BANCO PATAGONIA

Consolidated financial statements in accordance with International Financial Reporting Standards as of December 31, 2009, and 2008,
jointly with the Independent Auditors' Report

BANCO PATAGONIA S.A.

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS OF DECEMBER 31, 2009, AND 2008
(Translation of financial statements originally issued in Spanish – See note 46)

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BANCO PATAGONIA S.A.

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS OF DECEMBER 31, 2009, AND 2008
(Translation of financial statements originally issued in Spanish – See note 46)

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INDEPENDENT AUDITORS' REPORT

Translation into English – Originally issued in Spanish
See note 46 to the Financial Statements

To the directors and shareholders of
BANCO PATAGONIA S.A.
Tte. Gral. J. D. Perón 500
Buenos Aires, Argentina

We have audited the accompanying consolidated balance sheet of BANCO PATAGONIA S.A. (the Bank) with its subsidiaries as of December 31, 2009, and the related consolidated statements of income, of comprehensive income, of changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Management's responsibility regarding the financial statements

The Bank's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining an adequate internal control system so that such financial statements are free from material misstatement whether due to errors or irregularities; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with international standards on auditing. Such standards require that we meet ethical requirements and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain judgmental evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, who, to this end, assesses the risks of material misstatement of the financial statements, whether due to errors or irregularities. In making these risk assessments, the auditor considers the Bank's internal control relevant to the preparation and fair presentation of the financial statements in order to design the appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control system in place. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.

We consider that the judgmental audit evidence obtained is sufficient and adequate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements mentioned in the first paragraph present fairly, in all material respects, the consolidated financial position of BANCO PATAGONIA S.A. with its subsidiaries as of December 31, 2009, and its results of operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Buenos Aires, Argentina
March 29, 2010

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
Member of Ernst & Young Global

ANDREA N. REY
Partner

BANCO PATAGONIA S.A.

<table>
<tr><td colspan="4" align="center">Registered office:</td></tr>
<tr><td colspan="4" align="center">Teniente Gral. Juan D. Perón 500 – Buenos Aires – Argentina</td></tr>
<tr><td colspan="2" align="center">Main business activity: Commercial bank</td><td colspan="2" align="center">C.U.I.T. (Argentine tax identification number): 30 - 50000661 - 3</td></tr>
<tr><td colspan="4" align="center">Incorporation date: May 4, 1928</td></tr>
<tr><td rowspan="4" align="center">Registration with the Buenos Aires City Public Registry of Commerce</td><td rowspan="2" align="center">Date</td><td colspan="2">(1) Of the articles of incorporation: 09/18/1928</td></tr>
<tr><td colspan="2">(2) Of the last amendment: 08/14/07</td></tr>
<tr><td rowspan="2" align="center">Book</td><td colspan="2">Stock Corporations Book: 36</td></tr>
<tr><td colspan="2">Number: 13,424</td></tr>
<tr><td colspan="4" align="center">Expiry of the articles of incorporation: August 29, 2038</td></tr>
<tr><td colspan="4" align="center">Fiscal year No. 86</td></tr>
<tr><td colspan="2" align="center">Beginning date: January 1, 2009</td><td colspan="2" align="center">Closing date: December 31, 2009</td></tr>
<tr><td colspan="4" align="center">Capital structure (See note 2)</td></tr>
<tr><td colspan="2" rowspan="2" align="center">Number and characteristics of shares</td><td colspan="2" align="center">In Argentine pesos</td></tr>
<tr><td align="center">Subscribed</td><td align="center">Paid-in</td></tr>
<tr><td colspan="2" align="center">748,155,678 book-entry shares of common stock of ARS 1 face value and entitled to one vote each</td><td align="center">748,155,678</td><td align="center">748,155,678</td></tr>
</table>

