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 occurs, it may materially harm our business and our financial condition and results of operations. As a result, the market price of our Class B shares, 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 economic growth may not be sustainable.

The Argentine economy has experienced significant volatility in recent decades, with periods of low or negative growth, high inflation and currency devaluation. Since the last economic crisis, Argentina has recovered significantly by increasing at a substantial level its real GDP, at an average of 8.5% on annual basis since 2003 through 2008. As a result of the world crisis, Argentina GDP´s growth rate has decreased up to 0.9% in 2009, but it returned to 9.2% in 2010 and 8.9% in 2011. In 2012, Argentine economy has experienced an important volatility, including some low or negative growth periods and high inflation levels affecting competitiveness, although real GDP grew by 1.9% in 2012. No assurance can be given that the current growth will be sustained in 2013 or following years or that the economy will not contract.

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 political, social and economic conditions prevailing in Argentina.

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

Financial and securities markets in Argentina are influenced by economic and market conditions in other markets worldwide. Argentina's economy remains vulnerable to external shocks, including those relative to or similar to the global economic crisis that began in 2008 and the recent uncertainties surrounding European sovereign debt. For example, the challenges faced by the European Union in 2011 and 2012 to stabilize the economy of certain of its member economies, such as Greece, Ireland, Italy, Portugal and Spain, have had international implications affecting the stability of global financial markets, which has hindered economies worldwide. Should the measures taken by the European Union be insufficient to restore confidence and stability to the financial markets, any recovery of the global economy, including the U.S. and European Union economies, could be hindered or reversed, which could negatively affect the Argentine economy. Although economic conditions vary from country to country, investors' perceptions of events occurring in other countries have in the past and may continue to substantially affect capital flows into and investments in securities from issuers in other countries, including Argentina.

The Argentine financial system and securities markets may also be adversely affected by events in developed countries' economies or events in other emerging markets. A prolonged slowdown in economic activity in Argentina or negative effects on the Argentine financial system or the securities markets would adversely affect our business, financial condition and results of operations.

Argentina's economy is vulnerable to external shocks that could be caused by significant economic difficulties of its major regional trading partners or by more general "contagion" effects.

Argentina's economy is vulnerable to adverse developments affecting its principal trading partners. A significant decline in the economic growth of any of Argentina's major trading partners, such as Brazil, China or the United States, could have a material adverse impact on Argentina's balance of trade and adversely affect Argentina's economic growth. Recent economic slowdown, especially in Brazil and China, have led to declines in exports by 12% and 11% in average, respectively, in 2012 compared to 2011. Declining demand for Argentine exports could have a material adverse effect on Argentina's economic growth.

Because international investors' reactions to the events occurring in one market sometimes demonstrate a "contagion" effect in which an entire region or class of investment is disfavored by international investors, Argentina could be adversely affected by negative economic or financial developments in other countries. This "contagion" effect, in turn, may have an adverse effect on our business, financial condition and results of operations.

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

In December of 2001, Argentina defaulted on over US$81.8 billion in external debt to bondholders. In addition, starting in 2002, Argentina discontinued payments on its "Paris Club" debt. Through various exchange offers made to bondholders between 2004 and 2010, Argentina restructured approximately 91% of its defaulted debt and, in 2006, Argentina cancelled all of its outstanding debt with the IMF.

Numerous lawsuits against Argentina have been commenced in several countries, including the United States, Italy, Germany and Japan, by holders of bonds that were not tendered into Argentina's 2005 or 2010 exchange offers.

Certain bondholders with U.S. judgments or claims pending in U.S. litigation have sought, in the United States and elsewhere, to attach both Argentine government assets as well as assets of various Argentine entities and of other persons alleged by these bondholders to be available to satisfy the obligations of the Argentine government. Certain plaintiffs have also sought recognition of their U.S. judgments in foreign courts.

