest, additional amounts and any other amounts in respect of the notes are determined based on the Argentine peso equivalent (based on an initial exchange rate of Ps. 3.0794 = US\$1.00) of the aggregate principal amount of the notes then outstanding and converted into U.S. dollars based on an exchange rate on the second business day prior the applicable payment date. As a result, a devaluation of the Argentine peso will result in a loss of principal and a reduction in the effective interest rate in U.S. dollar terms.

In circumstances where we can satisfy our payment obligations in respect of the 2012 Notes by transferring Argentine pesos to accounts located in Argentina, you may not be able to obtain U.S. dollars or transfer funds outside Argentina

If we are unable either to purchase U.S. dollars or to transfer funds outside Argentina in order to make a payment in respect of the notes, because of any legal or regulatory restriction or due to any other reason beyond our control, then we will be able to satisfy such payment obligation in Argentine pesos and with transfers to accounts located in Argentina. In such event, you may not be able to obtain U.S. dollars at the applicable exchange rate under the notes or at all, and you may not be able to freely transfer funds outside Argentina.

Certain definitions

“Parity Obligations” means (i) all claims in respect of our obligations, or our guarantees of liabilities, that are eligible to be computed as part of our Tier 1 capital under Argentine banking regulations (without taking into account any limitation placed on the amount of such capital); and (ii) all claims in respect of any of our other obligations (including guarantees) that rank, or are expressed to rank, *pari passu* with the 2036 Notes.

“Distribution Period” means, with respect to an Interest Payment Date, the period from and including the date of our annual ordinary shareholders’ meeting immediately preceding such Interest Payment Date to but excluding the date of our annual ordinary shareholders’ meeting immediately following such Interest Payment Date.

In the event that we will not pay interest on the 2036 Notes in full as a result of the limitation described above, we will, promptly after our knowledge thereof and in any case no later than five Business Days prior to the relevant Interest Payment Date, notify the holders of the Notes and deliver an officers’ certificate to the Trustee to that effect.

Interest payments are non-cumulative such that if an interest payment is not made in full as a result of the limitation described above, the unpaid interest will not accrue or be due and payable at any time and, accordingly, holders of the 2036 Notes will not have any claim therefor, whether or not interest is paid in respect of any other interest period.

“Distributable Amounts” for a Distribution Period means the aggregate amount, as set out in our audited financial statements for our fiscal year immediately preceding the beginning of such Distribution Period, prepared in accordance with Central Bank Rules and approved by our shareholders, of our unappropriated retained earnings minus: (i) required legal and statutory reserves; (ii) asset valuation adjustments as determined and notified by the Superintendency of Financial Institutions, whether or not agreed to by us, and the asset valuation adjustments indicated by our external auditor, in each case to the extent not recorded in such financial statements; and (iii) any amounts resulting from loan loss or other asset valuation allowances permitted by the Superintendency of Financial Institutions including adjustments arising from the failure to put into effect an agreed upon compliance plan. For the avoidance of doubt, the calculation of Distributable Amounts in respect of a particular Distribution Period shall be made prior to the appropriation or allocation of any amounts to any voluntary or contingent reserves and any dividends or distributions on any Junior Obligations or Parity Obligations during such Distribution Period.

Item 4. Information on the Company

A. History and development of the company

Overview

Our legal and commercial name is Banco Macro S.A. We are a financial institution incorporated on November 21, 1966 as a sociedad anónima, a stock corporation, duly incorporated under the laws of Argentina for a 99-year period and registered on March 8, 1967 with the Public Registry of Commerce of the City of Buenos Aires, Argentina under Nr. 1154 of Book 2, Volume 75 of *sociedades anónimas*.

Our principal executive offices are located at Sarmiento 447, Buenos Aires, Argentina, and our telephone number is (+ 54-11-5222-6500). We have appointed CT Corporation System as our agent for service of process in the United States, located at 111 Eighth Avenue, New York, New York, 10011.

Our history

Banco Macro

Our predecessor, Macro Compañía Financiera S.A., was authorized in 1977 to operate as a non-banking financial institution. In May 1988, it was granted the authorization to operate as a commercial bank and changed its name to Banco Macro S.A., or Banco Macro. Banco Macro’s shares have traded on the Buenos Aires Stock Exchange since November 1994.

After a banking crisis in Argentina caused by the Mexican economic crisis in 1994, Banco Macro changed its business strategy, focusing on retail banking in underserved markets with high growth potential. Following this strategy, in 1996, Banco Macro began buying privatized provincial banks in Argentina’s northern provinces (including Banco de la Provincia de Salta, Banco de la Provincia de Misiones and Banco de la Provincia de Jujuy), which enabled it to expand the scope of its consumer finance banking services and establish a strong footprint in developing local economies. Banco Macro also participated in the restructuring of several banks (including Banco del Noroeste and Banco Israelita de Córdoba), thereby incorporating branches in the northern and central provinces of Argentina into its network.

Since the end of 2001, while in the process of becoming today’s Banco Macro, Banco Macro has acquired additional bank assets and merged with or acquired other banks (including, as described below, Banco Bansud, Nuevo Banco Suquía, Banco del Tucumán and Nuevo Banco Bisel), thereby increasing its assets from Ps.1,375 million at December 31, 2001 to Ps. 19,781 million as of December 31, 2007.

Banco Bansud

Banco Bansud, originally named Banco del Sud S.A., was founded in 1924 as a credit union and was authorized to operate as a commercial bank in 1968.

In 1992, Banco Nacional de México S.A. (“Banamex”) acquired Banco Bansud through a wholly owned subsidiary, American Capital Corporation Limited. Banco Bansud’s shares traded on the Buenos Aires Stock Exchange from the date of its merger. In 1994, the local shareholders of Banco Bansud and Banamex acquired from Grupo Santander 82.76% of the shares of Banco Shaw S.A. and merged this new acquisition with Banco Bansud in 1995. Additionally, and as part of Banco Bansud’s strategy of expansion in the City of Buenos Aires, Banco Bansud acquired in 1995 certain assets and liabilities of Banco Federal Argentino S.A., thereby adding 27 new branches. In January 2002, Banco Macro acquired a majority of the capital stock of Banco Bansud.

Banco Macro Bansud

In June 2003, our shareholders decided to merge Banco Macro and Banco Bansud in order to create a financial institution with a presence extending throughout Argentina. The merger was completed in December 2003 and the combined entity was renamed Banco Macro Bansud S.A. The acquisition of Banco Bansud expanded the scope of our operations to southern Argentina. In August 2006, Banco Macro Bansud S.A. was renamed Banco Macro S.A.

Scotiabank Quilmes

In August 2002, in connection with the restructuring of Scotiabank Quilmes S.A., Banco Bansud purchased assets and acquired liabilities and 36 branches from Scotiabank Quilmes located throughout Argentina.

Nuevo Banco Suquía

Nuevo Banco Suquía was created in May 2002 from certain assets and liabilities originally belonging to Banco Suquía S.A., which was founded in 1962 in the city of Córdoba as a savings and loan company focused on housing mortgage lending to individuals.

The run on bank deposits as a result of the economic crisis caused a liquidity crisis for the former Banco Suquía S.A. Its controlling shareholder at the time decided not to make additional contributions. As a result, the Central Bank suspended and then restructured Banco Suquía’s operations, creating the Nuevo Banco Suquía with certain of Banco Suquía’s assets and liabilities. The Central Bank then passed a resolution providing for the sale of Nuevo Banco Suquía and requiring that the purchaser commit to capitalize the bank. In December 2004, the Central Bank approved our acquisition of 100% of the capital stock of Nuevo Banco Suquía. Our acquisition of Nuevo Banco Suquía, gave us a significant presence in the central provinces of Argentina, reinforcing the national scope of our operations, and enabling us to become the private sector bank with the largest branch network in Argentina.

The Company deemed it appropriate and convenient to incorporate Nuevo Banco Suquía into Banco Macro. On June 4, 2007, a preliminary merger agreement and the consolidated balance sheet for merger purposes as of December 31, 2006 and the shares exchange relationship was approved by the Shareholders’ Meetings of both banks.

The exchange relationship has been estimated on the basis of the stockholder’s equity of each bank in 0.710726 shares of Banco Macro per share of Nuevo Banco Suquía S.A. Therefore, the minority shareholders of Nuevo Banco Suquía S.A. will be entitled to receive 0.710726 shares of the Bank for each share they hold in Nuevo Banco Suquía S.A.’s capital stock. On June 4 and June 5, 2007, Shareholders’ Meetings for Banco Macro S.A. and Nuevo Banco Suquía S.A., respectively, resolved to authorize the merger of the two entities and increase the capital stock of Banco Macro S.A. from Ps.683,943,437 to Ps.683,978,973, issuing 35,536 Class B ordinary shares with a Ps. 1.00 par value and one vote per share, to be granted to the minority shareholders of Nuevo Banco Suquía S.A. as a result of the merger. Although this capital increase was authorized in 2007, the new shares were issued on February 12, 2008.

Banco Empresario de Tucumán

In November 2005, the Central Bank, in the context of the restructuring of Banco Empresario de Tucumán, transferred to us a portion of its assets (including its seven branches and the headquarters) and liabilities.

Banco del Tucumán

On April 7, 2006, we obtained the authorizations from the relevant authorities and, on May 5, 2006, we completed the acquisition of 164,850 Class A Shares of Banco del Tucumán, representing 75% of its capital stock. The total purchase price amounted to Ps.45,961,000, paid in cash. Banco del Tucumán has 25 branches and its headquarters in the province of Tucumán and it is currently the financial agent of the province. From September 2006 through December 2006, Banco Macro acquired Class “C” shares in Banco del Tucumán representing 4.84% of its capital stock. Banco Macro’s total equity interest as of December 31, 2006 amounted to 79.84%. On November 28, 2006, the general ordinary and extraordinary shareholders’ meeting of Banco del Tucumán approved a capital stock increase of Ps. 21,980,000, establishing an additional paid-in capital of Ps. 26,171,000. In January 2007, Banco Macro subscribed the total increase. As a result, Banco Macro’s total equity interest increased to 89.932%.

Nuevo Banco Bisel

The run on bank deposits as a result of the economic crisis caused a liquidity crisis for the former Banco Bisel S.A. (“Banco Bisel”). Its controlling shareholder at the time decided not to make additional contributions. As a result, the Central Bank suspended and then restructured Banco Bisel’s operations, creating the Nuevo Banco Bisel with certain of Banco Bisel’s assets and liabilities. The Central Bank then passed a resolution providing for the sale of Nuevo Banco Bisel and requiring that the purchaser commit to capitalize the bank.

In August 2006, we acquired 100% of the voting rights and 92.73% of the capital stock of Nuevo Banco Bisel for Ps.19.5 million pursuant to an auction conducted by Banco de la Nación Argentina. In addition, the Bank, as purchaser of Nuevo Banco Bisel, and SEDESA (“Seguro de Depósitos S.A.”) entered into a put and call options, agreement regarding the preferred shares of Nuevo Banco Bisel.

The transaction was approved by the Central Bank in August 2006 and by the antitrust authorities in September 2006.

On May 28, 2007, the Bank acquired the preferred shares mentioned above by exercising a call option in relation to them. The price payable was fixed at Ps.66,240,000 plus an annual nominal 4% interest to be capitalized annually until payment thereof. Such price will be paid 15 years after taking possession of Nuevo Banco Bisel S.A. (August 11, 2021).

Nuevo Banco Bisel has a strong presence in the central region of Argentina, especially in the province of Santa Fe, and the acquisition has added 158 branches to our branch network.

B. Business Overview

We are one of the leading banks in Argentina. With the most extensive private-sector branch network in the country, we provide standard banking products and services to a nationwide customer base. We distinguish ourselves from our competitors by our strong financial position and by our focus on low- and middle-income individuals and small and medium-sized businesses, generally located outside of the City of Buenos Aires. We believe this strategy offers significant opportunity for continued growth in our banking business. According to the Central Bank, as of December 31, 2007, we were ranked first in terms of equity, second in terms of loans to private sector and third in terms of deposits among private-sector banks. As of December 31, 2007, on a consolidated basis, we had:

- Ps.19,781.2 million (US\$6,277.8 million) in total assets;
- Ps.9,335.6 million (US\$2,962.7 million) in loans to the non-financial private sector;
- Ps.13,591.1 million (US\$4,313.3 million) in total deposits;
- approximately 2,107,500 retail customers and 7,100 corporate customers that provide us with approximately 2.1 million clients; and
- approximately 796,000 employee payroll accounts for private sector customers and provincial governments.

Our consolidated net income for the year ended December 31, 2007 was Ps.495.2 million (US\$157.2 million), representing a return on average equity of 20.2 % and a return on average assets of 2.8 %.

In general, given the relatively low level of banking intermediation in Argentina currently, there are limited products and services being offered. We are focusing on the overall growth of our loan portfolio by expanding our customer base and encouraging them to make use of our lending products. We have a holistic approach to our banking business; we do not manage the bank by segments or divisions or by customer categories, by products and services, by regions, or by any other segmentation for the purpose of allocating resources and assessing profitability. We have savings and checking accounts, credit and debit cards, consumer finance loans and other credit-related products and transactional services available to our individual customers and small and medium-sized businesses through our branch network. We also offer *Plan Sueldo* payroll services, lending, corporate credit cards, mortgage finance, transaction processing and foreign exchange. In addition, our *Plan Sueldo* payroll processing services for private companies and the public sector give us a large and stable customer deposit base.

We emerged from the economic crisis of 2001 and 2002 as a stronger and larger bank. In January 2002, in the midst of the crisis, Banco Macro, our predecessor, acquired a controlling interest in Banco Bansud. The acquisition tripled the size of our bank, as measured by assets, and expanded our geographic presence from the northern provinces of Argentina to the southern provinces. In December 2004, during the recovery period of the Argentine economy, we completed the acquisition of Nuevo Banco Suquía, the leading bank in the central provinces of Argentina, thereby becoming the private sector bank with the country's most extensive branch network. The Nuevo Banco Suquía transaction increased our assets by 41% and our number of branches by 67%. Beginning at the end of 2002 and during the recovery years, we also experienced organic growth as our business in the provinces of Argentina suffered lower levels of volatility than our principal competitors in the City of Buenos Aires. In November 2005, a portion of the assets, including seven branches, the headquarters and liabilities of Banco Empresario de Tucumán were transferred to us. In May 2006, we completed the acquisition of Banco del Tucumán. As a result of these transactions in Tucumán, we increased our branch network by 34 branches, or 14%. More recently, in August 2006, we completed the acquisition of Nuevo Banco Bisel, which added 158 branches, or 56%, to our branch network.

The Argentine economic recovery

We believe that the ongoing recovery of the Argentine economy from the severe crisis of 2001 and 2002, together with the stabilizing business environment, present a growth opportunity for the banking industry. We believe that Argentine banks in a comparatively stronger financial condition should have a competitive advantage in benefiting from this recovery. Argentina's gross domestic product, or GDP, grew 8.8% in 2003, 9.0% in 2004, 9.2% in 2005, 8.5% in 2006 and 8.7% in 2007 after declines of 4.4% in 2001 and 10.9% in 2002. Although there are numerous risks that may result in lower than expected economic performance, the Central Bank's survey of independent forecasting firms indicates a consensus GDP growth estimate of 7.4% for 2008.

In June 2005, the government partially restructured its public debt, further improving the Argentine business environment, and in January 2006, Argentina paid off all outstanding amounts owed to the International Monetary Fund, or IMF. Following the completion of its debt restructuring, Argentina's risk profile has improved substantially as measured by the spread over comparable U.S. Treasuries.

In this context, the financial system is regaining depositors' and borrowers' confidence, while benefiting from improved conditions, favorable growth opportunities and increasing demand for financial services and products. For example, the ratio of 12-month average total deposits as a percentage of annual average GDP was 30.3% for 2000. This ratio reached its lowest level, 22.8% in 2003, before recovering to 23.6% in 2007. Average loans by Argentine banks to the private sector, as a percentage of GDP, were 24.3% in 1999, reached its lowest level of 8.2% in 2004, before recovering to 11.5% in 2007.

Our competitive strengths

We believe we are well positioned to benefit from the opportunities created by the improving economic and business environment in Argentina. Our competitive strengths include the following:

- Strong financial position and consistent profitability. We believe we have emerged from the economic crisis as one of the strongest banks in Argentina, as measured by profitability and balance sheet strength.
- As of December 31, 2007, we have achieved profitability for the last 24 consecutive quarters, the only bank in Argentina to do so, with a return on average equity of 21.1%, 16.4%, 19.7%, 22.2% and 20.2% for 2003, 2004, 2005, 2006 and 2007, compared to -23.6%, -3.0%, 7.5%, 14.8%, and 11.2% respectively, for the Argentine banking system as a whole.
- Our shareholders' equity at December 31, 2007 and 2006, as calculated under Central Bank Rules, was Ps. 2,707.7 million and Ps.2,315.1 million, respectively, and our shareholders' equity under U.S. GAAP at December 31, 2007 and 2006 was Ps. 2,222.4 and Ps.1,956.2 million, respectively.
- Strong presence in fast-growing target customer market. We have achieved a leading position with low- and middle-income individuals and among small and medium-sized businesses, generally located outside of the City of Buenos Aires, which have been relatively underserved by the banking system. As of December 31, 2007, loans for less than Ps.20,000 accounted for 39% of our total private sector loans, almost double the corresponding percentage for the financial system as a whole 19.8%. Based on our experience, this target market offers significant growth opportunities and a stable base of depositors.
- High exposure to export-led growth. Given the geographical location of the customers we target, we have acquired banks with a large number of branches outside of the City of Buenos Aires with the aim of completing our national coverage. Therefore, we are currently the leading bank, based on the number of branches, in the Argentine provinces of Salta, Jujuy, Tucumán and Misiones and one of the leading banks in Córdoba, Santa Fe, Mendoza, Entre Ríos, Río Negro, Tierra del Fuego and Neuquén. Most of these provinces engage in economic activities primarily concentrated in areas such as agriculture, mining, cargo transportation, edible oils, ranching and tourism, which have been benefiting from the export-driven growth in the Argentine economy as a result of the devaluation of the peso.

- Largest private-sector branch network in Argentina. With 427 branches, we have the most extensive branch network among private-sector banks in Argentina. We consider our branch network to be our key distribution channel for marketing our products and services to our entire customer base with a personalized approach. In line with our strategy, approximately 94% of these branches are located outside of the City of Buenos Aires, whereas 80% of the total branches for the Argentine financial system as a whole are located outside this area, which we believe better positions us to focus on our target market.
- Loyal customer base. We have a loyal customer base, as evidenced in part by the quick recovery of our deposit base after the crisis. At the end of the freeze on deposits, or *corralón*, our total deposits increased 51% during the twelve months up to April 2003, while, deposits in the Argentine banking system, as a whole, grew by only 11% during that period. We believe that our customers are loyal to us due to our presence in traditionally underserved markets and to our Plan Sueldo payroll services. We have benefited from Argentine regulations that require all employees to maintain Plan Sueldo accounts for the direct deposit of their wages. In addition, we emphasize face-to-face relationships with our customers and offer them personalized advice.
- Exclusive financial agent for four Argentine provinces. We perform financial agency services for the governments of the provinces of Salta, Jujuy, Misiones and Tucumán in northern Argentina. As a result, each provincial government's bank accounts are held in our bank and we provide all their employees with Plan Sueldo accounts, giving us access to substantial low cost funding and a large number of loyal customers.
- Strong and experienced management team and committed shareholders. We are led by a committed group of shareholders who have transformed our bank from a small wholesale bank to one of the strongest and largest banks in Argentina. Jorge Horacio Brito and Delfín Jorge Ezequiel Carballo, our controlling shareholders, have active senior executive roles in our management and each possesses more than 20 years of experience in the banking industry.

Our strategy

We believe that the ongoing recovery of the Argentine economy, increasing penetration of banking services and a return of bank lending to the private sector, offer a significant opportunity for us to further expand our business. In particular, we believe that the increase in fixed asset investment setting the stage for the recovery of the long-term loan market, following the growth of the short-term credit market. As the economy has grown, we are offering new products, such as floating rate loans and leasing, designed to meet the needs of a growing economy emerging from crisis and moving towards stability. Our strengths position us to better participate in this growth, which we believe will be stronger in our target market of low- and middle-income individuals, small and medium-sized businesses and in the provinces outside the City of Buenos Aires, where we have a leading presence.

Our goal is to promote the overall growth of the bank by increasing our customer base, expanding our loan portfolio and generating more fee income from transactional services. We achieve this goal by managing the bank on a holistic basis, focusing our growth strategy on the marketing and promotion of our standard banking products and services. We have pursued our growth strategy by acquiring banks throughout Argentina, which has enabled us to significantly expand our branch network and customer base. We make acquisition decisions in the context of our long-term strategy of focusing on low- and middle-income individuals, small and medium-sized businesses and to complete our national coverage of Argentina, especially in provinces outside of the City of Buenos Aires. We have taken advantage of the opportunities presented by the Argentine financial system after the crisis, in particular its consolidation, to move into new locations by acquiring banks or absorbing branches from banks liquidated by the Central Bank. Since the crisis, our growth has been fueled by these acquisitions as well as organic growth, without the need to open or move branches.

We intend to continue enhancing our position as a leading Argentine bank by taking advantage of the ongoing recovery of Argentina and its financial system, which we believe will increase value to our shareholders and our competitiveness. The key elements of our strategy include:

- Focus on underserved markets with strong growth potential. We intend to continue focusing on both low- and middle-income individuals and small and medium-sized businesses, most of which have traditionally been underserved by the Argentine banking system and are generally located outside of the City of Buenos Aires, where competition is relatively weaker and where we have achieved a leading presence. We believe that these markets offer attractive opportunities given the low penetration of banking services and limited competition. We believe the provinces outside of the City of Buenos Aires that we serve are likely to grow faster than the Argentine economy as a whole because their export-driven economies have benefited from the devaluation of the peso and higher prices for agricultural products and commodities.
- Further expand our customer base. We intend to continue growing our customer base, which is essential to increasing interest and fee-based revenues. To attract new customers we intend to:
 - Utilize our extensive branch network. We intend to utilize our extensive branch network, which we consider our key distribution channel, to market our products and services to our entire customer base. We utilize a personalized approach to attract new customers by providing convenient and personalized banking services close to their homes and facilities.

- Offer medium- and long-term credit. We intend to capitalize on the increased demand for long-term credit that we believe will accompany the expected continued economic growth in Argentina. We intend to use our strong liquidity and our capital base to offer a more readily available range of medium- and long-term credit products than our competitors.
- Expand Plan Sueldo payroll services. We will continue to actively market our Plan Sueldo payroll services, emphasizing the benefits of our extensive network for companies with nationwide or regional needs.
- Expand our financial agency services to new provinces. We intend to take advantage of our experience as a financial agent to provincial governments in Argentina to expand these services into new provinces.
- Offer personalized service. We offer our clients a menu of products and personalized, face-to-face advice to help them select the banking services that best respond to their needs.
- Focus on efficiency and cost control. We intend to increase our efficiency. In particular, we expect to expand lending to Nuevo Banco Bisel's customers, thereby creating new economies of scale, and reduce costs in connection with the integration of both entities. We were upgrading our information systems and other technology to reduce further our operating costs and to support larger transaction volumes nationally. We have completed the integration of Nuevo Banco Suquía during the second half of 2007 and we expect to complete the integration of Nuevo Banco Bisel during the second half of 2009.
- Extend existing corporate relationships to their distributors and suppliers. We have established relationships with major corporations in Argentina and will focus our marketing efforts on providing services to their distributors, suppliers, customers and employees, including providing working capital financing and Plan Sueldo payroll services.
- Increase cross-selling. We plan to increase cross-selling of products and services to our existing clients. Since almost all of our clients have a checking and savings account, we have a significant opportunity to expand our relationships with them through other products such as credit cards, loans and insurance. For example, strong cross-selling opportunities lie with our Plan Sueldo clients, of whom only 24% currently have personal loans from us.

Our products and services

We provide our customers with a combination of standard products and services that is designed to suit individual needs. We have two broad categories of customers: retail customers, which include individuals and very small companies, and corporate customers, which include small, medium and large companies and major corporations. In addition, we provide services to four provincial governments. We offer a relatively narrow range of standard products, which are generally available to both our retail and corporate customers. We have a holistic approach to our banking business with a single commercial division responsible for all of our customers and our branch network; we do not manage the bank by segments or divisions or by customer categories, by products and services, by regions, or by any other segmentation for the purpose of allocating resources or assessing profitability. Our strategy is to grow our business, as demand for credit in Argentina increases, by focusing on cross-selling opportunities among our broad customer base. The following discussion of our business follows the broad customer categories of retail and corporate as a way to understand who our customers are and the products and services that we provide.

Retail Customers

Overview

Retail customers are individuals, entrepreneurs and very small companies (companies with less than Ps.1 million in sales per year). We provide services to them throughout Argentina, in particular outside of the City of Buenos Aires, which has higher concentrations of low- and middle-income individuals who are traditionally underserved by large private banks. We serve our retail customers through our extensive, nationwide branch network. Approximately 94% of our branches (including the branches acquired from our purchase of Nuevo Banco Bisel) are located outside of the City of Buenos Aires.

Our retail customers provide us with a key source of funding as well as a significant interest and fee income. We believe that our large retail customer client base provides us with an excellent opportunity to expand the volume of our lending business. For example, of approximately 2,107,500 retail customers that are customers, only 24% currently have a personal loan from us and only 31% currently have a credit card, and we believe there is strong potential to increase these percentages. As of December 31, 2007, we had retail customers with an aggregate loan portfolio of Ps. 5,208 million.

We offer our retail customers traditional banking products and services such as savings and checking accounts, time deposits, credit and debit cards, consumer finance loans (including personal loans), mortgage loans, car loans, overdrafts, credit-related services, home and car insurance coverage, tax collection, utility payments, ATMs and money transfers.

Our efforts were aimed at strengthening relationships with our customers by offering them the products that are best suited to their needs and circumstances, based on our individualized, professional advice, which we believe is an important feature that distinguishes us in serving our target markets.

Savings and checking accounts and time deposits

We generate fees from providing savings and checking account maintenance, account statements, check processing and other direct banking transactions, direct debits, fund transfers, payment orders and bank debit cards. In addition, our time deposits provide us with a strong and stable funding base. For information on average interest rates, see “Selected statistical information.”

Product	Approximate number of retail accounts (as of December 31, 2007)
Savings	
Total savings accounts	1,467,222
<i>Plan Sueldo</i> (private sector)	526,021
<i>Plan Sueldo</i> (public sector)	270,236
Retirees	276,241
Open market	394,724
Checking	
Checking accounts	106,303
Electronic account access	
Debit cards	1,279,471

Lending products and services

We offer personal loans, advances, document discounts, (housing) mortgages, overdrafts, car loans and credit card loans to our retail customers. At December 31, 2007, we had a 15.5% market share for personal loans, which ranked us second in the Argentine banking system in the provision of consumer loans and first among private sector banks. We intend to continue to increase our retail lending by focusing our marketing efforts on underserved target markets such as the low- and middle-income individuals and to cross-sell our retail lending products to our existing customers, particularly those who have savings and checking accounts with us because we provide payroll and pension services to their employers. Financings granted by us to these customers through consumer loans and *Macroadelantos*, (advances on salaries), have a delinquency rate under 1% since the receipt of the borrower’s salary ensures the payment of the applicable loan installment prior to the release of the wages to the borrower. We are also one of the major credit card issuers, with approximately 822,100 cards in circulation as of December 31, 2007. One of our initiatives to expand lending is to encourage low- and middle-income customers to use credit cards for larger purchases. The table below sets forth information about loans to retail customers (which we define here as loans to individuals and loans to very small companies in an amount up to Ps.20,000) as of December 31, 2007:

Loans to retail customers (in pesos except where noted) (as of December 31, 2007)							
	Personal loans	Documents(1)	Mortgage loans	Overdrafts	Pledged loans(2)	Credit card loans	Others
Percentage of gross retail private sector loan portfolio	62.3%	6.0%	8.2%	4.4%	4.1%	13.5%	1.5%
Total customers with outstanding loans	446,860	8,575	9,093	169,780	5,194	452,593	2,403
Average gross loan amount	7,256	36,176	47,117	1,363	40,790	1,555	33,225

- (1) *Factoring, check cashing advances and loans with promissory notes.*
- (2) *Primarily secured auto loans.*

Interest rates and maturities vary across products. For example, personal loans carry an average interest rate of 25.3% and an average maturity of 48.7 months.

Corporate Customers

Overview

We provide our corporate customers with traditional banking products and services such as deposits, lending (including overdraft facilities), check cashing advances and factoring, guaranteed loans and credit lines for financing foreign trade and cash management services. We also provide them trust, payroll and financial agency services, corporate credit cards and other specialty products. We have four categories for our corporate customers: small companies, which have up to Ps.14 million in sales per year; medium companies, which have between Ps.14 million and Ps.43 million in sales per year; large companies, which have between Ps.43 million and Ps.120 million in sales per year and major companies, which have more than Ps.120 million in sales per year. Approximately 94% of our corporate customers are small businesses. Important sectors within our corporate customer base include the agro-industrial, transportation and food and beverage. Our corporate customer base also acts as a source of demand for our excess liquidity through overnight and short-term loans to major corporate customers. See “Item 5 — Operating and Financial Review and Prospects — liquidity and capital resources.”

Plan Sueldo payroll services

Since 2001, Argentine labor law has provided for the mandatory payment of wages through accounts opened by employers in the name of each employee at financial institutions within two kilometers of the workplace, in the case of urban areas, and ten kilometers of the workplace, in the case of rural areas. There are similar requirements in place for pension payments. We handle payroll processing for private sector companies and the public sector, or *Macrosueldos*, which requires employers to maintain an account with us for the direct deposit of employee wages. Currently, we administer the payroll services for the governments of the Argentine provinces of Misiones, Salta, Jujuy and Tucumán and for a total of 1,072,498 retail clients (including retirees). Our payroll services provide us with a large and diversified depositor base with significant cross-selling potential. See “—Our Products and Services—Retail Customers.”

Lending products and services

Our lending activities to the corporate sector (defined here as firms with loans outstanding in excess of Ps.20,000) totaled Ps.4,127 million. Most of our current lending activity consists of working capital loans to small and medium-sized businesses. Our historic focus on small and medium-sized businesses has enabled us to diversify our credit risk exposure, by granting smaller-sized loans to clients in diverse business sectors. As of December 31, 2007, the average principal amount of our corporate loans were Ps.366,000 and our 20 largest private sector loans accounted for 35.8% of our total corporate loans.

We offer short-term and medium- to long-term corporate lending products.

Short-term: Products include credit lines for up to 180 days and consist mainly of overdraft facilities, corporate credit and debit cards and factoring, as well as foreign trade related financing, such as pre-export, post-shipment and import financing. These products also include contingency lines, such as short-term guarantees (performance guarantees and bid bonds) and import letters of credit. The credit risk assigned to these kinds of transactions is the debtor rating described below, unless increased as a result of a pledge or a guarantee.

Medium- to long-term: Products include credit lines and specific lending facilities of more than 180 days. Credits are usually asset-based, such as leasing, whereby a credit enhancement is achieved by means of the underlying asset.

Medium- to long-term facilities risks are mitigated through different mechanisms that range from pledges and mortgages to structured deals through financial trusts whereby the debtor pledges the underlying asset, mostly future income flows. Regardless of the term and based on the fact that these credit lines are devoted to small to medium-size companies, our policy is to require personal guarantees from the owners, although the underlying debtor rating remains unchanged.

As of December 31, 2007, our loans to corporate customers were as follows:

	Loans to companies in excess of Ps.20,000, (as of December 31, 2007)	
	(in millions of pesos)	Percentage of corporate loan portfolio
Overdrafts	1,290.5	31.3%
Documents(1)	780.3	18.9%
Pledged loans(2)	149.8	3.6%
Mortgage loans	219.9	5.3%
Other(3)	1,668.8	40.4%
Corporate credit cards	18.0	0.5%
Total	4,127.3	100.0%

(1) *Factoring, check cashing advances and promissory notes.*

(2) *Primarily securing cargo transportation equipment.*

(3) *Mostly structured loans (medium- and long-term).*

Transaction services

We offer transaction services to our corporate customers, such as cash management, customer collections, payments to suppliers, payroll administration, foreign exchange transactions, foreign trade services, corporate credit cards, and information services, such as our Datanet and Interpymes services. There are usually no credit risks involved in these transactions, except for intra-day gapping (payments done against incoming collections) as well as settlement and pre-settlement related to foreign exchange transactions which, in general, are approved following the debtor rating process explained above.

Payments to suppliers. Our payments to suppliers services enable our customers to meet their payment obligations to their suppliers on a timely basis through a simple and efficient system. This service also provides payment liquidations, tax payment receipts, invoices and any other documents required by the payer.

Collection services. Our collection services include cash or check deposits at our 427 branches, automatic and direct debits from checking or savings accounts and the transportation of funds collected from corporate customers to our branches for deposit. Our extensive branch network enables us to offer fast and efficient collection services throughout Argentina, which is of critical importance to both regional and nationwide companies.

Datanet and Interpymes. We provide our corporate clients with access to the Datanet service, which is an electronic banking network linking member banks in Argentina. These services permit our clients to obtain reliable on-line information on a real-time basis from their bank accounts in Datanet as well as perform certain transactions.

Interpymes is an electronic banking system designed to meet the needs of small businesses. It does not require special installation procedures and is easily accessible through the Internet, helping to simplify day-to-day operations for our customers.

Tax collection and financial agency services. We also have exclusive, long-term arrangements to provide tax collection and financial agency services to four provinces.

Our distribution network

We have the largest private sector branch network in the country with 427 branches (including Nuevo Banco Bisel) spread throughout Argentina. In particular, in line with our strategy of expanding nationally, we have extensive coverage of the provinces of Argentina with 94% of our branches located outside of the City of Buenos Aires. Furthermore, we have 24 service points used for social security benefit payments and servicing of checking and savings accounts; 738 ATMs; and an internet banking service. The following table breaks down the current distribution of our branches per province and sets forth our market share for all banks in those provinces:

Province	As of December 31, 2007		
	Banco Macro		Market Share of Total Branches in Each Province
	Branches	% of Total	
City of Buenos Aires	24	5.62%	3.09%
Buenos Aires (rest)	53	12.41%	4.28%
Catamarca	1	0.23%	4.76%
Chaco	2	0.47%	3.28%
Chubut	4	0.94%	5.13%
Córdoba	73	17.10%	18.43%
Corrientes	3	0.70%	4.92%
Entre Ríos	6	1.41%	5.04%
Formosa	—	0.00%	0.00%
Jujuy	15	3.51%	51.72%
La Pampa	2	0.47%	1.89%
La Rioja	2	0.47%	7.69%
Mendoza	13	3.04%	9.29%
Misiones	35	8.20%	53.85%
Neuquén	4	0.94%	5.71%
Río Negro	7	1.64%	11.29%
Salta	24	5.62%	48.00%
San Juan	1	0.23%	2.78%
San Luis	1	0.23%	2.44%
Santa Cruz	2	0.47%	5.26%
Santa Fe	124	29.04%	28.70%
Santiago del Estero	1	0.23%	2.22%
Tierra del Fuego	2	0.47%	11.76%
Tucumán	28	6.56%	46.67%
TOTAL	427	100.0%	10.70%

Credit risk management

Credit policy

Our board of directors approves our credit policy and credit analysis based on the following guidelines:

- we seek to maintain a high quality portfolio that is diversified among customers;
- decisions regarding loan amounts are made following conservative parameters based upon the customer’s capital, cash flow and profitability, in the case of companies, and the customer’s income and asset base, in the case of individuals;
- the term of the loans offered to meet the customer’s needs must be appropriate for the purpose of the loan and the customer’s ability to repay the loan;

- transactions must be appropriately secured according to the loan’s term and the level of risk involved, and in the case of lending to small and medium-sized companies, we request personal guarantees from the company’s owners; and
- we continuously monitor credit portfolios and customer payment performance.
- transactions must be appropriately secured according to the loan’s term and the level of risk involved, and in the case of lending to small and medium-sized companies, we request personal guarantees from the company’s owners; and
- we continuously monitor credit portfolios and customer payment performance.

Loan application process

We establish contact with loan applicants through an officer, who is in charge of gathering the applicant’s information and documentation, visiting the applicant, obtaining the reasons for the loan request and making an initial assessment of the application. The loan proposal is then reviewed by a banking manager and, if it complies with our credit policy, it is referred to our credit risk assessment management division, which prepares a risk report. The risk report is then provided to a committee in charge of reviewing and granting the loan. Depending upon the amount and type of loan involved, the responsible committee will be one of three committees acting under the supervision of our board of directors and responsible for reviewing and determining whether to approve the loan: a senior committee, a junior committee or a regional committee. The senior committee consists of members of senior management, including our chairman and vice chairman, and considers loan proposals in excess of Ps.5,000,000.

Our credit policies for individuals are based upon the applicable product lines, including credit cards, current account overdrafts, *Macroadelantos*, personal loans, chattel and real estate mortgage loans, and stipulate the permitted terms, maximum amounts available and interest rates. The amount of the customer’s indebtedness, loan repayment capability based on current income, and credit history are key tools used in assessing each application.

Credit risk rating

In order to determine the credit risk, our risk management division qualifies each company by means of a risk rating model, assigning to a debtor a rating that ranges from 1 to 10, 1 being the highest risk and 10 the lowest. The risk rating model takes into consideration quantitative as well as qualitative concepts. Our lending policy establishes that companies with debtor ratings of 1, 2, 3 and 4 are outside of our business scope, while middle market companies, our main target group, usually have ratings of 5 to 7.

Credit monitoring and review process

Credit monitoring involves carefully monitoring the use of the loan proceeds by the customer, as well as the customer’s loan repayment performance with the objective of pre-empting problems relating to the timely repayment of the loan. The credit monitoring and review process also aims to take all steps necessary to keep delinquent loans within the parameters established by our credit policy for the purpose of curing the delinquency. If this objective is not accomplished, our credit management division will direct the collection of the loan to our pre-legal or legal collection unit. We standardize the early stages of the collection process by different measures (including contact by telephone and letter), beginning five days after maturity.

Technology

We invest substantially in the development of technology so that we are able to respond promptly to market requirements, reduce costs and increase revenues. We updated our core systems in 2004 and 2005, acquired a workflow system and enhanced our data warehouse system. Most of our technology investments during the last three years have related to the integration of operating platforms as a result of our acquisitions of other banks. We expect to invest approximately US\$10 million in technology improvements during the next year, and to invest additional funds for the integration of the Nuevo Banco Bisel’s system.

We were dedicated to improving our systems to provide our branch network with enhanced operating capacity. In addition, we were analyzing, developing and implementing the following technology initiatives:

- defining long-term data processing solutions to ensure consolidation of data processing centers, particularly in light of our acquisitions of Nuevo Banco Suquía and Nuevo Banco Bisel;
- unifying policies (operations, data processing systems and security), technological standards, working operational models and metrics; and
- upgrading our technology to maintain market level security standards.

Competition

We believe that we have an important advantage over our competitors in providing banking products and services to small communities in the provinces of Argentina as a result of the close community relationships and strong loyalty we have developed over time with our customers in these areas. We consider Santander Río, Banco de Galicia y Buenos Aires S.A., BBVA Banco Francés S.A. and HSBC Argentina S.A. to be our main competitors. We also compete with regional banks. In the future, we expect competition to increase in corporate transactions products and long-term lending, mortgage lending and other secured financings, credit cards, specialized credit packages, salary payment services and investment management services.

Banking industry

The Argentine banking industry was severely impacted by the 2001-2002 economic crisis. However, the current recovery has led to positive trends in the sector in terms of scale, profitability/solvency and asset quality.

Scale

Assets and deposits have experienced an important recovery since 2001. We believe the public in general has regained confidence in the financial system, as evidenced by the growth in deposits. Total deposits increased to Ps.205,551 million as of December 31, 2007 after declining from Ps.86,570 million as of December 2000 to Ps.66,447 million as of December 2001. However, the rebound of credit activity has been slower, with levels of private credit-to-GDP of 12% as of December 2007, well below the 23.3% activity for 2000. At the same time, the average net worth of the financial system was increased from Ps.17,082 million in 2001 to Ps.35,479 million in December 2007, and earnings, which began to fall in 1998 as a consequence of the economic recession returned to profits in 2005 achieving a total of Ps.3,961 million as of December 31, 2007.

	2003(1)	2004(1)	2005	2006	2007
	(millions of pesos)				
Total Assets(2)	185,740	200,179	218,453	244,070	285,719
Total Deposits(2)	85,758	108,151	127,382	155,345	191,653
Gross Private Sector Loans(2)	34,205	36,917	47,972	66,896	93,091

Source: Central Bank

(1) In constant pesos as of February 28, 2003.

(2) Twelve-month average.

Profitability

In 2002, the Argentine banking system lost Ps.19,287 million in total. Out of the 100 banks in existence at that time, only 25 recorded profits, totaling Ps.1,144 million, while the remaining 75 lost approximately Ps.20,431 million in total. Although the number of profitable banks increased to 45 and 58 in 2003 and 2004, respectively, the financial system continued having losses of Ps.5,487 million and Ps.657 million. During 2005 and 2006 the number of profitable banks increased to 69 and 74, the financial system showed as of those dates net income of Ps.1,932 million and Ps. 4,473 respectively.

The Argentine banking system has shown accumulated profits of Ps.3,961 million for the twelve months ended December 31, 2007, representing a return on equity of 11.2% and a return on assets of 1.4%.

	2003(1)	2004(1)	2005	2006	2007
Net (loss) income (in millions of pesos)	(5,487)	(657)	1,932	4,473	3,961
Return on average equity	(23.6)%	(3)%	7.5%	14.8%	11.2%
Return on average assets	(3.0)%	(0.3)%	0.9%	1.8%	1.4%

Source: Central Bank

(1) In millions of constant pesos as of February 28, 2003.

Asset Quality

The non-performing credit portfolio of the financial system increased during the crisis. In 2002, the ratio of the non-performing portfolio to total credit portfolio for the Argentine banking system reached 18.1%, while the ratio in the private sector was worse, reaching 38.6%. In the following year, the financial system began to recover, although the ratio was similar to the level seen in 2003. Since 2004, the ratios have continued to recover. As of December 31, 2007, non-performing credit portfolio levels continued to improve by dropping to 2.7% of the total credit portfolio, while the ratio for the private sector decreased to 3.2%.

	2003	2004	2005	2006	2007
Non-performing Credit Portfolio	17.7%	10.7%	5.2%	3.4%	2.7%
Non-performing Credit Portfolio — Private Sector	33.5%	18.6%	7.6%	4.5%	3.2%

Source: Central Bank

Competitive landscape

There are seven institutions that consistently rank in the top ten based on private sector loans, equity and private sector deposits: Banco de la Nación Argentina and Banco de la Provincia de Buenos Aires, which are both public banks, Banco Macro and Banco de Galicia y Buenos Aires, which are both domestic banks, and Banco Santander Río, HSBC Bank Argentina and BBVA Banco Francés, which are foreign-owned banks. Only six of these (Banco de la Nación Argentina, Banco de la Provincia de Buenos Aires, BBVA Banco Francés, Banco Santander Río, HSBC Bank Argentina and Banco Macro) also ranked among the ten banks with the largest net income for the twelve months ended December 31, 2007. Below are the rankings of these banks across these metrics:

Private Sector Loans (As of December 31, 2007)	Ps. Million	Market Share (% share of total private sector loans for the Argentine financial system)
1 BANCO DE LA NACION ARGENTINA (1)	11,718	10.4%
2 BANCO SANTANDER RIO S.A.	11,121	9.9%
3 BANCO MACRO S.A.(2)	9,336	8.3%
4 BANCO DE GALICIA Y DE BUENOS AIRES S.A.	8,586	7.6%
5 BBVA BANCO FRANCES S.A	8,437	7.5%
6 BANCO DE LA PROVINCIA DE BUENOS AIRES(1)	7,549	6.7%
7 HSBC BANK ARGENTINA S.A	6,243	5.5%
8 CITIBANK N.A	4,564	4.1%
9 BANCO CREDICOOP COOPERATIVO LIMITADO	3,968	3.5%
10 BANCO HIPOTECARIO S.A.	3,955	3.5%
OTHER	37,074	33.0%
TOTAL	112,551	100.0%

Source: Central Bank

- (1) Public sector banks.
(2) From our consolidated financial statements.

Equity (As of December 31, 2007)	Ps. Million	Market Share (% share of equity for the Argentine financial system)
1 BANCO DE LA NACION ARGENTINA(1)	6,880	18.7%
2 BANCO MACRO S.A.(2)	2,708	7.4%
3 BANCO HIPOTECARIO S.A.	2,642	7.2%
4 BBVA BANCO FRANCES S.A.	2,057	5.6%
5 BANCO DE GALICIA Y BUENOS AIRES S.A.	1,759	4.8%
6 BANCO DE LA PROVINCIA DE BUENOS AIRES(1)	1,617	4.4%
7 BANCO SANTANDER RIO S.A.	1,575	4.3%
8 BANCO DE LA CIUDAD DE BUENOS AIRES(1)	1,443	3.9%
9 BANCO PATAGONIA S.A.	1,377	3.7%
10 HSBC BANK ARGENTINA S.A.	1,264	3.4%
OTHER	13,489	36.6%
TOTAL	36,811	100.0%

Source: Central Bank

- (1) Public sector banks.
(2) From our consolidated financial statements.

Private Sector Deposits (As of December 31, 2007)	Ps. Million	Market Share (% share of total private sector deposits for the Argentine financial system)
1 BANCO DE LA NACION ARGENTINA(1)	21,181	13.4%
2 BANCO SANTANDER RIO S.A.	15,103	9.5%
3 BBVA BANCO FRANCES S.A.	14,828	9.4%
4 BANCO DE GALICIA Y BUENOS AIRES S.A.	12,629	8.0%
5 BANCO DE LA PROVINCIA DE BUENOS AIRES(1)	12,228	7.7%
6 BANCO MACRO S.A.(2)	11,804	7.4%
7 HSBC BANK ARGENTINA S.A	8,814	5.6%
8 CITIBANK N.A.	8,140	5.1%
9 BANCO DE LA CIUDAD DE BUENOS AIRES(1)	7,265	4.6%
10 BANCO CREDICOOP COOPERATIVO LIMITADO	6,974	4.4%
OTHER	39,487	24.9%
TOTAL	158,453	100.0%

Source: Central Bank

- (1) Public sector banks.
(2) From our consolidated financial statements.

Net Income (12 months ended December 31, 2007)	Ps. Million
1 BANCO DE LA NACION ARGENTINA(1)	740
2 BANCO MACRO S.A.(2)	495
3 BANCO SANTANDER RIO S.A.	266
4 BBVA BANCO FRANCES S.A.	235
5 CITIBANK N.A.	234
6 BANCO DE LA PROVINCIA DE BUENOS AIRES (1)	214
7 BANCO DE SAN JUAN S.A.	209
8 NUEVO BANCO DE SANTA FE SOCIEDAD ANONIMA	159
9 HSBC BANK ARGENTINA S.A.	136
10 BANCO PATAGONIA S.A.	133
OTHER	969
TOTAL	3,790

Source: Central Bank

(1) Public sector banks.

(2) From our consolidated financial statements.

We were the most profitable bank among private sector banks, measured by net income. As of December 31, 2007, our return annualized on average equity was 20.2% compared to the 11.1% for private-sector banks and 11.2% for the banking system as a whole.

There is a large concentration of branches in the Buenos Aires area, as the following table shows. We have the most extensive private-sector branch network in Argentina, and a leading regional presence in ten Provinces including Santa Fe, Córdoba, Río Negro, Mendoza, Entre Ríos, Neuquén and Tierra del Fuego, in addition to Misiones, Salta, Tucumán and Jujuy where we are the largest bank in terms of branches.

As of December 31, 2007					
Province	Banking System		Banco Macro		Market Share (% share of total # of branches in each province)
	Branches	% of Total	Branches	% of Total	
CITY OF BUENOS AIRES	777	19.5%	24	5.6%	3.1%
BUENOS AIRES-REST	1,239	31.1%	53	12.4%	4.3%
CATAMARCA	21	0.5%	1	0.2%	4.8%
CHACO	61	1.5%	2	0.5%	3.3%
CHUBUT	78	2.0%	4	1.0%	5.1%
CORDOBA	396	9.9%	73	17.1%	18.4%
CORRIENTES	61	1.5%	3	0.7%	4.9%
ENTRE RIOS	119	3.0%	6	1.4%	5.0%
FORMOSA	18	0.5%	0	0.0%	0.0%
JUJUY	29	0.7%	15	3.5%	51.7%
LA PAMPA	106	2.7%	2	0.5%	1.9%
LA RIOJA	26	0.7%	2	0.5%	7.7%
MENDOZA	140	3.5%	13	3.0%	9.3%
MISIONES	65	1.6%	35	8.2%	53.8%
NEUQUÉN	70	1.8%	4	1.0%	5.7%
RIO NEGRO	62	1.6%	7	1.6%	11.3%
SALTA	50	1.3%	24	5.6%	48.0%
SAN JUAN	36	0.9%	1	0.2%	2.8%
SAN LUIS	41	1.0%	1	0.2%	2.4%
SANTA CRUZ	38	1.0%	2	0.5%	5.3%
SANTA FE	432	10.8%	124	29.0%	28.6%
SANTIAGO DEL ESTERO	45	1.1%	1	0.2%	2.2%
TIERRA DEL FUEGO	17	0.4%	2	0.5%	11.8%
TUCUMAN	60	1.4%	28	6.6%	46.7%
TOTAL	3,987	100.0%	427	100.0%	10.7%

Approximately 80% of the branches in the Argentine financial system are outside the City of Buenos Aires while approximately 94% of our branches are outside the City of Buenos Aires. The ten largest banks, in terms of branches, account for 62% of the total amount of the system. We are second to Banco de la Nación Argentina in terms of market share outside the City of Buenos Aires, with a market share of 13%.

	Number of Provinces Served	Total Number of Branches	Market Share of Branches in Argentina	Branches in City of Buenos Aires	Market Share of Branches in City of Buenos Aires	Branches in the Rest of Country	Market Share of Branches in Rest of Country	% of Branches in the Rest of Country
1 BANCO MACRO S.A.	23	427	11 %	24	3%	403	13%	94%
2 BANCO DE LA NACION ARGENTINA (1)	24	623	16%	64	8%	559	17%	90%
3 BANCO CREDICOOP COOPERATIVO LIMITADO	18	238	6%	35	4%	203	6%	85%
4 COMPAÑIA FINANCIERA ARGENTINA S.A.	18	61	2%	10	1%	51	2%	84%
5 BANCO PATAGONIA S.A.	24	133	3%	37	5%	96	3%	72%
6 BANCO SANTANDER RIO S.A.	21	244	6%	74	10%	170	5%	70%
7 BANCO DE GALICIA Y BUENOS AIRES S.A.	24	232	6%	76	10%	156	5%	67%
8 HSBC BANK ARGENTINA S.A.	19	144	4%	50	6%	94	3%	65%
9 BBVA BANCO FRANCES S.A.	24	235	6%	83	11%	152	5%	65%
10 CITIBANK N.A.	16	60	2%	22	3%	38	1%	63%
OTHER	24	1,590	38%	303	39%	1,287	40%	81%
TOTAL	24	3,987	100.0 %	778	100.0 %	3,209	100.0 %	80 %

Source: Central Bank and our consolidated financial statements.

- (1) Public sector banks.
- (2) Includes the branches of Banco Macro, Nuevo Banco Suquía, Banco del Tucumán and Nuevo Banco Bisel.
- (3) Ranking based on financial institutions which have 50 branches or more and with presence in 15 provinces or more.

Argentine Banking Regulation

Overview

Founded in 1935, the Central Bank is the principal monetary and financial authority in Argentina. It is responsible for maintaining stability in the value of the domestic currency, establishing and implementing monetary policy and regulating the financial sector. It operates pursuant to its charter and the provisions of the Argentine Financial Institutions Law. Under the terms of its charter, the Central Bank must operate independently from the Argentine government.

Since 1977, banking activities in Argentina have been regulated primarily by the Argentine Financial Institutions Law, which empowers the Central Bank to regulate the financial sector. The Central Bank regulates and supervises the Argentine banking system through the Superintendencia de Entidades Financieras y Cambiarias, or the Superintendency of Financial and Exchange Entities, or the Superintendency. The Superintendency is responsible for enforcing Argentina's banking laws, establishing accounting and financial reporting requirements for the banking sector, monitoring and regulating the lending practices of financial institutions and establishing rules for participation of financial institutions in the foreign exchange market and the issuance of bonds and other securities, among other functions. These powers of the Central Bank include the authority to fix minimum capital, liquidity and solvency requirements, approve bank mergers, approve certain capital increases and transfers of stock, grant and revoke banking licenses, and to authorize the establishment of branches of foreign financial institutions in Argentina and the extension of financial assistance to financial institutions in cases of temporary liquidity or solvency problems.

The Central Bank also establishes different "technical ratios" that must be observed by financial entities with respect to levels of solvency, liquidity, credits risks and foreign exchange assets and liability positions.

In addition, financial entities need the authorization of the Central Bank for the disposition of their assets, such as opening or changing branches or ATMs, acquiring share interests in other financial or non-financial corporations and establishing liens over their assets, among others.

As supervisor of the financial system, the Central Bank requires financial institutions to submit information on a daily, monthly, quarterly, semi-annual and annual basis. These reports, which include balance sheets and income statements, information relating to reserve funds, use of deposits, classifications of portfolio quality (including details on principal debtors and any allowances for loan losses), compliance with capital requirements and any other relevant information, allow the Central Bank to monitor the business practices of financial entities. In order to confirm the accuracy of the information provided, the Central Bank is authorized to carry out inspections.

If the Central Bank's rules are not complied with, various sanctions may be imposed by the Superintendency, depending on the level of infringement. These sanctions range from a notice of non-compliance to the imposition of fines or even the revocation of the financial entity's operating license. Additionally, non-compliance with certain rules may result in the compulsory filing of specific adequacy or restructuring plans with the Central Bank. These plans must be approved by the Central Bank in order to permit the financial institution to remain in business.

Banking regulations

Since 1994, the Central Bank has supervised the Argentine financial entities on a consolidated basis. Such entities must file periodic consolidated financial statements that reflect the operations of head offices or headquarters as well as those of their branches in Argentina and abroad, and of their significant subsidiaries, whether domestic or foreign. Accordingly, requirements in relation to liquidity and solvency, minimum capital, risk concentration and loan loss provisions, among others, should be calculated on a consolidated basis.

Permitted activities and investments

The Argentine Financial Institutions Law governs any individuals and entities that are part of the financial system, including commercial banks, investment banks, mortgage banks, financial companies, savings and loan companies for residential purposes and credit unions. Except for commercial banks, which are authorized to conduct all financial activities and services that are specifically established by law or by regulations of the Central Bank, the activities that may be carried out by Argentine financial entities are set forth in the Argentine Financial Institutions Law and related Central Bank regulations. Some of the activities permitted for commercial banks include the ability to (i) receive deposits from the public in both local and foreign currency; (ii) underwrite, acquire, place or negotiate debt securities, including government securities, in the over-the-counter market; (iii) make and receive loans; (iv) guarantee customers' debts; (v) act as custodians of pension funds, or *Administradoras de Fondos de Jubilaciones y Pensiones*; (vi) conduct transactions in foreign currency; (vii) issue credit cards; (viii) act, subject to certain conditions, as brokers in real estate transactions; (ix) carry out commercial financing transactions; and (x) act as registrars of mortgage bonds. In addition, pursuant to the Argentine Financial Institutions Law and Central Bank Communication A 3086, commercial banks are authorized to operate commercial, industrial, agricultural and other types of companies that do not provide supplemental services to the banking services (as defined by applicable Central Bank regulations) to the extent that the commercial bank's interest in such companies does not exceed 12.5% of its voting stock or 12.5% of its capital stock. However, even when commercial banks' interests do not reach such percentages, they are not allowed to operate such companies if (i) such interest allows them to control a majority of votes at a shareholders' meeting, or (ii) the Central Bank does not authorize the acquisition.

Under Central Bank regulations, the total amount of the investments of a commercial bank in the capital stock of third parties, including interests in Argentine mutual funds, may not exceed 50% of such bank's regulatory capital, or *Responsabilidad Patrimonial Computable*, or RPC. In addition, the total amount of a commercial bank's investments in the following: (i) unlisted stock, excluding interests in companies that provide services that are supplementary to the finance business and interests in state-owned companies that provide public services, (ii) listed stock and interests in mutual funds that do not give rise to minimum capital requirements on the basis of market risk, and (iii) listed stock that does not have a "largely publicly available market price," taken as a whole, is limited to 15% of such bank's RPC. To this effect, a given stock's market price is considered to be "largely publicly available" when daily quotations of relevant transactions are available, which quotations would not be significantly affected by a disposition of the bank's holdings of such stock.

Operations and activities that banks are not permitted to perform

The Argentine Financial Institutions Law prohibits commercial banks from: (a) creating liens on their assets without prior approval from the Central Bank, (b) accepting their own shares as security, (c) conducting transactions with their own directors or managers and with companies or persons related thereto under terms that are more favorable than those regularly offered to other customers, and (d) carrying out commercial or industrial activities without prior approval of the Central Bank, except those considered financially related activities under Central Bank regulations. Notwithstanding the foregoing, banks may own shares in other financial institutions with the prior approval of the Central Bank, and in public services companies, if necessary to obtain those services.

LIQUIDITY AND SOLVENCY REQUIREMENTS

Minimum capital requirements

The Central Bank requires that financial institutions maintain minimum capital amounts measured as of each month closing, which are defined as a ratio of the counterparty risk and interest rate risk of the financial institution's assets. Such requirement should be compared to the basic requirement, which is explained below, taking into account the one with the highest value. The basic requirement varies depending on the type of institution and the jurisdiction in which the relevant institution is registered, from Ps. 10 million to Ps. 25 million, for banks, and from Ps. 5 million to Ps. 10 million for other institutions.

In addition, financial institutions must comply with a market risk requirement that is calculated on a daily basis.

Description of Argentine Tier 1 and Tier 2 Capital Regulations

The Central Bank takes into consideration a financial institution's regulatory capital (*Responsabilidad Patrimonial Computable* or RPC) in order to determine compliance with capital requirements. RPC consists of Tier 1 capital (Basic Net Worth) and Tier 2 capital (Complementary Net Worth) minus certain deducted items.

Tier 1 capital consists of capital stock as defined by Argentine Business Companies Law No. 19,550, irrevocable contributions on account of future capital increases, adjustments to shareholders' equity, disclosed reserves, unappropriated retained earnings, non-realized valuation differences, subordinated debt securities that meet certain conditions and requirements and, subsequent to December 31, 2012, reserve funds of up to 10% of the issuance of the related subordinated debt securities. In the case of consolidation, minority interests are included.

Tier 2 capital consists of (i) debt securities contractually subordinated to all other liabilities not computable as Tier 1 capital, with an average initial maturity of at least five years and issued under certain conditions and requirements, plus (ii) amounts of reserve funds applied to the payment of interest on subordinated debt securities before December 31, 2012 and as from such date also those amounts which have not been used, provided they exceed certain limits, plus or minus (iii) 100% of net earnings or losses recorded through the most recent audited quarterly financial statements, plus or minus (iv) 100% of net earnings or losses for the current year as of the date of the most recent quarterly financial statement, plus or minus (v) 50% of profits or 100% of losses, from the most recent audited quarterly or annual financial statements, minus (vi) 100% of losses not shown in the financial statements, arising from quantification of any facts and circumstances reported by the auditor and plus (vii) 50% of loan loss provisions on the loan portfolio classified as "normal" or "normal performance."

Items to be deducted include, among others: (a) demand deposits maintained with foreign financial institutions that are not rated as "investment grade," (b) negotiable instruments not held by the relevant financial institutions, except where the Central Bank (CRYL), Caja de Valores S.A., Clearstream, Euroclear, Depository Trust Company or Deutsche Bank, New York, are in charge of their registration or custody, (c) securities issued by foreign governments whose risk rating is lower than that assigned to Argentine government securities, (d) subordinated debt instruments issued by other financial institutions, (e) equity interests in other Argentine or foreign financial institutions, (f) any balance unpaid on subscribed stock pending in shareholders' equity accounts, including share premiums, (g) real property added to the assets of the financial entity and with respect to which there is title deed duly recorded with the pertinent Argentine real property registry, except where such assets shall have been acquired in a court-ordered auction sale, (h) goodwill, (i) organization and development costs, and (j) any deficiency relating to the minimum loan loss provisions required by the Superintendency of Financial Institutions.

Requirements for subordinated debt to be computed as Tier 1 Capital

In general, debt securities can account for up to 30% of a financial institution's Tier 1 capital. This percentage decreases over time to 15% by January 2013.

In order for debt securities to be computed as Tier 1 capital, the issuance must be approved by: (i) the shareholders; (ii) the Superintendency of Financial Institutions; (iii) the CNV and (iv) a stock exchange in order for the debt securities to be admitted for listing.

In addition, debt securities must have certain characteristics. Tier 1 capital must have a maturity of at least thirty years, and they may permit optional redemption by the issuer only if: (i) at least five years have elapsed since issuance, (ii) prior authorization of the Superintendency of Financial Institutions has been obtained, and (iii) funds used for redemption are raised through the issuance of capital stock or other Tier 1 capital debt securities.

Interest on Tier 1 capital debt securities may only accrue and be payable to the extent the interest does not exceed available distributable amounts based on the prior year’s audited financial statements. Accordingly, interest payments are non-cumulative such that if an interest payment is not made in full as a result of such limitation, the unpaid interest shall not accrue or be due and payable at any time. The available distributable amounts under Tier 1 capital debt instruments for an Argentine financial institution is determined by calculating the amount of its unappropriated retained earnings minus (i) required legal and statutory reserves; (ii) asset valuation adjustments as determined and notified by the Superintendency of Financial Institutions, whether or not agreed to by such financial institution, and the asset valuation adjustments indicated by its external auditor, in each case to the extent not recorded in its respective financial statements; and (iii) any amounts resulting from allowances permitted by the Superintendency of Financial Institutions, including adjustments arising from the failure to put into effect an agreed upon compliance plan.

In order to make interest payments under Tier 1 capital debt instruments, the shareholders of the financial institution must, at their annual ordinary meeting that considers the allocation of the results available for distribution, approve the creation of a special reserve for such payments. The amount of the reserve may contemplate additional payments as a result of changes in exchange rates (for instruments issued in foreign currencies) or variable rates (in case of instruments with floating rates). The creation of the reserve and any adjustments to the reserve amount must be approved by the Superintendency of Financial Institutions. Ordinary shareholders’ meetings to consider the allocation of results available for distribution must be held within four months of the end of each fiscal year.

Only one interest rate step-up is permitted during the life of the securities and it may occur only after ten years have elapsed since issuance. Tier 1 capital debt securities may not be accelerated, nor have cross acceleration provisions, except upon bankruptcy.

In the event of bankruptcy, Tier 1 capital debt securities rank before capital stock but after all senior debt and Tier 2 capital obligations (all Tier 1 capital debt securities rank *pari passu* amongst themselves). Tier 1 subordinated instruments cannot be secured or guaranteed by the issuer or subsidiaries affecting the above described ranking of priority rights in payments.

If at any time Tier 1 capital debt securities exceed the established percentage computable as Tier 1 capital, or if it is established that unpaid interest thereon will be cumulative, or when their residual maturity is less than ten years, then thereafter they will be computed as Tier 2 capital.

Argentine financial institutions cannot acquire Tier 1 capital debt securities issued by other Argentine financial institutions, nor can they purchase for subsequent resale their own Tier 1 capital debt securities.

In accordance with current Central Bank regulations, financial institutions would not be permitted to pay interest or make other payments on Tier 1 capital debt securities in the event that, as provided in Communications “A” 4589 and “A” 4591 of the Central Bank or any successor regulations thereto, (a) they are subject to a liquidation procedure or the mandatory transfer of our assets by the Central Bank in accordance with Sections 34 or 35 bis of the Financial Institutions Law or successors thereto; (b) they are receiving financial assistance from the Central Bank (except liquidity assistance under the pesification rules pursuant to Decree No. 739/2003); (c) they are not in compliance with or have failed to comply on a timely basis with our reporting obligations to the Central Bank; or (d) they are not in compliance with minimum capital requirements (both on an individual and consolidated basis) or with minimum cash reserves (on average).

Counterpart risk

The capital requirement for counterpart risk is defined as:

$$Cer = k * [a * Ais + c * (Ci + Fspn) + r * (Vrf + Vrani)] + INC + IP$$

The required capital to assets-at-risk ratio is 10% (“a”) for fixed assets (Ais) and 8% (“r”) for loans (Vrf), other credits from financial intermediation and other financing (Vrani). The same ratio (“c”) is applied to claims on the public sector-securities held in investment accounts (Ci) and public sector loans (Fspn). The “INC” variable refers to incremental minimum capital requirements originated in excesses in other regulations (fixed assets, credit risk diversification and rating and limitations on transactions with related clients). The variable IP refers to the incremental originated in the general limit extension of the negative foreign currency net global position.

Each type of asset is weighted according to the level of risk assumed to be associated with it. The weights assigned to the different types of assets are:

Type of Asset	Weighting
Cash and due from banks	0-20%
Government Bonds	
With market risk capital requirements	0%
Other domestic bonds (without collateral)	100%
OECD Central bonds—rated AA or investment grade	20%
Loans	
To the non-financial private sector	
With preferred collateral under the form of:	
Cash, term deposit certificates issued by the creditor entity and given as security	0%
A guarantee by Reciprocal Guarantee Companies authorized by the BCRA, export credit insurance, documentary credits	50%
Mortgages/Pledges	50%-100%
To the non-financial public sector	100%
To the financial sector	
Public financial entities with the collection of federal taxes as collateral	50%
To foreign financial entities or to financial entities backed by them (rated AA or investment grade)	0%-20%
Other credits from financial intermediation	0%-100%
Assets subject to financial leasing	50%-100%
Other assets	0%-100%
Guarantees and contingent liabilities	0%-100%

Minimum capital requirements also depend on the CAMELS rating (1 strongest, 5 weakest) assigned by the Superintendence, which also determines the “k” value. This rating system complies with international standards and provides a broad definition of the performance, risks and perspectives of financial entities. Financial entities have to adjust their capital requirements according to the following “k” factors:

CAMEL Rating	K Factor
1	0.97
2	1.00
3	1.05
4	1.10
5	1.15

Interest rate risk

Financial entities must comply with minimum capital requirements regarding interest rate risk. These minimum capital requirements capture the various levels of risk arising from the different sensitivity of assets and liabilities affected by adverse or unexpected changes in interest rates. This regulation covers all the assets and liabilities not subject to the minimum capital requirements covering market risk.

Minimum capital requirements measure the value at risk or maximum potential loss due to interest risk rate increases, considering a 3 month horizon and with confidence level of 99%.

When calculating the requirements, the cash flows of the financial entity’s transactions are assigned to different time bands taking into account their maturity. Financial entities with 1-3 CAMELS ratings may treat 50% of sight deposits as long-term maturities (in the case of financial entities with a 3 rating, the assigned maturity cannot exceed 3 years).

Contracts with variable interest rates based on a foreign index are treated as if they had fixed interest rates. The risk arising from liability contracts with variable rates based on a domestic index are considered up to the first rate adjustment date.

Market risk

Minimum capital requirements for market risks are added to previously measured requirements. Minimum capital requirements are computed as a function of the market risk of financial entities’ portfolios, measured as their value at risk (VaR). The regulation covers only those assets usually traded in open markets and excludes those assets in investment accounts.

There are five categories of assets. Domestic assets are divided into equity and public bonds, the latter being classified according to whether their modified duration is less than or more than 2.5. Foreign equity and foreign bonds make up another two categories, which are also classified according to their duration. The fifth category is comprised of foreign exchange positions, differentiated according to currency involved.

Overall capital requirements in relation to market risk is the sum of the five amounts of capital necessary to cover the risks arising from each category. Minimum capital requirements measure the market risk by calculating the Value at risk with a confidence level of 99%.

Market risk minimum capital requirements must be met daily. Information must be reported to the Central Bank on a monthly basis. As from May 2003, the U.S. dollar has been included as a risk factor for the calculation of the market risk requirement, considering all assets and liabilities in that currency.

Temporary regulations

Minimum capital requirements for counterpart risk have been temporarily reduced (via “Alpha1 coefficient”) for non-financial public sector financing granted before May 31, 2003. Minimum capital requirements for interest rate risk have also been temporarily diminished (via “Alpha2 coefficient”). The reduction coefficients to be applied converge to the unit according to an established schedule. These allowances have been introduced in order to reduce the impact on minimum capital requirements of those components that: (i) showed the biggest growth as a consequence of the 2002 crisis and (ii) are not present in international standards.

Period	Alpha1 (applied to public sector financing)	Alpha2 (applied to interest rate risk)
January/December 2004	0.05	0.20
January/December 2005	0.15	0.40
January/December 2006	0.30	0.70
January/December 2007	0.50	1.00
January/December 2008	0.75	1.00
As from January 2009	1.00	1.00

Consequences of a failure to meet minimum capital requirements

In the event of non-compliance with capital requirements by an existing financial institution, Central Bank Communication A 3171 provides the following:

- (i) non-compliance reported by the institutions : the institution must meet the required capital no later than in the second month after non-compliance was incurred or submit a restructuring plan within 30 calendar days following the last day of the month in which such non-compliance occurred; and
- (ii) non-compliance detected by the Superintendency: the institution must file its defense within 30 calendar days after being served notice by the Superintendency. If no defense is filed, or if the defense is disallowed, the non-compliance will be deemed to be final, and the procedure described in item (i) will apply.

In addition, non-compliance with minimum capital requirements will entail a number of consequences for the financial institution, including prohibition from opening branches in Argentina or in other countries, establishing representative offices abroad, or owning equity in foreign financial institutions, as well as a prohibition from paying cash dividends.

Minimum cash requirements

The minimum cash reserve requirement requires that a financial institution keep a portion of its deposits or obligations readily available and not allocated to lending transactions.

Minimum cash requirements are applicable to demand and time deposits and other liabilities arising from financial intermediation denominated in pesos and foreign currency (including government and private securities), and any unused balances of advances in checking accounts under formal agreements not containing any clauses that permit the bank to discretionally and unilaterally revoke the possibility of using such balances.

Minimum cash reserve obligations exclude amounts owed (i) to the Central Bank, domestic financial institutions, foreign financial institutions (including their head offices, controlling domestic institutions and their branches), and (ii) forward purchases and sales and spot transactions to be settled demand obligations for money orders and transfers from abroad pending payment and for overseas correspondent banking operations.

The liabilities subject to these requirements are computed on the basis of the effective principal amount of the transactions, excluding interest accrued, past due, or to become due on the liabilities, provided they were not credited to the account of, or made available to, third parties, and the amount accruing upon the adjustment rate known as CER is applied.

The minimum cash requirement is calculated on the monthly average of the liabilities (average of the daily balances at the end of each day during each calendar month). Such requirement shall be complied with on a separate basis for each currency in which the liabilities are denominated.

The table below shows the percentage rates that should be applied to determine the required minimum cash requirement:

Item	Rate (%) (Pesos)	Rate (%) (Foreign Currency)
Checking account deposits	19	—
Savings account deposits	19	30
Legal custody accounts, special accounts for savings clubs, “Unemployment Fund for construction industry workers” and “Salary payment,” special checking accounts for legal entities and social security savings accounts	19	30
Other demand deposits and liabilities, including with foreign banks and correspondents, pension and social security benefits credited by ANSES (Government Social Security Agency) pending collection and immobilized reserve funds for liabilities covered by these regulations	19	30
Unused balances of advances in checking accounts under formal agreements	19	
Deposits in checking accounts of non-bank financial institutions, computed for purposes of meeting their required minimum cash reserve	100	100
Time deposits, liabilities under acceptances, repurchase agreements, stock-exchange repos (<i>cauciones y pases bursátiles pasivos</i>), constant-term investments, with an option for early termination or for renewal for a specified term and variable income, and other fixed-term liabilities, except rescheduled deposits included in the following items 11 and 13 and 15 of this table:		
(i) Up to 29 days	14	35
(ii) From 30 days to 59 days	11	28
(iii) From 60 days to 89 days	7	20
(iv) From 90 days to 179 days	2	10
(v) From 180 days to 365 days	—	6
(vi) More than 365 days	—	—
Liabilities owed due to foreign finances	—	—
Securities (including Negotiable Obligations)		
a- Debt issued from 01/01/02, including restructured liabilities		
(i) Up to 29 days	14	35
(ii) From 30 days to 59 days	11	28
(iii) From 60 days to 89 days	7	20
(iv) From 90 days to 179 days	2	10
(v) From 180 days to 365 days	—	6
(vi) More than 365 days	—	—
b- Others		
Liabilities owing to the Trust Fund for Assistance to Financial and Insurance Institutions	—	—
Demand and time deposits made upon a court order with funds arising from cases pending before the court, and the related immobilized balances	10	15
Deposits as assets of a mutual fund	19	40
Special deposits related to inflows of funds. Decree 616/2005	—	100
Deposits and other liabilities (excluding “Fondo de Desempleo para los trabajadores de la Industria de la Construcción”) which return is higher than the 15% of BADLAR rates average, corresponding to the preceding month	100	—
Time deposits in pesos, belonging to public sector holders, with the right to opt for early withdrawal in less than 30 days from its setting up	16	—

In addition to the above mentioned requirements, the following requirements must be observed: 100% reserve for any defect in the application of resources in foreign currency for the month in respect to which the calculation of the minimum cash requirement is made. See “Information on the Company—The Argentine Banking System— Foreign Currency Lending Capacity”.