BANCO PATAGONIA S.A.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008

(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

STATEMENT OF INCOME	NOTE	12/31/2009	12/31/2008
Interest income and similar ones	5	931,286	764,409
Interest expense and similar ones	6	(304,706)	(288,510)
Net interest income and similar ones		626,580	475,899
Fee income	7	436,675	373,752
Fee expenses	7	(112,871)	(88,226)
Net fee income		323,804	285,526
Gains (losses) on financial assets held for trading	8	185,672	(3,426)
Gains (losses) on financial assets available for sale	9	50,243	59,057
Gains (losses) on financial assets measured at fair value from their initial recognition	10	169,385	117,556
Gains (losses) on financial assets held to maturity	11	39,578	11,189
Foreign exchange difference (net)	12	116,080	114,349
Other operating income	13	27,885	10,657
TOTAL OPERATING INCOME		1,539,227	1,070,807
Net uncollectibility charges of loans	24	(57,190)	(4,668)
TOTAL OPERATING INCOME, NET		1,482,037	1,066,139

Marcelo A. Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008

(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

STATEMENT OF INCOME	NOTE	12/31/2009	12/31/2008
Personnel expenses	14	(390,173)	(323,449)
Depreciation of bank premises and equipment, and other	26	(20,345)	(15,459)
Loss on uncollectibility of other receivables and provisions for miscellaneous risks	15	(17,621)	(8,373)
Other operating expenses	16	(354,676)	(291,527)
TOTAL OPERATING EXPENSES		(782,815)	(638,808)
OPERATING INCOME (LOSS)		699,222	427,331
INCOME BEFORE INCOME TAX		699,222	427,331
Income tax, net	17	(231,308)	(134,851)
NET INCOME FOR THE YEAR			
Attributable to:			
The parent's shareholders		**467,914**	**292,480**
Minority interest (see note 3.1)		**-**	**-**
Earnings per share			
Basic earnings per share	18	0.6477	0.3922
Diluted earnings per share	18	0.6477	0.3922

Notes 1 through 46 are an integral part of these consolidated financial statements.

Marcelo A. Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008

(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

STATEMENT OF COMPREHENSIVE INCOME	NOTE	12/31/2009	12/31/2008
NET INCOME FOR THE YEAR		467,914	292,480
OTHER COMPREHENSIVE INCOME:			
Reserves for conversion differences	33	7,965	371
Unrealized gains (losses) on financial instruments available for sale	33	64,159	(34,802)
Amortization for reclassification of financial instruments available for sale	33	(6,689)	(3,489)
Unrealized gains (losses) on sale of financial instruments available for sale	33	(244)	(5,290)
Tax effect on other comprehensive income	33	(22,817)	15,123
OTHER COMPREHENSIVE INCOME, NET		42,374	(28,087)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAXES			
Attributable to:			
The parent's shareholders		510,288	264,393
Minority interest (see note 3.1)		-	-

Notes 1 through 46 are an integral part of these consolidated financial statements.

Marcelo A. Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2009, AND 2008
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

ASSETS	NOTE	12/31/2009	12/31/2008
Cash and due from the BCRA (Central Bank of Argentina)	20	1,508,110	1,347,866
Due from other financial institutions	21	285,355	198,212
Financial assets held for trading	22	388,076	55,078
Financial assets measured at fair value from their initial recognition	22	1,658,926	383,650
Financial assets available for sale	22	172,706	49,639
Financial assets held to maturity	22	214,410	250,153
Loans	24	5,028,306	5,356,696
Other receivables	25	123,945	152,442
Bank premises and equipment, and other	26	236,813	162,523
Deferred tax assets	17	58,820	-
Other assets	27	44,903	34,298
TOTAL ASSETS		9,720,370	7,990,557

Marcelo A. Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2009, AND 2008
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

LIABILITIES	NOTE	12/31/2009	12/31/2008
Financing facilities received from financial institutions	28	60,281	196,307
Derivative financial instruments	23	1,126	-
Deposits	29	6,814,229	5,552,700
Subordinated corporate bonds	30	61,200	112,288
Deferred tax liabilities	17	-	14,685
Other liabilities	31	824,597	515,672
Provisions for miscellaneous risks	32	41,021	40,342
TOTAL LIABILITIES		7,802,454	6,431,994

