

## **Direct Investments Report**

Communication "A" 4237 dated November 10, 2004 established reporting requirements in connection with direct investments made by local residents abroad and by non-residents in Argentina. Direct investments are defined as those that reflect the long-standing interest of a resident in one economy (direct investor) in another economy's resident entity, such as an ownership interest representing at least 10% of a company's capital stock or voting rights. The reporting requirements prescribed by this Communication "A" 4237 are to be met on a bi-annual basis.

## **Capital Markets**

Securities-related transactions carried out through stock exchanges and authorized securities markets must be paid using one of the following mechanisms: (a) in Pesos, (b) in foreign currency through electronic fund transfers from and to sight accounts in local financial institutions and (c) through wire transfers against foreign accounts. Under no circumstance shall the settlement of these capital markets transactions be made in foreign currency bills or through deposits in escrow accounts or in third-party accounts (Communication "A" 4308). Additionally, Communication "A" 4864, in force as of November 3, 2008, further rules that the purchase and subsequent sale of securities in stock exchanges and authorized markets require previous authorization from the Central Bank, unless the securities have been kept in the seller's portfolio for a minimum period of 72 business hours following the settlement of their purchase.

## **Report of Issuances of Securities and Other Foreign Indebtedness of the Private Financial and Non-financial Sector**

Pursuant to Communication "A" 3602 dated May 7, 2002, as amended, all individuals and legal entities in the private financial and non-financial sector must report their outstanding foreign indebtedness (whether Peso or foreign currency-denominated) at the end of each quarter. The debts incurred and repaid within the same calendar quarter need not be reported.

## **E. Taxation**

### **Material U.S. federal income tax considerations relating to our Class B shares and ADSs**

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;
- holders liable for the Medicare tax on net investment income;
- individual retirement accounts and other tax deferred accounts;
- 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.

While we do not believe that we are currently a passive foreign investment company (a "PFIC"), it is not entirely clear whether we were a PFIC in the past and we cannot preclude with certainty that we may be a PFIC in any future periods. As discussed below under "Passive Foreign Investment Companies", the application of the PFIC rules to banks is unclear under present U.S. federal income tax law. If we were treated as a PFIC in the past or if we are treated as a PFIC in any future periods, a U.S. holder that held our Class B Shares or ADSs while we were or are a PFIC could be subject to unfavorable U.S. tax consequences. 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.

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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 in such partnership 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 depository;

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 20% 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 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 NYSE, but no assurances can be given that the ADSs will be or remain readily tradable under future guidance. While we do not believe that we are currently a PFIC, 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 an established securities market in the United States. In addition, the U.S. Treasury Department has indicated that it continues to consider whether detailed information reporting guidance is necessary 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. However, no such detailed procedures have yet been issued and therefore 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 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 depository, 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 depository, 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 U.S. 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 depository are not converted into U.S. dollars on the date of receipt.

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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 Class B shares or ADSs 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 Class B shares or ADSs. 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. For example, for capital assets held for over one year, the maximum rate of tax under current law generally will be 20% (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 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 do not believe that we are currently a PFIC. However, we have been unable to determine with certainty whether we were a PFIC in the past 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 1995 and will not be effective unless finalized.

Because final regulations have not been issued and because the definition of banking income for purposes of the active bank exception is unclear under both the notice and the proposed regulations, our status under the PFIC rules is subject to uncertainty. We conduct, and intend to continue to conduct, a significant banking business, and therefore we believe we should qualify as an active foreign bank. However, there can be no assurance that a sufficient amount of our assets will be treated as generating qualifying banking income to avoid our characterization as a PFIC. In particular, we have in the past held a significant amount of cash and securities that may have been considered passive assets, even if we are treated as an active foreign bank. Accordingly, U.S. holders that held our Class B shares or ADSs in certain periods in the past (with respect to which it is not entirely clear whether we were a PFIC) or persons that are U.S. holders of our Class B shares or ADSs in any future periods in which we are a PFIC (with respect to which we cannot preclude with certainty) 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

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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 NYSE. 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. 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 BCBA 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 mark-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 annually file an IRS Form 8621. Under recent legislation, the statute of limitations on assessment and collections will remain open with respect to unreported PFIC interests.

**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.

**FATCA.** Beginning on January 1, 2017 (or, if later, the date on which final regulations are published defining the term "foreign passthru payment"), we may be required, pursuant to Sections 1471 through 1474 of the Code, and the regulations promulgated thereunder (often referred to as the "Foreign Account Tax Compliance Act" or "FATCA") to withhold U.S. tax at a 30% rate on all or a portion of any distributions on Class B shares or ADSs which is treated as "foreign passthru payments."