In ongoing litigation in federal courts in New York, holders of Argentina's bonds that did not participate in the exchange offers conducted in 2005 and 2010 have challenged Argentina's decision not to pay non-participating bondholders. The U.S. Court of Appeals for the Second Circuit has ruled that the ranking clause in bonds issued by Argentina prevents Argentina from making payments in respect of bonds issued in the 2005 and 2010 exchange offers, unless it makes pro rata payments in respect of defaulted debt held by non-participating bondholders, which rank pari passu with performing debt. The district court granted an injunction ordering Argentina to pay non-participating bondholders as a precondition to making payments under the performing debt. The injunction further ordered Argentina to deposit into an escrow account over US$1.3 billion prior to making the December 15, 2012 scheduled payments on its performing debt. The U.S. Court of Appeals issued a stay on the injunctions ordered by the district court awaiting for a decision on the merits of the case and determining February 27, 2013 as the day when the hearing of the parties involved in the judicial process were to take place. We cannot exclude that the current stay on the injunctions will be lifted thus creating a risk that Argentina defaults on the bonds issued in the 2005 and 2010 exchange offers. A default by Argentina on its exchange bonds could further affect capital flows and induce capital flight, placing strain on Argentina's reserves. Following the hearing, on March 29, 2013, Argentina submitted an alternative payment formula that reportedly replicates the terms of its 2010 exchange offer. The U.S. Court of Appeals has asked the plaintiffs to respond. On April 19, 2013 plaintiffs rejected the offer. As of the date of filing this report, the U.S. Court of Appeals ruling on this matter is pending.

We can offer no assurance that further litigation will not result in additional substantial judgments granted against Argentina. Present or future litigation could result in the execution, attachment or injunction of assets of the Argentine government, or assets alleged by these bondholders to be property of Argentina, that the Argentine government or the owners of the assets intend for other uses, or an interruption of payments on performing debt of Argentina. As a result, the Argentine government may not have all the necessary financial resources to honor its obligations, implement reforms and foster growth, which could have a material adverse effect on the country's economy, and consequently, on our business, financial condition and results of operations.

Argentina's past default and its failure to completely restructure its remaining sovereign debt and fully negotiate with the holdout creditors has prevented Argentina from re-entering the international capital markets. 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.

Argentina is subject to litigation by foreign shareholders of Argentine companies and holders of Argentina's defaulted bonds, which have resulted and may result in adverse judgments or injunctions against Argentina's assets and limit its financial resources.

Foreign shareholders of several Argentine companies, including public utilities, and bondholders that did not participate in the exchange offers described above, have filed claims in excess of US$20 billion in the aggregate with the International Centre for Settlement of Investment Disputes (the ''ICSID'') alleging that the emergency measures adopted by the government differ from the just and equal treatment standards set forth in several bilateral investment treaties to which Argentina is a party. As of December 31, 2012, there were ICSID judgments outstanding against Argentina for approximately US$1 billion, plus interest and expenses, and furthermore, the United Nations Commission on International Trade Law ("UNCITRAL") has issued rulings against Argentina for approximately US$280 million, plus interest and expenses.

Litigation, as well as ICSID and UNCITRAL claims against the Argentine government, have resulted in material judgments and may result in new material judgments against the 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 Argentine government may not have all the necessary financial resources to honor its obligations, implement reforms and foster growth, which could have a material adverse effect on the country's economy, and consequently, our business, financial condition and results of operations.

Government intervention could adversely affect the Argentine economy.

In recent years, the Argentine government has increased its direct intervention in the economy and in private sector operations and companies.

In 2008, the Argentine government expropriated the country's largest airline (Aerolíneas Argentinas), and in 2012, took control of YPF S.A. ("YPF"), the largest oil and gas company, both of which were privatized in the 90´s. In May 2012, shares owned by the Spanish group Repsol, representing 51% of the capital stock of YPF were expropriated and the board and management of YPF were replaced. Repsol has filed a claim before the ICSID against Argentina and YPF for violation of the existing Treaty for Investment Promotion and Protection agreed between Spain and Argentina. Likewise, Repsol has filed a lawsuit against The Bank of New York Mellon and YPF in the US District Court in Manhattan, claiming that Argentina failed to issue a tender offer for Class D shares of YPF in accordance with YPF's bylaws.