Marcelo A. Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2009, AND 2008
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

SHAREHOLDERS' EQUITY	NOTE	12/31/2009	12/31/2008
Capital stock	2	748,156	748,156
Additional paid-in capital	2	217,191	217,191
Unappropriated retained earnings		665,700	402,070
Reserve for financial instruments available for sale	33	40,811	3,614
Reserve for conversion differences	33	5,731	554
Legal reserve	33	240,327	186,978
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE PARENT'S SHAREHOLDERS		1,917,916	1,558,563
MINORITY INTEREST (see note 3.1)		-	-
TOTAL SHAREHOLDERS' EQUITY (as per related statement)		1,917,916	1,558,563
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,720,370	7,990,557

Notes 1 through 46 are an integral part of these consolidated financial statements.

Marcelo A. Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

Changes	Capital stock (1)	Non-capitalized contributions Additional paid-in capital (1)	Legal reserve (2) (3)	Reserve for conversion differences (3)	Reserve for financial instruments available for sale (3)	Unappropriated retained earnings	Total
Balance as of January 1, 2009	748,156	217,191	186,978	554	3,614	402,070	1,558,563
Net income for the year	-	-	-	-	-	467,914	467,914
Other comprehensive income for the year, net	-	-	-	5,177	37,197	-	42,374
Total comprehensive income for the year, net of taxes	-	-	-	5,177	37,197	467,914	510,288
Distribution of earnings, as approved by the Regular Shareholders' Meeting held on 04/27/09 (2)							
Legal reserve	-	-	53,349	-	-	(53,349)	-
Cash dividends	-	-	-	-	-	(133,373)	(133,373)
Repurchase of treasury stock (1)	-	-	-	-	-	(18,405)	(18,405)
Other	-	-	-	-	-	843	843
Balance attributable to the parent's shareholders as of December 31, 2009 (4)	748,156	217,191	240,327	5,731	40,811	665,700	1,917,916

(1) See note 2.
(2) See note 19.
(3) See note 33.
(4) See note 3.1.

Marcelo A. Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008

(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

Changes	Capital stock (1)	Non-capitalized contributions Additional paid-in capital (1)	Legal reserve (2) (3)	Reserve for conversion differences (3)	Reserve for financial instruments available for sale (3)	Unappropriated retained earnings	Total
Balance as of January 1, 2008	748,156	217,191	160,439	313	31,942	223,950	1,381,991
Net income for the year	-	-	-	-	-	292,480	292,480
Other comprehensive income for the year, net	-	-	-	241	(28,328)	-	(28,087)
Total comprehensive income for the year, net of taxes	-	-	-	241	(28,328)	292,480	264,393
Distribution of earnings, as approved by the Regular Shareholders' Meeting held on 04/28/08 (2)							
Legal reserve	-	-	26,539	-	-	(26,539)	-
Cash dividends	-	-	-	-	-	(66,500)	(66,500)
Repurchase of treasury stock (1)						(21,321)	(21,321)
Balance attributable to the parent's shareholders as of December 31, 2008 (4)	748,156	217,191	186,978	554	3,614	402,070	1,558,563

(1) See note 2.
(2) See note 19.
(3) See note 33.
(4) See note 3(1).

Notes 1 through 46 are an integral part of these consolidated financial statements.