The minimum cash requirement must be set up in the same currency to which the requirement applies, and eligible items include the following:

- (i) Cash (in treasury, in custody at other financial institutions, in transit and in value carriers).
- (ii) Accounts maintained by financial institutions with the Central Bank in pesos.
- (iii) Accounts of minimum cash maintained by financial institutions with the Central Bank in U.S. dollars, or other foreign currency.
- (iv) Special guarantee accounts for the benefit of electronic clearing houses and to cover settlement of credit card and ATM transactions.
- (v) Checking accounts maintained by non-bank financial institutions with commercial banks for the purpose of meeting the minimum reserve requirement.
- (vi) Special guarantee accounts maintained with the Central Bank for transactions involving cheque cancelatorio (a check similar to a cashier’s check that may be purchased from a bank to pay a third party).
- (vii) Special accounts maintained with the Central Bank opened by the ANSES (Argentine Social Security Administration).
- (viii) Special accounts maintained by financial institutions with the Central Bank in securities.

Compliance on public bonds time deposits must be done with holdings marked to market and of the same type, only in terms of monthly status. Holdings must be deposited on special accounts at the BCRA.

These eligible items are subject to ongoing review by the Central Bank and may be changed in the future.

Compliance with the minimum cash reserve requirement will be measured on the basis of the monthly average of the daily balances of eligible items maintained during the month to which the minimum cash reserve refers by dividing the aggregate of such balances by the total number of days in the relevant period.

The aggregate balances of the eligible items referred to from items (ii) to (vii) above, maintained as of each daily closing, may not, on any one day during the month, be less than 50% of the total required cash reserve, excluding the requirement for incremental deposits, determined for the next preceding month, recalculated on the basis of the requirements and items in force in the month to which the cash reserves relate. The daily minimum required is 70% when a deficit occurs in the previous month.

Any deficiencies in meeting the required minimum cash reserve and the daily minimum reserve are subject to a penalty equal to twice the nominal interest rate for repos in pesos with the BCRA (published during period of non-compliance for the longest term transaction—not exceeding 30 days) for deficiencies in Argentine currency and to twice the nominal interest rate of Us dollar denominated LEBAC (BCRA bill) or twice the 30 day US LIBO rate for the last business day of the month (whichever is higher) for deficiencies in foreign currency.

Internal liquidity policies of financial institutions

The regulations designed to limit liquidity risk provide that financial institutions should adopt management and control policies that ensure the maintenance of reasonable liquidity levels to efficiently manage their deposits and other financial commitments. Such policies should establish procedures for evaluating the liquidity of the institutions in the framework of prevailing market conditions to allow them to revise projections, take steps to eliminate liquidity constraints and obtain sufficient funds, at market terms, to maintain a reasonable level of assets over the long term. Such policies should also address (i) the concentration of assets and liabilities in specific customers, (ii) the overall economic situation, likely trends and the impact on credit availability, and (iii) the ability to obtain funds by selling government debt securities and/or assets.

Credit risk

The regulations on credit risk prescribe standards in order to reduce such risk without significantly eroding average profitability.

There are three types of ratios that limit a lender's risk exposure, namely: risk concentration limits, limits on transactions with customers on the basis of the institution's capital and credit limits on the basis of the customer's net worth.

Concentration of risk means the aggregate amount of relevant transactions consummated with companies, individuals or groups of companies—whether affiliated or not—where such transactions, measured for each one of such customers, are at any time equal to or higher than 10% of the institution's RPC on the last day of the month prior to the relevant month. Total operations may not exceed, at any time, three times the institution's RPC for the previous month, without considering the operations involving local financial institutions. The limit is increased to five times the RPC if operations involving local financial institutions are considered.

Diversification of risk: limitations are established for operations with clients, which may not exceed certain percentages applied on top of the entity's RPC for the previous month. These percentages vary in function depending upon the operations considered.

The regulation sets forth a number of transactions that are excluded from the credit risk diversification rules.

In the case of credit limits based on the customers' net worth, as a general rule the financial assistance cannot exceed 100% of the customer's net worth, although this basic margin may be increased to 300% provided it does not exceed 2.5% of the financial institution's RPC and the increase is approved by the board of directors of the relevant financial institution (since July 2006 this basic margin may be increased to 200% instead of 300%).

Any excess over the ceilings established by these three ratios will trigger the consequences described above.

Foreign exchange system

During the first quarter of 2002, the Argentine government established certain foreign exchange controls and restrictions.

On February 8, 2002, Decree No. 260 was issued, establishing as of February 11, 2002 a Single Free Exchange Market system through which all transactions involving the exchange of foreign currency are to be traded at exchange rates to be freely agreed upon.

On such date, the Central Bank issued Communications A 3471 and A 3473, which stated that single and free exchange transactions can only be performed with entities authorized by the Central Bank to operate in foreign exchange. Item 4 of Central Bank Communication A 3471 stated that the exchange sale transactions in the single and free exchange market shall be performed using peso bills.

Since January 2, 2003, there have been further modifications to the restrictions imposed by the Central Bank. See Item 10.D — “Additional Information — Exchange Controls”.

Foreign currency lending capacity

The Regulations on the allocation of deposits in foreign currencies establish that the lending capacity from foreign currency deposits, including U.S. dollar-denominated deposits to be settled in pesos, must fall under one of the following categories: (a) pre-financing and financing of exports to be made directly or through principals, trustees or other brokers; (b) financing of investment projects, working capital or purchase of any kind of goods that increase or are related to the production of goods to be exported; (c) financing to manufacturers of goods to be exported, as final products or as part of other goods, by third-party purchasers, provided that such transactions are secured or collateralized in foreign currency by said third-party purchasers; (d) financing of investment projects, working capital and/or the acquisition of any kind of goods, including temporary importation of commodities, which may increase or be related to the production of goods for exportation; (e) financing commercial clients involved in the import of capital goods which increase the production of goods destined for the domestic market (f) debt securities or financial trust participation certificates whose underlying assets are loans made with the above-mentioned conditions and under the “Préstamos BID N° 1192/OC-AR” program; (g) loans made from one financial institution to another; (h) financing transactions for purposes other than those mentioned in point 6 above, included under the credit program of the BID (IDB), without exceeding 10% of the lending capacity and (i) foreign currency debt securities or financial trust participation certificates offered by means of a public offering and authorized by the CNV, whose underlying assets are securities bought by the fiduciary and guaranteed by reciprocal guarantee companies in order to finance export transactions. The lending capacity shall be determined for each foreign currency raised, such determination being made on the basis of the monthly average of daily balances recorded during each calendar month. Any defect in the application shall give rise to an increase in the minimum cash requirement in the relevant currency.

General Exchange Position

The general exchange position includes all the liquid external assets of the institution, such as gold, currency and foreign currency notes reserves maintained in Argentina and abroad, deposits and investments, regardless of their term, in foreign banks, investments in foreign government securities (OECD members and sovereign debt rated not less than “AA”), certificates of time deposits in foreign institutions (rated not less than “AA”), other liquid investments abroad and correspondents’ debit and credit balances. It also includes purchases and sales of these assets already arranged and pending settlement involving foreign exchange purchases and sales performed with customers within a term not exceeding two business days. It does not include, however, third parties’ foreign assets held in custody, correspondent balances for third-party transfers pending settlement, term sales and purchases of foreign currency or securities nor direct investments abroad.

The GEP ceiling is calculated every month and, therefore, updated the first business day of the month. Pursuant to the relevant reporting system regulations this ceiling is set at 15% of the amount equivalent in U.S. dollars to the computable equity at the end of the month immediately preceding the last month when filing with the BCRA has already expired. It will be increased by an amount equivalent in U.S. dollars to 5% of the total amount traded by the institution on account of the purchases and sales of foreign currency in the calendar month prior to the immediately preceding month, and by 2% of the total demand and time deposits locally held and payable in foreign bills, excluding deposits held in custody, recorded by the institution at the end of the calendar month prior to the immediately preceding month. If the ceiling does not exceed US\$5.0 million, this figure will be considered its floor.

Institutions authorized to trade in foreign currency failing to comply with the GEP ceilings or the exchange reporting regulations should refrain from trading in foreign currency until they are in compliance with the above.

Although certain exceptions are admitted, institutions authorized to trade in foreign currency require the Central Bank’s prior consent to perform their own purchases when payment is made against delivery of foreign currency or other foreign assets comprising the GEP.

Foreign Currency Net Global Position

All assets and liabilities from financial intermediation in foreign currency and securities in foreign currency (deriving from cash and term transactions) are within the scope of net global position (for ongoing and completed operations).

In addition, forward transactions under master agreements entered into domestic self-regulated markets are also included, with settlement of the net amount without delivery of the underlying asset. Deductible assets for determining RPC are excluded from the ratio.

Effective May 1, 2003 the Central Bank establishes two ratios (Communication “A” 3889):

- Negative foreign currency net global position (liabilities exceeding assets): the limit is 30% of the Computable Net Worth until December 31, 2006. As from January 1, 2007 (Communications “A” 4577 and 4598) the limit is 15%, but it can be extended up to 15 p.p. under certain circumstances: at the same time has recorded a) medium and long term financings in pesos to non-financial private sector under certain conditions for an amount equivalent to the increase of said limit; and b) an increase in the minimum capital requirement equivalent to the increase of the general limit of the negative foreign currency net global position.
- Positive net global position (assets exceeding liabilities): this limit cannot exceed the lesser of :
 1. 30% of the Computable Net Worth.
 2. Own liquid resources (refer to RPC minus “fixed assets” and loans to related clients)

By Communication “A” 4350, the Central Bank suspended as of May 1, 2005 the limits for the positive net global position.

The excesses of these ratios are subject to a charge equal to twice the nominal interest rate of the US dollar denominated LEBAC or two times the US dollar 30-day LIBO rate for the last business day of the month, which ever is greater.

Fixed assets and other items

The Central Bank determines that the fixed assets and other items maintained by the financial entities must not exceed 100% of the entity’s RPC.

Such fixed assets and other items include the following:

- Shares of local companies
- Miscellaneous receivables
- Property and equipment
- Other assets
- Organization and development expenses
- Goodwill
- Financing transactions to related clients.

The calculation of such assets will be effected according to the month end balances, net of depreciations, accumulated amortizations and bad debt risk allowances.

Any excesses in this relationship generate an equivalent increase of the minimum capital requirements (100% of the excess on the ratio).

Debt classification and loan loss provisions

Credit portfolio

The regulations on debt classification are designed to establish clear guidelines for identifying and classifying the quality of assets, as well as evaluating the actual or potential risk of a lender sustaining losses on principal and/or interest, in order to determine, taking into account any loan security, whether the provisions against such contingencies are adequate. Banks must classify their loan portfolios into two different categories: (i) consumer or housing loans and (ii) commercial loans. Consumer and housing loans include housing loans, consumer loans, credit-card financings and other types of installment credits to individuals. All other loans are considered commercial loans. Consumer or housing loans in excess of Ps.500,000 the repayment of which is linked to its projected cash flows are classified as commercial loans. Central Bank regulations allow financial institutions to apply the consumer and housing loan classification criteria to commercial loans of up to Ps.500,000, given with or without guarantees. If a customer has both kinds of loans (commercial and consumer and housing loans), the consumer and housing loans will be added to the commercial portfolio to determine under which portfolio they should be classified based on the amount indicated. In these cases, the credit backed by preferred guarantees is considered to be at 50% of its face value.

Under the current debt classification system, each customer, as well as the customer’s outstanding debts, are included within one of six sub-categories. The debt classification criteria applied to the consumer loan portfolio are primarily based on objective factors related to customers’ performance on their obligations or their legal standing, while the key criterion for classifying the commercial loan portfolio is each borrower’s paying ability based on its future cash flow.

Commercial loans classification

The principal criterion to evaluate a loan pertaining to the commercial portfolio is its borrower’s ability to repay it, whose ability is mainly measured by such borrower’s future cash flow. Pursuant to Central Bank regulations, commercial loans are classified as follows:

Classification	Criteria
Normal	Borrowers for whom there is no doubt as to their ability to comply with their payment obligations.
Special tracking under observation	Borrowers that among other criteria are up to 90 days past due and, although considered to be able to meet all their financial obligations, are sensitive to changes that could compromise their ability to honor debts absent timely corrective measures.
Special tracking under negotiation or with refinancing agreement	Borrowers who are unable to comply with their obligations as agreed with the bank and therefore, formally state, at least 60 days before the date on which the payment of their obligations is due, their intention to refinance such debts. The borrower must enter into an agreement with the lender within 90 days (if up to two lenders are involved) or 180 days (if more than two lenders are involved) after the date on which the obligations became overdue. If no agreement has been reached within the established deadline, the borrower must be reclassified to the next category below according to the indicators established for each level.
With problems	Borrowers with difficulties honoring their financial obligations under the loan on a regular basis, which, if uncorrected, may result in losses to the bank.
With high risk of insolvency	Borrowers who are highly unlikely to honor their financial obligations under the loan.
Irrecoverable	Loans classified as unrecoverable at the time they are reviewed (although the possibility might exist that such loans might be collected in the future). The borrower will not meet its financial obligations to the classifying bank.
Irrecoverable by technical decision	(a) Borrower has defaulted on its payment obligations under a loan for more than 180 calendar days according to the corresponding report provided by the Central Bank, which report includes (1) financial institutions liquidated by the Central Bank, (2) residual entities created as a result of the privatization of public financial institutions, or in the privatization or dissolution process, (3) financial institutions whose licenses have been revoked by the Central Bank and find themselves subject to judicial liquidation or bankruptcy proceedings and (4) trusts in which SEDESA is a beneficiary, and/or (b) certain kinds of foreign borrowers (including banks or other financial institutions that are not subject to the supervision of the Central Bank or similar authority of the country in which they are incorporated) that are not classified as “investment grade” by any of the rating agencies approved by the Central Bank.

Consumer and housing loans classification

The principal criterion applied to loans in the consumer and housing portfolio is the length of its duration. Under the Central Bank regulations, consumer and housing borrowers are classified as follows:

Classification	Criteria
Normal	If all payments on loans are current or less than 31 calendar days overdue and, in the case of checking account overdrafts, less than 61 calendar days overdue.
Low Risk	Loans upon which payment obligations are overdue for a period of more than 31 and up to 90, calendar days.
Medium Risk	Loans upon which payment obligations are overdue for a period of more than 90 and up to 180 calendar days.
High Risk	Loans having payment obligations overdue for more than 180 calendar days and up to one year or if it is subject to judicial proceedings for default on any of those loans.
Irrecoverable	Loans in which payment obligations are more than one year overdue or the debtor is insolvent or in bankruptcy or liquidation.
Irrecoverable by technical decision	Same criteria as for commercial loans in the “Irrecoverable by technical decision” category.

Minimum credit provisions

The following minimum credit provisions are required to be made by Argentine banks in relation to the credit portfolio category:

Category	With Preferred Guarantees	Without Preferred Guarantees
“Normal”	1%	1%
“Under observation” and “Low risk”	3%	5%
“Under negotiation or refinancing agreement”	6%	12%
“With Problems” and “Medium Risk”	12%	25%
“With high risk of insolvency” and “High Risk”	25%	50%
“Irrecoverable”	50%	100%
“Irrecoverable by technical decision”	100%	100%

The Superintendence may require additional provisioning if it determines that the current level is inadequate.

Minimum frequency for classification review

We are required to classify loans at least once a year in accordance with the Central Bank Rules. Nevertheless, a quarterly review is required for credits that amount to 5% or more of our RPC and mid-year review for credits that amount to the lower of: (i) Ps.1 million or (ii) range between 1% and 5% of our RPC. In addition, we have to review the rating assigned to a debtor when another financial institution reduces the debtor classification in the “Credit Information Database” and grants 10% or more of the debtor’s total financing in the financial system. Only one-level discrepancy is allowed in relation to the information submitted by financial institutions to the “Credit Information Database”; if there is a greater discrepancy the bank will be required to reclassify the debtor.

Allowances for loan losses

The allowance for loan losses is maintained in accordance with applicable regulatory requirements of the Central Bank. Increases in the allowance are based on the level of growth of the loan portfolio, as well as on the deterioration of the quality of existing loans, while decreases in the allowance are based on regulations requiring the write-off of non-performing loans classified as “irrecoverable” after a certain period of time and on decisions of the management to write off non-performing loans evidencing a very low probability of recovery.

Priority rights of depositors

Under Section 49 of the Financial Institutions Law (the “FIL”), in the event of judicial liquidation or bankruptcy of a bank, depositors have a general and absolute priority right to collect their claims over all other creditors, except claims secured by pledges or mortgages and certain employee liens. Additionally, the holders of any type of deposit have a special priority right over all other creditors of the bank, except certain employee creditors, to be paid out of (i) any funds of the branch that may be in the possession of the Central Bank as Minimum Cash Reserve, (ii) any other funds of the bank existing as of the date on which the bank’s license is revoked, or (iii) any proceeds resulting from the mandatory transfer of certain assets of the financial institution to another as determined by the Central Bank pursuant to Section 35 of the Argentine Financial Institutions Law, according to the following order of priority: (a) deposits of up to Ps.50,000 per person (including all amounts such person deposited in one financial entity), or its equivalent in foreign currency, (b) all deposits of an amount higher than Ps.50,000, or its equivalent in foreign currency, and (c) all other deposits on a *pro rata* basis.

Mandatory deposit insurance system

Law No. 24,485, as amended by Law No. 25,089 and Decree No. 540, passed on April 12, 1995, created a Deposit Insurance System, or SSGD, which is mandatory for bank deposits, and delegated the responsibility for organizing and implementing the system to the Central Bank.

The SSGD has been implemented through the establishment of a Deposit Guarantee Fund, or FGD, managed by a private-sector corporation called *Seguro de Depósitos Sociedad Anónima*, or Deposit Insurance Corporation, or SEDESA. The shareholders of SEDESA are the federal government and a trust set up by the participating financial institutions. These institutions must pay into the FGD a monthly contribution determined by Central Bank regulations. The SSGD is financed through regular and additional contributions made by financial institutions, as provided for in Central Bank Communication A 3068, dated January 28, 2000.

The SSGD covers deposits made by individuals and legal entities in Argentine or foreign currency and maintained in accounts with the participating financial institutions, including checking accounts, savings accounts, and time deposits up to the amount of Ps.30,000.

Effective payment on this guarantee will be made within 30 business days after revocation of the license of the financial institution in which the funds are held; such payment is subsidiary, that is, not cumulative, to the exercise of the depositor's priority rights.

In view of the circumstances affecting the financial system, Decree No. 214/2002 provided that SEDESA may issue registered securities for the purpose of offering them to depositors in payment of the guarantee in the event it should not have sufficient funds available.

The SSGD does not cover: (i) deposits maintained by financial institutions in other financial institutions, including certificates of deposit bought in the secondary market, (ii) deposits made by persons directly or indirectly affiliated with the institution, (iii) time deposits of securities, acceptances or guarantees, (iv) any transferable time deposits that have been transferred by endorsement, (v) any deposits benefiting from some incentive (e.g., car raffles) in addition to the agreed upon interest rate, and (vi) any deposits in which the agreed-upon interest rate is higher than the reference interest rates periodically released by the Central Bank for time deposits and demand deposit account balances.

Capital markets

Commercial banks are authorized to subscribe and sell debt securities. At present, there are no statutory limitations as to the amount of securities a bank may undertake to subscribe. However, under Central Bank regulations, underwriting of debt securities by a bank would be treated as "financial assistance" and, accordingly, until the securities are sold to third parties, such underwriting would be subject to limitations.

In 1990, the Buenos Aires securities market authorized firms organized as brokerage houses, or *sociedades de bolsa*, to operate as brokers on the Buenos Aires Stock Exchange in addition to individual stockbrokers. There are currently no restrictions on ownership of a *sociedad de bolsa* by a commercial bank, and, in fact, most of the principal commercial banks operating in Argentina have established their own *sociedad de bolsa*. All brokers, whether individuals or firms, are required to own at least one share of the Mercado de Valores S.A. ("MERVAL") to be allowed to operate as brokers on the Buenos Aires Stock Exchange.

An agreement between the Buenos Aires Stock Exchange and representatives of the Mercado Abierto Electrónico ("MAE") dealers provides that trading in shares and other equity securities will be conducted exclusively on the Buenos Aires Stock Exchange and that all debt securities listed on the Buenos Aires Stock Exchange may also be traded on the MAE. Trading in Argentine government securities, which are not covered by the agreement, is conducted mainly on the MAE. The agreement does not extend to other Argentine exchanges.

Commercial banks may operate as both managers and custodians of Argentine *fondos comunes de inversión* or mutual funds; provided, however, that a bank may not act simultaneously as manager and custodian for the same fund.

Financial institutions in economic difficulties

The Argentine Financial Institutions Law provides that any financial institution, including a commercial bank, operating at less than certain required technical ratios and minimum net worth levels or, in the judgment of the Central Bank, with impaired solvency or liquidity, must prepare a *plan de regularización y saneamiento*, or a restructuring plan. The plan must be submitted to the Central Bank on a specified date, not later than 30 calendar days from the date on which a request to that effect is made by the Central Bank. The Central Bank can appoint an *interventor*, or comptroller, to the financial institution and restrict the distribution of dividends. In addition, to help ensure the feasibility of the plan, the Central Bank is empowered to grant a temporary exemption from compliance with technical regulations and/or payment of any fines that may arise from such non-compliance. Upon the institution's failure to submit, secure regulatory approval of, or comply with, a restructuring plan, the Central Bank will be empowered to revoke the institution's license to operate as such.

Dissolution and liquidation of financial institutions

As provided in the Argentine Financial Institutions Law, the Central Bank must be notified of any decision adopted by a financial institution's legal or corporate authorities concerning its dissolution. The Central Bank, in turn, must then notify such decision to a competent court, which would then determine who will liquidate the entity: the corporate authorities or an independent liquidator appointed for the purpose. The court's decision will be based on whether or not there is sufficient assurance that the corporate authorities are capable of carrying out such liquidation properly.

Pursuant to the FIL, the Central Bank no longer acts as liquidator of financial institutions. However, if a restructuring plan has failed or is not deemed feasible, or violations of local laws and regulations have been incurred, or significant changes have occurred in the institution's condition since the original authorization was granted, then the Central Bank may revoke a bank's license to operate as a financial institution. In this event, the law allows for judicial or extrajudicial liquidation. During the liquidation process and once the license to operate as a financial institution has been revoked, a court of competent jurisdiction may adjudge the former financial institution in bankruptcy or a petition in bankruptcy may be filed by any creditor of the bank after a period of 60 calendar days has elapsed since the license was revoked.

Money laundering

The concept of money laundering is generally used to denote transactions intended to introduce criminal proceeds into the institutional system and thus to transform profits from illegal activities into assets of a seemingly legitimate origin.

On April 13, 2000, the Argentine Congress passed Law No. 25,246, which defines money laundering as a type of crime. In addition, the law, which supersedes several sections of the Argentine criminal code, created the so-called Financial Information Unit, establishing an administrative criminal system.

Money laundering is defined as a crime under the criminal code, which states that a crime will be committed whenever a person converts, transfers, manages, sells, encumbers, or otherwise uses money, or any other assets, stemming from a crime in which that person has not participated, with the possible result that the original or substituted assets may appear to be of a legitimate origin, provided the value of the assets exceeds Ps.50,000, whether such amount results from one or more transactions.

The main purpose of Law 25,246 is to prevent money laundering. In line with internationally accepted practice, it does not attribute responsibility for controlling these criminal transactions only to government agencies, but also assigns certain duties to diverse private sector entities such as banks, stockbrokers, brokerage houses and insurance companies. These duties consist basically in information capturing functions. The Central Bank regulation requires banks to take certain minimum precautions to prevent money laundering.

Each institution must appoint a senior management officer as the person responsible for money laundering prevention in charge of centralizing any information the Central Bank may require on its own initiative or at the request of any competent authority. In addition, this officer, or other person reporting to the general manager, the board of directors, or equivalent authority, will be responsible for the implementation, tracking and control of internal procedures to ensure compliance with the regulations.

In addition, financial institutions are required to report to the Superintendency any transaction that looks suspicious or unusual, or lacks economic or legal justification, or is unnecessarily complex, whether performed on isolated occasions or repeatedly. In July 2001, the Central Bank released a list of "non cooperative" jurisdictions so that financial institutions would pay special attention to transactions to and from Myanmar.

We comply with all applicable money laundering regulations as provided for by the Central Bank and the Financial Information Unit; in particular with Resolution N ° 2/2002 of the Financial Information Unit, dated October 25, 2002, as amended and supplemented by Resolution N° 2/2007 dated June 13, 2007, which regulates Section 21 paragraphs a) and b) of Law 25,246 that provides for the gathering of information regarding suspicious operations and its report to the authorities.

Merger, consolidation and transfer of goodwill

Merger, consolidation and transfer of goodwill may be arranged between entities of the same or different type and will be subject to the prior approval of the Central Bank. The new entity must submit a financial-economic structure profile supporting the project in order to obtain authorization from the Central Bank.

Financial System Restructuring Unit

The Financial System Restructuring Unit was created to oversee the implementation of a strategic approach for those banks benefiting from assistance provided by the Central Bank. This unit is in charge of rescheduling maturities, determining restructuring strategies and action plans, approving transformation plans, and accelerating repayment of the facilities granted by the Central Bank.

C. Organizational Structure

Subsidiaries

We have eight subsidiaries (i) Macro Bank Limited (previously Sud Bank & Trust), our subsidiary in the Bahamas through which we provide primarily private banking services; (ii) Macro Securities S.A. Sociedad de Bolsa, which is a member of the Buenos Aires Stock Exchange, and through which we provide investment research, securities trading and custodial services to our customers; (iii) Sud Inversiones & Análisis S.A., our subsidiary that acts as trustee and provides financial advisory and analysis services;(iv) Macro Fondos S.G.F.C.I.S.A. our asset management subsidiary; (v) Macro Valores S.A.; (vi) Banco del Tucumán, our acquired retail and commercial banking subsidiary in the province of Tucumán; (vii) Nuevo Banco Bisel, our acquired retail and commercial banking subsidiary in the central provinces of Argentina and (vii) Red Innova Administradora de Fondos de Inversión S.A.

On March 19, 2008, the Bank sold its interest in Macro Valores S.A.

On March 31, 2008, the ordinary and extraordinary general shareholder’s meeting of Red Innova Administradora de Fondos de Inversión S.A. resolved its dissolution and liquidation from such date.

D. Property, plants and equipment

Property

We own 17,109 square meters of office space at Sarmiento 341-355, 401-447 and 731-735, in Buenos Aires, Argentina, the headquarters for our management, accounting, administrative and investor relations personnel. As of December 31, 2007 our branch network consisted of 427 branches in Argentina, of which 192 are leased properties.

Selected Statistical Information

The following information is included for analytical purposes and should be read in conjunction with the Consolidated Financial Statements as well as item 5- “*Operating and Financial Review and Prospects*”. This information has been prepared from our financial records, which are maintained in accordance with the regulations established by the Central Bank and do not reflect adjustments necessary to state the information in accordance with U.S. GAAP. See Note 35 to the Consolidated Financial Statements as of December 31, 2007 for a summary of the significant differences between Central Bank Rules and U.S. GAAP.

Average balance sheets, interest earned on interest-earning assets and interest paid on interest-bearing liabilities

The following tables show average balances, interest amounts and nominal rates for our interest-earning assets and interest-bearing liabilities for the years ended December 31, 2005, 2006 and 2007.

	Years Ended December 31,								
	2005			2006			2007		
	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate
	(in thousands of pesos, except percentages)								
ASSETS									
Interest-earning assets									
Government securities(1)									
Pesos	2,554,126	204,538	8.01%	2,428,667	284,121	11.70%	3,923,881	421,477	10.74%
Dollars	143,283	(11,203)	(7.82%)	230,924	(9,971)	(4.32%)	181,080	15,598	8.61%
Total	<u>2,697,409</u>	<u>193,335</u>	<u>7.17%</u>	<u>2,659,591</u>	<u>274,150</u>	<u>10.31%</u>	<u>4,104,961</u>	<u>437,075</u>	<u>10.65%</u>
Loans									
Private Sector									
Pesos	1,990,060	285,439	14.34%	3,798,073	576,243	15.17%	6,162,786	1,041,645	16.90%
Dollars	468,063	21,889	4.68%	715,551	39,204	5.48%	1,228,829	78,815	6.41%
Total	<u>2,458,123</u>	<u>307,328</u>	<u>12.50%</u>	<u>4,513,624</u>	<u>615,447</u>	<u>13.64%</u>	<u>7,391,615</u>	<u>1,120,460</u>	<u>15.16%</u>
Public Sector									
Pesos	714,207	102,217	14.31%	694,938	93,427	13.44%	767,970	51,575	6.72%
Total	<u>714,207</u>	<u>102,217</u>	<u>14.31%</u>	<u>694,938</u>	<u>93,427</u>	<u>13.44%</u>	<u>767,970</u>	<u>51,575</u>	<u>6.72%</u>

	Years Ended December 31,								
	2005			2006			2007		
	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate
(in thousands of pesos, except percentages)									
Deposits with the Central Bank									
Pesos	513,602	3,318	0.65%	733,687	2,825	0.39%	1,377,853	10,908	0.79%
Dollars	300,533	4,523	1.50%	441,288	7,561	1.71%	568,821	7,474	1.31%
Total	814,135	7,841	0.96%	1,174,975	10,386	0.88%	1,946,674	18,382	0.94%
Other assets									
Pesos	975,249	80,724	8.28%	1,055,424	95,937	9.09%	1,289,250	138,041	10.71%
Dollars	705,907	13,622	1.93%	478,870	20,592	4.30%	417,109	23,663	5.67%
Total	1,681,156	94,346	5.61%	1,534,294	116,529	7.59%	1,706,359	161,704	9.48%
Total interest-earning assets									
Pesos	6,747,244	676,236	10.02%	8,710,789	1,052,553	12.08%	13,521,740	1,663,646	12.30%
Dollars	1,617,786	28,831	1.78%	1,866,633	57,386	3.07%	2,395,839	125,550	5.24%
Total	8,365,030	705,067	8.43%	10,577,422	1,109,939	10.49%	15,917,579	1,789,196	11.24%
Non interest-earning assets									
Cash and due from banks									
Pesos	234,109	—		325,154	—		404,796		
Dollars	295,552	—		353,051	—		455,163		
Euros	6,294	—		8,955	—		14,590		
Other	1,238			1,481			2,002		
Total	537,193	—		688,641	—		876,551		
Investments in other companies									
Pesos	58	—		9,176	—		9,215		
Dollars	636	—		1,025	—		1,552		
Total	694	—		10,201	—		10,767		
Property and equipment and miscellaneous and intangible assets and items pending of allocation									
Pesos	435,210	—		578,243	—		771,073		
Total	435,210	—		578,243	—		771,073		
Allowance for loan losses									
Pesos	(196,888)	—		(287,893)	—		(174,992)		
Dollars	(43,587)	—		(44,945)	—		(27,271)		
Total	(240,475)	—		(332,838)	—		(202,263)		
Other assets									
Pesos	220,946	—		166,439	—		298,889		
Dollars	38,727	—		103,471	—		41,280		
Euros	76	—		43	—		40		
Total	259,749	—		269,953	—		340,209		
Total non interest-earning assets									
Pesos	693,435	—		791,119	—		1,308,981		
Dollars	291,328	—		412,602	—		470,724		
Euros	6,370	—		8,998	—		14,630		
Other	1,238			1,481			2,002		
Total	992,371	—		1,214,200	—		1,796,337		
TOTAL ASSETS									
Pesos	7,440,679			9,501,908	—		14,830,721		
Dollars	1,909,114			2,279,235	—		2,866,563		
Euros	6,370			8,998	—		14,630		
Other	1,238			1,481			2,002		
Total	9,357,401			11,791,622	—		17,713,916		

Years Ended December 31,									
	2005			2006			2007		
	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate
(in thousands of pesos, except percentages)									
LIABILITIES									
Interest-bearing liabilities									
Savings accounts									
Pesos	635,072	4,144	0.65%	950,338	7,126	0.75%	1,444,795	10,757	0.74%
Dollars	85,130	159	0.19%	130,478	316	0.24%	174,476	698	0.40%
Total	<u>720,202</u>	<u>4,303</u>	<u>0.60 %</u>	<u>1,080,816</u>	<u>7,442</u>	<u>0.69 %</u>	<u>1,619,271</u>	<u>11,455</u>	<u>0.71 %</u>
Certificates of deposits									
Pesos	2,652,277	198,917	7.50%	3,056,186	252,927	8.28%	4,589,993	421,823	9.19%
Dollars	828,236	14,685	1.77%	1,190,185	31,167	2.62%	1,437,841	47,923	3.33%
Total	<u>3,480,513</u>	<u>213,602</u>	<u>6.14 %</u>	<u>4,246,371</u>	<u>284,094</u>	<u>6.69 %</u>	<u>6,027,834</u>	<u>469,746</u>	<u>7.79 %</u>
Borrowing from the Central Bank									
Pesos	491,462	16,588	3.38%	305,108	12,423	4.07%	370,182	37,344	10.09%
Dollars	14,772	294	1.99%	—	—	—	—	—	—
Total	<u>506,234</u>	<u>16,882</u>	<u>3.33 %</u>	<u>305,108</u>	<u>12,423</u>	<u>4.07 %</u>	<u>370,182</u>	<u>37,344</u>	<u>10.09 %</u>
Borrowings from other financial institutions									
Pesos	53,566	5,831	10.89%	99,907	8,310	8.32%	223,845	20,394	9.11%
Dollars	189,293	11,558	6.11%	148,962	19,963	13.40%	202,259	13,967	6.91%
Total	<u>242,859</u>	<u>17,389</u>	<u>7.16 %</u>	<u>248,869</u>	<u>28,273</u>	<u>11.36 %</u>	<u>426,104</u>	<u>34,361</u>	<u>8.06 %</u>
Corporate Bonds									
Pesos	15,920	1,962	12.32%	6,338	1,015	16.01%	178,101	19,082	10.71%
Dollars	—	—	—	38,863	1,612	4.15%	918,054	86,444	9.42%
Total	<u>15,920</u>	<u>1,962</u>	<u>12.32 %</u>	<u>45,201</u>	<u>2,627</u>	<u>5.81 %</u>	<u>1,096,155</u>	<u>105,526</u>	<u>9.63 %</u>
Other liabilities									
Pesos	495,792	4,648	0.94%	862,543	22,053	2.56%	1,454,997	37,652	2.59%
Dollars	376,472	8,680	2.31%	398,334	1,345	0.34%	421,766	4,842	1.15%
Total	<u>872,264</u>	<u>13,328</u>	<u>1.53 %</u>	<u>1,260,877</u>	<u>23,398</u>	<u>1.86 %</u>	<u>1,876,763</u>	<u>42,494</u>	<u>2.26 %</u>
Total Interest-bearing liabilities									
Pesos	4,344,089	232,090	5.34%	5,280,420	303,854	5.75%	8,261,913	547,052	6.62%
Dollars	1,493,903	35,376	2.37%	1,906,822	54,403	2.85%	3,154,396	153,874	4.88%
Total	<u>5,837,992</u>	<u>267,466</u>	<u>4.58 %</u>	<u>7,187,242</u>	<u>358,257</u>	<u>4.98 %</u>	<u>11,416,309</u>	<u>700,926</u>	<u>6.14 %</u>

	Years Ended December 31,								
	2005			2006			2007		
	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate	Average Balance	Interest Earned/ (Paid)	Average Nominal Rate
	(in thousands of pesos, except percentages)								
Non-interest bearing liabilities and Stockholders' equity									
Demand deposits									
Pesos	1,691,837	—		2,014,468	—	—	3,069,049	—	—
Dollars	45,955	—		3,502	—	—	6,680	—	—
Total	<u>1,737,792</u>	—		<u>2,017,970</u>	—	—	<u>3,075,729</u>	—	—
Other liabilities									
Pesos	341,890	—		493,194	—	—	539,333	—	—
Dollars	102,240	—		140,127	—	—	185,904	—	—
Euros	3,830	—		2,623	—		6,045		
Other	439			124			130		
Total	<u>448,399</u>	—		<u>636,068</u>	—		<u>731,412</u>		
Minority Interest									
Pesos	55	—		35,097	—		34,112		
Total	<u>55</u>	—		<u>35,097</u>	—		<u>34,112</u>		
Stockholders equity									
Pesos	1,333,163	—		1,915,245	—		2,456,353		
Total	<u>1,333,163</u>	—		<u>1,915,245</u>	—		<u>2,456,353</u>		
Total non-interest bearing liabilities and stockholders equity									
Pesos	3,366,945	—		4,458,004	—		6,098,847		
Dollars	148,195	—		143,629	—		192,584		
Euros	3,830	—		2,623	—		6,045		
Other	439			124			130		
Total	<u>3,519,409</u>	—		<u>4,604,380</u>	—		<u>6,297,606</u>		
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY									
Pesos	7,711,034	—		9,738,424	—		14,360,760		
Dollars	1,642,098	—		2,050,451	—		3,346,980		
Euros	3,830	—		2,623	—		6,045		
Other	439	—		124	—		130		
Total	<u>9,357,401</u>	—		<u>11,791,622</u>	—		<u>17,713,915</u>		

(1) Includes instruments issued by the Central Bank.

Changes in interest income and interest expense; volume and rate analysis

The following tables allocate, by currency of denomination, changes in our interest income and interest expense between changes in the average volume of interest-earning assets and interest-bearing liabilities and changes in their respective nominal interest rates for the fiscal year ended December 31, 2005 compared to the fiscal year ended December 31, 2004; for the fiscal year ended December 31, 2006 compared to the fiscal year ended December 31, 2005; and for the fiscal year ended December 31, 2007 compared to the fiscal year ended December 31, 2006.

	December 2005/December 2004 Increase (Decrease) Due to Changes in			December 2006/December 2005 Increase (Decrease) Due to Changes in			December 2007/December 2006 Increase (Decrease) Due to Changes in		
	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
	(in thousand of pesos)								
ASSETS									
Interest-earning assets									
Government securities									
Pesos	71,850	(60,559)	11,291	(14,677)	94,260	79,583	160,606	(23,250)	137,356
Dollars	1,447	(8,817)	(7,370)	(3,784)	5,016	1,232	(4,293)	29,862	25,569
Total	73,297	(69,376)	3,921	(18,461)	99,276	80,815	156,313	6,612	162,925
Loans									
Private sector									
Pesos	135,531	34,443	169,974	274,311	16,493	290,804	399,688	65,714	465,402
Dollars	11,272	(621)	10,651	13,560	3,755	17,315	32,921	6,690	39,611
Total	146,803	33,822	180,625	287,871	20,248	308,119	432,609	72,404	505,013
Public sector									
Pesos	47,662	19,842	67,504	(2,591)	(6,199)	(8,790)	4,905	(46,757)	(41,852)
Dollars	—	—	—	—	—	—	—	—	—
Total	47,662	19,842	67,504	(2,591)	(6,199)	(8,790)	4,905	(46,757)	(41,852)
Deposits with the Central Bank									
Pesos	2,810	(3,203)	(393)	847	(1,340)	(493)	5,100	2,983	8,083
Dollars	4,485	13	4,498	2,412	626	3,038	1,676	(1,763)	(87)
Total	7,295	(3,190)	4,105	3,259	(714)	2,545	6,776	1,220	7,996
Other assets									
Pesos	46,326	9,336	55,662	7,288	7,925	15,213	25,036	17,068	42,104
Dollars	5,505	6,633	12,138	(9,763)	16,760	6,997	(3,504)	6,575	3,071
Total	51,831	15,969	67,800	(2,475)	24,685	22,210	21,532	23,643	45,175
Total interest-earning assets									
Pesos	304,179	(141)	304,038	265,178	111,139	376,317	595,335	15,758	611,093
Dollars	22,709	(2,792)	19,917	2,425	26,157	28,582	26,800	41,364	68,164
Total	326,888	(2,933)	323,955	267,603	137,296	404,899	622,135	57,122	679,257

	December 2005/December 2004 Increase (Decrease) Due to Changes in			December 2006/December 2005 Increase (Decrease) Due to Changes in			December 2007/December 2006 Increase (Decrease) Due to Changes in		
	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
(in thousand of pesos)									
LIABILITIES									
Interest-bearing liabilities									
Savings accounts									
Pesos	2,395	(1,408)	987	2,364	618	2,982	3,681	(50)	3,631
Dollars	102	53	155	110	47	157	176	206	382
Total	2,497	(1,355)	1,142	2,474	665	3,139	3,857	156	4,013
Certificates of deposits									
Pesos	96,945	46,971	143,916	33,427	20,583	54,010	140,958	27,938	168,896
Dollars	4,593	1,943	6,536	9,478	7,004	16,482	8,254	8,502	16,756
Total	101,538	48,914	150,452	42,905	27,587	70,492	149,212	36,440	185,652
Borrowings from the Central Bank									
Pesos	16,256	(565)	15,691	(7,587)	3,422	(4,165)	6,565	18,356	24,921
Dollars	294	—	294	—	(294)	(294)	—	—	—
Total	16,550	(565)	15,985	(7,587)	3,128	(4,459)	6,565	18,356	24,921
Borrowings from other financial institutions									
Pesos	1,227	2,019	3,246	3,855	(1,376)	2,479	11,292	792	12,084
Dollars	7,822	1,797	9,619	(5,405)	13,810	8,405	3,680	(9,676)	(5,996)
Total	9,049	3,816	12,865	(1,550)	12,434	10,884	14,972	(8,884)	6,088
Corporate Bonds									
Pesos	(24,541)	12,193	(12,348)	(1,535)	588	(947)	18,403	(336)	18,067
Dollars				1,612		1,612	82,785	2,047	84,832
Total	(24,541)	12,193	(12,348)	77	588	665	101,188	1,711	102,899
Other liabilities									
Pesos	1,090	(1,719)	(629)	9,373	8,032	17,405	15,331	268	15,599
Dollars	4,634	(6,486)	(1,852)	74	(7,409)	(7,335)	269	3,228	3,497
Euro									
Total	5,724	(8,205)	(2,481)	9,447	623	10,070	15,600	3,496	19,096
Total interest-bearing liabilities									
Pesos	93,372	57,491	150,863	39,898	31,866	71,764	196,230	46,968	243,198
Dollars	17,445	(2,693)	14,752	5,869	13,158	19,027	95,164	4,307	99,471
Euro									
Total	110,817	54,798	165,615	45,767	45,024	90,791	291,394	51,275	342,669

Interest-earning assets: net interest margin and spread

The following table analyzes, by currency of denomination, our levels of average interest-earning assets and net interest income, and illustrates the comparative margins and spreads for each of the years indicated.

	Year Ended December 31,		
	2005	2006	2007
	(in thousands of pesos, except percentages)		
Average interest-earning assets			
Pesos	6,747,244	8,710,789	13,521,740
Dollars	1,617,786	1,866,633	2,395,839
Total	8,365,030	10,577,422	15,917,579
Net interest income (1)			
Pesos	444,146	748,699	1,116,594
Dollars	(6,545)	2,983	(26,403)
Total	437,601	751,682	1,090,191
Net interest margin (2)			
Pesos	6.58%	8.60%	8.26%
Dollars	(0.40)%	0.16%	(1.10)%
Weighted average rate	5.23%	7.11%	6.85%
Yield spread nominal basis (3)			
Pesos	4.68%	6.33%	5.68%
Dollars	(0.59)%	0.22%	0.42%
Weighted average rate	3.85%	5.51%	5.12%

- (1) Defined as interest earned less interest paid. Trading results from our portfolio of government securities are included in interest.
- (2) Net interest income stated as a percentage of average interest-earning assets.
- (3) Defined as the difference between the average nominal rate on interest-earning assets and the average nominal rate on interest-bearing liabilities.

Investment portfolio: government and private securities

We own, manage and trade a portfolio of securities issued by the Argentine and other governments and private issuers. The following table analyzes, by currency of denomination, our investments in Argentine and other governments and private securities as of December 31, 2005, 2006 and 2007. Securities are stated before deduction of allowances.

	As of December 31,		
	2005(1)	2006(1)	2007
	(in thousands of pesos)		
Government Securities			
In Pesos:			
Holdings in Investment Accounts			
Federal Government Bonds, maturity 2007 — Compensation (BODEN)	10,705	—	—
Subtotal Holdings in Investment Accounts	10,705	—	—
Holdings for Trading or Intermediation			
Social Security Consolidation Bonds payables in Pesos	9,110	4,151	70,670
Secured Bonds Decree 1,579/02	22,391	36,414	38,299
Discount Bonds	13,378	4,143	18,746
Federal Government Bonds (maturity 2007, 2008 and 2014) (BODEN)	644	104,502	13,840
Consolidation Bonds	2,906	1,971	10,236
Province of Tucumán Bonds	—	1,905	2,828
Par Bonds	—	439	1,590
GDP-Related Securities (maturity 2035)	—	2,337	1,109
Quasi-Par Securities (maturity 2045)	—	2,920	—
Other	2,069	298	197
Subtotal Holdings for Trading or Intermediation	50,498	159,080	157,515
Unlisted Government Securities			
Secured Bonds Decree 1,579/02	197,771	—	—
Federal Government Bonds (maturity 2013 — BODEN)	—	13,254	11,987
Other	587	18	38
Subtotal Unlisted Government Securities	198,358	13,272	12,025
Instruments Issued by B.C.R.A.			
Listed Central Bank External bills and notes (Lebacs/Nobacs)	2,165,609	2,787,019	3,478,246
Unlisted Central Bank External bills and notes (Lebacs/Nobacs)	297,493	—	—
Subtotal Instruments Issued by B.C.R.A.	2,463,102	2,787,019	3,478,246
Total Government Securities in pesos	2,722,663	2,959,371	3,647,786
In Foreign Currency:			
Holdings in Investment Accounts			
Federal Government Bonds maturity 2012 — Compensation (BODEN)	94,711	—	—
Subtotal Holdings in Investment Accounts	94,711	—	—
Holding for Trading or Intermediation			
Federal Government Bonds (maturity 2012 and 2013) (BODEN)	109,658	111,263	145,269
Argentine Government Bonds (maturity 2011 — Bonar X)	—	—	45,954
Province of Mendoza (maturity 2018)	—	—	7,533
Argentine Government Bonds (maturity 2011 — Bonar V)	—	2,128	1,462
Par Bonds	—	280	368
Treasury Bills (maturity 2007 and 2008)	4,543	31,276	—
Other	87	38	312
Subtotal Holding for Trading or Intermediation	114,288	144,985	200,898

	As of December 31,		
	2005(1)	2006(1)	2007
	(in thousands of pesos)		
Unlisted Government Securities			
Province of Tucuman Bonds (maturity 2015)	—	169	8,112
Subtotal Unlisted Government Securities	—	169	8,112
Total Government Securities in foreign currency	208,999	145,154	209,010
Total Government Securities	2,931,662	3,104,525	3,856,796
Investments in Listed Private Securities			
In Pesos:			
Mutual Funds	547	11,437	19,424
Commercial Paper	—	—	—
Corporate Bonds	7,532	—	—
Shares	6,093	1,445	2,971
Certificates of Participation in Financial Trusts	19,005	—	—
Debt Securities in Financial Trusts	3,448	1,035	—
In Foreign Currency:			
Mutual Funds	4,815	17,925	11,883
Commercial Paper	—	—	30,402
Corporate Bonds	16,484	80,482	23,595
Shares	1,978	6,135	5,681
Total Private Securities	59,902	118,459	93,956
Total Government and Private Securities	2,991,564	3,222,984	3,950,752
Investments in Unlisted Private Securities			
In Pesos:			
Certificates of Participation in Financial Trusts (2)	147,993	413,612	438,331
Debt Securities in Financial Trusts	124,700	90,133	77,030
Corporate Bonds (3)	536	534	190
In Foreign Currency:			
Certificates of Participation in Financial Trusts (2)	45,069	38,100	33,611
Corporate Bonds (3)	391	12,127	44,067
Total Investments in Unlisted Private Securities	318,689	554,406	593,229
Total	3,310,253	3,777,390	4,543,981

- (1) See note 4.2. to our audited consolidated financial statements for the year ended December 31, 2007.
- (2) The bank booked allowances for impairment in value amounting to 203,797, 169,097 and 19,749 as of December 31, 2007, 2006 and 2005 respectively.
- (3) The bank booked allowances for impairment in value amounting to 321 as of December 31, 2007.

Remaining maturity of government and private securities

The following table analyzes the remaining maturities of our investment portfolio as of December 31, 2007 in accordance with issuance terms (before allowances). We assume that those securities in default will expire after the coming ten years.

	Maturing					
	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years	After 10 years	Without due date	Total
Book value (in thousands of pesos)						
In Pesos:						
Holding for Trading or Intermediation						
Consolidation Bonds of Social Security payables in Pesos	28,299	38,808	3,563	—	—	70,670
Secured Bonds Decree 1,579/02	2,127	11,525	23,707	940	—	38,299
Discount Bonds	—	—	—	18,746	—	18,746
Federal Government Bonds (maturity 2008 and 2014)	1,138	7,489	5,213	—	—	13,840
Consolidation Bonds	1,786	4,664	2,105	1,681	—	10,236
Province of Tucumán Bonds	158	851	1,750	69	—	2,828
Par Bonds	—	—	—	1,590	—	1,590
GDP-Related Securities (maturity 2035)	—	—	—	1,109	—	1,109
Other	52	83	62	—	—	197
Unlisted Government Securities						
Federal Government Bonds (maturity 2013 - BODEN)	3,996	7,991	—	—	—	11,987
Other	37	1	—	—	—	38
Instruments Issued by B.C.R.A.						
Listed B.C.R.A. External Notes (1)	2,919,442	528,505	—	—	—	3,447,947
Listed B.C.R.A. External Bills (1)	21,694	8,605	—	—	—	30,299
Total Government securities in pesos	2,978,729	608,522	36,400	24,135	—	3,647,786
In Foreign Currency:						
Holding for Trading or Intermediation						
Federal Government Bonds in US\$ (maturity 2012 and 2013)	20,674	82,697	41,898	—	—	145,269
Argentine Government Bonds in US\$ (maturity 2017 - Bonar X)	—	—	45,954	—	—	45,954
Province of Mendoza Bonds in US\$ Maturity 2018	515	2,361	3,772	885	—	7,533
Argentine Government Bonds in US\$ (maturity 2011 - Bonar V)	—	1,462	—	—	—	1,462
Par Bonds in US\$	—	—	—	368	—	368
Other	—	—	—	312	—	312
Unlisted Government Securities						
Province of Tucumán Bonds in US\$- Maturity 2015	2,704	5,408	—	—	—	8,112
Total Government securities in foreign currency	23,893	91,928	91,624	1,565	—	209,010
Total Government securities	3,002,622	700,450	128,024	25,700	—	3,856,796

	Maturing					
	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years	After 10 years	Without due date	Total
Book value (in thousands of pesos)						
Private Securities						
Investments in listed private securities						
In Pesos:						
Mutual Funds	19,424	—	—	—	—	19,424
Shares	2,971	—	—	—	—	2,971
In foreign currency:						
Commercial Paper	30,402	—	—	—	—	30,402
Corporate bonds	17,359	6,236	—	—	—	23,595
Mutual Funds	11,883	—	—	—	—	11,883
Shares	5,681	—	—	—	—	5,681
Investments in unlisted private securities						
In Pesos:						
Certificates of Participation in Financial Trusts (2)	45,258	142,304	—	150,575	100,194	438,331
Debt Securities in Financial Trusts	68,088	8,942	—	—	—	77,030
Corporate Bonds(3)	—	—	—	—	190	190
In foreign currency:						
Certificates of Participation in Financial Trusts (2)	—	33,611	—	—	—	33,611
Corporate Bonds(3)	5,342	38,457	199	69	—	44,067
Total Private securities	206,408	229,550	199	150,644	100,384	687,185

(1) As of December 31, 2007, “Instruments Issued by B.C.R.A.” includes Ps. 119,468 to fall due in 30 days, Ps. 446,075 to fall due in 60 days, Ps. 885,453 to fall due from 120 to 180 days, Ps. 1,490,140 to fall due from 181 to 365 days and Ps.537,110 more than 365 days.

(2) The bank booked allowances for impairment in value amounting to 203,797, 169,097 and 19,749 as of December 31, 2007

(3) The bank booked allowances for impairment in value amounting to 321 as of December 31, 2007.

Loan portfolio

The following table analyzes our loan portfolio (without considering leasing agreements) by type as of December 31, 2005, 2006 and 2007.

	As of December 31,		
	2005(1)	2006(1)	2007
(in thousands of pesos)			
To the non-financial government sector	645,342	774,273	732,481
To the financial sector (2)	80,511	436,930	161,702
To the non-financial private sector and foreign residents			
Overdrafts (3)	432,772	1,103,270	1,504,657
Documents (4)	433,748	543,734	1,081,675
Mortgages loans	298,060	426,138	619,781
Pledged loans (5)	230,321	300,949	347,989
Consumer loans (6)	718,261	1,928,977	3,929,579
Other loans	779,237	1,131,315	1,718,978
Less: Unearned discount	(10,411)	(11,505)	(20,836)
Less: Unposted payment	(6,050)	(139)	(69)
Plus: Interest, adjustments and listed price differences accrued pending collection	72,861	101,744	153,902
Less: Allowances	(247,532)	(208,581)	(220,422)
Total Loans	3,427,120	6,527,105	10,009,417

(1) See note 4.2. to our audited consolidated financial statements for the year ended December 31, 2007.

(2) Includes loans to financial institutions.

(3) Overdrafts include overdraft lines of credit resulting from checking accounts.

(4) Includes the face values of drafts, promissory notes and other bills transferred to us by endorsement for which the assignor is liable, whenever the latter is an Argentine resident within the financial sector. The difference between the face value of the bill and the amount effectively disbursed will be credited to “Loans- Argentine residents-Financial Sector-Principals-(Unearned discount).”

(5) Includes the principal amounts actually lent of automobile and other collateral loans granted, for which the obligator is part of the non-financial private sector.

(6) Consumer loans include credit card loans and other consumer loans. Overdrafts to individuals are included under “Overdrafts”

Maturity composition of the loan portfolio

The following table analyzes our loan portfolio as of December 31, 2007 by type and by the time remaining to maturity. Loans are stated before deduction of the allowance for loan losses. We expect most loans to be repaid at maturity in cash or through refinancing at market terms.

	Maturing			
	Amount as of December 31, 2007	Within 1 Year	After 1 Year but Within 5 Years	After 5 Years
	(in thousands of pesos, except percentages)			
To the non-financial government sector	732,481	21,598	450,461	260,422
To the financial sector (1)	161,702	152,475	9,227	—
To the non-financial private sector and foreign residents				
Overdrafts (2)	1,521,884	1,517,132	4,752	—
Documents (3)	1,090,591	987,483	97,130	5,978
Mortgages loans	648,312	130,795	306,287	211,230
Pledged loans (4)	361,712	170,422	191,146	144
Consumer loans (5)	3,964,492	1,624,110	2,166,162	174,220
Other loans	1,748,665	1,398,025	280,637	70,003
Total loans	10,229,839	6,002,040	3,505,802	721,997
Percentage of total loan portfolio	100.00%	59.00%	34.00%	7.00%

- (1) Includes loans to financial institutions.
- (2) Overdrafts include overdrafts lines of credit resulting from checking accounts.
- (3) Includes the face value of drafts, promissory notes and other bills transferred to us by endorsement for which the assignor is liable, whenever the latter is an Argentine resident within the financial sector. The difference between the face value of the bill and the amount effectively disbursed will be credited “Loans-In Argentina Pesos-Argentine residents-Financial sector-Principals-(Unearned discount).”
- (4) Includes the principal amount actually lent of automobile and personal loans granted, for which the obligor is part of the non-financial private sector.
- (5) Consumer loans include credit card loans and other consumer loans. Overdrafts to individuals are included under “Overdrafts.”

Loans—portfolio classification

The following table presents our loan portfolio, before deduction of the allowance for loan losses, using the classification system of the Central Bank in effect at the end of each year:

	As of December 31,					
	2005	%	2006	%	2007	%
	(in thousands of pesos, except percentages)					
Loan Portfolio						
Categories						
1 - Normal	3,442,625	93.69%	6,550,389	97.25%	9,927,876	97.05%
2 - Low risk / Under observation — Under negotiation or subject to refinancing agreements	35,891	0.98%	50,077	0.74%	143,128	1.40%
3 - Medium Risk/With problems	26,711	0.73%	45,603	0.68%	52,059	0.51%
4 - High Risk /With high risk of insolvency	33,979	0.92%	34,503	0.51%	62,856	0.61%
5 - Irrecoverable	126,189	3.43%	51,086	0.76%	36,526	0.36%
6 - Irrecoverable by technical decision	9,257	0.25%	4,028	0.06%	7,394	0.07%
Total loans	3,674,652	100%	6,735,686	100%	10,229,839	100%

Analysis of the allowance for loan losses

The table below sets forth the activity in the allowance for loan losses for the years ended December 31, 2003, 2004, 2005, 2006 and 2007.

	Year Ended December 31,				
	2003(1)	2004	2005	2006	2007
	(in thousands of pesos, except percentages)				
Balance at the beginning of the year	116,125	56,279	225,340	247,532	208,581
Provisions for loan losses	35,504	201,253(4)	142,045(5)	102,538(6)	93,498
Write offs and reversals	(95,350)	(32,192)	(119,853)	(141,489)	(81,657)
Overdrafts	(24,709)	(4,374)	(4,777)	(31,584)	(13,889)
Personal loans	(3,765)	(3,181)	(1,657)	(4,411)	(10,929)
Credit Cards	(7,436)	(865)	(993)	(2,184)	(5,751)
Mortgage loans	(4,331)	(1,252)	(41,518)	(25,825)	(8,071)
Pledge loans	(8,298)	(7,185)	(26,758)	(4,323)	(674)
Documents	(5,020)	(8,696)	(25,469)	(39,974)	(6,931)
Other	(41,791)	(6,639)	(18,681)	(33,188)	(35,412)
Balance at the end of year	56,279	225,340	247,532	208,581	220,422
Charge-off/average loans(2)	3.26%	2.22%	2.22%	1.15%	1.16%
Net charge-off/average loans(3)	(4.58)%	1.29%	(0.78)%	(1.14)%	(0.47)%

- (1) In constant pesos as of February 28, 2003.
- (2) Defined as charge-offs plus direct charge-offs divided by average loans.

- (3) *Defined as charge-offs plus direct charge-offs minus bad debts recovered and reversals divided by average loans.*
- (4) *Includes Ps. 143,457 thousand of Nuevo Banco Suquia.*
- (5) *Includes Ps. 74,775 thousand for the incorporation of Banco Empresario de Tucumán.*
- (6) *Includes Ps. 13,993 thousand and Ps. 28,443 thousand for the incorporations of Banco del Tucumán and Nuevo Banco Bisel, respectively.*

Allocation of the allowances for loan losses

The following table allocates the allowance for loan losses by each category of loans and sets forth the percentage distribution of the total allowance for each of the years ended December 31, 2005, 2006 and 2007.

	Year Ended December 31,					
	2005		2006		2007	
	(in thousands of pesos, except percentages)					
Overdrafts	39,074	15.79%	24,987	11.98%	25,510	11.57%
Documents	62,508	25.25%	20,326	9.75%	23,215	10.53%
Mortgage loans	43,747	17.67%	22,640	10.86%	20,210	9.17%
Pledged loans	9,337	3.77%	8,433	4.04%	8,608	3.91%
Personal loans	13,736	5.55%	40,364	19.35%	70,375	31.93%
Credit cards	6,783	2.74%	12,752	6.11%	17,658	8.01%
Other	72,347	29.23%	79,079	37.91%	54,846	24.88%
TOTAL	247,532	100%	208,581	100%	220,422	100%

Loans by Economic Activities

The table below analyzes our loan portfolio according to the borrowers’ main economic activity as of December 31, 2005, 2006 and 2007.

	As of December 31,					
	2005		2006		2007	
	Loan Portfolio	% of Loan Portfolio	Loan Portfolio	% of Loan Portfolio	Loan Portfolio	% of Loan Portfolio
(in thousands of pesos, except percentages)						
Animals keeping, cattle services (except veterinary and trading)	166,627	4.53	180,901	2.69	197,089	1.93
Construction	220,663	6.01	320,484	4.76	411,725	4.02
Crops, agricultural services and trading	270,960	7.37	440,961	6.55	709,766	6.94
Elaboration and trading of chemical substances and products	39,604	1.08	49,797	0.74	174,557	1.71
Elaboration and trading of foodstuff and beverages	235,114	6.4	537,905	7.99	700,917	6.85
Electricity, gas, steam and hot water	14,631	0.4	21,860	0.32	69,884	0.68
Extraction, exploitation and trading of petroleum’s related products	21,466	0.58	250,632	3.72	165,893	1.62
Financial trading and other financial services	240,097	6.53	593,423	8.80	408,002	3.99
Fishing, related services, elaboration and trading	1,099	0.03	629	0.01	1,161	0.01
Given to persons non-included in the other categories	678,891	18.47	1,719,736	25.53	3,410,361	33.34
Hotels and restaurants	48,586	1.32	43,196	0.64	39,365	0.38
Hunting and seizure of alive animals, resettlement of hunting animals and related services, forestry, wood extraction and related services	1,686	0.05	2,710	0.04	2,422	0.02
Manufacturing Industry	345	0.01	—	—	—	0.00
Mass and retail trading, reparation of automotive vehicles, motorbikes, personal effects and domestic chattels	17	—	—	—	—	0.00
Mass elaboration and production of machinery and equipments (all), electrical devices, radio equipment and devices, television and communications, medical, optical and pinpoint devices, watches	20,639	0.56	64,505	0.96	60,266	0.59

	As of December 31,					
	2005		2006		2007	
	Loan Portfolio	% of Loan Portfolio	Loan Portfolio	% of Loan Portfolio	Loan Portfolio	% of Loan Portfolio
	(in thousands of pesos, except percentages)					
Mass elaboration and production of automotive vehicles, trailers and semi trailers and transportation	5,035	0.14	49,198	0.73	60,416	0.59
Mass elaboration and production of textile products and dresses, finishing and staining of skins, leathering and finishing of leathers, elaboration of footwear and saddlery articles and their parts	50,161	1.37	33,425	0.50	45,488	0.44
Mass trading and/or on commission or consignment except automotive vehicles and motorbikes trading	77,002	2.10	179,075	2.66	212,318	2.08
Mines and quarries exploitation and selling and making of extracted products (except petroleum and gas)	1,333	0.04	255	—	56,446	0.55
Mines and quarries exploitation. Selling and making of extracted products	3,102	0.08	24,949	0.37	83,218	0.81
Other	172,268	4.69	288,241	4.28	851,836	8.33
Other services	275,376	7.49	474,325	7.04	970,585	9.49
Public administration, compulsory guard and social security	669,267	18.21	771,797	11.46	747,570	7.31
Real estate, owners and leasing	57,698	1.57	39,087	0.58	59,512	0.58
Retail trading except automotive vehicles, motorbikes, personal effects and domestic chattels trading	169,129	4.60	307,413	4.56	409,231	4.00
Teaching, social and healthcare	47,846	1.30	73,017	1.08	114,281	1.12
Trading, maintenance and reparation of automotive vehicles, motorbikes, personal effects and domestic chattels	35,022	0.95	63,871	0.95	81,513	0.80
Transportation, storage and communications	141,039	3.84	195,094	2.90	181,646	1.78
Water catchment, purifying and distribution	9,949	0.28	9,200	0.14	4,371	0.04
Total	<u>3,674,652</u>	<u>100.00</u>	<u>6,735,686</u>	<u>100.00</u>	<u>10,229,839</u>	<u>100.00</u>

Composition of deposits

The following table sets out the composition of each category of deposits that exceeded 10% of average total deposits in each of the years ended December 31, 2005, 2006, and 2007.

	Year ended December 31,		
	2005	2006	2007
	(in thousands of pesos)		
Deposits in Domestic Bank Offices			
Non-interest-bearing Demand			
Deposits(1)			
Average			
Pesos	1,691,599	2,014,003	3,067,834
Dollars	45,936	3,266	6,180
Total	<u>1,737,535</u>	<u>2,017,269</u>	<u>3,074,014</u>
Saving Accounts			
Average			
Pesos	635,072	950,338	1,444,795
Dollars	85,130	130,478	174,476
Total	<u>720,202</u>	<u>1,080,816</u>	<u>1,619,271</u>
Certificates of Deposits			
Average			
Pesos	2,652,277	3,056,186	4,589,993
Dollars	609,708	909,362	1,211,832
Total	<u>3,261,985</u>	<u>3,965,548</u>	<u>5,801,825</u>

		Year ended December 31,		
		2005	2006	2007
		(in thousands of pesos)		
Interest-Bearing Demand Deposits				
Average				
Pesos		—	524,135	1,042,132
Dollars		—	54,139	122,996
Total		—	578,274	1,165,128
Deposits in Foreign Bank Offices				
Non-interest-bearing Demand Deposits				
Average				
Pesos		238	465	1,215
Dollars		19	236	500
Total		257	701	1,715
Certificates of Deposits				
Average				
Dollars		218,528	280,823	226,009
Total		218,528	280,823	226,009
Interest-bearing Demand Deposits				
Average				
Dollars		27,828	31,559	81,435
Total		27,828	31,559	81,435

(1) Non-interest-bearing demand deposits consist of checking accounts.

Maturity of deposits at December 31, 2007

The following table sets forth information regarding the maturity of our deposits at December 31, 2007.

	Maturing				
	Total	Within 3 Months	After 3 but Within 6 Months	After 6 but Within 12 Months	After 12 Months
	(in thousands of pesos)				
Checking accounts	3,560,390	3,560,390	—	—	—
Savings accounts	2,845,965	2,845,965	—	—	—
Time deposits	6,645,504	5,631,022	518,470	474,331	21,681
Investment accounts	116,313	6,079	81,221	22,902	6,111
Other	422,977	420,043	950	1,984	—
Total	13,591,149	12,463,499	600,641	499,217	27,792

Maturity of deposits at December 31, 2007 of outstanding time deposits and investment accounts

The following table sets forth information regarding the maturity of our time deposits and investment accounts in denominations of Ps.100,000 or more at December 31, 2007.

	Maturing				
	Total	Within 3 Months	After 3 but Within 6 Months	After 6 but Within 12 Months	After 12 Months
	(in thousands of pesos)				
Domestic bank offices	4,000,698	3,022,471	470,002	481,284	26,941
Foreign bank offices	208,609	190,991	17,127	—	491
Total	4,209,307	3,213,462	487,129	481,284	27,432

Short-term borrowings

Our short-term borrowings totaled approximately Ps.205,600,000, Ps. 420,960,000 and Ps. 646,000,000 for the years ended December 31, 2005, 2006 and 2007, respectively. The table below shows those amounts at the end of each year.

	Year Ended December 31,					
	2005		2006		2007	
	Amount	Annualized Rate	Amount	Annualized Rate	Amount	Annualized Rate
(in thousands of pesos, except percentages)						
Central Bank of the Argentine Republic(1):						
Total amount outstanding at the end of the reported period	34,353	3.6%	69,062	1.95%	72,526	1.97%
Average during year	35,495	3.5%	51,248	1.95%	70,068	1.97%
Maximum quarter-end balance	42,379		69,062		72,526	
Banks and international organizations:						
Total amount outstanding at the end of the reported period	158,544	5.6%	28,930	5.92%	7,279	7.11%
Average during year(3)	122,741	4.7%	55,445	6.28%	125,827	7.35%
Maximum quarter-end balance	160,235		158,699		166,178	
Corporate Bonds						
Total amount outstanding at the end of the reported period	—	—	—	—	18,947	8.76%
Average during year(3)	—	—	—	—	15,343	8.97%
Maximum quarter-end balance	—		—		18,947	
Financing received from Argentine financial institutions:						
Total amount outstanding at the end of the reported period	3,480	3.0%	27,721	6.40%	119,038	6.75%
Average during year(3)	20,524	2.5%	10,627	4.35%	68,801	6.56%
Maximum quarter-end balance	35,908		27,721		119,038	
Other(2)						
Total amount outstanding at the end of the reported period	—	—	250,096	—	412,161	0.03%
Average during year(3)	29,654	1.8%	209,294	—	341,471	0.01%
Maximum quarter-end balance	60,300		250,096		412,161	
Subordinated corporate bonds:						
Total amount outstanding at the end of the reported period	9,299	7.2%	45,150	7.61%	16,404	8.03%
Average during year(3)	8,449	7.4%	29,835	7.73%	29,651	8.25%
Maximum quarter-end balance	9,299		54,588		59,288	
Total Short Term	205,676		420,959		646,355	

- (1) On February 2, 2005, Nuevo Banco Suquía made the early repayment of the remainder of such credit lines.
- (2) Includes liability to the Central Bank to acquire Boden 2012.
- (3) Average balances are calculated from quarterly- end balances.

Return on equity and assets

The following table presents certain selected financial information and ratios for the years indicated.

	Year Ended December 31,		
	2005	2006	2007
	(in thousands of pesos, except percentages)		
Net income	262,746	424,340	495,200
Average total assets	9,357,401	11,791,622	17,713,916
Average shareholders’ equity	1,333,163	1,915,245	2,456,353
Shareholders’ equity at the end of the fiscal year	1,489,652	2,315,097	2,707,706
Net income as a percentage of:			
Average total assets	2.81%	3.60%	2.80%
Average shareholders’ equity	19.71%	22.16%	20.16%
Declared cash dividends	30,447	68,395	102,591
Dividend payout ratio(1)	11.59%	16.12%	20.72%
Average shareholders’ equity as a percentage of Average Total Assets	14.25%	16.24%	13.87%

- (1) Declared cash dividends stated as percentage of net income when they are paid.

Interest rate sensitivity

The interest rate sensitivity measures the impact on the gross intermediation margin in response to a change in market interest rates. For any given period, the pricing structure is matched when an equal amount of assets and liabilities reprice. Any mismatch of interest-earning assets and interest-bearing liabilities is known as a gap position and is shown in the following tables. A negative gap denotes liability sensitivity and normally means that a decline in interest rates would have a positive effect on net interest income while an increase in interest rates would have a negative effect on interest income. The following table shows the interest rate sensitivity of our interest-earning assets and interest-bearing liabilities based on contractual maturities. Variations in interest rate sensitivity may also arise within the repricing periods presented.

	Remaining Maturity at December 31, 2007					
	0-1 Year	1-5 Years	5-10 Years	Over 10 years	Without due date	Total (2)
Interest-earning assets:						
Interest-bearing deposits in Central Bank	2,022,430	—	—	—	—	2,022,430
Interest-bearing deposits in other banks	224,179	—	—	—	—	224,179
Government and private securities	3,002,622	700,450	128,024	25,700	—	3,856,796
Goods in financial leasing	142,570	214,932	15,364	—	—	372,866
Loans to non-financial government sector(1)	21,598	450,461	240,512	19,910	—	732,481
Loans to private and financial sector(1)	5,980,442	3,055,341	352,743	108,834	—	9,497,360
Other assets	122,994	95,332	199	150,644	278,411	647,580
Total Interest-Earning Assets	<u>11,516,835</u>	<u>4,516,516</u>	<u>736,842</u>	<u>305,088</u>	<u>278,411</u>	<u>17,353,692</u>
Interest-bearing liabilities:						
Savings accounts	2,845,965	—	—	—	—	2,845,965
Time deposits	6,621,190	21,671	10	—	—	6,642,871
Investment accounts	110,202	6,101	10	—	—	116,313
Corporate Bonds	18,947	307,940	472,650	—	—	799,537
Subordinated corporate bonds	16,404	1,641	—	472,650	—	490,695
Liabilities with Central Bank	71,532	274,836	—	534	—	346,902
Liabilities with local financial institutions	119,038	13,146	27,040	1,072	—	160,296
Liabilities with bank and international institutions	7,279	157,550	—	—	—	164,829
Other liabilities	243,092	—	—	—	—	243,092
Total Interest-Bearing Liabilities	<u>10,053,649</u>	<u>782,885</u>	<u>499,710</u>	<u>474,256</u>	<u>—</u>	<u>11,810,500</u>
Asset/Liability Gap	1,463,186	3,733,631	237,132	(169,168)	278,411	5,543,192
Cumulative Asset/Liability Gap	1,463,186	5,196,817	5,433,949	5,264,781	5,543,192	
Cumulative sensitivity gap as a percentage of total interest-earning assets	8.43%	29.95%	31.31%	30.34%	31.94%	

	Remaining Maturity at December 31, 2007					
	0-1 Year	1-5 Years	5-10 Years	Over 10 years	Without due date	Total (2)
Interest-earning assets in Pesos:						
Interest-bearing deposits in Central Bank	1,445,938	—	—	—	—	1,445,938
Interest-bearing deposits in other banks	—	—	—	—	—	—
Government and private securities	2,978,729	608,522	36,400	24,135	—	3,647,786
Goods in financial leasing	141,122	207,707	3,490	—	—	352,319
Loans to non-financial government sector(1)	21,598	450,461	240,512	19,910	—	732,481
Loans to private and financial sector(1)	4,526,284	2,956,267	322,518	98,433	—	7,903,502
Other assets	69,891	17,028	—	150,575	278,199	515,693
Total Interest-Earning Assets	<u>9,183,562</u>	<u>4,239,985</u>	<u>602,920</u>	<u>293,053</u>	<u>278,199</u>	<u>14,597,719</u>
Interest-bearing liabilities in Pesos:						
Saving accounts	2,505,123	—	—	—	—	2,505,123
Time deposits	5,002,552	21,021	9	—	—	5,023,582
Investment accounts	102,577	—	10	—	—	102,587
Corporate bonds	2,207	307,940	—	—	—	310,147
Subordinated corporate bonds	862	1,641	—	—	—	2,503
Liabilities with Central Bank	71,532	274,836	—	534	—	346,902
Liabilities with local financial institutions	48,611	13,146	27,040	1,072	—	89,869
Other liabilities	182,681	—	—	—	—	182,681
Total Interest-Bearing Liabilities	<u>7,916,145</u>	<u>618,584</u>	<u>27,059</u>	<u>1,606</u>	<u>—</u>	<u>8,563,394</u>
Asset/Liability Gap	1,267,417	3,621,401	575,861	291,447	278,199	6,034,325
Cumulative Asset/Liability Gap	1,267,417	4,888,818	5,464,679	5,756,126	6,034,325	
Cumulative sensitivity gap as a percentage of total interest-earning assets	8.68%	33.49%	37.44%	39.43%	41.34%	
	Remaining Maturity at December 31, 2007					
	0-1 Year	1-5 Years	5-10 Years	Over 10 years	Without due date	Total (2)
Interest-earning assets in foreign currency						
Interest-bearing deposits in Central Bank	576,492	—	—	—	—	576,492
Interest-bearing deposits in other banks	224,179	—	—	—	—	224,179
Government securities	23,893	91,928	91,624	1,565	—	209,010
Goods in financial leasing	1,448	7,225	11,874	—	—	20,547
Loans to private and financial sector(1)	1,454,155	99,075	30,225	10,401	—	1,593,856
Other assets	53,103	78,304	199	69	211	131,886
Total Interest-Earning Assets	<u>2,333,270</u>	<u>276,532</u>	<u>133,922</u>	<u>12,035</u>	<u>211</u>	<u>2,755,970</u>

	Remaining Maturity at December 31, 2007					
	0-1 Year	1-5 Years	5-10 Years	Over 10 years	Without due date	Total (2)
Interest-bearing liabilities in foreign currency:						
Saving accounts	340,842	—	—	—	—	340,842
Time deposits	1,618,638	650	1	—	—	1,619,289
Investment accounts	7,625	6,101	—	—	—	13,726
Corporate bonds	16,740	—	472,650	—	—	489,390
Subordinated corporate bonds	15,542	—	—	472,650	—	488,192
Liabilities with Central Bank	—	—	—	—	—	—
Liabilities with local financial institutions	70,427	—	—	—	—	70,427
Liabilities with banks and financial organizations	7,279	157,550	—	—	—	164,829
Other liabilities	60,411	—	—	—	—	60,411
Total Interest-Bearing Liabilities	<u>2,137,504</u>	<u>164,301</u>	<u>472,651</u>	<u>472,650</u>	<u>—</u>	<u>3,247,106</u>
Asset/Liability Gap	195,766	112,231	(338,729)	(460,615)	211	(491,136)
Cumulative Asset/Liability Gap	195,766	307,997	(30,732)	(491,347)	(491,136)	
Cumulative sensitivity gap as a percentage of total interest-earning assets	7.10%	11.18%	(1.12)%	(17.83)%	(17.82)%	

(1) Loan amounts are stated before deducting the allowance for loan losses. Non-accrual loans are included with loans as interest-earning asset.