Moreover, the Argentine government appointed directors and members of supervisory committee in listed companies. As a result of the amendment of the social security system in 2008, in 2009 all the assets managed by formerly private pension funds were transferred to a separate fund (*Fondo de Garantía de Sustentabilidad* or "FGS") managed by the ANSES upon the passing of regulation seeking to guarantee the sustainability of the public pension system. As result of such assignment, FGS holds shares in listed companies, including us, which in certain cases, including the case of the Bank, entitles FGS to nominate members of the board of directors and supervisory committees. Pursuant to Decree No. 1278/2012 issued by the Executive Branch on July 25, 2012, those directors appointed by the FGS in listed companies will report directly to the Ministry of Economy (*Secretaría de Política Económica*), and shall comply with a mandatory information regime set forth by such Decree, including among other obligations, the obligation to report to such Secretariat the agenda of each board of directors' meeting and the related documentation.

Expropriations, interventions and other direct involvement by the Argentine government in the economy may have an adverse impact on the level of foreign investment in Argentina, the access of Argentine companies to the international capital markets and Argentina's commercial and diplomatic relations with other countries.

Argentina's foreign trade measures may lead to a decrease in exports and retaliation by trading partners.

In 2012, the Argentine government introduced a procedure pursuant to which local authorities must pre-approve the import of products and services to Argentina as a pre-condition to permit such import and the consequent access to the foreign exchange market for the payment of the imported products or services. Imports in 2012 decreased by 8% in average compared to 2011. Members of Mercosur and other countries have complained against these measures, and some have filed claims against Argentina with the World Trade Organization.

Repeated complaints from various countries against import restrictions implemented by Argentina, suspension of export preferences or retaliations by trading partners may have an adverse effect on Argentine exports, affect the trade balance and, consequently, adversely impact Argentina's economy. Diminished foreign trade would also adversely impact our business, financial condition and results of operations.

Exchange controls and capital inflow and outflow 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.

Since 2002, Argentina has imposed exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. In June 2005, the government issued Decree No. 616/2005, which established additional controls on capital inflows, including the requirement that 30% of all funds remitted to Argentina remain deposited in a domestic financial institution for one year without yielding interest.

In addition, since the second half of 2011 and during 2012, the Argentine government increased controls on the incurrence of foreign currency-denominated indebtedness, the sale of foreign currency and the acquisition of foreign assets by local residents. Furthermore, new regulations were issued in 2012 pursuant to which certain foreign exchange transactions are subject to prior approval by Argentine tax authorities. Since the enhancement of exchange controls in November 2011, and the introduction of measures that have practically closed the foreign exchange market to retail transactions, it is widely reported that in those countries where the peso (bill) is traded, the peso/U.S. dollar exchange rate differs substantially from the official foreign exchange rate in Argentina.

Additional controls could have a negative effect on the economy and on private sector companies, including our business. Furthermore, in such event, the imposition of future restrictions on the transfers of funds abroad may impede our ability to transfer dividends to ADS holders or interest or principal payments to the holders of our notes.

A decline in the international prices for Argentina's main commodity exports or a climate disaster could have an adverse effect on Argentina's economic growth.

High commodity prices have contributed significantly to the increase in Argentine exports since the third quarter of 2002 as well as in governmental revenues from export taxes. If international commodity prices decline, the Argentine government's revenues would decrease significantly affecting Argentina's economic activity. Accordingly, a decline in international commodity prices could adversely affect Argentina's economy, which in turn would produce a negative impact on our financial condition and results of operations.

In addition, adverse weather conditions can affect production of commodities by the agricultural sector, which account for a significant portion of Argentina's export revenues. These circumstances would have a negative impact on the levels of government revenues, availability of foreign exchange and the government's ability to service its sovereign debt, and could either generate recessionary or inflationary pressures, depending on the government's reaction. Either of these results would adversely impact Argentina's economy growth and, therefore, our business, financial condition and results of operations.

An increase in inflation could have a material adverse effect on Argentina's economic prospects.

In recent years, Argentina has confronted inflationary pressure, as evidenced by significantly higher fuel, energy and food prices. According to inflation data published by the National Statistics Institute (Instituto Nacional de Estadística y Censos, INDEC), from 2007 to 2012, the Argentine consumer price index ("CPI") increased 8.5%, 7.2%, 7.7%, 10.9%, 9.5% and 10.8%, respectively; the wholesale price index increased 14.4%, 8.8%, 10.3%, 14.5%, 12.7% and 13.1%, respectively. Since 2007, INDEC, which is the only institution in Argentina with the statutory authority to produce official nationwide statistics, experienced a controversial process of institutional reforms. The accuracy of the statistical information released by the INDEC has been called into question by numerous private sectors.