Assuming that we enter into an agreement with the IRS to report the information required by FATCA, an investor considered to have a "U.S. account" maintained by us may be required to provide certain information regarding such investor (or relevant beneficial owner of the Class B shares or ADSs) or be subject to U.S. withholding tax on any distribution on Class B shares or ADSs that is treated as "foreign passthru payments." Investors in Class B shares or ADSs that are financial institutions, or financial institutions that receive payments on behalf of other persons, and that have not entered into an agreement with the IRS (or otherwise established an exemption from FATCA) would also be subject to this U.S. withholding tax.

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Generally, under FATCA, a U.S. account is a financial account maintained by a foreign financial institution that is held by one or more specified U.S. persons or U.S.-owned foreign entities. However, an equity instrument in a financial institution that is regularly traded on an established securities market is not a financial account. Further, a “financial account” does not include an equity instrument in a financial institution, such as us, that is not engaged (or holding itself out as engaged) primarily in certain investment activities, unless the value of the equity instrument is determined, directly or indirectly, primarily by reference to assets giving rise to withholdable payments and certain other requirements are met.

FATCA is particularly complex and its application to us is uncertain at this time. Each holder of Class B shares or ADRs should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how FATCA might affect each holder in its particular circumstances.

### **Material Argentine tax considerations relating to our Class B shares and ADSs**

The following discussion is a summary of the material Argentine tax considerations relating to the purchase, ownership and disposition of our Class B shares or ADSs.

**Recent amendments to the Argentine Income Tax Law.** On September 23, 2013, Law No. 26,893 was published in the Official Gazette, incorporating amendments to the Argentine Income Tax Law in connection with, among others, the taxation of dividend distributions and gains derived from transfers of shares and other securities. Law No. 26,893 became effective on September 23, 2013, and applies to taxable events taking place on or after that date. On February 7, 2014, the Executive Branch issued Decree No. 2,334/13, which regulates Law 26,893.

**Taxation on Dividends.** Prior to September 23, 2013, dividends distributed on Class B shares or ADSs were, in general, exempt from Argentine income tax withholding except for the application of the “Equalization Tax” described below.

Dividends paid in excess of taxable accumulated income at the previous fiscal period will be subject to an additional withholding tax (the “Equalization Tax”) at the rate of 35% applicable on such excess and regarding both Argentine and non-Argentine resident shareholders. Equalization Tax is applicable when dividends distributed are higher than the “net accumulated taxable income” of the immediate previous fiscal year from when the distribution is made. In order to assess the “net accumulated taxable income” from the income calculated by the Income Tax Law, the income tax paid in the same fiscal period should be subtracted and the local dividends received in the previous fiscal year should be added to such income.

As of Law N° 26,893’s entry into force, dividends distributed, whether in cash, property or any other kind -except in fully paid shares (“*acciones liberadas*”)- are subject to an income tax withholding (the “Dividend Tax”) at a 10% rate on the amount of such dividends, in respect of both Argentine and non-Argentine resident shareholders. However, if dividends are distributed to local companies, no dividend tax should apply on such transactions.

The Dividend Tax and the Equalization Tax will be imposed as a withholding tax on the shareholder receiving the dividend. Dividend distributions made in property (other than cash) will be subject to the same tax rules as cash dividends. Stock dividends on fully paid shares (“*acciones liberadas*”) are neither subject to Dividend Tax nor to Equalization Tax.

In case both the Dividend Tax and the Equalization Tax apply, the latter should be applied first and then the 10% rate of the Dividend Tax should be applied on the remaining amount of dividends (i.e. the effective rate of both taxes on dividends would be 41.5%). Certain tax treaties contemplate the application of a ceiling tax rate on dividends (for example, 10% on gross dividends).

Holders are encouraged to consult a tax advisor as to the particular Argentine income tax consequences derived from profit distributions made on Class B shares and ADSs.

**Capital gains tax.** Prior to September 23, 2013, gains derived by non-resident individuals or foreign companies from the sale, exchange or other disposition of ADSs or Class B shares were exempt from income tax in Argentina. As of September 23, 2013, the results derived from the transfer of shares, quotas and other equity interests, titles, bonds and other securities, are subject to Argentine income tax, regardless of the type of beneficiary who realizes the gain.

Capital gains obtained by Argentine corporate 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 shares are subject to income tax at the rate of 35% on net income. Losses arising from the sale of shares can only be offset against income derived from the same type of operations, for a five-year carryover period.

Due to the recent amendments made to the Argentine Income Tax Law by Law 26,893, income derived by Argentine resident individuals from the sale of shares and other securities are subject to income tax at a 15% rate on net income, unless such securities were traded in stock markets and/or have public offering authorization, in which case an exemption applies. The amendments introduced by the implementing decree 2334/2013 state that the exemption includes income derived from the sale of shares and other securities made through a stock exchange market duly authorized by the CNV. It is not clear whether the exemption *also* includes securities traded through a stock exchange market duly authorized by the CNV (i.e. in addition to publicly offered securities), or whether the exemption *only* includes securities made through a stock exchange market duly authorized by the CNV. Certain qualified tax authorities publicly held the latter opinion in tax conferences.