(2) Includes instruments issued by the Central Bank.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in “Cautionary statement concerning forward-looking statements,” “Risk factors,” and the matters set forth in this annual report in general.

The following discussion is based on, and should be read in conjunction with, our consolidated financial statements and related notes contained elsewhere in this annual report, as well as “Selected Financial data” and the other financial information appearing elsewhere in this annual report in general.

A. Operating results

FINANCIAL PRESENTATION

Our audited consolidated financial statements as of December 31, 2007, 2006 and 2005, included elsewhere in this annual report have been prepared in accordance with Central Bank Rules. Central Bank Rules differ in certain significant respects from U.S. GAAP. See note 35 to our audited financial statements for the three years ended December 31, 2007. As a result of the economic crisis, Argentina experienced very high rates of inflation in 2002. During that year, inflation, as measured by the wholesale price index, reached approximately 118%. As a result, Central Bank Rules reinstated inflation accounting at the beginning of 2002 until February 28, 2003. During 2003 and 2004, inflation levels returned to much lower levels and inflation accounting was discontinued. Therefore, all the financial statement data in this annual report for periods prior to February 28, 2003 have been restated in constant pesos as of such date by applying the adjustment rate derived from the internal wholesale price index published by INDEC. We do not report our results by accounting segments.

COMPARABILITY

In December 2004, we acquired Nuevo Banco Suquía, which significantly enhanced the size and scope of our business. As a result of our acquisition of Nuevo Banco Suquía, our results of operations for the year ended December 31, 2005 differ significantly from our results of operations for the year ended December 31, 2004. In addition, we acquired Banco del Tucumán in May 2006 and Nuevo Banco Bisel in August 2006, which we call the “2006 acquisitions”, which enhanced the size and scope of our business. As a result of our acquisitions of Banco del Tucumán and Nuevo Banco Bisel, our results of operations for the year ended December 2005 differ from our results of operations for the year ended December 31, 2006. Additionally, our results of operations for the year ended December 31, 2006 are not entirely comparable to our results of operations for the year ended December 31, 2007; our results of operations for the year ended December 31, 2007 reflect the results of Banco del Tucumán and Nuevo Banco Bisel for the entire year. Given the instability, and regulatory and economic changes that Argentina has experienced since the beginning of the economic crisis in 2001 as well as our acquisitions, the financial information set forth in this annual report may not be fully indicative of our anticipated results of operations or business prospects after the dates indicated.

OVERVIEW

We are one of the leading banks in Argentina. With the most extensive private-sector branch network in the country, we provide standard banking products and services to a nationwide customer base. We distinguish ourselves from our competitors by our strong financial position and by our focus on low- and middle-income individuals and small and medium-sized businesses, generally located outside of the City of Buenos Aires, which we believe offer significant opportunity for continued growth in our banking business. According to the Central Bank, as of December 31, 2007, we were ranked second in terms of assets and first in terms of equity among private-sector banks.

Our consolidated net income for the year ended December 31, 2007 was Ps.495.2 million (US\$157.7 million), representing a return on average equity of 20.2% and a return on average assets of 2.8%.

In general, given the relatively low level of banking intermediation in Argentina currently, there are limited products and services being offered. We are focusing on the overall growth of our loan portfolio by expanding our customer base and encouraging them to make use of our lending products. We have a holistic approach to our banking business; we do not manage the bank by segments or divisions or by customer categories, by products and services, by regions, or by any other segmentation for the purpose of allocating resources and assessing profitability. We have savings and checking accounts, credit and debit cards, consumer finance loans and other credit-related products and transactional services available to our individual customers and small and medium-sized businesses through our branch network. We also offer *Plan Sueldo* payroll services, lending, corporate credit cards, mortgage finance, transaction processing, and foreign exchange. In addition, our *Plan Sueldo* payroll processing services for private companies and four provincial governments give us a large and stable customer deposit base.

We emerged from the Argentine economic crisis of 2001 and 2002 as a stronger and larger bank. In January 2002, in the midst of the crisis, Banco Macro, our predecessor acquired a controlling interest in Banco Bansud. This acquisition tripled the size of our bank as measured by assets, and expanded our geographic presence from the northern provinces of Argentina to the southern provinces. In December 2004, during the recovery period of the Argentine economy, we completed the acquisition of Nuevo Banco Suquía, the leading private bank in the central provinces of Argentina, thereby becoming the private sector bank with the country’s most extensive branch network. The Nuevo Banco Suquía transaction increased our assets by 41% and our number of branches by 67%. Beginning at the end of 2002 and during the recovery years, we also experienced organic growth as our business in the provinces of Argentina suffered lower levels of volatility than our principal competitors in the City of Buenos Aires. In November 2005, a portion of the assets, including seven branches and the headquarters, and liabilities of Banco Empresario de Tucumán were transferred to us. In May 2006, we completed the acquisition of Banco del Tucumán. As a result of these transactions in Tucumán, we increased our branch network by 34 branches, or 14%. More recently, in August 2006, we completed the acquisition of Nuevo Banco Bisel, which added 158 branches, or 56%, to our branch network.

IMPACT OF THE 2001-2002 ECONOMIC CRISIS ON US

The economic crisis and the Argentine government’s response to the economic crisis, had dramatic effects on the business and financial results of Argentine banks, including us, as substantially all of our operations and customers are located in Argentina. As described below, the run on bank deposits, government measures to counteract the effects of the crisis (such as the *corralito*, *corralón* and asymmetric pesification), the devaluation of the peso, the high inflation environment that accompanied the crisis, the virtual suspension of banking activity and government compensation measures to offset the effects of asymmetric pesification, all had significant negative effects on our business and results of operations. However, we believe we have managed to address these challenges successfully. Moreover, as the Argentine economy continues to recover and the business environment stabilizes, we have emerged from the crisis as a larger and we believe stronger bank.

The run on bank deposits and restrictions on withdrawals

Beginning in the first quarter of 2001, in response to growing and widespread concern about the solvency of the Argentine banking system, private depositors began to withdraw funds. As a result, we experienced a decrease in the overall level of our deposits. In addition, depositors that kept their funds in the bank shifted their funds out of time deposits into demand deposit accounts in anticipation of a further deterioration in the Argentine banking system.

Corralito

The Argentine government’s initial response to the run on bank deposits, the *corralito*, limited the amount of cash that could be withdrawn from banks within specified time periods. However, this measure amplified public concern about the solvency of the banking system and contributed to a further decrease in deposit levels, as many depositors withdrew funds up to the permitted limit.

Corralón

Under the *corralón*, another government measure to address the run on bank deposits, the maturity for time deposits denominated in pesos and substantially all deposits denominated in U.S. dollars was mandatorily extended. In connection with the *corralón*, we were required to issue *CEDROs* to affected customers, representing the interest in the underlying, rescheduled deposits. Below is a table that shows the impact of the crisis and recovery on our and the financial system’s deposit base. For more information on our response, see “—Our Response to the Crisis—Loyal client base” and “—Acquisitions.” The information detailed below is based on unconsolidated information reported monthly to the Central Bank and has not been adjusted for intercompany eliminations or adjusted for inflation.

Phase 1. Bank run:	December 31, 2000 to November 30, 2001
Phase 2. <i>Corralito</i> :	November 30, 2001 to December 31, 2001
Phase 3. <i>Corralón</i> :	January 31, 2002 to April 30, 2002
Phase 4. Stabilization:	April 30, 2002 to April 30, 2003
Phase 5. Recovery:	April 30, 2003 to December 31, 2006
Phase 6. Growth:	December 31, 2006 to December 31, 2007

	Phase 1: Bank Run(1)	Phase 2: <i>Corralito</i>	Phase 3: <i>Corralón</i> (2)	Phase 4: Stabilization	Phase 5: Recovery(3)	Phase 6: Growth(4)
Banco Macro	(171)	8	(21)	295		
Banco Bansud	(354)	(29)	(183)	337		
Banco Macro and Banco Bansud	(525)	(21)	(204)	632	7,898	3,556
Financial system	(18,205)	(1,918)	(10,010)	7,646	91,682	34,653

Source: Central Bank

- (1) We excluded the month of January 2002 because of the impact on nominal changes caused by the pesification of U.S. dollar-denominated deposits.
- (2) Banco Macro acquired Banco Bansud in January 2002; however, the information in the table above has not been consolidated for the *corralón* phase as we were just beginning to manage Banco Bansud during that period.
- (3) Including acquisitions of Nuevo Banco Suquía, Banco del Tucumán and Nuevo Banco Bisel.
- (4) Including Banco del Tucumán and Nuevo Banco Bisel.

Asymmetric pesification and the Argentine government’s compensation measures

The asymmetric conversion of loans and deposits into pesos, the increase in banks’ non-performing loans and the decline in value of bank holdings of government debt left much of the financial sector virtually insolvent. To help prevent widespread insolvencies, the Argentine government pledged to provide offsetting compensation to banks. The general principles of the compensation scheme were to: (1) maintain the peso value of each bank’s net worth, and (2) leave the banks hedged in terms of currency. To that end, the Argentine government issued two types of bonds to banks:

- a bond denominated in pesos (BODEN 2007) to compensate for losses linked to asymmetric pesification; and
- a bond denominated in dollars (BODEN 2012) that the Central Bank offered to affected banks at a discounted price of Ps.1.40 plus CER indexation to US\$1.00, to compensate for the consequences of creating a mismatch between a bank’s dollar and peso position as a result of pesification. Banks could purchase the BODEN 2012 with either BODEN 2007 or by borrowing the applicable amount from the Central Bank.

Our cumulative compensation received from the Argentine government was as follows:

	<u>BODEN 2007</u>	<u>BODEN 2012</u>	<u>Total</u>
		(in millions of pesos)	<u>Compensation</u>
Banco Macro	49.7	—	49.7
Banco Bansud	—	392	392
Nuevo Banco Suquía	209.3	142.6	351.9
Total	<u>259.0</u>	<u>534.6</u>	<u>793.6</u>

Amparos

The *corralón*, *corralito* and pesification led to numerous *amparos* by depositors seeking court orders to have their deposits returned (in U.S. dollars in the case of U.S. dollar-denominated deposits). Additionally, Central Bank Rules permit the losses related to *amparos* to be accounted for as an intangible asset and amortized over five years. We took affirmative steps to reduce our exposure to *amparos* by agreeing to exchange depositors’ *CEDRO* s with time deposits plus BODEN 2012 and our guarantee on the BODEN 2012 in the event of a sovereign default. On December 31, 2007, we had approximately Ps.101 million of *amparos* recorded as Intangible Assets. The table below demonstrates our success in negotiating with our depositors, which has allowed us to maintain a low ratio of *amparos* as a percentage of equity, compared to the financial system as a whole:

	<u>Amparos/Equity</u> <u>As of December 31,</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Banco Macro	2.9%	3.2%	3.7%
Financial system	19.0%	9.6%	4.7%

Source: Central Bank

Disappearance of market for private loans and increase in non-performing loans

Amid the inflationary fears, peso devaluation, GDP contraction, consumption collapse and rising unemployment accompanying the economic crisis, the level of private loans in the financial system dropped dramatically, loan origination virtually ceased for most of 2002 and the incidence of non-performing loans increased. The following table shows the evolution of net loan origination of Banco Macro, Banco Bansud and, as of 2002, Banco Macro, defined as the year over year variation in the twelve-month average of private sector loans:

	<u>2002(1)</u>	<u>2003(1)</u>	<u>2004</u>	<u>2005</u>	<u>2006(2)</u>	<u>2007(3)</u>
Net loan origination (in millions of pesos)	(867.9)	(58.6)	584.0	565.8	1,352.8	2,955

- (1) In constant pesos as of February 28, 2003.
- (2) Without Nuevo Banco Bisel and Banco del Tucumán.
- (3) Including Nuevo Banco Bisel and Banco del Tucumán.

In addition, holders of *CEDRO* s issued by us in connection with the *corralón* could return the *CEDRO* s to us to satisfy their loan payment obligations, which further contributed to lowering the level of private loans outstanding during the crisis. In our case, the impact was magnified by the write off of bad loans and by collections of outstanding loan amounts from borrowers.

The following table shows the improving quality of our loan and lending portfolio and the improving of the financial system lending portfolio. The definition of non-performing lending in the table comes from the Central Bank and is not comparable to the non-performing loans definition in “Selected Statistical Information.”

	<u>Year Ended December 31,</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Banco Macro				
Allowances/total loans	7.3%	6.7%	3.1%	2.2%
Non-performing loans ratio	6.5	5.3	2.0	1.6
Allowances/lending(1)	8.8%	6.5%	3.1%	2.2%
Non-performing lending ratio(2)	8.0	5.0(3)	2.0	1.5
Financial System				
Allowances/lending(1)	9.8%	5.7%	3.5%	3.0%
Non-performing lending ratio(2)	10.3	5.0	3.3	2.6

Source: Central Bank

- (1) Includes loans, other receivables from financial transactions, financial leases, memorandum accounts—other guarantees provided and unused portion of loans granted (included in Debtors Rating Standards).
- (2) Non-performing lending includes all lending to borrowers classified as “3—with problems/medium risk”, “4—with high risk of insolvency/high risk”, “5—irrecoverable” and “6—irrecoverable by technical decision” under the Central Bank loan classification system.
- (3) This ratio calculated without the loan portfolio of Banco Empresario de Tucumán (64% of non-performing lending) is 3.2%.

Devaluation and inflation

The economic crisis was accompanied by a sharp decrease in the value of the peso and severe inflation in 2002. The steep devaluation of the peso triggered private sector and government defaults on foreign currency-denominated indebtedness and also resulted in the pesification of foreign-currency denominated indebtedness governed by Argentine law at an exchange rate of one peso for each U.S. dollar. While the devaluation did not have a significant effect on our net income due to our low level of U.S. dollar-denominated liabilities, the introduction of asymmetric pesification as a measure to counter the effects of the devaluation did affect us. See “—Asymmetric pesification and the Argentine government’s compensation measures” above. Under Central Bank Rules, our results of operations for the two-month period ended February 28, 2003 were adjusted to account for the effects of inflation in Argentina during those periods. For the periods subsequent to February 28, 2003, the inflation adjustments were no longer applied to the financial statements under Central Bank Rules, as inflation returned to normalized levels since 2003, as illustrated in the table below.

	December 31,				
	2003	2004	2005	2006	2007
Wholesale price inflation	1.95%	7.87%	10.67%	7.14%	14.56%
Inflation rate adjustment to our financial statements	0.86	—	—	—	—
CER(1)	3.65	5.48	11.75	10.08	8.49

Source: INDEC

(1) CER beginning on February 2, 2002.

As a result of pesification, certain of our assets and liabilities are adjusted primarily for CER. In particular, CEDROs and pesified government debt are adjusted for CER. In addition, a portion of our pesified private sector loan portfolio is adjusted for CER.

OUR RESPONSE TO THE CRISIS

The effect of the crisis on the Argentine banking system presented challenges that we promptly took measures to address and created attractive opportunities that we acted upon. Despite the magnitude of the economic crisis and its impact on the banking sector, we managed to deal successfully with the turmoil and remained profitable. At the beginning of the crisis, we had high liquidity, which we maintained throughout the crisis. That high liquidity, combined with our loyal base of retail deposits, as well as deposits from provincial governments for whom we serve as financial agent, all a result of our response to the crisis and strategic vision for our business, helped us restore our deposit base faster than the financial system as a whole. We also were able to resume lending to the private sector before the rest of the financial system.

We believe that our strengths at the time and our response measures described below were important elements of our ability to withstand the effects of the crisis and helped to position us to benefit significantly from a recovery of the banking system. Furthermore, our comparatively strong financial condition during the economic crisis made it possible for us to become a leading nationwide bank by acquiring Banco Bansud, Nuevo Banco Suquía, Banco Empresario de Tucumán, Banco del Tucumán and Nuevo Banco Bisel.

Commercial and balance sheet strategies

Throughout the economic crisis, we maintained a strong position with respect to excess capital, our portfolio and the level of our provisions. To counteract the effects of the run on deposits, one of our main priorities was to give depositors confidence that we would be able to absorb losses and fulfil our obligations to them.

Our practice of maintaining high liquidity levels throughout the business cycles helped us to withstand the economic crisis by serving two key purposes. First, we had funds available in the face of adverse systemic events. Second, we gave our depositors confidence that they would be able to have access to their deposits at any time, even during the depth of a crisis. Our emphasis on maintaining high liquidity helped us to emerge from the crisis without any assistance from the Central Bank. We also minimized excess cash deposited in the Central Bank, without harming our overall liquidity position. In this way, we maximized the return on our liquidity stock by keeping funds in more profitable assets, such as Central Bank-issued LEBACs/NOBACs and overdrafts to highly rated large corporations.

In light of the potential exposure to amparos, we proactively offered several alternatives to our depositors, exchanging CEDROs for a combination of time deposits and government bonds. This response proved to be very successful; the stock of CEDROs on our balance sheet, which corresponded to approximately 55% of our total deposits in March 2002 (as compared to 24% for the financial system), fell to 8% just one year later, well below the 19% average for the financial system at that time.

Loyal client base

We also benefited from a loyal client base, as evidenced in part by the quick recovery of our deposit base after the crisis, due to our long-standing relationships, primarily through our *Plan Sueldo* payroll services. As a result, our source of funding regained volume faster as compared to the banking sector as a whole, as shown in “—Impact of the 2001-2002 economic crisis on us—The run on bank deposits and restrictions on withdrawals.”

Acquisitions

The crisis had a severe adverse impact upon the market value of Argentine banks. Our high level of liquidity and solvency throughout the crisis provided us with the resources to capitalize upon attractive acquisition opportunities and to expand our reach within Argentina. See “Item 4. Information on the Company—Our history.” The following table sets forth our assets, private sector loans, private sector deposits and branches before and after the acquisitions of Banco Bansud, Nuevo Banco Suquía, Banco Empresario de Tucumán and Banco del Tucumán as well as Nuevo Banco Bisel on a stand-alone basis:

	<u>September 30, 2001</u>	<u>September 30, 2004</u>		<u>December 31, 2005</u>	<u>June 30, 2006</u>		<u>December 31, 2006</u>	<u>December 31, 2007</u>	
	<u>Banco Macro(1)(2)</u>	<u>Banco Bansud(1)(2)</u>	<u>Banco Macro(2)</u>	<u>Nuevo Banco Suquía(2)</u>	<u>Banco Macro (3)</u>	<u>Banco Macro(4)</u>	<u>Nuevo Banco Bisel (stand-alone) (2)</u>	<u>Banco Macro (5)</u>	<u>Banco Macro</u>
	(in million of Pesos)								
Assets	1,424.0	3,357.1	5,312.6	2,162.8	9,487.8	11,496	1,934	14,505.0	19,781.2
Private sector loans (Gross)	590.8	899.8	1,187.1	711.0	2,948.8	4,141	665	5,524.5	9,335.7
Private sector deposits	790.6	2,301.5	2,236.0	1,443.5	5,737.4	6,421	1,326	8,770.3	11,803.7
Branches	73	72	154	102	254	279	158	433	427

Source: Central Bank

- (1) In constant pesos as of February 28, 2003.
- (2) Last quarter prior to acquisition.
- (3) Including NuevoBanco Suquía and Banco Empresario de Tucumán
- (4) Including Banco Empresario de Tucumán and Banco del Tucumán
- (5) Including Banco Empresario de Tucumán, Banco del Tucumán S.A. and Nuevo Banco Bisel

Banco Bansud. In January 2002, we acquired a controlling interest in former Banco Bansud from Banco Nacional de Mexico S.A., or Banamex. As part of the transaction, Banamex made an irrevocable capital contribution to Banco Bansud of US\$305 million (of which US\$60 million was a cash capital contribution). In addition, before the sale, Banamex purchased for cash certain assets from Banco Bansud for US\$151 million. We agreed to pay Banamex US\$65 million, to be adjusted in accordance with the amount of collections on certain loans. In 2003, the total amount of the liability in respect of the purchase price was determined to be zero as a result of this adjustment mechanism and no cash payment was made to Banamex. In 2003, Banco Macro and Banco Bansud were merged. Financial statements prepared according to Central Bank Rules require the historical financial statements to be restated to treat the merger as being effective from the time that Banco Macro acquired a controlling interest in Banco Bansud.

Scotiabank Quilmes S.A. We also purchased the assets and liabilities, including 36 branches, of Scotiabank Quilmes S.A. in August 2002.

Nuevo Banco Suquía. Our strong liquidity and solvency also enabled us to acquire Nuevo Banco Suquía in a public auction in December 2004 at a fixed price of Ps.15 million plus a commitment to make a capital contribution of Ps.289 million. This acquisition further enhanced our financial intermediation volume, completed our geographic coverage and complemented our existing base of clients. Upon the acquisition of Nuevo Banco Suquía, we became Argentina’s fourth largest private bank in terms of net worth, the fourth in deposits, and the fifth in private sector loans. In addition, we now have the largest and most extensive private bank network in Argentina. As we acquired Nuevo Banco Suquía in December 2004, its results of operations are only reflected in our financial statements for ten days of 2004 and for all subsequent periods. On March 14, 2007, Banco Macro, as surviving company, and Nuevo Banco Suquía, as absorbed company, entered into a Preliminary Agreement of Merger (“*Compromiso Previo de Fusión*”), by virtue of which Banco Macro shall absorb Nuevo Banco Suquía retroactively from January 1, 2007, based on the balance sheets of each company prepared as of December 31, 2006 and the consolidated balance sheet of merger prepared as of the same date. The merging companies have agreed on an exchange relationship equal to 0.710726 shares of Banco Macro per share of Nuevo Banco Suquía. Therefore, the minority shareholders of Nuevo Banco Suquia received 0.710726 shares in Banco Macro for each share held thereby in the capital stock of Nuevo Banco Suquía. As a consequence, Banco Macro increased its capital stock to Ps. 683,978,973.

Banco Empresario de Tucumán. In November 2005, the Central Bank, in the context of the restructuring of Banco Empresario de Tucumán, transferred to us a portion of its assets amounting to approximately Ps.102 million (including its seven branches and the headquarters) and liabilities of approximately Ps.158 million, which were offset by a capital contribution of Ps.56 million made by SEDESA.

Banco del Tucumán. In May 2006, we completed the acquisition of Banco del Tucumán. With this acquisition, we added 25 branches and the headquarters to our branch network in Tucumán and we are the financial agent for the provincial government of Tucumán. We now own 53.0% of the branches in the province. From September 2006 through December 2006, Banco Macro acquired Class “C” shares in Banco del Tucumán representing 4.84% of its capital stock. Banco Macro’s total equity interest in Banco del Tucumán as of December 31, 2006 amounted to 79.84%. On November 28, 2006, the general ordinary and extraordinary shareholders’ meeting of Banco del Tucumán approved a capital stock increase of Ps. 21,980,000 establishing an additional paid-in capital of 26,171,000. In January 2007, Banco Macro subscribed the total increase. As a result, Banco Macro’s total equity interest increased to 89.92%.

Nuevo Banco Bisel. In August 2006, we acquired 100% of the voting rights and 92.73% of the capital stock of Nuevo Banco Bisel for Ps.19.5 million pursuant to an auction conducted by Banco de la Nación Argentina. In addition, the Bank, as purchaser of Nuevo Banco Bisel, and SEDESA (“*Seguro de Depósitos S.A.*”) entered into a put and call options, agreement regarding the preferred shares of Nuevo Banco Bisel. According to the call option, for a fifteen-year term as from taking possession of the Bank (August 11, 2006), the buyer is entitled to acquire from SEDESA preferred shares in Nuevo Banco Bisel. The price of those shares is set at 66,240,000 plus interest at an annual 4% rate as from the takeover date. Such price is payable upon the expiration of the option term (August 11, 2021).

Through the put option, SEDESA will be entitled to sell to the buyer the preferred shares that it owns in Nuevo Banco Bisel. Such put option may only be exercised by SEDESA after the term of fifteen years as from the date of issuance of the preferred shares (August 26, 2005). The price of those shares is set at 66,240,000, plus interest at an annual 4% rate as from August 11, 2006.

According to the call option, on May 28, 2007, the Bank purchased the abovementioned preferred shares.

Nuevo Banco Bisel has a strong presence in the central region of Argentina, especially in the province of Santa Fe, and with the acquisition we have added 158 branches to our branch network.

Cost management

Since the crisis, we have focused on controlling our costs and improving our efficiency. In addition, we have focused on carefully integrating the operations of our acquisitions. To this end, we have centralized, among other things, the treasury operations of all our acquisitions. We have also had a period of organic growth with a small reduction in the number of our employees. See “Item 6. Directors, Senior Management and employees—Employees.” We also improved our ratio of service income to administrative expenses from 53.0% in 2002 to 69.2% as of December 31, 2007. Finally, we implemented centralized purchasing practices to take advantage of our economies of scale.

Implementation of improved credit policies

After the crisis, when we resumed lending in 2002, we restricted our lending activities to only low risk credit products, such as loans to individuals with *Plan Sueldo* accounts and overdrafts to highly rated companies. Prior to expanding the scope of our lending activities, we modified our credit policies to take into account the new economic reality. For example, we established new factors to determine whether a potential debtor was an acceptable credit risk because old policies, such as credit history, were no longer useful due to the high levels of default during the crisis. We began focusing more closely on potential lenders’ ability to pay based on the quality of their business, their willingness to meet their obligations, and their access to alternative sources of funding. In addition, we established a policy of seeking personal guarantees from owners for loans to most companies. Finally, we reduced the lending limit of our branches and established a senior committee to approve all loans in excess of Ps.1 million.

Restoring lending to the private sector

We believe that we were among the first banks to make new loans in the aftermath of the economic crisis, beginning in the fourth quarter of 2002. In 2003, we increased our private sector loans by Ps.209 million, or 41%, as compared to 2002. The expansion of our private sector loans accelerated in 2004, increasing by 205% to Ps.2,209 million when we added Ps.1,485.4 million to our loan portfolio, of which Ps.721.8 million was organic growth and the rest came through the acquisition of Nuevo Banco Suquía. The organic growth of our loan portfolio was the highest among the ten largest Argentine banks during 2004. During 2005, we continued to exhibit high rates of organic growth as lending to the private sector (net of liquidity management and securitizations) which increased 68%. During 2006, our private portfolio grew to Ps.5,525 million, increasing 87%, of which Ps.1,223 million were loans made by Banco de Tucumán and Nuevo Banco Bisel. During 2007, our private portfolio grew to Ps.9,336 million, increasing 69%, when we added Ps. 3,811 million.

PRINCIPAL TRENDS AFFECTING OUR BUSINESS

We believe that the following trends in the Argentine economy, the banking sector and our business have affected and will, for the foreseeable future, continue to affect our results of operations and profitability. Our continued success and ability to increase our value to our shareholders will depend, among other factors, upon the continued economic recovery in Argentina and the corresponding re-emergence of the market for long-term private sector lending.

Argentine economic recovery and continued growth

Argentina's overall economic performance will continue to have a substantial effect on our financial results. During 2005, 2006 and 2007, GDP growth was 9.2%, 8.5% and 8.7%, respectively. The Central Bank's survey of independent forecasting firms indicates a consensus GDP growth estimate of 7.4% in 2008. We expect demand for private sector loans to grow in line with GDP growth as investment and consumption in the private sector increases. Due to our focus on the low and middle-income individuals and small and medium-sized businesses, generally located outside of the City of Buenos Aires, of particular significance to us are:

- Export-led growth in the economy. The recovery of Argentina's post-crisis economy has been led by export growth and import substitution. This economic model is likely to favor provinces outside of the City of Buenos Aires that are heavily focused on primary sectors of the economy, such as agriculture, cattle ranching, mining, basic industries and tourism. Our extensive branch network outside of the City of Buenos Aires (94 % of our, as compared to 80% for Argentina's financial system) provides us with an opportunity to take advantage of growth in these provinces to increase our credit portfolio faster than our competitors and to increase our market share.
- Gradual recovery of proportion of national income held by lower income segments. After decades of widening, the income distribution gap between rich and poor in Argentina began to narrow during 2003 and 2004, when the crisis resulted in a collapse of income of all population segments. The real income of the poorer half of Argentina's population has fallen over the last decades, from 32% of the income of the richer half in the late 1970s to less than 20% of the income of the richer half in the aftermath of the crisis. Since that time, the gap has narrowed and now the real income of the poorer half is higher than 20% of the income of the richer half. We believe that the long-term trend of increasing income inequality has stopped and that the recent improvement in income distribution will continue. Given our focus on the low- to medium-income individuals, we believe that we are well positioned to benefit from an increase in credit demand by these population segments.
- Transitional inflation. The inflation rate for the twelve months ended December 31, 2007 was 8.5%. Inflation for 2007 was lower than the 9.8% registered in 2006 and is a result of the government's policy of keeping the value of the peso to the dollar at the relatively low level of approximately Ps.3 to US\$1. We believe that to the extent that the market views this exchange rate as being stable, they will be in a better position to forecast future inflation.

Reduction in public sector exposure

Since the crisis of 2001 and 2002, Argentine government securities and other public sector obligations have represented a substantial portion of our balance sheet. We are managing our assets to gradually reduce the proportion of our balance sheet represented by such securities and other public sector obligations and to increase the proportion of our balance sheet represented by private sector lending. We expect our income from holding government obligations to continue to decline and to be offset by income resulting from the continued recovery of private sector lending in Argentina.

The increase in our position in government securities and other public sector obligations was mainly attributable to:

- the forms of compensation received by the banking system in the context of asymmetric pesification, which, as described in greater detail in "The crisis and recovery in Argentina," included BODEN 2007 and BODEN 2012;
- the stock of public securities and other public sector obligations that we inherited upon our acquisition of Banco Bansud in January 2002 and Banco Nuevo Suquía in December 2004;
- the purchases of treasury bills, principally in the form of LEBACs and NOBACs, made by our treasury desk as the preferred investment vehicle for our excess liquidity; and
- the slow recovery of private sector lending, which continues at low levels due to concerns about increased inflation, which has delayed the more rapid development of long-term lending.

Although generally government debt would be expected to yield lower levels of returns, the appreciation of the market value of the securities acquired by us over this time frame and the high risk premiums offered on the securities made these holdings highly profitable for us over the 2002 to 2007 period. See "Selected statistical information—Average Balance Sheets, Interest Earned on Interest-Earning Assets and Interest-Bearing Liabilities."

Recovery of private sector lending

Our private sector loans increased to Ps.2,209.0 million as of December 31, 2004 from Ps.723.6 million as of December 31, 2003 and Ps.514.6 million as of December 31, 2002, including the effect of the acquisition of Nuevo Banco Suquía in December 2004. As of December 31, 2005, our private sector loans increased to Ps. 2,949 and as of December 31, 2006, our private sector loans increased to Ps. 5,525 million including the effect of the acquisitions of Banco de Tucumán and Nuevo Banco Bisel. During 2007, our private sector lending portfolio increased to Ps. 9,336 million. This increased lending reflects both our higher market share resulting from our earlier return to the lending market than our competitors and the improvement of private sector lending after the crisis of 2001 and 2002, which had caused a collapse in both demand for and supply of new loans. We see the following trends in this important area of our business:

- Low cost of funds; high levels of liquidity. As a result of our low cost of funds and our high level of liquidity, a key driver of our results is our ability to increase our lending within the scope of our credit policy, as such lending is always at a positive margin. Therefore, we have seen increases in our gross intermediation margin as our private sector lending has increased.
- Demand from large corporations has preceded demand from small and medium-sized companies and consumers. New lending in Argentina has been primarily fueled by commercial lending, which for the Argentine banking system represented approximately two-thirds of new lending in 2004, which we believe to be generated by large corporations. Over the medium term we expect small and medium-sized companies, which lack access to the securities markets, to represent a larger component of new lending. Consumer lending has not yet fully recovered and remains at 5% of GDP as of December 31, 2007, despite having achieved levels higher than 10% before the crisis.
- Growth prospects subject to development of inflation and long-term fixed rate lending. We believe that the main obstacle preventing a faster recovery of Argentina's private sector lending has been the uncertain outlook on long-term inflation, which has a significant impact on both the supply of and demand for long-term loans as borrowers try to hedge against inflation risk by borrowing at fixed rates while lenders hedge against inflation risk by offering loans at floating rates. As a result, most of the increase in the volume of private loans in the financial system until December 31, 2007 was concentrated in short-term products. For example, the ratio of personal loans, overdrafts and documents to GDP has increased from 3% in June 2003 to 6% as of December 31, 2007 while long-term loans represented by mortgages and secured loans have remained at 2% of GDP during the same period (despite substantial GDP growth during the period).
- Reduced spreads. We expect the high intermediation spreads that prevailed after the economic crisis to continue to decline due to increasing competition in the banking sector. The reduction of private sector credit volume has prompted Argentine banks to lend at lower interest rates in an effort to capture a larger portion of the contracted loan market, largely accounting for the current low spreads. Additionally, if the Central Bank increases interest rates to combat inflation, funding costs may increase. The expansionary monetary policy being undertaken by the Central Bank has resulted in unusually low funding costs. Interest rates on short-term time deposit accounts remain negative in real terms. Inflation pressures may push these rates upward in the medium term. If the spread reduction continues without a significant increase in volumes, profitability will be negatively affected. This trend will be partially offset for us by our stable depositor base, which provides a low cost source of funding.

Organic growth complemented by strategic acquisitions

We will continue to consider strategic acquisition opportunities that complement our branch network and are consistent with our strategy. As result of 2001 crisis, Argentine banks have responded to reduced lending volumes primarily by reducing their operating costs in real terms and sometimes by downsizing their operations. Due to the increase in loan volume, many Argentine banks are likely to need additional capital. In this scenario, we have the opportunity, because of our significant excess of liquidity and capital, to continue to complement our organic growth with strategic acquisitions.

We evaluate the effectiveness of our acquisition strategy by how it complements our organic growth strategy and whether we have succeeded in increasing our customer base, expanding our loan portfolio and generating more fee income from transactional services.

Recovery of private sector loan portfolio credit quality

Our private sector loan portfolio credit quality has improved from 2002 through December 31, 2007, in line with the Argentine economic recovery. Our non-performing loans as a percentage of total loans declined from 16.94% as of December 31, 2002 to 1.55% as of December 31, 2007. During the same period, allowances as a percentage of non-performing loans went from 70.04% as of December 31, 2002 to 138.77% as of December 31, 2007, reflecting our policy to have adequate allowances.

Recent changes in export tax tariffs and agricultural

Argentina introduced a regime of sliding-scale export tariffs on soy products in March 2008, in addition to the foreign trade tax policies already in force. In reaction and to protest against these tariffs, farmers staged a strike. The strike caused some food shortages and, therefore, negatively impacted inflation. After a month-long pause, farmers revived the strike, including blocking roads throughout the country. The strike currently is in abeyance. However, if the farmers return to striking and roadblocks are put up again, the resulting lower economic activity, food shortages and higher inflation could affect Argentina's political and economical environment. For the banking sector, this could lead to a decrease of deposits, an increase in interest rates, lower credit expansion and a deterioration in asset quality.

RESULTS OF OPERATIONS

The following discussion of our results of operations is for the bank as whole and without reference to any operating segments. We do not manage the bank by segments or divisions or by customer categories, by products and services, by regions, or by any other segmentation for the purpose of allocating resources or assessing profitability.

We consider total loans to the private sector and the level of our average total deposits to be key measures of our core business. Total loans to the private sector grew by 87% from 2,948.8 million as of December 31, 2005 to Ps. 5,525 million as of December 31, 2006, of which Ps.1,223 million were loans from Banco del Tucumán and Nuevo Banco Bisel. Our private sector loans increased by 69% from Ps.5,525 million as of December 31, 2006 to Ps. 9,336 million as of December 31, 2007. As of December 31, 2006, our private sector deposits grew 53% to Ps.8,770 million compared to Ps.5,737.4 million as of December 31, 2005. The level of our private sector deposits grew by 35% from Ps.8,770 million as of December 31, 2006 to Ps. 11,804 million as of December 31, 2007. In addition, we experienced a dramatic increase in our public sector deposits as a result of the substantial fiscal surpluses experienced by the four provincial governments for whom we act as financial agent.

Banco Macro also improved the quality of its credit portfolio. Banco Macro continued to improve its asset quality ratios and has among the highest quality assets of any Argentine bank. The ratio of non-performing financing to total financing was 1.53% as of December 2007 including the 2006 acquisitions as compared to 5.1% as of 2005 and 1.98% as of 2006.

	Year ended December 31,		
	2005	2006 (including the 2006 acquisitions)	2007 (including the 2006 acquisitions)
	(in thousands of pesos except for ratios)		
Commercial Portfolio	2,503	4,097	5,291
Irregular Commercial Portfolio	133	65	46
Consumer Portfolio	1,574	3,351	5,700
Irregular Consumer Portfolio	75	82	122
Total Portfolio	4,077	7,448	10,991
Total Irregular Portfolio	208	147	168
Irregular/Total Portfolio Ratio	5.10%	1.98%	1.53%
Total Provisions	266	230	238
Coverage Ratio	127.88%	156.34%	141.53%

Banco Macro is using new sources of funding to prepare for potential changes in the Argentine loan market over the long-term. In December 2006, the Bank issued a series of subordinated notes for a nominal US\$150 million due 2036 at a fixed rate of 9.75% for the first ten years and at LIBOR plus 7.11% for the following years. In addition, in January 2007, the Bank issued a US\$150 million series of 10-year notes due 2017 at a fixed rate of 8.50% and, in June 2007, the Bank issued a US\$100 million series of Argentine peso-linked notes due 2012 at a fixed rate of 10.750%.

The Bank maintains a high liquidity ratio. The ratio was 53.2% as of December 31, 2007. This was above the average of the financial system as a whole.

YEAR ENDED DECEMBER 31, 2007 COMPARED TO YEAR ENDED DECEMBER 31, 2006 AND YEAR ENDED DECEMBER 31, 2006 COMPARED TO YEAR ENDED DECEMBER 31, 2005

The disclosure includes consolidated comparisons and, in some cases, also comparisons for 2006 against 2005 and comparisons for 2007 against 2006 of Banco Macro without the 2006 acquisitions of Nuevo Banco Bisel and Banco del Tucumán in order to permit period-to-period comparisons, considering that Banco del Tucumán was acquired in May 2006 and Nuevo Banco Bisel was acquired in August of 2006.

Net Income

The following table sets forth certain components of our income statement for the years ended December 31, 2005, 2006 and 2007. Our results of operations for 2006 include results for Banco del Tucumán from May 5, 2006 and Nuevo Banco Bisel from August 11, 2006 through year end. Our results of operations for 2007 include results for Banco del Tucumán and Nuevo Banco Bisel for the entire year.

	Year ended December 31,				
	2005	2006(1)	2006 without 2006 acquisitions(2)	2007	2007 without 2006 acquisitions(2)
	(in thousands of pesos)				
Financial income	749,583	1,155,207	993,425	1,890,422	1,420,908
Financial expenses	(302,909)	(394,897)	(354,289)	(805,265)	(672,428)
Gross intermediation margin	446,674	760,310	639,136	1,085,157	748,480
Provision for loan losses	(70,309)	(59,773)	(48,872)	(94,717)	(71,425)
Service charge income	302,758	452,232	388,724	662,326	497,312
Service charge expenses	(59,510)	(93,323)	(84,174)	(150,282)	(123,012)
Administrative expenses	(443,026)	(652,457)	(552,376)	(957,043)	(690,454)
Net other income	120,201	97,490	155,809	44,187	216,188
Income before income tax	296,788	504,479	498,247	589,628	577,089
Income tax	(34,042)	(76,961)	(73,961)	(92,345)	(81,922)
Minority Interest	—	(3,178)	54	(2,083)	33
Net income	262,746	424,340	424,340	495,200	495,200

(1) Results for 2006 include the results of Banco del Tucumán from May 5, 2006 and Nuevo Banco Bisel from August 11, 2006.

(2) The results of Banco del Tucumán and Nuevo Banco Bisel are included in “Net Other Income.”

Our consolidated net income for 2007 was Ps. 495.2 million, which was a 17% increase over 2006. Our consolidated net income for 2006 increased 62 % to Ps.424.3 million from Ps. 262.7 million for 2005.

Financial Income

Our financial income increased 64% on a consolidated basis in 2007 as compared to 2006. Our financial income increased 54% on a consolidated basis in 2006 as compared to 2005. The components of our financial income for the years ended December 31, 2005, 2006 and 2007 were as follows:

	Year ended December 31,				
	2005(1)	2006(1)	2006 without 2006 acquisitions	2007	2007 without 2006 acquisitions
	(in thousands of pesos)				
Interest on cash and due from banks	4,080	11,682	11,408	19,917	18,351
Interest on loans to the financial sector	5,320	16,720	13,786	32,157	30,229
Interest on overdrafts	53,953	120,040	96,186	192,599	146,661
Interest on documents(2)	32,157	56,988	42,823	139,102	59,695
Interest on mortgage loans	29,655	48,506	44,733	68,065	55,380
Interest on pledge loans(3)	26,160	43,038	39,427	51,480	38,213
Interest on credit card loans	18,233	30,969	27,992	55,665	44,371
Interest on other loans(4)	121,062	259,801	230,064	527,954	446,927
Interest on other receivables from financial intermediation	19,901	15,050	13,876	18,471	15,176
Income from government and private securities, net	156,158	324,178	262,875	488,757	307,048
Income from guaranteed loans(5)	28,625	29,898	26,656	35,043	25,965
Net income from options	—	—	—	1,604	1,604
CER (Benchmark Stabilization Coefficient) adjustment(6)	185,421	84,951	76,928	78,065	60,076
CVS (Salary Variation Coefficient) adjustment	1,987	1,947	1,944	1,605	1,603
Difference in quoted prices of gold and foreign currency	31,392	40,007	37,946	48,823	41,150
Other(7)	35,479	71,432	66,781	131,115	128,459
Total financial income	749,583	1,155,207	993,425	1,890,422	1,420,908

(1) See note 4.2. to our audited consolidated financial statements for the year ended December 31, 2007.

(2) Includes factoring, check cashing advances and loans with promissory notes.

(3) Includes primarily secured car loans.

(4) Includes interest on loans not classified under prior headings.

(5) Includes loans to the Argentine government that were issued in exchange for federal and provincial government bonds.

(6) Includes CER accrued for all the assets subject to adjustment by CER.

(7) Principally results from leasing activity.

2007 and 2006. Our financial income increased 64% on a consolidated basis and 43% without the 2006 acquisitions. Interest on loans increased 85% on a consolidated basis and 66% without the 2006 acquisitions due to a higher volume of loans to the private sector. We continue to exhibit high rates of growth as loans to the private sector increased 69% as of December 31, 2007 as compared to December 31, 2006. Thus, the share of our total financial income from private sector loans increased from 48% to 56% on a consolidated basis. The main drivers of this growth have been consumer loans, which grew 104%, and medium-term loans structured for our corporate customers recorded in “Other,” which grew 52% during 2007.

Income from government and private securities climbed 51% on a consolidated basis and 17% without the 2006 acquisitions mainly driven by LEBAC/NOBAC results, which increased 57% (the average rate of NOBACs increased from 8.96% during 2006 to 10.05% during 2007).

Indexation by CER decreased 8% on a consolidated basis due to the fact that the volume of loans and bonds adjusted by CER decreased for the year. Additionally, inflation for the twelve months ended December 31, 2007 was lower than the same period in 2006 (inflation of 8.47% during 2007 compared to 9.84% during 2006).

Our other income increased 84% during 2007 as compared to the same period in 2006. This increase is principally due to higher income from leasing activity (Ps. 25.5 million of increase in income based on leasing portfolio increase of 73%) and higher interests from foreign trade activity (Ps. 27 million of increase in income).

2006 and 2005. Our financial income increased 54% on a consolidated basis and 32% without the 2006 acquisitions. Interest on loans increased 100% on a consolidated basis and 72% without the 2006 acquisitions due to a higher volume of loans to the private sector. We continue to exhibit high rates of growth as loans to the private sector increased 87% as of December 31, 2006 as compared to December 31, 2005. Thus, the share of our total financial income from private sector loans increased from 38% to 48% on both a consolidated basis and when measured without the 2006 acquisitions. The main drivers of this growth have been overdrafts, which grew 155%, consumer loans, which grew 200%, credit cards loans, which grew 107% and medium-term loans structured for our corporate customers recorded in “Other,” which grew 45% during 2006.

Income from government and private securities climbed 108% on a consolidated basis and 68% without the 2006 acquisitions mainly driven by LEBAC/NOBAC results, which increased 78% (the average rate of Lebacs increased from 7.5% to 10.7%). Also in this period we had a one-time gain of Ps.8 million, relating to our sale of an interest in the Puerto Madero Siete trust.

Indexation by CER decreased 54% on a consolidated basis and 58% without the 2006 acquisitions due to the fact that secured bonds have been marked to market since January 2006 (48% of the decrease was due to the marked to market of Secured Bonds) and the decreasing volume of loans and bonds adjusted by CER. Additionally, inflation for the twelve months ended December 31, 2006 was lower than the same period in 2005 (inflation of 9.84% during 2006 compared to 12.3% during 2005).

Without including the 2006 acquisitions, our other income increased 88%, or Ps.31 million, during 2006 as compared to the same period in 2005. On a consolidated basis, our other income increased 101%, or Ps.36 million, during 2006 as compared to 2005. This increase is principally due to higher income from leasing activity (Ps. 22 million of increase in income based on leasing portfolio increase of 92%) and higher interests from foreign trade activity (Ps. 14 million of increase in income).

Financial expenses

Financial expenses increased 104% on a consolidated basis in 2007 as compared to 2006. Our financial expenses increased 30% on a consolidated basis in 2006 as compared to 2005. The components of our financial expenses for the years ended December 31, 2005, 2006 and 2007 were as follows:

	Year ended December 31,				
	2005(1)	2006(1)	2006 without 2006 acquisitions	2007	2007 without 2006 acquisitions
	(in thousands of pesos)				
Interest on checking accounts	2,647	9,475	8,665	19,968	18,251
Interest on savings accounts	4,302	6,736	5,976	11,372	8,985
Interest on time deposits	106,486	233,697	209,629	457,395	382,788
Interest on interfinancing received loans (received call)	980	801	794	4,608	4,572
Interest on other financing from the financial sector	43	252	210	226	130
Interest on other liabilities from financial intermediation(2)	13,796	14,421	14,395	70,706	70,608
Interest on subordinated bonds	1,806	2,017	2,017	49,858	49,858
Other interest	11,482	12,410	10,648	9,768	6,131
Net loss from options	1,017	371	371	—	—
CER adjustment(3)	117,048	55,732	46,633	43,717	24,953
Contribution to Deposit Guarantee Fund	9,701	12,753	10,968	20,182	15,939
Other(4)	33,601	46,232	43,983	117,465	90,213
Total financial expenses	302,909	394,897	354,289	805,265	672,428

- (1) See note 4.2. to our audited consolidated financial statements for the year ended December 31, 2007.
- (2) Includes lines of credit from other banks, repurchase agreements and liquidity assistance from the Central Bank.
- (3) Includes CER accrued for all the liabilities subject to adjustment by CER..
- (4) Includes interest on deposits in the form of government securities and CEDROs.

2007 and 2006: Financial expenses increased 104% on a consolidated basis and 90% without the 2006 acquisitions.

The growth of financial expenses is mainly explained by interest on time deposits, which grew 96% on a consolidated basis and 83% without the 2006 acquisitions. This growth originated from two factors: the increasing volume of deposits, which grew 35% during 2007 and the higher prevailing interest rates owing to with the increase in interest rates in the financial system as a whole (for time deposits in pesos, the interest rate was 7% in December 2006 and more than 10% in December 2007).

In addition, the increase in interest on other liabilities from financial intermediation and interest on subordinated notes was due to interest accrual from subordinated and non-subordinated notes. On December 18, 2006, the Bank issued US\$150 million of Class 1 Subordinated Notes due 2036 at a fixed annual rate equal to 9.75% for the first 10 years and a variable one for the remaining years (six month LIBO rate + 7.11%). On January 29, 2007 the Bank issued US\$150 million of Class 2 Notes due 2017 at a fixed annual rate equal to 8.50% and on June 7, 2007 issued U.S.\$100 million of Argentine Peso-Linked Notes due 2012 at a fixed annual rate equal to 10.750%.

Indexation by CER fell 22% on a consolidated basis, due to the CPI evolution and the reduction on the portfolio to be adjusted (inflation of 8.47% during 2007 compared to 9.84% during 2006).

“Other expenses” showed a significant growth of 154% during 2007, mainly due to i) the decrease in value of the guaranteed loans portfolio as a consequence of a higher discount rate established by the Central bank and ii) turnover tax .

2006 and 2005. Financial expenses increased 30% on a consolidated basis and 16% without the 2006 acquisitions. The composition of financial expenses changed substantially, due to a sharp increase in interest rates and a decrease in indexation by CER.

The growth of financial expenses is mainly explained by interest on time deposits, which grew 120% and 97% on a consolidated basis and without the 2006 acquisitions, respectively. This growth originated in two factors: the higher prevailing interest rates in line with the increase in interest rates in the financial system as a whole (for time deposits in pesos, the interest rate was 6% in December 2005 and more than 8% in December 2006) and the increasing volume of deposits, which grew 53% during 2006.

Indexation by CER fell 52% on a consolidated basis, due to a decrease in CER-adjusted deposits (76% of decrease in CER-adjusted deposits portfolio), mostly owned by institutional investors and also due to lower inflation during 2006 (inflation of 9.84% during 2006 compared to 12.3% during 2005).

Provision for loan losses

2007 and 2006: Provision for loan losses increased 58% on a consolidated basis for 2007 compared to 2006 and 46% without the 2006 acquisitions, in connection with the increasing loan portfolio. Private sector loans grew 69% compared to 2006 balances.

2006 and 2005. Provision for loan losses decreased 15% on a consolidated basis for 2006 compared to 2005 and 30% without the 2006 acquisitions, in connection with the asset quality improvement.

Service charge income

The following table provides a breakdown of our service charge income by category for the years ended December 31, 2005, 2006 and 2007:

	Year ended December 31,				
	2005(1)	2006(1)	2006 without	2007	2007 without
			2006 acquisitions		2006 acquisitions
			(in thousands of pesos)		
Service charges on deposit accounts	181,961	273,976	224,911	422,589	297,457
Debit and credit card income	22,959	65,410	58,975	92,519	79,616
Other fees related to foreign trade	10,630	11,607	10,818	15,947	13,651
Credit-related fees	19,175	35,964	30,173	53,995	36,049
Capital markets and securities activities	1,666	2,085	2,041	2,951	2,672
Lease of safe-deposit boxes	5,712	8,467	7,420	14,049	9,434
Fees related to guarantees	570	5,876	5,837	2,789	2,718
Other(2)	60,085	48,847	48,549	57,487	55,715
Total service charge income	302,758	452,232	388,724	662,326	497,312

(1) See note 4.2 to our audited financial statements for the year ended December 31, 2007.

(2) Includes insurance income.

2007 and 2006: Service charge income increased 46% on a consolidated basis primarily due to the increase in the volume of our operations. The main drivers were fees related to deposits, which grew 54% and represent 64% of total service charge income, fees related to debit and credit cards, which grew 41% and fees related to lending activities, which grew 50%.

2006 and 2005. Service charge income increased 49% on a consolidated basis primarily due to the increase in the volume of our operations and the acquisitions of 2006. The main drivers were fees related to deposits, which grew 51% and represent 61% of total service charge income, fees related to debit and credit cards, which grew 185% and fees related to lending activities, which grew 74%.

Service charge expenses

Service charge expense in 2007 increased 61% on a consolidated basis compared to 2006 mainly due to higher credit card and debit card processing fees, other service fees and taxes. Service charge expenses in 2006 increased 57% on a consolidated basis and 41% without the 2006 acquisitions, as compared to 2005, for the same reasons.

Net service charge income grew 43% on a consolidated basis and 23% without the 2006 acquisitions as compared to 2006, and during 2006 grew 48% on a consolidated basis and 25% without the acquisitions as compared to 2005.

Administrative expenses

The components of our administrative expenses for the years ended December 31, 2005, 2006 and 2007 are reflected in the following table:

	Year ended December 31,				2007 without 2006 acquisitions
	2005	2006	2006 without 2006 acquisitions	2007	
			(in thousands of pesos)		
Personnel expenses	254,821	396,338	327,729	589,021	401,756
Directors and statutory auditors fees	14,142	14,362	13,167	37,695	33,909
Other professional fees	26,104	39,670	37,215	42,428	36,331
Advertising and publicity	22,668	31,866	29,719	50,343	45,634
Taxes	5,808	9,008	6,802	13,491	7,156
Depreciation of equipment	19,218	29,231	23,735	42,723	32,074
Amortization of organization costs	12,588	13,263	12,290	17,923	15,553
Maintenance, conservation and repair expenses	17,649	25,209	21,881	36,930	26,801
Security services	16,366	25,003	20,855	35,487	24,748
Electric power and communications	17,164	22,912	18,091	32,206	19,317
Lease payments	9,889	14,123	12,127	18,686	14,391
Insurance	3,973	5,253	4,663	6,110	4,857
Stationery and office supplies	7,979	9,046	7,900	14,739	10,477
Other	14,657	17,173	16,202	19,261	17,450
Total administrative expenses	443,026	652,457	552,376	957,043	690,454

2007 and 2006: Administrative expenses increased 47% on a consolidated basis and 25% without the 2006 acquisitions, mainly due to personnel expenses which grew 49% on a consolidated basis. This increase in personnel expenses is attributed to salary adjustments and to the increase in the number of employees as a result of the 2006 acquisitions.

2006 and 2005. Administrative expenses increased 47% on a consolidated basis and 25% without the 2006 acquisitions, mainly due to personnel expenses which grew 55% on a consolidated basis and 29% without the 2006 acquisitions. This increase in personnel expenses is attributed to salary adjustments and to the increase in the number of employees as a result of the 2006 acquisitions.

Net other income

Net other income decreased 55% (or Ps. 53 million) on a consolidated basis in 2007 in comparison to 2006 due to lower level of recovered loans and allowances reverse.

Net other income decreased 19% or Ps.23 million in 2006 in comparison with 2005 as a result of two main factors: (1) a Ps.16 million increase due to credit recoveries and (2) an increase in other losses of Ps.39 million, due to non-recurring expenses related to ADS offering and Notes issuance.

Income tax

During 2007, we had income tax expenses of Ps.92 million, compared to Ps.77 million recorded in 2006 (increasing 19.5%), on greater income before income tax (income before income tax increased 17% compared to 2006).

Income tax expenses increased 126% on a consolidated basis from Ps.34 million in 2005 to Ps.77 million in 2006 mainly due to the fact that, since the fiscal year ended December 31, 2006, the Bank accrues in income tax the effects of pesification and the CER adjustments of guaranteed loans based on Decree 1035/06 dated on August 14, 2006. Also, the Bank and its subsidiaries included a higher income tax provision in 2006 because the computable net operating loss was used in 2005.

B. Liquidity and Capital Resources

Our main source of liquidity consists of deposits, which totaled Ps.13,591 million as of December 31, 2007, Ps.10,071 million as of December 31, 2006 and Ps. 6,565 million as of December 31, 2005. These deposits include deposits generated by our branch network, from institutional and very large corporate clients and from provincial governments for whom we act as financial agent. We consider the deposits generated by our branch network and the provincial deposits to be stable.

Funding continued increasing at a fast pace during 2007 driven mainly by the increase in total deposits, which grew 35% during the year. These deposits were used primarily for financing the growth in credit for the private sector, with the remainder being invested in profitable liquid assets, such as LEBACs and NOBACs, short-term loans to highly rated companies, Central Bank repurchase obligations and cash. This approach has enabled us to maintain a high liquidity to deposits ratio of 62% as of December 31, 2007 while awaiting a return to stronger demand for private sector loans.

In December 2006, we issued a series of subordinated notes for a nominal US\$150 million due 2036 at a fixed rate of 9.75% for the first ten years and at LIBOR plus 7.11% for the following years. The notes are treated as capital for regulatory purposes. In addition, in January 2007 we issued a US\$150 million series of 10-year notes due 2017 at a fixed rate of 8.50% and in June 2007 we issued a US\$100 million series of Argentine peso-linked notes due 2012 at a fixed rate of 10.750%. The proceeds from the placement of the notes will be used to make medium-term loans.

In June 2007, the General Ordinary and Extraordinary Shareholders' Meeting approved the increase of the USD 400,000,000 (US dollars four hundred million) of the Global Program for the issuance of Negotiable Obligations to USD 700,000,000 (US dollars seven hundred million), or an equal amount in other currencies, as set forth in the original program.

In January 2008, we signed a 24-month extension to the US\$ 50 million loan from Credit Suisse First Boston International, at 8.55% rate and maturing in January 2010. Additionally, the bank currently has access to uncommitted lines of credit with foreign banks and to letters of credit.

During the quarter ended March 31, 2008, the Bank repurchased and settled non-subordinated 8.50% Notes Due 2017 negotiable obligations for a face value amount of USD 9,500,000. Consequently, the remaining principal of 8.50% Notes Due 2017 totals USD 140,500,000.

The CFO manages the excess liquidity by analyzing interest rates from a limited number of liquid and short-term assets including Central Bank Bills, deposits with the Central Bank and overnight loans to highly rated companies. The amount allocated to overnight loans is determined by the amount of deposits received from institutional investors, and as such, there is a high degree of volatility in our overnight allocations.

We believe that we have adequate working capital to meet our current and reasonably foreseeable needs. As of December 31, 2007, we had excess capital of Ps. 1,819 million (158% of minimum capital requirement).

On January 8, 2008, the Board of Directors decided to establish the terms and conditions for the acquisition of its own shares issued by the Bank. See Item 16.

Minimum capital requirements

Our excess capital (representing the amount in excess of minimum reserve requirements of the Central Bank) is as set forth in the table:

	As of December 31,		
	2005	2006	2007
	(in thousands of pesos, except ratios and percentages)		
Calculation of excess capital:			
Allocated to assets at risk	251,394	549,882	749,855
Allocated to Bank premises and equipment, intangible assets and equity investment assets	64,247	81,647	95,729
Market risk(1)	21,011	60,547	127,445
Interest rate risk	15,136	16,371	102,343
Government sector and securities in investment account	14,296	19,746	38,609
Incremental requirement	—	13,328	36,202
Required minimum capital under Central Bank Rules	<u>366,084</u>	<u>741,521</u>	<u>1,150,183</u>
Basic net worth	1,226,908	2,426,351	2,697,416
Complementary net worth	243,124	383,040	461,405
Deductions	21,638	(153,115)	(189,145)
Total capital under Central Bank Rules	<u>1,491,670</u>	<u>2,656,276</u>	<u>2,969,676</u>
Excess capital	<u>1,125,586</u>	<u>1,914,755</u>	<u>1,819,493</u>

Selected capital and liquidity ratios:			
Regulatory capital/risk weighted assets	31.03%	31.31%	26.81%
Average shareholders' equity as a percentage of average total assets	14.25%	16.24%	13.87%
Total liabilities as a multiple of total stockholders' equity	5.37x	5.27x	6.31x
Cash as a percentage of total deposits	18.11%	26.08%	22.94%
Liquid assets as a percentage of total deposits(2)	58.65%	61.92%	52.01%
Loans as a percentage of total assets	36.12%	45.00%	50.60%

- (1) Average variance for December.
- (2) Liquid assets include cash, LEBACs, NOBACs, and interbanking loans. Since 2004, we include overnight loans to highly rated companies.

We believe that our capital resources are sufficient for our present requirements on an individual and a consolidated basis.

Funding

Our principal source of funding is deposits from individuals and businesses located in Argentina. Deposits include checking accounts, savings accounts and time deposits. The following table sets forth our sources of funding as of December 31, 2005, 2006, and 2007.

	As of December 31		
	2005(1)	2006(1)	2007
	(in thousands of pesos)		
Deposits			
From the non-financial government sector	822,687	1,295,630	1,774,121
From the financial sector	5,208	5,078	13,310
From the non-financial private sector and foreign residents			
Checking accounts	1,036,175	1,876,232	2,599,682
Savings accounts	1,100,633	2,097,362	2,780,350
Time deposits	3,222,011	4,380,981	5,907,005
Investment accounts(2)	29,826	18,836	63,063
Other(3)(4)	292,767	360,195	391,176
Accrued interest, adjustments and foreign exchange differences payable	56,019	36,703	62,442
Borrowing from Central Bank and financial institutions			
Central Bank (5)	217,511	386,089	347,896
Banks and international institutions	158,544	182,405	164,829
Financing received from Argentine financial institutions	42,259	68,158	160,296
Other	<u>186,371</u>	<u>250,096</u>	<u>493,912</u>
Minority interest in subsidiaries	—	78,045	12,640
Corporate Bonds	—	—	799,537
Subordinated Corporate Bonds	12,047	507,844	490,695
Shareholders' equity	<u>1,489,652</u>	<u>2,315,097</u>	<u>2,707,706</u>
Total funding	<u>8,671,710</u>	<u>13,858,751</u>	<u>18,768,660</u>

- (1) See note 4.2. to our audited consolidated financial statements for the year ended December 31, 2007.
- (2) Time deposit payable at the option of the depositor.
- (3) As of December 31, 2005, deposits include Ps.88.1 million, for CEDROs.
- (4) Primarily includes CEDROs, expired time deposits, and judicial deposits.
- (5) For 2005 represents amounts borrowed by Nuevo Banco Suquía from the Central Bank to purchase bonds to deliver to depositors in exchange for their CEDROs. For 2006 also includes amounts attributable to Nuevo Banco Bisel.

Critical accounting policies

Our accounting and reporting policies comply with Central Bank Rules, which differ in certain significant respects from U.S. GAAP. See note 35 to the financial statements for the three years ended December 31, 2007 included in this annual report for a reconciliation of our audited financial statements to U.S. GAAP. The preparation of our financial statements requires management to make estimates and assumptions. Our financial position and results of operations can be affected by these estimates and assumptions, which are integral to understanding our financial position.

Critical accounting policies are those policies that management believes are the most important to the portrayal of our financial condition and results of operations, and require management to make estimates that are subjective or complex. Most accounting policies are not considered by management to be critical accounting. Several factors are considered in determining whether or not a policy is critical in the preparation of our financial statements. These factors include, among others, whether the estimates are material to our financial statements, the nature of the estimates, the ability to readily validate the estimates with other information including information from third parties or available prices, and sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under Central Bank Rules. Significant accounting policies are discussed in note 4 to our audited consolidated financial statements for the three years ended December 31, 2007.

Loan loss reserve

The loan loss reserve represents the estimate of probable losses in the loan portfolio. Determining the loan loss reserve requires significant management judgments and estimates including, among others, identifying impaired loans, determining customers' ability to pay and estimating the fair value of underlying collateral or the expected future cash flows to be received. Actual events will likely differ from the estimates and assumptions used in determining the loan loss reserve. Additional loan loss reserves could be required in the future.

The loan loss reserve is maintained in accordance with the Central Bank's applicable regulatory requirements. This results from evaluating the degree of debtors' compliance and the guarantees and collateral supporting the respective transactions.

Increases in the reserve are based on the deterioration of the quality of existing loans, while decreases in the reserve are based on regulations requiring the write-off of non-performing loans classified as irrecoverable after a certain period of time and on management's decisions to write off non-performing loans evidencing a very low probability of recovery.

Under the Central Bank Rules, a minimum loan loss reserve is calculated primarily based upon the classification of commercial loan borrowers and upon delinquency aging (or the number of days the loan is past due) for consumer and housing loan borrowers. Although we are required to follow the methodology and guidelines for determining the minimum loan loss reserve, as set forth by the Central Bank, we are allowed to establish additional loan loss reserves.

For commercial loans, we are required to classify all commercial loan borrowers. In order to classify them, we must consider different parameters related to each of those customers. In addition, based on the overall risk of the portfolio, we consider whether or not additional loan loss reserves in excess of the minimum required are warranted.

For the consumer loan portfolio, we classify loans based upon delinquency aging, consistent with the requirements of the Central Bank. Minimum loss percentages required by the Central Bank are also applied to the totals in each loan classification.

We record provisions after evaluating the loan portfolio in terms of delay (for consumer loans) or constant monitoring (for commercial loans). This process determines whether an increase or decrease in charges for non-performing loans is required based on our estimate of whether the credit is worsening or improving, or whether the loan is repaid. Our loan loss charges have been historically stable (absent the impact of the Argentine crisis), accommodating qualitative and quantitative changes in the composition of our loan portfolio. We believe that, as a result of the stabilization of the macroeconomic environment, there should not be substantial changes in the assumptions we will make to determine the allowances for loan losses. As a result, we do not believe that more current information will result in our actual results being materially different from our estimates, and therefore, we do not expect the provisions for loan losses to have a significant impact on our net income.

In addition, we have applied the following methods below to reconcile Central Bank Rules to U.S. GAAP.

Credit card loans

We establish a reserve for credit card loans based on the past due status of the loan. All loans without preferred guarantees past due over 180 days have been reserved at 50%, in accordance with Central Bank Rules. Under U.S. GAAP, the Bank adopted a policy to charge off loans which are 180 days past due.

Impaired loans—non-financial private sector and foreign residents

The Bank applies SFAS No. 114, "Accounting by Creditors for Impairment of a Loan" and SFAS No. 118, "Accounting by Creditors for Impairment of a Loan—Income Recognition and Disclosures" for computing U.S. GAAP adjustments. SFAS No. 114, as amended by SFAS No. 118, requires a creditor to measure impairment of a loan based on the present value of expected future cash flows discounted at the loan's effective interest rate, or at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. SFAS No. 114 is applicable to all loans (including those restructured in a troubled debt restructuring involving amendment of terms), except large groups of smaller-balance homogenous loans that are collectively evaluated for impairment. Loans are considered impaired when, based on management's evaluation, a borrower will not be able to fulfill its obligation under the original loan terms.

Interest recognition—non-accrual loans

The method applied to recognize income on loans is described in note 4.4.d of our audited consolidated financial statements for the years ended December 31, 2007. Additionally, the accrual of interest is discontinued generally when the related loan is non-performing and the collection of interest and principal is in doubt, generally after 90 days of being past due. Accrued interest remains on our books and is considered a part of the loan balance when determining the loan loss reserve.

Under U.S. GAAP, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectibility of principal or interest, even though the loan is currently performing. When a loan is placed on non-accrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the provision for loan losses.

Certain assets receivable from the government sector

In accordance with Central Bank Rules, we classify our portfolio of government securities into trading and investment securities, unlisted government securities and securities issued by the Central Bank.

Realized and unrealized gains and losses and interest income on government securities are included as “Net Income/(Loss) from Government and Private Securities” in our financial statements.

Guaranteed loans

We have additional guaranteed loans acquired in the market and also through the business combinations that took place during the previous year. The difference between the cost of each acquired loan and its expected future cash flows is accounted for in accordance with PB 6—Amortization of Discounts on Acquired Loans. From 2005, the Bank apply SOP03-3 — “Accounting for certain Loans and Debt Securities Acquired in a transfer” for loans acquired.

Secured bonds

We have outstanding secured bonds to the Argentine government. Pursuant to Central Bank Rules, these loans do not require a loan loss reserve. However, beginning March 2003, Communiqué “A” 3,911 required these bonds to be valued at the lower of their book value or their net present value calculated using an increasing discount rate specified by such Communiqué and supplementary rules. For more information, see note 4 to our audited consolidated financial statements, for the years ended December 31, 2007.

Under U.S. GAAP, as mentioned above, and in light of the characteristics of the transaction, we considered this transaction to be in line with SFAS No. 15 “Accounting by Debtors and Creditors for Troubled Debt Restructurings.”

According to SFAS No. 15, a creditor in a troubled debt restructuring involving only a modification of terms of a receivable—that is, not involving receipt of assets (including an equity interest in the debtor)—shall account for the troubled debt restructuring in accordance with the provisions of Statement No. 114.

As of December 31, 2002, considering that such assets were presented but not documented or finally accepted, as established by such exchange regulations, they were not considered as government securities.

In accordance with SFAS No. 114 “Accounting by Creditors for Impairment of a Loan”, as of December 31, 2001, and 2002, we measured impairment based on the present value of expected future cash flows discounted at the asset’s effective interest rate, with a corresponding charge to bad-debt expense or by adjusting an existing valuation allowance for the impaired assets with a corresponding charge or credit to bad-debt expense.

During 2003, we received government securities known as Secured Bonds (BOGAR), which are securities available for sale and accounted for in accordance with SFAS No. 115.

These BOGAR are classified by us for U.S. GAAP purposes as available-for-sale securities and carried at fair value with the unrealized gain or loss, net of income tax, recognized as a charge or credit to equity through other comprehensive income. We used quoted market values to estimate the fair value of the BOGAR.

Income tax

In estimating accrued taxes, we assess the relative merits and risks of the appropriate tax treatment considering statutory, judicial and regulatory guidance in the context of the tax position.

Because of the complexity of tax laws and regulations, interpretation can be difficult and subject to legal judgment and given specific facts and circumstances. It is possible that others, given the same information, may at any point reach different reasonable conclusions regarding the estimated amounts of accrued taxes.

Changes in the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of the status of examinations being conducted by various taxing authorities, and newly-enacted statutory and regulatory guidance that impact the relative merits and risks of tax positions. These changes, when they affect accrued taxes, can be material to our operating results.

As explained in note 6 to our audited consolidated financial statements, Central Bank Rules do not require the recognition of deferred tax assets and liabilities and, therefore, income tax is recognized on the basis of amounts due in accordance with Argentine tax regulations and no deferred tax and liabilities are recognized.

For purposes of U.S. GAAP reporting, the Bank applies SFAS No. 109 “Accounting for U.S. Income Taxes.” Under this method, income tax is recognized based on the liability method whereby deferred tax assets and liabilities are recorded for temporary differences between the financial reporting and tax basis of assets and liabilities at each reporting date. A valuation allowance is provided for the deferred tax assets to the extent that it is more likely than not that they will not be realized.

The carrying amounts of those deferred tax assets are subject to management’s judgment based on available evidence that realization is more likely than not and they are reduced, if necessary, by a valuation reserve. In the event that all or part of our net deferred tax assets in the future become realizable under U.S. GAAP, an adjustment to our deferred tax assets would be credited to income tax expense in the period when the determination was made.

Effective January 1, 2007, the company adopted the provisions of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

The adoption of FIN 48 did not have an impact on Banco Macro’s financial position. There were no unrecognized tax benefits as of the date of adoption and as of December 31, 2007.

Business combination

We acquire financial institutions and, in some circumstances, acquire the assets and liabilities or branches of other financial institutions. According to Central Bank Rules, such transactions are recorded considering the values of the assets acquired, which are valued according to such rules and the price paid. In the process of these acquisitions, the Bank may record intangibles.

Negative goodwill, if any, is amortized under the straight-line method over 5 years or charged to income depending on the reasons therefor.

The Central Bank established the methods for disclosure and amortization of negative goodwill, as well as the treatment thereof in the merger process. Such amortization methods depend on the reasons that originated such negative goodwill and are summarized: (a) for differences between book and fair values of government securities and guaranteed loans over the period of convergence of these values; (b) for differences between book and current values of the loan portfolio during the effective period thereof; (c) for expected future losses, upon occurrence thereof; or (d) for differences between book and current values of non-monetary assets, during the amortization period of these assets. Positive goodwill, if any, is amortized based on estimated useful life.

Under U.S. GAAP, a business combination occurs when an entity acquires net assets that constitute a business or acquires equity interests of one or more entities and obtains control over that entity or entities. The acquisition of all or part of a financial institution that meets the definition of a business combination is accounted for by the purchase method.