In the past, inflation has materially undermined the Argentine economy and Argentina’s ability to create conditions that would permit growth. High inflation may also (i) undermine Argentina’s competitiveness abroad producing, inter alia, an increase in unemployment levels and (ii) negatively impact the country’s long-term credit markets. There can be no assurance that inflation rates will not continue to escalate in the future or that the measures adopted or that may be adopted by the Argentine government to control inflation will be effective or successful. Inflation remains a challenge for Argentina. Significant inflation could have a material adverse effect on Argentina’s economy and in turn could increase our costs of operation, in particular labor costs, and may negatively impact our financial condition and results of operations. See “Failure by the Argentine government to follow the International Monetary Fund’s recommendations could further strain relations with the IMF”.

Failure by the Argentine government to follow the International Monetary Fund’s recommendations could further strain relations with the IMF.

During the past years, Argentina’s relations with the International Monetary Fund (the “IMF”) have been strained. Due to generalized complaints against INDEC’s quality of official data, in December 2010, Argentina accepted to begin working with the IMF for technical assistance in order to prepare a new CPI with the aim of modernizing the current statistical system. During the first quarter of 2011, a team from the IMF started working in conjunction with the INDEC. In a meeting held on February 1, 2013, the Executive Board of the IMF found that Argentina’s progress in implementing remedial measures has not been sufficient and, as a result, the IMF issued a declaration of censure against Argentina. Notwithstanding the foregoing, the IMF called on argentina to adopt remedial measures to address the inaccuracy of inflation and GDP data no later than September 29, 2013.

If the IMF finds that the methodology of INDEC for calculating GDP is inaccurate, or concludes that its methodology shall be adjusted, that could derive in financial and economic hazards for Argentina, including lack of financing from such organization. If these measures are adopted, the Argentine economy could suffer material adverse effects, which in turn would adversely affect our financial condition and results of operations.

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

Despite the positive effects of the real depreciation of the peso on the competitiveness of certain sectors of the Argentine economy, it also had a far-reaching negative impact on the Argentine economy and on the financial condition of businesses and individuals. The devaluation of the peso 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. See “–Exchange controls and capital inflow and outflow 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.”

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, financial condition and results of operations.

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 presents risks for the Argentine economy. A significant real appreciation of the peso could affect Argentina’s competitiveness abroad and adversely affect exports and employment level. This could have a negative effect on GDP growth as well as reduce the Argentine public sector’s revenues by reducing tax collection in real terms. A contraction of the Argentine economy may have a material adverse effect in our business, our financial condition and results of operations.

In addition, the appreciation of the peso against the U.S. dollar would negatively impact the financial condition of entities whose foreign currency-denominated assets exceed their foreign currency-denominated liabilities.

Our primary assets and revenues are denominated in pesos while approximately 15% of our total assets and 13% of our total liabilities are denominated in foreign currencies.

The loss of competitiveness by Argentine companies may reduce or reverse the foreign trade balance, affecting Argentina’s economic growth.

In the current Argentine economic context, with fiscal and monetary policies that have fueled inflation, the peso has appreciated leading to a reduction of competitiveness of Argentine companies. Loss of competitiveness of local businesses in the long term has an adverse effect on the foreign trade balance and economic growth.

The Argentine government has assumed substantial control over foreign trade to avoid the depletion of international reserves. See “—Argentina’s foreign trade measures may lead to a decrease in exports and retaliation by trading partners.” These control measures have resulted in a shortage of inputs and spare parts and in production disruptions. The continuation of these shortages may affect the growth of the economy and, consequently, could affect our business, financial condition and results of operations.

High public expenditure could result in long lasting adverse consequences for the Argentine economy.