Marcelo A. Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

	12/31/2009	12/31/2008
Changes in cash		
Cash at beginning of year (see note 35)	1,445,111	1,083,385
Foreign exchange difference attributable to cash	(150,175)	(120,995)
Cash as of year-end (see note 35)	1,635,592	1,445,111
Net increase in cash	**40,306**	**240,731**
Causes of changes in cash		
Operating activities		
Financial assets measured at fair value from their initial recognition		
Payments for purchases	(1,605,256)	(209,708)
Interest collections	20,649	48,467
Amortization and sales collections	478,717	1,141,762
Interest collected on financial assets available for sale	21,413	19,990
Interest collected on loans	886,879	767,141
Interest collected on other receivables	19,335	14,561
Dividends collected on financial assets available for sale	8,313	32,361
Interest paid on deposits	(290,370)	(256,158)
Net collections / (payments) for:		
Financial assets held for trading	(131,655)	(59,103)
Loans	407,409	(1,700,755)
Other assets, net	(75,263)	148,788
Other receivables	36,923	(37,888)
Deposits	1,111,534	881,799
Fees and commissions earned	454,937	391,446
Fees and commissions paid	(142,493)	(111,936)
Operating expenses paid	(805,062)	(617,257)
Income tax paid	(49,746)	(56,082)
Net cash flow provided by operating activities	**346,264**	**397,428**

Marcelo A. Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

BANCO PATAGONIA S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008

(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

	12/31/2009	12/31/2008
Investing activities		
Collections for amortization and sale of financial assets available for sale	3,050	90,147
Payments for purchases of financial assets available for sale	(52,819)	(47,958)
Collections of financial assets held to maturity	99,053	-
Payments for purchases of bank premises and equipment, and other	(33,155)	(40,794)
Income from sales of bank premises and equipment, and other	36,454	16,395
Net cash flow provided by investing activities	**52,553**	**17,790**
Financing activities		
Financing facilities received from financial institutions	-	163,956
Payment of principal of financing facilities received from financial institutions	(133,843)	(187,724)
Interest paid on financing facilities received from financial institutions	(6,246)	(3,866)
Payment of subordinated corporate bonds	(67,487)	(59,032)
Repurchase of treasury stock	(18,405)	(21,321)
Dividends payments	(132,530)	(66,500)
Net cash flow used in financing activities	**(358,511)**	**(174,487)**
Net increase in cash	**40,306**	**240,731**

Notes 1 through 46 are an integral part of these consolidated financial statements.

Marcelo A. Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

NOTE 1: Brief description of the Bank

Banco Patagonia S.A. (the "Bank") is a corporation organized in Argentina that operates as universal bank and has a nationwide distribution network. The Bank has equity interests in the following subsidiaries: Patagonia Inversora S.A. Sociedad Gerente de Fondos Comunes de Inversión ("Patagonia Inversora"), Patagonia Valores S.A. Sociedad de Bolsa ("Patagonia Valores") and Banco Patagonia (Uruguay) S.A.I.F.E. The main activities of these subsidiaries, whose information is disclosed on a consolidated basis, are as follows:

- Patagonia Inversora is the company that is engaged in the mutual funds management business. Mutual funds are traded exclusively through the Bank, which, in turn, operates as mutual funds custodian.

- Patagonia Valores is the company in charge of trading securities on Mercado de Valores de Buenos Aires, an organization of which Patagonia Valores is shareholder holding a share that entitles it to act in such role. Patagonia Valores provides the Bank and its customers with services, extending the offer of products and actively participating in securities trading transactions such as placement and later sale of financial trusts and other securities.

- Banco Patagonia (Uruguay) S.A.I.F.E. is a Uruguayan corporation that is authorized to perform the financial intermediation activity in Uruguay between nonresidents exclusively and in any foreign currency other than the Uruguayan one, under the supervision of Banco Central del Uruguay (Central Bank of Uruguay).

As from July 20, 2007, Banco Patagonia S.A.'s shares are publicly offered and listed on the BCBA (Buenos Aires stock exchange) and BOVESPA (São Paulo stock exchange) (see also note 2). In this respect, these consolidated financial statements in accordance with International Financial Information Standards (IFRS) are issued to comply with the previous commitments towards the CVM (Brazilian Securities Commission).