The cost of an acquired entity shall be allocated to the assets acquired including intangible assets and liabilities based on their estimated fair values at the date of acquisition.

The difference between the purchase price and the fair value of the net assets acquired results in a negative goodwill or positive goodwill. The negative goodwill can be applied to reduce, on a pro rata basis, the amounts assigned to the non-current assets acquired and the surplus, if any, is charged to income for the year. Positive goodwill, if any, should be analyzed to determine whether it is amortizable and in which periods it is amortized, or if it continues not amortized but it is tested for impairment annually.

C. Research and Development, Patents and Licenses, Etc.

Not applicable.

D. Trend Information

At the end of fiscal 2007, we became the first private bank in shareholders’ equity terms, the second bank as to loans to the private sector and the third bank as to deposits, thus becoming the private network with the most branches in the interior of Argentina. This great spreading over Argentine regional economies and the sectors that are availing themselves of the economic recovery imply a key advantage with respect to other banks upon competing in the credit expansion service in Argentina. In addition, this strong network of branches and the functions of financial agents from different provinces provide us with a source of growth and low costs in its deposit base.

We have experience in generating and marketing bank products aimed at a broad population segment that was not supplied by the traditional bank system:

- The use of bank services by state and private employees and retirees through the opening of savings accounts.
- Granting of personal loans to state and private employees and retirees.
- The delivery of limited-risk credit cards as a result of diversification and the automatic debit of the minimum account payment.
- Marketing of other types of services, such as insurance, interbank transfers, service payments, etc.

This penetration strategy permitted the bank to generate a significant commercial portfolio, based on the experience of small- and medium-sized enterprises engaged in regional activities, thus consolidating this portfolio with another one aimed at large local and international companies traditionally operating with the financial system. The combination of these factors permitted to create a funding/use matrix in two types of markets, natural persons deriving from segments with medium or low bank services use and companies, which form the pillar of the bank’s strategy:

- Creating an excellent source of resources with very low volatility and costs.
- Expanding the portfolio related to loans distributed among a significant number of people, the risk in this type of financing being relatively low.
- Applying the market’s lowest rates in personal loans and credit cards, thus enabling the systematic growth of loan stock.
- Fixing strategic agreements with companies to allow the bank to place commercial loans in companies with profitable projects and growth prospects, and providing new individuals’ accounts simultaneously to allow them to receive their salaries.

Experience provides us with the excellent opportunity to repeat such experience in all Argentine regions, even in the urban centers in which the financial market has not had an active presence permanently. However, there are segments related to population or small- and medium-sized enterprises that are hardly supplied with bank products.

We will continue with its diversification and atomization strategy regarding the credit portfolio, thus enabling to obtain satisfactory efficiency, growth, security and profitability in commercial management. It also intends to stress its presence in the assistance to small- and medium-sized enterprises, emphasizing the election of dynamic economic sectors and growth potential in industrial, commercial and service areas for the purpose of contributing to companies’ expansion and ensuring an acceptable return of the funds assigned. At the same time, a complete range of corporate financial services will be offered, including exports and imports financing, letters of credit confirmation and opening, and granting guarantees to third parties on behalf of its customers. Please see “Item 5 — Operating and financial review and prospects — Principal trends affecting our business”.

E. Off-Balance Sheet Arrangements

We enter into various transactions involving off-balance sheet financial instruments (see Note 33 to the Consolidated Financial Statements). We use these instruments to meet the risk management, trading and financing needs of clients or for our proprietary trading and asset and liability management purposes.

These instruments are subject to varying degrees of credit and market risk. We monitor credit risk and market risk associated with on- and off-balance sheet financial instruments on an aggregate basis. We use the same credit policies in determining whether to enter or extend option contracts, commitments, conditional obligations and guarantees as we do for granting loans. Our management believes that the outstanding off-balance sheet items do not represent an unusual credit risk.

F. Contractual Obligations

The following table represents our contractual obligations and commercial commitments as of December 31, 2007:

	Payments due by period				
	Total	Less than 1 year	1–3 years	3–5 years	After 5 years
(in thousands of pesos)					
Contractual obligations					
Central Bank	347,896	72,526	137,417	137,419	534
Banks and international institutions	164,829	7,279	157,550	—	—
Corporate Bonds	799,537	18,947	—	307,940	472,650
Financing received from Argentine financial institutions	160,296	119,038	5,865	7,280	28,113
Other	493,912	412,161	7,280	3,104	71,367
Subordinated corporate bonds	490,695	16,404	1,641	—	472,650
Total contractual obligations	2,457,165	646,355	309,753	455,743	1,045,314
Commercial commitments					
Lines of credit	35,842	35,842	—	—	—
Guarantees	337,825	125,117	101,528	90,172	21,008
Standby letters of credit	95,565	94,537	247	781	—
Total commercial commitments	469,232	255,496	101,775	90,953	21,008

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

We are managed by our board of directors, which is currently comprised of ten members and four alternate members. Currently, the shareholders present at any annual ordinary meeting may determine the size of the board of directors, provided that there shall be no less than three and no more than twelve directors. Any director so appointed will serve for one fiscal year. At the shareholders’ meeting on September 26, 2005, our shareholders adopted an amendment to our bylaws that modifies the term for service and the process of election of directors. According to the amendment, each director’s term will be three fiscal years. If the shareholders elect more than eight board members, each director will be re-elected as a staggered board. The shareholders will designate approximately one-third of the directors to be re-elected one year later, one-third to be re-elected two years later, and one-third to be re-elected three years later. Each group must contain at least three directors. After the first term, directors shall be elected for three-year terms.

DUTIES AND LIABILITIES OF DIRECTORS

Under Argentine corporate law, directors have the obligation to perform their duties with the loyalty and the diligence of a prudent business person. Directors are jointly and severally liable to a corporation, the shareholders and third parties for the improper performance of their duties, for violating the law, the corporation’s bylaws or regulations, if any, and for any damage caused by fraud, abuse of authority or gross negligence. The following are considered integral to a director’s duty of loyalty: (i) the prohibition on using corporate assets and confidential information for private purposes; (ii) the prohibition on taking advantage, or to allow another to take advantage, by action or omission, of the business opportunities of the company; (iii) the obligation to exercise board powers only for the purposes for which the law, the corporation’s bylaws or the shareholders’ or the board of directors’ resolutions have intended; and (iv) the obligation to take strict care so that acts of the board do not go, directly or indirectly, against the company’s interests. A director must inform the board of directors and the supervisory committee of any conflicting interest he may have in a proposed transaction and must abstain from voting thereon.

Under Argentine law, the board of directors is in charge of the management and administration of the Bank and, therefore, makes any and all decisions in connection therewith, as well as those decisions expressly provided for in the Argentine corporate law, the Bank’s bylaws and other applicable regulations. Furthermore, the board is generally responsible for the execution of the resolutions passed by shareholders meetings and for the performance of any particular task expressly delegated by the shareholders. In general, our board of directors is more involved in operating decision-making than might be customary in other jurisdictions.

BOARD OF DIRECTORS

The following table sets forth information about the members and alternate members of our board of directors as of December 31, 2007:

Name	Position	Age	Year First Appointed	Year of Expiration of Term
Jorge Horacio Brito	Chairman	55	2002	2008
Delfín Jorge Ezequiel Carballo	Vice Chairman	55	2002	2008
Jorge Pablo Brito	Director	28	2002	2008
Juan Pablo Brito Devoto	Director	47	2002	2007(1)
Roberto Julio Eilbaum	Director	63	2002	2007(1)
Luis Carlos Cerolini	Director	53	2002	2007(1)
Carlos Enrique Videla	Director	62	2002	2009
Alejandro Macfarlane	Director	42	2005	2009
Guillermo Eduardo Stanley	Director	59	2006	2009
Constanza Brito	Director	26	2007	2009
Mario Eduardo Bartolomé	Alternate director	62	2004	2008
Ernesto Eduardo Medina	Alternate director	40	2002	2008
Marcos Brito	Alternate director	25	2007	2008
Fernando Raúl García Pulles	Alternate director	52	2007	2008

(1) Re-elected by the Ordinary and Extraordinary Shareholders’ Meeting held on April 29, 2008.

The following family relationships exist within the board of directors: (i) Chairman Jorge Horacio Brito and Vice Chairman Delfín Jorge Ezequiel Carballo are brothers-in-law; (ii) Directors Jorge Pablo Brito and Marcos Brito are the sons of Chairman Jorge Horacio Brito and the nephews of vice chairman Delfín Jorge Ezequiel Carballo; (iii) Director Constanza Brito is the daughter of Chairman Jorge Horacio Brito and the niece of vice chairman Delfín Jorge Ezequiel Carballo; (iv) Chairman Jorge Horacio Brito and Director Juan Pablo Brito are cousins and (v) Directors Jorge Pablo Brito, Marcos Brito and Constanza Brito are siblings.

SENIOR MANAGEMENT

Our senior management oversees our day-to-day operations to ensure that our overall strategic objectives are being implemented and reports to our chief executive officer and our chief financial officer. In addition, we have the following committees comprised of different directors and senior management: internal audit committee, senior credit committee, executive committee and operations and systems committee.

The following table sets forth certain relevant information of our executive officers and our senior management as of December 31, 2007:

Names	Position	Age	Year First Appointed
Jorge Horacio Brito	Chief Executive Officer	55	2002
Delfín Jorge Ezequiel Carballo	Chief Financial Officer	55	2002
Juan Pablo Brito Devoto	Chief Accounting Officer	48	2002
Jorge Pablo Brito	Coordinator of the Executive Committee	28	2006
Guillermo Goldberg	Deputy general manager	50	2005
Jorge Francisco Scarinci	Financial and Investor relations manager	37	2006
Ana María Magdalena Marcet	Credit risk manager	46	2002
Miguel Gurfinkiel	Government portfolio manager	57	2006
Horacio Sistac	Corporate banking manager	51	2005
María Begoña Pérez de Solay	Retail banking manager	36	2002
Brian Anthony	Branch network manager	34	2005
Eduardo Roque Covello	Operations manager	50	2006
Máximo Eduardo Lanusse	Administration manager	34	2007
Daniel Hugo Violatti	Accountancy and Tax manager	44	2003
Constanza Brito	Human Resources manager	26	2005
Carmen Esther Estévez	Internal audit manager	50	2002
Francisco Martín Sguera	Legal manager	35	2005
Milagro Medrano	Institutional relations manager	31	2002

Set forth below are brief biographical descriptions of the members of our board of directors and our senior management. The business address of each of our current directors and management is Sarmiento 447, Buenos Aires, Republic of Argentina.

Jorge Horacio Brito was born on July 23, 1952. He is the chairman of our board of directors and member of our executive committee and senior credit committee. He has been with our bank since June 1988. Mr. Brito is the chairman of *Asociación de Bancos Argentinos* (Argentine Bank Association or *ADEBA*). He also serves as chairman of the board of directors of *Nuevo Banco Bisel*, *Banco del Tucumán*, *Sud Inversiones y Análisis S.A.*, *Macro Securities S.A. Sociedad de Bolsa* and *Inversora Juramento S.A.*

Delfín Jorge Ezequiel Carballo was born on November 21, 1952. He is the vice-chairman of our board of directors and a member of our executive committee and our senior credit committee. Mr. Carballo holds a law degree from the Law School of the Catholic University in Argentina. He has been with our bank since June 1988. Mr. Carballo also serves as vice-chairman of the board of directors of *NuevoBanco Bisel*, *Banco del Tucumán*, *Sud Inversiones y Análisis S.A.*, *Macro Securities S.A. Sociedad de Bolsa* and *Inversora Juramento S.A.*

Jorge Pablo Brito was born on June 29, 1979. He is a member of our board of directors, the coordinator of our executive committee and a member of our senior credit committee, our technology and systems committee and our internal audit committee. He has been a member of the board since June 2002. Mr. Brito also serves as chairman of the board of directors of *Macro Warrants S.A.*, *Macro Valores S.A* and *Red Innova Administradora de Fondos S.A.* and as director of *Nuevo Banco Bisel*, *Banco del Tucumán* , *Sud Inversions y Análisis S.A.*, *Macro Securities S.A. Sociedad de Bolsa* and *Inversora Juramento S.A.*.

Juan Pablo Brito Devoto was born on March 25, 1960. He is a member of our board of directors, our internal audit committee and our technology and systems committee. He has been with our bank since December 1992. Mr. Brito Devoto holds an accounting degree from the School of Economics of the University of Buenos Aires in Argentina. Mr. Brito Devoto serves as a chairman of the board of directors of *Macro Bank LTD.* and as vice-chairman of the board of directors *Macro Valores S.A.*. Mr. Brito Devoto also serves as director of *Nuevo Banco Bisel*, *Banco del Tucumán*, *Sud Inversiones y Análisis S.A* and *Red Innova Administradora de Fondos S.A.*

Roberto Julio Eilbaum was born on December 23, 1944. He is a member of our board of directors, and has been a member of the board since June 2002. Mr. Eilbaum holds a law degree from the Law School of the University of Buenos Aires in Argentina. Mr. Eilbaum also serves as alternate director of *Nuevo Banco Bisel* and *Banco del Tucumán*.

Luis Carlos Cerolini was born on January 27, 1954. He is a member of our board of directors and has been a member of the board since April 2000. Mr. Cerolini holds a law degree and a masters in legal foreign affairs from the Law School of the National University of Córdoba in Argentina. Mr. Cerolini also serves as vice-chairman of *Provincanje S.A.* and director of *Nuevo Banco Bisel*, *Banco del Tucumán*, *Sud Inversiones y Análisis S.A.*, *Macro Securities S.A.* *Sociedad de Bolsa*, *Macro Warrants S.A.*, *Macro Valores S.A.* and *ACH S.A. Cámara Compensadora Electrónica*.

Carlos Enrique Videla was born on March 21, 1945. He is a member of our board of directors and an independent member of our audit committee and our internal audit committee. He has been a member of the board since December 1999. Mr. Videla holds a law degree from the Law School of the Catholic University of Argentina. Mr. Videla also serves as alternate director of *Nuevo Banco Bisel*.

Alejandro Macfarlane was born on August 16, 1965. He is a member of our board of directors, and has been a member since April 2005, and is an independent member of our audit committee. He also serves as chairman of the board of directors of *Empresa Distribuidora y Comercializadora Norte or Edenor S.A.*.

Guillermo Eduardo Stanley was born on April 27, 1948. He has worked for the Company since May 2005 and he has been a member of our board of directors since May 2006. He is an independent member of our audit committee. He also serves as chairman of the board of directors *Havanna S.A.*

Constanza Brito was born on October 2, 1981. She is the Human Resources manager for the Bank. Ms. Brito has a degree in Human resources from the University of Salvador. She has been a member of our staff since May 2005. Ms. Brito also serves as alternate director of *Banco del Tucumán*.

Mario Eduardo Bartolomé was born on August 12, 1945. He is an alternate member of our board of director and has served on the board since July 2004.

Ernesto Eduardo Medina was born on January 9, 1967. He is an alternate member of our board of directors, and a member of our technology and systems committee. He has been a member of our staff since February 1989. Mr. Medina holds a public accountant and business administration degree from the School of Economics of the University of Buenos Aires in Argentina. In addition, Mr. Medina holds a degree in systems analysis from the University of Buenos Aires in Argentina. Mr. Medina also serves as director of *Nuevo Banco Bisel* and *Mercado Abierto Electrónico S.A. or MAE* and as alternate director of Banco del Tucumán.

Marcos Brito was born on October 5, 1982. He holds an economics degree from the Universidad Torcuato Di Tella. He is a member of a board of directors of *Nuevo Banco Bisel* and an alternate member of our board of directors.

Fernando Raúl García Pulles was born on April 15, 1955. He has two legal titles, that of lawyer, and Doctor of Juridical Sciences, both granted by the Catholic University of Argentina. Mr. García Pulles served as Subprocurer for the nation's treasury from 1991 to 1995. He is a partner of *Estudio García Pulles-Calatrava & Asociados* and off-counsel lawyer in *Estudio O'Farrell*

Guillermo Goldberg was born on January 30, 1957. He is our Assistant general manager. Mr. Goldberg holds an economics degree from the School of Economics of the University of Buenos Aires in Argentina. Mr. Goldberg has been with us since July 2005.

Jorge Francisco Scarinci was born on May 19, 1970. He is the head of investor relations and our finance manager. Mr. Scarinci holds a degree from the School of Economics of the University of Belgrano in Argentina, a masters in finance from the University of CEMA and became CFA in 2001.

Ana María Magdalena Marcet was born on February 24, 1961. She is our credit portfolio manager, as well as the relations manager with the Central Bank. She has been a member of our staff since December 1996. Ms. Marcet holds a public accountant, economics and business administration degree from the School of Economics of the University of Buenos Aires and a masters in banking management from the University of CEMA, both located in Argentina.

Miguel Leon Gurfinkiel was born on December 13, 1950. He is the Government portfolio manager. He has been a member of our staff since April 2006.

Horacio Sistac was born on March 7, 1956. He is our Corporate Banking manager. Mr. Sistac holds a public accounting degree from the Catholic University of Buenos Aires in Argentina. Mr. Sistac has been with us since September 2005.

María Begoña Pérez de Solay was born on March 28, 1971. She is a member of our operations and systems committee and our retail banking manager. Ms. Pérez de Solay holds an architecture degree from the University of Belgrano in Argentina and a masters in business administration from the University of CEMA in Argentina.

Brian Anthony was born on April 17, 1973. He is our branch network manager. Mr. Anthony holds an engineering degree from the Catholic University of Buenos Aires in Argentina. Mr. Anthony has been with us since September 2005.

Eduardo Roque Covello was born on February 20, 1957. He is the Operations manager and a member of the Bank's Operations and Systems Committee. He has been a member of our staff since January 1996.

Máximo Eduardo Lanusse was born on October 11, 1973. Mr. Lanusse holds a law degree from the University of Buenos Aires. He has been the Administration manager since February 2007.

Daniel Hugo Violatti was born on May 27, 1962. He is our accounting manager. He has been a member of our staff since December 1997. Mr. Violatti holds an accounting degree from the School of Economics of the University of Buenos Aires in Argentina.

Cármén Esther Estévez was born on April 28, 1957. She is our internal audit manager and a member of our internal audit committee. Ms. Estévez holds an accounting degree and a masters degree in system audits from the School of Economics of the University of Buenos Aires in Argentina. She has been a member of our staff since October 1997.

Francisco Martín Sguera was born on July 14, 1972. He is our legal manager. Mr. Sguera holds a law degree from the School of Law of the University of Buenos Aires, as well as a masters in trusts and a masters in banking law from Austral University in Argentina. Mr. Sguera has been with us since December 1996.

Milagro Medrano was born on October 27, 1976. She is our planning and management control manager, our institutional relations manager and a member of our operations and systems committee. She is an alternate director of Banco del Tucumán. Ms. Medrano holds a business management degree from the Catholic University of Salta in Argentina. She has been a member of our staff since April 1997.

B. Compensation

Argentine law provides that the compensation paid to all directors and syndics (including those directors who are also members of senior management) in a fiscal year may not exceed 5.0% of net income for such year, if the company is not paying dividends in respect of such net income. Argentine law increases the annual limitation on director compensation to up to 25.0% of net income based on the amount of such dividends, if any are paid. In the case of directors that perform duties at special commissions or perform administrative or technical tasks, the aforesaid limits may be exceeded if a shareholders’ meeting so approves and such issue is included in the agenda and is in accordance with the regulations of the CNV. In any case, the compensation of all directors and members of the supervisory committee requires shareholders’ approval at an ordinary meeting.

The aggregate amount of compensation paid by us to all of our directors, alternate directors and senior management for the fiscal year 2007 was Ps.36.4 million.

Neither we nor any of our subsidiaries have entered into any agreement that provides for any benefit or compensation to any director after the expiration of his term or upon his retirement.

C. Board Practices

Corporate Governance

As a listed company on the New York Stock Exchange (“NYSE”), we are required under the rules governing listed companies to (i) comply with SEC’s requirements concerning audit committee, (ii) submit annual written affirmation to the NYSE and an Interim Written Annual Affirmation each time a change occurs in the Board of Directors or the Audit Committee, and (iii) disclose any significant ways in which our corporate governance practices differ from those followed by domestic companies under the NYSE listing standards. Finally, and, (iv) our CEO must promptly notify the NYSE in writing after any executive officer becomes aware of any material non-compliance with any of the applicable NYSE corporate governance rules. We incorporate the information regarding the significant ways in which our corporate governance practices differ from those followed by domestic companies under the NYSE listing standards by reference to our website www.macro.com.ar.

Independence of the Members of the Board of Directors and the Supervisory Committee

The members of the board of directors and the supervisory committee of a public company such as us must inform the CNV within ten days from the date of their appointment whether such members of the board of directors or the supervisory committee are “independent.” A director shall not be considered independent in certain situations, including where a director (i) owns a 35% equity interest in a company, or a lesser interest if such director has the right to appoint one or more directors of a company (hereinafter “significant participation”) or has a significant participation in a corporation having a significant participation in the company or a significant influence in the company; (ii) depends on shareholders, or is otherwise related to shareholders, having a significant participation in the company or of other corporations in which these shareholders have directly or indirectly a significant participation or significant influence; (iii) is or has been in the previous three years an employee of the company; (iv) has a professional relationship or is a member of a corporation that maintains professional relationships with, or receives remuneration (other than the one received in consideration of his performance as a director) from, a company or its shareholders having a direct or indirect significant participation or significant influence on the same, or with corporations in which the shareholders also have a direct or indirect significant participation or a significance influence; (v) directly or indirectly sells or provides goods or services to the company or to the shareholders of the same who have a direct or indirect significant participation or significant influence, for higher amounts than his remuneration as a member of the administrative body; or (vi) is the spouse or parent (up to second grade of affinity or up to fourth grade of consanguinity) of persons who, if they were members of the administrative body, would not be independent, according to the above listed rules.

Carlos Enrique Videla, Alejandro Macfarlane, Guillermo Eduardo Stanley and Fernando Raúl García Pulles qualify as independent members of the board of directors under these criteria. Ladislao Szekely, Santiago Marcelo Maidana, Herman Fernando Aner, Alejandro Almarza, Horacio Della Rocca and Alejandro Carlos Piazza qualify as independent members of our supervisory committee under these criteria.

For information on the expiration of current terms see “Item 6.A.”

For information on service contracts with directors providing benefits upon termination of employment see Item “6.B Compensation.”

Supervisory Committee

Our bylaws provide for a supervisory committee, which consists of three syndics and three alternate syndics that serve for a term of one fiscal year. Pursuant to the Argentine corporate law, only lawyers and accountants admitted to practice in Argentina or civil partnerships composed of such persons may serve as syndics of an Argentine *sociedad anónima*, or limited liability corporation.

The primary responsibilities of the supervisory committee are to monitor the management’s compliance with Argentine corporate law, the bylaws, its regulations, if any, and the shareholders’ resolutions, and to perform other functions, including, but not limited to: (i) attending meetings of the board of directors, management committee and shareholders, (ii) calling extraordinary shareholders’ meetings when deemed necessary and ordinary and special shareholders’ meetings when not called by the board of directors and (iii) investigating written complaints of shareholders. In performing these functions, the supervisory committee does not control our operations or assess the merits of the decisions made by the directors.

The following table sets forth certain relevant information of the members of our supervisory committee as of December 31, 2007:

Name	Position	Age	Year of Appointment	Current Term Ends
Ladislao Szekely	Syndic	54	2007	April 2008
Santiago Marcelo Maidana	Syndic	77	2007	April 2008
Herman Fernando Aner	Syndic	53	2007	April 2008
Alejandro Almarza	Alternate syndic	49	2007	April 2008
Horacio Della Rocca	Alternate syndic	54	2007	April 2008
Alejandro Carlos Piazza	Alternate syndic	53	2007	April 2008

All members were re-elected by the Ordinary and Extraordinary Shareholder’s Meeting held on April 29, 2008.

Set forth below are brief biographical descriptions of the members of our supervisory committee.

Herman Fernando Aner is a syndic on our supervisory committee. Mr. Aner holds an accounting degree from the School of Economics of the University of Buenos Aires in Argentina. Mr. Aner also serves as syndic of *Nuevo Banco Bisel, Macro Valores S.A., Macro Securities S.A. Sociedad de Bolsa* and *Sud Inversiones y Análisis S.A.* Mr. Aner was admitted to the Accountants Professional Association of the City of Buenos Aires in 1981.

Santiago Marcelo Maidana is a syndic on our supervisory committee. Mr. Maidana holds a law degree from the University of Buenos Aires in Argentina. Mr. Maidana also serves as syndic of *Nuevo Banco Bisel, Macro Valores S.A., Macro Securities S.A. Sociedad de Bolsa* and *Sud Inversiones y Análisis S.A.* Mr. Maidana was admitted to the Bar of the City of Buenos Aires in 1957.

Ladislao Szekely is a syndic on our supervisory committee. Mr. Szekely holds an accounting degree from the School of Economics of the University of Buenos Aires in Argentina. Mr. Szekely also serves as syndic of *Nuevo Banco Bisel, Macro Valores S.A., Banco del Tucumán, Macro Securities S.A. Sociedad de Bolsa* and *Sud Inversiones y Análisis S.A.* Mr. Szekely was admitted to the Accountants Professional Association of the City of Buenos Aires in 1979.

Alejandro Almarza is an alternate syndic on our supervisory committee. Mr. Almarza holds an accounting degree from the University of Buenos Aires in Argentina. . Mr. Almarza also serves as syndic of *Macro Fondos S.A. Sociedad Gerente de Fondos Comunes de Inversión S.A.* and *Macro Warrants S.A.* and as alternate syndic of *Nuevo Banco Bisel, Macro Valores S.A., Banco del Tucumán, Macro Securities S.A. Sociedad de Bolsa* and *Sud Inversiones y Análisis S.A.* Mr. Almarza was admitted to the Accountants Professional Association of the City of Buenos Aires in 1983.

Horacio Della Rocca is an alternate syndic on our supervisory committee. Mr. Della Rocca holds an accounting degree from the School of Economics of the University of Buenos Aires in Argentina. Mr. Della Rocca also serves as syndic of *Macro Fondos S.A. Sociedad Gerente de Fondos Comunes de Inversión S.A.* and as alternate syndic of *Nuevo Banco Bisel, Macro Valores S.A., Macro Warrants S.A., Banco del Tucumán, Macro Securities S.A. Sociedad de Bolsa* and *Sud Inversiones y Análisis S.A.*. Mr. Della Rocca was admitted to the Accountants Professional Association of the City of Buenos Aires in 1977.

Alejandro Carlos Piazza is an alternate syndic on our supervisory committee. Mr. Piazza holds accounting and business administration degree from the School of Economics of the University of Buenos Aires in Argentina. Mr. Piazza also serves as syndic of *Macro Fondos S.A. Sociedad Gerente de Fondos Comunes de Inversión S.A.* and as an alternate syndic of *Nuevo Banco Bisel, Macro Securities S.A. Sociedad de Bolsa , Macro Valores S.A.* and *Sud Inversiones y Análisis S.A.* Mr. Piazza was admitted to the Accountants Professional Association of the City of Buenos Aires in 1978.

Audit Committee

Our audit committee is comprised of three directors, all of them have independent status according to CNV Rules, and one alternate director, who is independent. The Argentine independence standards under CNV Rules differ in many ways from the NYSE, NASDAQ or the U.S. federal securities law standards.

All of the members of our audit committee who were appointed through a resolution of the board of directors dated May 2, 2007 were elected for one-fiscal year renewable terms. They were renew by the board of directors in June 6, 2008,

The audit committee is responsible for the fulfillment of the duties within its powers, as set forth under the Argentine Decree No. 677/2001, including, among others, the following: (i) delivering an opinion regarding the board of director’s proposal of appointment of our external auditors and controlling their independent status, (ii) supervising the correct performance of our internal control and accounting systems, (iii) supervising the observance of the policies regarding information about our risk management, and (iv) delivering an opinion regarding transactions with related parties or transactions that may threaten any conflicts of interest. Furthermore, the audit committee has unlimited access to our books and registers and a right to request as much information as necessary for the performance of its duties.

The following table sets forth certain relevant information of the members of the audit committee as of December 31, 2007:

Name	Position	Age	Year of Appointment	Status
Carlos Enrique Videla	Chairman	62	2007	Independent
Alejandro Macfarlane	Vice Chairman	42	2007	Independent
Guillermo Eduardo Stanley	Member	59	2007	Independent
Fernando Raúl García Pulles	Alternate Member	52	2007	Independent

Committees Reporting to the Board of Directors and to the CEO and the CFO

The following committees are under the supervision of our board of directors: the internal audit committee, the systems and technology committee, the senior credit committee and the executive committee.

Internal audit committee. The internal audit committee is responsible for supervising the correct functioning of our internal control systems and procedures. Furthermore, this committee reviews our annual and quarterly financial statements, the external auditor’s reports, the relevant financial information and the audit committee’s reports.

The following table sets forth certain relevant information of the members of the internal audit committee as of December 31, 2007:

Name	Position
Juan Pablo Brito Devoto	Director
Jorge Pablo Brito	Director
Carlos Enrique Videla	Director (Independent)
Carmen Estévez	Internal audit manager

Systems and technology. The systems and technology committee is responsible for the issuance of the systems and operations management policies. Furthermore, this committee verifies that the several management plans are in accordance with our business strategy and oversees the implementation of our strategic projects.

The following table sets forth certain relevant information of senior members of the systems and operations committee as of December 31, 2007:

Name	Position
Jorge Pablo Brito	Director
Juan Pablo Brito Devoto	Chief Accounting Officer
Guillermo Goldberg	Deputy general manager
Ernesto Eduardo Medina	Deputy general manager
Eduardo Roque Covello	Operations manager
Brian Anthony	Branch network manager
Milagro Medrano	Institutional relations manager
Daniel Hugo Violatti	Accountancy and Tax manager

Senior credit committee. The senior credit committee is responsible for the issuance of our credit policy and credit analysis guidelines. Furthermore, this committee reviews and approves credit transactions in excess of Ps.5,000,000 and examines periodic reports related to our loan portfolio. The following table sets forth certain relevant information of the members of the senior credit committee, as of December 31, 2007:

Name	Position
Jorge Horacio Brito	Chairman
Delfín Jorge Ezequiel Carballo	Vice Chairman
Jorge Pablo Brito	Director
Ana M. Marcet	Coordinator of the Senior Credit Committee

Executive committee. The executive committee is responsible for the management of the business and affairs of the bank and its powers include to: (i) manage the business and affairs of the bank and all other matters delegated by the board of directors; (ii) develop the commercial, credit and financial policy of the bank subject to the goals approved by the board of directors; (iii) establish, maintain, eliminate, restructure or move the offices and areas of the administrative and operating organization of the bank; (iv) establish special committees and approve various operating structures and determine the scope of their functions and duties; (v) approve personnel, including to appoint the General Manager, Assistant Managers, Executive Vice Presidents and other Department Heads and Managers, and to set the amount of their remunerations, working terms and conditions and any other personnel policy measure, including promotions; (vi) propose the establishment, opening, moving or closing of branches, agencies or representatives in the country or abroad; and (vii) supervise the management of subsidiary companies and of the other companies in which the bank holds a participating interest and to propose to the board of directors the incorporation, acquisition or total or partial sale of participating interests in companies in financial services.

The following table sets forth certain relevant information of the members of our executive committee as of December 31, 2007:

Name	Position
Jorge Horacio Brito	Chairman
Delfín Jorge Ezequiel Carballo	Vice Chairman
Jorge Pablo Brito	Director

D. Employees

As of December 31, 2007, we had 7,868 employees, 34% of whom worked at our headquarters and the remaining 66% at our branches. At December 31, 2007, more than 90% of our employees were represented by a national bank union, which negotiates a collective bargaining agreement setting minimum wages for all of its members. We maintain good relations with our union and non-union employees and have never experienced a work stoppage. In connection with our acquisitions of Nuevo Banco Suquía and Nuevo Banco Bisel we agreed not to lay off Nuevo Banco Suquía and Nuevo Banco Bisel employees; however, unplanned layoffs occurred, not related to severance plans but to the normal course of business and the bank’s personnel policies. The payments related to the layoffs were immaterial.

Employees	As of December 31,		
	2005	2006	2007
Headquarters	1,782	2,553	2,713
Branches	3,272	5,032	5,155
Total	5,054	7,585(1)	7,868

(1) Includes 2,474 from Banco del Tucumán and Nuevo Banco Bisel

E. Share Ownership

The persons who are currently members of our board of directors, our supervisory committee or are our senior management held as a group 243,344,274 shares of our capital stock as of December 31, 2007. This represented approximately 35.57% of our outstanding capital stock as of such date. Other than Jorge Horacio Brito, Delfín Jorge Ezequiel Carballo, Juan Pablo Brito Devoto, Luis Cerolini, Alejandro Macfarlane, Carlos Enrique Videla and Marcos Brito, no member of our board of directors, the supervisory committee or senior management beneficially owned shares as of December 31, 2007.

The following table sets forth the beneficial ownership of our shares by the members of our board of directors, our supervisory committee and members of senior management:

Shareholder Name	Number of shares owned	Percentage of capital stock (%)	Percentage of Voting rights (%)
Jorge Horacio Brito	124,250,014	18.17%	19.95%
Delfín Jorge Ezequiel Carballo	111,910,112	16.36%	18.04%
Juan Pablo Brito Devoto	6,691,999	0.98%	1.07%
Luis Carlos Cerolini	179,900	0.03%	0.02%
Alejandro Macfarlane	170,000	0.02%	0.02%
Carlos Enrique Videla	92,249	0.01%	0.01%
Marcos Brito	50,000	0.00%	0.00%
Total	243,344,274	35.57%	39.11%

Additionally, the persons who are currently members of our board of directors, our supervisory committee or are our senior management held as a group a total of 244,030,005 shares of our capital stock as of May 30, 2008. This represented approximately 35.69% of our outstanding capital stock as of such date. Other than Jorge Horacio Brito, Delfín Jorge Ezequiel Carballo, Juan Pablo Brito Devoto, Luis Cerolini, Alejandro Macfarlane, Carlos Enrique Videla, Jorge Pablo Brito and Marcos Brito no member of our board of directors, the supervisory committee or senior management beneficially owned shares as of May 30, 2008.

The following table sets forth the beneficial ownership of our shares by the members of our board of directors, our supervisory committee and members of senior management, as of May 30, 2008:

Shareholder Name	Number of shares owned	Percentage of capital stock (%)	Percentage of Voting rights (%)
Jorge Horacio Brito	124,520,643	18.21%	19.99%
Delfín Jorge Ezequiel Carballo	112,178,725	16.40%	18.08%
Juan Pablo Brito Devoto	6,691,999	0.98%	1.07%
Luis Carlos Cerolini	179,900	0.03%	0.02%
Alejandro Macfarlane	255,000	0.04%	0.03%
Carlos Enrique Videla	105,249	0.02%	0.02%
Jorge Pablo Brito	83,256	0.01%	0.01%
Marcos Brito	15,233	0.00%	0.00%
Total	244,030,005	35.69%	39.22%

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

As of December 31, 2007, we had 683,943,437 outstanding shares of common stock, consisting of 11,235,670 Class A shares and 672,707,767 Class B shares, all with a par value of Ps.1.00 per share. Each share of our common stock represents the same economic interests, except that holders of our Class A shares are entitled to five votes per share and holders of our Class B shares are entitled to one vote per share. As of December 31, 2007, we had 6,456 holders of record of our shares.

The following table sets forth information regarding the ownership of our Class A and Class B shares as of December 31, 2007:

Shareholder Name	Number of Class A shares owned	Number of Class B shares owned	Total	Percentage of capital stock (%)	Percentage of Voting rights (%)
Jorge Horacio Brito	5,292,143	118,957,871	124,250,014	18.17%	19.95%
Delfín Jorge Ezequiel Carballo	4,895,416	107,014,696	111,910,112	16.36%	18.04%
Other Shareholders	1,048,111	446,735,200	447,783,311	65.47%	62.01%
Total	11,235,670	672,707,767	683,943,437	100.00%	100.00%

Additionally, as of May 30, 2008, we had 683,978,973 outstanding shares of common stock, consisting of 11,235,670 Class A shares and 672,743,303 Class B shares, all with a par value of Ps.1.00 per share. Each share of our common stock represents the same economic interests, except that holders of our Class A shares are entitled to five votes per share and holders of our Class B shares are entitled to one vote per share. As of May 30, 2008, we had 7,277 holders of record of our shares.

The following table sets forth information regarding the ownership of our Class A and Class B shares as of May 30, 2008:

Shareholder Name	Number of Class A shares owned	Number of Class B shares owned	Total	Percentage of capital stock (%)	Percentage of Voting rights (%)
Jorge Horacio Brito	5,292,143	119,228,500	124,520,643	18.21%	19.99%
Delfín Jorge Ezequiel Carballo	4,895,416	107,283,309	112,178,725	16.40%	18.08%
Other Shareholders	1,048,111	446,231,494	447,279,605	65.39%	61.93%
Total	11,235,670	672,743,303	683,978,973	100.00%	100.00%

The table below represents the evolution of our capital stock and the material changes in equity participation of the controlling shareholders, in both cases, since June 30, 2002.

Date	Capital Stock (Ps.)	Event	Controlling Shareholders
June 30, 2002	64,410,357	Capital increase	Banco Macro S.A. 59.58%
January 31, 2003	455,242,646	Capitalization of irrevocable capital contributions	Banco Macro S.A. 81.23%
December 31, 2003	608,943,437	Merger with Banco Macro S.A.	Jorge H. Brito 30.93% Delfín Jorge Ezequiel Carballo 25.73% Fernando Andrés Sansuste 11.75% Juan Pablo Brito Devoto 2.12%
March 23, 2006	683,943,437	Capital Increase	Jorge H. Brito 18.9% Delfín Jorge Ezequiel Carballo 16.7% Fernando Andrés Sansuste 7.6% Juan Pablo Brito Devoto 1.3%
May 12, 2006	683,943,437	Transference of shares	Jorge H. Brito 21.64 % Delfín Jorge Ezequiel Carballo 19.56% Juan Pablo Brito Devoto 1.27%
May 31, 2007	683,943,437	Transference of shares	Jorge H. Brito 18.87% (1) Delfín Jorge Ezequiel Carballo 16.80% (1) Juan Pablo Brito Devoto 0.10% (1)
February 29, 2008	683,978,973	Capital Increase (2)	Jorge H. Brito 18.17% Delfín Jorge Ezequiel Carballo 16.37% Juan Pablo Brito Devoto 0.98%

- (1) Monthly movements mainly from November 2006.
- (2) On June 4 and June 5, 2007, Shareholders’ Meetings for Banco Macro S.A. and Nuevo Banco Suquía S.A., respectively, resolved to authorize the merger of the two entities and increase the capital stock of Banco Macro S.A. from Ps.683,943,437 to Ps.683,978,973, issuing 35,536 Class B ordinary shares with a Ps. 1.00 par value and one vote per share, to be granted to the minority shareholders of Nuevo Banco Suquía S.A. as a result of the merger. Although this capital increase was authorized in 2007, the new shares were issued on February 12, 2008.

B. Related Party Transactions

We are not party to any transactions with, and have not made any loans to, any of our directors, key management personnel or other related persons, nor are there any proposed transactions with such persons, except for those permitted by applicable law. Some of our directors have been involved in certain credit transactions with us. The Argentine Corporate law and Central Bank regulations allow directors of a corporation to enter into a transaction with such corporation if the transaction is in line with prevailing market practice. Additionally, lending to persons or entities affiliated with us is subject to the regulations of the Central Bank. These regulations set limits on the amount of credit that can be extended to affiliates based on, among other things, a percentage of our adjusted shareholders’ equity.

We are required by the Central Bank to present, on a monthly basis, a list of the outstanding amount of credit advanced to directors, controlling shareholders, officers and other related entities that is recorded in the minute book of the Board of Directors. Central Bank Rules establish that loans to directors, controlling shareholders, officers and other related entities must be granted on an equal basis with respect to rates, tenor and guarantees as loans granted to the general public.

For the years ended December 31, 2007, 2006 and 2005, an aggregate of Ps. 15.8 million, Ps. 36.8 million and Ps.92.6 million, respectively, in financial assistance granted by us (credit, including guarantees granted) was outstanding to related parties. “Related parties” is defined as our directors, our senior officers, our syndics, our controlling shareholders as well as individuals related to them and any entities directly or indirectly affiliated with any of these parties that are not required to be consolidated. The single largest amount of financial assistance outstanding as of December 31, 2007 was Ps. 5 million to Havanna S.A.

Likewise, as of December 31, 2007, 2006 and 2005, the deposits made by individuals related to the Bank amounted to Ps. 141.7 million, Ps. 271.3 million and Ps. 219.2 million respectively.

During the fiscal year ended December 31, 2007, the Bank sold miscellaneous assets to a related company, which generated income amounting to Ps. 3 million.

Additionally, during the year ended December 31, 2006, the Bank sold (i) certificates of participation to a director from Banco Macro S.A., which generated income for an amount equal to Ps. 8.5 million and (ii) its equity interest in Inversora Juramento S.A. to a shareholder of Banco Macro S.A., which generated income amounting to Ps. 0.4 million.

C. Interest of experts and counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See Item 18 and our audited consolidated financial statements included in this annual report.

Legal Proceedings

We are involved in normal collection proceedings and other legal proceedings in the ordinary course of business. We are not involved in any litigation or other legal proceedings that, if adversely determined, would individually or in the aggregate have a material adverse effect on our operations.

Dividend Policy

Although we do not have, and have no current plans to adopt, a formal dividend policy governing the amount and payment of dividends, we currently intend to pay dividends subject to approval by a majority vote of our shareholders. All shares of our capital stock are *pari passu* with respect to the payment of dividends.

The following table sets forth the cash dividends paid to our shareholders in 2004, 2005, 2006 and 2007. All banks were prohibited by the Central Bank from paying dividends in respect of the results of 2001 and 2002.

Based on financial statements for year ended December 31,	Payment Dates	Dividends per Share (in pesos)	Aggregate Dividend Payment (in millions of pesos)
2003	July 2004	0.10	60.9
2004	April 2005	0.05	30.4
2005	May 2006	0.10	68.4
2006	May 2007	0.15	102.6
2007	May 2008	0.25	171.0

Central Bank and contractual limitations on distribution of dividends

The Central Bank has imposed restrictions on the payment of dividends, substantially limiting the ability of financial institutions to distribute such dividends without its prior consent, which were analyzed on case-by-case basis until November of 2006.

The Central Bank has eased these restrictions through Communication “A” 4589, as amended by Communication “A” 4591 and others, by providing for a mechanism for the calculation of distributable profits of the financial institutions.

The Superintendency of Financial Institutions will review the ability of the bank to distribute dividends upon the bank’s requests for its approval. Such request has to be filed within 30 business days prior to the shareholders meeting that will resolve the approval of the annual financial statements. The Superintendency of Financial Institutions will authorize the distribution of dividends when none of the following circumstances are verified during the month preceding the request for the payment of dividends

- (i) we are subject to a liquidation procedure or the mandatory transfer of assets by the Central Bank in accordance with section 34 or 35 bis of the Financial Institutions Law;
- (ii) we are receiving financial assistance from the Central Bank (except liquidity assistance under the pesification rules pursuant to Decree No. 739/2003);
- (iii) we are not in compliance with or have failed to comply on a timely basis with our reporting obligations to the Central Bank; or
- (iv) we are not in compliance with minimum capital requirements (both on an individual and consolidated basis) or with minimum cash reserves (on average).

By means of an authorization dated April 21, 2006, the Central Bank approved the distribution of dividends corresponding to our fiscal year ended December 31, 2005. The Central Bank, through an authorization dated April 16, 2007, authorized the Bank to distribute dividends corresponding to the fiscal year ended December 31, 2006 and by means of an authorization dated April 11, 2008, authorized the Bank to distribute dividends corresponding to the fiscal year ended December 31, 2007.

Additional regulatory and contractual restrictions exist which effect the distribution of earnings are included in Note 15 of our consolidated Financial Statements as of December 31, 2007.

Amounts available for distribution and distribution approval process

Under Argentine corporate law, declaration and payment of annual dividends, to the extent funds are legally available, is determined by our shareholders at the annual ordinary shareholders’ meeting. Generally, but not necessarily, the board of directors makes a recommendation with respect to the payment of dividends.

Dividends may be lawfully declared and paid only out of our retained earnings stated in our yearly financial statements according to Central Bank Rules and approved by a shareholders’ meeting as described below.

The board of directors submits our financial statements for the preceding fiscal year, together with reports thereon by the supervisory committee, at the annual ordinary shareholders’ meeting for approval. Within four months of the end of each fiscal year, an ordinary shareholders’ meeting must be held to approve the financial statements and determine the allocation of our net income for such year.

Under applicable CNV regulations, cash dividends must be paid to shareholders within 30 days of the shareholders’ meeting approving such dividends. In the case of stock dividends, shares are required to be delivered within three months of our receipt of notice of the authorization of the CNV for the public offering of the shares arising from such dividends.

Legal reserve requirement

According to the Argentine financial institutions law, or the FIL, and Central Bank regulations, we are required to maintain a legal reserve of 20% of our yearly income plus or minus prior-year adjustments and minus the accumulated loss at the prior year closing period. The legal reserve is not available for distribution to shareholders. Under Argentine corporate law and our bylaws, our yearly net income (as adjusted to reflect changes in prior results) is allocated in the following order: (i) to comply with the legal reserve requirement, (ii) to pay the accrued fees of the members of the board of directors and statutory supervisory committee; (iii) to pay fixed dividends, which are applied first to pending and unpaid dividends and holders of preferred stock (if applicable); (iv) for voluntary or contingent reserves, as may be resolved from time to time by our shareholders at the annual ordinary shareholders’ meeting; and (v) the remainder of the net income for the year may be distributed as dividends on common stock or as otherwise decided by our shareholders at the annual ordinary shareholders’ meeting.

B. Significant Changes

Except as otherwise disclosed in this annual report, there has been no undisclosed significant change since the date of the most recent annual financial statements included herein.

Item 9. The Offer and Listing

A. Offer and listing details

The table below shows the high and low market prices in pesos for our Class B shares on the Buenos Aires Stock Exchange for the periods indicated:

Banco Macro	Ps. per Class B Share	
	High	Low
2008:		
January	7.75	6.70
February	7.85	7.10
March	8.16	7.20
April	8.46	7.26
May	7.40	6.15
2007:		
1st quarter	12.30	8.95
2nd quarter	11.75	9.80
3rd quarter	10.70	7.29
4th quarter	10.15	7.20
December	8.20	7.20
2006:		
1st quarter	7.00	5.32
2nd quarter	7.37	5.75
3rd quarter	6.65	5.72
4th quarter	9.51	6.60
2005:		
1st quarter	4.35	3.47
2nd quarter	4.28	3.58
3rd quarter	5.31	3.60
4th quarter	5.45	4.65

Source: Buenos Aires Stock Exchange Bulletin.

Banco Macro and Banco Bansud merged in December 2003 and began trading on December 24, 2003 under the symbol “BSUD.” In January 2002, we acquired a controlling interest in the former Banco Bansud, but the shares of the two banks traded separately until their merger.

The table below sets forth the high and low market prices in pesos for the common shares of Banco Macro on the Buenos Aires Stock Exchange for the periods indicated:

Banco Macro	Ps. per Share	
	High	Low
2003:		
1st quarter	17.20	16.00
2nd quarter	28.70	20.00
3rd quarter	30.50	26.00
4th quarter	41.30	30.00
2002:		
1st quarter	—	—
2nd quarter	4.10	3.40
3rd quarter	—	—
4th quarter	17.60	10.00
2001:		
1st quarter	4.25	4.50
2nd quarter	4.00	4.00
3rd quarter	4.00	3.40
4th quarter	3.40	3.40

Source: Buenos Aires Stock Exchange Bulletin.

The table below sets forth the high and low market prices in pesos for the Class B shares of Banco Bansud on the Buenos Aires Stock Exchange for the periods indicated:

Banco Bansud	Ps. per Class B Share	
	High	Low
2003:		
1st quarter	1.65	1.04
2nd quarter	2.20	1.45
3rd quarter	2.16	1.80
4th quarter	2.99	2.05
2002:		
1st quarter	0.70	0.33
2nd quarter	0.55	0.30
3rd quarter	1.06	0.46
4th quarter	1.74	0.90
2001:		
1st quarter	1.74	0.90
2nd quarter	1.31	0.80
3rd quarter	1.07	0.30
4th quarter	0.54	0.30

Source: Buenos Aires Stock Exchange Bulletin.

The ordinary shares trade on the New York Stock Exchange in the form of ADSs issued by The Bank of New York, as depositary. Each ADS represents ten ordinary shares. The table below shows the quarterly high and low market prices of the ADSs in dollars on the New York Stock Exchange for the periods indicated.

Banco Macro	US\$. per ADS	
	High	Low
2008:		
January	24.77	20.86
February	24.95	21.82
March	25.99	22.10
April	26.67	22.40
May	23.20	18.40
2007:		
1st quarter	39.11	29.30
2nd quarter	39.00	31.98
3rd quarter	34.82	22.40
4th quarter	31.92	22.75
December	26.20	22.75
2006:		
1st quarter	23.35	21.60
2nd quarter	24.69	18.70
3rd quarter	21.50	18.35
4th quarter	31.96	21.35

Source: Reuters

B. Plan of Distribution

Not applicable.

C. Markets

Our Class B shares are currently traded on the Buenos Aires Stock Exchange under the symbol ‘BMA’. Additionally, our ADSs have been trading on the NYSE since March 24, 2006 under the symbol ‘BMA’.

Our (i) 9.75% Fixed/Floating Rate Non-Cumulative Junior Subordinated Notes Due 2036, (ii) 8.50% Notes Due 2017 and (iii) 10.750% Argentine Peso-Linked Notes Due 2012 are all currently listed on both the Buenos Aires Stock Exchange and the Luxembourg Stock Exchange.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable

B. Memorandum and Articles of Association

General

We are a financial institution incorporated on November 21, 1966 as a *sociedad anónima*, or a stock corporation, duly incorporated under the laws of Argentina for a 99-year period and registered on March 8, 1967 with the Public Registry of Commerce of the City of Buenos Aires, Argentina, under Nr. 1154 of Book 2, Volume 75 of *Sociedades Anónimas*. A translation of our by-Laws has been filed as an exhibit to our 2006 annual report on form 20-F filed on July 13, 2007.

As of December 31, 2007, our capital stock consists of Ps.683,943,437, represented by 11,235,670 common, book-entry Class A shares, with a par value of one peso each and the right to five votes per share, and 672,707,767 common, book-entry Class B shares, with a par value of one peso each and the right to one vote per share.

Under our bylaws, we may issue different classes of shares of common stock entitled with one to five votes per share.

However, as long as we remain public we cannot issue additional shares of any class of capital stock that could entitle the holder thereof to more than one vote per share. All outstanding shares are fully paid. Our Class B shares have been listed on the Buenos Aires Stock Exchange since 1993. Our ADSs have been listed in the New York Stock Exchange since March 24, 2006. Holders of Class A shares are permitted to convert their shares into Class B shares on a one-for-one basis.

Corporate Purpose

Our bylaws sets forth that our corporate purpose is to engage within or outside of Argentina in any banking transaction contemplated and authorized under the FIL and other laws, rules and regulations governing banking activities in the place of performance, under the guidelines and with prior authorization, if appropriate, of the Central Bank. In addition, we are capable of acting as an agent in connection with securities in the open market, and in any exchange transactions contemplated under the legal provisions in effect governing the activity, under the guidelines and with the prior authorization, if appropriate, of the CNV. To that effect, we have full legal capacity to develop rights, incur obligations, and execute any kind of act and transaction related thereto. Furthermore, we are capable of having interests in other domestic or foreign financial institutions with the prior authorization of the Central Bank.

Shareholders’ liability

Shareholders’ liability for losses of a company is limited to the value of their shareholdings in the company. Under Argentine corporate law, however, shareholders who voted in favor of a resolution that is subsequently declared void by a court as contrary to Argentine laws or a company’s bylaws (or regulations, if any) may be held jointly and severally liable for damages to such company, other shareholders or third parties resulting from such resolution. See also "Risk Factors— Our shareholders may be subject to liability for certain votes of their securities".

Redemption and rights of withdrawal

Our shares are subject to redemption in connection with a reduction in capital by the vote of a majority of shareholders at an extraordinary shareholders’ meeting. Any shares so redeemed must be cancelled by us. Whenever our shareholders approve a spin-off or merger in which we are not the surviving corporation, the change of our corporate legal status, a fundamental change in our corporate purpose, change of our domicile outside of Argentina, voluntary withdrawal from public offering or delisting, our continuation in the case of mandatory delisting or cancellation of the public offering authorization, or a total or partial recapitalization following a mandatory reduction of our capital or liquidation, any shareholder that voted against such action that was approved or did not attend the meeting at which the decision was taken, may withdraw and receive the book value of its shares, determined on the basis of our latest balance sheet prepared or that should have been prepared in accordance with Argentine laws and regulations, provided that such shareholder exercises its appraisal rights within a determined period. However, because of the absence of legal precedent directly on point, there is doubt as to whether holders of ADSs will be able to exercise appraisal rights either directly or through the depository with respect to Class B shares represented by ADSs. Appraisal rights must be exercised within the five days following the adjournment of the meeting at which the resolution was adopted, in the event that the dissenting shareholder voted against such resolution, or within 15 days following such adjournment if the dissenting shareholder did not attend such meeting and can prove that he was a shareholder on the date of such meeting. In the case of merger or spin-off, appraisal rights may not be exercised if the shares to be received as a result of such transaction are authorized for public offering or listed. Appraisal rights are extinguished if the resolution giving rise to such rights is revoked at another shareholders’ meeting held within 75 days of the meeting at which the resolution was adopted.

Payment on the appraisal rights must be made within one year of the date of the shareholders’ meeting at which the resolution was adopted, except when the resolution was to delist our stock or to continue following a mandatory delisting, in which case the payment period is reduced to 60 days from the resolution date.

Preemptive and accretion rights

In the event of a capital increase, a holder of existing common shares of a given class has a preemptive right to subscribe for a number of shares of the same class sufficient to maintain the holder’s existing proportionate holdings of shares of that class.

In addition, shareholders are entitled to the right to subscribe on pro-rata basis for the unsubscribed shares remaining at the end of a preemptive rights offering, known as accretion rights.

Holders of ADSs may be restricted in their ability to exercise preemptive rights if an annual report under the Securities Act relating thereto has not been filed or is not effective or an exemption is not available. Preemptive rights are exercisable during the 30 days following the last publication of notice to the shareholders in the Official Bulletin of the Republic of Argentina, or the Official Gazette and an Argentine newspaper of wide circulation. Pursuant to Argentine corporate law, in the case of public companies, such 30-day period may be reduced to a minimum of ten days if so approved by the company’s shareholders at an extraordinary shareholder’s meeting.

Shares not subscribed by the shareholders by virtue of their exercise of preemptive rights or accretion rights may be offered to third parties.

Voting rights

Under our bylaws, each Class A share entitles the holder thereof to five votes at any meeting of our shareholders and Class B shares entitle the holders thereof to one vote per share. However, according to Argentine corporate law, shares entitle the holder to only one vote per share to vote the approval of: an early dissolution, a merger or spin-off when we are not the surviving entity, a reduction of capital stock and redemption of shares, a transformation from one type of entity to another, a limitation of shareholders’ preemptive rights, a transfer of our domicile outside Argentina, and a fundamental change of our corporate purpose set forth in our bylaws. In such cases Class A shares are entitled to only one vote per share and Class B shares are entitled to only one vote per share. In addition, pursuant to Argentine applicable law, as long as we remain public we cannot issue additional shares of any class of capital stock that could entitle the holder thereof to more than one vote per share.

Registration requirements of foreign companies that hold Class B shares directly

Under Argentine regulations, foreign companies that hold shares directly (and not as ADSs) in an Argentine company must register with the IGJ to exercise certain shareholder rights, including voting rights. The registration requires the filing of corporate and accounting documents in order to demonstrate that the foreign shareholder’s main activity is conducted outside of Argentina.

Liquidation rights

In the case of our liquidation or dissolution we are requested to communicate such event to the Central Bank, and our assets will be applied to satisfy our outstanding liabilities and proportionally distributed first among our holders of preferred stock as per the terms of the preferred stock, if any. If any surplus remains, it will be proportionally distributed among holders of our common stock.

Ordinary and extraordinary meetings

Shareholders’ meetings may be ordinary meetings or extraordinary meetings. We are required to convene and hold an ordinary meeting of shareholders within four months of the close of each fiscal year to consider the matters specified in the first two paragraphs of Section 234 of the Argentine Corporation Law, such as the approval of our financial statements, allocation of net income for such fiscal year, approval of the reports of the board of directors and the statutory audit committee and election and remuneration of directors and members of the statutory audit committee. In addition, pursuant to Decree 677/2001, at an ordinary shareholders’ meetings, our shareholders must consider (i) the disposition of, or creation of any lien over, our assets as long as such decision has not been performed under the ordinary course of business; (ii) the execution of administration or management agreements; and (iii) whether to approve the payment of any agreement providing assets or services to us as long as such payment is material when measured against the volume of the ordinary course of business and our shareholders’ equity. Other matters which may be considered at an ordinary meeting convened and held at any time include the responsibility of directors and members of the statutory audit committee, capital increases and the issuance of certain corporate bonds. Extraordinary shareholders’ meetings may be called at any time to consider matters beyond the authority of an ordinary meeting, including amendment of the bylaws, issuance of debentures, early dissolution, merger, spin off, reduction of capital stock and redemption of shares, transformation from one type of entity to another and limitation of shareholders’ preemptive rights.

Notices of meetings

Notices of shareholders’ meetings are governed by the provisions of Argentine Corporations Law, and in case of publicly traded companies, Law 17,811. Furthermore, notice of shareholders’ meetings must be published for five days in the Official Gazette, in an Argentine newspaper of wide circulation and in the publications of Argentine exchanges or securities markets in which our shares are traded, at least twenty (20) but not more than forty five (45) days prior to the date on which the meeting is to be held. Such notice must include information regarding the type of meeting to be held, the date, time and place of such meeting and the agenda. If a quorum is not available at such meeting, a notice for a second meeting, which must be held within 30 days of the date on which the first meeting was called, must be published for three days, at least eight days before the date of the second meeting. The above-described notices of shareholders’ meetings may be effected simultaneously for the second meeting to be held on the same day as the first meeting, only in the case of ordinary meetings. Shareholders’ meetings may be validly held without notice if all shares of our outstanding capital stock are present and resolutions are adopted by unanimous vote of such shares.

Quorum and voting requirements

The quorum for ordinary meetings of shareholders on first call is a majority of the shares entitled to vote, and action may be taken by the affirmative vote of an absolute majority of the shares present that are entitled to vote on such action. If a quorum is not available at the first meeting a second meeting may be held at which action may be taken by the holders of an absolute majority of the shares present, regardless of the number of such shares. The quorum for an extraordinary shareholders' meeting on first call is 60% of the shares entitled to vote, and if such quorum is not available, a second meeting may be held, for which the quorum is 20% of the shares entitled to vote.

Action may be taken at extraordinary shareholders' meetings by the affirmative vote of an absolute majority of shares present that are entitled to vote on such action, except that: the approval of a majority of shares with voting rights (for these purposes non-voting preferred shares shall have voting rights), without application of multiple votes, is required at both the first and second meeting for: (i) the transfer of our domicile outside Argentina, (ii) a fundamental change of the corporate purpose set forth in our bylaws, (iii) our anticipated dissolution, (iv) the total or partial redemption of shares, (v) our merger or spin-off, if we are not the surviving entity, or (vi) the transformation of our corporate legal status, in which cases resolutions shall be adopted by the affirmative vote of the majority of shares with the right to vote. Preferred shares will be entitled to one vote in these circumstances.

Shareholders' meetings may be called by the board of directors or the members of the statutory audit committee whenever required by law or whenever they deem it necessary. Also, the board or the members of the statutory audit committee are required to call shareholders' meetings upon the request of shareholders representing an aggregate of at least five percent of our outstanding capital stock. If the board or the statutory audit committee fails to call a meeting following such a request, a meeting may be ordered by the CNV or by the courts. In order to attend a meeting, a shareholder must also deposit with us a certificate of book-entry shares registered in its name and issued by Caja de Valores S.A. at least three business days prior to the date on which the meeting is to be held. If so entitled to attend a meeting, a shareholder may be represented by proxy. Proxies may not be granted to our board, members of the statutory audit committee, officers or employees.

Election of directors

Currently, the shareholders present at any annual ordinary meeting may determine the size of the board of directors, provided that there shall be no less than three and no more than twelve directors. Any director so appointed will serve for one fiscal year. At the shareholders' meeting on September 26, 2005, any director so appointed will serve for three fiscal years. If the shareholders elect more than eight board members, each director will be re-elected as a staggered board. At the time of the first annual meeting after the approval of the amendment in which the shareholders decide to elect more than eight board members, the shareholders will designate approximately one-third of the directors to be reelected one year later, one-third to be reelected two years later, and one-third to be reelected three years later. Each group must contain at least three directors. After the first term, directors shall be elected for three-year terms.

Anti-takeover provisions

Our bylaws do not contain any provision that would (i) oblige us to disclose information regarding our shareholders; (ii) have the effect of delaying, deferring or preventing a change in control, the last of which may happen only in the event of a merger, acquisition or public offering for acquisition.

Form and transfer

Our current capital stock is represented by book-entry shares. Our shareholders are required to hold their shares through book-entries directly made by Caja de Valores S.A. in the stock registry of the company carried by Caja de Valores S.A. or through book-entries with brokers, banks and other entities approved by the CNV that have accounts with Caja de Valores S.A., or with the participants of the Caja de Valores S.A.. Caja de Valores S.A. is in charge of maintaining a stock registry on our behalf based on information received from shareholders that choose to hold their shares directly by registration on the stock registry of the company and from participants of the Caja de Valores S.A., and in accordance with Argentine law only those holders listed in the stock registry either directly or through participants of the Caja de Valores S.A. will be recognized as shareholders. Shares held by participants of the Caja de Valores S.A. have the same rights as shares recorded in our shareholders' register.

C. Material Contracts

None.

D. Exchange controls

Exchange rates

On January 7, 2002, the Argentine congress enacted the Public Emergency Law, abandoning over ten years of fixed peso-U.S. dollar parity at Ps.1.00 per US\$1.00. After devaluing the peso and setting the official exchange rate at Ps.1.40 per US\$1.00, on February 11, 2002, the government allowed the peso to float. The shortage of U.S. dollars and their heightened demand caused the peso to further devalue significantly in the first half of 2002. Since June 30, 2002, the peso has appreciated versus the U.S. dollar from an exchange rate of Ps.3.80 per US\$1.00 to an exchange rate of Ps.3.0785 per US\$1.00 at May 31, 2007.

The following table sets forth the annual high, low, average and period-end exchange rates for the periods indicated, expressed in pesos per U.S. dollar and not adjusted for inflation. There can be no assurance that the peso will not depreciate again in the future, particularly while the restructuring of a substantial portion of Argentina’s foreign debt remains unresolved. The Federal Reserve Bank of New York does not report a noon buying rate for pesos.

	Exchange Rates(1)			
	High	Low	Average(2)	Period-end
2002	3.8675	1.0000	2.9785	3.3630
2003	3.3625	2.7485	2.9493	2.9330
2004	3.0718	2.8037	2.9424	2.9738
2005	3.0523	2.8592	2.9230	3.0315
2006	3.1072	3.0305	3.0741	3.0695
2007	3.1797	3.0553	3.1156	3.1510
December 2007	3.1510	3.1318	3.1397	3.1510
January 2008	3.1575	3.1282	3.1444	3.1557
February 2008	3.1695	3.1505	3.1583	3.1587
March 2008	3.1688	3.1448	3.1558	3.1653
April 2008	3.1845	3.1520	3.1643	3.1635
May 2008	3.1812	3.0978	3.1511	3.0978
2008 through May 2008	3.1845	3.0978	3.1554	3.0978

- (1) Until June 2002, asked closing quotations as quoted by Banco de la Nación Argentina. Since July 2002, the reference exchange rate as published by the Central Bank.
- (2) Based on daily closing price.

Exchange controls

In 2001 and 2002, the Central Bank, among other restrictive measures, restricted the transfer of U.S. dollars abroad without its prior approval. In 2003 and 2004, the government substantially eased these restrictions.

However, in June 2005, the Argentine government imposed certain additional restrictions on inflows and outflows of foreign currency to the Argentine foreign exchange market. Pursuant to such restrictions, new indebtedness and debt refinancings with non-Argentine residents from the private sector entered in the local foreign exchange market must have a term of at least 365 calendar days, among others.

Additionally, the regulation prohibits the prepayment of such indebtedness before the expiration of such term, irrespective of the payment method and whether or not liquidation includes a foreign exchange trade in the local market. The following transactions are exempted from this restriction: (i) foreign trade financings; (ii) purchase of primary stock and debt security issuances through public offerings and listed on self-regulated markets; and (iii) foreign financial indebtedness, provided that (a) the proceeds from the exchange settlement, net of taxes and expenses, are used for the purchase of foreign currency to cancel principal on foreign debt and/or to invest in long term foreign assets; or (b) they have an average term of not less than two years (including payments of principal and interest for purposes of the calculation), and to the extent they are applied to the net purchase of fixed assets, as defined by Argentine GAAP.

As a result, any inflow of funds to the local foreign exchange market arising from, but not limited to: (i) foreign indebtedness, except in the above-mentioned instances; (ii) primary stock issuances of companies residing in Argentina not made pursuant to public offerings and not listed on self-regulated markets, to the extent they do not constitute foreign direct investments (i.e., represent at least a 10% interest in the local company); (iii) non-resident portfolio investments to hold Argentine currency and assets and liabilities in the financial and non-financial private sector, to the extent that they do not arise from the primary subscription of debt securities issued pursuant to a public offering and listed on a self-regulated market and/or the primary subscription of stock of companies residing in Argentina pursuant to a public offering and listed on a self-regulated market; and (iv) non-resident portfolio investments to purchase any right on securities issued by the public sector in the over-the-counter market, must comply with the following requirements, among others:

- (1) fund inflows may only be transferred out of the local foreign exchange market upon the lapse of a term of 365 calendar days as from the date on which the funds entered the country; and
- (2) the placement of a nominative, non-transferable and non-compensated deposit in U.S. dollars for an amount equal to the 30% of the amount involved in the transaction for a term of 365 calendar days, pursuant to the terms and under the conditions established in the applicable regulations.

As of the date hereof, original maturity of certain debt securities issued pursuant to a primary public offering and listed on a self-regulated market shall be exempt from the minimum stay period of 365 calendar days for purposes of purchasing foreign currency to repay such debt. These restrictions do not apply to the proceeds received by us from the issuance and sale of notes under this program.

E. Taxation

Material U.S. Federal Income Tax Considerations

The following discussion is a summary of the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of our Class B shares or ADSs. This discussion applies only to beneficial owners of Class B shares or ADSs that are “U.S. holders” (as defined below) that hold Class B shares or ADSs as “capital assets” (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), final, temporary and proposed Treasury regulations, administrative pronouncements of the IRS and judicial decisions, all as currently in effect and all of which are subject to change (possibly on a retroactive basis) and to different interpretations. This discussion does not purport to address all U.S. federal income tax considerations that may be relevant to a particular U.S. holder, and you are urged to consult your own tax advisor regarding your specific tax situation. The discussion does not address the tax considerations that may be relevant to U.S. holders in special tax situations, such as:

- dealers in securities or currencies;
- insurance companies;
- tax-exempt organizations;
- traders in securities that elect to mark to market;
- certain financial institutions;
- partnerships or other pass-through entities;
- holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- U.S. expatriates;
- holders that hold Class B shares or ADSs as part of a hedge, straddle, conversion transaction, constructive sale transaction or other integrated transaction;
- holders that own, directly, indirectly or constructively, 10% or more of the total combined voting power of our shares;
- real estate investment trusts; or
- regulated investment companies.

This discussion does not address the estate, gift or alternative minimum tax consequences of holding Class B shares or ADSs or the indirect consequences to holders of equity interests in partnerships or other entities that own our Class B shares or ADSs. Moreover, this discussion does not address the state, local, or non-U.S. income or other tax consequences of an investment in our Class B shares or ADSs, or any aspect of U.S. federal taxation other than income taxation.

We are uncertain whether we currently are a passive foreign investment company (a “PFIC”) or will be a PFIC in a future tax year. As discussed below under “Passive Foreign Investment Companies,” the application of the PFIC rules to banks is unclear under present federal U.S. federal income tax law. A determination that we are a PFIC generally will result in unfavorable consequences to a U.S. holder. You should carefully consider the discussion under “Passive Foreign Investment Companies” and consult your own tax advisor regarding the consequences of investing in a PFIC. Unless otherwise noted, the following discussion assumes that we are not a PFIC.

You should also consult your own tax advisor regarding the U.S. federal, state, local, and foreign income and other tax consequences of purchasing, owning and disposing of our Class B shares or ADSs in your particular circumstances.

For the purposes of this discussion, you are a “U.S. holder” if you are a beneficial owner of Class B shares or ADSs and you are for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership holds our Class B shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A prospective investor who is a partner of a partnership holding our Class B shares or ADSs should consult its own tax advisor.

In general, for U.S. federal income tax purposes, U.S. holders that are beneficial owners of ADSs will be treated as the beneficial owners of the Class B shares represented by those ADSs.

Taxation of Dividends. Distributions of cash with respect to the Class B shares or ADSs (other than distributions in redemption of the Class B shares that are treated as sales or exchanges under Section 302(b) of the Code or upon our liquidation) will, to the extent made from our current or accumulated earnings and profits as determined under U.S. federal income tax principles, constitute dividends for U.S. federal income tax purposes. Whether such current or accumulated earnings and profits will be sufficient for all such distributions on the Class B shares or ADSs to qualify as dividends for U.S. federal income tax purposes depends on our future profitability and other factors, many of which are beyond our control.

We do not currently maintain calculations of our earnings and profits under U.S. federal income tax principles. Unless and until these calculations are made, distributions should be presumed to be taxable dividends for U.S. federal income tax purposes. As used below, the term "dividend" means a distribution that constitutes a dividend for U.S. federal income tax purposes. In general, cash dividends (including amounts withheld in respect of Argentine taxes) paid with respect to:

- the Class B shares generally will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the U.S. holder; or
- the Class B shares represented by ADSs generally will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the depositary;

and, in either case, these dividends will not be eligible for the dividends received deduction allowed to corporations. To the extent that a distribution by us exceeds the amount of our earnings and profits, it will be treated as a non-taxable return of capital to the extent of the U.S. holder's adjusted tax basis in the Class B shares or ADSs, and thereafter as capital gain.

Subject to certain exceptions for short-term and hedged positions, the amount of dividends received by certain U.S. holders (including individuals) with respect to the ADSs will be subject to taxation at a maximum rate of 15% under current law if the dividends represent "qualified dividend income." Dividends paid on the ADSs will be treated as qualified dividend income if (i) the ADSs are readily tradable on an established securities market in the United States and (ii) we were not in the year prior to the year in which the dividend was paid, and are not in the year in which the dividend is paid, a PFIC. Under current guidance recently issued by the IRS, the ADSs should qualify as readily tradable on an established securities market in the United States so long as they are listed on the New York Stock Exchange, but no assurances can be given that the ADSs will be or remain readily tradable under future guidance. See below for a discussion of our potential PFIC classification.

Based on existing IRS guidance, it is not entirely clear whether dividends received with respect to the Class B shares will be treated as qualified dividend income, because the Class B shares are not themselves listed on a U. S. exchange. In addition, the U.S. Treasury Department has announced its intention to promulgate additional procedures pursuant to which holders of ADSs or Class B stock and intermediaries through whom such securities are held will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividend income. Because such procedures have not yet been issued, we are not certain that we will be able to comply with them. You should consult your own tax advisors regarding the availability of the preferential dividend tax rate in the light of your own particular circumstances.

Dividends paid in pesos will be includible in the gross income of a U.S. holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day they are received by the U.S. holder, in the case of Class B shares, or the depositary, in the case of Class B shares represented by ADSs, regardless of whether the payment is in fact converted to U.S. dollars. If dividends paid in pesos are converted into U.S. dollars on the day they are received by the U.S. holder or the depositary, as the case may be, U.S. holders should not be required to recognize foreign currency gain or loss in respect of the dividend income. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in the gross income of a U.S. holder through the date such payment is converted into dollars (or otherwise disposed of) will be treated as U.S. source ordinary income or loss. However, U.S. holders should consult their own tax advisors regarding the treatment of any foreign currency gain or loss if any pesos received by the U.S. holder or the depositary are not converted into U.S. dollars on the date of receipt.

A U.S. holder will be entitled, subject to a number of complex limitations and conditions, to claim a U.S. foreign tax credit in respect of any Argentine income taxes withheld on dividends received on shares. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, the dividends should generally constitute "passive category income," or in the case of certain U.S. holders, "general category income." U.S. holders who do not elect to claim a credit for any foreign taxes paid during the taxable year may instead claim a deduction of such Argentine income taxes, provided that the U.S. holder elects to deduct (rather than credit) all foreign income taxes paid or accrued for the taxable year. Dividends received with respect to the common shares will be treated as foreign source income, which may be relevant in calculating a U.S. holder's foreign tax credit limitation. The rules relating to computing foreign tax credits or deducting foreign taxes are extremely complex, and U.S. holders are urged to consult their independent tax advisors regarding the availability of foreign tax credits with respect to any Argentine income taxes withheld from a dividend on the common shares. The IRS has expressed concern that intermediaries in connection with depositary arrangements may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. persons who are holders of depositary shares. Accordingly, investors should be aware that the discussion above regarding the availability of foreign tax credits for Argentine withholding tax on dividends paid with respect to Class B shares represented by ADSs could be affected by future action taken by the IRS.