During the last few years, the Argentine government has substantially increased public expenditure. In 2012, public sector expenditure increased by 29% year over year and the government reported, primary fiscal deficit. The Argentine government has resorted to the Central Bank and to the ANSES to source part of its funding requirements. We cannot assure you that the government will not seek to finance its deficit by gaining access to the liquidity available in the local financial institutions. In that case, government initiatives that increase the exposure of local financial institutions to the public sector would affect our liquidity and assets quality and impact negatively on clients' confidence.

In addition, a further deterioration in fiscal accounts could negatively affect the government's ability to access the international financing markets and could result in increased pressure on the Argentine private sector to cover the government's financial needs. This would adversely impact the Argentine economy and our financial condition and results of operations.

Argentine government measures to preempt, or in response to, economic instability and the related social unrest may adversely affect the Argentine economy.

Despite Argentina's economic recovery during the past years, social and political tensions and high levels of poverty have not abated. Future Argentine government policies to preempt, or in response to, social unrest could adversely and materially affect the economy, and thereby our business.

The amendment of the Central Bank's Charter and the Convertibility Law may adversely affect the Argentine economy.

On March 22, 2012, the Argentine Congress passed Law No. 26,739, which amended the charter of the Central Bank (the "Central Bank's Charter) and Law No. 23,298 (the "Convertibility Law"). This new law amends the objectives of the Central Bank (established in its charter) and removes certain provisions previously in force. Pursuant to the amendment, the Central Bank focuses on promoting monetary and financial stability as well as development with social equity.

A key component of the amendment of the Central Bank charter relates to the use of the international reserves. Pursuant to this amendment, Central Bank reserves may be made available to the government for the repayment of debt or to finance public expenses. This use of Central Bank reserves for the expanded purposes may result in Argentina being more vulnerable to inflation or external shocks, affecting the country's capacity to overcome the effects of an external crisis.

Risks relating to the Argentine financial system

The health of Argentina's financial system depends on the growth of long-term credit market.

In recent years the loan portfolio grew significantly. Loans to the private sector grew by approximately 37% in 2010, 46% in 2011 and 31% in 2012.

In spite of the recovery of the credit activity, the long-term loans market (pledged loans and mortgage loans) did not grow at the same pace.

If longer-term financial intermediation activity does not grow, the ability of financial institutions, including us, to generate profits will be negatively affected.

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

Despite the international crisis, total deposits with the financial system increased by 28% in 2010, by 31% in 2011 and by 29% in 2012.

The average total deposits represented 28% of GDP during 2012 compared to 31% and 23% in average in 2011 and 2010, respectively.

In spite of the increasing trend showed during previous years, the deposit base of the Argentine financial system, including ours, may be affected in the future by adverse economic, social and political events. If there were a loss of confidence upon these events and, therefore, depositors once again withdraw significant holdings from banks (as they did in late 2001 and early 2002 as a result of the measures then implemented by the Argentine government), 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. International loss of confidence in the financial institutions may also affect sensibility of Argentine depositors.

The asset quality of financial institutions, including us, may be affected by the exposure to public sector debt.

Financial institutions have bonds of, and loans to, the Argentine federal and provincial governments as part of their portfolios. Exposure to public sector of the financial system has decreased year after year, from a level of 48.9% in 2002 to 9.7% in 2012. Exposure to public sector debt as of December 31, 2012 represented approximately one fifth of financings granted by the financial system to the private sector.

To some extent, the value 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, 2012, our exposure to the public sector, not including LEBACs (*Letras del Banco Central*) and NOBACs (*Notas del Banco Central*), totaled approximately Ps. 1.9 billion, representing 3.9% of our total assets.

Our asset quality and that of other financial institutions may deteriorate if the Argentine private sector is affected by economic events in Argentina or the international financial crisis.

The capacity of many Argentine private sector debtors to repay their loans has deteriorated as a result of certain economic events in Argentina or the international economic crisis, materially affecting the asset quality of financial institutions, including us. From the end of 2008, we had consistently established large allowances for loan losses to cover the risks inherent to our private loan portfolio.

During 2010 and 2011, the ratio of the non-performing private sector lending showed a great decline from the levels reported for 2009, with a record minimum ratio of 1.4% as of December 31, 2011 for the financial system as a whole. Such improvements were reflected in both the consumer loan portfolio and the commercial portfolio. During 2012, the ratio of the non-performing private sector lending increased, standing at 1.7% as of December 31, 2012.

