

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

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

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

Risks relating to Argentina

Argentina's current growth and stabilization may not be sustainable

During 2001 and 2002, Argentina went through a period of severe political, economic and social crisis. The economy has recovered significantly over the past seven years, although the global economy faced a period of volatility during 2008. Uncertainty remains as to whether the current growth and relative stability is sustainable. The Argentine economy continued to be fragile during 2009, showing a slow recovery in the second half of the year and the first months of 2010. This trend might be affected by the following reasons:

- incomplete normalization of the financial systems of the main developed economies and recent events in the European financial markets;
- abrupt changes in the monetary and fiscal policies of the main economies worldwide;
- reversal of capital flows due to domestic and international uncertainty;
- uncertainty with respect to debt restructuring, the payment capacity of the Argentine public sector and the possibilities of procuring international financing;
- increase in inflation affecting competitiveness and economic growth;
- poor development of the credit market;
- low level of investment;
- evolution of the exchange rate;
- increase in public expenditure affecting the economy and the fiscal accounts;
- possible reversal in the trade balance;
- significant decrease in prices of main commodities exported by Argentina;
- wage and price controls; and
- political and social tensions.

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 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.

Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to greater volatility. In September 2008, global financial markets deteriorated sharply following the bankruptcy filing by Lehman Brothers Holdings Inc. In the days that followed, it became apparent that a number of other major foreign financial institutions were experiencing significant difficulties. Thereafter, there have been runs on deposits at several foreign financial institutions in the countries most affected by the financial crisis and numerous institutions have sought additional capital. Central banks around the world have coordinated efforts to increase liquidity in the financial markets by taking measures such as increasing the amounts they lend directly to financial institutions, lowering interest rates and significantly increasing temporary reciprocal currency arrangements. In an attempt to prevent the failure of the financial system, the United States and European governments have intervened on an unprecedented scale.

More recently, several European economies have revealed significant macroeconomic imbalances. The financial markets have reacted adversely curtailing the ability of certain of these countries to refinance their outstanding debt.

The financial systems of the main developed economies remain the subject of uncertainty and affect global economic stability.

Argentina continues to be affected by events in the economies of its major regional partners and may be affected by events in developed economies, which are trading partners or that impact the global economy.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Argentine financial market. To date, the Argentine financial system has not required an intervention by the Argentine government or assistance from the Central Bank, but we cannot guarantee such an intervention might not occur nor its possible extent.

Abrupt changes in the fiscal and monetary policies of the main economies worldwide might cause recessive effects on our economy

Liquidity restrictions in the financial systems of the United States and Europe that started during the second semester of 2008 caused a credit squeeze that resulted in a sharp fall in the global economy. The depth, extension and speed of the credit squeeze generated a rapid response by the countries of the G20 through monetary and fiscal expansive policies designed to avoid a long and violent depression.

In that sense, the recession in the second semester of 2008 and the first semester of 2009 was short but severe. The world economy, according to estimations of the IMF, decreased at an annual rate of 6% in the first half of 2009, returning to a modest expansion during the last semester.

Both the United States economy and the European Union economy recovered, although such recovery was fueled by a bold step-up in public sector spending and expansive monetary policies, which led their fiscal deficits to account for 9% and 6% of their GDP, respectively.

An interruption in the recovery of growth in the principal world economies could threaten the global economy as a whole, affecting the main economies and emergent countries, including Argentina.

The domestic and international uncertainty might cause a reversal of the capital flows

Domestic as well as international uncertainty impact adversely on Argentina's ability to attract capital. During the first semester of 2009 capital outflows increased abruptly (influenced by domestic and international uncertainty), although the trend seemed to reverse during the second half of 2009. Internationally, the recovery of the main economies and especially of Argentina's main business partners was particularly relevant.

An abrupt change in the economic policies of the developed countries or changes in domestic policy might revert the flow of capitals towards Argentina. Such changes would negatively impact the liquidity of the local market and the operations of the Bank.

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.

