

	As of and for the year ended December 31,				
	2002(1)	2003(1)	2004(2)	2005	2006(3)
Selected consolidated ratios:					
Profitability and performance					
Net interest margin(4)	8.87	6.84	6.37	5.23	7.11
Fee income ratio(5)	11.06	41.29	34.38	40.43	37.32
Efficiency ratio(6)	20.88	72.85	56.77	59.08	53.79
Ratio of earnings to fixed charges (excluding interest on deposits)(7)	2.39x	3.96x	5.69x	3.01x	6.76x
Ratio of earnings to fixed charges (including interest on deposits)(8)	2.19x	2.26x	3.02x	2.14x	2.49x
Fee income as a percentage of administrative expense(9)	52.95	56.68	60.56	68.43	69.37
Return on average equity(%)	78.27	21.06	16.36	19.71	22.15
Return on average assets(%)	15.04	4.59	3.38	2.81	3.60
Liquidity					
Loans as a percentage of total deposits(%)	55.59	36.57	58.29	55.97	66.88
Liquid assets as a percentage of total deposits(9)	47.05	65.12	53.69	58.65	61.92
Capital					
Total equity as a percentage of total assets(%)	24.24	22.39	14.29	15.70	15.96
Regulatory capital as a percentage of risk-weighted assets(%)	27.36	43.79	35.71	31.03	31.31
Asset Quality					
Non-performing loans as a percentage of total loans(10)	16.94	8.91	6.50	5.34	2.01
Allowances as a percentage of total loans	11.86	5.08	7.27	6.74	3.10
Allowances as a percentage of non-performing loans(10)	70.04	57.07	111.75	126.20	154.25
Amparos as a percentage of equity(%)		4.0	4.0	2.9	3.23
Operations					
Number of branches	163	150	256	254	433
Number of employees	2,881	2,814	4,772	5,054	7,585

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

(2) Nuevo Banco Suquia consolidated with Banco Macro from December 22, 2004.

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

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

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

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

(7) 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.

(8) 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.

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

(10) Non-performing loans include all loans to borrowers classified as "3-nonperforming/deficient compliance," "4-high risk of uncollectibility/unlikely to be collected," "5-uncollectible" and "6-uncollectible, classified as such under regulatory requirements" 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

Risks relating to Argentina

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. 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 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.

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 four 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, and were 9.8% in 2006. 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.

Risk Relating to Argentina

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 “responsibility opinion” against Argentina in a case initiated by LG&E Energy Corp., LG&E Capital Corp. and LG&E International Inc. This “responsibility opinion” is not the tribunal’s final decision and is not susceptible to appeal. Recently 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.

The Argentine government canceled 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 reentering 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.

Congressional and the Presidential elections may adversely affect the Argentine economy.

During 2007, presidential and congressional elections will take place in Argentina. During the last political elections, in which President Nestor Kirchner was ultimately elected, the securities markets suffered certain volatility due to the uncertainty regarding the economic policy to be carried out by the new government. There are no assurances that future uncertainties preceding and resulting from the Congressional and the Presidential elections will not negatively impact the Argentine economy.

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.

Shocks of a similar magnitude to the international markets in the future can be expected to affect adversely the Argentine economy, and the financial system and therefore us.

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 (67% of loan growth in 2005 and 58% of loan growth in 2006 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, 2006, our net exposure to the public sector, not including LEBACs (*Letras del Banco Central*) and NOBACs (*Notas del Banco Central*), totaled approximately Ps.1,073 million, representing 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 and 2006, 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 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 246,479,019 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, amend our bylaws, 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 11.2% in December 2006 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 (average lending rates not including those related to liquidity management operations) decreased from 42% to 9.2% 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, and on April 16, 2007 to distribute dividends corresponding to fiscal year 2006. 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 (which includes us) represented approximately 87.7% of the aggregate market capitalization of the Buenos Aires Stock Exchange as of December 31, 2006. Accordingly, although you are entitled to withdraw the Class B shares underlying the ADSs from the depository 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 would generally be subject to special rules and adverse tax consequences with respect to certain distributions made by us and on any gain realized 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 consult their tax advisors regarding the "passive foreign investment company" rules.