Our credit portfolio quality ratio and coverage ratio followed the financial system trend standing at 1.8% and 154.5% ratios for our entire portfolio, respectively, as of December 31, 2012.

Despite of the good quality of our portfolio we may not succeed in recovering substantial portions of loans that were provisioned. If Argentina’s recovery does not continue and the financial condition of the private sector deteriorates, the financial system, including us, will experience an increase in the incidence of non-performing loans.

Class actions against financial entities for an indeterminate amount may adversely affect the profitability of the financial system.

Certain public and private organizations have initiated class actions against financial institutions in Argentina. The Argentine National Constitution and Law No. 24,240 (the “Consumer Protection Law”) contain certain provisions regarding class actions. However, their guidance with respect to procedural rules for instituting and trying class action cases is limited. Nonetheless, by means of an ad hoc doctrine construction, Argentine courts have admitted class actions in some cases, including various lawsuits against financial entities related to “collective interests” such as alleged overcharging on products, applied interest rates, advice in the sale of public securities, etc. If class action plaintiffs were to prevail against financial institutions, their success could have an adverse effect on the financial industry and on our business.

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. Such limitations have restricted creditors’ ability to collect defaulted loans. Most of these measures have been rescinded; however, we cannot assure you that in an adverse economic environment the government will not adopt new measures in the future, which could have a material adverse effect on the financial system and our business.

The application of the Consumer Protection Law may prevent or limit the collection of payments with respect to services rendered by us.

The Consumer Protection Law sets forth certain rules and principles designed to protect consumers, which include our customers. The Consumer Protection Law was amended on March 12, 2008 by Law No. 26.361 to expand its applicability and the penalties associated with violations thereof.

Additionally, Law No. 25,065 (as amended by Law No. 26,010 and Law No. 26,361, the “Credit Card Law”) also sets forth several mandatory regulations designed to protect credit card holders.

Both the involvement of the applicable administrative authorities at the federal, provincial and local levels, and the enforcement of the Consumer Protection Law and the Credit Card Law by the courts are increasing. This trend has increased general consumer protection levels. We cannot provide any assurance that judicial and administrative rulings based on the applicable regulation, or measures adopted by the enforcement authorities, will not increase the consumer protection given to debtors and other clients in the future, or that they will not favor the claims initiated by consumer groups or associations, and in such event, certain penalties and remedies could prevent or limit the collection of payments due from services and financing provided by banks engaged in such practices and materially adversely affect the financial results of those entities.

Future governmental measures and/or regulations may adversely affect the economy and the operations of financial institutions.

The Argentine government has historically exercised significant influence over the economy, and financial institutions, in particular, have operated in a highly regulated environment. In the first quarter of 2012, the Central Bank’s Charter was amended resulting in an increase influence of government over the financial system. For example, in June 2012, the Central Bank established that certain financial entities, including us, must allocate an amount equal to at least 5% of the monthly average of the daily balance of the deposits held with such entities by the non-financial private sector, at a fixed interest rate in Pesos determined by the Central Bank, to fund investment projects for the acquisition of capital goods; the construction of plants; the marketing of goods or the acquisition of property (subject in this case to certain additional requirements). The Central Bank extended the term of this ruling on December 2012 and the banks are expected to have made these loans by June 2013. Furthermore, the Central Bank sets certain regulations that provides more control over the relationship between them and their customers and imposed the obligation to report any change in their fees with a prior 90-day notice. We cannot assure that laws and regulations currently governing the economy or the banking sector will not continue to change in the future or that any changes will not adversely affect our business, financial condition and results of operations.

As of the date of this report, three different bills to amend the Financial Institutions Law No. 21,526 as amended (the “Financial Institution Law”) have been put forth for review in the Argentine Congress, seeking to amend different aspects of the Financial Institutions Law. A thorough amendment of the Financial Institutions Law would have a substantial effect on the banking system as a whole.

Argentina’s insufficient or incorrect implementation of certain anti-money laundering and combating the financing of terrorism (“AML/CFT”) recommendations may result in difficulties to obtain international financing and attract direct foreign investments.