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Capital gains obtained by non-Argentine resident individuals or non-Argentine entities from the sale, exchange or other disposition of shares would be subject to income tax, as the abovementioned exemption for shares is not applicable to non-Argentine beneficiaries. Therefore, the gain derived from the disposition of shares would be subject to Argentine income tax at a 15% rate on the net capital gain or at a 13,5% rate on the gross price. The purchaser of the shares, whether Argentine resident or not, will be under the obligation to withhold the tax due by the seller and pay it to the Argentine tax authorities, although the Argentine tax authorities have not implemented any mechanism to make such withholding and payment yet.

Holders are encouraged to consult a tax advisor as to the particular Argentine income tax consequences derived from holding and disposing of Class B shares and ADSs.

**Personal assets tax.** Argentine entities, such as us, have to pay the personal assets tax corresponding to Argentine and foreign domiciled individuals and foreign domiciled entities for the holding of our Class B shares at December 31 of each year. The applicable tax rate is 0.5% and is levied on the proportional net worth value ("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 domiciled individuals and/or foreign domiciled shareholders. The Argentine company may seek this reimbursement of Personal Assets Tax by setting off the applicable tax against any amount due to its shareholders or in any other way or, under certain circumstances, waive its right under Argentine law to seek reimbursement from the 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.

**Tax on debits and credits on Argentine bank accounts.** All credits to and debits from bank accounts held at Argentine financial institutions, as well as certain cash payments, are subject to this tax, which is assessed at a general rate of 0.6%. There are also increased rates of 1.2% and reduced rates of 0.075%. Owners of bank accounts subject to the general 0.6% rate may consider 34% of the tax paid upon credits to such bank accounts as a tax credit. The taxpayers that are subject to the 1.2% rate may consider 17% of all tax paid upon credits to such bank accounts as a credit. Such amounts can be utilized as a credit for income tax or tax on presumed minimum income. Whenever financial institutions governed by Law No. 21.526 make payments acting in their own name and behalf, the application of this tax is restricted to certain specific transactions. Such specific transactions include, among others, dividends or profits distributions.

**Tax on minimum presumed income.** Entities domiciled in Argentina are subject to this tax at the rate of 1% applicable over the total value of their assets, above an aggregate amount of AR\$ 200,000. Specifically, the Law establishes that banks, other financial institutions and insurance companies will consider a taxable base equal to 20% of the value of taxable assets. This tax shall be payable only to the extent the income tax determined for any fiscal year does not equal or exceed the amount owed under the tax on minimum presumed income. In such case, only the difference between the tax on minimum presumed income determined for such fiscal year and the income tax determined for that fiscal year shall be paid. Any tax on minimum presumed income paid will be applied as a credit toward income tax owed in the immediately-following ten fiscal years. Please note that shares and other equity participations in entities subject to tax on minimum presumed income are exempt from this tax.

**Gross turnover tax.** In addition, gross turnover tax could be applicable to Argentine residents on the transfer of Class B shares or ADSs and on the perception of dividends to the extent such activity is conducted on a regular basis within an Argentine province or within the City of Buenos Aires. However, under the Tax Code of the City of Buenos Aires, any transaction with shares as well as the perception of dividends are exempt from gross turnover tax. Holders of Class B shares and ADSs are encouraged to consult a tax advisor as to the particular gross turnover tax consequences of holding and disposing of Class B shares and ADSs.

**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. In the City of Buenos Aires, acts or instruments related to the negotiation of shares and other securities duly authorized for its public offering by the CNV are exempt from stamp tax.

**Other taxes.** There are no Argentine inheritance or succession taxes applicable to the ownership, transfer or disposition of our Class B shares or ADSs, except for the province of Buenos Aires and Entre Ríos. In such jurisdictions, there is a tax on free transmission of assets, including inheritance, legacies, donations, etc. Since January 2011, the tax rates have been set between 4% and 21.925% according to the taxable base and the degree of kinship involved. Free transmission of Class B shares or ADSs could be subject to this tax.

**Tax treaties.** Argentina has signed tax treaties for the avoidance of double taxation with Australia, Belgium, Bolivia, Brazil, Canada, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Russia, Spain, Sweden, Uruguay and the United Kingdom. A new treaty with Switzerland has been recently signed but it is still undergoing its ratification procedures. There is currently no tax treaty or convention in effect between Argentina and the United States.

**Deposit and Withdrawal of Class B Shares in Exchange for ADSs.** No Argentine tax is imposed on the deposit or withdrawal of class B shares in exchange for ADSs.