Taxation of Capital Gains. Deposits and withdrawals of Class B shares by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

In general, gain or loss realized by a U.S. holder on the sale, redemption or other taxable disposition of Class B shares or ADSs will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between the amount realized (including the gross amount of the proceeds of the sale or other taxable disposition before the deduction of any Argentine tax) on the taxable disposition and such U.S. holder's adjusted basis in the Class B shares or the ADSs. Capital gains of certain non-corporate U.S. holders, including individuals, derived with respect to capital assets held for more than one year may be eligible for various reduced rates of taxation, which rates currently are scheduled to increase on January 1, 2011. For example, for capital assets held for over one year, the maximum rate of tax under current law generally will be 15% (rather than the higher rates of tax generally applicable to items of ordinary income). The deductibility of capital losses is subject to limitations. Any gain or loss realized by a U.S. holder will generally be treated as a U.S. source gain or loss for U.S. foreign tax credit purposes.

If Argentine withholding tax is imposed on the sale or disposition of Class B shares or ADSs, the amount realized by a U.S. holder will include the gross amount of the proceeds of such sale or disposition before deduction of the Argentine withholding tax. The availability of U.S. foreign tax credits for these Argentine taxes and any Argentine taxes imposed on distributions that do not constitute dividends for U.S. tax purposes is subject to various limitations and involves the application of rules that depend on a U.S. holder's particular circumstances. In particular, because any gain from the sale or other disposition of Class B Shares or ADSs generally will be treated as U.S. source income, a U.S. holder may not be able to fully utilize its U.S. foreign tax credits in respect of such Argentine withholding taxes unless such U.S. holder has other income from foreign sources. U.S. holders are urged to consult their own tax advisors regarding the application of the U.S. foreign tax credit rules to their investment in, and disposition of, Class B shares or ADSs.

Passive Foreign Investment Companies. U.S. holders should carefully consider the discussion below regarding our potential treatment as a PFIC for U.S. federal income tax purposes.

In general, if during any taxable year of a non-U.S. corporation, 75% or more of the corporation's gross income consists of certain types of "passive" income, or the average value during a taxable year of the "passive assets" of the corporation (generally assets that generate passive income) is 50% or more of the average value of all the corporation's assets, the corporation will be treated as a PFIC under U.S. federal income tax law. Passive income for this purpose generally includes interest, dividends, royalties, rents and gains from commodities and securities transactions. Certain exceptions are provided, however, for passive income derived in the conduct of an active business.

We are unable to determine if we are a PFIC because the application of the PFIC rules to banks is unclear under present U.S. federal income tax law. Banks generally derive a substantial part of their income from assets that are interest bearing or that otherwise could be considered passive under the PFIC rules. The IRS has issued a notice and has proposed regulations that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank (the "active bank exception"). The IRS notice and proposed regulations have different requirements for qualifying as a foreign bank, and for determining the banking income that may be excluded from passive income under the active bank exception. Moreover, the proposed regulations have been outstanding since 1994 and will not be effective unless finalized.

Because final regulations have not been issued and because the notice and the proposed regulations are inconsistent, our status under the PFIC rules is subject to considerable uncertainty. While we conduct, and intend to continue to conduct, a significant banking business, there can be no assurance that we will satisfy the specific requirements for the active bank exception under either the IRS notice or the proposed regulations. In this regard, we presently derive significant income from securities that may not constitute banking income for purposes of the active bank exception. Accordingly, U.S. holders could be subject to U.S. federal income tax under the rules described below. U.S. holders should consult their tax advisors regarding this issue.

If we are treated as a PFIC for any taxable year, a U.S. holder would be subject to special rules (and may be subject to increased tax liability and form filing requirements) with respect to (a) any gain realized on the sale or other disposition of Class B shares or ADSs, and (b) any "excess distribution" made by us to the U.S. holder (generally, any distribution during a taxable year in which distributions to the U.S. holder on the Class B shares or ADSs exceed 125% of the average annual distributions the U.S. holder received on the Class B shares or ADSs during the preceding three taxable years or, if shorter, the U.S. holder's holding period for the Class B shares or ADSs). Under those rules, (a) the gain or excess distribution would be allocated ratably over the U.S. holder's holding period for the Class B shares or ADSs, (b) the amount allocated to the taxable year in which the gain or excess distribution is realized and to taxable years before the first day on which we became a PFIC would be taxable as ordinary income, (c) the amount allocated to each prior year in which we were a PFIC would be subject to U.S. federal income tax at the highest tax rate in effect for that year and (d) the interest charge generally applicable to underpayments of U.S. federal income tax would be imposed in respect of the tax attributable to each prior year in which we were a PFIC. In addition, as discussed above, a U.S. holder would not be entitled to (if otherwise eligible for) the preferential reduced rate of tax payable on certain dividend income.

A U.S. holder may mitigate these effects by electing mark-to-market treatment for its ADSs or Class B shares, provided the relevant shares constitute "marketable stock" as defined in Treasury regulations. Our ADSs and our Class B shares will be "marketable stock" if they are "regularly traded" on a "qualified exchange or other market". The term "qualified exchange or other market" includes the New York Stock Exchange. Our ADSs will be "regularly traded" if they are traded on at least 15 days during each calendar quarter, other than in de minimis quantities. For the calendar year of our initial public offering, our ADSs will be regularly traded if they are regularly traded, other than in de minimis amounts, on one-sixth of the days remaining in the quarter in which the offering occurred, and on at least 15 days during each remaining quarter of the calendar year. No assurance can be provided that our ADSs will be characterized as regularly traded on a qualified exchange or other market for this purpose. Our Class B shares will be treated as listed on a "qualified exchange or other market" for purposes of the relevant Treasury regulations if the exchange on which they are listed has sufficient trading volume, listing, financial disclosure and surveillance, is regulated or supervised by a governmental authority of the country in which the market is located, and meets certain other characteristics. It is unclear whether the Buenos Aires Stock Exchange would meet these requirements and whether there would be sufficient trading of the Class B shares for the Class B shares to be characterized as "regularly traded." It is therefore unclear whether a U.S. holder would be able to elect mark-to-market treatment for the Class B shares.

A U.S. holder electing the mark-to-market regime generally would compute gain or loss at the end of each taxable year as if the Class B shares or ADSs had been sold at fair market value. Any gain recognized by the U.S. holder under mark-to-market treatment, or on an actual sale, would be treated as ordinary income, and the U.S. holder would be allowed an ordinary deduction for any decrease in the value of Class B shares or ADSs as of the end of any taxable year, and for any loss recognized on an actual sale, but only to the extent, in each case, of previously included market-to-market income not offset by previously deducted decreases in value. Any loss on an actual sale of Class B shares or ADSs would be a capital loss to the extent in excess of previously included mark-to-market income not offset by previously deducted decreases in value. A U.S. holder's tax basis in Class B shares or ADSs would increase or decrease by gain or loss taken into account under the mark-to-market regime.

A mark-to-market election under the PFIC rules applies to all future years of an electing U.S. holder during which the Class B shares or ADSs are regularly traded on a qualifying exchange, unless revoked with the IRS's consent.

If we are characterized as a PFIC and, at any time, we have non-U.S. subsidiaries that are classified as PFICs, U.S. holders generally will be deemed to own, and also would be subject to the PFIC rules with respect to, their indirect ownership interests in that lower-tier PFIC. If we are characterized as a PFIC, the U.S. holder could incur liability for the deferred tax and interest charge described above if either

(1) we receive a distribution from, or dispose of all or part of our interest in, the lower-tier PFIC or

(2) the U.S. holder disposes of all or part of its Class B shares or ADSs. A mark-to-market election under the PFIC rules with respect to shares would not apply to a lower-tier PFIC, and a U.S. holder would not be able to make such a mark-to-market election in respect of its indirect ownership interest in that lower-tier PFIC. Consequently, U.S. holders of shares could be subject to the PFIC rules with respect to income of the lower-tier PFIC the value of which already had been taken into account indirectly via mark-to-market adjustments. Furthermore, if we are characterized as a PFIC, a U.S. holder will be required to file an IRS Form 8621.

Information Reporting and Backup Withholding. Information reporting requirements will apply to dividends in respect of the Class B shares or ADSs or the proceeds from the sale, exchange, or redemption of the Class B shares or ADSs paid within the United States (and, in some cases, outside of the United States) to U.S. holders, unless, in either case, the U.S. holder is an exempt recipient (such as a corporation). A 28% backup withholding tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number or to report interest and dividends required to be shown on its U.S. federal income tax returns. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Material Argentine Tax Considerations

The following discussion is a summary of the of the material Argentine tax considerations relating to the purchase, ownership and disposition of our Class B shares or ADSs.

Dividends tax. Dividends paid on our Class B shares or ADSs, whether in cash, property or other equity securities, are not subject to income tax withholding, except for dividends paid in excess of our taxable accumulated income at the previous fiscal period which are subject to withholding at the rate of 35% applicable on such excess and regarding both local and foreign shareholders.

Capital gains tax. Due to the amendments made to the Argentine Income Tax Law by Law 25,414, Decree 493/2001 (the "AITL") and the abrogation of Law 25,414 by 25,556, it is not clear whether certain amendments are in effect. Although opinion No. 351 of the National Treasury General Attorney Office solved the most important matters related to capital gains, certain issues still remain unclear.

- **Resident individuals.** Pursuant to a reasonable construction of the AITL: (i) income obtained from the sale, exchange or other disposition of our Class B shares or ADSs by resident individuals who do not sell or dispose of Argentine shares on a regular basis would not be subject to Argentine income tax; and (ii) although there still exists uncertainty regarding this issue, income obtained from the sale, exchange or other disposition of our Class B shares or ADSs by resident individuals who sell or dispose of Argentine shares on a regular basis should be exempt from Argentine income tax.
- **Foreign beneficiaries.** Capital gains obtained by non-residents or foreign entities from the sale, exchange or other disposition of our Class B shares or ADSs are exempt from income tax. Pursuant to a reasonable construction of the AITL, and although the matter is not completely free from doubt, such treatment should also apply to those foreign beneficiaries that qualify as offshore entities.
- **Local entities.** Capital gains obtained by Argentine entities (in general, entities organized or incorporated under Argentine law, certain traders and intermediaries, local branches of non-Argentine entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina) derived from the sale, exchange or other disposition of our Class B shares or ADSs are subject to income tax at the rate of 35%. Losses arising from the sale of our Class B shares or ADSs can be offset against the same type of income.

Personal assets tax. Argentine entities, such as us, have to pay the personal assets tax corresponding to Argentine and foreign individuals and foreign entities for the holding of our shares at December 31 of each year. The applicable tax rate is 0.5% and is levied on the *valor patrimonial proporcional*, or the book value, of the shares arising from the last balance sheet. Pursuant to the Personal Assets Tax Law, the Argentine company is entitled to seek reimbursement of such paid tax from the applicable Argentine individuals and/or foreign shareholders.

Value added tax. The sale, exchange or other disposition of our Class B shares or ADSs and the distribution of dividends are exempted from the value added tax.

Transfer taxes. The sale, exchange or other disposition of our Class B shares or ADSs is not subject to transfer taxes.

Stamp taxes. Argentine residents may be subject to stamp tax in certain Argentine provinces in case transfer of our Class B shares or ADSs is performed or executed in such jurisdiction by means of written agreements. No stamp taxes are levied in the City of Buenos Aires.

Other taxes. There are no Argentine inheritance or succession taxes applicable to the ownership, transfer or disposition of our Class B shares or ADSs. In addition, neither the minimum presumed income tax nor any local gross turnover tax is applicable to the ownership, transfer or disposition of our Class B shares or ADSs.

Tax treaties. Argentina has signed tax treaties for the avoidance of double taxation with Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. There is currently no tax treaty or convention in effect between Argentina and the United States. It is not clear when, if ever, a treaty will be ratified or entered into effect. As a result, the Argentine tax consequences described in this section will apply, without modification, to a holder of our Class B shares or ADSs that is a U.S. resident. Foreign shareholders located in certain jurisdictions with a tax treaty in force with Argentina may be exempted from the payment of the personal asset tax.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are required to file annual reports, including exhibits, and other information with the SEC and to furnish interim information on Form 6-K. You may read and copy any documents filed by the Company at the SEC’s public reference room at 100 Fifth Street, N.E., Room 1580, Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> which contains reports and other information regarding registrants that file electronically with the SEC.

We are subject to the reporting requirements of the Exchange Act of 1934, as applied to foreign private issuers. Because we are a foreign private issuer, the SEC’s rules do not require us to deliver proxy statements or to file quarterly reports. In addition, our “insiders” are not subject to the SEC’s rules that prohibit short-swing trading. We prepare quarterly and annual reports containing consolidated financial statements in accordance with Central Bank Rules. Our annual consolidated financial statements are certified by an independent accounting firm.

We have appointed The Bank of New York to act as depositary for our ADSs. During the time the deposit agreement remains in force, we will furnish the depositary with:

- our annual reports; and
- summaries of all notices of general meetings of shareholders and other reports and communications that are made generally available to our shareholders.

The depositary will, as provided in the deposit agreement, if we so request, arrange for the mailing of summaries in English of the reports and communications to all record holders of our ADSs. Any record holder of ADSs may read the reports, notices, or summaries thereof, and communications at the depositary’s office located at 101 Barclay Street, New York, New York 10286.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosure About Market Risk

Market Risk

Market risk is the risk of loss arising from fluctuations in financial markets variables such as interest rates, foreign exchange rates and other rates or prices. This risk is a consequence of our lending, trading and investments businesses and mainly consists of interest rate risk, foreign exchange risk.

We evaluate, upgrade and improve market risks measurements and controls on a daily basis. In order to measure significant market risks (whether they arise in trading or non-trading portfolios) we use the value at risk methodology (“VaR”).

This methodology is based on statistical methods that take into account many variables that may cause a change in the value of our portfolios, including interest rates, foreign exchange rates, securities prices, volatility and any correlation among them.

VaR is an estimation of potential losses that could arise from reasonably likely adverse changes in market conditions. It expresses the maximum amount of loss expected (given confidence interval) over a specified time period, or “time horizon,” if that portfolio were held unchanged over that time period.

All VaR models, while forward-looking, are based on past events and are dependent upon the quality of available market data. The quality of our VaR’s models is therefore continuously monitored. As calculated by Banco Macro, VaR is an estimate of the expected maximum loss in the market value of a given portfolio over a five-day horizon at a one-tailed 99% confidence interval. We assume a five day holding period and adverse market movements of 2.32 standard deviations as the standard for risk measurement and comparison.

The following table shows the 5-day 99% confidence VaR for Banco Macro combined trading portfolios for 2007 (in million of Pesos):

	2007
Minimum	70.5
Maximum	134.5
Average	95.3
December 2007	127.4

In order to take advantage of good trading opportunities we have sometimes increased risk, however during periods of uncertainty have also reduced it. The main source of our VaR is the fixed income securities.

Interest Rate Risk

Interest-rate risk is the effect on our net interest income of the fluctuations of market interest rates. Sensitivity to interest rate arises in our normal course of business as the re-pricing characteristics of its interest-earning assets do not necessarily match those of its interest-bearing deposits and other borrowings. The re-pricing structure of assets and liabilities is matched when an equal amount of assets and liabilities re-price for any given period. Any excess of assets or liabilities over these matched items results in a gap or mismatch.

Our interest rate sensitivity analysis measures the risk arising from the different sensitivity of assets and liabilities when interest rate changes occur (“duration” approach). It covers all the assets and liabilities excluding tradable portfolios.

In this case our VaR model or maximum potential loss in the net economic value of the portfolio of assets and liabilities due to interest rate risk increases, considers a 3-month horizon and with a confidence level of 99%.

Our methodology also captures the real interest rate risk, which is the risk arising from the mismatch produced as a consequence of an imperfect correlation between inflation rate movements and financing interest rate variations.

The following table shows the 3-month 99% confidence VaR for Banco Macro combined interest rate position for 2007 (in million of Pesos):

	2007
Minimum	5.9
Maximum	102.3
Average	28.1
December 2007	101.1

Foreign Exchange Risk

The following table shows the VaR for Banco Macro combined foreign exchange position for 2007 (in million Pesos):

	2007
Minimum	2.8
Maximum	5.4
Average	4.1
December 2007	5.0

Equity and Commodity Price Risk

Equity and commodity risk are the risks associated with adverse movements in the value of equity securities and commodities or related indexes. We do not have any material exposure to either of them.

Item 12. Description of Securities Other Than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of December 31, 2007. There are, as described below, inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon and as of the date of our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities Exchange Act is recorded, processed, summarized and reported as and when required.

Management’s Annual Report on Internal Control over Financial Reporting

The management of Banco Macro is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Banco Macro’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Banco Macro’s internal control over financial reporting includes those policies and procedures that:

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors of the Bank; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Bank’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Banco Macro’s management assessed the effectiveness of the Bank’s internal control over financial reporting as of December 31, 2007. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on its assessment and those criteria, the Bank’s management concluded that, as of December 31, 2007 the Bank’s internal control over financial reporting was effective.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2007, has been audited by Pistrelli, Henry Martin y Asociados S.R.L. (Member of Ernst & Young Global), an independent registered public accounting firm, as stated in their report which appears herein.

Attestation Report of the Independent Registered Public Accounting Firm

Banco Macro’s independent registered public accounting firm, Pistrelli, Henry Martin y Asociados S.R.L. (Member of Ernst & Young Global), has issued an attestation report on the effectiveness of the Bank’s internal control over financial reporting. The report follows below:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors and Shareholders of
BANCO MACRO S.A.
Sarmiento 447
City of Buenos Aires

We have audited the internal control over financial reporting of BANCO MACRO S.A. and its subsidiaries (a bank organized under Argentine legislation) (the “Company”) as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company’s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bank’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, BANCO MACRO S.A. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the consolidated balance sheets of BANCO MACRO S.A. and its subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2007 of BANCO MACRO S.A. and its subsidiaries and our report dated June 24, 2008 expressed an unqualified opinion on those consolidated financial statements.

City of Buenos Aires,

June 24, 2008

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
Member of Ernst & Young Global

NORBERTO M. NACUZZI
Partner

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The board of directors has determined that Guillermo Eduardo Stanley, independent member of the audit committee, meets the attributes defined in Item 16A of Form 20-F for “audit committee financial experts”.

Item 16B. Code of Ethics

In addition to the general code of ethics that applies to all of our employees, we have adopted a code of ethics that applies specifically to our principal executive officers, and principal financial and accounting officer and controller, as well as persons performing similar functions. The text of our code of ethics for our principal executive officers and principal financial and accounting officer and controller is posted on our web site at: www.macro.com.ar. There has been no change in our Code of Ethics during the period covered by this annual report.

Item 16C. Principal Accountant Fees and Services

Fees Paid to the Company’s Principal Accountant

In 2006 Pistrelli, Henry Martin y Asociados S.R.L. (Member of Ernst & Young Global) served as our principal external auditor. Fees payable to Pistrelli, Henry Martin y Asociados S.R.L. (Member of Ernst & Young Global) in 2007 are detailed below.

<i>Thousands of Pesos</i>	For the year ended December 31,	
	2006	2007
Audit Fees	6,681	7,074
Audit Related Fees	550	1,733
All Other Fees	228	127
Total	7,459	8,934

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of our consolidated financial statements.

Audit-Related Fees

Audit-related fees are typically services that are reasonably related to the performance of the audit or review of the consolidated financial statements and are not reported under the audit fees item above. This item includes fees for attestation services on our financial information.

All Other Fees

Fees disclosed in the table above under “All Other Fees” consisted of other fees paid for professional services.

Audit Committee’s Pre-approval Policies and Procedures

Our audit committee is responsible for, among other things, the oversight of our independent auditors. On a yearly basis, the audit committee reviews together with management and the independent auditor, the audit plan, audit related services and other non-audit services and approves the related fees.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Period	Total number of shares purchased	Average Price paid per share	Total number of shares purchased as part of the program	maximum number of shares/Pesos that may yet be purchased under the program	
				in Shares	in \$
1: January 8 – February 7 (1)	291,432	6.871	291,432	29,708,568	207,997,588
2: February 8 – March 7 (1)	1,148,000	6.939	1,439,432	28,560,568	200,034,371
3: March 8 – April 7 (1)	—	—	—	—	—
4: April 8 – May 7 (1)	—	—	—	—	—
5: May 8 – June 7 (2)(3)(4)	3,908,527	6.766	5,347,959	24,652,041	174,018,787
6: June 8 – June 27(3)(4)(5)	9,004,153	6.151	14,352,112	15,647,888	118,781,341
TOTAL	14,352,112	6.682	14,352,112	15,647,888	118,781,341

- On January 8, 2008 the Board of Directors of the Bank decided to establish the following terms and conditions for the acquisition of its own shares issued by the Bank under the provisions of Section 68 of Law 17,811 (added by Decree number 677/2001) and the Rules of the CNV: (a) maximum amount of the investment: Up to Ps. 210,000,000; (b) maximum number of shares to be acquired: Up to 30,000,000 common, book entry, Class B shares with a par value of Ps\$. 1 (one Peso) each and entitled to 1 (one) vote per share, (the “Shares”), in the form of shares or American Depositary Shares or ADS representing 10 shares each, which amount does not exceed the limitation of the 10% of the capital of the Bank, as established by the applicable Argentine laws and regulations; (c) payable price: Between Ps. 6.50 per share and up to Ps. 7.00 per share, and (d) term for the acquisition: 120 calendar days from the date of publication of the relevant information in the Bulletin of the Buenos Aires Stock Exchange, subject to any renewal or extension to be duly informed to the public in such Bulletin.
- On May 8, 2008 the Board of Directors of the Bank decided to extend the term for the acquisition of certain shares issued by the Bank for 30 additional calendar days.
- On May 14, 2008 the Board of Directors of the Bank decided to amend the price range of certain shares issued by the Bank, fixing such range between Ps. 6.00 per share and up to Ps\$. 7.00 per share.
- On June 6, 2008 the Board decided to extend the term until July 6, 2008.
- Since June 25, 2008 the abovementioned price ranges was fixed between Ps. 5.00 per share and up to Ps\$. 7.00 per share.

In accordance with the above, since January 21, 2008 and until June 27, 2008 the Bank acquired 13,204,112 common Class B shares with a face value of Ps. 1 and entitled to 1 vote each and 114,800 ADSs (equivalent to 1,148,000 common Class B shares with a face value of Ps. 1 and entitled to 1 vote each) for a total amount of Ps.91,218,659.

PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

See pages F-1 through F-118 of this annual report.

Item 19. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
1.1	Amended and Restated Bylaws of Banco Macro S.A., as amended April 28, 2006, is incorporated by reference to the annual report on Form 20-f filed on July 13, 2007 (File No. 001-32-827).
2.1	Deposit Agreement among the registrant, The Bank of New York, as depositary, and the holders from time to time of American depositary shares issued thereunder, including the form of American depositary receipts, incorporated by reference to the Registration Statement on Form F-1, as amended, filed by Banco Macro S.A. on March 20, 2006 (File No. 333-130901).
8	See Note 4.1 to our financial statements for information regarding our subsidiaries.
12.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
* Filed herein	

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BANCO MACRO S.A.

By: /s/ Jorge Horacio Brito
Name: **Jorge Horacio Brito**
Title: **Chief Executive Officer**

Date: June 30, 2008



**CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE YEARS ENDED DECEMBER 31, 2007,
TOGETHER WITH THE REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors and Shareholders of
BANCO MACRO S.A.
Sarmiento 447
City of Buenos Aires

We have audited the accompanying consolidated balance sheets of BANCO MACRO S.A. (a bank organized under Argentine legislation) and its subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the 2006 financial statements of NUEVO BANCO BISEL S.A., a consolidated subsidiary, which statements reflect total assets of thousand of Ps. 2,867,936 as of December 31, 2006, and net income of thousand of Ps. 65,079 for the period from August 11, 2006 (acquisition date) through December 31, 2006. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for NUEVO BANCO BISEL S.A., is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of BANCO MACRO S.A. and its subsidiaries as of December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in accordance with the accounting principles prescribed by the Central Bank of Argentine Republic applicable to the consolidated financial statements, which differ in certain respects from the accounting principles generally accepted in the United States of America (see Note 35 to the consolidated financial statements).

As discussed in Notes 4.2. and 4.4.s) to the financial statements, in 2007 the Bank adopted a new Central Bank standard and changed its method of presenting the statement of cash flows.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the internal control over financial reporting of BANCO MACRO S.A. as of December 31, 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 24, 2008 expressed an unqualified opinion thereon.

City of Buenos Aires,
June 24, 2008

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
Member of Ernst & Young Global

NORBERTO M. NACUZZI
Partner

Report of Independent Registered Public Accounting Firm

To the Shareholders' and
the Board of Directors of
Nuevo Banco Bisel S.A.

We have audited the accompanying balance sheet of Nuevo Banco Bisel S.A. (the "Bank") as of December 31, 2006, and the related statements of income, of changes in shareholders' equity and of cash flows for the 143 days period from August 11, 2006 through December 31, 2006. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nuevo Banco Bisel S.A. at December 31, 2006 and the results of their operations and their cash flows for the period from August 11, 2006 through December 31, 2006, in conformity with Argentine Central Bank ("BCRA") accounting rules.

As described in Note 31 to the financial statements, BCRA accounting rules differ in certain significant respects from, and is a comprehensive basis of accounting other than, accounting principles generally accepted in the United States of America ("US GAAP"). Information relating to the nature and effect of the differences between BCRA accounting rules and US GAAP is presented in Note 31 to the financial statements.

Price Waterhouse & Co. S.R.L.
Marcelo Trama
Partner

Buenos Aires, Argentina
July 11, 2007.

Note: The financial statements of Nuevo Banco Bisel S.A. referred to in the report above have not been included in this 20-F.

BANCO MACRO S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2007 AND 2006

(Stated in thousands of pesos)

	2007	2006 (1)
ASSETS		
CASH		
Cash on hand	790,869	564,191
Due from banks and correspondents		
Central Bank of Argentina	2,022,463	1,551,399
Local Others	4,262	13,777
Foreign	299,647	497,433
Other	185	108
	<u>3,117,426</u>	<u>2,626,908</u>
GOVERNMENT AND PRIVATE SECURITIES		
Holdings for trading or financial intermediation	358,413	304,065
Instruments issued by the Central Bank of Argentina	3,478,246	2,787,019
Unlisted government securities	20,137	13,441
Investments in listed private securities	93,956	118,459
Less: Allowances	(27)	(29)
	<u>3,950,725</u>	<u>3,222,955</u>
LOANS		
To the non-financial government sector	732,481	774,273
To the financial sector		
Interfinancing	65,789	395,000
Other financing to Argentine financial institutions	94,496	39,065
Accrued interest, adjustments, foreign exchange and quoted price differences receivables	1,417	2,865
To the non-financial private sector and foreign residents		
Overdrafts	1,504,657	1,103,270
Documents	1,081,675	543,734
Mortgage loans	619,781	426,138
Pledged loans	347,989	300,949
Personal loans	3,207,547	1,431,105
Credit cards	722,032	497,872
Other	1,718,978	1,131,315
Accrued interest, adjustments, foreign exchange and quoted price differences receivables	153,902	101,744
Less: Unposted payments	(69)	(139)
Less: Unearned discount	(20,836)	(11,505)
Less: Allowances	(220,422)	(208,581)
	<u>10,009,417</u>	<u>6,527,105</u>

(1) See note 4.2.

BANCO MACRO S.A. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS****AS OF DECEMBER 31, 2007 AND 2006**

(Stated in thousands of pesos)

	<u>2007</u>	<u>2006 (1)</u>
OTHER RECEIVABLES FROM FINANCIAL INTERMEDIATION		
Central Bank of Argentina	191,475	119,954
Amounts receivable from spot and forward sales pending settlement	428,581	213,605
Securities and foreign currency receivable from spot and forward purchases pending settlement	149,275	140,717
Premiums on options taken		868
Unlisted corporate bonds	44,257	12,661
Other receivables not covered by debtors classification standards	549,677	557,870
Receivables from forward transactions without delivery of underlying asset	—	110
Other receivables covered by debtors classification standards	69,969	47,108
Less: Allowances	(206,939)	(178,319)
	<u>1,226,295</u>	<u>914,574</u>
ASSETS SUBJECT TO FINANCIAL LEASES		
Assets subject to financial leases	372,866	282,129
Less: Allowances	(4,898)	(3,489)
	<u>367,968</u>	<u>278,640</u>
INVESTMENTS IN OTHER COMPANIES		
In financial institutions	439	429
Other	10,669	11,116
Less: Allowances	(697)	(1,172)
	<u>10,411</u>	<u>10,373</u>
OTHER RECEIVABLES		
Receivables from sale of assets	26,074	26,330
Minimum presumed income tax – Tax credit	45,293	47,780
Other	209,345	155,038
Accrued interest and adjustments receivable from sale of assets	544	302
Other accrued interest and adjustments receivable	58	66
Less: Allowances	(27,034)	(36,153)
	<u>254,280</u>	<u>193,363</u>
BANK PREMISES AND EQUIPMENT, NET	<u>373,111</u>	<u>336,251</u>
OTHER ASSETS	<u>206,580</u>	<u>202,765</u>
INTANGIBLE ASSETS		
Goodwill	71,916	81,164
Organization and development costs, including amparos	191,061	110,015
	<u>262,977</u>	<u>191,179</u>
ITEMS PENDING ALLOCATION	<u>2,056</u>	<u>859</u>
TOTAL ASSETS	<u><u>19,781,246</u></u>	<u><u>14,504,972</u></u>

(1) See note 4.2.

BANCO MACRO S.A. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS****AS OF DECEMBER 31, 2007 AND 2006**

(Stated in thousands of pesos)

	<u>2007</u>	<u>2006 (1)</u>
LIABILITIES		
DEPOSITS		
From the non-financial government sector	1,774,121	1,295,630
From the financial sector	13,310	5,078
From the non-financial private sector and foreign residents		
Checking accounts	2,599,682	1,876,232
Savings accounts	2,780,350	2,097,362
Time deposits	5,907,005	4,380,981
Investment accounts	63,063	18,836
Other	391,176	360,195
Accrued interest, adjustments, foreign exchange and quoted price differences payables	62,442	36,703
	<u>13,591,149</u>	<u>10,071,017</u>
OTHER LIABILITIES FROM FINANCIAL INTERMEDIATION		
Central Bank of Argentina – Other	347,896	386,089
Banks and international institutions	160,939	176,687
Non-subordinated Corporate Bonds	780,590	
Amounts payable for spot and forward purchases pending settlement	158,765	132,434
Securities and foreign currency to be delivered under spot and forward sales pending settlement	445,799	217,066
Premiums on options sold	2	868
Financing received from Argentine financial institutions		
Interfinancing – (received call)	46,000	25,000
Other financing received from Argentine financial institutions	90,806	22,982
Accrued interest payables	53	23
Other	492,799	250,091
Accrued interest, adjustments, foreign exchange and quoted price differences payables	47,387	25,876
	<u>2,571,036</u>	<u>1,237,116</u>
OTHER LIABILITIES		
Dividends payables	1	662
Professional fees	732	9
Other	241,296	188,260
	<u>242,029</u>	<u>188,931</u>
PROVISIONS	<u>164,347</u>	<u>104,870</u>
SUBORDINATED CORPORATE BONDS	<u>490,695</u>	<u>507,844</u>
ITEMS PENDING ALLOCATION	<u>1,644</u>	<u>2,052</u>
MINORITY INTEREST IN SUBSIDIARIES	<u>12,640</u>	<u>78,045</u>
TOTAL LIABILITIES	<u>17,073,540</u>	<u>12,189,875</u>
SHAREHOLDERS' EQUITY	<u>2,707,706</u>	<u>2,315,097</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>19,781,246</u>	<u>14,504,972</u>

(1) See note 4.2.

The accompanying notes 1 through 35 to the consolidated financial statements are an integral part of these statements.

BANCO MACRO S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006
MEMORANDUM ACCOUNTS
(Stated in thousands of pesos)

	2007	2006 (1)
DEBIT-BALANCE ACCOUNTS		
Contingent		
- Guarantees received	3,229,071	2,718,097
- Other not covered by debtors classification standards	524	459
- Contingent debit-balance contra accounts	469,232	567,981
	<u>3,698,827</u>	<u>3,286,537</u>
Control		
- Receivables classified as uncollectibility	832,822	879,769
- Other (see note 11.2)	4,931,358	5,028,310
- Control debit-balance contra accounts	183,684	133,044
	<u>5,947,864</u>	<u>6,041,123</u>
Derivatives		
- Notional value of call options taken	—	159,804
- Notional value of put options taken	—	50,649
- Notional value of forward transactions without delivery of underlying asset	331,411	—
- Interest rate swap	36,238	—
- Derivatives debit-balance contra accounts	209,196	364,322
	<u>576,845</u>	<u>574,775</u>
Trust activity		
- Trust funds (see note 13.)	574,302	430,735
	<u>574,302</u>	<u>430,735</u>
TOTAL	<u><u>10,797,838</u></u>	<u><u>10,333,170</u></u>

(1) See note 4.2.

BANCO MACRO S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006
MEMORANDUM ACCOUNTS
(Stated in thousands of pesos)

	2007	2006 (1)
CREDIT-BALANCE ACCOUNTS		
Contingent		
- Unused portion of loans granted covered by debtors classification standards	—	(9,120)
- Guarantees provided to the Central Bank of Argentina	(163,122)	(180,908)
- Other guarantees provided covered by debtors classification standards	(115,930)	(243,057)
- Other guarantees provided not covered by debtors classification standards	(58,773)	(43,289)
- Other covered by debtors classification standards	(131,407)	(91,607)
- Contingent credit-balance contra accounts	(3,229,595)	(2,718,556)
	<u>(3,698,827)</u>	<u>(3,286,537)</u>
Control		
- Checks to be credited	(183,684)	(133,044)
- Control credit-balance contra accounts	(5,764,180)	(5,908,079)
	<u>(5,947,864)</u>	<u>(6,041,123)</u>
Derivatives		
- Notional value of call options sold	(549)	(91,071)
- Notional value of put options sold	(113,809)	(245,675)
- Notional value of forward transactions without delivery of underlying asset	(94,838)	(27,576)
- Derivatives credit-balance contra accounts	(367,649)	(210,453)
	<u>(576,845)</u>	<u>(574,775)</u>
Trust activity		
- Trust activity credit-balance contra accounts	(574,302)	(430,735)
	<u>(574,302)</u>	<u>(430,735)</u>
TOTAL	<u>(10,797,838)</u>	<u>(10,333,170)</u>

(1) See note 4.2.

The accompanying notes 1 through 35 to the consolidated financial statements
are an integral part of these statements.

BANCO MACRO S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(Stated in thousands of pesos)

	2007	2006 (1)	2005 (1)
FINANCIAL INCOME			
Interest on cash	19,917	11,682	4,080
Interest on loans to the financial sector	32,157	16,720	5,320
Interest on overdrafts	192,599	120,040	53,953
Interest on documents	139,102	56,988	32,157
Interest on mortgage loans	68,065	48,506	29,655
Interest on pledged loans	51,480	43,038	26,160
Interest on credit card loans	55,665	30,969	18,233
Interest on other loans	527,954	259,801	121,062
Interest on other receivables from financial intermediation	18,471	15,050	19,901
Income from government and private securities, net	488,757	324,178	156,158
Income from guaranteed loans – Presidential Decree No. 1,387/01	35,043	29,898	28,625
Net income from options	1,604	—	—
CER (Benchmark Stabilization Coefficient) adjustment	78,065	84,951	185,421
CVS (Salary Variation Coefficient) adjustment	1,605	1,947	1,987
Difference in quoted prices of gold and foreign currency	48,823	40,007	31,392
Other	131,115	71,432	35,479
	<u>1,890,422</u>	<u>1,155,207</u>	<u>749,583</u>
FINANCIAL EXPENSE			
Interest on checking accounts	19,968	9,475	2,647
Interest on savings accounts	11,372	6,736	4,302
Interest on time deposits	457,395	233,697	106,486
Interest on interfinancing received loans (received call)	4,608	801	980
Interest on other financing to financial institutions	226	252	43
Interest on other liabilities from financial intermediation	70,706	14,421	13,796
Interest on subordinated bonds	49,858	2,017	1,806
Other interest	9,768	12,410	11,482
Net loss from options	—	371	1,017
CER adjustment	43,717	55,732	117,048
Contribution to Deposit Guarantee Fund	20,182	12,753	9,701
Other	117,465	46,232	33,601
	<u>805,265</u>	<u>394,897</u>	<u>302,909</u>
GROSS INTERMEDIATION MARGIN – GAIN	<u>1,085,157</u>	<u>760,310</u>	<u>446,674</u>
PROVISION FOR LOAN LOSSES	<u>94,717</u>	<u>59,773</u>	<u>70,309</u>
SERVICE-CHARGE INCOME			
Related to lending transactions	53,995	35,964	19,175
Related to deposits	422,589	273,976	181,961
Other fees	21,687	19,567	12,866
Other	164,055	122,725	88,756
	<u>662,326</u>	<u>452,232</u>	<u>302,758</u>

(1) See note 4.2.

BANCO MACRO S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(Stated in thousands of pesos)

	2007	2006 (1)	2005 (1)
SERVICE-CHARGE EXPENSE			
Fees	49,965	34,499	23,061
Other	100,317	58,824	36,449
	<u>150,282</u>	<u>93,323</u>	<u>59,510</u>
ADMINISTRATIVE EXPENSES			
Personnel expenses	589,021	396,338	254,821
Directors' and statutory auditors' fees	37,695	14,362	14,142
Other professional fees	42,428	39,670	26,104
Advertising and publicity	50,343	31,866	22,668
Taxes	13,491	9,008	5,808
Depreciation of equipment	42,723	29,231	19,218
Amortization of organization costs	17,923	13,263	12,588
Other operating expenses	144,158	101,546	73,020
Other	19,261	17,173	14,657
	<u>957,043</u>	<u>652,457</u>	<u>443,026</u>
NET INCOME FROM FINANCIAL INTERMEDIATION	<u>545,441</u>	<u>406,989</u>	<u>176,587</u>
OTHER INCOME			
Income from long-term investments	890	289	2,724
Penalty interest	7,580	5,553	3,167
Recovered loans and allowances reversed	133,118	192,508	168,064
CER adjustment	194	283	191
Other	41,743	36,174	44,738
	<u>183,525</u>	<u>234,807</u>	<u>218,884</u>
OTHER EXPENSE			
Penalty interest and charges payable to the Central Bank of Argentina	64	38	33
Charge for other-receivables uncollectibility and other allowances	15,599	26,713	39,177
CER adjustment	—	—	3
Amortization of differences from amparos	29,279	19,477	14,100
Depreciation and loss of other assets	5,303	3,567	3,737
Goodwill amortization	9,250	4,766	839
Other	79,843	82,756	40,794
	<u>139,338</u>	<u>137,317</u>	<u>98,683</u>
MINORITY INTEREST IN SUBSIDIARIES	<u>(2,083)</u>	<u>(3,178)</u>	<u>—</u>
INCOME BEFORE INCOME TAX	<u>587,545</u>	<u>501,301</u>	<u>296,788</u>
INCOME TAX	<u>92,345</u>	<u>76,961</u>	<u>34,042</u>
NET INCOME FOR THE FISCAL YEAR	<u>495,200</u>	<u>424,340</u>	<u>262,746</u>
NET INCOME PER SHARE (2) – stated in pesos	<u>0.72</u>	<u>0.64</u>	<u>0.43</u>

(1) See note 4.2.

(2) See note 9.

The accompanying notes 1 through 35 to the consolidated financial statements
are an integral part of these statements.

BANCO MACRO S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(Stated in thousands of pesos)

Changes	Capital stock (1)	Stock issuance premium	Adjustments to shareholders' equity	Earnings reserved			Unappropriated earnings	Total
				Legal	Special Corporate Bonds	Voluntary		
Balances as of December 31, 2004	608,943	—	4,511	222,109	—	211	421,528	1,257,302
Merger of Nuevo Banco Suquia S.A.:								
- Balance of Nuevo Banco Suquia S.A. at the beginning of the fiscal year	303,750		(23)	13,264			(9,693)	307,298
- Merger effects (2)	(303,714)	84	23	(13,264)			9,624	(307,247)
Distribution of unappropriated retained earnings approved by the Shareholders' Meeting held on April, 28 2005:								
- Legal reserve				23,193			(23,193)	
- Cash dividends (3)							(30,447)	(30,447)
Net income for the year							262,746	262,746
Balances as of December 31, 2005	608,979	84	4,511	245,302	—	211	630,565	1,489,652
Distribution of unappropriated retained earnings approved by the Shareholders' Meeting held on April, 28, 2006:								
- Legal reserve				52,543			(52,543)	
- Cash dividends (3)							(68,395)	(68,395)
Share subscription approved by Shareholder's Meeting held on September 26, 2005 (1)	75,000	394,500						469,500
Net income for the year							424,340	424,340
Balances as of December 31, 2006	683,979	394,584	4,511	297,845	—	211	933,967	2,315,097

BANCO MACRO S.A. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(Stated in thousands of pesos)

Changes	Capital stock (1)	Stock issuance premium	Adjustments to shareholders' equity	Earnings reserved			Unappropriated earnings	Total
				Legal	Special Corporate Bonds	Voluntary		
Distribution of unappropriated earnings, as approved by the Shareholders' Meeting held on April, 26, 2007 and April, 28, 2006, respectively:								
- Legal reserve				84,860			(84,860)	—
- Cash dividends (3)							(102,591)	(102,591)
- Special reserve — Corporate Bonds					45,515		(45,515)	
- Reversal of Special Reserve — Corporate Bonds					(45,515)		45,515	
Net income for the year							495,200	495,200
Balances as of December 31, 2007	683,979	394,584	4,511	382,705	—	211	1,241,716	2,707,706

- (1) See note 9.
- (2) See notes 3.5. and 4.2.
- (3) Through resolutions of April 18, 2005, April 21, 2006 and April 16, 2007, respectively, the Central Bank authorized the above mentioned cash dividends distribution.

The accompanying notes 1 through 35 to the consolidated financial statements
are an integral part of these statements.

BANCO MACRO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007 (see note 4.4.s))
(Stated in thousands of pesos)

Changes in cash and cash equivalents	
Cash and cash equivalents at beginning of fiscal year	2,626,908
Cash and cash equivalents at end of fiscal year	3,117,426
Net increase in cash and cash equivalents	490,518
Causes of changes in cash and cash equivalents	
Operating activities	
Net collections / (payments):	
- Government and private securities	(68,837)
- Loans	
- to the financial sector	310,024
- to the non-finacial government sector	36,674
- to the non-finacial private sector and foreign residents	(2,687,238)
- Other receivables from financial intermediation	(509,249)
- Assets under financial lease	(31,295)
- Deposits	
- to the financial sector	8,232
- to the non-finacial government sector	473,453
- to the non-finacial private sector and foreign residents	2,614,398
- Other liabilities from financial intermediation	
- financing facilities from the financial sector	(3,320)
- others (except liabilities included under financing activities)	278,226
Collections related to service-change income	658,863
Payments related to service-charge expenses	(146,606)
Administrative expenses paid	(873,034)
Payments of organization and development expenses	(57,438)
Net collections from punitive interest	7,569
Differences from payments related to court orders	(34,445)
Collections of dividends from other companies	636
Other collections related to other income and losses	15,679
Net payments from other operating activities	(14,711)
Payment of income tax / minimum presumed income tax	(80,183)
Net cash flows used in operating activities	(102,602)
Investing activities	
Net payments for bank premises and equipment	(77,661)
Net payments for other assets	(1,559)
Collections from sales of investments in other companies	33
Other payments for investing activities	(1,678)
Net cash flows used in investing activities	(80,865)
Financing activities	
Net collections / (payments):	
- Non-subordinated corporate bonds	749,464
- Central Bank of Argentina	
- Other	(53,681)
- Banks and International Organizations	(15,844)
- Subordinated corporate bonds	(13,240)
- Financing received from financial institutions in Argentina	82,885
Irrevocable capital	182
Payment of dividends	(102,591)
Other collections from financing activities	(3,230)
Net cash flows provided by financing activities	643,945
Financial income and holding gains on cash and cash equivalents	30,040
Net increase in cash and cash equivalents	490,518

BANCO MACRO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 (see note 4.4.s))
(Stated in thousands of pesos)

	<u>2006 (1)</u>	<u>2005 (1)</u>
Cash provided by (used in) operating activities		
Financial income collected	1,181,118	792,872
Service-charge income collected	452,627	302,738
Other sources of cash (2)	560,562	44,298
Less:		
Financial expenses paid	(410,354)	(284,936)
Services-charge expenses paid	(92,069)	(59,193)
Administrative expenses paid	(599,435)	(406,821)
Other uses of cash	(158,906)	(27,998)
Net cash provided by operating activities	<u>933,543</u>	<u>360,960</u>
Plus:		
Cash provided by (used in) investing activities		
Decrease / (increase) in government and private securities	628,496	(706,893)
Increase in loans	(2,052,258)	(573,255)
Decrease in other receivables from financial intermediation	646,052	529,526
Increase in other assets	(394,844)	(238,629)
Net cash used in investing activities	<u>(1,172,554)</u>	<u>(989,251)</u>
Plus:		
Cash provided by (used in) financing activities		
Increase in deposits	1,541,983	1,252,599
Increase / (decrease) in other liabilities (3)	520,492	(1,667)
Decrease in other liabilities from financial intermediation	(786,790)	(775,326)
Capital increase	469,500	—
Cash dividends paid	(68,395)	(30,447)
Net cash provided by financing activities	<u>1,676,790</u>	<u>445,159</u>
 Increase / (Decrease) in cash and cash equivalents	 <u>1,437,779</u>	 <u>(183,132)</u>
 Cash and cash equivalents at the beginning of fiscal year	 <u>1,189,129</u>	 <u>1,372,261</u>
 Cash and cash equivalents at the end of the fiscal year	 <u>2,626,908</u>	 <u>1,189,129</u>

(1) See note 4.2.

(2) As of December 31, 2006, includes 150,190 related to Banco del Tucumán S.A. (see note 3.6.) and 261,787 related to Nuevo Banco Bisel S.A. (see note 3.7.). As of December 31, 2005, includes 40,838 related to the acquisition of certain assets and liabilities of Banco Empresario de Tucumán Cooperativo Limitado.

(3) Including the effect deriving from the issuance of Subordinated Corporate Bonds mentioned in note 10.c.1).

The accompanying notes 1 through 35 to the consolidated financial statements
are an integral part of these statements

BANCO MACRO S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007 AND 2006

(Stated in thousands of pesos, except otherwise indicated)

1. OVERVIEW OF THE BANK

Macro Compañía Financiera S.A. was created in 1977 as a non-banking financial institution. In May 1988, it received the authorization to operate as a commercial bank and it was incorporated as Banco Macro S.A.

Banco Macro S.A.'s shares have been publicly listed on the Buenos Aires Stock Exchange since November 1994 (see also note 9).

As from 1994, Banco Macro S.A.'s market was mainly focused on the regional areas outside the City of Buenos Aires. Following this strategy, in 1996, Banco Macro S.A. began the process of acquiring entities and assets and liabilities during the privatization of provincial banks and other banks.

On December 19, 2001, Banco Macro S.A. entered into an agreement to acquire 59.58% of the capital stock and 76.17% of the voting rights in Banco Bansud S.A. The acquisition was effective January 4, 2002, once it was approved by the Central Bank of Argentina.

During 2003, the shareholders decided to merge both entities with the strategic purpose of creating a financial institution based throughout Argentina. In December 2003, the Central Bank authorized the merger between Banco Macro S.A. and Banco Bansud S.A., and the Bank name changed to Banco Macro Bansud S.A.

On December 22, 2004, Banco Macro Bansud S.A. received 100% of the shares in Nuevo Banco Suquía S.A. awarded in the "Second Public Call for Bids for the Sale of Shares in Nuevo Banco Suquía S.A. owned by BNA (Banco de la Nación Argentina) and Fundación BNA".

Since March 24, 2006, Banco Macro Bansud S.A.'s stock has been listed on the New York Stock Exchange (see additionally note 9.).

On April 28, 2006, Banco Macro Bansud S.A.'s General Regular and Special Shareholders' Meeting approved the amendment to the Bank's business name to Banco Macro S.A., the registration of which with the IGJ (Argentine business associations' regulatory agency) occurred in August 2006. Therefore, we will refer to it as "Banco Macro S.A." or "the Bank".

Additionally, in 2006, Banco Macro S.A. acquired: (i) 79.84% of the capital stock of Banco del Tucumán S.A., totaling 89.93% of this capital stock during fiscal year 2007 (see note 3.6); (ii) 100% of the common shares of Nuevo Banco Bisel S.A. (see note 3.7); and (iii) 51% of the capital stock of Red Innova Administradora de Fondos de Inversión S.A. (see note 3.9). Furthermore, on May 28, 2007, the Bank acquired 100% of the preferred shares of Nuevo Banco Bisel S.A. (see note 3.7).

In 2007, the shareholders of Banco Macro S.A. and Nuevo Banco Suquía S.A. decided to merge both entities to integrate their structure given the similarities in their activities and business, so as to achieve greater efficiency. In August 2007, the Central Bank authorized this merger, which took place on October 16, 2007 (see note 3.5).

The Bank currently offers traditional bank products and services to companies, including those operating in regional economies, as well as to medium- and low-income individuals.

In addition, the Bank performs certain transactions through its subsidiaries, including mainly Banco del Tucumán S.A., Nuevo Banco Bisel S.A., Macro Bank Limited (an entity organized under the laws of Bahamas, former Sud Bank & Trust Company Limited), Macro Securities S.A. Sociedad de Bolsa, Sud Inversiones & Análisis S.A. and Macro Fondos S.G.F.C.I. S.A.

The chart showing the organizational structure as of December 31, 2007 is disclosed in note 4.1 with the percentages indicating the ownership in each subsidiary.

2. CHANGES IN THE ARGENTINE MACROECONOMIC ENVIRONMENT AND THE SITUATIONS OF THE FINANCIAL SYSTEM AND THE BANK

The Argentine economic and financial situation worsened in late 2001, when the Argentine government suspended payments on the sovereign debt and imposed severe restrictions on cash withdrawals from financial institutions.

In early 2002, the Argentine Congress enacted Public Emergency and Foreign Exchange System Reform Law No. 25,561 (the effective term of which was extended through December 31, 2008). This law introduced significant changes to the economic model implemented until that date and amended Convertibility Law (the currency board that pegged the Argentine peso at parity with the US dollar) effective since March 1991. After a period of an official foreign exchange market, a single foreign exchange market was established, subject to Central Bank requirements and rules. Such law and subsequent presidential decrees established, among others, measures that affected the financial system, primarily related to the conversion into pesos of its assets and liabilities in foreign currency at different exchange rates and the related compensatory measures.

Also, the current administration outlined a program that included important measures such as the exchange of federal and provincial government debt, compensation provided to Financial Institutions for the effects of the devaluation and the conversion into pesos of balances denominated in foreign currency, the restructuring of Federal Government debt, deposits rescheduling and the lifting of restrictions thereto, relaxation of foreign-exchange controls and monetary reunification with the redemption of quasi-currencies. In addition, during 2005, the government debt restructuring process was completed and the Argentine Government settled its payable to the International Monetary Fund. Also, the economic and financial variables showed evolution and the financial system is undergoing a financial consolidation process.

The accompanying consolidated financial statements should be read considering the circumstances previously mentioned.

Legal actions

The measures adopted by the Federal Executive with respect to the public emergency in political, economic, financial and foreign exchange matters triggered a number of legal actions (known as *recursos de amparo* — constitutional rights protection actions), brought by individuals and companies against the Federal Government, the Central Bank and the financial institutions for considering that the Public Emergency Law and its supplementary regulations are unconstitutional.

In the specific case of deposits denominated in foreign currency, in some cases, the courts ordered the reimbursement of such deposits, either in foreign currency or at the free foreign exchange rate at the time of reimbursement until a final judgment is issued with respect to the constitutionality of the conversion into pesos.

Some of these claims were treated by the Argentine Supreme Court, which issued resolutions on lower-court decisions for each particular case and in different manners.

On December 27, 2006, in the case in re. “Massa Juan Agustín v. the Federal Government et al for constitutional rights protection actions” and in other later pronouncements, the Argentine Supreme Court revoked prior instance judgments that ordered the reimbursement of deposits in US dollars and resolved that depositors are entitled to the reimbursement of their deposits converted into pesos at the Ps. 1.40-to-USD 1 exchange rate, adjusted by the CER through the payment date, and interest should be applied to such amount at a 4% rate p.a., which may not be compounded through the payment date. In addition, the judgment established that the amounts paid by financial institutions in the course of the lawsuit should be computed as payments towards the total resulting amount, which, ultimately, may not be higher than the US dollars the client deposited with each bank, as decided at prior court instances, provided that such judgment had not been appealed by the plaintiff. Also, each party would bear its own legal costs, and the legal costs ruled at the first and second instances were confirmed.

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Subsequently, on August 28, 2007, within the framework of another case filed by a depositor against the Argentine Government, the Argentine Supreme Court clarified the treatment to be applied to the payments that had already been made by the banks to the depositors under lower court orders. In this regard, the amounts paid that should be charged as payment on account of the amount owed to the depositors should be considered according to the proportion that such amounts represent in relation to the original amount deposited, thus computing the values in US dollars, in regard to both the deposit as well as the payment on account.

As regards courts deposit in US dollars, on March 20, 2007, the Argentine Supreme Court ruled in the case “EMM S.R.L. v.TIA S.A. on ordinary proceedings on precautionary measures” ruling on the inapplicability of section 2 of Presidential Decree 214/2002 and stating that principal should, therefore, be reimbursed with no deterioration in value whatsoever, and that the sums should be kept in their original currency and that the substance of the assets entrusted to the Bank in its capacity as court bailor cannot be validly changed.

As mentioned in note 4.4.1.2., under Central Bank Communiqués “A” 3,916 and “A” 4,686, the Bank continued capitalizing in “Intangible Assets” as of December 31, 2007 and 2006, the amounts of 116,464 and 74,745 in the consolidated financial statements, respectively, net of related amortizations amounting to 209,162 and 179,883, respectively, with respect to the differences resulting from the compliance with deposit-related court orders and the estimates of the additional effects of the abovementioned Supreme Court decisions and the provisions of Presidential Decree No. 214/02, as supplemented. As of December 31, 2007 and 2006, the Bank booked the additional payables related to such regulations under the “Provisions” account in the amount of 84,160 and 27,132, respectively.

The Bank’s Management believes that there would be no significant effects, other than those recognized in accounts, that could derive from the final outcome of such actions on the amount due of the related liabilities.

3. BANK OPERATIONS

3.1. Agreement with the Misiones Provincial Government

The Bank and the Misiones Provincial Government entered into a special-relationship agreement whereby the Bank was appointed, for a term of five years as from January 1, 1996, as the Provincial Government’s exclusive financial agent, as well as revenue collection and obligation payment agent.

In addition, on November 25, 1999, and on December 28, 2006, extensions to such agreement were agreed upon, making it currently effective through December 31, 2019.

As of December 31, 2007, and 2006, the deposits of the Misiones Provincial Government amounted to 163,711 and 279,507 (including 35,248 and 29,516 related to court deposits), respectively.

3.2. Agreement with the Salta Provincial Government

The Bank and the Salta Provincial Government entered into a special-relationship agreement whereby the Bank was appointed, for a term of ten years as from March 1, 1996, as the Provincial Government’s exclusive financial agent, as well as revenue collection and obligation payment agent.

In addition, on February 22, 2005, that agreement was extended through March 1, 2016.

As of December 31, 2007, and 2006, the deposits of the Salta Provincial Government amounted to 492,265 and 288,432 (including 53,681 and 53,876 related to court deposits), respectively.

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3.3. Agreement with the Jujuy Provincial Government

The Bank and the Jujuy Provincial Government entered into a special-relationship agreement whereby the Bank was appointed, for a ten-year term as from January 12, 1998, as the Provincial Government's exclusive financial agent, as well as revenue collection and obligation payment agent.

Additionally, on April 29, 2005, such agreement was extended through November 4, 2014.

As of December 31, 2007, and 2006, the deposits of the Jujuy Provincial Government amounted to 378,662 and 284,064 (including 32,206 and 32,179 related to court deposits), respectively.

3.4. Uniones Transitorias de Empresas (Joint ventures)

a) Banco Macro S.A. — Siemens Itron Business Services S.A.

The Bank participates in the "Banco Macro S.A. — Siemens Itron — Unión Transitoria de Empresas" (a joint venture jointly controlled having an interest of 50%), under the agreement entered into by the former Banco Macro S.A. and Siemens Itron Business Services S.A. on April 7, 1998. The current subject-matter of the Unión Transitoria de Empresas (joint venture) agreement is to provide a provincial data processing center to manage tax-related assets, to modernize tax collection systems and procedures in the province of Salta, and to manage and recover the tax and municipal assessment debt.

As of December 31, 2007 and 2006, the net assets amounted to 2,922 and 3,515, respectively, and net income of the joint venture amounted to 8,311 and 7,713, respectively. Under Central Bank rules, this interest is consolidated through the proportionate consolidation method (both net assets and income).

b) Banco Macro Bansud S.A. — Montamat & Asociados S.R.L.

On October 22, 2004, the Bank entered into a joint venture agreement named "BMB M&A - Unión Transitoria de Empresas" (jointly controlled having an interest of 50%) with Montamat & Asociados S.R.L. The subject-matter of such agreement will be to render audit services related to oil & gas royalties and tax easements in the province of Salta to optimize the collection thereof.

As of December 31, 2007, and 2006, the net assets amounted to 5,313 and 1,150, respectively. Also, as of December 31, 2007, the income booked for the Bank's interest in such joint venture amounted to 4,276, whereas as of December 31, 2006, it carried a loss in the amount of 9. Under Central Bank rules, this interest is consolidated through the proportional consolidation method (both net assets and loss).

3.5. Legal Merger of Nuevo Banco Suquía S.A.

On March 14, 2007, the Boards of Directors of Banco Macro S.A. and Nuevo Banco Suquía S.A. entered into a "Preliminary merger agreement", whereby Nuevo Banco Suquía S.A. will merge with and into Banco Macro S.A. retroactively effective as from January 1, 2007, on the basis of the financial statements of such banks as of December 31, 2006.

On June 4 and 5, 2007, the General Regular and Special Shareholders' Meetings of Banco Macro S.A. and Nuevo Banco Suquía S.A., respectively, approved such preliminary merger agreement, as well as the consolidated balance sheet for merger purposes as of December 31, 2006, and the shares exchange relationship.

Furthermore, Banco Macro S.A.'s Shareholders' Meeting mentioned above approved the capital stock increase of Ps. 683,943,437 to Ps. 683,978,973 through the issuance of 35,536 common registered Class B shares with a face value of Ps. 1, each entitled to one vote, to be delivered to the minority shareholders of the absorbed bank.

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During the year, the Central Bank and the Argentine Securities Commission (CNV) authorized the abovementioned merger. Additionally, the CNV and the Buenos Aires Stock Exchange authorized the public offering of shares to be delivered to the minority shareholders of Nuevo Banco Suquía S.A.

Finally, on October 16, 2007, Banco Macro S.A. carried out the merger of Nuevo Banco Suquía S.A. with and into the former.

Under Central Bank rules, the accounting of the merger did not have a significant impact on the consolidated financial statements of the Bank.

3.6. Banco del Tucumán S.A.

In line with its strategy to increase its market position in the interior of Argentina, on November 24, 2005, the Bank signed a stock purchase agreement with Banco Comafi S.A. for 75% of the capital stock and voting rights of Banco del Tucumán S.A. Such event was approved by the Central Bank on March 6, 2006, through Board of Governors' Resolution No. 50, as well as by the Technical Coordination Department of the Economy and Production Ministry on April 7, 2006.

In this regard, on May 5, 2006, the Bank acquired 164,850 class "A" shares in Banco del Tucumán S.A., representing 75% of its capital stock, and on the same date took control over such institution.

The Bank paid 45,961 in cash for the acquisition. In addition, the Bank shall pay over to Banco Comafi S.A. 75% of the amounts to be recovered in the ten years following the date of the abovementioned agreement related to consumer loan portfolio currently fully provisioned. As of the date of acquisition, such liabilities amounted to about 1,662 (as of December 31, 2007, it amounted to 145). Consequently, the total acquisition price amounted to 47,623.

Under Central Bank rules, Banco del Tucumán S.A.'s assets and liabilities as of May 5, 2006 amounted to:

Cash	150,190
Government and private securities	198,411
Loans	205,614
Other receivables from financial intermediation	93,227
Assets subject to financial leases	3,174
Investments in other companies	708
Other receivables	8,061
Bank premises and equipment, net	26,131
Other assets	820
Intangible assets	14,261
Items pending allocation	15
Total assets	700,612
Deposits	594,530
Other liabilities from financial intermediation	53,573
Other liabilities	11,364
Provisions	994
Items pending allocation	86
Total liabilities	660,547
Total shareholders' equity	40,065
Total liabilities and shareholders' equity	700,612

Therefore, pursuant Central Bank rules, the Bank booked a positive goodwill amounting to 17,574, which arises from the difference between the total acquisition price (47,623) and 75% of Banco del Tucumán S.A.'s shareholders' equity as of such date (30,049). The goodwill is amortized using the straight line method over ten years pursuant to Central Bank rules.

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Additionally, from September through December 2006, Banco Macro S.A. acquired Class “C” shares in Banco del Tucumán S.A., representing 4.84% of the capital stock, which gave rise to an additional positive goodwill of 668. Thus, the total equity interest as of December 31, 2006, amounted to 79.84%.

As of December 31, 2007, and 2006, the positive goodwill resulting from such acquisition was booked under “Intangible assets” in the amount of 15,222 and 17,048, respectively (net of amortizations for 3,021 and 1,194, respectively).

Additionally, on November 28, 2006, the general regular and special Shareholders’ Meeting of Banco del Tucumán S.A. approved a capital increase of 21,980, establishing an additional paid-in capital of 26,171. During January 2007, Banco Macro S.A. subscribed and paid in the total increase, thus increasing its overall interest in Banco del Tucumán S.A. to 89.93% (9,709 was paid by the Bank in excess of its original equity interest).

Additionally, according to the service agreement signed on August 15, 2001, Banco del Tucumán S.A. will act as the exclusive financial agent of the Provincial Government until 2011. It also acts as the exclusive financial agent of the Municipality of San Miguel de Tucumán.

See additionally note 3.8. for pro forma information.

3.7. Nuevo Banco Bisel S.A.

On May 9, 2006, Banco de la Nacion Argentina (BNA) and Fundación Banco de la Nación Argentina (sellers) and the Bank (buyer) signed a stock purchase agreement, whereby the buyers acquired 100% of the voting common shares in Nuevo Banco Bisel S.A. representing the same percentages of voting rights.

In Addition, Nuevo Banco Bisel S.A. holds 66,240,000 preferred shares, with face value and book value of Ps. 1 each, without voting rights, with an equity preference consisting of the right to an mandatory annual cumulative fixed dividend of 1% of the face value of preferred shares, which belonged to Seguro de Depósitos S.A. (SEDESA) as of the date of acquisition.

On August 3, 2006, the Central Bank’s Board of Governors issued Resolution No. 175, whereby it decided, among other matters, not to make any objections to: (i) the transfer of 100% of the common shares in Nuevo Banco Bisel S.A. to the buyers; and (ii) the payment by the two of them of a capital increase in the amount of 830,000, under the terms of the agreement signed on May 9, 2006.

On September 4, 2006, the Domestic Trade Department of the Ministry of Economy and Production, following the same terms of the opinion issued by the Federal Anti-Trust Board on August 11, 2006, authorized the buyers to acquire the total shares of common stock (92.73% of the total capital stock) of Nuevo Banco Bisel S.A.

On August 11, 2006, the Bank paid up in cash the abovementioned capital increase in Nuevo Banco Bisel S.A., thus taking controls of such bank as from such date.

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Under Central Bank rules, Nuevo Banco Bisel S.A.'s assets and liabilities as of August 10, 2006 amounted to:

Cash	261,787
Government and private securities	503,720
Loans	874,128
Other receivables from financial intermediation	40,730
Assets subject to financial leases	30,925
Investments in other companies	1,338
Other receivables	19,869
Bank premises and equipment, net	59,885
Other assets	27,377
Intangible assets	4,743
Items pending allocation	142
Total assets	<u>1,824,644</u>
Deposits	1,392,676
Other liabilities from financial intermediation	379,201
Other liabilities	19,929
Provisions	11,790
Items pending allocation	938
Total liabilities	<u>1,804,534</u>
Total shareholders' equity	<u>20,110</u>
Total liabilities and shareholders' equity	<u>1,824,644</u>

As a result of the acquisition, pursuant Central Bank rules, the "Intangible assets" account includes a positive goodwill of 66,042, resulting from the difference between the total price paid (19,509) for the total shares of common stock and the negative shareholders' equity of Nuevo Banco Bisel S.A. as of the acquisition date (-46,533), after deducting the preferred shares held by SEDESA and the preferred dividend accrued as of such date (66,643). Such positive goodwill is amortized in ten years pursuant to Central Bank rules. As of December 31, 2007, and 2006, the abovementioned goodwill totaled 56,686, and 63,290, respectively, net of amortizations of 9,356, and 2,752, respectively.

On May 28, 2007, the Bank acquired the preferred shares mentioned above by the Bank by exercising a call option in relation to them. The price payable was fixed at 66,240 plus an annual nominal 4% interest to be capitalized annually until payment thereof. Such price will be paid 15 years after taking possession of Nuevo Banco Bisel S.A. (August 11, 2021).

See additionally note 3.8. for pro forma information.

3.8. Pro forma information

The following pro forma information is presented to show the results of operations for the years ended December 31, 2006 and 2005, if Banco Macro S.A., Banco del Tucumán S.A. and Nuevo Banco Bisel S.A. had operated on a consolidated basis as from January 1, 2005. The balances for the years ended December 31, 2006 and 2005 were considered and intercompany transactions that were eliminated. The results of operations for Banco del Tucumán S.A. and Nuevo Banco Bisel S.A. were included in the 2006 income statement as from January 1, 2006 to May 5, 2006 and August 10, 2006, respectively. These pro forma results are not necessarily indicative of the results of the consolidated entity may have in the future or would have had if merged as from January 1, 2005.

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	Pro Forma Central Bank Rules	
	Year ended December 31,	
	2006 (1)	2005 (1)
	(unaudited)	(unaudited)
Financial income	1,297,708	1,013,939
Financial expense	(461,725)	(427,036)
Gross intermediation margin — Gain	835,983	586,903
Provision for loan losses	(72,400)	(95,410)
Service charge income	516,159	396,351
Service charge expense	(102,689)	(76,225)
Administrative expenses	(787,312)	(640,235)
Net income from financial intermediation	389,741	171,384
Other income	270,441	287,230
Other expenses	(203,168)	(134,214)
Minority interest	(1,747)	(1,574)
Net income before income tax	455,225	322,806
Income Tax	(76,961)	(34,042)
Net income for the year	<u>378,306</u>	<u>288,764</u>
Basic Net Earning Per Share — stated in pesos	<u>0.57</u>	<u>0.47</u>

(1) See additionally nota 4.2.

3.9. Red Innova Administradora de Fondos de Inversión S.A.

On September 13, 2006, the Bank acquired 51% of the capital stock and voting rights of a company based in Uruguay called Red Innova Administradora de Fondos de Inversión S.A. (Red Innova), paying 229.

On March 31, 2008, the Regular and Special General Shareholder's Meeting of Red Innova Administradora de Fondos de Inversión S.A. resolved its dissolution and liquidation from such date.

4. **SIGNIFICANT ACCOUNTING POLICIES**

The preparation of the Bank's consolidated financial statements requires Management to make, in certain cases, estimates and assumptions to determine the book amounts of assets and liabilities, as well as the disclosure of contingent assets or liabilities as of each of the dates of presentation of the accounting information included in these consolidated financial statements.

Management records entries based on the best estimates according to the likelihood of occurrence of different future events and the final amounts may differ from such estimates, which may have a positive or negative impact on future periods.

4.1. Consolidation and basis of presentation

The Consolidated Financial Statements have been prepared taking into account accounting principles issued by the Central Bank (Central Bank rules).

For the purpose of these consolidated financial statements, certain disclosures related to formal legal requirements for reporting in Argentina have been omitted since they are not required for SEC (Securities and Exchange Commission) reporting purposes.

BANCO MACRO S.A. AND SUBSIDIARIES

Under Central Bank’s rules and FACPCE (Federación Argentina de Consejos Profesionales de Ciencias Económicas — Argentine Federation of Professional Council in Economic Sciences) Technical Resolutions, Banco Macro S.A. has consolidated the following subsidiaries:

Company	Shares		Percentage held of		Equity Investment amounts as of December 31, 2007
	Class	Number	Capital stock	Votes	
Nuevo Banco Bisel S.A. (a)	Common Preferred	845,048,263 66,604,774	99.996%	99.996%	1,109,160
Banco del Tucumán S.A. (a)	Common	395,341	89.932%	89.932%	108,095
Macro Bank Limited (ex — Sud Bank & Trust) (b)	Common	9,816,899	99.999%	99.999%	118,320
Macro Securities S.A. Sociedad de Bolsa (c)	Common	9,498,100	99.980%	99.980%	16,636
Sud Inversiones & Análisis S.A. (c) y (d)	Common	2,297,263	98.000%	98.000%	11,361
Macro Fondos S.G.F.C.I. S.A.	Common	1,685,284	98.382%	98.382%	1,501
Macro Valores S.A. (e)	Common	18,920	99.947%	99.947%	166
Red Innova Administradora de Fondos de Inversión S.A. (a)	Common	4,156	51.000%	51.000%	362

- (a) Nuevo Banco Bisel S.A. has been consolidated since August 11, 2006, Banco del Tucumán S.A. since May 5, 2006, and Red Innova Administradora de Fondos de Inversión S.A. since September 13, 2006 (see notes 3.6., 3.7. and 3.9.).
- (b) Consolidates with Sud Asesores (ROU) S.A. (voting rights: 100%, equity interest: 150).
- (c) On December 18, 2007, the Bank made irrevocable contributions of 1,985 in both Macro Securities S.A. Sociedad de Bolsa and Sud Inversiones & Análisis S.A., which were accepted by the Board of Directors of the abovementioned companies. The irrevocable nature of such contributions shall last 180 days, as from the date on which such contributions are accepted. During the abovementioned term, Macro Securities S.A. Sociedad de Bolsa and Sud Inversiones & Análisis S.A. should hold a shareholders’ meeting with a view to deciding whether the irrevocable contributions shall be activated or reimbursed.
- (d) Consolidates with Macro Fondos S.G.F.C.I. S.A. (percentage of capital stock and votes 80.90%).
- (e) On March 19, 2008, the Bank sold its interest in Macro Valores S.A.

The intercompany transactions have been eliminated.

Furthermore, the financial statements of Macro Bank Limited (former Sud Bank & Trust Company Limited) (consolidated with Sud Asesores (ROU) S.A.) and Red Innova Administradora de Fondos de Inversión S.A. were conformed to the Central Bank rules. Also, as they are originally stated in US dollars and Uruguayan pesos, respectively, they were translated into pesos following the procedures indicated below:

- (a) Assets and liabilities were converted at the reference exchange rate or the exchange rate reported by the Central Bank trading room and effective for the foreign currency at the closing of transactions on the last business day of the years ended December 31, 2007, and 2006.

BANCO MACRO S.A. AND SUBSIDIARIES

- (b) Figures related to the owners' contributions (capital stock, additional paid-in capital and irrevocable capital contributions) were translated applying the effective exchange rates as of the date on which such contributions were paid in.
- (c) Retained earnings were estimated by the difference between assets, liabilities and owners' contributions, translated into pesos, as indicated above.
- (d) The amounts of results were translated into pesos, as described in (a) above. The difference between the addition of the amounts and lump-sum income (loss) for each year (difference between retained earnings at beginning of year and retained earnings at year-end) was recorded in "Financial income — Difference in quoted prices of gold and foreign currency" or "Financial expense — Difference in quoted prices of gold and foreign currency" accounts, as the case may be.

4.2. Comparative information

The consolidated financial statements as of December 31, 2007, are presented comparatively with those of December 31, 2006 and 2005.

Through Communiqué "A" 4,667 issued on May 14, 2007, as supplemented, the Central Bank introduced changes to the regulations related to the presentation and disclosure of the financial statements of financial institutions as regards the regulations effective during the prior year. Consequently, the consolidated financial statements as of December 31, 2006 and 2005, were reclassified, by application of such Communiqués, for the sole purpose of comparing them with the current consolidated financial statements.

See additionally notes 3.5) and 4.4.s).

4.3. Restatement into constant pesos

Professional accounting standards establish that the financial statements should be stated in constant pesos. Within a monetary stability context, the nominal currency is used as constant currency; however, during inflationary or deflationary periods, financial statements are required to be stated in constant currency as of the related date, recognizing the variations in the domestic wholesale price index (domestic WPI) published by the INDEC (Argentine Institute of Statistics and Censuses), in conformity with the restatement method under FACPCE Technical Resolution No. 6.

The Bank's consolidated financial statements recognize the changes in the peso purchasing power until February 28, 2003, under Presidential Decree No. 664/03, IGJ (Argentine business associations regulatory agency) General Resolution No. 4/2003, CNV (Argentine Securities Commission) General Resolution No. 441, and Central Bank Communiqué "A" 3,921. Professional accounting standards provide that the restatement method established by Technical Resolution No. 6 should have been discontinued as from October 1, 2003.

Before February 28, 2003, the accounting information was restated in constant currency on a monthly basis, using INDEC's domestic WPI measurements.

The restatement coefficient for a given month resulted from dividing the index value at the end of the month by the value at the beginning.

BANCO MACRO S.A. AND SUBSIDIARIES

The procedure is as follows:

- i) Assets and liabilities are classified into monetary and non-monetary.
- ii) Monetary assets and liabilities are those that are not adjusted for inflation, but generate a monetary gain (loss). The effect of inflation is broken down depending on its origin, i.e., monetary gain (loss) on financial intermediation, monetary gain (loss) on other transactions and monetary gain (loss) on other operating expenses.
- iii) Non-monetary assets and liabilities, shareholders' equity and statement-of-income accounts are restated.