On August 27, 2009, a share purchase agreement was signed with GMAC Compañía Financiera S.A. (GMAC CFSA) for a face value of 85,968,713, representing 99% of the capital stock and votes at a price amounting to USD 22,771,000. GMAC CFSA is a company organized in Argentina and authorized to act as financial institution, specialized in wholesale and retail financing for purchases of cars for dealers and individual customers. As of December 31, 2009, GMAC CFSA has assets amounting to 302,014, mainly including 146,557 for collateral loans and 89,131 for the participation in financial trusts, the underlying assets of which are collateral loans, and a shareholders' equity amounting to 143,741, according to its financial statements issued under local standards on February 19, 2010. In this respect, as of the date of issuance of these financial statements, the Bank neither participates in corporate decisions nor does it have a share in the results of operations of GMAC CFSA.

Such transaction was carried out subject to BCRA's (Central Bank of Argentina) approval, as provided by Financial Institutions Law No. 21,526, sections 15 and 29, and Chapter V of CREFI-2 circular. Additionally, on September 4, 2009, the parties notified the CNDC (Federal Anti-Trust Board) of the economic concentration which the transaction entails, in compliance with Anti-Trust Law No. 25,156, section 8.

(Figures stated in thousands of Argentine pesos)

Such authorizations were still pending resolution as of the date of issuance of these financial statements. On March 29, 2010, Banco Patagonia S.A.'s Board of Directors approved the issuance of these consolidated financial statements.

According to effective legal requirements, the Regular Shareholders' Meeting to be held on April 26, 2010 shall approve the Bank's stand-alone and consolidated financial statements as of December 31, 2009, and 2008, which were issued under local standards and were filed with the CNV (Argentine Securities Commission) and the CVM on February 19, 2010, and the BCRA on February 22, 2010. As mentioned above, these consolidated financial statements in accordance with IFRS will not be considered by such Regular Shareholders' Meeting and could only be changed as a result of addressing the stand-alone and consolidated financial statements issued under the abovementioned local standards. In the opinion of the Bank's Management and Board of Directors, the stand-alone and consolidated financial statements under the abovementioned local standards will be approved by the Regular Shareholders' Meeting without changes.

NOTE 2: Capital stock

As of December 31, 2009, and 2008, the capital stock structure and changes therein are as follows:

SUBSCRIBED AND PAID-IN SHARES				CAPITAL STOCK ISSUED		
Class	**Number**	**Face value (ARS) per share**	**Votes per share**	**Outstanding**	**Treasury stock**	**Paid-in**
Class "A" common shares	22,768,818	1	1	22,769	-	22,769
Class "B" common shares	725,386,860	1	1	708,919	16,468	725,387
Total as of January 1, 2009	748,155,678			731,688	16,468	748,156
Acquisition program of Class "B" shares of common treasury stock approved by the Board of Directors on July 31, 2008 (b)	-	1	1	(12,423)	12,423	-
Class "A" common shares	22,768,818	1	1	22,769	-	22,769
Class "B" common shares	725,386,860	1	1	696,496	28,891	725,387
Total as of December 31, 2009	748,155,678			719,265	28,891	748,156

Marcelo A, Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

SUBSCRIBED AND PAID-IN SHARES				CAPITAL STOCK ISSUED		
Class	Number	Face value (ARS) per share	Votes per share	Outstanding	Treasury stock	Paid-in
Class "A" common shares	22,768,818	1	1	22,769		22,769
Class "B" common shares	725,386,860	1	1	725,387	-	725,387
Total as of January 1, 2008	748,155,678			748,156	-	748,156
Acquisition program of Class "B" shares of common treasury stock approved by the Board of Directors on July 31, 2008 (b)	-	1	1	(16,468)	16,468	-
Class "A" common shares	22,768,818	1	1	22,769	-	22,769
Class "B" common shares	725,386,860	1	1	708,919	16,468	725,387
Total as of December 31, 2008	748,155,678			731,688	16,468	748,156

a) Banco Patagonia S.A.'s Regular and Special Shareholders' Meeting held on April 24, 2007, approved five-fold capital increase by a face value of up to ARS 100,000,000, through the issuance of up to 100,000,000 new Class "A" and "B" common, book-entry shares in the related proportion, both with a face value of ARS 1 each, entitled to one vote per share, and to dividends reported under the same conditions as Class "A" and "B" common, book-entry shares outstanding upon issuance, to be publicly offered for subscription in Argentina and/or abroad. The task of deciding the timing of issuance in one or more portions was delegated to the Board of Directors, as were the issuance terms and conditions not set forth by the Shareholders' Meeting. All shareholders expressly and irrevocably waived their preemptive right.