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 February 2007, ICSID tribunals issued a judgment against Argentina in a US\$208 million suit initiated by Siemens for indemnity in the failure to complete a contract in 2001 concerning personal identification documents. The revision and annulment proceedings in this case were discontinued as a consequence of a settlement reached between the parties. Consequently, as of the date of this annual report, this procedure is concluded.
- In May 2007, ICSID tribunals ordered Argentina to pay US\$106 million to Enron Corporation and Ponderosa Assets LP, shareholders of the local gas distributor Transportadora de Gas del Sur, in connection with tariff adjustments. This dispute is currently pending before an ICSID Tribunal/Annulment Panel.
- In July 2007, ICSID tribunals ordered Argentina to pay US\$57.4 million to LG&E Energy Corp., LG&E Capital Corp. and LG&E International Inc., in connection with the decrease in value of their shares in Distribuidora de Gas del Centro, Distribuidora de Gas Cuyana and Gas Natural BAN. In this case, the tribunal recognized the state of emergency in place that justified the measures taken by the government. In addition, the annulment proceeding in this case, pursued by both parties, has been suspended.
- In August 2007, ICSID tribunals ordered Argentina to pay US\$105 million to Compañía de Aguas del Aconquija S.A. and Vivendi Universal in connection with the termination of the water concession agreement executed with such company in the province of Tucumán. This dispute is currently pending before an ICSID Tribunal/Annulment Panel.
- In September 2007, ICSID tribunals ordered Argentina to pay US\$172 million to Sempra Energy International due to the depreciation of its shareholdings in Sodigas Pampeana and Sodigas Sur (shareholders, in turn, of the local concessionaries of the gas distribution service in Argentina, Camuzzi Gas Pampeana and Camuzzi Gas del Sur), as a consequence of the economic measures adopted by the Argentine government in 2002. This dispute is currently pending before an ICSID Tribunal/Annulment Panel.
- In September 2008, and although it recognized the state of emergency in place that justified certain extraordinary measures by the Argentine government, ICSID tribunals ordered Argentina to pay US\$2.8 million to Continental Casualty Company. This dispute is currently pending before an ICSID Tribunal/Annulment Panel.

Additionally, in December 2007, under United Nations Commission on International Trade Law (UNCITRAL) arbitration rules, an arbitration tribunal ordered Argentina to pay US\$185 million to British Gas (shareholder of Argentine gas company Metrogas). Argentina filed with the U.S. District Court for the District of Columbia a petition to vacate or modify the award. The procedure before said court is pending.

Furthermore, UNCITRAL tribunals have also ordered Argentina to pay US\$53.5 million to National Grid plc, shareholder of the Argentine electricity transportation company Transener (November 2008).

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

On September 2, 2008, by means of Decree No. 1,394 Argentina announced its decision to pay its debt to its creditor nations members of the Paris Club. At the same time, by means of a press release issued on September 18, 2008, the Paris Club announced that it accepted Argentina's decision. However, negotiations came to a halt due to the international financial crisis affecting economies worldwide at such time and remain delayed.

On February 2, 2009, by means of Joint Resolutions 8/2009 and 5/2009 of the Secretariat of Economy and the Secretariat of Finance of the National Ministry of Economy and Public Finances, launched the local tranche of the exchange of certain liabilities due between 2009 and 2012 (See Item 5.A. "Operating Results") for new bonds. The government announced that 97% of the holders had accepted such exchange proposal, representing Ps. 15.1 billion of an aggregate domestic tranche of the debt due in 2009, 2010 and 2011 for a total of Ps. 15.6 billion. The new bonds delivered under the exchange are due as from 2014.

On April 28, 2010, the Argentine government filed a prospectus supplement with the SEC, announcing an offer to exchange certain of its outstanding bonds, including bonds that were in default, for new bonds (the "Exchange Offer"). The Exchange Offer is scheduled to expire on June 7, 2010, unless extended or earlier terminated by the government. The consummation of the Exchange Offer is conditioned on the consummation of a separate and concurrent offering of new bonds for cash (the "Cash Offer"). The Argentine government may waive this condition in its sole discretion. The Exchange Offer is also subject to other terms and conditions, including the absence of certain legal impediments to the settlement of the Exchange Offer, some of which may not be waived by the government. The Argentine government's inability or decision not to consummate the Exchange Offer or the Cash Offer, or a low level of participation in the Exchange Offer by holders of existing bonds, may limit the ability of the government to re-enter the capital markets, which could have a material adverse effect on the country's economy.