4.4. Valuation methods

The main valuation methods used to prepare these consolidated financial statements as of December 31, 2007, and 2006, were:

- a) Assets and liabilities denominated in foreign currency:

The assets and liabilities denominated in US dollars were valued at Central Bank benchmark US dollar exchange rate effective as of the closing date of transactions on the last business day of each year. Additionally, assets and liabilities denominated in other foreign currencies were translated at the exchange rate communicated by the Central Bank's dealing room. Foreign exchange differences were recorded in the statement of income for each year.

- b) Government and private securities:

They were valued at the quoted price of each security effective at the last business day of each year. Differences in quoted values were recorded in the statement of income for each year.

- c) Assets included in the provisions of Central Bank Communiqué "A" 3,911, as supplemented, Guaranteed loans Presidential Decree No. 1,387/01:

They were valued at the lower of their present values or technical values, as established by Central Bank Communiqué "A" 3,911, as supplemented. If such lower value exceeds the notional value (as defined in point 4 of Communiqué "A" 3,911), the difference is debited from the asset account and the credit is recorded in a contra - asset account. If, instead, such lower value is also lower than the notional value, the difference is recorded as a loss in the income statement and the offsetting credit is recorded in the asset account.

The amounts recorded in the asset offset accounts are adjusted every month based on the values calculated according to Communiqué "A" 3,911, as supplemented.

For purposes of determining the present value, in the case of instruments that include indexation clauses, the cash flows according to the contractual conditions fixed in each case for the financial assistance described above were discounted at the interest rates that were established in the schedule included in point 2 of the abovementioned Communiqué "A" 3,911. As from August 2007, every month the Central Bank establishes the discount rate to be used, as set forth by Communiqué "A" 4704, as supplemented.

In the case of instruments that do not comprise adjustment clauses, Communiqué "A" 4,163 established the methodology to calculate such present values.

	Guaranteed Loans		
	Technical Value	Carrying amount	Discount
2007	787,447	729,955	57,492
2006	782,407	771,465	10,942

- d) Interest accrual:

Interest has been accrued according to a compound interest formula in the period in which it was generated, except interest on transactions in foreign currency and those whose maturity does not exceed 92 days, on which interest has been accrued according to a simple interest formula.

BANCO MACRO S.A. AND SUBSIDIARIES

The Bank suspends the interest accrual whenever loan payments are not settled (generally, after 90 days) or when the recoverability of the collection of principal or interest accrued is doubtful. Accrued interest is considered part of the loan balance when determining the allowances for loan losses. Afterwards, interest is only recognized on a cash basis.

e) CER accrual:

Receivables and payables have been indexed by the CER, wherever applicable, as follows:

e.1) Guaranteed Loans: as explained in note 4.4.c).

e.2) Other loans and receivables from sale of assets: they were adjusted according to Communiqué “A” 3,507, and supplementary regulations, which established that payments made until September 30, 2002, were to be made under the original conditions of each transaction and would be considered prepayments. As from February 3, 2002, principal was adjusted by the CER until each year-end, as the case may be.

e.3) Deposits and other assets and liabilities: The CER as of the last business day of each year was applied.

f) Allowance for loan losses and provision for contingent commitments:

These provisions have been calculated based on the estimated uncollectibility risk of the Bank’s credit portfolio, which results from the evaluation of the degree of debtors compliance and the guarantee/security supporting the respective transactions, under Central Bank Communiqué “A” 2,950, as supplemented.

When loans covered by specific allowances are settled or generate a reversal of the allowances recorded in the current year, and in cases where the allowances set in prior years exceed what is considered necessary, the excess allowance is reversed with effects on income for the current year.

The recovery of receivables previously classified under “Debit-balance control memorandum accounts — Receivables classified as irrecoverable” are charged directly to income.

The Bank assesses the credit risk related to possible commitments and determines the appropriate amount of allowances to be recorded. The allowances related to amounts recorded in memorandum accounts — possible commitments are included under “Provisions”.

g) Loans and deposits of government securities:

They were valued at the quoted price of each security effective on the last business day of each year, plus the related accrued interest. Differences in quoted market values were recorded in the statement of income for each year.

h) Other receivables from financial intermediation and Other liabilities from financial intermediation:

h.1) Amounts receivable from spot and forward sales pending settlement and amounts payable for spot and forward purchases pending settlement:

They were valued based on the prices agreed upon for each transaction, plus the related premiums accrued as of each year-end.

h.2) Securities and foreign currency to be received for spot and forward purchases pending settlement and to be delivered for spot and forward sales pending settlement:

They were valued at the effective quoted prices for each of them on the last business day of each year. Differences in quoted market values were recorded in the statement of income for each year.

BANCO MACRO S.A. AND SUBSIDIARIES

h.3) Debt securities and certificates of participation in financial trusts:

- i. Debt securities: they were valued as provided by Central Bank Communiqué "A" 4,414, i.e. at their cost value increased exponentially by their internal rate of return.
- ii. Certificates of participation in the Suquía and Bisel financial trusts: they were valued based on the value of incorporation to shareholders' equity of formers Nuevo Banco Suquía S.A. and Nuevo Banco Bisel S.A., respectively, plus interest accrued, net of the redemptions made by the abovementioned banks, in their capacity as beneficiaries of the certificates of participation. As of December 31, 2007, and 2006, such certificates were fully reserved.
- iii. Other certificates of participation: they were stated at nominal value increased, as the case may be, by interest accrued and CER until the last business day of each year.

The values booked of the abovementioned certificates of participation (points ii. and iii.), net of allowances recorded, do not exceed the recoverable values from the respective trusts.

h.4) Unlisted corporate bonds purchased:

They were valued by increasing the value of holdings based on their internal rate of return, as provided by Central Bank Communiqué "A" 4,414 and supplementary regulations.

h.5) Non-subordinated corporate bonds issued:

They were valued at the amount due for principal and interest accrued as of year-end, converted into pesos pursuant to the method described in note 4.4.a), as the case may be.

i) Assets subject to financial lease:

They were valued at the net investment in the lease less unearned income and calculated in accordance with the conditions agreed upon in the respective agreements, by applying the interest rate imputed therein.

j) Investments in other companies:

j.1) In non-controlled financial institutions (less than 50% ownership interest), supplementary and authorized activities:

- i. In Argentine pesos: they were valued at acquisition cost, plus the nominal value of share-dividends received, restated as explained in note 4.3.
- ii. In foreign currency: they were valued at the acquisition cost in foreign currency, plus the nominal value of share-dividends received, converted into pesos in accordance with the criterion stated in note 4.4.a).

Such net values do not exceed the values calculated by the equity method on the basis of the latest financial statements published by the companies.

j.2) In other non-controlled companies: they were valued at acquisition cost, plus the nominal value of share-dividends received, restated as described in note 4.3., net of allowances for impairment in value. Such net values do not exceed the values calculated by the equity method on the basis of the latest financial statements published by the companies.

k) Bank premises and equipment and other assets:

They were valued at their acquisition cost, restated as explained in note 4.3., less the related accumulated depreciation calculated in proportion to their estimated months of useful life.

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l) Intangible assets:

- l.1) Goodwill and organization and development costs (except differences due to court orders — Nondeductible for the determination of the computable equity): they were valued at their cost, restated as explained in note 4.3., less the related accumulated amortization, calculated under the straight line method over their estimated months of useful life.
- l.2) Differences due to court orders — Nondeductible for the determination of the computable equity: as of December 31, 2007 and 2006, the “Intangible Assets — Organization and development costs” account includes 116,464 (net of amortization for 209,162) and 74,745 (net of amortization for 179,883), respectively. These assets represent: (i) the difference between the amount of the original foreign currency translated at the exchange rate applied upon payment of the *recursos de amparo* (constitutional rights protection actions), and the estimates based on the Argentine Supreme Court’s decisions dated December 27, 2006, and August 28, 2007, and the amount recorded under Central Bank rules effective (convert into Argentine pesos at the Ps. 1.4 to USD 1 exchange rate, or its equivalent in other currencies, plus CER). Additionally, and as disclosed in Central Bank Communiqué “A” 3,916, since April 2003 the sums related to the amounts paid are amortized straight line in 60 monthly installments, and (ii) additionally as of December 31, 2007, and as stated in Central Bank’s Communiqué “A” 4,686, the amounts related to the capitalization of the dollarization effect regarding court deposits, which will be amortized in equal, monthly and consecutive installments in a maximum term of 24 months as from July 2007.

m) Valuation of derivatives:

- m.1) Put options taken: as of December 31, 2006, they were valued at the agreed-upon exercise price.
- m.2) Put options sold on BODEN 2007, 2012 and 2013 coupons: Such options were valued at the exchange value of the bonds plus interest and the CER adjustment accrued on the last business day of each year.
- m.3) Call options sold: as of December 31, 2006, such options were valued at the agreed-upon exercise price since, as of such dates, the securities traded had no habitual and representative quoted price.
- m.4) Call options taken and put options sold on preferred shares of Nuevo Banco Bisel S.A.: as of December 31, 2006, they were valued at their exercise price.
- m.5) Interest rate swap: as of December 31, 2007, this included the equivalent in pesos of the notional value in relation to which the Bank agreed to pay a variable rate and charge a fixed rate.
- m.6) Forward transactions offset: they were valued at the quoted price of those assets, effective on the last business day of each year. Differences in quoted market values were recorded in the statement of income for each year.

In all cases, see also note 33.

n) Severance payments:

The Bank charges these payments directly to income.

o) Provisions included in liabilities:

The Bank carries certain contingent liabilities related to current or future claims, lawsuits and other proceedings, including those related to labor and other obligations. The Bank records liabilities whenever it is probable that future costs will be incurred and whenever such costs may be fairly estimated.

BANCO MACRO S.A. AND SUBSIDIARIES

p) Subordinated corporate bonds:

They were valued at the amount due for principal and interest accrued as of each year-end, converted into pesos pursuant to the method described in note 4.4.a.

q) Shareholders' equity accounts:

They are restated as explained in note 4.3., except for the "Capital Stock" account which has been kept at its original value. The adjustment resulting from its restatement as explained in note 4.3. was included in the "Adjustments to Shareholders' Equity" account.

r) Consolidated Statement of income accounts:

Accounts reflecting monetary transactions occurred in the fiscal year ended December 31, 2007, 2006 and 2005 (financial income and expenses, service-charge income and service-charge expenses, administrative expenses, loan losses, etc.), were computed at their historical cost.

Accounts reflecting the effects of the sale, retirement or consumption of non-monetary assets were computed on the basis of restated amounts of such assets, restated as mentioned in note 4.3.

s) Statement of cash flows

For the purpose of reporting cash flows, cash and cash equivalents include the following accounts: Cash and Government and private securities which mature less than 90 days as from their date of acquisition. As of December 31, 2007, 2006 and 2005 the Bank has no such securities.

Furthermore, through Communiqué "A" 4,667, as supplemented, the Central Bank introduced certain changes to regulations related to the disclosure of the cash flows. Consequently, the Bank prepared the statement of cash flows for the year ended December 31, 2007 pursuant the new Central Bank regulations.

Additionally, as set forth by the abovementioned Central Bank Communiqué, it is not compulsory to disclose comparative information under the new regulations. Consequently, the accompanying consolidated financial statements, include the statements of cash flows for the years ended December 31, 2006 and 2005 pursuant the regulations effective then.

5. INCOME TAX AND MINIMUM PRESUMED INCOME TAX (TOMPI)

As required by Central Bank's rules, the Bank calculates income tax by applying the effective 35% rate to the estimated taxable income for each year, without considering the effect of temporary differences between book and taxable income.

In fiscal year 1998, Law No. 25,063 established minimum presumed income tax for a ten-year term. This tax is supplementary to income tax, while the latter is levied on the taxable income for the year, minimum presumed income tax is a minimum levy assessment by applying the current 0.2% rate to the book value of certain assets. Therefore, the Bank's tax obligation for each year will be equal to the higher of these taxes. However, if minimum presumed income tax exceeds income tax in a given tax year, such excess may be computed as a payment on account of any income tax in excess of minimum presumed income tax that may occur in any of the following ten years, once accumulated tax loss carry forwards (NOLs) have been used.

As of December 31, 2007 and 2006, the Bank estimated that accrued income tax amounted to 92,345 and 76,961, respectively.

In addition, the Bank assessed a minimum presumed income tax charge, which was capitalized under "Other receivables".

BANCO MACRO S.A. AND SUBSIDIARIES

Consequently, as of December 31, 2007 and 2006, the Bank maintained a total amount of 48,891 and 63,843 respectively, for minimum presumed income tax credit. Such credit is considered as an asset because the Bank estimated that it will be used within 10 years, as established by Central Bank Communiqué “A” 4,295, as supplemented.

The following is a detail of such tax credit and the estimated NOLs as of December 31, 2007, indicating the estimated year to use it and the expiration year, respectively.

Minimum presumed income tax credit (1)	Estimated tax year to use it
25,704	2008
25,704(2)	

NOLs	Expiration tax year
153,717(2)	2008
500	2009
250	2010
800	2011
1,294	2012
156,561	

(1) Figures taking into account the tax return filed on April 23, 2008 related to fiscal year 2007.

(2) Figures related to Nuevo Banco Bisel S.A.

In addition, as of December 31, 2007, the Bank made income tax prepayments for 33,545 for the current 2007 tax year, which were recorded in the “Other receivables” account.

Regarding the taxation of income from the conversion into pesos and the CER application for Guaranteed Loans, due to different interpretations, on August 14, 2006, the Federal Executive issued Presidential Decree No. 1,035/06, published in the Official Bulletin on August 16, 2006, which defined such treatment. Due to such regulation and as established by AFIP (Federal Public Revenue Agency) General Resolution No. 2,165/06, on December 26, 2006, the Bank communicated the option to account for such results under the accrued and due and payable method (devengado exigible). Accordingly, since the fiscal year ended December 31, 2006 the Bank accrues in the income tax the effects deriving from the conversion into pesos and the CER application for Guaranteed Loans.

6. DIFFERENCES BETWEEN CENTRAL BANK RULES AND PROFESSIONAL ACCOUNTING STANDARDS EFFECTIVE IN ARGENTINA

In August 2005, the CPCECABA (Professional Council in Economic Sciences of the City of Buenos Aires) approved Resolution CD No 93/05, whereby it introduced a series of changes in its professional accounting standards, as a result of the agreement reached with the FACPCE to unify Argentine professional accounting standards. Such changes involve the adoption of the technical resolutions and interpretations issued by the FACPCE’s governing board through April 1, 2005. Such resolution became generally effective in the City of Buenos Aires for fiscal years beginning as from January 1, 2006, and it provides transition rules that defer the effective term of certain changes to the years beginning as from January 1, 2008.

Also, through Resolution C.D. 42/2006, the CPCECABA approved Technical Resolution No. 23, effective for annual or interim-period financial statements for fiscal years beginning July 1, 2006, and its early adoption is permitted. In turn, the CNV adopted such resolution through General Resolution No. 494, which is applicable to fiscal years beginning April 1, 2007, and its early adoption is also permitted.

BANCO MACRO S.A. AND SUBSIDIARIES

These professional accounting standards differ, in certain valuation and disclosure aspects, from Central Bank rules. The differences between those standards, which the Bank identified and deemed significant with respect to these consolidated financial statements (based on the quantification thereof or any other estimate made, whenever the quantification was not possible), are as follows:

6.1. Valuation standards

- a) Holdings of government securities and loans to the nonfinancial government sector — Guaranteed Loans: they are valued in accordance with regulations and rules issued by the Argentine Government and the Central Bank. In particular, Central Bank Communiqué “A” 3,911, as supplemented, establishes present value methods by applying regulated discount rates, technical values and undiscounted cash flows, as detailed in note 4.4.c). Additionally, effective loan-loss provisioning regulations issued by the Central Bank establish that receivables from the nonfinancial government sector are not subject to loan-loss provisioning, whereas professional accounting standards require receivables to be compared with their recoverable value when financial statements are prepared.

The Bank’s particular situation in this regard is as follows:

- (i) As of December 31, 2007, 2006 and 2005, the Bank charged “Federal Government guaranteed loans” deriving from the exchange set forth by Presidential Decree No. 1,387/01 under “Loans to the nonfinancial government sector” for a total net amount 729,955, 771,465 and 641,801, respectively. According to professional accounting standards, such assets should be stated at market value. According to this valuation method, the value of these instruments as of such dates amounted to 634,142, 772,756 and 635,477, respectively.
- (ii) As of December 31, 2005, the Bank booked in “Government securities - Holdings in investment accounts” and “Other receivables from financial intermediation — Securities and foreign currency to be received from spot and forward purchases pending settlement” the securities received for the compensation established by Presidential Decree No. 905/02 in the aggregate amount of 187,660. According to professional accounting standards, such assets should have been recorded in their market value. As of such date, the quoted price of such securities amounted to 167,284.

In 2006 the Bank valued the government securities received pursuant to the abovementioned compensation at their quoted prices. The difference between the quoted prices and the book values of such holdings at the end of 2005 fiscal year should have been charged against an adjustment to prior-year income.

- (iii) As of December 31, 2005 Federal Government Secured Bonds deriving from the exchange established by Presidential Decree No. 1,579/02 and other holdings of unlisted government securities were recorded in “Unlisted government securities” for a total net amount of 199,070. According to professional accounting standards, such assets should be stated at market value. As of December 31, 2005, the quoted price of such assets amounted to 189,845.

In 2006 the Bank valued the securities received from such exchange at their quoted prices, as established by Central Bank Communiqué “A” 4,084. The difference between the quoted prices and the book values of such holdings at beginning of year should have been recorded against an adjustment to prior-year income.

During the 2006 fiscal year, in the cases mentioned in points (ii) and (iii), the Bank valued such securities at their quoted prices mainly because such holdings have been earmarked for covering the settlement of net liabilities in the same securities.

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- b) Intangible assets: As of December 31, 2007, 2006 and, 2005, the Bank capitalized under "Intangible Assets" 116,464, 74,745 and 42,632, respectively, net of the related amortization amounts of 209,162, 179,883 and 32,013, respectively, regarding the foreign exchange differences mentioned in note 4.4.l.2) related to the reimbursement in original currency of certain deposits converted into pesos and the effect of court deposits dollarization. Such accounting treatment differs from the valuation and disclosure methods established by professional accounting standards, which require charging to income the higher costs for court deposits dollarization and decreasing the book value of surpluses paid at their recoverable value. As of the date of the accompanying consolidated financial statements, the existing evidence does not support that the book value of such assets is fully or partially recoverable.
- c) The Bank assesses income tax by applying the effective rate to the estimated taxable income without considering the effect of temporary differences between book and taxable income. Under professional accounting standards, income tax should be recognized through the deferred tax method.
- d) The acquisition of Banco Bansud S.A. by the Bank gave rise to an original recording of negative goodwill of 365,560, which is the effect of the difference between the purchase price and the interest acquired valued by the equity method, in accordance with Central Bank rules. Later, the Bank applied the valuation and disclosure rules established in Communiqué "A" 3,984, and reversed as of December 31, 2006, 100% of the aggregate amount of such goodwill (the maximum amortization allowed per annum is 20%). The abovementioned goodwill gave rise to gains on inflation exposure through February 28, 2003.

In addition, the acquisition of Nuevo Banco Suquía S.A. by the Bank resulted in negative goodwill amounting to 483, which is the effect of the difference between the purchase price and the book value of the net assets acquired under Central Bank rules.

Under professional accounting standards effective in Argentina, when the purchase price is lower than the fair value of the related identifiable assets, any unallocated differences between the price and such fair value shall be either considered as a gain for the year or deferred (as negative goodwill) and subsequently amortized, as appropriate on the basis of the specific circumstances of the transaction that originated such differences.

In addition, as detailed in notes 3.6. and 3.7., the acquisitions of Banco del Tucumán S.A. and Nuevo Banco Bisel S.A. by the Bank gave rise to recording the related positive goodwill for an amount of 18,242 and 66,042, respectively, resulting from the difference between the purchase price of each investment and the book value of the underlying equity acquired. Based on Central Bank rules, the Bank amortizes such positive goodwill through the straight-line method based on an estimate ten-year useful life.

Under professional accounting standards effective in Argentina, when the purchase price of an investment is higher than the fair value of the related identifiable net assets, a positive goodwill will be recognized and it will be (i) amortized systematically throughout the estimated useful life and (ii) compared to its recoverable value as of each year-end.

- e) The Bank booked an interest rate swap agreement in conformity with the Central Bank rules, as mentioned in note 4.4.m.5). Under accounting standards effective in Argentina, the measurement of derivative financial instruments should be made at their fair value if they have quoted prices, or lacking this, using mathematical models that are appropriate in relation to the instrument's characteristics and which use data that can be verified.

6.2. Disclosure aspects

There are certain disclosure differences between the criteria established by Central Bank and Argentine professional accounting standards.

7. RESTRICTED AND PLEDGED ASSETS

As of December 31, 2007 and 2006, certain assets are restricted as follows:

(a) Government securities and private securities:

- 1) Discount Bonds received in the exchange for Consolidation Bonds in Pesos - First Series amounting to 241 and 302, respectively, assigned to settle payables to the Central Bank and, as of December 31, 2006, for an amount of 2,500, assigned to settle payables to the BNA for safety-net financing originated in the acquisition of assets and liabilities from former Banco Federal Argentino.
- 2) Secured Bonds under Presidential Decree No. 1,579/02 for 30,283 and 35,994 (face value Ps. 24,400,000), respectively, provided as security for the loan received from Banco de Inversión y Comercio Exterior S.A. (BICE) to finance the "Paso San Francisco" public work, in accordance with the note sent by the Bank on November 5, 2002, BICE's reply dated November 18, 2002, and the security agreement covering the abovementioned securities and dated January 29, 2004.
- 3) Gross Domestic Product (GDP) linked securities maturing in 2035 for 53 and 671, respectively, under the provisions of the Prospectus Supplement approved by Presidential Decree No. 1,735/04, for the same matters mentioned in section (a) above and which were originally attached to the Discount Bonds issued under the "Offer to exchange eligible Argentine government debt securities".
- 4) As of December 31, 2007, Central Bank listed notes (NOBAC)- Own portfolio, in Argentine pesos with variable coupon (BADLAR), maturing on August 6, 2008, for an amount of 13,299 (for a face value of Ps. 13,000,000) and as of December 31, 2006, Central Bank listed notes (NOBAC) — Own portfolio, in Argentine pesos with variable coupon (BADLAR), maturing on December 19, 2007, for an amount of 4,956, (for a face value of Ps. 4,900,000), used to perform foreign currency trading forward transactions in Rosario Futures Exchange (ROFEX).
- 5) As of December 31, 2007, Central Bank listed notes (NOBAC) — Own portfolio, in Argentine pesos with variable coupon (BADLAR), maturing on August 06, 2008, for an amount of 3,276 (for a face value of Ps. 3,202,000), used to perform foreign currency trading forward transactions in Mercado Abierto Electrónico S.A. (MAE).
- 6) As of December 31, 2007, Central Bank listed notes (NOBAC) — Own portfolio, in Argentine pesos with variable coupon (BADLAR), maturing on February 11, 2009, for an amount of 14,140 (for a face value of Ps. 14,000,000), and Central Bank listed notes (NOBAC) — Own portfolio, in Argentine pesos with variable coupon (BADLAR), maturing on January 21, 2009, for an amount of 33,947 (for a face value of Ps. 33,000,000), used to guarantee the repayment of the loan in pesos agreed upon under the Global Credit Program for Small- and Medium-sized Enterprises and Micro-enterprises received from the Under-department of Small- and Medium-sized Enterprises and Regional Development (SSEPyMEyDR).
- 7) As of December 31, 2007, and 2006, the Bank continues to keep as security BODEN 2007, Book-entry Mortgage Bills and Guaranteed Loans for 170,271 and 221,329, respectively, assigned to the Central Bank to secure the loans for the acquisition of the Argentine Government Bonds (section 14, Presidential Decree No. 905/2002 "Canje I"), which amounted to 163,122 and 180,908 as of such date.
- 8) As of December 31, 2007, notes (NOBAC) for a face value of Ps. 26,000,000 were booked in accounts for 25,115, delivered to the Central Bank to guarantee the credit transaction granted according to the Inter American Development Bank (IADB) line for the global credit program for small- and medium-sized enterprise in the amount of 9,131.

(b) Loans:

- 1) Agreements for loans backed by pledges and unsecured loans for 12,801 and 19,241, respectively, provided as guarantee in favor of the Mypes II Trust Fund, in full compliance with the terms and conditions of the program called "Mypes II (a)" and under the Global Credit Program for Small-sized and Micro-enterprises.

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- 2) As of December 31, 2007, Mortgage Bills for 26,389, securing the loan granted by the Central Bank to former Nuevo Banco Suquía S.A. to purchase "Argentine Government Bonds 2005, 2007 and 2012", which would be used for the deposit exchange option exercised by the holders of deposits with such bank.
- 3) As of December 31, 2007, Guaranteed Loans for 212,298, securing the loan granted by the Central Bank to former Nuevo Banco Suquía S.A. to purchase "Argentine Government Bonds 2005, 2007 and 2012", which would be used for the deposit exchange option exercised by the holders of deposits with such bank.

(c) Other receivables from financial intermediation:

- 1) It includes Central Bank unavailable deposits for 552, as provided by Central Bank Communiqué "A" 1,190. The Bank has recorded allowances covering 100% of this receivable.
- 2) The Bank had special guarantee checking accounts opened in the Central Bank for transactions related to the electronic clearing houses and similar entities, for an amount of 186,386 and 115,682, respectively.
- 3) Contributions to the Risk Fund of Garantizar S.G.R. (mutual guarantee association) for 10,000 and 10,422, respectively, resulting from 10,000 contributions made by the Bank on December 13, 2007 and December 26, 2005, in its capacity as partner of such company. Such contribution may be fully or partially reimbursed once two years have elapsed from the date of contribution. On December 26, 2007, Garantizar S.G.R. returned 90% of the original capital contributed two years before as partial settlement; the final settlement shall be made during the first quarter of 2008.
- 4) Equity interests in the Risk Fund of Puente Hnos. S.G.R. for 5,356, resulting from a 5,000 contribution made on October 19, 2007. Such contribution may be fully or partially reimbursed after two years as from the contribution date.

(d) Investments in other companies:

- 1) Irrevocable capital contributions to Tunas del Chaco S.A., Emporio del Chaco S.A. and Proposis S.A. in the amount of 946, 874 and 747, respectively, under the deferment of federal taxes, subscribed in accordance with the promotion system established by Law No. 22,021, as amended by Law No. 22,702, which provides that the investment must be kept in assets for a term not shorter than five years starting on January 1 of the year subsequent to that when the investment was made (investment year:2003).
- 2) Preferred shares of Nuevo Banco Bisel S.A. amounting to 66,240 with a secured first-degree security agreement in favor of SEDESA to guarantee to such Company the price payment and the compliance with all the obligations assumed in the purchase and sale agreement dated May 28, 2007 (see note 3.7.).
- 3) As of December 31, 2007 and 2006, the two shares in Mercado de Valores de Buenos Aires S.A. in the amount of 1,452 are pledged in favor of "La Buenos Aires Cía. Argentina de Seguros S.A." under the insurance agreement entered into by the company that issued such shares to cover the security granted in connection with Sociedad de Bolsa's possible failure to comply with its obligations.

(e) Other receivables:

- 1) Attachments amounting to 26 and 543, respectively.
- 2) Security deposits related to credit card transactions for 18,282 and 21,567, respectively.

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- 3) As of December 31, 2007, and 2006, it includes receivables from foreign correspondents for 7,711 and 7,417, respectively, acquired from Fideicomiso Bisel and subject to attachments against former Banco Bisel S.A., although these accounts are part of the assets excluded from former Banco Bisel S.A. as per Resolution 580/02 of the Central Bank Board of Governors. These amounts were fully booked as allowance as of both dates.
- 4) As of December 31, 2006, it included funds to guarantee financial trust expenses and liquidity of 1,137.
- 5) Other security deposits for 5,839 and 6,936, respectively.

8. TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2007, 2006 and 2005, the receivables / payables and income (loss) from transactions performed with subsidiaries and related parties according to the provisions of Law No. 19,550 are as follows:

	<u>Nuevo Banco Bisel S.A.</u>	<u>Banco del Tucumán S.A.</u>	<u>Macro Bank Limited</u>	<u>Other subsidiaries</u>	<u>Total 2007</u>	<u>Total 2006</u>
ASSETS						
Cash and due from banks and correspondents	—	—	2,258	—	2,258	2,200
Other receivables from financial intermediation	427,366	9	—	15,724	443,099	479,370
Other receivables	<u>673</u>	<u>399</u>	<u>—</u>	<u>277</u>	<u>1,349</u>	<u>3,262</u>
Total assets	<u>428,039</u>	<u>408</u>	<u>2,258</u>	<u>16,001</u>	<u>446,706</u>	<u>484,832</u>
LIABILITIES						
Deposits	—	—	946	1,754	2,700	1,981
Other liabilities from financial intermediation	535,529	—	—	14,811	550,340	473,402
Other liabilities	<u>—</u>	<u>69</u>	<u>—</u>	<u>—</u>	<u>69</u>	<u>9</u>
Total liabilities	<u>535,529</u>	<u>69</u>	<u>946</u>	<u>16,565</u>	<u>553,109</u>	<u>475,392</u>
MEMORANDUM ACCOUNTS						
Debit Balance accounts — Control	—	—	18,550	—	18,550	1,011
Credit Balance accounts — Contingent	—	—	—	2,213	2,213	—

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	<u>Nuevo Banco Bisel S.A.</u>	<u>Banco del Tucumán S.A.</u>	<u>Macro Bank Limited</u>	<u>Other subsidiaries</u>	<u>Total 2007</u>	<u>Total 2006</u>	<u>Total 2005</u>
INCOME (LOSS)							
Financial income	14,775	140	2	27	14,944	1,263	163
Financial expense	(180)	(4,820)	(5)	—	(5,005)	(4,887)	(2,089)
Provision for loan losses	(2,527)	—	—	—	(2,527)	—	—
Service-charge income	1	23	—	387	411	110	70
Service-charge expense	—	—	—	(1)	(1)	—	(37)
Other income	—	1,980	—	—	1,980	—	—
Other expense	(785)	—	—	—	(785)	—	—
Total income (expense)	<u>11,284</u>	<u>(2,677)</u>	<u>(3)</u>	<u>413</u>	<u>9,017</u>	<u>(3,514)</u>	<u>(1,893)</u>

For the year ended 2007, the receivables/payables and income (loss) from transactions performed with “Other subsidiaries” are as follows:

	<u>Macro Securities S.A. Sociedad de Bolsa</u>	<u>Sud Inversiones & Análisis S.A.</u>	<u>Macro Fondos S.G.F.C.I. S.A.</u>	<u>Macro Valores S.A.</u>	<u>Total 2007</u>
ASSETS					
Other receivables from financial intermediation	15,724	—	—	—	15,724
Other receivables	<u>—</u>	<u>—</u>	<u>—</u>	<u>277</u>	<u>277</u>
Total assets	<u>15,724</u>	<u>—</u>	<u>—</u>	<u>277</u>	<u>16,001</u>
LIABILITIES					
Deposits	1,095	320	50	289	1,754
Other liabilities from financial intermediation	<u>14,811</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,811</u>
Total liabilities	<u>15,906</u>	<u>320</u>	<u>50</u>	<u>289</u>	<u>16,565</u>

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	Macro Securities S.A. Sociedad de Bolsa	Sud Inversiones & Análisis S.A.	Macro Fondos S.G.F.C.I. S.A.	Macro Valores S.A.	Total 2007
MEMORANDUM ACCOUNTS					
Credit Balance accounts — Contingent	2,213	—	—	—	2,213
INCOME (LOSS)					
Financial income	27	—	—	—	27
Service-charge income	384	1	1	1	387
Service-charge expense	(1)	—	—	—	(1)
Total income (expense)	410	1	1	1	413

In addition, the Bank has granted loans to related parties. According to the Bank’s policy, loans are required to be granted during the normal course of business under normal market conditions, both with respect to interest and guarantees required. The financing granted to such related parties amounted to 15,785 and 36,743 as of December 31, 2007 and 2006, respectively.

Likewise, as of December 31, 2007 and 2006, the deposits made by individuals related to the Bank amounted to 141,683 and 271,289, respectively.

During the fiscal year ended December 31, 2007, the Bank sold miscellaneous assets to a related company, which generated income amounting to 2,987.

Additionally, during the year ended December 31, 2006, the Bank sold (i) certificates of participation to a director from Banco Macro S.A., which generated income of 8,499 and (ii) its equity interest in Inversora Juramento S.A. to a shareholder of Banco Macro S.A., which generated income amounting to 363.

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9. CAPITAL STOCK

As of December 31, 2007, 2006 and 2005, the capital structure is as follows:

SHARES			CAPITAL STOCK		
Class	Number	Votes per share	Issued and outstanding	Pending issuance or distribution	Paid-in
Registered Class A shares of common stock	11,235,670	5	11,236	—	11,236
Registered Class B shares of common stock	597,707,767	1	597,707	—	597,707
Total 2005	<u>608,943,437</u>		<u>608,943</u>	<u>—</u>	<u>608,943</u>
Capital stock increase — Registered Class B shares of common stock (1)	75,000,000	1	75,000	—	75,000
Total 2006	<u>683,943,437</u>		<u>683,943</u>	<u>—</u>	<u>683,943</u>
Capital stock increase — Registered Class B shares of common stock (see Note 3.5)	35,536	1	—	36	36
Total 2007	<u>683,978,973</u>		<u>683,943</u>	<u>36</u>	<u>683,979</u>

As of December 31, 2007:

Registered Class A shares of common stock	11,235,670	5	11,236	—	11,236
Registered Class B shares of common stock	672,743,303	1	672,707	36	672,743
Total 2007	<u>683,978,973</u>		<u>683,943</u>	<u>36</u>	<u>683,979</u>

- (1) On September 26, 2005, the Bank's general regular and special Shareholders' Meeting approved a capital increase of up to a face value of Ps. 75,000,000 (face value: seventy-five million Argentine pesos), through the issuance of up to 75,000,000 new common, registered, Class "B" shares with a face value of Ps. 1, each one entitled to one vote, and entitled to dividends under the same conditions as common, registered, Class "B" shares outstanding upon issuance, to be publicly subscribed in Argentina or abroad. On January 6, 2006, the Bank submitted to the SEC an application for registration of the abovementioned stock issue. Finally, on March 24, 2006, the Bank's stock began to be listed on the New York Stock Exchange. During the year ended December 31, 2006, such capital increase was fully subscribed and paid in. As required by CNV General Resolution No. 368/01, the Bank informs that has applied all funds resulting from the public subscription of shares to finance its general business operations, increasing its lending capacity and obtaining funds for potential acquisitions.

On the other hand, as a result of the international macroeconomic context and the fluctuations of the capital markets in general, among other effects, the prices of local shares have been affected, including those of the Bank. Therefore, considering the Bank's financial strength and in line with its commitment to shareholders, during January 2008, the Board of Directors decided to authorize the repurchase of its own shares for up to thousands of Ps. 210,000 without exceeding the amount of 30,000,000 common registered Class B shares with a face value of Ps. 1, each entitled to 1 vote, whether as shares or as American Depositary Shares (ADS). Furthermore, taking into account subsequent prorogations, it was established that the price payable should range between Ps. 6.00 and Ps. 7.00 per share. Such authorization will expire on July 6, 2008.

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In accordance with the above, since January 21, 2008 until June 19, 2008 the Bank acquired 9,128,275 common Class B shares with a face value of Ps. 1 and entitled to 1 vote each and 114,800 ADSs (equivalent to 1,148,000 common Class B shares with a face value of Ps. 1 and entitled to 1 vote each) for a total amount of 67,097.

On April 29, 2008, the Bank's General Regular and Special Shareholders' meeting approved the actions taken and delegated to the Board of Directors the power to sell the shares mentioned in the previous paragraph during a three-year term from the acquisition thereof. After such term, capital stock shall be reduced by operation of law for an amount equal to the nominal value of shares held in portfolio, which will be cancelled.

Net income per common share for the fiscal years ended December 31, 2007, 2006 and 2005, was computed by dividing net income by the weighted average number of outstanding common shares for each year.

10. CORPORATE BONDS ISSUANCE

The amounts recorded in the consolidated financial statements related to corporate bonds are as follows:

CORPORATE BONDS			As of December, 31	
Class	Original face Value	Ref.	2007	2006
Subordinated corporate bonds	USD 83,000,000	a.1) y a.2)	13,878	44,342
Subordinated corporate bonds	USD 4,000,000	b)	2,503	3,077
Subordinated corporate bonds	USD 150,000,000	c.1)	474,314	460,425
Non-subordinated corporate bonds	USD 150,000,000	c.2)	489,390	—
Non-subordinated corporate bonds	USD 100,000,000	c.3)	310,147	—
Total			<u>1,290,232</u>	<u>507,844</u>

Maturities of the corporate bonds as of December 31, 2007, are as follows:

Fiscal Year	Amounts
2008	35,351
2009	820
2010	820
2012	307,941
2017	472,650
2036	472,650
Total	<u>1,290,232</u>

- a.1) On February 19, 1996, the Bank's regular and special Shareholders' Meeting authorized issuing Subordinated Corporate Bonds for up to a face value of USD 60,000,000, which was carried out on May 31, 1996.

The net funds arising from the placement of the abovementioned corporate bonds were used to repay the loan borrowed from the Bank Capitalization Trust Fund (FFCB), currently the Business Enterprise Reconstruction Trust Fund (FFRE), due to the acquisition of certain assets and liabilities of Banco Federal Argentino.

On April 16, 2003, the Bank paid the last installment of the Subordinated Corporate Bond, pursuant to the payment schedule established.

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- a.2) On April 12, 1995, the Bank's general regular Shareholders' Meeting approved creating a Global Program for the issuance of simple and unsecured Corporate Bonds, subordinated or not, nonconvertible into shares for up to an aggregate of USD 50,000,000, and it entrusted the Board of Directors with the task of setting the characteristics of the referred bonds (price, form, payment and placement conditions, among others).

On July 20, 1998, the Bank received funds from a loan requested from FFCB for an amount of USD 5,000,000, whereby the Bank issued subordinated corporate bonds to finance the purchase of former Banco de Jujuy S.A.

On July 20, 2005, the Bank paid the last installment of the Subordinated Corporate Bond, pursuant to the payment schedule established.

Pursuant to the request made by the Bank to the Managing Committee of FFCB on July 26, 1999, to restructure the financing previously granted, a loan agreement was entered into on December 29, 1999, by BNA, as FFCB's trustee, and the Bank, whereby FFCB granted a subordinated loan of USD 18,000,000, which was used by the Bank to strengthen its own computable equity.

The Bank undertook to repay in full the new loan convertible into subordinated corporate bonds in five annual, equal and successive installments, the first installment falling due on December 29, 2002. In addition, the loan will accrue compensatory interest at 180 days LIBOR plus 3% p.a. on balances, payable in arrears on an annual basis starting a year after the disbursement date.

On March 17, 2000, the Bank requested the CNV's authorization to issue subordinated corporate bonds in the amount of USD 18,000,000 in order to repay the loan granted by the FFCB, received on December 29, 1999.

On December 29, 2006, the Bank paid the last installment of the Subordinated Corporate Bond, pursuant to the payment schedule established.

The installments of the corporate bonds mentioned in a.1) and a.2) were settled by the Bank in the original currency until February 3, 2002, on which the amounts payable were converted into pesos at Ps. 1-to-USD 1, adjusted by CER. In that regard, subsequent settlements were made following such method, taking into account what is stated in the following paragraphs.

Subsequently, the Managing Committee of FFRE objected to the conversion into pesos of 50% of its loans, therefore requesting reassessment of all payments made.

On March 17, 2005, the Bank advised the Central Bank of the acceptance of the guidelines defined by such agency and recorded such loans, thus reflecting the right to receive the compensation for the asymmetric conversion into pesos and to cover the global net negative position resulting therefrom.

On April 20, 2007, the Bank paid 33,500 to settle the Subordinated Corporate Bonds of nominal value USD 60,000,000 and USD 5,000,000. Certain aspects, such as a decrease in the interest rate to be applied and the treatment of compensatory and punitive interest, which are relevant to the final calculation of the due and payable amounts, remain to be defined.

The Bank's Management believes that there would be no significant effects, other than recognized in accounts, that could derive from the final outcome of such action on the amount due of the related liability.

- b) On January 20, 1997, the general special Shareholders' Meeting of former Banco de Salta S.A. (which was absorbed by the Bank) approved issuing Subordinated Corporate Bonds in the amount of USD 4,000,000 to exercise the power granted to it by the second clause of the Loan Agreement entered into with Banco Provincial de Salta (in liquidation) on June 28, 1996. As required by the former Banco de Salta S.A., through Resolution No. 1,006, dated December 19, 1997, the CNV authorized the entry of former such bank into the public offering regime for the issuance of Corporate Bonds, and it also approved the public offering of such bonds.

In addition, on October 19, 1999, through Resolution No. 13,043, the CNV authorized the transfer in favor of former Banco Macro Misiones S.A. (which was absorbed by the Bank) of the authorization granted to former Banco de Salta S.A. to issue the referred Corporate Bonds, since the latter merged with and into the former. Furthermore, it cancelled the authorization granted to former Banco de Salta S.A. for the public offering of its corporate bonds.

Through December 31, 2007, the Bank had amortized the equivalent of USD 2,800,000 (original value), following the method described in point a) above.

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- c) On September 1, 2006, the general regular Shareholders' Meeting approved the creation of a Global Program for the Issuance of simple Corporate Bonds in a short, medium or long term, either subordinated or non-subordinated, with or without guarantee, in accordance with the provisions of Law No. 23,576, as amended by Law No. 23,962, and further applicable regulations, up to a maximum amount outstanding at any time during the term of the program of USD 400,000,000 (US dollars four hundred million), or an equal amount in other currencies, under which it will be possible to issue different classes and/or series of corporate bonds denominated in US dollars or other currencies and reissue the successive classes or series to be amortized.

On June 4, 2007, the General Regular and Special Shareholders' Meeting approved the increase of the USD 400,000,000 cap (US dollars four hundred million) of the Global Program for the Issuance of Corporate Bonds previously mentioned to USD 700,000,000 (US dollars seven hundred million), or an equal amount in other currencies, as set forth in the original program.

- c.1) On December 18, 2006, under the abovementioned Global Program, Banco Macro S.A. issued the 1st series of Class 1 subordinated notes for a face value of USD 150,000,000 (US dollars one hundred and fifty million). The main characteristics of this issuance are:

- Computable to the Bank's required minimum capital (computable equity), as established by Communiqué "A" 4,576.
- The notes fall due within a 30-year term, with full amortization upon maturity (December 18, 2036), with a full redemption option in 10 years as from the issuance date.
- Interest payments will be made with a semiannual frequency (June 18 and December 18, every year). In this regard, the Bank made payments on June 19, and December 18, 2007, for 22,484 and 22,951, respectively.
- During the first 10 years, the interest rate will be a fixed one (9.75%), and a variable one for the remaining years (six-month LIBOR, plus 7.11%). As established by Communiqué "A" 4,576 the interest rate payable can be increased only once over the life of the instrument and subsequent to the 10-year term as from their issuance.
- They do not include covenants that change the subordination order.
- No interest on the notes will be neither fall due and payable if: (a) payments of such interest exceed the distributable amount, as defined in the pricing supplement dated November 23, 2006; (b) there is a general prohibition by the Central Bank; (c) the Bank is subject to the provisions of sections 34 or 35 bis, Financial Institutions Law; (d) the Bank is receiving financial assistance from the Central Bank under Article 17 of Central Bank Charter; (e) the Bank is not in compliance with or have failed to comply in a timely basis with reporting obligations to the Central Bank; and/or (f) the Bank is not in compliance with minimum capital requirements (both on an individual and consolidated basis) or with minimum cash reserves (on average).
- The unpaid interest is not cumulative.
- They have authorizations both for their public offering and their listing on domestic or foreign stock exchanges or markets.
- In no case, may the payment of interests exceed net unappropriated retained earnings (calculated under Communiqué "A" 4,591) which should be appropriated to a reserve created to such end, as established by Communiqué "A" 4,576. On April 26, 2007, the General Regular Shareholders' Meeting approved the creation of the special reserve previously mentioned for an amount of 45,515. As of December 31, 2007, such reserve was fully reversed.

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- Pursuant to the “Registration Rights Agreement” entered into by the Bank and the placing agents, Banco Macro S.A. agreed to file with the SEC and make its best efforts to obtain a exchange authorization for the current issue of corporate bonds for an issue registered with the SEC. Such agreement establishes certain deadlines and penalties for the Bank to carry out the process.

On August 16, 2007, the SEC authorized the abovementioned exchange offer, as well as those relating to Classes 2 and 3 mentioned in sections c.2.) and c.3.) below.

The Bank used the funds derived from such issuance to grant loans.

- c.2) On January 29, 2007, the Bank issued the 1st series of Class 2 nonsubordinated corporate bonds at a fixed rate of 8.5% per anum, simple, not convertible into shares, fully amortizable upon maturity (February 1, 2017), for a face value of USD 150,000,000 (US dollars one hundred and fifty million), under the terms and conditions set forth in the price supplement dated January 10, 2007. Interest will be paid semiannually on February 1 and August 1 every year, starting on August 1, 2007. Additionally, the Bank has the option to redeem such issuance, either fully or partially, at any time and periodically.

The Bank used the funds derived from such issuance to grant loans.

For the same reasons regarding the macroeconomic context summarized in note 9 above, during the quarter ended March 31, 2008, the Bank repurchased and settled non-subordinated corporate bonds of this class for a face value amount of USD 9,500,000. Consequently, the remaining principal as of the date of issuance of these financial statements totals USD 140,500,000.

- c.3) On June 7, 2007, the Bank issued the 1st series of Class 3 nonsubordinated corporate bonds (“peso-linked notes”) at a fixed rate over principal in pesos of 10.75% p.a., simple, not convertible into shares, fully amortizable upon maturity (June 7, 2012), for a face value of USD 100,000,000 (US dollars one hundred million), under the terms and conditions set forth in the price supplement dated May 18, 2007. Interest will be paid semiannually on June 7 and December 7 of every year, starting on December 7, 2007. Additionally, the Bank will only be able to redeem such issuance for tax purposes.

The Bank used the funds derived from such issuance to grant loans.

- c.4) Within the framework of the abovementioned Global Program, the period to re-launch the issuance of non-subordinated corporate bonds at a fixed rate, simple, not convertible into shares, maturing in 2014 for a face value of USD 100,000,000 (US dollars one hundred million), in accordance with the terms and conditions set forth in the price supplement dated October 18, 2007, expired on May 2, 2008. For the same reasons regarding the macroeconomic context summarized in note 9 above, the Bank decided not to continue with the abovementioned issuance process.

11. ITEMS IN CUSTODY

11.1. Portfolio Management

- a) On March 1, 1996, former Banco de Salta S.A. (which was absorbed by the Bank) and the Government of the Province of Salta entered into an “Agreement to Manage the Loan Portfolio of Banco Provincial de Salta (in liquidation)” related to the nonfinancial private sector, whereby the Bank undertakes to perform all acts necessary to manage such portfolio. In consideration thereof, the Province of Salta recognizes to the Bank a percentage of the amounts effectively recovered.

As of December 31, 2007 and 2006, the loans portfolio managed for principal and interest, after application adjustments, amounted to 14,664 and 14,850, respectively.

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- b) By virtue of the agreement formalized on August 11, 1998, between former Banco de Jujuy S.A. (which was absorbed by the Bank) and the Government of the Province of Jujuy, the Bank undertakes to perform all acts necessary to manage the loan portfolio of the former Banco de la Provincia de Jujuy and to provide a monthly report on the tasks performed. In consideration thereof, the Province of Jujuy recognizes to the Bank, for all accounts and as a lump-sum and total consideration, a percentage of the amounts actually recovered.

As of December 31, 2007 and 2006, the loans portfolio managed amounts to 44,068 and 44,454, respectively.

- c) On April 6, 2001, through Provincial Decree No. 806, the Ministry of the Treasury of the Province of Salta approved an extension to the "Contract for the service of collecting, processing and arranging information, managing the loan portfolio and performing collection procedures related to the receivables of the IPDUV (Provincial Institute of Urban and Housing Development)" entered into on March 27, 2001, between such agency and the former Banco Macro S.A. Through that extension, the Bank will provide to the IPDUV, among others, the service of collecting the installments payable by successful bidders for housing and a service of performing collection procedures related to such institute's receivables. In consideration thereof, the IPDUV recognizes to the Bank a percentage of the amounts effectively recovered.

As of December 31, 2007 and 2006, the loans portfolio managed amounts to 80,890 and 85,262, respectively.

- d) On August 19, 2002, ABN AMRO Bank N.V. Sucursal Argentina, as trustee, the former Scotiabank Quilmes S.A., as trustor, Banco Comafi S.A., as collecting agent and manager and the former Banco Bansud S.A. (currently Banco Macro S.A.), entered into an agreement for the LAVERC financial trust's collection administration and management, whereby former Banco Bansud S.A. will be in charge of the collection management, custody, performance and any other task related to the corpus assets booked in the branches of former Scotiabank Quilmes S.A. received.

Through Resolution No. 523 of August 20, 2002, the Central Bank Board of Governors –under Section No. 35 bis II b), Financial Institutions Law– provided for excluding certain secured liabilities and the equivalent amount of certain assets from Scotiabank Quilmes S.A. and it authorized the transfer of 35% of total excluded assets (including certificates of participation in the LAVERC trust) and liabilities in favor of the former Banco Bansud S.A. In addition, the abovementioned Resolution authorized the former Banco Bansud S.A. to incorporate 36 branches that belonged to Scotiabank Quilmes S.A. at the time of the transfer.

As of December 31, 2007 and 2006, the portfolio managed by the Bank amounted to 136,810 and 153,661, respectively.

- e) On March 31, 2006, the Bank entered into a management and custody agreement regarding the "RETUC 1" trust loan portfolio.

As of December 31, 2007, and 2006, the portfolio managed by the Bank amounted to 63,037 and 64,442, respectively.

- f) In addition, as of December 31, 2007 and 2006, the Bank had under its management other portfolios for total amounts of 83,336 and 67,213, respectively.

11.2. Mutual Funds

As of December 31, 2007, the Bank, in its capacity as Depository Company, held in custody the shares of interest subscribed by third parties and securities from the following mutual funds:

Fund	Shares of interest	Shareholders' equity	Investments (a)
Pionero Pesos	366,603,211	438,858	295,629
Pionero Renta Ahorro	57,150,279	65,331	61,727
Pionero Latam	26,491,905	102,152	105,258
Pionero Renta	12,850,077	24,263	22,821
Pionero FF — Fideicomiso Financieros	5,826,027	5,895	5,115
Pionero Crecimiento	2,181,022	5,731	5,457
Pionero Global	613,122	656	599
Puente Hnos. Renta Fija	77,120	106	88
Galileo Event Driven F.C.I.	18,160,165	88,261	108,191

- (a) "Memorandum accounts — Debit-balance accounts — Control — Other" includes mainly items in custody. Consequently, this account includes the above mentioned amounts related to the mutual funds' investment portfolios.

12. BANK DEPOSITS GUARANTEE INSURANCE SYSTEM

Law No. 24,485 and Presidential Decree No. 540/95, provided for the organization of a Bank Deposit Guarantee Insurance System, characterized as being limited, mandatory and for valuable consideration, designed to provide coverage for risks inherent in bank deposits, subsidiary and supplementary to the bank deposit privileges and protection offered by the system created by Financial Institutions Law. Such law also provided for the organization of SEDESA to manage the Deposit Guarantee Fund. Such company was organized in August 1995. The Bank holds a 8.3544% equity interest therein, according to the percentages set forth in Central Bank Communiqué "B" 9,229 of March 25, 2008.

This system shall cover the deposits in Argentine pesos and foreign currency with the participating institutions as checking accounts, savings accounts, certificates of deposit or any other modes determined by the Central Bank, as long as fulfilling the requirements under Presidential Decree No. 540/95 and any others established by the enforcement agency. On the other hand, the Central Bank established that the deposits made by other financial institutions, those made by persons related to the Bank, deposits of securities, among others, would be excluded from the deposit guarantee system.

13. TRUST AGREEMENTS

The Bank is engaged in different types of trusts. Below the different trust agreements are disclosed, according to the Bank's business purpose:

13.1. Interest in trusts for investment purposes.

The amounts recorded in the Bank's consolidated financial statements for certificates of participation and debt securities held in financial trusts under "Other receivables from financial intermediation — Other receivables not covered by debtors classification regulations", net of allowances, amounted to:

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Financial trust	12/31/2007	12/31/2006
Certificates of participation:		
Tucumán (a)	134,474	145,223
Luján (b)	43,530	43,530
TST & AF (c)	33,611	32,741
San Isidro (d)	16,782	16,782
Godoy Cruz (e)	12,511	11,055
Agroprendas (f)	—	11,142
Personales II (f)	—	6,969
Other	27,237	15,073
Subtotal certificates of participation	268,145	282,515
Financial trust	12/31/2007	12/31/2006
Debt securities:		
Tarjeta Shopping (g)	29,989	13,571
Onext (h)	14,524	14,020
Metroshop (g)	12,425	5,548
Tarjeta Privada (g)	10,060	—
BG (i)	—	50,401
Agroprendas (f)	—	2,575
Personales II (f)	—	3,594
Others	10,032	424
Subtotal debt securities	77,030	90,133
Total interest in trusts	345,175	372,648

(a) Tucumán Trust

On August 31, 2005, Federalia Sociedad Anónima de Finanzas, Maxifarm S.A. and Gabrinel S.A., in their capacity as trustors, entered into a trust agreement to create Tucumán trust (“Fideicomiso Financiero Tucumán”).

The trustors assign to the Tucumán Trust the debt securities issued by the República Trust (“Fideicomiso República”). The purpose of República Trust is the recoverability of certain assets, mainly loans and real property of former Banco República.

BANCO MACRO S.A. AND SUBSIDIARIES

On the other hand, the purpose of the Trust is to collect the debt securities issued by the República Trust and pay off the certificates of participation issued by the Tucumán Trust. To this end, Class “A” and Class “B” certificates of participation were issued under Tucumán Trust. The Class “B” certificates of participation rights are subordinated to the interest, principal and income of the Class “A” certificates of participation.

As of the date of these consolidated financial statements, Banco Macro S.A. is the beneficiary of 100% of the Class “A” certificates of participation.

As per the latest accounting information available to date, corpus assets amounted to about 91,348, which was mainly measured at cost basis. These corpus assets measured at their recoverable value exceed the values booked by the Bank.

This trust will end with the full settlement of the certificates of participation.

(b) Luján Trust

The Luján Trust was created for the purpose of reducing the customer’s uncollectibility risk of the credit assistance granted to Federalia S.A. de Finanzas. To this end, on May 20, 2003, Federalia S.A. de Finanzas, in its capacity as trustor, entered into a trust agreement to create Luján Trust (“Fideicomiso Financiero Luján”).

The trustor assigns to the Luján Trust a real estate and plots of land located in the Province of Buenos Aires, Argentina.

In addition, “Nuevo A”, “A Prima” (subordinated to the class “Nuevo A”) and class “B” (subordinated to the “Nuevo A” and “A Prima”) certificates of participation were issued under Luján Trust.

As of the date of these consolidated financial statements, Banco Macro S.A. is the beneficiary of 100% of the certificates of participation.

As per the latest accounting information available to date, corpus assets amounted to about 49,404.

This trust will end with the settlement of the certificates of participation and/or the sale of corpus assets.

(c) TST & AF Trust

On November 29, 2005, an agreement was executed to replace the trustee of Fideicomiso Financiero TST & AF between Austral Financial LLC (formerly known as Tishman Speyer – Citigroup Alternative Investments and Austral Financial LLC), in its capacity as trustor, First Trust of New York, National Association, Permanent Representation Office in Argentina, in its capacity as trustee, Sud Inversiones y Análisis S.A., in its capacity as substitute trustee, and Austral Financial LLC, Proa del Puerto S.A. and Macro Bank and Trust (subsidiary of Banco Macro S.A.) , in their capacity as Beneficiaries, whereby the beneficiaries ratify the acceptance of the Trustee’s resignation and appoint Sud Inversiones y Análisis S.A. as substitute trustee of the trust.

The purpose of the Trust is to develop a real estate project in Puerto Madero and the subsequent sale thereof to settle the certificates of participation.

As of the date of these consolidated financial statements, Banco Macro S.A. is beneficiary of 33.3% of the certificates of participation issued under TST & AF Trust.

As per the latest accounting information available to date, corpus assets amounted to about 210,353.

This trust will terminate 30 years after the execution and/or full payment, sale or any other disposition related to the project in full.

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(d) San Isidro Trust

The purpose of the San Isidro Trust is the sale of the real property received to pay for the certificates issued by the trust. This means that the main cash flow for the repayment of the certificates of participation will come from the sale of the property mentioned above.

In consequence, on June 4, 2001, the former República S.A. de Finanzas, as trustor, entered into a trust agreement to create San Isidro Trust ("Fideicomiso Financiero San Isidro").

Under such agreement, the trustor assigned to the Trust a real estate located in the San Isidro district, Province of Buenos Aires, in order to sell it and use the proceeds to settle the certificates of participation issued by the Trust: class "A", class "B" (subordinated to the class "A" certificates of participation) and class "C" for the remainder (subordinated to the class "A" and "B").

The certificates of participation were delivered to Banco Macro S.A. (the Bank holds 100% of the certificates issued by the Trust) for the repayment of loans previously granted to República S.A. de Finanzas. This represents effectively a foreclosure since the former owner of the assets relinquished all rights to the assets to the trust.

The Trust issued classes "A", "B" and "C" certificates of participation which represent the legal instrument whereby Banco Macro S.A. is entitled to receive the cash flow established in the Trust Agreement.

On May 10, 2007, a real estate development management offer was signed to carry out the Real Property Project, based on a decision by the trust's beneficiaries in conformity with the provisions set forth in the trust agreement.

As per the latest accounting information available to date, corpus assets amounted to about 25,689.

This trust will end with the settlement of the certificates of participation and/or the sale of corpus assets.

(e) Godoy Cruz Trust

On August 29, 2006, Banco Finansur S.A., in its capacity as trustee, and Corporación de los Andes S.A., in its capacity as trustor, entered into a trust agreement to create Godoy Cruz Trust ("Fideicomiso Financiero Godoy Cruz").

The trustor assigns to the Godoy Cruz Trust real estate and plots of land located in the Godoy Cruz department, San Francisco del Monte district, Province of Mendoza.

In addition, class "A", "B" (subordinated to the class "A") and class "C" (subordinated to classes "A" and "B") certificates of participation were issued under the trust.

The purpose of Godoy Cruz Trust is to sell the assets mentioned above and to pay off the certificates of participation with the proceeds thereof.

As of the date of these consolidated financial statements, Banco Macro S.A. is the beneficiary of 100% of the Class "A" certificates of participation.

As per the latest accounting information available to date, corpus assets amounted to about 22,552.

This trust will end with the full settlement of the certificates of participation.

(f) Agroprendas and Personales II Trusts

See note 13.2.

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- (g) Related to provisional certificates of participation issued by the trusts in the different series of financial trusts through a public offering entered into by the Bank under underwriting agreements. Through those agreements, the Bank prepays the price for the placement of provisional securities to the trustor. Once final certificates and debt securities are issued and placed in the market, the Bank recovers the reimbursements plus the amount equal to the rate agreed upon.

The abovementioned provisional certificates of participation were settled mostly as of the date of issuance of these consolidated financial statements.

- (h) Onext Trust

The purpose of the Onext trust is to provide enough guarantees for the repayment of the credit assistance granted by the Bank and Credicop CL to Dalvian House S.A., Conjunto los Cerros S.A. and Dalvian Constructora S.A.

Consequently, on May 19, 2005, Dalvian House S.A. and Conjunto los Cerros S.A., in their capacity as trustors, entered into an agreement to create Onext Trust ("Fideicomiso Financiero Onext").

The trustors assign to Onext Trust certain plots of lands. The trust has to pay off the debt securities issued by the trust and distributing the remaining these corpus assets, if any, among the holders of the certificates of participation in their respective proportions.

In addition, debt securities (total face value of 32,120) and certificates of participation (subordinated to the payment of the debt securities issued by the trust) were issued by the trust.

As of the date of these consolidated financial statements, Banco Macro S.A. is beneficiary of 50% of the debt securities issued under Fideicomiso Onext.

As per the latest accounting information available to date, corpus assets amounted to about 61,236.

This trust will terminate upon the full settlement of debt securities.

- (i) BG Trust

On December 20, 2005, Equity Trust Company S.A., in its capacity as trustee and Banco de Galicia y Buenos Aires S.A., in its capacity as trustor, entered into a trust agreement to create BG Trust ("Fideicomiso Financiero BG").

The purpose of the trust is to collect the loans transferred by the trustor and paying the issued securities. To this end, senior trust debt securities, junior trust debt securities (subordinated to the senior trust debt securities) and certificates of participation were issued.

In addition, Banco Macro S.A. and Cargill Investments SCA executed put and call options agreements related to Senior and Junior trust debt securities of the "BG" financial trust carried by the Bank in its portfolio as of December 31, 2006.

On February 5, 2007, the Senior trust debt securities were amortized, and on November 26, 2007, Cargill Investments SCA exercised the purchase option in relation to the Junior trust debt securities.

In addition, on May 21, 2002 a Financial Trust Agreement, called Bisel Trust, was executed by former Banco Bisel S.A., as Trustor, and Banco de la Nación Argentina, as Trustee, as part of the procedure established by section 35 bis of Law 21526, through which Nuevo Banco Bisel S.A. received a certificate of participation equal to the net amount of liabilities assumed as part of the reorganization process of former Banco Bisel S.A.

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Bisel Trust issued two Certificates of Participation, namely Bond “A” and Bond “B”. Nuevo Banco Bisel S.A. is the beneficiary of Bond “A”, which has preference over Bond “B”, whose beneficiary is former Banco Bisel S.A. Bond “A” and Bond “B” are repaid with the collections of Bisel Trust’s assets and by redemptions in kind of the certificates. No payments are made to Bond B until Bond A is fully repaid.

As of December 31, 2007 and 2006, Nuevo Banco Bisel S.A. (subsidiary of Banco Macro S.A.) held Bond “A” for 176,430 and 149,674, respectively. In addition, as of December 31, 2007 the Bank held Bon “B” for 986.417. Both bonds are fully provisioned, as such amounts were considered not recoverable.

13.2. Trusts created using financial assets transferred by the Bank

The Bank transferred financial assets (loans) to trusts for the purpose of issuing and selling securities the collection of which is guaranteed by the cash flow resulting from such assets or group of assets. This way the funds originally used to finance loans are recovered early, increasing the Bank’s lending capacity.

Below is a breakdown of the trusts that are effective to date:

Name	Trustor	Beneficiary	Assets Managed
Fideicomiso Financiero “Retuc 1”	Banco Macro S.A.	Cooperativa de Vivienda Cons. y Créd. Ltda.	2,300(1)

(1) Relating to the corpus assets (loans), as per the latest accounting information available to date. Furthermore, the Bank only administrates the collection of trust assets.

In addition, Nuevo Banco Bisel S.A. (subsidiary of Banco Macro S.A.), in its capacity as trustor, entered into a trust agreement to create, among other, Agroprendas and Personales II Trusts. The trustor transferred to the trusts personal and pledge loans granted to individuals.

As of December 31, 2006, the Bank held debt securities and certificates of participation issued under Agroprendas and Personales II Trusts.

As of December 31, 2007, such trusts were terminated.

13.3. Trusts as collateral for the loans granted by the Bank

As it is common in Argentine banking market, the Bank in some cases requires that the borrowers place certain assets or rights to receive assets into a trust as a collateral for the loans. This is a common mechanism used by the banks in Argentina to minimize risk of loss and ensure they will have access to the collateral in case the borrower defaults.

Related to this type of trust, the Bank granted loans to the trustors and entered into guarantee trust agreements to ensure compliance with the obligations assumed by the trustor in favor of the beneficiary, through collections of corpus assets. Provided the loan granted by the Bank is performing, the trustee shall not execute the guaranty and all excess amounts as to the value of the obligations are reimbursed by the trustee to the debtor, and also the Bank will never have any responsibility for additional losses other than the balance of the loans. As of December 31, 2007, all loans are performing.

The guarantee trusts usually manage funds provided by the debtor’s activities. To this end, the trustor deposits the funds collected in a trust account. Such funds are immediately reimbursed to the trustor provided there are no events of default or delay in the fulfillment of any obligation assumed towards the beneficiary. Therefore, these trusts have no significant assets at year-end.

On the other hand, some guarantee trusts manage specific assets, mainly, real properties.

BANCO MACRO S.A. AND SUBSIDIARIES

Below is a breakdown of the trusts that are effective to date:

Name	Trustor	Assets managed (1)
Fideicomiso Casino Club	Casino Club S.A. y Casino Rosario S.A.	17,500
Sunny Land S.A. security and trust assignment	Individuals not related to the Entity.	16,230
Fideicomiso en Garantía San Vicente	Unider Internacional S.A	4,534
Fideicomiso CIYPSA	Compañía de Inversiones y Participaciones S.A. (CIYPSA)	4,145
Fibra Papelera S.A. security and trust assignment	Agrotécnica del Sur S.A. - and individuals not related to the Entity.	4,040
Other(2)		7,750
Total		54,199

- (1) The amounts are related to (i) the monthly average on a straight-line basis of the funds provided by the debtor's activities during the fiscal year ended December 31, 2007, or (ii) the value of the specific assets managed (v.e. real properties), as the case may be. In few cases, the bank has estimated the value based on the amount pending amortization as of December 31, 2007, of the loans granted.
- (2) Trusts related to the following trustors: Aeropuertos del Neuquén S.A., Altos de la Calera S.A., Corredor Americano S.A., ENJASA, Grandaunt Construcciones S.A., Horizonte S.A., La Veloz del Norte, Laboratorios Northia S.A.C.I.F.I.A., London Supply S.A.C.I.F.I., Los Castillos S.A., Municipality of the City of Salta, Province of Salta, Pulte S.R.L., Sucesión Yeizel Katz and Transporte Automotor Plaza S.A.

13.4. Normal trust activities (The Bank acts as trustee).

The Bank performs administration tasks in relation to the corpus assets, in conformity with the agreements. The Bank only has trustee functions and does not have other involvement or interests in the trusts.

In no case shall the Trustee be liable with its own assets or for any obligation deriving from the performance as trustee. Such obligations do not imply any type of indebtedness or commitment for the trustee and they will be fulfilled only through trust assets. In addition, the trustee will not encumber the corpus assets or dispose of them beyond the limits established in the related trust agreements. The commissions earned by the Bank due to its performance as trust agent are calculated under the terms and conditions of the related agreements.

The trusts usually manage funds provided by the trustor's activities. On the last day of each month, the assets of the Trust are not significant because they are transferred periodically for the Trustee (the Bank) to the Beneficiary, in accordance with their trust agreements. To this end, the Bank entered into administration trust agreements for the following main purposes:

- (a) Managing the trust's corpus assets to guarantee in favor of the beneficiary the existence of the resources required to finance and/or pay certain obligations, such as the payment of amortization installments regarding work or service certificates, and the payment of invoices and fees stipulated in the related agreements.
- (b) Promoting the production development of the private economic sector at a provincial level.
- (c) In connection with public work concession agreement granting road exploitation, management, keeping and maintenance.

In addition, other trusts manage specific assets, mainly, real properties.

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Below is a breakdown of the trusts that are effective to date.

Name	Assets managed (1)
Fideicomiso Puerto Madero Siete	122,439
Fideicomiso para el Fortalecimiento y Saneamiento Municipal — Banco Macro Bansud S.A. y Gobierno Provincial — Ley 5435	87,800
Fideicomiso Mypes II	18,634
Fideicomiso de Garantía SINERGIA	12,520
Fideicomiso Financiero “Racing por Siempre I”	11,532
Fideicomiso Saeta — Banco Macro Bansud S.A.	8,398
Fideicomiso No Financiero entre Banco Macro S.A. y la Secretaría. de Estado de Economía de la Provincia de Jujuy	6,676
Fideicomiso IPSS	6,275
Other(2)	13,105
Total	287,379

- (1) The amounts are related to (i) the monthly average on a straight-line basis of the funds provided by the debtor’s activities during the fiscal year ended December 31, 2007, or (ii) the value of the specific assets managed (v.e. real properties), as the case may be.
- (2) Trusts related to the following trustors: Province of Salta, Hospital Privado Centro Médico de Córdoba S.A., Conta Walter Mario S.R.L., Cooperativa de Agua Potable y Otros Servicios, ENJASA, Ministry of Treasury of the Province of Salta and Ministry of Public Health of Salta, Municipality of the City of Salta and Province of Misiones.

14. COMPLIANCE WITH REGULATIONS TO ACT AS OVER-THE-COUNTER MARKET AGENT

The Bank’s shareholder’s equity exceeds the minimum amount required by CNV Resolution No. 368/01, to act as over-the-counter market agent.

15. RESTRICTION ON EARNINGS DISTRIBUTION

- a) As established by Central Bank rules, 20% of net income for the year, plus/less prior-year adjustments, shall be appropriated to legal reserve. Consequently, the Shareholders’ Meeting, held on April 29, 2008 decided to apply 99,040 out of unappropriated retained earnings to increase such legal reserve.
- b) Central Bank Communiqué “A” 4,152 dated June 2, 2004, lifted the suspension of earnings distribution established by Communiqué “A” 3,574, but kept such distributions subject to certain requirements provided therein and to prior authorization from the Central Bank. In addition, through Communiqué “A” 4,589 and 4,591, the Central Bank published the general procedure to approve the request for the authorization to distribute earnings.
- c) As mentioned in note 10.a), under the agreements entered into with the FFCB, the Bank may not distribute as cash dividends an amount exceeding 50% of liquid and realized income. In addition, the Bank may not distribute as cash dividends an amount exceeding 25% up to 50% of liquid and realized income, unless it redeems in advance subordinated corporate bonds for an amount equivalent to 50% of the total dividends distributed in cash.
- d) According to Law No. 25,063, the dividends distributed in cash or in kind will be subject to a 35% income tax withholding as a single and final payment. Dividend payments are subject to such withholding if they exceed the sum of: (i) the accumulated taxable earnings accumulated as of the year-end immediately prior to the payment or distribution date and (ii) certain tax-exempt income (such as dividend payments from other corporations). This is applicable for tax years ended as from December 31, 1998.

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- e) Furthermore, as set forth in Central Bank Communiqués mentioned in point b) above, in order to determine the distributable amounts, the following should be deducted from unappropriated retained earnings (i) the assets booked for minimum presumed income tax, that as of December 31, 2007, totaled 23,287 (Banco Macro S.A. stand-alone basis) and (ii) the positive difference between the book value and market value of the federal guaranteed loans and securities in portfolio amounting to 12,059 (Banco Macro S.A. stand-alone basis).
- f) On June 16, 2006, the Bank and Crédit Suisse First Boston International entered into a loan agreement for USD 50,000,000, maturing on January 21, 2008, at LIBOR plus 1.95%. Such agreement includes restrictions mainly related to the compliance with the payments established. In the event of noncompliance with the agreement, the Bank will be unable to distribute dividends either directly or indirectly through its subsidiaries. On January 18, 2008, an addendum was signed changing the expiration date to January 21, 2010, and establishing a nominal interest rate of 8.55% p.a.
- g) In addition, as mentioned in note 4.4.I.2), the Bank capitalized under the “Intangible assets” account amounts for differences resulting from compliance with court orders related to the pesification of deposits. As established by such agency regarding the distribution of earnings, these amounts should be deducted from “Unappropriated retained earnings” as of year-end. As of December 31, 2007, such amount is 76,001 (net of amortizations – Banco Macro S.A. stand-alone basis).
- h) As established in the issuance conditions for the 1st series of Class 1 Subordinated Corporate Bonds mentioned in note 10.c.1), and as established by Central Bank Communiqué “A” 4,576, the Shareholders’ Meeting held on April 29, 2008 decided to appropriate 46,083 out of “Unappropriated retained earnings” to set a special reserve for interest to be paid upon the maturities taking place in June and December 2008.

On April 11, 2008, the Central Bank notified the Bank that it had authorized the distribution of cash dividends amounting to 170,995.

Subsequently, on April 29, 2008, the Regular and Special General Shareholders’ Meeting of Banco Macro S.A. approved, among other issues, the distribution of cash dividends amounting to 170,995. In addition, such shareholder’s Meeting, approved the compensation paid to the Directors amounting to 24,791.

16. CLAIMS FROM THE AFIP–DGI (FEDERAL PUBLIC REVENUE AGENCY – FEDERAL TAX BUREAU)

- a) On January 21, 2002, the former Banco Bansud S.A. requested from the above agency that it be included in the debt consolidation, interest and fines exemption and installment plan system provided by Presidential Decree No. 1,384/01 in order to settle the tax payable that authorities had assessed ex-officio according to a resolution notified on December 19, 2001. The abovementioned claim from tax authorities related to income tax differences of the former Banco del Sud for the 1993 and 1994 tax years grounded on having challenged certain methods applied that – in the former Banco Bansud S.A.’s opinion – were consistent with the guidelines set by the specific regulations.

The amount that the Bank has requested to settle under the installment plan system is 10,780, which will be paid in 120 monthly installments. The amount in question was charged to income for the fiscal year ended December 31, 2001. As of December 31, 2007, the outstanding amount of 5,321 was recognized in the “Other Liabilities” account.

- b) The former Banco Bansud S.A., on February 18 and November 12, 2002, and the Bank, on February 3, 2004, February 17, 2005, and February 17, 2006, filed appeals with the Federal Administrative Tax Court against the AFIP – DGI resolutions that, holding to the position mentioned in the preceding point, had objected the tax returns filed by the former Banco Bansud S.A for tax years ended from June 30, 1995, through June 30, 1999, and the irregular period ended December 31, 1999.