In October 2010, the Financial Action Task Force (“FATF”) issued a Mutual Evaluation Report on Anti-Money Laundering and Combating the Financing of Terrorism in Argentina, including the evaluation of Argentina as of the time of the on-site visit which took place in November 2009. This report states that since the latest evaluation, finalized in June 2004, Argentina had not made adequate progress in addressing a number of deficiencies identified at the time.

Moreover, in February 2011, Argentina, represented by the Minister of Justice, attended the FATF Plenary in Paris, in order to present a preliminary action plan. FATF granted an extension to implement changes.

In June, 2011, Argentina made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. In compliance with recommendations made by the FATF on money laundering prevention, on June 1, 2011 the Congress enacted Law No. 26,683. Under this law, money laundering is now a crime per se, and self-laundering money is also considered a crime.

Additionally, in June 2012, the Plenary meeting of the FATF held in Rome highlighted the progress made by Argentina but also urged the country to make further progress regarding its AML/CFT deficiencies.

Notwithstanding the improvements that Argentina made, the FATF as of October 2012 has determined that certain strategic AML/CFT deficiencies continue, including, among others, (i) addressing the remaining deficiencies with regard to the criminalization of money laundering; (ii) further improving procedures for the confiscation of funds related to money laundering and freezing terrorist assets; (iii) enhancing financial transparency; (iv) ensuring a fully operational and effectively functioning Financial Intelligence Unit and improving suspicious transaction reporting requirements; (v) further enhancing the AML/CFT supervisory program for all financial sectors; (vi) further improving and broadening customer due diligence measures; and (vii) establishing appropriate channels for international co-operation and ensuring effective implementation.

The FATF will continue to monitor the progress of Argentina regarding the compliance with AML/CFT international standards. Therefore, the outcome of new evaluations could adversely affect Argentina’s ability to obtain financing from international markets and attract foreign investments.

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.

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 in particular, have 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.

As of March 31, 2013, our controlling shareholders directly or beneficially owned 10,539,895 Class A shares and 227,736,459 Class B shares in the aggregate. Although currently there 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. Although to date all acquisitions have been authorized by the Central Bank and other relevant authorities, we cannot assure you that any future acquisition will also be authorized by these authorities. 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.

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

We expect trends of increased competition in the banking sector. 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 between interest rates received on loans and those paid on deposits 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 could be affected as a result of increased competition in the banking sector and the government’s tightening of monetary policy in response to inflation concerns.

Since 2009, the interest rate spreads throughout the financial system have increased. This increase was sustained by a steady demand for consumer loans in recent years.

However, we cannot guarantee that this trend will continue unless increases in lending or additional cost-cuttings take place. A reverse of this trend in such terms could adversely affect our profitability.

Our estimates and established reserves for credit risk and potential credit losses may prove to be inaccurate and/or insufficient, which may materially and adversely affect our financial condition and results of operations.

A number of our products expose us to credit risk, including consumer loans, commercial loans and other receivables. Changes in the income levels of our borrowers, increases in the inflation rate or an increase in interest rates could have a negative effect on the quality of our loan portfolio, causing us to increase provisions for loan losses and resulting in reduced profits or in losses.

We estimate and establish reserves for credit risk and potential credit losses. This process involves subjective and complex judgments, including projections of economic conditions and assumptions on the ability of our borrowers to repay their loans. We may not be able to timely detect these risks before they occur, or due to limited resources or available tools, our employees may not be able to effectively implement our credit risk management system, which may increase our exposure to credit risk.

Overall, if we are unable to effectively control the level of non-performing or poor credit quality loans in the future, or if our loan loss reserves are insufficient to cover future loan losses, our financial condition and results of operations may be materially and adversely affected.

Changes in market conditions, and any risks associated therewith, could materially and adversely affect our financial condition and results of operations.

We are directly and indirectly affected by changes in market conditions. Market risk, or the risk that values of assets and liabilities or revenues will be adversely affected by variation in market conditions, is inherent in the products and instruments associated with our operations, including loans, deposits, securities, bonds, long-term debt and short-term borrowings. Changes in market conditions that may affect our financial condition and results of operations include fluctuations in interest and currency exchange rates, securities prices, changes in the implied volatility of interest rates and foreign exchange rates, among others.