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

Since 2007 the inflation index has been extensively discussed in the Argentine economy. The intervention of the INDEC and the change in the way the aforementioned inflation index is measured has resulted in disagreements between the government and private consultants as to the actual annual inflation rate.

The inflation rates according to the INDEC were 8.5%, 7.2% and 7.7% for 2007, 2008 and 2009, respectively. In the first quarter of 2010 the INDEC reported an inflation rate of 3.2%. Uncertainty surrounding future inflation rates has slowed the rebound in the long-term credit market. Private estimates, on average, refer to annual rates of inflation in excess of those published by INDEC.

In the past, inflation has materially undermined the Argentine economy and the government's ability to create conditions that would permit stable 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 affect our lending activities.

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 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 the financial condition of businesses and individuals. The devaluation of the peso has had a negative impact on the ability of Argentine businesses to honor their foreign currency-denominated debt, has 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. In particular, our results of operations are sensitive to changes in the Ps./US\$ exchange rate because our primary assets and revenues are denominated in pesos while around 20% of our loan portfolio and of our total deposits are denominated in foreign currencies.

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.

The high public expenditure could result in long lasting adverse consequences for the Argentine economy

The current Argentine macroeconomic model consists in maximizing the rate of economic growth until the year 2011, maintaining a policy of sharp increase in public expenditure. In 2009, the financial needs of the public sector were of US\$19.3 billion. In 2010, the financial needs of the government are expected to increase up to approximately US\$16.6 billion. At the end of 2009, the government decided to use reserves of the Central Bank (for US\$6.5 billion) to face future commitments with debt holders. Currently, the decree ordering such use is being reviewed by the Argentine

Congress to decide whether such measure is legitimate.

In the past, the government resorted to the international capital markets to source part of its funding requirements. Other sources of liquidity have included local financial institutions. 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. Government initiatives that increase our exposure to the public sector would affect our liquidity and assets and impact negatively on clients' confidence.

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

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.

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 consequence of the 2008 crisis, the banking industry in Argentina suffered a significant slowdown. This trend was reversed by the end of 2009.

Private sector financing increased by the end of 2009. Nevertheless 2009 ended with a lower expansion. Loans to the private sector grew by 42% in 2007, 20% in 2008, and 9% in 2009. In spite of the recovery of the credit activity, the recovery of the long-term loans market (pledge loans and mortgage loans) is recovering at a slower pace.

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 having increased since 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 health of the financial system depends upon the ability of financial institutions, including us, to retain the confidence of depositors, after having overcome the crisis

The average total deposits of the financial system grew 23% in 2007 and 20% in 2008, averaging Ps. 191,653 and Ps. 229,089 million, respectively. Despite the international crisis, total deposits with the financial system increased by 11% during 2009, with an average balance of Ps.253,985 million.

Total deposits in terms of GDP represented 22.2% in average during 2009, compared with levels around 23.7% in average during the two previous years.

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 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. International loss of confidence in the financial institutions may also affect sensibility of Argentine depositors.

The asset quality of financial institutions, including us, is still affected by the exposure to public sector debt

Financial institutions have a significant portfolio of bonds of, and loans to, the Argentine federal and provincial governments. Exposure to public sector of the financial system has decreased year after year, from a level of 48.9% in 2002 to 12.8% in 2008. However, during the second half of 2009, this exposure showed a slight increase, reaching 14.5% by December 31, 2009. Exposure to public sector debt as of December 31, 2009 represented slightly more than one third 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, 2009, our net exposure to the public sector, not including LEBACs (*Letras del Banco Central*) and NOBACs (*Notas del Banco Central*), totaled approximately Ps. 947 million, representing 3.5% of our total assets.

Our asset quality and that of other financial institutions may deteriorate if the Argentine private sector is affected by the international financial crisis

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

As anticipated by the Bank at the end of 2008, and following the trend of the entire financial system, financing to the private sector was affected negatively throughout 2009, closing with a portfolio quality ratio of 3.2% with a coverage ratio of 116.06%.