On February 2, 2005, February 2, 2006, and November 22, 2006, the Bank filed the appeals with the Federal Administrative Tax Court against the AFIP resolution that had objected to the 1998, 1999 and 2000 income tax returns of the former Banco Macro S.A.

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The issues under discussion and on which the regulatory agency bases its position are the impossibility to deduct the credits with collateral security and the requirement to begin judicial collection proceedings for outstanding receivables to be deducted for tax purposes. Both issues were analyzed by the Federal Administrative Tax Court in similar cases, which issued a resolution in favor of the position assumed by the Bank.

The Bank estimates that the abovementioned issues are unlikely to give rise to additional charges and, therefore, no provision was recorded for such amounts.

17. ACCOUNTS IDENTIFYING COMPLIANCE OF THE MINIMUM CASH REQUIREMENT

The following table shows the items computed by Banco Macro S.A. (stand-alone basis), Nuevo Banco Bisel S.A. and Banco del Tucumán S.A., under Central Bank rules, to constitute the minimum cash requirement for December 2007 are listed below, indicating the accounts balances.

Item	Banco Macro S.A. (stand-alone basis)	Nuevo Banco Bisel S.A.	Banco del Tucumán S.A.
Cash			
Cash on hand	547,966	150,163	92,217
Amounts in Central Bank accounts	1,597,354	291,955	133,154
Other receivables from financial intermediation			
Special guarantee accounts with the Central Bank	152,101	12,117	22,168
Total	2,297,421	454,235	247,539

18. RISK MANAGEMENT POLICIES

In financing activities there are a multiple number of risks to which banks are exposed. These risks are managed through a continuous Identification, Evaluation, Measuring, Control/Mitigation and Monitoring process of the risk events or potential risk situations, so as to provide reasonable assurance regarding their impact, and their relation with the fulfillment of objectives established by the Bank.

In the risk management process, all persons working at the Bank are responsible for this, in spite of the fact that the process begins with the Bank’s Board of Directors and has been designed to provide reasonable security of fulfilling the Bank’s objectives; every single player fulfills a specific role.

The Board of Directors establishes the organizational strategies in terms of risks and approves the policies and structures upon with the Bank will base its comprehensive risk management.

The members of the Board of Directors participate actively in the daily management, sharing their experience and knowledge of the financial system, forming different Committees (Audit, Anti-Money-Laundering, Internal Audit, IT, Assets and Liabilities (CAP), Loan and Recovery Committees).

Some of the main risks in financing activities involve:

Credit risk

The credit risk results from the possibility of loss derived from our customers or counter-parties from fully or partially breaching financial obligations they have undertaken with the Bank.

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Banco Macro S.A. has counterparty and credit risk policies, aimed at its management and control, the purpose of which is to ensure risks fall within a risk tolerance level decided by the Bank and the tolerance level established the Central Bank regulations. Credit Risk Management is in charge of applying the policies, administrating and monitoring the exposure to risk. This Management reports to the Junior and Senior Credit Committees.

Procedural manuals and tools (information systems, rating and monitoring systems, measuring models, recovery policies) have been developed, which, as a whole, allow for a risk treatment that is deemed efficient based on the type of the customers in question. Compliance with Central Bank regulations, related to the diversification and concentration of credit and to the establishment of credit limits based on the customers' net worth, is also regularly monitored.

The Credit Committees (Senior, Junior and Regional) participate in this process. Their job is to rate customers (approval of credit limits) within the framework of a credit approval system which includes the involvement of a progressive scale of credit capacity levels in relation to the amount of capital being requested and the transaction's terms and conditions.

The Credit Administration and Transactions Management is also used to mitigate credit risks through its Credit Review, Lending Transactions and Credit Administration sectors. In relation to this, among other matters, portfolio behavior and settlement reports are prepared. Also, the classification of debtors and hedges are reviewed on a regular basis (so as to determine the sufficiency of the provisions in conformity with the standards established by the Central Bank in this regard).

Within the Credit Risk Management, the Analysis and Planning area duties involve monitoring risk exposure using tools such as alerts and indicators, which serve as a source of information in writing up reports.

Additionally, another part of the risk monitoring is carried out through the Recovery Area, which monitors the changes in the arrears portfolio, and the prelegal handling process of these debtors.

On the other hand, the Management has a specific area focused on creating, amending and formalizing the standards and procedures that regulate the credit cycle and the purpose of which is to minimize and/or mitigate the credit risks.

Operational risk

Operational risk is defined as the risk of losses resulting from inadequate internal processes or from failures in such processes, human or system errors, and errors as a result of external events. This definition includes legal risk but excludes strategic and reputation risk.

The Bank formalized the document "Operating Risk Management Framework", which includes the procedures and tools applied in the daily management, supplemented with the development of methodologies for risk identification, measurement, monitoring and control, with the purpose of providing the organization with general guidelines for its proper management.

This Framework includes a comprehensive model for the management of operating risk together with a clear assignment of roles and responsibilities to each one of the persons participating in the process.

In such context, a Risk Committee will be created, along with the position of Head of Operating Risk. Both will be in charge of defining the adequate policies and procedures for the organization, which are approved by the Board of Directors.

The organizational structure of the operating risk management at the Bank is based on the following aspects:

- The operational risk policy is established by the Head of Operating Risk and approved by the Board of Directors.
- The general model design is based on the decentralized responsibility in managements, the independence between the Head of Operating Risk and the other Managements and the independent evaluation by Internal Audit.
- The application of consistent standards for the definition, evaluation, measurement, monitoring and reporting of the operating risk through an integrated model for the management of operating risk.

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- The approval by each Management of specific policies and procedures.
- A reporting system with current and comprehensive information which will contain a summary of operating risk events data, surveys of significant events and a self evaluation of controls, among others, with each management being responsible for reporting the required data.

The Bank has efficient operating risk management proceedings based mainly on the knowledge and experience of the directors and on the involvement of personnel of the Management of this type of risk. In this aspect, the organizational culture, control environment and adherence to policies, standards and procedures play a significant role.

Also, the Bank has long- and medium-term IT plans aimed at neutralizing the risk of obsolescence of the systems and guaranteeing a solid processing and communication infrastructure, and contingency plans ensuring processing continuity.

Market and Liquidity Risk

The market risk is defined by the uncertainty to which the Bank's future results are exposed in the light of adverse movements in market conditions. Should such adverse market conditions arise, the Bank would sustain unexpected losses or decreases in the income capacity as a result of changes in the value of the main market factors or variables, such as interest rates, foreign exchange rates and financial asset quotes, among others.

The liquidity risk is related to the Bank suffering a shortage of funds to meet its obligations, and that hence, it is required to depend on assets or acquire alternative resources (in unfavorable conditions), in order to meet customer fund requirements.

The Bank has written policies on the management and administration guidelines in relation to market, liquidity and price risks.

The Bank's investment strategies is reviewed on a regular basis by the Assets and Liabilities Committee in the context of the economic and market tendencies in relation to the market risk, assets and liabilities concentration, maturity, expected rate of return and alternative investments, according to which the exceptions and capacities are also assessed.

The Assets and Liabilities Committee evaluates the Bank's situation based on reports provided by Finance Management. The Bank's value at risk is also monitored. To analyze the rate risk it uses the VAR (Value at Risk) method, determining the present value of net assets, weighting it using the modified duration and the historical volatility of the interest rate at a 99% confidence interval.

The Financial Planning area uses the following instruments, among others, in preparing its reports and recommendations: Sensitivity analysis, stress tests, index curves, in addition to other simulations. The adoption of measures based on the information provided is left to the Finance Management's discretion, in relation to several factors that it must take into consideration such as the market conditions or the complexity and variety of transactions.

The reports prepared contemplate the following aspects: Changes in yield curves; a mismatch of assets and liabilities in relation to currency, rates, terms and based on their volatility and speed of realization; minimum cash, changes, rates and volatility of term deposits, and the participation of institutional investors; price and liquidity risk; limits established by the Assets and Liabilities Committee and issuance of warnings.

Additionally, the Bank seeks to maintain an adequate degree of liquidity through the prudent management of assets and liabilities, in regard to both the cash flow as well as the concentration thereof.

The administration of liquidity needs to be supported by a planning process that determines the current and future cash needs, considering changes in economic, political, regulatory and other conditions. This makes it necessary to identify forecast and possible cash outflows, as well as consider alternative strategies to handle assets and liabilities in critical situations.

The Bank evaluates the liquidity situation through different tools, some of which include:

1. Business Plan. This is the starting point to determine the cash needs of the current year.

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- 2. Liquidity Test. This is used to define the amount of funding required in a predetermined series of future dates assuming normal market circumstances and without the business experiencing significant changes.
- 3. Stress Tests. Used to quantify the impact of individual or systemic illiquidity scenarios.
- 4. Mismatch control. The Committee defines the amount of the accumulated mismatch that is acceptable for each one of the tranches or gaps in the liquidity test, both in the normal and stress scenarios.
- 5. Assets and Liabilities Assumptions. In the process of constructing the liquidity mismatches, whether in normal market or stress situations, assumptions are to be included for the assets and liabilities of the balance sheet, taking into account the stability, diversification, and historical renovation percentages.

Finally, the purpose of the price risk policy is to ensure that the Committee has the adequate information, tools and procedures enabling it to measure, administrate and control the price risk.

One of the objectives in relation to the price risk is eliminating the unwanted risk from the different assets and liabilities, but it is also the Bank's objective to take advantage of the business opportunities that changes in interest rates and prices may offer.

The Finance Management will report to the Assets and Liabilities Committee on a monthly basis on the price risk exposure and the effects that may be caused in the Bank's financial margin. The risk reports should clearly compare the existing exposure with the limits policy, using it for analysis purposes. Identification of market factors, SFM (sensitivity to market factors), volatility, correlations, value at risk, index curves, stress test, among others.

19. BALANCES IN FOREIGN CURRENCY

The balances of assets and liabilities denominated in foreign currency are as follows:

	As of December 31,	
	2007	2006
ASSETS		
Cash	1,001,459	1,029,317
Government and private securities	288,364	247,857
Loans	1,598,906	776,326
Other receivables from financial intermediation	236,249	274,459
Investments in other companies	1,337	1,619
Assets under Financial Lease	20,343	
Other Receivables	22,641	14,337
Items pending allocation	52	
Total	3,169,351	2,343,915
LIABILITIES		
Deposits	2,119,235	1,591,905
Other liabilities from financial intermediation	984,008	425,848
Other Liabilities	7,289	3,823
Subordinated Corporate Bonds	488,192	504,768
Items pending allocation	28	246
Total	3,598,752	2,526,590

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20. INTEREST-BEARING DEPOSITS WITH OTHER BANKS

- 20.1. Included in “Cash” there are: (a) interest-bearing deposits with the Central Bank totaling 2,022,430 and 1,551,369 as of December 31, 2007 and 2006, respectively and (b) interest-bearing deposits in foreign banks totaling 224,179 and 431,387 as of December 31, 2007 and 2006, respectively.
- The interest-bearing deposits with the Central Bank yielded a nominal annual interest rate of 2,55% as of December 31, 2007 and 2006, and the interest-bearing deposits in foreign banks yielded a nominal annual interest rate of approximately 2.86% and 3.25% as of December 31, 2007 and December 31, 2006, respectively.
- 20.2. Included in “Other Receivables from Financial Transactions” there are other interest-bearing deposits with Central Bank totaling 180,686 and 115,682 as of December 31, 2007 and December 31, 2006, respectively.

21. GOVERNMENT AND PRIVATE SECURITIES

	As of December 31,	
	2007	2006
GOVERNMENT SECURITIES		
Holdings for trading or intermediation		
In pesos:		
Consolidation bonds of social security payables in pesos	70,670	4,151
Federal government bonds — maturity 2007, 2008, 2013 and 2014	13,840	104,502
Consolidation bonds	10,236	1,971
Secured bonds Decree 1,579/02	38,299	36,414
Discount bonds	18,746	4,143
Par bonds	1,590	439
Quasi-Par Securities — maturity 2045	—	2,920
Province of Tucumán bonds	2,828	1,905
GDP-Related Securities — maturity 2035	1,109	2,337
Other	197	298
Subtotal holdings for trading or intermediation — In pesos	157,515	159,080
In foreign currency:		
Federal government bonds in USD — maturity 2012 and 2013	145,269	111,263
Province of Mendoza bonds un USD — maturity 2018	7,533	—
Argentine Government bonds in USD at 7% — maturity 2017 — Bonar X	45,954	—
Treasury Bills in USD — maturity 2007 and 2008	—	31,276
Par bonds in USD	368	280
Argentine Government bonds in USD at 7% — maturity 2011 — Bonar V	1,462	2,128
Other	312	38
Subtotal holding for trading or intermediation — In foreign currency	200,898	144,985
Subtotal holding for trading or intermediation	358,413	304,065

BANCO MACRO S.A. AND SUBSIDIARIES

	As of December 31,	
	2007	2006
GOVERNMENT SECURITIES (cont.)		
Unlisted government securities		
In pesos:		
Federal government bonds — maturity 2013	11,987	13,254
Other	38	18
Subtotal unlisted government securities — In pesos	12,025	13,272
Unlisted government securities		
In foreign currency:		
Province of Tucumán bonds in USD — maturity 2015	8,112	169
Subtotal unlisted government securities — In foreign currency	8,112	169
Subtotal unlisted government securities	20,137	13,441
Instruments issued by the Central Bank of Argentina		
In pesos:		
Listed Central Bank bills (LEBAC)	30,299	32,463
Listed Central Bank notes (NOBAC)	3,447,947	2,754,556
Subtotal instruments issued by Central Bank	3,478,246	2,787,019
Total government securities	3,856,796	3,104,525
PRIVATE SECURITIES		
Investments in listed private securities		
In pesos:		
Shares	2,971	2,548
Debt securities in financial trusts	—	1,035
Mutual funds	19,424	11,437
Subtotal listed private securities — In pesos	22,395	15,020
In foreign currency:		
Shares	5,681	5,032
Corporate bonds	23,595	80,482
Commercial Paper	30,402	—
Mutual funds	11,883	17,925
Subtotal listed private securities — In foreign currency	71,561	103,439
Total private securities	93,956	118,459
Total government and private securities, before allowances	3,950,752	3,222,984
Allowances	(27)	(29)
Total government and private securities	3,950,725	3,222,955

BANCO MACRO S.A. AND SUBSIDIARIES

	Maturing				
	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years	After 10 years	Total
	Book value (in thousands of pesos)				
GOVERNMENT SECURITIES					
In pesos:					
Holding for trading or intermediation	33,560	63,420	36,400	24,135	157,515
Consolidation bonds of social security payables in pesos	28,299	38,808	3,563		70,670
Federal government bonds — maturity 2008 and 2014	1,138	7,489	5,213	—	13,840
Consolidation bonds	1,786	4,664	2,105	1,681	10,236
Secured bonds Decree 1,579/02	2,127	11,525	23,707	940	38,299
Par bond	—	—	—	1,590	1,590
GDP- Related Securities — maturity 2035	—	—	—	1,109	1,109
Province of Tucumán bonds	158	851	1,750	69	2,828
Discount bonds	—	—	—	18,746	18,746
Other	52	83	62	—	197
Unlisted government securities	4,033	7,992	—	—	12,025
Federal government bonds — maturity 2013	3,996	7,991	—	—	11,987
Other	37	1	—	—	38
Instruments issued by the Central Bank of Argentina	2,941,136	537,110	—	—	3,478,246
Listed Central Bank bills (LEBAC)	21,694	8,605	—	—	30,299
Listed Central Bank notes (NOBAC)	2,919,442	528,505	—	—	3,447,947
Total government securities in pesos	2,978,729	608,522	36,400	24,135	3,647,786

BANCO MACRO S.A. AND SUBSIDIARIES

	Maturing				
	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years	After 10 Years	Total
	Book value				
	(in thousands of pesos)				
In foreign currency:					
Holdings for trading or intermediation	21,189	86,520	91,624	1,565	200,898
Federal government bonds — in USD — maturity 2012 and 2013	20,674	82,697	41,898	—	145,269
Argentine Government bonds in USD at 7%-maturity 2017- Bonar X	—	—	45,954	—	45,954
Argentine Government bonds in USD at 7%-maturity 2011- Bonar V	—	1,462	—	—	1,462
Par bonds in USD	—	—	—	368	368
Province of Mendoza bonds in USD — maturity 2018	515	2,361	3,772	885	7,533
Other	—	—	—	312	312
Unlisted government securities	2,704	5,408	—	—	8,112
Province of Tucumán bonds in USD — maturity 2015	2,704	5,408	—	—	8,112
Total government securities in foreign currency	23,893	91,928	91,624	1,565	209,010
Total government securities	3,002,622	700,450	128,024	25,700	3,856,796

BANCO MACRO S.A. AND SUBSIDIARIES

	Maturing				
		After 1 year	After 5	After 10	
	Within 1 year	but within 5	years but	years	Total
		years	within 10		
			years		
			Book value		
			(in thousands of pesos)		
PRIVATE SECURITIES					
Investments in listed private securities					
In Pesos:					
Shares	2,971	—	—	—	2,971
Mutual Funds	19,424	—	—	—	19,424
Subtotal listed private securities — In pesos	22,395	—	—	—	22,395
In foreign currency:					
Shares	5,681	—	—	—	5,681
Corporate bonds	17,359	6,236	—	—	23,595
Commercial Paper	30,402	—	—	—	30,402
Mutual Funds	11,883	—	—	—	11,883
Subtotal listed private securities—In foreign currency	65,325	6,236	—	—	71,561
Total private securities	87,720	6,236	—	—	93,956
Total government and private securities, before allowances	3,090,342	706,686	128,024	25,700	3,950,752
Allowances					(27)
Total government and private securities					3,950,725

22. LOANS

Description of certain categories of loans in the accompanying Balance Sheets include:

- a. Non-financial government sector: loans to the government sector, excluding government owned financial institutions.
- b. Financial sector: mainly, refers to short-term loans to financial institutions.
- c. Non financial private sector and foreign residents: loans given to the private sector (excluding financial institutions) and residents outside Argentina.

BANCO MACRO S.A. AND SUBSIDIARIES

The classification of the loan portfolio in this regard was as follows:

	As of December 31,	
	2007	2006
Non-financial government sector	732,481	774,273
Financial sector	161,702	436,930
Non-financial private sector and foreign residents		
Commercial		
- With Senior “A” guarantees	106,763	28,553
- With Senior “B” guarantees	357,422	257,509
- Without Senior guarantees	3,405,792	2,122,067
Consumer		
- With Senior “A” guarantees	16,637	17,557
- With Senior “B” guarantees	750,974	623,065
- Without Senior guarantees	4,698,068	2,475,732
Less: Allowance	(220,422)	(208,581)
Total loans, net of allowance	<u>10,009,417</u>	<u>6,527,105</u>

Senior “A” guarantees consist mainly of cash guarantees, gold guarantees, warrants over primary products and other forms of self-liquidating collateral.

Senior “B” guarantees generally consist of mortgages and other forms of collateral pledged to secure the loan amount.

“Without senior guarantees” consist, in general, of unsecured third-party guarantees.

A breakdown of total loans by geographical location of borrowers is as follows:

	2007	2006
Argentina	10,150,371	6,687,200
United States of America	48,943	15,454
England	15,781	—
Uruguay	13,111	7,931
Thailand	687	—
Canada	392	—
Denmark	224	—
Australia	111	444
Chile	86	13
Brazil	55	—
Bahamas	46	—
France	22	481
Peru	9	—
Spain	1	—
Switzerland	—	15,659
United Kingdom	—	7,766
Ecuador	—	480
Venezuela	—	258
Less: Allowance	(220,422)	(208,581)
Total loans, net of allowances	<u>10,009,417</u>	<u>6,527,105</u>

BANCO MACRO S.A. AND SUBSIDIARIES

A breakdown of total loans by sector activity classified according to the principal business of the borrowers is as follows:

Economic Activity	2007	2006
Retail loans	3,410,359	1,719,736
Agricultural livestock — Forestry — Fishing — Mining — Hunting	1,050,102	650,405
Other services	970,585	474,325
Governmental services	861,852	844,814
Other	851,836	288,241
Retail and consumer products	703,063	550,359
Foodstuff and beverages	700,917	537,905
Construction	411,725	320,484
Financial Services	408,002	593,423
Chemicals	340,450	300,429
Transportation, storage and communications	181,646	195,094
Mass production of products	166,169	147,127
Electricity, oil, water	74,256	31,061
Real estate, business and leases	59,512	39,087
Hotels and restaurants	39,365	43,196
Total loans	10,229,839	6,735,686
Less: Allowance	(220,422)	(208,581)
Total loans, net of Allowance	10,009,417	6,527,105

23. ALLOWANCES FOR LOAN LOSSES

The activity in the allowance for loan losses for the fiscal years presented is as follows:

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	208,581	247,532	225,340
Provision for loan losses (a)(b)	93,498	60,102	61,008
Allowances for loan losses from incorporation of assets and liabilities of Banco Empresario de Tucumán Cooperativo Limitado	—	—	74,775
Allowances for loan losses from acquisition of Nuevo Banco del Tucumán S.A.	—	13,993	—
Allowances for loan losses from acquisition of Nuevo Nuevo Banco Bisel S.A.	—	28,443	—
Allowances for loan losses for purchased loans and recovered loans	—	—	6,262
Write Offs	(38,199)	(132,926)	(60,929)
Reversals (b)	(43,458)	(8,563)	(58,924)
Balance at the end of the fiscal year (c)	220,422	208,581	247,532

- (a) As of December 31, 2007, the amount of provision for loan losses disclosed in the statements of Income, includes above amounts, and, mainly, the provision for other receivables for financial intermediation (see note 27).
- (b) As of December 31, 2007, as disclosed in note 31, under SEC requirements, the amount of loan loss provision includes above amounts less recovered loans of 88,441.
- (c) As of December 31, 2007, as disclosed in note 31, under SEC requirements, the amount of allowance for loan losses includes the allowance for assets subject to financial lease (see note 27).

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24. OTHER RECEIVABLES FROM FINANCIAL INTERMEDIATION

The breakdown of other receivables from financial intermediation by guarantee type is as follows:

Description	As of December 31,	
	2007	2006
Without preferred guarantees	1,433,234	1,092,893
Allowances	(206,939)	(178,319)
	<u>1,226,295</u>	<u>914,574</u>

The breakdown of private securities recorded in Other receivables from financial intermediation is as follows:

Description	As of December 31,	
	2007	2006
Corporate bonds — Unlisted	44,257	12,661
Debt securities in financial trusts — Unlisted	77,030	90,133
Certificates of participation in financial trusts — Unlisted (1)	471,942	451,612
Total investments in unlisted private securities	<u>593,229</u>	<u>554,406</u>

(1) As of December 31, 2007 and 2006, the Bank booked allowances for impairment in value amounting to 203,797 and 169,097, respectively.

As of December 31, 2007, maturities for the private securities disclosed above are as follows:

	<u>Within 1 year</u>	<u>After 1 year but within 5 years</u>	<u>After 5 years but within 10 years</u>	<u>After 10 years</u>	<u>Without due date</u>	<u>Total</u>
Corporate bonds — Unlisted	5,342	38,457	199	69	190	44,257
Debt securities in financial trusts — Unlisted	68,088	8,942	—	—	—	77,030
Certificates of participation in financial trusts — Unlisted	45,258	175,915	—	16,101	234,668(1)	471,942
Total investments in unlisted private securities	<u>118,688</u>	<u>223,314</u>	<u>199</u>	<u>16,170</u>	<u>234,858</u>	<u>593,229</u>

(1) As of December 31, 2007 the Bank booked allowances for impairment in value amounting to 203,797.

The Bank enters into forward transactions related to government securities and foreign currencies. The Bank recognizes cash, security or currency amount to be exchanged in the future as a receivable and payable at the original transaction date.

BANCO MACRO S.A. AND SUBSIDIARIES

The assets and liabilities related to such transactions are as follows:

Description	As of December 31,	
	2007	2006
Amounts receivable from spot and forward sales pending settlement		
Receivables from repurchase agreements of government securities	238,481	69,777
Receivable from spot sales of government and private securities pending settlement	174,614	48,020
Receivables from forward sales of government securities	4,508	2,856
Receivables from spot sales of foreign currency settlement	10,978	708
Receivables from other forward sales	—	92,244
	428,581	213,605
Securities and foreign currency receivable from spot and forward purchases pending settlement		
Forward purchases of securities under repurchase agreements	15,143	102,293
Spot purchases of government and private securities pending settlement	107,354	31,553
Spot purchases of foreign currency pending settlement	23,580	3,070
Other spot purchases	3,198	3,801
	149,275	140,717
Amounts payable for spot and forward purchases pending settlement		
Payables for spot purchases of foreign currency pending settlement and forward purchases of foreign currency	23,567	3,071
Payables for forward purchases of securities under repurchase agreements	13,650	57,893
Payables for spot purchases of government securities pending settlement	95,655	29,074
Payables under repo transactions	25,893	42,391
Payable for spot purchases of government and private securities awaiting settlement	—	5
	158,765	132,434

BANCO MACRO S.A. AND SUBSIDIARIES

Description	As of December 31,	
	2007	2006
Securities and foreign currency to be delivered under spot and forward sales pending settlement		
Forward sales of government securities under repurchase agreements	276,728	89,914
Forward sales of government securities	4,884	4,150
Forward sales of foreign currency pending settlement	10,981	708
Spot sales of government and private securities pending settlement	152,834	38,666
Other forward sales	372	83,628
	445,799	217,066

These instruments consist of foreign currency and securities contracts (spot and forward purchases and sales), whose valuation method is disclosed in note 4.4.h).

The fair value of these instruments was:

	End-of-year fair value	
	2007	2006
Assets	149,275	140,717
Liabilities	445,799	217,066

Premiums on these instruments have been included in the “Financial income” and “Financial expense” captions of the consolidated statement of income of each year.

25. BANK PREMISES AND EQUIPMENT AND OTHER ASSETS

25.1 Premises and Equipment

The major categories of the Bank’s premises and equipment, and related accumulated depreciation are presented in the following table:

Description	Estimated useful life (years)	As of December 31,	
		2007	2006
Buildings	50	310,946	307,415
Furniture and facilities	10	79,397	68,317
Machinery and equipment	5	314,820	272,845
Vehicles	5	53,930	32,781
Other	—	2,085	2,084
Accumulated depreciation		(388,067)	(347,191)
Total		373,111	336,251

Depreciation expense was 42,723, 29,230 and 19,218 as of December 31, 2007, 2006 and 2005 respectively.

BANCO MACRO S.A. AND SUBSIDIARIES

25.2 Other assets

Other assets consisted of the following as of December 31, 2007 and 2006:

Description	As of December 31,		
	Estimated useful life (years)	2007	2006
Works in progress	—	55,533	27,357
Works of art	—	1,207	1,203
Prepayments for the purchase of assets	—	157	3,945
Foreclosed assets	—	38,114	42,455
Leased buildings	50	6,883	13,880
Stationery and office supplies	—	4,165	1,651
Other assets (1)	50	115,103	127,095
Accumulated depreciation	—	(14,582)	(14,821)
Total		<u>206,580</u>	<u>202,765</u>

(1) Mainly includes buildings acquired by attachment in aide of execution, which under Central Bank rules are included in this line after a period of 6 months from the acquisition.

Depreciation expense was 1,598, 1,748 and 2,024 at December 31, 2007, 2006, and 2005 respectively.

25.3 Operating Leases

As of December 31, 2007, the Bank's branch network includes certain branches that were located in properties leased to the Bank (some of which are renewable for periods between 2 and 6 years).

The estimated future lease payments in connection with these properties are as follows:

Fiscal year end	Amounts
2008	15,594
2009	11,169
2010	8,600
2011	4,481
2012	2,560
2013 and after	6,314
Total	<u>48,718</u>

As of December 31, 2007, 2006 and 2005, rental expenses amounted to 18,686, 14,123 and 7,249, respectively. As of such dates, there are no contractual obligations with separate amounts of minimum rentals, contingent rentals, and sublease rental income.

BANCO MACRO S.A. AND SUBSIDIARIES

26. INTANGIBLE ASSETS

26.1. Goodwill:

As of December 31, 2007 and 2006 goodwill breakdown is as follows:

Description	As of December 31,		
	Estimated useful life from payment (years)	2007	2006
Goodwill for the purchase of Banco de Jujuy S.A., net of accumulated amortization of 8,214 as of December 31, 2007 (a)	6	8	826
Goodwill for the purchase of Banco del Tucumán S.A., net of accumulated amortization of 3,021 as of December 31, 2007 (b)	10	15,222	17,048
Goodwill for the purchase of Nuevo Banco Bisel S.A., net of accumulated amortization of 9,356 as of December 31, 2007 (c)	10	56,686	63,290
Total		71,916	81,164

Amortization expense on goodwill was 9,250, 4,766 and 839, as of December 31, 2007, 2006 and 2005.

- (a) On January 12, 1998, Banco Macro S.A. acquired 80% of the capital stock of Banco de Jujuy in the amount of Ps. 5.1 million. The assets transferred amounted to Ps. 30 million and the liabilities assumed amounted to Ps. 28 million (historical values).
Under Central Bank Rules, this transaction resulted in Banco Macro’s positive goodwill amounting to Ps. 3.5 million, which is amortized in seven years and no impairment is required.
- (b) On May 5, 2006, Banco Macro acquired 75% of the capital stock of Banco del Tucumán in the amount of 45,961. The assets transferred amounted to 700,612 and the liabilities assumed amounted to 660,547.
Additionally, from September through December 2006, Banco Macro S.A. acquired 4.84% of the capital stock of Banco del Tucumán S.A.
Finally, on November 28, 2006, the general regular and special Shareholder’s Meeting of Banco del Tucumán S.A. approved a capital increase of 21,980, establishing an additional paid-in capital of 26,171. During January 2007, Banco Macro S.A. subscribed the total increase, thus increasing its overall interest in Banco del Tucumán S.A. to 89.93%.
Under Central Bank Rules, this transaction resulted in Banco Macro’s positive goodwill amounting to 18,242, which is amortized in ten years and no impairment is required.
- (c) On August 11, 2006, the Bank acquired 92.73% of the capital stock of Nuevo Banco Bisel in the amount of 19,509. The assets transferred amounted to 1,824,644 and the liabilities assumed amounted to 1,804,534.
Under Central Bank rules, as a result of the acquisition, the Bank booked a positive goodwill amounting to 66,042, which is amortized in ten years and no impairment is required.

BANCO MACRO S.A. AND SUBSIDIARIES

26.2. Organization and development costs:

As of December 31, 2007 and 2006, the organization and development costs breakdown is as follows:

Description	Estimated useful life (years)	As of December 31,	
		2007	2006
Differences due to courts orders — non deductibles for the determination of the computable equity	5	116,464	74,745
Cost from information technology projects	5	63,669	31,511
Organizational cost	5	8,313	699
Other capitalized cost	5	2,615	3,060
Total		191,061	110,015

Amortization expense was 47,202, 32,740 and 26,688 as of December 31, 2007, 2006 and 2005, respectively.

Intangible assets changed as follows during fiscal years ended December 31, 2007, 2006 and 2005:

	Fiscal year ended December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	191,179	70,091	81,531
Additions	128,250	158,623	16,148
Decreases	—	(29)	(61)
Amortization expense	(56,452)	(37,506)	(27,527)
Balance at the end of the fiscal year	262,977	191,179	70,091

27. OTHER ALLOWANCES AND PROVISIONS

The activity of the following allowances deducted from assets or included in liabilities in accordance with Central Bank rules are as follows:

Government and private securities

Recorded to cover possible impairment risk arising out of government securities.

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	29	512	2,471
Allowances for government and private securities losses	—	—	512
Write off	—	(474)	(2,471)
Reversals	(2)	(9)	—
Balance at the end of the fiscal year	27	29	512

BANCO MACRO S.A. AND SUBSIDIARIES

Other receivables from financial intermediation

Recorded in compliance with the provision of Communication “A” 2950, as supplemented, of the Central Bank, taking into account notes 4.4.f) and h.3).

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	178,319	27,600	107,530
Allowances for Other receivables for financial intermediation from acquisition of Banco del Tucumán S.A.	—	125	—
Allowances for Other receivables for financial intermediation from acquisition of Nuevo Banco Bisel S.A.	—	164,327	—
Provision for other receivables for financial intermediation losses	38,583	9,129	9,958
Write off	(5,902)	(6,688)	(78,789)
Reversals	(4,061)	(16,174)	(11,099)
Balance at the end of the fiscal year	206,939	178,319	27,600

Assets subject to financial lease

Recorded in compliance with the provision of Communication “A” 2950, as supplemented, of the Central Bank, taking into account note 4.4.f).

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	3,489	1,470	609
Allowances for Assets subjects to financial leases from acquisition of Banco del Tucumán S.A.	—	226	—
Allowances for Assets subjects to financial leases from acquisition of Nuevo Banco Bisel S.A.	—	299	—
Provision for assets subject to financial lease	1,557	1,529	875
Write off	—	(19)	(14)
Reversals (1)	(148)	(16)	—
Balance at the end of the fiscal year (1)	4,898	3,489	1,470

(1) Under U.S. SEC requirements, they were included in “Assets — Allowance for loans losses”.

Investment in other companies

Recorded to cover possible impairment risk arising from investments in other companies.

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	1,172	1,304	719
Provision for investment in other companies losses	85	18	1,049
Write off	(11)	—	(167)
Reversals	(549)	(150)	(297)
Balance at the end of the fiscal year	697	1,172	1,304

BANCO MACRO S.A. AND SUBSIDIARIES

Other receivables

Following is a summary of amounts recorded to cover collectibility risks of other receivables.

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	36,153	18,246	6,201
Allowances for Other receivables from acquisition of Banco del Tucumán S.A.	—	1	—
Allowances for Other receivables from acquisition of Nuevo Banco Bisel S.A.	—	18,892	—
Provision for other receivables losses	1,936	8,175	13,220
Write off	(3,959)	(8,694)	(1,098)
Reversals	(7,096)	(467)	(77)
Balance at the end of the fiscal year	27,034	36,153	18,246
Total of allowances	239,595	219,162	49,132

Provisions — Contingencies and Commitments

Following is a roll-forward of the allowance recorded under Central Bank’s rules to cover contingent losses related to loan commitments. These amounts have been accrued in accordance with Central Bank’s rules, which are similar to SFAS (Statements of Financial Accounting Standards) No. 5.

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	1,674	2,076	3,120
Provision for contingent commitments losses	55	7	1,692
Write off	—	—	(1,043)
Reversals	(69)	(409)	(1,693)
Balance at the end of the fiscal year	1,660	1,674	2,076

Provisions — Negative Goodwill

Following is the roll forward of the amounts recorded to cover the difference between the purchase price and the book value of the net equity acquired of Banco Bansud S.A. and Nuevo Banco Suquía S.A.:

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	483	73,595	146,707
Amortization	—	(73,112)	(73,112)
Balance at the end of the fiscal year	483	483	73,595

BANCO MACRO S.A. AND SUBSIDIARIES

Provisions — Other loss contingencies

Principally includes labor litigation and customer and other third-party claims. The amounts have been accrued in accordance with Central Bank's rules, which are similar to SFAS No. 5.

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	75,085	102,479	75,872
Provision for other contingent losses	23,638	20,087	37,440
Provision for other contingent losses from acquisition of Banco del Tucumán S.A.	—	994	—
Provision for other contingent losses from acquisition of Nuevo Banco Bisel S.A.	—	11,790	—
Provision for other contingent losses from incorporation of assets and liabilities of Banco Empresario de Tucumán Cooperativo Limitado	—	—	6,796
Write off	(18,728)	(58,213)	(13,347)
Reversals	(1,951)	(2,052)	(4,282)
Balance at the end of the fiscal year	78,044	75,085	102,479

Provisions — For severance pay

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	496	—	—
Provision for severance pay	—	1,000	—
Write off	(496)	(504)	—
Balance at the end of the fiscal year	—	496	—

Provision — Difference from deposit dollarization (1)

	As of December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	27,132	—	—
Provision for difference from deposit dollarization	35,882	27,132	—
Provision from court deposits dollarization	21,678	—	—
Write off	(532)	—	—
Balance at the end of the fiscal year	84,160	27,132	—
Total of provisions	164,347	104,870	178,150

(1) See note 2.

28. DEPOSITS AND OTHER LIABILITIES FROM FINANCIAL INTERMEDIATION

28.1. Deposits

The aggregate amount of time deposits and investment accounts exceeding Ps.100 (thousands) or more as of December 31, 2007 is 4,209,307.

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28.2. Central Bank of Argentina

The Bank borrowed funds under various credit facilities from the Central Bank for specific purposes, as follows:

	As of December 31, 2007			As of December 31, 2006		
	Principal	Interest and CER adjustments	Rate	Principal	Interest and CER adjustments	Rate
Short-term liabilities	34,660	37,866	1.97%	35,807	33,255	1.95%
Long-term liabilities	135,182	140,188	2.00%	168,330	148,697	2.00%
Total	169,842	178,054		204,137	181,952	

Maturities of the long-term liabilities in the table above for each of the following periods are as follows:

Periods	Amounts
2009	68,708
2010	68,709
2011	68,709
2012	68,710
2014 and after	534
Total	275,370

28.3. Banks and international institutions

	As of December 31, 2007			As of December 31, 2006		
	Principal	Interest	Rate	Principal	Interest	Rate
Short-term liabilities	3,388	3,891	7.11%	23,212	5,718	5.92%
Long-term liabilities (1)	157,550	—	6.56%	153,475	—	6.26%
Total	160,938	3,891		176,687	5,718	

Accrued interest is included in the “Accrued interest, adjustments, foreign exchange and quoted price differences payable” under the “Other Liabilities from Financial Intermediation” in the accompanying Consolidated Balance Sheets. Amounts are unsecured.

- (1) On June 16, 2006, the Bank and Crédit Suisse First Boston International entered into a loan agreement for USD 50,000,000, maturing on January 21, 2008, at LIBOR plus 1.95%. Such agreement includes restrictions mainly related to the compliance with the payments established. In the event of noncompliance with the agreement, the Bank will be unable to distribute dividends either directly or indirectly through its subsidiaries. On January 18, 2008, an addendum was signed changing the expiration date to January 21, 2010, and establishing a nominal interest rate of 8.55% per annum. As of December 31, 2007 the Bank had duly complied with the obligations assumed with the loan.

28.4. Financing received from Argentine financial institutions

The Bank borrowed funds under various credit facilities from the Central Bank for specific purposes, as follows:

	As of December 31, 2007			As of December 31, 2006		
	Principal	Interest	Rate	Principal	Interest	Rate
Short-term liabilities	116,666	2,372	6.75%	26,502	1,219	6.40%
Long-term liabilities	20,142	21,116	2.02%	21,480	18,957	2.04%
Total	136,808	23,488		47,982	20,176	

Accrued interest and adjustments are included in “Accrued interest, adjustments, foreign exchange and quoted price differences payable” under the “Other liabilities from financial intermediation” in the accompanying consolidated balance sheets. Amounts are unsecured.

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Maturities of the long-term liabilities in the table above for each of the following periods are as follows:

Periods	Amounts
2009	2,427
2010	3,438
2011	3,640
2012	3,640
2013	3,640
2014	5,562
2015	5,946
2016	5,946
2017	5,946
2018	1,073
	<u>41,258</u>

28.5. Others

In connection with the liability assumed with SEDESA related to the acquisition of preferred shares of Nuevo Banco Bisel S.A. and Corporate Bonds issued, see notes 3.7 and 10.c.1), respectively.

29. EMPLOYEE BENEFIT PLANS

The Bank does not maintain pension plans for its personnel. The Bank is required to pay employer contributions, determined on the basis of total monthly payroll.

These expenses aggregated 78,821, 50,755, and 36,094 for the fiscal years ended December 31, 2007, 2006 and 2005, respectively, and are included in the “Operating Expenses—Personnel expenses” account.

30. MINIMUM CAPITAL REQUIREMENTS

Under Central Bank’s rules, the Bank is required to maintain individual and consolidated minimum levels of equity capital (“minimum capital”). As of December 31, 2007 and 2006, the consolidated minimum capital is based upon risk-weighted assets and also considers interest rate risk and market risk. The required consolidated minimum capital and the consolidated Bank’s capital calculated under the Central Bank rules are as follows:

	Required Minimum Capital	Computable Capital	Excess of actual Minimum Capital over Required Minimum Capital
December 31, 2007	1,150,183	2,969,676	1,819,493
December 31, 2006	741,521	2,656,276	1,914,755

BANCO MACRO S.A. AND SUBSIDIARIES

31. CONSOLIDATED INCOME STATEMENTS AND BALANCE SHEET

The presentation of consolidated financial statements under Central Bank's rules differs significantly from the format required by the U.S. SEC under Rules 9-03 and 9-04 of Regulation S-X ("Article 9"). The following consolidated financial statements were restated into constant pesos, as explained in note 4.3. These consolidated financial statements were prepared using the measurement methods provided by Central Bank, but under US SEC requirements:

Consolidated Statements of Income	2007	2006 (1)	2005 (1)
Interest and fees on loans	1,287,555	739,214	418,175
Interest on bearing deposits with other banks	19,917	10,516	7,861
Interest on other receivables from financial intermediation	69,513	68,146	67,117
Interest on securities and foreign exchange purchased under resale agreements	24,642	18,311	14,924
Securities gains, net	437,832	274,029	203,566
Other interest income	13,283	43,402	17,574
Total interest income	1,852,742	1,153,618	729,217
Interest on deposits	501,168	280,325	191,637
Interest on securities and foreign exchange purchased under resale agreements	10,998	9,634	7,637
Interest on short-term borrowings	4,860	7,094	6,369
Interest on long-term debt	161,374	16,474	15,842
Other interest expense	100,068	96,195	82,250
Total interest expense	778,468	409,722	303,735
Net interest income	1,074,274	743,896	425,482
Provision for loan losses, net	38,401	59,623	18,295
Net interest income after provision for loan losses	1,112,675	803,519	443,777
Service charges on deposit accounts and other fees	394,167	282,724	186,062
Credit-card service charges and fees	102,856	60,102	43,687
Other commissions	19,789	16,775	7,948
Foreign currency exchange trading income	15,947	11,607	10,630
Income from equity in other companies	13,477	7,928	6,909
Foreign exchange, net	48,823	40,007	31,392
Negative Goodwill	—	73,112	73,112
Other	93,489	66,271	86,267
Total non-interest income	688,548	558,526	446,007
Commissions	49,965	44,607	31,213
Salaries and payroll taxes	587,480	395,421	253,816
Outside consultants and services	41,802	38,768	25,476
Depreciation of bank premises and equipment	43,972	30,736	20,815
Rent	18,635	14,085	9,860
Stationery and supplies	14,511	8,880	7,823
Electric power and communications	31,980	23,490	17,047
Advertising and publicity	50,343	31,138	22,663
Taxes	12,819	8,755	5,616
Directors' and Statutory Audits' fee	37,695	14,355	14,142
Insurance	6,091	5,238	3,956
Security services	35,487	25,002	16,366
Maintenance, conservation and repair expenses	36,392	24,825	17,429
Amortization of organization and development expenses	55,906	37,291	27,423
Provision for losses on other receivables and other allowances	15,599	26,713	9,301
Other	172,918	128,262	110,050
Total non-interest expense	1,211,595	857,566	592,996

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Consolidated Statements of Income (contd.)	2007	2006 (1)	2005 (1)
Minority interest of subsidiaries	2,083	3,178	—
Income before income tax expense	587,545	501,301	296,788
Income tax expense	92,345	76,961	34,042
Income from continuing operations	495,200	424,340	262,746
Net income	495,200	424,340	262,746
Earnings per common share	0.72	0.64	0.43

(1) See note 4.2.

Central Bank rules also require certain classifications of assets and liabilities, which are different from those required by Article 9. The following table discloses the Bank's consolidated balance sheets as of December 31, 2007, and 2006, as if the Bank followed the balance sheet disclosure requirements under Article 9:

	2007	2006 (1)
ASSETS		
Cash	875,486	644,191
Interest-bearing deposits in other banks	2,428,779	2,099,861
Federal Funds sold and securities purchased under resale agreements of similar arrangements	253,623	172,070
Trading account assets	616,508	354,986
Other short-term investments	—	489
Investment securities available for sale	3,379,045	2,873,954
Loans	10,649,628	7,037,049
Allowance for loan losses	(225,320)	(212,070)
Premises and equipment	626,319	587,946
Due from customers on acceptances	131,407	91,607
Other assets	765,965	641,544
Total assets	19,501,440	14,291,627

BANCO MACRO S.A. AND SUBSIDIARIES

	2007	2006 (1)
LIABILITIES AND SHAREHOLDERS' EQUITY		
Interest-bearing deposits	9,848,241	7,309,335
Non interest-bearing deposits	3,742,908	2,761,682
Federal Funds purchased and securities sold under repurchase agreements	316,270	190,197
Other short-term borrowings	629,951	375,807
Long-term borrowings	1,336,519	510,939
Contingent liabilities	167,200	114,108
Other liabilities	117,903	36,966
Bank acceptances outstanding	131,407	91,607
Subordinated corporate bonds	490,695	507,844
Minority interest in consolidated subsidiaries	12,640	78,045
Total liabilities	<u>16,793,734</u>	<u>11,976,530</u>
Common stocks	683,979	683,979
Retained appropriated earnings	382,916	298,056
Retained unappropriated earnings	1,241,716	933,967
Other shareholders' equity	399,095	399,095
Total shareholders' equity	<u>2,707,706</u>	<u>2,315,097</u>
Total liabilities and shareholders' equity	19,501,440	14,291,627

(1) See note 4.2.

32. OPERATIONS BY GEOGRAPHICAL SEGMENT

The principal financial information, classified by country of office where transactions originate, is shown below:

	As of December 31,		
	2007	2006	2005
Total revenues	2,736,273	1,842,298	1,271,492
Argentina	2,704,895	1,818,761	1,247,412
Bahamas	31,378	23,537	24,080
Net income	495,200	424,340	262,746
Argentina	485,079	419,523	252,353
Bahamas	10,121	4,817	10,393
Total assets	19,781,246	14,504,972	9,487,822
Argentina	19,256,544	14,000,262	9,139,388
Bahamas	524,702	504,710	348,434

33. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Bank enters into various transactions involving off-balance-sheet financial instruments. These instruments could be used to meet the risk management, trading and financing needs of customers or for the Bank's proprietary trading and asset and liability management purposes, and could be subject to varying degrees of credit and market risk. Credit risk and market risk associated with on- and off-balance-sheet financial instruments are monitored on an aggregate basis.

The Bank uses the same credit policies in determining whether to enter or extend call and put option contracts, commitments, conditional obligations and guarantees as it does for granting loans.

BANCO MACRO S.A. AND SUBSIDIARIES

Derivatives

In the normal course of business, the Bank enters into a variety of transactions principally in the foreign exchange and stock markets. Most counterparts in the derivative transactions are banks and other financial institutions.

These instruments include:

- Options: they confer the right to the buyer, but no obligation, to receive or pay a specific quantity of an asset or financial instrument for a specified price at or before a specified date. Options may be traded on a stock exchange or under OTC (Over-the-Counter) agreements.
- Forwards and Futures: they are agreements to deliver or take delivery at a specified rate, price or index applied against the underlying asset or financial instrument, at a specific date. Futures are exchange traded at standardized amounts of the underlying asset or financial instrument. Forwards contracts are OTC agreements and are principally dealt in by the Bank in securities/foreign exchange as forward agreements.
- Swaps: they are agreements between two parts with the intention to exchange cash flows and risks at a specific date and for a period in the future. Swaps may be exchange traded or OTC agreements.

Pursuant to Central Bank's rules, forward transactions with delivery of underlying assets, must be recorded under "Other receivables from financial intermediations" and "Other liabilities from financial intermediations" in the accompanying balance sheets and they were valued as mentioned in note 4.4.h) (accrual method).

The notional contractual amount of these instruments represents the volume of outstanding transactions and do not represent the potential gain or loss associated with the market or credit risk of such transactions. The market risk of derivatives arises from the potential for changes in value due to fluctuations in market prices.

The credit risk of derivatives arises from the potential of the counterparty to default on its contractual obligations. The effect of such a default varies as the market value of derivative contracts changes. Credit exposure exists at a particular point in time when a derivative has a positive market value. The Bank attempts to limit its credit risk by dealing with creditworthy counterparts and obtaining collateral, where appropriate. The following table shows, the notional value of options and outstanding forward contracts recorded in memorandum accounts as of December 31, 2007 and 2006:

	As of December 31,	
	2007	2006
Forward purchases of foreign exchange without delivery of underlying asset (a)	331,411	—
Put options sold (b) & (c)	113,809	245,675
Forward sales of foreign exchange without delivery of underlying asset (a)	94,838	27,576
Interest rate swaps (d)	36,238	—
Call options sold (e), (f) & (g)	549	91,071
Put options taken (g)	—	50,649
Call options taken (c) & (f)	—	159,804

- (a) The Bank enters into these transactions to take advantage of price differentials. Under Central Bank rules, they were valued at their quoted prices as of December 31, 2007 and 2006. They expired a few days later. Any quoted price-differences were charged to income.
- (b) As of 2007 and 2006, the Bank recorded in memorandum accounts the amounts representing obligations of the Bank under put options sold related to the Federal Government Bond coupons established in Presidential Decrees Nos. 905/02 and 1,836/02. Such options were imposed by the Federal Government to all financial institutions.

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During the Argentine crisis and pursuant to such decrees, the deposits which were denominated in US Dollars were exchanged for peso denominated government bonds using a Ps.1.4 to the U.S.\$1.00 exchange rate. The bonds received by the depositors carried an interest rate plus CER (an inflation index) adjustment.

In order to enhance the public's trust in the system and the exchange mechanisms, the Central Bank effectively required the banks to issue a put option to the depositors who so requested. Such put options will entitle the bondholders to receive 1.4 exchange rate, plus accrued interest plus CER. This was intended to effectively provide a floor for the yield of such government bonds for the holders, therefore, if the value of these bonds were to decrease below the terms of the put options (ie, Ps.1.4 exchange rate plus interest plus CER), the holders would then be able to present the put options to the Bank and receive such value. These options expire 30 days after the expiration of each coupon received by the depositors, in varying dates through 2013. As it is a put option established by the Federal Government to the detriment of the Bank, the holders of such options did not pay any type of premium to the Bank and thus the Bank has never recognized any income from these options, and has never established an initial liability since it received no up-front premium.

Since the exchange, these government bonds have increased in value significantly given the improvement of the Argentina's economy and therefore of the government's creditworthiness.

Therefore the options have never had any intrinsic value. It should be noted that the interest rate and terms of the options are the same as the bonds and therefore the options will only be exercised in case of government default. The Bank understands that such options have only a di minimus value. Under Central Bank rules, they were valued at their strike price and recorded only in memo accounts.

- (c) As of December 31, 2006, include a put and a call option agreements entered into by the Bank, in its capacity as buyer of Nuevo Banco Bisel S.A. and SEDESA. Such option was exercise by the Bank on May 28, 2007 (see note 3.7).
- (d) Relates to an interest rate swap agreement whereby on a quarterly basis the Bank shall be entitled to receive the positive difference between 10.25% nominal interest per anum and the variable rate agreed-upon in relation to a loan granted by the Bank (LIBOR at 90 days plus 2.9%), applied to the residual principal of such loan. In the event that the difference between both rates were negative, the Bank shall be required to pay the difference. This agreement expires September 27, 2018.
- (e) As of December 31, 2007 the Bank sold call options over stock index. Under Central Bank rules, the call option were value at their quoted price. The Bank enters into this transaction to take advantage of price differentials. This agreement expired on January 19, 2008. The counterparty did not exercise the option.
- (f) As of December 31, 2006, the Bank took and sold call options over euros. Under Central Bank rules, the call option taken were valued at their strike price and the call option sold were valued at the quoted price. The Bank entered into these transactions to take advantage of price differentials. These agreements expired on January 29, 2007. Neither the Bank nor the counterparty exercised the options.
- (g) As of December 31, 2006, the Bank has sold a call option and purchased a put option over the Senior and Junior debt securities of "BG" Financial Trust. The options share the same strike price, exercise term (one of them has a two-day difference) and underlying assets.

The Bank structured these transactions to guarantee the sale of the assets involved by charging an interest rate from the execution of the agreements until options are exercised.

The Senior trust debt securities were fully amortized on February 5, 2007.

After successive monthly renewals, on November 26, 2007, the counterparty exercised the purchase option on the Junior trust debt securities.

Under Central Bank rules, these options were valued at the agreed-upon strike price (see additionally note 4.4.m.3).

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Credit-related financial instruments

The Bank’s exposure to credit loss in the event of the counterparts’ failure to fulfill the commitments to extending credit, guarantees granted and foreign trade acceptances is represented by the contractual notional amount of those investments.

A summary of credit exposure related to these items is shown below (*):

	As of December 31,	
	2007	2006
Unused portion of loans granted per debtors classification regulations	—	9,120
Other guarantees provided covered by debtors classification regulations	115,930	243,057

(*) A significant portion of the Bank’s guarantees as of December 31, 2007 and 2006, have a remaining maturity of less than one year.

The Bank accounts for checks drawn thereon and on other banks, as well as other items in process of collection, such as notes, bills and miscellaneous items, in memorandum accounts until the related item clears or is accepted. In Management’s opinion, no significant risk of loss exists on these clearing transactions. The amounts of clearing items in collection process are as follows:

	As of December 31,	
	2007	2006
Checks drawn on the Bank pending clearing	320,438	326,885
Checks drawn on other Banks	183,684	133,044

Trust activities

See note 13.

34. BUSINESS SEGMENT CONSOLIDATED INFORMATION

SFAS No. 131 requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available that is regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments. Management has determined that the Bank has one reportable segment related to banking activities.

35. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN CENTRAL BANK RULES AND UNITED STATES ACCOUNTING PRINCIPLES

The following is a description of the significant differences between Central Bank rules followed in the preparation of the Bank’s financial statements and those applicable in the United States under generally accepted accounting principles (US GAAP). “SFAS” shall refer to Statements of Financial Accounting Standards.

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35.1. Income taxes

- a) As explained in note 5, Central Bank rules do not require the recognition of deferred tax assets and liabilities and, therefore, income tax is recognized on the basis of amounts due in accordance with Argentine tax regulations and no deferred tax and liabilities are recognized.

For purposes of US GAAP reporting, the Bank applies SFAS No. 109 “Accounting for income taxes”. Under this method, income tax is recognized based on the liability method whereby deferred tax assets and liabilities are recorded for temporary differences between the financial reporting and tax basis of assets and liabilities at each reporting date. SFAS No. 109 requires that an allowance for deferred tax assets be provided to the extent that it is more likely than not that they will not be realized, based on the weight of available evidence.

Effective January 1, 2007, the company adopted the provisions of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

The adoption of FIN 48 did not have an impact on Banco Macro’s financial position. There were no unrecognized tax benefits as of the date of adoption and as of December 31, 2007.

Deferred tax assets and liabilities are summarized as follows:

Description	As of December 31,	
	2007	2006
Deferred tax assets:		
Loans	55,708	40,772
Intangible assets	84,945	84,597
Allowance for loss contingencies	57,318	41,952
Net tax loss carry forwards	54,796	137,304
Other	18,294	15,979
Total deferred assets	271,061	320,604
Deferred tax liabilities:		
Governments and private securities valuation	(3,796)	(9,114)
Property, equipment and other assets	(5,411)	(9,296)
Foreign exchange difference	(12,004)	(7,470)
Other	(7,306)	(7,709)
Total deferred liabilities	(28,517)	(33,589)
Deferred tax asset	242,544	287,015
Allowance for deferred tax assets	(119,467)	(104,113)
Net deferred tax assets under US GAAP	123,077	182,902

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As of December 31, 2007, the consolidated tax loss carry forwards of 156,561 are as follows:

<u>Expiration year</u>	<u>Amount</u>
2008	153,717
2009	500
2010	250
2011	800
2012	1,294
	<u>156,561</u>

The movement of the net deferred tax assets for the fiscal years presented is summarized as follows:

	<u>As of December 31,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net deferred tax assets at the beginning of the year	182,902	106,553	128,474
Net deferred tax (liabilities) / assets acquired from acquisition on business combination (*)	(3,359)	136,616	—
Reversal of valuation allowance from acquisition of Nuevo Banco Suquía S.A. (**)	—	—	7,895
Amount recorded in comprehensive income — Increase	8,333	9,719	53,481
Net deferred tax expense for the year	<u>(64,799)</u>	<u>(69,986)</u>	<u>(83,297)</u>
Net deferred tax assets at the end of the year	<u>123,077</u>	<u>182,902</u>	<u>106,553</u>

(*) See note 35.7.

(**) As of December 31, 2005, the Bank reversed allowances for deferred tax assets recognized in the acquisition of Nuevo Banco Suquía S.A. (see note 35.7.c)). In accordance with paragraph 30 of SFAS 109, the reversed allowances were applied first to zero intangible assets acquired from Nuevo Banco Suquía S.A. (net of allocated negative goodwill) and second to reduce income tax expense

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory income tax rate in Argentina to income before income tax in accordance with US GAAP:

	<u>Year ended December 31,</u>		
<u>Description</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Pre-tax income in accordance with US GAAP	559,674	546,611	546,783
Statutory income tax rate	35.00%	35.00%	35.00%
Tax on net income at statutory rate	195,886	191,314	191,374
Permanent differences at the statutory rate:			
- Variation of allowances	15,354	84,116	(89,934)
- Income not subject to income tax	(57,908)	(111,575)	19,984
- Others	3,812	(16,908)	(4,085)
Income tax in accordance with US GAAP	<u>157,144</u>	<u>146,947</u>	<u>117,339</u>

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The following table accounts for the difference between the actual tax provision under Central Bank regulations and the total income tax expense in accordance with US GAAP:

Description	Year ended December 31,		
	2007	2006	2005
Income tax in accordance with Central Bank regulations	92,345	76,961	34,042
Deferred tax charges	64,799	69,986	83,297
Total income tax expense in accordance with US GAAP	157,144	146,947	117,339

In note 35.7 the abovementioned adjustments were split considering business combinations or other adjustments.

- b) In addition, as of December 31, 2007, 2006 and 2005 the Bank had asset of 48,891, 63,843 and 53,593, respectively, for the credit for Tax on minimum presumed income. As mentioned in note 5 to the financial statements, under Central Bank Rules, such credit is considered to be an asset because Management estimates it will be used within ten years, which is the period allowed by the Central Bank Communiqué “A” 4,295, as amended.

In accordance with US GAAP, a valuation allowance was recorded for the portion of such credit which was deemed to be more likely than not that it would not be recovered, as per paragraphs 17 (e) and 25 of SFAS 109.

The adjustments related to credit for tax on minimum presume income acquired in business combination transactions are included in note 35.7.

The effects of adjustments required to state such amounts in accordance with US GAAP, besides the adjustments mentioned in note 35.7, would increase income by 34,351 as of December 31, 2005.

35.2. Exposure to the Argentine Public Sector and Private Securities

a) Loans—Non-financial federal government sector

During the fiscal year ended December 31, 2001, and as a consequence of Presidential Decree No. 1,387/01, the Bank exchanged a portion of federal government securities effective as of November 6, 2001, and received so-called guaranteed loans in consideration thereof.

As provided for by Central Bank Communiqués “A” 3,366 and “A” 3,385, the exchange was made at the carryover book value of the securities as of the date of the exchange with no impact on the income statement.

Such loans were valued according to Central Bank Communiqué “A” 3,911, as supplemented (see note 4.4.c)).

The loans received in this exchange were not significant.

In addition, subsequently, the Bank acquired additional guaranteed loans in the market and also through business combinations described elsewhere in this footnote. The difference between the cost of each acquired loan and its expected future cash flows is accounted for in accordance with PB 6 – Amortization of Discounts on Acquired Loans.

In 2005, the Bank implemented SOP 03-3 – “Accounting for Certain Loans and Debt Securities Acquired in a Transfer” for loans acquired.

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The adjustments related to guaranteed loans acquired in business combination transactions are included in note 35.7 d) to f).

The effects of adjustments require to state amounts in accordance with US GAAP, besides the adjustments mentioned in note 35.7 d) to f), would decrease assets by 256,165, 270,492 and 271,005 as of December 31, 2007, 2006 and 2005, respectively.

On the other hand, income would increase by 14,327 and 513 and decrease by 34,420 for the years ended December 31, 2007, 2006 and 2005, respectively.

b) Secured Bonds

As of December 31, 2007, 2006 and 2005 part of Secured Bonds (BOGARs) are classified for US GAAP purposes as available for sale securities and carried at fair value with the unrealized gain or loss, net of income taxes, recognized as a charge or credit to equity through other comprehensive income. In connection with estimating the fair value of the BOGARs, the Bank used quoted market values.

During the fiscal year ended December 31, 2005, the Bank sold part of its Secured Bonds and, therefore, realized a part of the gains that were previously recorded in other comprehensive income.

The effects of adjustments required to state such amounts in accordance with US GAAP would decrease assets by 7,926 as of December 31, 2005.

On the other hand, income would increase by 2,661, 31,653 and 239,301 for the years ended December 31, 2007, 2006 and 2005, respectively.

c) Other Loans—Non-financial provincial government sector

As of December 31, 2006 and 2005, the Bank had other loans granted to the non-financial provincial government sector, which were valued according to Central Bank Communiqué “A” 3,911, as supplemented (see note 4.4.c).

In accordance with SFAS No. 114, as of December 31, 2006 and 2005, the Bank deemed these loans to be impaired and measured impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, with a corresponding adjustment to bad-debt expense.

The effects of adjustments required to state such amounts in accordance with US GAAP would decrease assets by 196 as of December 31, 2005.

On the other hand, income would increase by 196 and 5,749 for the years ended December 31, 2006 and 2005, respectively.

d) Compensatory Bonds in connection with the compensation for foreign currency position

Under Law No. 25,561 and Presidential Decrees No. 494/02, No. 905/02 and No. 2,167/02, the Federal Government established a compensation mechanism for financial institutions because of the negative financial effects resulting from the pesification of foreign currency-denominated loans and deposits into pesos at different exchange rates. In this regard, as further explained in such note, the Central Bank, through Communiqués “A” 3,650, “A” 3,716, as supplemented, regulated the compensation mechanism mentioned above.

According to Central Bank rules, the compensation received was originally valued at face value plus interest accrued under the issuance terms.

Under US GAAP, these assets (including those used for forward purchases under repurchase agreements) should be considered as “available for sale” and carried at fair value, with unrealized gains and losses reported net of income tax within the shareholders' equity accounts.

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Additionally, SFAS No. 115 requires that if the decline in fair value is judged to be other than temporary, the cost of the security shall be written down to fair value, and the amount of the write-down shall be included in earnings. The new cost basis shall not be changed for subsequent recoveries in fair value. Subsequent increases in the fair value of available-for-sale securities shall be included in other comprehensive income.

During the fiscal years ended December 31, 2006 and 2005, the Bank sold and realized the gains that were previously recorded in other comprehensive income.

The effects of adjustments required to state such amounts in accordance with US GAAP would decrease assets by 20,719 as of December 31, 2005.

On the other hand, income would increase by 40,736 and 128,875 for the years ended December 31, 2006 and 2005, respectively.

e) Instruments issued by Central Bank of Argentina and other unlisted securities

As of December 31, 2007, 2006 and 2005, the Bank had Instruments issued by Central Bank of Argentina and other unlisted government securities. Under Central Bank rules, these securities were valued at the quoted price of each security and at the cost value increased by their internal rate of return, respectively.

According to US GAAP, these securities should be considered as “available for sale” and carried at fair value, with unrealized gains and losses reported as net of income tax within the shareholders’ equity accounts. However, SFAS No. 115 requires that if the decline in fair value is judged to be other than temporary, the cost of the security shall be written down to fair value, and the write down amount shall be included in earnings.

The effects of adjustments required to state such amounts in accordance with US GAAP would increase assets by 1,817 and 20 as of December 31, 2007 and 2006, respectively.

On the other hand, income would increase by 18,608 and 13,780 for the years ended December 31, 2007 and 2005, respectively and decrease by 15,870 for the year ended December 31, 2006.

The amortized cost, Gross unrealized gains and fair value of securities classified as available for sale (including those derived from business combinations) as of December 31, 2007, 2006 and 2005, are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Fair Value</u>
2007	3,363,428	6,727	3,370,155
2006	2,842,286	26,199	2,868,485
2005	2,767,477	54,053	2,821,530

For additional information in connection with the securities classified as available for sale, see note 21.

The proceeds from sales of available for sale securities and the gross realized gains that have been included in earnings as a result of those sales, for the years ended December 31, 2007, 2006 and 2005 are as follows:

<u>Available for sale securities</u>	<u>Proceeds from sales as of December 31,</u>		
	<u>2007 (*)</u>	<u>2006 (*)</u>	<u>2005 (*)</u>
Debt Securities Issued by Argentinian Government and others	2,050,941	2,845,568	1,578,755

(*) As of December 31, 2007, 2006 and 2005, realized gains as a result of those sales amounted to 17,832, 43,742 and 168,456, respectively.

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The amount of the unrealized holding gain or loss on available for sale securities, before tax, that have been included in accumulated other comprehensive income (see note 35.17) is as follows:

Securities	2006	Increase	Decrease	2007
Federal Government Bonds – maturity 2013	—	1,957	—	1,957
Secured Bonds Decree 1579/02	10,309	—	(2,661)	7,648
Instrument issued by Central Bank of Argentina	15,890	—	(18,428)	(2,538)
Corporate Bonds	—	—	(340)	(340)
Total	26,199(1)	1,957	(21,429)(2)	6,727

Securities	2005	Increase	Decrease	2006
Compensatory Bonds	20,017	—	(20,017)	—
Secured Bonds Decree 1579/02	34,036	—	(23,727)	10,309
Instrument issued by Central Bank of Argentina	—	15,890	—	15,890
Total	54,053	15,890(1)	(43,744)	26,199(1)

Securities	2004	Increase	Decrease	2005
Compensatory Bonds	29,719	5,507	(15,209)	20,017
Secured Bonds Decree 1579/02	128,196	25,373	(119,533)	34,036
Compensatory Bonds to be Received	46,793	—	(46,793)	—
Total	204,708	30,880	(181,535)	54,053

- (1) Taking into account the unrealized gains related to the financial trusts mentioned in note 35.21., “increase” amounted to 17,270 and the balance as of December 31, 2006 amounted to 27,579.
- (2) Taking into account the liquidation of the financial trusts mentioned in note 35.21., “decrease” amounted to 22,809.

The portion of trading gains and losses for the period that relates to trading securities still held as of December 31, 2007, 2006 and 2005 are as follows:

Trading Securities	Gains as of December 31,		
	2007	2006	2005
Debt Securities Issued by Argentinian Government	467	2,404	30
Shares	(15)	11	(629)
Corporate Bonds	(315)	116	299
Other Debt Securities	—	10	3,528
Other	2,850	297	(63)
	2,987	2,838	3,165

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35.3. Loan origination fees

The Bank recognizes fees on consumer loans, such as credit cards, mortgage, pledged and personal loans, stand by letters of credit and guarantees issued, when collected and charges direct origination costs when incurred. In accordance with US GAAP under SFAS No. 91, loan origination fees and certain direct loan origination costs should be recognized over the life of the related loan as an adjustment of yield or by straight-line method, as appropriate.

The adjustments related to business combination transactions are included in note 35.7 d) to f).

The effects of adjustments required to state such amounts in accordance with US GAAP, besides the adjustments mentioned in note 35.7.d) to f), would decrease assets by 20,163, 17,092 and 11,483 as of December 31, 2007, 2006 and 2005, respectively. Income for the years ended December 31, 2007, 2006 and 2005 would decrease by 3,071, 5,609 and 4,170, respectively.

35.4. Allowance for loan losses

The loan loss reserve represents the estimate of probable losses in the loan portfolio. Determining the loan loss reserve requires significant management judgments and estimates including, among others, identifying impaired loans, determining customers' ability to pay and estimating the fair value of underlying collateral or the expected future cash flows to be received. Actual events will likely differ from the estimates and assumptions used in determining the loan loss reserve. Additional loan loss reserve could be required in the future.

The loan loss reserve is maintained in accordance with Central Bank rules. This results from evaluating the degree of debtors' compliance and the guarantees and collateral supporting the respective transactions.

Increases in the reserve are based on the deterioration of the quality of existing loans, while decreases in the reserve are based on regulations requiring the write-off of non-performing loans classified as "non-recoverable" after a certain period of time and on management's decisions to write off non-performing loans evidencing a very low probability of recovery.

In addition, under Central Bank rules, the Bank records recoveries on previously charged-off loans directly to income and records the amount of charged-off loans in excess of amounts specifically allocated as a direct charge to the consolidated income of statement. The Bank does not partially charge off troubled loans until final disposition of the loan, rather, the allowance is maintained on a loan-by-loan basis for its estimated settlement value.

Under Central Bank rules, a minimum loan loss reserve is calculated primarily based upon the classification of commercial loan borrowers and upon delinquency aging (or the number of days the loan is past due) for consumer and housing loan borrowers. Although, the Bank is required to follow the methodology and guidelines for determining the minimum loan loss reserve, as set forth by the Central Bank, the Bank is allowed to establish additional loan loss reserve.

For commercial loans, the Bank is required to classify all commercial loan borrowers. In order to classify them, the Bank must consider different parameters related to each of those customers. In addition, based on the overall risk of the portfolio, the Bank considers whether or not additional loan loss reserves in excess of the minimum required are warranted.

For consumer loan portfolio, the Bank classifies loans based upon delinquency aging, consistent with the requirements of the Central Bank. Minimum loss percentages required by the Central Bank are also applied to the totals in each loan classification.

Under US GAAP, a portion of the total allowance typically consists of amounts that are used, for example, to cover loans that are analyzed on a "pool" or homogeneous basis and to supplement specific allowances in recognition of the uncertainties inherent in point estimates.

The Bank's accounting for its loan loss reserve under Central Bank rules differs in some respects with practices of US-based banks, as discussed below.

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The adjustments related to business combination transactions are included in note 35.7 d) to f).

In addition, all loans reserves from business combinations, since the effective date of SOP 03-3, recorded under Central Bank rules were reversed under US GAAP purposes as of each acquisition date, due to the fact that it is not appropriate to report such acquired impaired loans on a gross basis, since the Bank is not expected to incur those losses.

a) Recoveries and charge-offs

Under Central Bank rules, recoveries are recorded in a separate income line item under Other Income. Charge-offs are recorded directly as loan loss provision in the income statement. Under US GAAP, recoveries and charge-offs would be recorded in the allowance for loan losses in the balance sheet; however there would be no net impact on net income or shareholders' equity.

b) Credit Card Loans

The Bank establishes its reserve for credit card loans based on the past due status of the loan. All loans without preferred guaranties greater than 180 days have been reserved at 50% in accordance with the Central Bank rules.

Under US GAAP, the bank adopted a policy to charge off loans which are 180 days past due should be charged off.

Had US GAAP been applied, the Bank's assets would have decreased by 3,600, 1,233, and 500 as of December 31, 2007, 2006 and 2005, respectively. In addition, income would decrease by 2,367, 733 and 81 for the years ended December 31, 2007, 2006 and 2005 respectively.

c) Impaired loans—Non Financial Private Sector and residents abroad

SFAS No. 114, "Accounting by Creditors for Impairment of a Loan" and SFAS No. 118, "Accounting by Creditors for Impairment of a Loan—Income Recognition and Disclosures" for computing US GAAP adjustments require a creditor to measure impairment of a loan based on the present value of expected future cash flows discounted at the loan's effective interest rate, or at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. This Statement is applicable to all loans (including those restructured in a troubled debt restructuring involving amendment of terms), except large groups of smaller-balance homogenous loans that are collectively evaluated for impairment. Loans are considered impaired when, based on Management's evaluation, a borrower will not be able to fulfill its obligation under the original loan terms.

The adjustments related to business combination transactions are included in note 35.7 d) to f).

The following table discloses the amounts required by SFAS 114, as of December 31, 2007, 2006 and 2005:

	Fiscal year ended December 31,		
	2007	2006	2005
Total amount of loans considered as impaired	213,216	141,504	217,842
Amount of loans considered as impaired for which there is a related allowance for credit losses	158,836	135,219	196,136
Amount of loans considered as impaired for which there is no related allowance for credit losses	54,380	6,285	21,706
Reserves allocated to impaired loans	89,665	71,524	146,744
Average balance of impaired loans during the fiscal year	215,300	179,673	292,144
Interest income recognized on impaired loans	9,119	881	4,192

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The Bank recognizes interest income on impaired loans on a cash basis method.

In addition, the Bank has performed a migration analysis based on uncollectivity following the SFAS 5 considerations.

Had US GAAP been applied, the Bank's assets would have decreased by 12,739, 4,513 and 1,389 as of December 31, 2007, 2006 and 2005, respectively. In addition, income would decrease by 8,226, 3,124 and 580 for the years ended December 31, 2007, 2006 and 2005, respectively.

Under US GAAP, the activity in the allowance for loan losses for the years presented is as follows:

	Fiscal year ended December 31,		
	2007	2006	2005
Balance at the beginning of the fiscal year	97,116	174,646	226,568
Provision for loan losses	99,453	63,959	61,669
Allowances for recovered loans	—	—	6,262
Write offs	(38,199)	(132,926)	(60,929)
Reversals	(43,458)	(8,563)	(58,924)
Balance at the end of the fiscal year	<u>114,912</u>	<u>97,116</u>	<u>174,646</u>

d) Interest recognition — non-accrual loans

The method applied to recognize income on loans is described in note 4.4.d). Additionally, the accrual of interest is discontinued generally when the related loan is non performing and the collection of interest and principal is in doubt generally after 90 days of being past due. Accrued interest remains on the Banks books and is considered a part of the loan balance when determining the reserve for credit losses.

Under US GAAP the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or Management has serious doubts about further collectibility of principal or interest, even though the loan currently is performing. When a loan is placed on non-accrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for credit losses.