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.

The instability of the regulatory framework, in particular the regulatory framework affecting financial entities, could have a material adverse effect in financial entities activities, including us.

During 2011 and 2012 a series of new regulations have been issued, mainly regulating the foreign exchange market, capital and minimum cash requirements, lending activity and dividend distribution for financial institutions.

In this regard, the Central Bank, increased the capital requirements for financial institutions carrying out activities in Argentina, establishing a minimum capital level to mitigate operational risk. The Central Bank has stated that this new requirement is based on the credit risk policies under Basel II.

Moreover, the Central Bank imposed new restrictions to the distribution of dividends, including a limitation on the maximum distributable amount of dividends which cannot exceed the excess in minimum regulatory capital, exclusively considering, to such end, a 75% incremental adjustment to the capital requirement; i.e. the capital remaining after the distribution of dividends must be sufficient to meet the regulatory capital requirement increased by 75%.

The Central Bank established that certain financial entities, including us, must allocate an amount equal to at least 5% of the monthly average of the daily balance of the deposits held with such entities by the non-financial private sector, at a fixed interest rate in Pesos determined by the Central Bank, to fund investment projects for the acquisition of capital goods; the construction of plants; the marketing of goods or the acquisition of property (subject in this case to certain additional requirements). The Central Bank extended the term of this ruling on December 2012 and the banks are expected to have made these loans by June 2013. Furthermore, the Central Bank sets certain regulations that provides more control over the relationship between the banks and their customers and imposed the obligation to report any change in their fees with a prior 90-day notice.

Changes in the regulatory framework could limit the ability of financial institutions, including us, to make long-term decisions, such as asset allocation decisions, that could cause uncertainty with respect to the future financial condition and results of operations.

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. We have consistently obtained authorization from the Central Bank to distribute dividends corresponding to fiscal years 2003 through 2010. Under new Central Bank Rules on distribution of dividends, the capital remaining after the distribution of dividends must be sufficient to meet the regulatory capital increased by 75%. In 2012 we did not reach the regulatory threshold for dividend distribution.

No assurance can be given that in the future we will be able to reach the regulatory threshold, or that if so, the Central Bank will continue to grant us the authorization to distribute dividends by our shareholders at the annual ordinary shareholders’ meeting or that such authorization shall be for the full amount of distributable dividends.

Additional regulatory and contractual restrictions exist which could affect the distribution of earnings and are included in note 15 of our consolidated financial statements as of December 31, 2012.

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

Under Argentine Corporate Law No. 19,550 (the “Argentine Corporate 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 depositary; 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 incorporated within the City of Buenos Aires, are required to register with 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 that any market for our Class B shares or for the ADSs will be available or liquid or the price at which the Class B shares or the ADSs may be sold in that market.

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 96% of the aggregate market capitalization of the BCBA as of December 31, 2012. 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 BCBA 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 may have been characterized as stock in a ''passive foreign investment company'' in the past, or may be so characterized in the future, 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. While we do not believe that we are currently a passive foreign investment company, the test for determining our "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. In addition, we may have been a PFIC in the past. 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 (as defined in "Taxation—Material U.S. Federal Income Tax Considerations") in some circumstances. If we were classified as a passive foreign investment company in the past, U.S. holders of our Class B shares or the ADSs that held such Class B shares or ADSs at that time 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. In addition, if we are treated as a passive foreign investment company in future tax years, U.S. holders of our Class B shares or the ADSs in such future periods may be subject to these same rules. In either case, 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 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 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 have issued and may also issue additional 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. Since then, 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. Furthermore, new regulations were issued in 2012 pursuant to which certain foreign exchange transactions cannot be effected unless they are previously approved by Argentine tax authorities. Argentina may 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.

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.

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.

Independent credit rating agencies may assign credit ratings to the notes. 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 of the 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 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 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 notes.

Risks relating to our 2036 Notes

Interest on the 2036 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 payment 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 thereon, 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 does not restrict our ability to pay dividends unless 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 2036 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 2001 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 requires prior authorization for the distribution of dividends by banks. Although the prohibition 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 2036 Notes are unsecured and subordinated and, in the event of our bankruptcy, the 2036 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 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.