The financial system showed during the last months of 2009 a decline in the performance of the private sector credit portfolio, mainly due to the consumer loans and to a slight upturn of the coverage indicator.

However, the current improvement may not continue, and we will likely 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, we will experience an increase in our incidence of non-performing loans.

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 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 directly or beneficially own 10,187,559 Class A shares and 225,840,639 Class B shares in the aggregate. Although there currently is no formal agreement among them, together our controlling shareholders control virtually all decisions with respect to our company made by shareholders. They may, without the concurrence of the remaining shareholders, elect a majority of our directors, effect or prevent a merger, sale of assets or other business acquisition or disposition, cause us to issue additional equity securities, effect a related party transaction and determine the timing and amounts of dividends, if any. Their interests may conflict with your interests as a holder of class B shares, ADSs or notes, and they may take actions that might be desirable to the controlling shareholders but not to other shareholders or holders of our notes.

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

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

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

We depend on key personnel for our current and future performance

Our current and future performance depends to a significant degree on the continued contributions of our senior management team and other key personnel, in particular Jorge Horacio Brito and Delfin 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 2008 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 during the last years as a result of increased competition in the banking sector and the government's tightening of monetary policy in response to inflation concerns. Our interest rate spreads followed the same trend. We and other financial institutions have largely responded by lowering operating costs.

In 2009 the interest rate spread has increased over all the financial system. 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.

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.

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 2009. Nevertheless, 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 or that such authorization shall be for the full amount of approved dividends.

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, 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 Public Registry of Commerce (the “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 96.6% of the aggregate market capitalization of the BCBA as of December 31, 2009. 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 might be characterized as stock in a “passive foreign investment company” for U.S. federal income tax purposes

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

Risks relating to our Notes

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

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

In particular, under Financial Institutions Law No. 21,526 as amended (the “Financial Institutions Law”), all of our existing and future depositors will have a general priority right over holders of notes issued under our medium-term note program. The Financial Institutions Law provides that in the event of judicial liquidation or insolvency, all depositors would have priority over all of our other creditors (including holders of notes), except certain labor creditors and secured creditors. Moreover, depositors would have priority over all other creditors, with the exception of certain labor creditors, to funds held by the Central Bank as reserves, any other funds at the time of any revocation of our banking license and proceeds from any mandatory transfer of our assets by the Central Bank.

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

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

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

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

We may redeem the notes prior to maturity

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

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

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

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

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

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

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

No interest on the 2036 Notes will be due and payable in the event that the payment of such interest, together with any other payments or distributions (other than payments in respect of redemptions or repurchases) on or in respect of our Parity Obligations (including the Notes) previously made or scheduled to be made during the Distribution Period in which such Interest Payment Date falls, would exceed our Distributable Amounts for such Distribution Period. Interest payments on the Notes are non-cumulative such that if an interest 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 ratings of the 2036 Notes may be lowered or withdrawn depending on various factors, including the rating agency's assessment of our financial strength and Argentine sovereign risk

As of December 31, 2009, the 2036 Notes were rated "B2" by Moody's Investors Service, Inc. and "B" by Fitch Ratings Ltd. At the local level, Moody's Latin America rated the Notes "Aa3.ar" and Fitch Argentina rated the Notes "AA (arg)". The ratings of the Notes reflect the relevant rating agency's assessment of our ability to make timely payment of principal and interest on the Notes. Moreover, the methods of assigning ratings used by Argentine rating agencies may differ in important aspects from those used by the rating agencies in the United States or other countries. The ratings of the 2036 Notes are not a recommendation to buy, sell or hold the Notes, and the ratings do not comment on market prices or suitability for a particular investor. We cannot assure you that the ratings of the 2036 Notes will remain for any given period of time or that the ratings will not be lowered or withdrawn. A downgrade in ratings will not be an event of default with respect to the 2036 Notes. The assigned ratings may be raised or lowered depending, among other things, on the rating agency's assessment of our financial strength as well as its assessment of Argentine sovereign risk generally, and any change to these may affect the market price or liquidity of the 2036 Notes.

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

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

It is also possible that the IRS could assert that the 2036 Notes should be treated as equity for U.S. federal income tax purposes. If this assertion were successful, U.S.

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