Had US GAAP been applied, the Bank's assets would have decreased by 2,491, 2,377 and 4,245 as of December 31, 2007, 2006 and 2005, respectively. In addition, income would decrease by 114 and 300 for the years ended December 31, 2007 and 2005, respectively, and increase by 1,868, for the year ended December 31, 2006.

35.5. Intangible assets

a) Judgments due to court decisions related to foreign currency — denominated deposits

As mentioned in notes 2 and 4.4.I.2), the Bank capitalized as intangible assets the exchange differences related to constitutional protection and court judgments resulting from court decisions and the estimates based on the Argentine Supreme Court's decisions. These intangible assets are being amortized under the straight-line method in accordance with Central Bank rules.

Under US GAAP, the right to obtain these compensations is deemed a contingent gain which can not be recognized until realized, pursuant to SFAS 5 — Accounting for Contingencies.

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The adjustments related to these intangible asset acquired in business combination transactions are included in note 35.7. d) to f).

The effects of adjustments required to state such amounts in accordance with US GAAP, besides the adjustments mentioned in note 35.7. d) to f), would be to decrease assets by 108,788, 62,872 and 42,632 as December 31, 2007, 2006 and 2005, respectively. In addition, income for the years ended December 31, 2007 and 2006 would decrease by 45,916 and 20,240, respectively, and income for the year ended December 31, 2005 would increase by 7,405.

b) Software costs

US GAAP SOP 98-1, defines three stages for the costs of computer software developed or obtained for internal use: the preliminary project stage, the application development stage and the post-implementation operation stage. Only certain costs in the second stage should be capitalized. Under Central Bank rules, the Bank capitalized costs relating to all three of the stages of software development and amortized these costs on straight-line basis.

Under US GAAP SOP 98-1, the Bank properly capitalized only certain costs of computer software developed or obtained for internal use (mainly, services provided to develop the software during the application development stage, costs incurred to obtain computer software from third parties, and travel expenses incurred by employees in their duties directly associated with developing software).

The adjustments related to capitalized of software cost acquired in business combination transactions are included in note 35.7 d) to f).

The effects of adjustments required to state such amounts in accordance with US GAAP, besides the adjustments mentioned in note 35.7 d) to f), would decrease assets by 39,016, 15,064 and 12,084 as of December 31, 2007, 2006 and 2005, respectively. In addition income would decrease by 23,952 and 2,980 for the years ended December 31, 2007, and 2006, respectively, and income for the year ended December 31, 2005 would increase by 381.

c) Organizational costs

Applying US GAAP and in accordance with SOP 98-5 also resulted in other adjustments relative to capitalized organizational costs resulting in a decrease to the Bank's assets of 8,656, 1,503 and 1,881 as of December 31, 2007, 2006 and 2005, respectively. In addition income for the year ended December 31, 2007 would decrease by 7,153 and income would increase by 378 and 1,442 for the years ended December 31, 2006 and 2005, respectively.

The adjustments related to Organizational costs acquired in business combination transactions are included in note 35.7 d) to f).

35.6. Vacation accrual

The cost of vacations earned by employees is generally recorded by the Bank when paid. US GAAP requires that this expense be recorded on an accrual basis as the vacations are earned.

The adjustments related to business combination transactions are included in note 35.7 d) to f).

Had US GAAP been applied, the Bank's shareholder's equity would be decreased by 39,345, 20,170 and 16,805 as of December 31, 2007, 2006 and 2005, respectively. In addition, the income for the years ended December 31, 2007, 2006 and 2005 would decreased by 19,175, 3,365 and 3,286 respectively.

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35.7. Business Combinations

The Bank has effected several business combinations in the past few years. In order to present more detailed information about the US GAAP differences related to these business combinations, the Bank has reclassified certain line items in the reconciliation table shown in note 35.16. The Bank is presenting separately the US GAAP adjustments related to deferred income taxes, loans and securities valuation and the other effects of purchase accounting by business combination related to the banks which have not been legally merged into the Bank (mainly Banco del Tucumán S.A. and Nuevo Banco Bisel S.A.). The qualitative description of the adjustments related to business combinations are described above, as the case may be. The details of these effects are described in this footnote.

a) Acquisition of controlling interest in former Banco Bansud S.A.

In January 2002, the Bank acquired the controlling interest in former Banco Bansud S.A., at a contingent purchase price of 65,000 (subsequently deemed not to be payable).

Under Central Bank rules, business combinations are recorded at the carryover book value of the acquired company and goodwill is recognized based on the difference of the book value of the net assets acquired and the purchase price (including contingent consideration). The Bank recognized a negative goodwill resulting from the difference between the net equity book value, as computed under such standards, at the acquisition date and the contingent purchase price. The negative goodwill is considered as a monetary liability for purposes of inflation accounting and is being amortized under the straight line method over 5 years. The contingent purchase price was recorded as a liability at the date of the acquisition and was reversed into income as a gain in 2003 when it was determined that such contingent consideration was not payable.

Under US GAAP, SFAS 141 “Business combination” requires this acquisition to be accounted for under the purchase method. The contingent purchase price was not considered since it never materialized and thus the purchase price was deemed to be zero. The assets acquired and liabilities assumed were recognized at their fair values at the date of acquisition. The difference between the purchase price and the fair value of the net assets acquired resulted in a negative goodwill.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition (taking into account the percentage of acquisition):

Cash	144,385
Government Securities	74,352
Loans	1,431,727
Other assets	691,443
Tangible non-current assets	<u>145,257</u>
Total assets acquired	<u>2,487,164</u>
Deposits	2,582,768
Other liabilities	<u>1,050,536</u>
Total liabilities assumed	<u>3,633,304</u>
Net assets	<u>(1,146,140)</u>

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% acquired	81.225%
Net assets acquired	(930,952)
Irrevocable capital contribution transferred	970,668(*)
Total net assets acquired	39,716
Purchase price	—

Negative Goodwill (39,716)(**)

- (*) The irrevocable capital contributions were made by Banamex in its capacity as Banco Bansud S.A.'s shareholder pursuant to the acquisition by Banco Macro S.A. The Bank obtained the rights over these irrevocable contributions as the new shareholders of Banco Bansud S.A.
- (**) The negative goodwill has been applied to reduce on a pro rata basis the amounts assigned to the non-current assets acquired. Given the Argentine economic environment and the Banks' situation at the time of the acquisition (see note 2), no identifiable intangible assets were recognized.

The reconciliation of shareholders' equity to US GAAP below includes the effects of the purchase accounting adjustments, the reversal of the negative goodwill and related amortization and inflation effects calculated under Central Bank rules, and the reversal of the gain related to the de-recognition of the contingent purchase price.

The effects on the Bank's net assets, to allocate the negative goodwill under US GAAP had been resulted in a decrease by 11,944 and 16,574 and increase by 51,909 as of December 31, 2007, 2006 and 2005, respectively. In addition income would increase by 4,630 and decrease by 68,483 and 68,482 for the years ended December 31 2007, 2006 and 2005, respectively.

b) Merger with and into former Banco Bansud S.A. — a downstream merger

In March 2003 the Bank and its subsidiary former Banco Bansud S.A., entered into a merger agreement (the "Merger Agreement"). The Merger Agreement provided that, former Banco Macro S.A. was merged with and into former Banco Bansud S.A., with former Banco Bansud S.A. continuing as the surviving corporation, renamed Banco Macro Bansud S.A. The result of this transaction was a single shareholder group, including the former minority interest of former Banco Bansud S.A., owning the consolidated net assets. The terms of the merger were agreed to and announced on March 28, 2003. Before the merger, the former Banco Bansud S.A. was a public company in the Argentine stock market with a readily available tradable market value of its shares.

The acquisition date was December 2003, upon the appropriate shareholders and regulatory approvals. At that date, Banco Bansud S.A. issued the common shares and exchanged for all the outstanding common stock of Banco Macro S.A.

Banco Macro S.A. shareholders received 14.75 shares of former Banco Bansud S.A. for each common share of Banco Macro S.A.

Under Central Bank rules, the merger was accounted for based on the carryover value of assets and liabilities as of January 1, 2002 since the merger was given retroactive effect to that date. Additionally, therefore, the minority interest was not recognized in 2003.

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Under US GAAP, this transaction was accounted for as a downstream merger and an acquisition of minority interest. SFAS 141 requires the acquisition of the minority interest of former Banco Bansud S.A. to be accounted for under the purchase method. As the consideration given to the minority interest was not in the form of cash, the cost of the interest acquired was determined based on the fair value of the net assets given. The quoted market price of the former Banco Bansud S.A. shares traded was used to determine such cost. The terms of the acquisition were agreed to and announced on March 28, 2003. On that date the share price of former Banco Bansud S.A. was Ps.1.490. The average share price between two days before and end two days after that date was Ps.1.494, which is the price used to determine the acquisition cost. This is in accordance with EITF 99-12 which requires that the quoted market price to be used must consider the market price during a reasonable short period of time, such as just a few days before and after the acquisition is agreed to and announced.

The cost of the acquired minority interest ("purchase price") has been allocated to the identifiable tangible and intangible assets with finite lives acquired and liabilities assumed based upon their fair value as of the acquisition date, and the excess of the fair value over the cost resulting in a negative goodwill. Merged results were recognized after acquisition date.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition corresponding to the minority interest acquired (December 2003):

Cash	296,626
Government securities	1,333,992
Loans	520,751
Other assets	667,643
Tangible non-current assets	106,988
Intangible assets subject to amortization – Mainly Customer related assets (5 - year weighted average useful life)	<u>45,365</u>
Total assets acquired	<u>2,971,365</u>
Deposits	1,793,742
Other liabilities	<u>449,806</u>
Total liabilities assumed	<u>2,243,548</u>
Net assets	727,817
% acquired	18.775%
Net assets acquired	136,648
Purchase price	127,694
Negative Goodwill	(8,954)(*)

(*) The negative goodwill has been applied to reduce on a pro rata basis the amount assigned to the non-current intangible and tangible assets acquired.

Therefore, the US GAAP reconciliation of shareholders' equity and net income reflects the effects of the purchase accounting adjustments, and the related effects on the deferred income tax, and the minority interest from January 1, 2003 through the merger date in December 2003, as well as the effects of the amortization of identified intangible assets, and comprehensive income.

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The effect on the Bank's net assets, to allocate the negative goodwill under US GAAP, had resulted in a decrease by 6,235, 5,708 and 5,181 as of December 31, 2007, 2006 and 2005 respectively. In addition, the income for the year ended December 31, 2007, 2006 and 2005 would decrease by 527, 527 and 527, respectively.

c) Acquisition of Nuevo Banco Suquía S.A. — Merger with and into Former Nuevo Banco Suquía S.A.

c.1) Acquisition of Nuevo Banco Suquía S.A.

In December 2004, the Bank acquired 100% of Nuevo Banco Suquía S.A., at a cash purchase price of 16,407.

Under Central Bank Rules, business combinations are accounted for at carryover value. The Bank recognized the difference between the net equity book value at the acquisition date and the purchase price as a negative goodwill.

Under US GAAP, SFAS 141 requires the acquisition of the controlling interest of Nuevo Banco Suquía S.A. to be accounted for as a business combination applying purchase accounting. The purchase price has been allocated to the identifiable tangible and intangible assets with finite lives acquired and liabilities assumed based upon their fair value as of the acquisition date, and the excess of the fair value over the cost resulting in a negative goodwill.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date corresponding to the 100% interest acquired.

Cash	336,266
Government securities	411,815
Loans	837,164
Other assets (*)	553,759
Tangible non-current assets	72,445
Intangible assets subject to amortization – Mainly Customer related assets (5 - year weighted average useful life)	<u>46,783</u>
Total assets acquired	<u>2,258,232</u>
Deposits	1,548,049
Other liabilities	<u>599,701</u>
Total liabilities assumed	<u>2,147,750</u>
Net assets	110,482
% acquired	100%
Purchase price	16,407
Negative Goodwill	(94,075)(**)

(*) Includes 135,123 of deferred tax assets, net of allowances (see additionally note 35.1.a)).

(**) The negative goodwill has been applied to reduce on a pro rata basis the amounts assigned to the non-current intangible and tangible assets acquired.

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c.2) Merger with and into Former Nuevo Banco Suquía S.A.

As mentioned in note 3.5., Banco Macro S.A. carried out the legal merger of Nuevo Banco Suquía S.A. with and into the former. The result of this transaction was a single shareholder group, including the former minority interest of former Nuevo Banco Suquía S.A., owning the consolidated net assets. The minority interest acquired represented 0.0165% of Nuevo Banco Suquía S.A.

The acquisition date was October 16, 2007, upon the appropriate shareholders and regulatory approvals.

At that date, Banco Macro S.A. issued 35,536 registered Class B shares to be delivered to the minority shareholders of the absorbed bank.

Under Central Bank rules, the legal merger was accounted for based on the carryover value of assets and liabilities as of January 1, 2005 since the merger was given retroactive effect to such date. Additionally, therefore, the minority interest was not recognized in 2007.

Under US GAAP, this transaction is accounted for as an acquisition of minority interest. SFAS 141 requires the acquisition of the minority interest of former Nuevo Banco Suquía S.A. to be accounted for under the purchase method. As the consideration given to the minority interest was not in the form of cash, the cost of the interest acquired was determined based on the fair value of the net assets given. The quoted market price of the Banco Macro S.A.'s shares traded was used to determine such cost. The terms of the acquisition were agreed to and announced on March 14, 2007. On that date the share price of Banco Macro S.A. was Ps.10.200. The average share price between two days before and end two days after that date was Ps.10.460, which is the price used to determine the acquisition cost. This is in accordance with EITF 99-12 which requires that the quoted market price to be used must consider the market price during a reasonable short period of time, such as just a few days before and after the acquisition is agreed to and announced.

Finally, under US GAAP, the total cost of the acquired minority interest (0.0165% of Nuevo Banco Suquía S.A.) was 372. Therefore, the Bank believed that purchase price allocation would not have a significant impact on the Bank's consolidated financial condition or results of operations. In addition, merged results were recognized after acquisition date.

The effects on the Bank's net assets, to allocate the negative goodwill and to account the legal merger abovementioned under US GAAP had been resulted in a decrease by 35,440 39,510 and 53,421 as of December 31, 2007, 2006 and 2005, respectively. In addition income would increase by 3,925 and 13,911 for the year ended December 31, 2007 and 2006, respectively, and decrease by 39,773 for the year ended December 31, 2005.

d) Acquisition of controlling interest in Banco del Tucumán S.A.

On May 5, 2006, as mentioned in note 3.6., the Bank acquired 75% of the capital stock of Banco del Tucumán S.A., at a cash purchase price of 45,961.

Under Central Bank rules, business combinations are accounted for the carryover book value of the acquired company. Additionally, at the acquisition date, the Bank recognized the difference between the book value of the net equity adquired and the purchase price as a positive goodwill. Such goodwill is being amortized under the straight line method over 10 years.

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Under US GAAP, SFAS 141 requires the acquisition of the controlling interest of Banco del Tucumán S.A. to be accounted for as a business combination applying the purchase method. Consequently, Banco Macro S.A. has allocated the purchase price to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, and the excess of the fair value of the acquired net assets over the cost has resulted in a negative goodwill.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

Cash	150,190
Government and Private securities	198,411
Loans	213,696
Other assets	102,053
Tangible non-current assets	23,312
Intangible non-current assets – Mainly Customer related assets (8 – year weighted average useful life)	<u>76,883</u>
Total assets acquired	<u>764,545</u>
Deposits	594,654
Other liabilities (*)	<u>71,791</u>
Total liabilities assumed	<u>666,445</u>
Net assets	98,100
% acquired	75%
Net assets acquired	73,575
Purchase price	45,961
Negative Goodwill	(27,614)(**)

(*) Includes 1,567 of deferred tax liability.

(**) The negative goodwill has been applied to reduce on a pro rata basis the amounts assigned to the non-current intangible and tangible assets acquired.

Subsequently, as explained in note 3.6, in 2006 and 2007 the Bank acquired the 4.84% and 10.09% additional interest of Banco del Tucumán S.A. for cash payments of 2,907 and 9,709, respectively. These acquisitions were accounted for steps acquisitions in accordance with SFAS 141.

Consequently, Banco Macro S.A. has allocated the purchase prices to the assets acquired and liabilities assumed based on their estimated fair values at the acquisition dates, and the excess of the fair value of the acquired net assets over the cost has resulted in a negative goodwill.

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The following table summarizes the estimated fair values of the assets acquired and liabilities assumed:

	Additional interest acquired in	
	2007	2006
Net assets	174,713(*)	144,256(*)
% acquired	10.09%	4.84%
Net assets acquired	17,628	6,982
Purchase price	9,709	2,907
Negative Goodwill	(7,919)(**)	(4,075)(**)

(*) Includes 3,359 (liability) and 143 (asset) of deferred tax, respectively.

(**) The negative goodwills have been applied to reduce on a pro rata basis the amounts assigned to the non-current intangible and tangible assets acquired.

The following table summarizes the adjustments to the assets acquired and liabilities assumed as of December 31, 2007 and 2006:

	Increase / (Decrease)			
	Consolidated shareholders' Equity As of December 31		Consolidated Net income Year ended December 31,	
	2007	2006	2007	2006
Deferred taxes, net of allowances	(411)	(1,246)	4,194	178
Write off of tangible and intangible assets as a result of negative goodwill allocated	8,133	9,945	(6,270)	(2,255)
Judgements due to Court decisions related to foreign currency-denominated deposit	(4,339)	(7,510)	4,076	2,651
Other purchase price adjustments	(3,296)	(633)	(2,469)	(18)
Total	87	556	(469)	556

e) Acquisition of Nuevo Banco Bisel S.A.

As mentioned in note 3.7., in August 2006, the Bank acquired 100% of the common shares of Nuevo Banco Bisel S.A., at a cash purchase price of 19,509. In addition, the Bank and SEDESA entered into a call and put options agreement for the preferred shares owned by SEDESA.

On May 28, 2007, the Bank acquired the preferred shares mentioned above by exercising a call option in relation to them.

Under Central Bank rules, business combinations are accounted for the carryover book value of the acquired company. Additionally, at the acquisition date, the Bank recorded the difference between the book value of the net assets acquired and the purchase price as a positive goodwill. Such goodwill is being amortized under the straight line method over 10 years.

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Under US GAAP, SFAS 141 requires the acquisition of the controlling interest of Nuevo Banco Bisel S.A. to be accounted for as a business combination applying the purchase method. Consequently, Banco Macro S.A. has allocated the purchase price to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, and the excess of the fair value of the acquired net assets over the cost has resulted in a negative goodwill.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

Cash	263,317
Government and Private securities	501,667
Loans	892,162
Other assets (*)	217,087
Tangible non-current assets (**)	—
Intangible non-current assets (**)	—
Total assets acquired	<u>1,874,233</u>
Deposits	1,392,676
Other liabilities	<u>411,782</u>
Total liabilities assumed	<u>1,804,458</u>
Minority interest	<u>8,561</u>
Net assets	61,214
% acquired	100%
Net assets acquired	61,214
Cash purchase price	19,509
Extraordinary gain	(41,705)(**)

(*) Includes 138,040 of deferred tax assets, net of allowances.

(**) The negative goodwill has been applied to reduce on a pro rata basis the amounts assigned to the non-current intangible (35,555), mainly related to customers, and tangible assets (123,114) acquired. After reducing to zero such assets, the remaining excess is considered an extraordinary gain.

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The following table summarizes the adjustments to the assets acquired and liabilities assumed as of December 31, 2007 and 2006:

	Increase / (Decrease)			
	Consolidated shareholders' Equity As of December 31		Consolidated Net income Year ended December 31,	
	2007	2006	2007	2006
Deferred taxes, net of allowances	68,919	162,329	(93,893)	24,772
Minimum presume tax income	—	18,490	(18,490)	5,196
Loans — Non financial federal government sector	(32,881)	(15,685)	(17,196)	717
Loans to private sector	(1,595)	(7,285)	5,690	(7,129)
Adjustment for minority interest acquired (*)	59,038	57,736	1,302	(346)
Write off of tangible and intangible assets as a result of negative goodwill allocated	(123,815)	(147,437)	23,622	11,949
Other purchase price adjustments (**)	20,649	7,155	14,874	(2,458)
Total	(9,685)	75,303	(84,091)	32,701

(*) See additionally note 3.7.

(**) See additionally note 35.21.

f) Other

Had US GAAP been applied, other adjustments relative to business combination would decrease the Bank's assets by 8,397, 9,733 and 9,461 as of December 31, 2007, 2006 and 2005, respectively. In addition, income would increase by 1,336 and 27 for the years ended December 31, 2007 and 2005 respectively and income would decrease by 272 for the year ended December 2006.

35.8. Reporting on Comprehensive Income (loss)

SFAS No. 130 "Reporting on Comprehensive Income" requires entities to report a measure of all changes in equity of an enterprise that result from transactions and other economic events of the period other than transactions with owners ("comprehensive income"). Comprehensive income (loss) is the total of net income (loss) and all other non-owner changes in equity.

This statement requires that comprehensive income (loss) be reported in a financial statement that is displayed with the same prominence as other financial statements with an aggregate amount of comprehensive income (loss) reported in that same financial statement. The adoption of this accounting disclosure is shown in note 35.17. In the Bank's case, comprehensive income is affected by SFAS 52 cumulative translation adjustments related to the foreign subsidiaries and unrealized gains and losses of available for sale securities, net of income taxes.

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35.9. Restatement of financial statements in constant pesos

Pursuant to Central Bank rules, the Bank's financial statements recognize the effects of inflation as described in note 4.3.

As allowed by the SEC, as the Banking financial statements are restated applying a methodology that comprehensively addresses the accounting for inflation, the effects of general price-level changes recognized in the Bank's financial statements do not need to be eliminated in reconciling to US GAAP.

35.10. Accounting for derivative instruments and hedging activities

SFAS No. 133 "Accounting for derivative instruments and hedging activities" establishes accounting and reporting standards for derivative instruments, including certain ones embedded in other contracts (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available for sale security, or a foreign currency denominated forecasted transaction.

Among other provisions, SFAS No. 133 requires that for a transaction to qualify for special hedge accounting treatment the transaction must meet specific test of effectiveness that will reduce the volatility in the income statement to the extent that the hedge is effective and all hedge ineffectiveness is required to be reported currently in computing of net income. SFAS No. 133 further requires the identification of assets, liabilities or anticipated transactions being hedged and periodic revaluation of such hedged positions to reflect the changes in market value of risk being hedged. SFAS No. 133 further expands the definition of derivatives to include certain contracts or provisions commonly embedded in contracts or financial instruments and requires that such derivatives be reported at fair value. The Bank had no such embedded derivatives. The Bank does not apply hedge accounting.

Considering the derivatives used by the Bank (described in note 33 and according to the valuation standards described in notes 4.4.h) and 4.4.m), had this accounting requirement applied, the Bank's assets would increase in 2,446 as of December 31, 2007. In addition income would increase by 2,446 for the year ended December 31, 2007.

35.11. Foreign currency translation

Financial statements of the subsidiaries Macro Bank Limited and Red Innova Administradora de Inversión S.A. were translated under Central Bank rules as described in note 4.1. US GAAP foreign currency translation requirements are covered by SFAS N° 52 "Foreign Currency Translation" and differs with Central Bank rules in the translation of the income statement accounts, which under US GAAP should have been translated at the average exchange rate other than at the year-end exchange rate, and resulting differences in translation adjustments between assets and liabilities and components of shareholders' equity are recognized as an other comprehensive income.

Had US GAAP been applied, the Bank's net income for years ended December 31, 2007, 2006 and 2005 would increase by 2,956, 1,294 and 2,148, respectively, and these resulting differences recognized as other comprehensive income.

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35.12. Accounting for guarantees

The Bank issues financial guarantees, which are obligations to pay to a third party when a customer fails to repay its obligation.

The Bank charges a fee for issuance of these guarantees, which is deferred and recognized as income over the period of the guarantee.

Under Central Bank rules, guarantees issued are recognized as liabilities when it is probable that the obligation undertaken by the guarantor will be performed.

Under US GAAP, SFAS interpretation No 45 “Guarantor’s accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness or others” requires that at inception of a guarantee, a guarantor recognize a liability for the fair value of the obligation undertaken in issuing the guarantee. Such liability at inception is deemed to be the fee received by the Bank with and offsetting entry equal to the consideration received. Subsequent reduction of liability is based on an amortization method as the Bank is decreasing its risk.

Had US GAAP been applied, no differences would have existed in the Bank records.

35.13. Earning Per Share

The Bank holds, and has held, a capital structure with only common stock outstanding.

Central Bank rules do not require the disclosure of earnings per share nor dividend per share.

Under US GAAP, SFAS 128, “Earnings per share”, it is required to present basic per-share amounts (Basic EPS) which is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding during the period.

Diluted earnings per share (Diluted EPS) measure the performance if the potential common shares that were dilutive had been issued. Potential common shares are securities that do not have a current right to participate fully in earnings but could do so in the future. No potential common shares exist, and therefore basic and diluted EPS are the same.

The following table sets forth the computation of Basic EPS:

	2007	2006	2005
Numerator:			
Net income before extraordinary gains under US GAAP	384,040	357,959	463,795
Extraordinary gains (see note 35.7.e))	—	41,705	—
Net income under US GAAP	384,040	399,664	463,795
Denominator:			
Common stock outstanding during the year (1)	683,943,437	608,943,437	608,943,437
Common stock issued (2)	35,536	75,000,000	—
Weighted-average common shares outstanding for the year	683,952,394	666,477,840	608,943,437
Basic EPS before extraordinary gains under US GAAP – stated in pesos	0.56	0.54	0.76
Basic EPS for the extraordinary gains under US GAAP – stated in pesos	—	0.06	—
Total Basic EPS under US GAAP – stated in pesos	0.56	0.60	0.76

(1) Common stock of the Bank prior to the capital increases mentioned in note 9.

(2) Capital increases mentioned in note 9.

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During 2007, 2006 and 2005, the Bank paid 102,591, 68,395 and 30,447, respectively, in cash dividends. Dividend per share amounted to Ps. 0.25, 0.10 and 0.05 respectively. In addition, On April 29, 2008, the Regular and Special General Shareholders' Meeting of Banco Macro S.A. approved, among other issues, the distribution of cash dividends amounting to 170,995.

35.14. Issuance and Offering Cost of Shares

As disclosed in note 9., on September 26, 2005, the Regular and Special Shareholders' Meeting of the Bank approved a capital stock increase through the public subscription of shares for a face value of up to Ps. 75,000,000 by issuing up to 75,000,000 common, class B and book-entry shares. In March and April 2006, the capital increase had been fully subscribed and paid in, plus a stock issuance premium of 394,500.

In the offering and issuance of these shares, the Bank incurred direct incremental costs (mainly, legal fees and travel costs) attributable to issuance and offering of these shares.

Under Central Bank rules, the Bank recognizes as expenses these costs when they are incurred.

Under US GAAP, S.A.B. Topic 5-A states that, prior to the effective date of an offering of equity securities, certain costs related to the offering can be deferred (specific incremental costs directly attributable to a proposed or actual offering of securities) and charged against the gross proceeds of the offering.

Had US GAAP been applied, the Bank's assets would increase by 2,506 as of December 31, 2005. In addition, the income for the years ended December 31, 2006 and 2005 would increase by 15,664 and 2,506, respectively.

35.15. Issuance Cost of Corporate Bonds

As disclosed in note 10, on December 18, 2006, the Bank issued the 1st series of Class 1 subordinated Corporate Bonds for a face value of USD 150,000,000.

In addition, on January 29, 2007, the Bank issued the 1st series of Class 2 non-subordinated Corporate Bonds for a face value of USD 150,000,000 and on June 7, 2007, the Bank issued the 1st series of Class 3 non-subordinated Corporate Bonds (peso-linked notes) for a face value of USD 100,000,000.

In the issuance of these bonds, the Bank incurred direct incremental costs (mainly underwriting and legal fees).

Under Central Bank rules, the Bank recognizes as expenses these costs when they are incurred.

Under US GAAP, issuance costs should be recognized as additional interest expense over the life of the debt instrument under the effective interest method.

Had US GAAP been applied, the Bank's assets would increase by 18,400 and 10,288 as of December 31, 2007 and 2006, respectively. Income for the years ended December 31, 2007 and 2006 would increase by 8,112 and 10,288, respectively.

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35.16. Set forth below are the significant adjustments to consolidated net income and shareholders' equity which would be required if US GAAP instead of Central Bank rules had been applied:

	Ref.	Increase / (decrease)		
		Consolidated Net Income Years ended December 31,		
		2007	2006	2005
Net income in accordance with Central Bank rules		495,200	424,340	262,746
Income taxes				
Deferred taxes, net of allowances	35.1.a)	24,900	(94,936)	(83,297)
Allowance for tax on minimum presume income	35.1.b)	—	—	34,351
Exposure to the Argentine public sector and private securities				
Loans – Non-financial federal government sector	35.2.a)	14,327	513	(34,420)
Secured Bonds	35.2.b)	2,661	31,653	239,301
Other loans – Non-financial provincial government sector	35.2.c)	—	196	5,749
Compensatory Bonds	35.2.d)	—	40,736	128,875
Instrument issued by Central Bank of Argentina and other unlisted securities	35.2.e)	18,608	(15,870)	13,780
Loan origination fees	35.3	(3,071)	(5,609)	(4,170)
Allowance for loan losses				
Credit Card Loans	35.4.b)	(2,367)	(733)	(81)
Impaired Loans – Non Financial Private Sector and residents abroad	35.4.c)	(8,226)	(3,124)	(580)
Interest recognition – non accrual loans	35.4.d)	(114)	1,868	(300)
Intangible assets				
Judgments due to court decisions related to foreign currency – denominated deposits	35.5.a)	(45,916)	(20,240)	7,405
Software costs	35.5.b)	(23,952)	(2,980)	381
Organizational costs	35.5.c)	(7,153)	378	1,442
Vacation accrual	35.6	(19,175)	(3,365)	(3,286)
Business combination				
Acquisition of controlling interest in former Banco Bansud S.A.	35.7.a)	4,630	(68,483)	(68,482)
Merger with and into former Banco Bansud S.A. – a downstream merger	35.7.b)	(527)	(527)	(527)
Acquisition of Nuevo Banco Suquía S.A.- Merger with and into Former Nuevo Banco Suquía S.A.	35.7.c)	3,925	13,911	(39,773)
Acquisition of Banco de Tucumán S.A.	35.7.d)	(469)	556	—
Acquisition of Nuevo Banco Bisel S.A.	35.7.e)	(84,091)	32,701	—
Other	35.7. f)	1,336	(272)	27
Derivative instruments	35.10	2,446	—	—
Foreign currency translation	35.11	2,956	1,294	2,148
Issuance and Offering Cost of Shares	35.14	—	15,664	2,506
Issuance Cost of Corporate Bonds	35.15	8,112	10,288	—
Net income before extraordinary items in accordance with US GAAP		384,040	357,959	463,795
Extraordinary Gain (see note 35.7.e))		—	41,705	—
Net income in accordance with US GAAP		384,040	399,664	463,795

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	<u>2007</u>	<u>2006</u>	<u>2005</u>
Comprehensive income			
Net income in accordance with US GAAP	384,040	399,664	463,795
Other comprehensive income, net of tax:	<u>(15,475)</u>	<u>(18,049)</u>	<u>(99,322)</u>
Total comprehensive income, net in accordance with US GAAP	<u>368,565</u>	<u>381,615</u>	<u>364,473</u>
Earning per share before extraordinary gains in accordance with US GAAP – stated in pesos	0.56	0.54	0.76
Earning per share for extraordinary gains in accordance with US GAAP – stated in pesos	—	0.06	—
Total earning per share in accordance with US GAAP – stated in pesos	<u>0.56</u>	<u>0.60</u>	<u>0.76</u>
Weighted average number of shares Outstanding (in thousands)	<u>683,952</u>	<u>666,478</u>	<u>608,943</u>

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		Increase / (decrease)		
		Consolidated Shareholders' Equity		
		As of December 31,		
	Ref.	2007	2006	2005
Shareholders' equity in accordance with Central Bank rules		2,707,706	2,315,097	1,489,652
Income taxes				
Deferred taxes, net of allowances	35.1.a)	54,569	21,819	106,553
Exposure to the Argentine public sector and private securities				
Loans – Non-financial federal government sector	35.2.a)	(256,165)	(270,492)	(271,005)
Secured Bonds	35.2.b)	—	—	(7,926)
Other loans – Non-financial provincial government sector	35.2.c)	—	—	(196)
Compensatory Bonds	35.2.d)	—	—	(20,719)
Instruments issued by Central Bank of Argentina and other unlisted securities	35.2.e)	1,817	20	—
Loan origination fees	35.3	(20,163)	(17,092)	(11,483)
Allowance for loan losses				
Credit Card Loans	35.4.b)	(3,600)	(1,233)	(500)
Impaired Loans – Non Financial Private Sector and residents abroad	35.4.c)	(12,739)	(4,513)	(1,389)
Interest recognition – non accrual loans	35.4.d)	(2,491)	(2,377)	(4,245)
Intangible assets				
Judgments due to court decisions related to foreign currency – denominated deposits	35.5.a)	(108,788)	(62,872)	(42,632)
Software costs	35.5.b)	(39,016)	(15,064)	(12,084)
Organizational costs	35.5.c)	(8,656)	(1,503)	(1,881)
Vacation accrual	35.6	(39,345)	(20,170)	(16,805)
Business combination				
Acquisition of controlling interest in former Banco Bansud S.A.	35.7.a)	(11,944)	(16,574)	51,909
Merger with and into former Banco Bansud S.A. – a downstream merger	35.7.b)	(6,235)	(5,708)	(5,181)
Acquisition of Nuevo Banco Suquía S.A.- Merger with and into Former Nuevo Banco Suquía S.A.	35.7.c)	(35,440)	(39,510)	(53,421)
Acquisition of Banco de Tucumán S.A.	35.7.d)	87	556	—
Acquisition of Nuevo Banco Bisel S.A.	35.7.e)	(9,685)	75,303	—
Other	35.7. f)	(8,397)	(9,733)	(9,461)
Derivative instruments	35.10	2,446	—	—
Issuance and Offering Cost of Shares	35.14	—	—	2,506
Issuance Cost of Corporate Bonds	35.15	18,400	10,288	—
Shareholders' equity in accordance with US GAAP				
(1)		<u><u>2,222,361</u></u>	<u><u>1,956,242</u></u>	<u><u>1,191,692</u></u>

(1) Includes the effects of other comprehensive income.

BANCO MACRO S.A. AND SUBSIDIARIES

35.17. Set forth below are the accumulated other comprehensive income (loss) balances, as of December 31, 2007, 2006 and 2005 – net of related income tax effects:

	<u>Foreign Currency Items (1)</u>	<u>Unrealized Gains/ (losses) on securities (2)</u>	<u>Accumulated Other Comprehensive Income / (Loss)</u>
Balances as of December 31, 2004	13,465	133,060	146,525
Current-fiscal year change	(2,148)	(150,655)(3)	(152,803)
Tax effects	<u>752</u>	<u>52,729</u>	<u>53,481</u>
Balances as of December 31, 2005	12,069	35,134	47,203
Current-fiscal year change	(1,294)	(26,474)	(27,768)
Tax effects	<u>453</u>	<u>9,266</u>	<u>9,719</u>
Balances as of December 31, 2006	11,228	17,926	29,154
Current-fiscal year change	(2,956)	(20,852)	(23,808)
Tax effects	<u>1,035</u>	<u>7,298</u>	<u>8,333</u>
Balances as of December 31, 2007	<u>9,307</u>	<u>4,372</u>	<u>13,679</u>

(1) See note 35.11.

(2) See note 35.2.

(3) The current-fiscal year change includes a decrease by 168,456 related to realized gains from sales of available for sale securities and an increase by 17,801 related to unrealized gains.

35.18. Statement of Cash flows

According to SFAS 95 “Statement of Cash Flows”, a statement of cash flows for a period shall report net cash provided or used by operating, investing, and financing activities and the net effect of those flows on cash and cash equivalents during the period in a manner that reconciles beginning and ending cash and cash equivalents.

The statement of cash flows under Central Bank rules differs from the statement of cash flows under US GAAP (see additionally note 4.4.s).

The Bank’s transactions that did not provide an actual movement of funds in each year (non cash transactions) were eliminated from the respective cash changes. The following are the main non cash transactions, based on their book values under Central Bank rules:

- At December 31, 2007, 2006 and 2005, the Bank entered into transactions with government securities exchanging non cash assets or liabilities for other non cash assets or liabilities (mainly forward, unsettled spot and repurchase contracts to buy or sell foreign currencies, listed Government and other securities at future dates and exchanged non cash assets or liabilities for other non cash assets or liabilities) with a book value of 543,354, 140,867 and 707,512, respectively.
- The securities received during 2005 as a result of the financial compensation to financial institutions amounted to 126,320.

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- In 2005, the Bank incorporated the assets and liabilities of BET (Banco Empresario de Tucumán S.A.).
- In 2005, the “Macro Personal V” financial trust was created, transferring assets (consumer loans) for 70,029. The Trust issued Class “A” and “B” certificates of participation. As December 31, 2005 the Bank held Class “A” and “B” certificates of participation for 32,506.
- In the first six-months of 2005, the Bank exchanged City of Cordoba’s provincial debt into Secured Bonds for an amount of 19,678.
- In 2005, the Bank received LEBAC (B.C.R.A. bills) from SEDESA for the acquisition of BET for an amount of 34,723.
- In 2005, the Bank settled its 24,595 payable with the B.C.R.A. with BOGAR 2018 (provincial secured bonds).

The statement of cash flows under US GAAP based on B.C.R.A. figures is shown below:

	Year ended December 31,		
	2007	2006	2005
Causes of changes in cash and cash equivalents			
Cash provided by (used in) operating activities			
Interest received on loans, leases and investments	1,681,340	1,132,778	575,973
Fees and commissions received	658,863	452,627	302,738
Other sources of cash	23,884	148,585	44,298
Less:			
Interest paid	(701,232)	(410,354)	(284,936)
Fees and commissions paid	(146,606)	(92,069)	(59,193)
Cash paid to suppliers and employees	(873,034)	(599,435)	(406,821)
(Increase) / Decrease from intangible assets	(91,883)	53,422	(16,147)
(Increase) / Decrease in other receivables from financial intermediation and other assets	(541,080)	474,123	287,142
Other uses of cash	(99,335)	(128,830)	(31,903)
Net cash (used in) provided by operating activities	(89,083)	1,030,847	411,151
Plus:			
Cash provided by (used in) investing activities			
Proceeds from sales of trading and investment securities available for sale	18,038,585	22,931,533	13,563,603
Purchases of trading and investment securities available for sale	(18,396,607)	(22,444,125)	(14,094,343)
(Increase) in loans and leases, net	(3,674,912)	(2,145,416)	(663,121)
Proceeds from sale of Bank premises and equipment	3,808	68,190	4,165
Purchases of Bank premises and equipment	(81,469)	(13,441)	(33,478)
Cash provided by the incorporation of certain excluded assets and liabilities of BET		—	40,838
Purchase of Banco del Tucumán S.A. and Nuevo Banco Bisel S.A., net of cash acquired	—	411,977	—
Net cash (used in) provide by investing activities	(4,110,595)	(1,191,282)	(1,182,336)

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	Year ended December 31,		
	2007	2006	2005
Cash provided by (used in) financing activities			
Increase in deposits, net	3,583,214	1,752,639	1,013,226
Increase in long term borrowings	734,767	447,253	—
Decrease in long term borrowings	—	—	(149,034)
Increase / (Decrease) in other short term liabilities, net	474,624	(984,613)	(245,692)
Capital increase	182	451,330	—
Cash dividends paid	(102,591)	(68,395)	(30,447)
Net cash provided by financing activities	4,690,196	1,598,214	588,053
Increase / (Decrease) in cash and cash equivalents	490,518	1,437,779	(183,132)
Cash at the beginning of fiscal year	2,626,908	1,189,129	1,372,261
Cash at the end of fiscal year	3,117,426	2,626,908	1,189,129

Set forth below is the reconciliation of net income as per Central Bank rules to net cash flows from operating activities, as required by SFAS 95 "Statement of Cash Flows":

	Year ended December 31,		
	2007	2006 (1)	2005 (1)
Net income for the fiscal year	495,200	424,340	262,746
Adjustments to reconcile net income to net cash from operating activities:			
Amortization and depreciation	106,077	68,534	48,685
Provision for loan losses and special reserves, net of reversals	40,388	63,038	5,248
Net income from government and private securities	(30,611)	(11,936)	(48,107)
Foreign exchange differences	(48,823)	(37,857)	(28,463)
Equity (loss) / gain of unconsolidated subsidiaries	890	289	—
(Increase) / Decrease from intangible assets	(91,883)	53,422	(16,147)
Income tax	15,384	42,919	34,042
Increase / (decrease) in other receivables from financial intermediation and other assets	(541,080)	474,123	287,142
Net (increase) / decrease in interest receivable and payable and other accrued income and expenses	(6,607)	39,620	38,729
Net (increase) in other sources or uses of cash	(28,018)	(85,645)	(172,724)
Net cash provided by (used in) operating activities	(89,083)	1,030,847	411,151

(1) See additionally note 4.2.

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35.19. Forward transactions pending settlement

The Bank enters into forward transactions pending settlement for trading purposes.

Under Central Bank rules for such forward transactions, the Bank recognizes both a receivable and a payable upon the agreement, which reflect the amount of cash, currency or securities to be exchanged at the closing date. The receivable or payable representing the receipt or delivery of securities or currency is stated at market value.

Under US GAAP, accounting for forward contracts are governed by SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". This standard requires that such derivatives be accounted for at fair value. The Bank does not apply hedge accounting. The instruments outstanding at each balance sheet are short term and recorded at their fair value.

Had US GAAP been applied, the Bank's assets and liabilities would be decreased by approximately 303,203 and 127,152 as of December 31, 2007 and 2006, respectively.

35.20. Fair value of financial instruments

A significant portion of the Bank's assets and liabilities are in short-term financial instruments, with a remaining maturity of less than one year, and/or with variable rates. These short-term and variable-rate financial instruments are considered to have a fair value equivalent to their carrying value at the balance sheet date.

SFAS 107 "Disclosures about Fair Value of Financial Instruments" requires disclosure of fair value information about financial instruments, whether or not recognized on the balance sheet, for which it is practicable to estimate fair value.

For financial instruments with remaining maturity over a short term period and with fixed-rates, and therefore not included above, the following methods and assumptions were used to estimate their fair value.

Unlisted Government and private securities

Fair value for these securities was taken to be equal to the present value of future cash flows discounted at the year-end market interest rates for securities of similar interest rate, credit risk and duration.

Loans, assets subject to financial leases and other receivables

Fair value is estimated, mainly, by discounting future cash flows using the current rates at which loans would be made to borrowers with similar credit ratings and for the same remaining maturities, considering the contractual terms in effect as of December 31, 2007 and 2006.

Deposits

The Bank's deposits as of December 31, 2007 and 2006, that have a remaining maturity of under a short period were considered to have a fair value equivalent to their carrying value at the balance sheet date while for those that have a remaining maturity of over a short period (investments accounts, rescheduled deposits and time deposits), the fair value was taken to be equal to the present value of future cash flows discounted at the average year-end market interest rates for similar deposits.

Other liabilities from financial intermediation and Other Liabilities

Fair value for long-term loans is estimated by discounting future cash flows using current rates at which liabilities were received while fair value for short-term loans was considered to be equivalent to their carrying value at the balance sheet.

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Subordinated corporate bonds

As of December 31, 2007 and 2006, fair value was taken to be equal to the present value of future cash flows discounted at the average year end market interest rates for securities of similar interest rate, credit risk and duration.

Off-Balance sheet

Commitments to extending credit, standby letters of credit, guarantees granted and foreign trade acceptances: it is estimated that the differential, if any, between the fee the Bank charged for these transactions and the fair value would not give rise to a material variance.

The following is a summary of carrying amounts under Central Bank rules and estimated fair values of financial instruments as of December 31, 2007 and 2006:

	As of December 31,			
	2007		2006	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
FINANCIAL ASSETS				
Cash	3,117,426	3,117,426	2,626,908	2,626,908
Government and private securities	3,950,725	3,952,882	3,222,955	3,222,975
Loans	10,009,417	9,889,754	6,527,105	6,550,137
Other receivables from financial intermediation	1,226,295	1,265,009	914,574	912,848
Assets subject to financial leases	367,968	357,395	278,640	274,538
Other receivables	254,280	253,846	193,363	193,491
	<u>18,926,111</u>	<u>18,836,312</u>	<u>13,763,545</u>	<u>13,780,897</u>
FINANCIAL LIABILITIES				
Deposits	13,591,149	13,594,055	10,071,017	10,044,318
Other liabilities from financial intermediation	2,571,036	2,322,015	1,237,116	1,228,431
Other Liabilities	242,029	242,029	188,931	188,931
Subordinated Corporate Bonds	490,695	500,382	507,844	507,831
	<u>16,894,909</u>	<u>16,658,481</u>	<u>12,004,908</u>	<u>11,969,511</u>

35.21. Transfers of financial assets

As mentioned in note 13, in order to securitize personal and pledge loans granted to individuals, Nuevo Banco Bisel S.A., subsidiary of Banco Macro S.A., created, among others, the trusts NBB Personales II and NBB Agroprendas I.

For Central Bank rules, the interest retained by the Bank are accounted for at cost plus accrued interest for the debt securities, and the equity method is used to account for the residual interest in the trusts.

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Under US GAAP, the accounting treatment for transfer of financial assets is as follows:

1) Retained Interests in the Trusts

SFAS 140 “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities”, NBB Personales II and Agroprendas I qualify for sale treatment. Nuevo Banco Bisel S.A. accounted for these investments as available for sale securities, under SFAS 115. In order to determine their fair values, the Bank discounted the estimated future cash flows from the trusts. Following SFAS 140 and Emerging Issues Task Force 99-20, unrealized gains or losses over the amortized cost basis are charged to equity through Other Comprehensive Income, unless unrealized losses are deemed to be other than temporary, in which case they are charged to the Statement of Income. The beneficial interests retained by the Bank were originally recorded based on their allocated book value using the fair value allocation method.

The amortized cost, unrealized gain/loss and fair value of Financial Trusts qualifying for sale treatment as of December 31, 2006, are as follows:

	Amortized Cost	Net Unrealized Gain	Fair Value
NBB Personales II	10,529	820	11,349
NBB Agroprendas I	7,353	560	7,913
Total	17,882	1,380	19,262

2) Transfers of financial assets not qualifying for sale accounting

NBB Personales I does not qualify for sale treatment under SFAS 140 and therefore, under US GAAP, it is recorded as a secured borrowing. The Bank reconsolidated the assets and liabilities held by the financial trust.

As of December 31, 2007, the abovementioned trusts were cancelled.

35.22. Joint venture

As explained in note 3.4.a), the Bank participates in the “Banco Macro S.A. — Siemens Itron Business Services S.A. – Unión Transitoria de Empresas” and in “Montamat & Asociados S.R.L. – Unión Transitoria de Empresas”, (both joint ventures jointly controlled having an interest of 50%). Under Central Bank rules this interest is consolidated through the proportional consolidation method.

Under US GAAP, that method of consolidation is not appropriate for such investments and they are accounted for using equity method.

Therefore, had US GAAP been applied as of December 31, 2007 and December 31, 2006, Other assets should have been increased by 8,235 and 4,665, respectively, with an offsetting decrease in various assets and liabilities accounts. Additionally, as of December 31, 2007 and December 31, 2006, Income from equity in other companies should have been increased by 12,587 and 7,704, respectively, with an offsetting decrease in various income and expense accounts, with no net effect in income or equity.

35.23. Items in process of collection

The Bank does not give accounting recognition to checks drawn against the Bank or other Banks or other items to be collected, until such time as the related item clears or is accepted. Such items are recorded by the Bank in Memorandum accounts. U.S. banks, however, account for such items through balance sheet clearing accounts at the time the items are presented for collection.

Had US GAAP been applied, the Bank’s assets and liabilities would decrease by approximately 136,754 and 193,841 as of December 31, 2007 and 2006, respectively.

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35.24. Acceptances

Foreign trade acceptances are not recorded on the balance sheet by the Bank. In accordance with Regulation S-X, acceptances and related customer liabilities should be recorded on the balance sheet. Adjustment required to state balance sheets in accordance with Regulation S-X would be to increase assets (due from customers on acceptances) and increase liabilities (bank acceptances outstanding) by 131,407 and 91,607 as of December 31, 2007 and 2006, respectively.

35.25. Variable Interest Entities and other trusts

As explained in note 13., Banco Macro S.A., is involved in several trust agreements.

Under Central Bank Rules, the Bank is not required to consolidate these trusts.

Under US GAAP, FASB Interpretation No. 46 (R), "Consolidation of Variable Interest Entities" addresses consolidation of variable interest entities, as defined in the rules, which have certain characteristics.

Paragraph 14 of FASB Interpretation No. 46(R) "Consolidation of Variable Interest Entities" ("FIN 46(R)") requires the primary beneficiary of a variable interest entity (VIE) to consolidate that entity. The primary beneficiary of a VIE is the party that absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in the entity.

Except for the trusts described below, the trusts mentioned in note 13 are not variable interest entities or the Bank is not the primary beneficiary. Therefore, the Bank did not consolidate those trusts.

a) Luján Trust

As of December 31, 2007 and 2006, under paragraph 5 of FASB Interpretation No. 46 (R), Luján Trust (see note 13.1.b)) is considered variable interest entity. In accordance with paragraph 14 of FASB Interpretation No. 46 (R), the Bank is the primary beneficiary of its investment in this vehicle. Therefore, the Bank includes in its consolidated financial statements for US GAAP purposes, the assets, liabilities and results of operations of Luján Trust. However, there are no significant impacts in the US GAAP shareholders' equity or net income reconciliation.

b) Bisel Trust

As of December 31, 2007 and 2006, Nuevo Banco Bisel S.A. identified Bisel Trust as a VIEs and the Bank as the primary beneficiary of its investment in this vehicle. Therefore, the Bank includes in its consolidated financial statements for US GAAP purposes, the assets, liabilities and results of operations of Bisel Trust. However, there is no impact in the US GAAP shareholders' equity or net income reconciliation since the Bank recorded a valuation allowance of a 100% of the net assets of the trust, as it considers such amounts not recoverable.

c) Tucumán Trust, Onext Trust and Godoy Cruz Trust

As of December 31, 2007 and 2006, under paragraph 5 of FASB Interpretation No. 46 (R), Tucumán Trust (see note 13.1.a)), Onext Trust (see note 13.1.h)) and Godoy Cruz Trust (see note 13.1.e)), are considered variable interest entities. In accordance with paragraph 14 of such Interpretation, the Bank is not the primary beneficiary and, therefore, consolidation of these trusts is not appropriate.

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d) BG Trust

As of December 31, 2006, the Bank had debt securities issued by BG Trust (see note 13.1.i)). This trust was considered a qualifying special purpose entity as described in paragraph 35 of SFAS 140. In consequence, under paragraph 4.d) of FASB Interpretation N° 46 (R), such trust was excluded of the scope of the interpretation. There was no difference in classification under US GAAP.

As of December 31, 2007, the abovementioned trust was cancelled.

e) San Isidro Trust

Under paragraph 5 of FASB Interpretation No. 46 (R), San Isidro Trust (see note 13.1.d) is considered variable interest entity. In accordance with paragraph 14 of FASB Interpretation No. 46 (R), the Bank is the primary beneficiary of its investment in this vehicle. Therefore, the Bank includes in its consolidated financial statements for US GAAP purposes, the assets, liabilities and results of operations of San Isidro Trust. However, there are no significant impacts in the US GAAP shareholders' equity or net income reconciliation.

As a result of consolidating the VIEs, total assets and liabilities would increase by 33,375 and 17,491 as of December 31, 2007 and 2006, respectively.

35.26. Parent only financial statements

The following are the unconsolidated balance sheets of Banco Macro S.A. as of December 31, 2007 and 2006 and the related unconsolidated statements of income, and cash flows for the fiscal years ended December 31, 2007, 2006 and 2005. This information is prepared in accordance with Central Bank rules. The investments in Nuevo Banco Bisel S.A., Banco del Tucumán S.A. and the other subsidiaries are accounted for under the equity method.

BANCO MACRO S.A. AND SUBSIDIARIES

BALANCE SHEET (PARENT COMPANY ONLY)

	<u>2007</u>	<u>2006 (1)</u>
ASSETS		
CASH		
Cash on hand	547,966	398,291
Due from banks and correspondents		
Central Bank of Argentina	1,597,354	1,220,306
Local Other	4,123	13,585
Foreign	159,713	264,511
Other	185	108
	<u>2,309,341</u>	<u>1,896,801</u>
GOVERNMENT AND PRIVATE SECURITIES		
Holdings for trading or financial intermediation	236,677	234,047
Instruments issued by the Central Bank of Argentina	2,592,135	1,751,596
Investments in listed private securities	—	1,049
Unlisted Government securities	2	—
Less: Allowances	(27)	(29)
	<u>2,828,787</u>	<u>1,986,663</u>
LOANS		
To the non-financial government sector	554,527	593,148
To the financial sector		
Interfinancing	65,760	315,000
Other financing to Argentine financial institutions	94,496	39,065
Accrued interest, adjustments, foreign exchange and quoted price differences receivables	1,415	2,526
To the non-financial private sector and foreign residents		
Overdrafts	1,223,618	759,092
Documents	725,157	403,820
Mortgage loans	490,515	348,700
Pledged loans	234,766	238,954
Personal loans	2,380,854	1,119,955
Credit cards	477,612	339,361
Other	1,473,687	978,003
Accrued interest, adjustments, foreign exchange and quoted price differences receivables	113,598	73,619
Less: Unearned discount	(19,666)	(11,179)
Less: Allowances	(173,901)	(167,353)
	<u>7,642,438</u>	<u>5,032,711</u>

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	<u>2007</u>	<u>2006 (1)</u>
OTHER RECEIVABLES FROM FINANCIAL INTERMEDIATION		
Central Bank of Argentina	156,227	96,314
Amounts receivable for spot and forward sales pending settlement	737,102	337,422
Securities and foreign currency receivable from spot and forward purchases pending settlement	110,180	373,046
Unlisted corporate bonds	448	934
Receivables for forward transactions without delivery of underlying asset	—	110
Other receivables not covered by debtor classification standards	325,096	324,418
Other receivables covered by debtor classification standards	53,898	43,552
Less: Allowances	(29,893)	(26,742)
	<u>1,353,058</u>	<u>1,149,054</u>
ASSETS SUBJECT TO FINANCIAL LEASES		
Assets subject to financial leases	301,317	240,478
Less: Allowances	(3,986)	(2,843)
	<u>297,331</u>	<u>237,635</u>
INVESTMENTS IN OTHER COMPANIES		
In financial institutions	1,336,016	999,541
Other	35,152	24,446
Less: Allowances	(697)	(1,172)
	<u>1,370,471</u>	<u>1,022,815</u>
OTHER RECEIVABLES		
Receivables from sale of assets	15,082	17,363
Minimum presumed income tax – Tax credit	23,287	40,950
Other	172,168	119,670
Accrued interest and adjustments receivable from sale of assets	145	178
Other accrued interest and adjustments receivable	58	66
Less: Allowances	(15,215)	(15,871)
	<u>195,525</u>	<u>162,356</u>
BANK PREMISES AND EQUIPMENT, NET	<u>293,472</u>	<u>250,222</u>
OTHER ASSETS	<u>178,829</u>	<u>174,270</u>
INTANGIBLE ASSETS		
Goodwill	71,916	81,164
Organization and development costs, including amparos	141,294	85,501
	<u>213,210</u>	<u>166,665</u>
ITEMS PENDING ALLOCATION	<u>1,872</u>	<u>810</u>
TOTAL ASSETS	<u><u>16,684,334</u></u>	<u><u>12,080,002</u></u>

(1) See note 4.2.

BANCO MACRO S.A. AND SUBSIDIARIES

	2007	2006 (1)
LIABILITIES		
DEPOSITS		
From the non-financial government sector	1,327,865	942,229
From the financial sector	10,006	2,798
From the non-financial private sector and foreign residents		
Checking accounts	1,834,372	1,323,113
Savings accounts	2,258,968	1,705,084
Time deposits	4,647,858	3,384,177
Investment accounts	63,063	18,836
Other	295,401	276,119
Accrued interest, adjustments, foreign exchange and quoted price differences payables	51,865	28,583
	<u>10,489,398</u>	<u>7,680,939</u>
OTHER LIABILITIES FROM FINANCIAL INTERMEDIATION		
Central Bank of Argentina – Other	184,594	205,033
Banks and international institutions	160,846	174,603
Non-subordinated Corporate Bonds	780,590	—
Amounts payable for spot and forward purchases pending settlement	108,646	282,657
Securities and foreign currency to be delivered under spot and forward sales pending settlement	869,843	402,626
Financing received from Argentine financial institutions		
Interfinancing – (received call)	49,225	25,000
Other financing received from Argentine financial institutions	90,648	22,674
Accrued interest payables	54	23
Other	397,733	196,929
Accrued interest, adjustments, foreign exchange and quoted price differences payables	47,399	25,840
	<u>2,689,578</u>	<u>1,335,385</u>
OTHER LIABILITIES		
Dividends payables	1	—
Professional Fees	—	9
Other	183,657	149,988
	<u>183,658</u>	<u>149,997</u>
PROVISIONS	<u>121,888</u>	<u>88,788</u>
SUBORDINATED CORPORATE BONDS	<u>490,695</u>	<u>507,844</u>
ITEMS PENDING ALLOCATION	<u>1,411</u>	<u>1,952</u>
TOTAL LIABILITIES	<u>13,976,628</u>	<u>9,764,905</u>
SHAREHOLDERS' EQUITY	<u>2,707,706</u>	<u>2,315,097</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>16,684,334</u>	<u>12,080,002</u>

(1) See note 4.2.

BANCO MACRO S.A. AND SUBSIDIARIES

	<u>2007</u>	<u>2006 (1)</u>
MEMORANDUM ACCOUNTS		
DEBIT-BALANCE ACCOUNTS	<u>7,291,099</u>	<u>7,500,048</u>
Contingent	2,568,102	2,568,390
Guarantees received	2,284,111	2,187,219
Other not covered by debtors classification standards	445	380
Contingent debit-balance contra accounts	283,546	380,791
Control	4,153,584	4,437,885
Receivables classified as uncollectibility	636,624	655,817
Other	3,394,966	3,689,110
Control debit-balance contra accounts	121,994	92,958
Derivatives	569,413	493,773
Notional value of call options taken	—	119,345
Notional value of put options taken	—	50,649
Notional value of forward transactions without delivery of underlying asset	331,411	—
Interest rate swap	29,388	—
Derivatives debit-balance contra accounts	208,614	323,779
CREDIT BALANCE ACCOUNTS	<u>7,291,099</u>	<u>7,500,048</u>
Contingent	2,568,102	2,568,390
Unused portion of loans granted covered by debtors classification standards	—	9,120
Other guarantees provided covered by debtors classification standards	114,827	238,764
Other guarantees provided not covered by debtors classification standards	49,641	43,289
Other covered by debtors classification standards	119,078	86,548
Contingent credit-balance contra accounts	2,284,556	2,190,669
Control	4,153,584	4,437,885
Checks to be credited	121,994	92,958
Control credit-balance contra accounts	4,031,590	4,344,927
Derivatives	569,413	493,773
Notional value of call options sold	—	50,612
Notional value of put options sold	113,776	245,591
Notional value of forward transactions without delivery of underlying asset	94,838	27,576
Derivatives credit-balance contra accounts	360,799	169,994

(1) See note 4.2.

BANCO MACRO S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME (PARENT ONLY)

	<u>2007</u>	<u>2006 (1)</u>	<u>2005 (1)</u>
FINANCIAL INCOME			
Interest on cash	11,536	5,871	4,794
Interest on loans to the financial sector	30,277	13,644	6,023
Interest on overdrafts	146,630	96,222	53,880
Interest on documents	59,695	42,823	32,157
Interest on mortgage loans	55,380	44,733	29,655
Interest on pledged loans	38,213	39,427	26,160
Interest on credit card loans	44,371	27,992	18,233
Interest on other loans	441,796	223,333	116,057
Interest on other receivables from financial intermediation	14,990	13,876	15,109
Income from government and private securities, net	290,509	255,111	146,365
Income from guaranteed loans – Presidential Decree 1,387/01	25,965	26,656	28,625
CER (Benchmark Stabilization Coefficient) adjustment	60,076	76,928	185,421
CVS (Salary Variation Coefficient) adjustment	1,603	1,944	1,987
Difference in quoted prices of gold and foreign currency	40,987	36,217	28,347
Other	<u>128,459</u>	<u>67,625</u>	<u>35,479</u>
	<u>1,390,487</u>	<u>972,402</u>	<u>728,292</u>
FINANCIAL EXPENSE			
Interest on checking accounts	16,335	8,092	2,648
Interest on savings accounts	8,993	5,976	4,302
Interest on time deposits	371,664	197,710	98,872
Interest on interfinancing received loans (received call)	4,620	780	980
Interest on other financing to financial institutions	130	172	43
Interest on other liabilities from financial intermediation	70,606	14,386	15,819
Interest on subordinated bonds	49,858	2,017	1,806
Other interest	6,131	10,426	11,482
Net loss from options	—	284	777
CER adjustment	24,953	46,633	117,068
Contribution to Deposit Guarantee Fund	15,939	10,968	9,701
Other	<u>90,196</u>	<u>44,908</u>	<u>33,601</u>
	<u>659,425</u>	<u>342,352</u>	<u>297,099</u>
GROSS INTERMEDIATION MARGIN – GAIN	<u>731,062</u>	<u>630,050</u>	<u>431,193</u>
PROVISION FOR LOAN LOSSES	<u>71,045</u>	<u>48,686</u>	<u>69,339</u>
SERVICE-CHARGE INCOME			
Related to lending transactions	36,049	30,032	19,170
Related to deposits	297,491	224,583	181,815
Other fees	19,394	20,499	15,227
Other	<u>128,261</u>	<u>102,755</u>	<u>78,029</u>
	<u>481,195</u>	<u>377,869</u>	<u>294,241</u>

BANCO MACRO S.A. AND SUBSIDIARIES

	<u>2007</u>	<u>2006 (1)</u>	<u>2005 (1)</u>
SERVICE-CHARGE EXPENSE			
Fees	32,871	29,323	21,910
Other	88,898	53,913	36,486
	<u>121,769</u>	<u>83,236</u>	<u>58,396</u>
ADMINISTRATIVE EXPENSES			
Personnel expenses	396,346	323,913	251,861
Directors' and statutory auditors' fees	31,932	12,773	13,824
Other professional fees	31,307	33,527	24,365
Advertising and publicity	45,590	29,715	22,667
Taxes	6,145	6,044	5,086
Depreciation of equipment	31,914	23,604	19,134
Amortization of organization costs	15,553	12,290	12,588
Other operating expenses	99,975	85,126	72,564
Other	16,424	15,271	13,777
	<u>675,186</u>	<u>542,263</u>	<u>435,866</u>
NET INCOME FROM FINANCIAL INTERMEDIATION	<u>344,257</u>	<u>333,734</u>	<u>161,833</u>
OTHER INCOME			
Income from long-term investments	232,277	84,298	17,978
Penalty interest	6,706	5,254	3,167
Recovered loans and allowances reversed	69,726	162,840	168,064
CER adjustments	104	246	191
Other	32,518	32,493	41,234
	<u>341,331</u>	<u>285,131</u>	<u>230,634</u>
OTHER EXPENSE			
Penalty interest and charges payable to Central Bank of Argentina	36	24	33
Charge for other-receivables uncollectibility and other allowances	6,767	20,649	39,177
CER adjustments			3
Amortization of differences from amparos	19,278	15,687	14,100
Depreciation and loss of other assets	4,922	3,398	2,870
Goodwill amortization	9,250	4,766	839
Other	69,415	78,001	40,399
	<u>109,668</u>	<u>122,525</u>	<u>97,421</u>
NET INCOME BEFORE INCOME TAX	<u>575,920</u>	<u>496,340</u>	<u>295,046</u>
INCOME TAX	<u>80,720</u>	<u>72,000</u>	<u>32,300</u>
NET INCOME FOR THE FISCAL YEAR	<u><u>495,200</u></u>	<u><u>424,340</u></u>	<u><u>262,746</u></u>

(1) See note 4.2.

BANCO MACRO S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (PARENT ONLY)

	2007 (1)
Changes in cash and cash equivalents	
Cash and cash equivalents at beginning of fiscal year	1,896,801
Cash and cash equivalents at end of fiscal year	2,309,341
Net increase in cash and cash equivalents	<u>412,540</u>
Causes of changes in cash	
Operating activities	
Net collections / (payments):	
- Government and private securities	118,097
- Loans	
- to the financial sector	224,438
- to the nonfinancial government sector	26,089
- to the nonfinancial private sector and foreign residents	(2,004,478)
- Other receivables from financial intermediation	(659,434)
- Assets under financial lease	(9,072)
- Deposits	
- to the financial sector	7,208
- to the nonfinancial government sector	381,401
- to the nonfinancial private sector and foreign residents	2,096,784
- Other liabilities from financial intermediation	
- Others (except liabilities included under financing activities)	71,688
Collections related to service-charge income	480,208
Payments related to service-charge expenses	(120,791)
Administrative expenses paid	(617,548)
Payments of organization and development expenses	(49,762)
Net collections related to punitive interest	6,706
Differences from payments related to court orders	(28,589)
Collections of dividends from other companies	850
Other collections from other income and losses	10,200
Net payments from other operating activities	(19,953)
Payment of income tax / minimum presumed income tax	(68,498)
Net cash flows used in operating activities	<u>(154,456)</u>
Investing activities	
Net payments for bank premises and equipment	(69,288)
Net payments for other assets	(11,696)
Net payments for purchases of investing in other companies (2)	(48,151)
Net cash flows used in investing activities	<u>(129,135)</u>

BANCO MACRO S.A. AND SUBSIDIARIES

2007 (1)

Financing activities	
Net collections / (payments):	
- Nonsubordinated corporate bonds (3)	749,464
- Central Bank of Argentina	
- Other	(18,316)
- Banks and International Organizations	(13,757)
- Subordinated corporate bonds	(13,240)
- Financing received from financial institutions in Argentina	83,035
Payment of dividends	(102,591)
Net cash flows provided by financing activities	<u>684,595</u>
Financial income and holding gains on cash and cash equivalents	<u>11,536</u>
Net cash and cash equivalents increase	<u><u>412,540</u></u>

- (1) See notes 4.2. and 4.4.s).
- (2) Including the effect deriving from the subscription of Banco del Tucumán S.A. capital increase mentioned in note 3.6.
- (3) See notes 10.c.2) and 10.c.3).

BANCO MACRO S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (PARENT ONLY)

	<u>2006 (1)</u>	<u>2005 (1)</u>
Changes in Cash		
Cash and due from banks at the beginning of year	1,090,467	1,010,210
Increase in cash	<u>806,334</u>	<u>78,770</u>
Cash and due from banks at end of year	<u>1,896,801</u>	<u>1,088,980</u>
Causes of changes in cash		
Cash provided by (used in) operating activities		
Financial income collected	1,005,480	771,836
Services-charge income collected	378,263	294,221
Financial expenses paid	(365,715)	(277,264)
Services-charge expenses paid	(82,520)	(58,079)
Administrative expenses paid	<u>(494,034)</u>	<u>(399,661)</u>
Net cash provided by operating activities	<u>441,474</u>	<u>331,053</u>
Other sources of cash		
Decrease in government and private securities	967,476	—
Decrease in other receivable from financial Intermediation	—	533,388
Increase in deposits	1,289,254	1,382,813
Increase in other liabilities from financial intermediation	231,134	—
Increase in other liabilities (2)	451,089	1,865
Capital increase	469,500	—
Other sources of cash	<u>128,300</u>	<u>40,794</u>
Total other sources of cash	<u>3,536,753</u>	<u>1,958,860</u>
Total sources of cash	<u>3,978,227</u>	<u>2,289,913</u>

BANCO MACRO S.A. AND SUBSIDIARIES

	2006 (1)	2005 (1)
Uses of cash		
Increase in government and private securities	—	(677,471)
Increase in loans	(1,727,663)	(503,185)
Increase in other receivables from financial intermediation	(131,212)	
Increase in other assets (3)	(1,156,453)	(232,170)
Decrease in other liabilities from financial intermediation	—	(736,549)
Decrease in other liabilities	(205)	(4,585)
Cash dividends paid	(68,395)	(30,447)
Other uses of cash	(87,965)	(26,736)
Total uses of cash	<u>(3,171,893)</u>	<u>(2,211,143)</u>
Increase in cash	<u>806,334</u>	<u>78,770</u>

(1) See note 4.2.

(2) Including the effect resulting from the issuance of subordinated corporate bonds.

(3) Including the effect deriving from the purchase of Banco del Tucumán S.A. and Nuevo Banco Bisel S.A.

35.27. New accounting pronouncements (US GAAP)

a) Fair Value Measurements — SFAS 157

In September 2006, the FASB issued SFAS No. 157 “Fair Value Measurements”. This Statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice. A single definition of fair value, together with a framework for measuring fair value, should result in increased consistency and comparability in fair value measurements. The expanded disclosures about the use of fair value to measure assets and liabilities should provide users of financial statements with better information about the extent to which fair value is used to measure recognized assets and liabilities, the inputs used to develop the measurements, and the effect of certain of the measurements on earnings for the period. This Statement shall be effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Bank is currently evaluating the effect on its financial statements of implementation of this accounting standard.

b) Fair Value Option for Financial Assets and Financial Liabilities — SFAS 159

In February 2007, the FASB issued SFAS No. 159 “The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115,” which provides a fair value option to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. SFAS No. 159 is effective for the Bank beginning in the 2008 first quarter. The Bank is currently evaluating the effect on its financial statements of implementation of this accounting standard.

BANCO MACRO S.A. AND SUBSIDIARIES

c) **Business Combinations — SFAS 141 (R)**

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), “Business Combinations” (“SFAS No. 141(R)”) which requires the recognition of assets acquired, liabilities assumed, and any noncontrolling interest in an acquiree at the acquisition date fair value with limited exceptions. SFAS No. 141(R) will change the accounting treatment for certain specific items and includes a substantial number of new disclosure requirements. SFAS No. 141(R) is effective for fiscal years beginning on or after December 15, 2008. The Bank has not evaluated the impact of the adoption of this statement.

d) **Noncontrolling Interests in Consolidated Financial Statements — SFAS 160**

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements — an Amendment of ARB No. 51” (“SFAS No. 160”), which establishes new accounting and reporting standards for noncontrolling interest (minority interest) and for the deconsolidation of a subsidiary. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS No. 160 is effective for fiscal years, beginning on or after December 15, 2008. The Bank has not evaluated the impact of the adoption of this statement.

e) **Disclosures about Derivative Instruments and Hedging Activities — SFAS 161**

In March 2008 the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities”, which intends to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. The new standard also improves transparency about the location and amounts of derivative instruments in an entity’s financial statements; how derivative instruments and related hedged items are accounted for under SFAS 133; and how derivative instruments and related hedged items affect its financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Bank has not evaluated the impact of the adoption of this statement.

f) **The Hierarchy of Generally Accepted Accounting Principles — SFAS 162**

In May 2008 the FASB issued SFAS No. 162 “The Hierarchy of Generally Accepted Accounting Principles” which intends to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with US GAAP for nongovernmental entities. SFAS 162 shall be effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The Bank has not evaluated the impact of the adoption of this statement.

EXHIBIT INDEX

Exhibit Number	Description
1.1	Amended and Restated Bylaws of Banco Macro S.A., as amended April 28, 2006, is incorporated by reference to the annual report on Form 20-f filed on July 13, 2007 (File No. 001-32-827).
2.1	Deposit Agreement among the registrant, The Bank of New York, as depositary, and the holders from time to time of American depositary shares issued thereunder, including the form of American depositary receipts, incorporated by reference to the Registration Statement on Form F-1, as amended, filed by Banco Macro S.A. on March 20, 2006 (File No. 333-130901).
8	See Note 4.1 to our financial statements for information regarding our subsidiaries.
12.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
* Filed herein	

CERTIFICATE

I, JORGE HORACIO BRITO, CERTIFY THAT:

1. I have reviewed this annual report on Form 20-F of Banco Macro S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: June 30, 2008

/s/ Jorge Horacio Brito
Name: **Jorge Horacio Brito**
Title: **Chief Executive Officer**

CERTIFICATE

I, DELFÍN JORGE EZEQUIEL CARBALLO, CERTIFY THAT:

1. I have reviewed this annual report on Form 20-F of Banco Macro S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: June 30, 2008

/s/ Delfín Jorge Ezequiel Carballo
Delfín Jorge Ezequiel Carballo.
Chief Financial Officer

CERTIFICATION

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

(SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Banco Macro S.A. (the “Company”), does hereby certify that, to the best of such officer’s knowledge:

- 1. The accompanying Report of the Company on Form 20-F for the year ended December 31, 2005 (the “ Report “) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 30, 2008

/s/ Jorge Horacio Brito
Name: **Jorge Horacio Brito**
Title: **Chief Executive Officer**

A signed original of this written statement required by Section 906 has been provided to Banco Macro S.A. and will be retained by Banco Macro S.A. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

(SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Banco Macro S.A. (the “Company”), does hereby certify that, to the best of such officer’s knowledge:

- 1. The accompanying Report of the Company on Form 20-F for the year ended December 31, 2005 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 30, 2008

/s/ Delfín Jorge Ezequiel Carballo
Name: **Delfín Jorge Ezequiel Carballo**
Title: **Chief Financial Officer**

A signed original of this written statement required by Section 906 has been provided to Banco Macro S.A. and will be retained by Banco Macro S.A. and furnished to the Securities and Exchange Commission or its staff upon request.