The amount of 217,191, booked as "Additional paid-in capital" as of December 31, 2009, and 2008, relates to the difference in value obtained from placing the shares issued for the abovementioned increase in capital stock and is net of the respective placement expenses.

The abovementioned Shareholders' Meeting approved the authorization required to publicly offer the outstanding and newly issued shares as a result of the capital increase mentioned in the preceding paragraph, or the certificates representing such shares in Argentina or on foreign markets, as determined by the Board of Directors, as well as listing the Bank's shares or share certificates on the BCBA and on foreign stock exchanges or markets, as determined by the Board of Directors and pursuant to the terms and conditions it may set forth. Such Shareholders' Meeting also issued an amendment to bylaws of Banco Patagonia S.A., so as to align them with the provisions described in the paragraphs above.

On May 22, 2007, the Board of Directors of Banco Patagonia S.A. decided upon an offering of 200,000,000 common shares including a primary offering of 75,000,000 new common shares and a secondary offering of 125,000,000 common shares owned by certain selling shareholders (which expressed their desire to take part in the offering) considering that such amount would guarantee an adequate level of liquidity and availability of capital stock to potential investors. At the abovementioned Board of Directors' meeting it was clearly stated that the controlling shareholders would continue to retain control of the Bank.

The offering involved Class "B" book-entry shares, with a face value of ARS 1 each, entitling holders to one vote per share, and shall be carried out simultaneously in Argentina and abroad, directly or through BDRs (Brazilian depositary receipts), and these would in turn be offered either directly or finally through ADSs (American Depositary Shares), represented by ADRs (American Depositary Receipts). Every BDR represents twenty of the Bank's Class "B" shares and each ADS represents a BDR.

Out of the total shares included in the Global Offering, 37,500,000 shares were offered to the general investing public in Argentina through a public offering (the "Argentine Offering"), 37,500,000 shares were offered to the general investing public in Brazil through a public offering in the form of BDRs (the "Brazilian Offering"), and 125,000,000 shares in the form of BDRs were offered for sale through the final private placement of ADSs (i) in the United Sates only to "qualified institutional buyers" (QIBs), as defined under Rule 144A issued in accordance with the US Securities Act of 1933, as amended ("Securities Act") and, (ii) outside the United States, Brazil and Argentina, in accordance with the provisions established in Regulation S of the Securities Act (the "International Offering", and jointly with the Argentine Offering and the Brazilian Offering, the "Global Offering").

On July 5, 2007, the CNV authorized the Bank's public offering of shares through Resolution No. 15,665, and on July 10, 2007, the BCBA authorized the Bank's shares to be listed. On July 19, 2007, as regards registration of the public offering of BDRs in Brazil, the CVM issued the following resolutions: (a) regarding primary distribution, CVM/SRE/REM/2007/039; (b) regarding secondary distribution, CVM/SRE/SEC/2007/031; (c) regarding the BDRs program, CVM/SRE/BDR/2007/003; and (d) regarding the ADSs program, CVM/SRE/RDR/2007/012. On the same date, the BOVESPA registered the Bank for BDRs trading on such exchange.

As regards the allocation of the share placement, 66,600,040 shares were placed through public offering in Argentina to the investing public; 8,400,000 shares were placed through public offering in Brazil to the investing public and 124,999,960 shares were sold through the final private placement of ADSs outside Argentina and Brazil.

Additionally, on July 18, 2007, the CNV authorized Caja de Valores S.A. to keep the Bank's Share Register through Regulation No. 1,373.

On July 20, 2007, the Bank's shares started trading on the BCBA, and the BDRs, on the BOVESPA. On July 23, 2007, within the framework of the Global Offering, in order to register the capital stock increase, the Bank's Board of Directors decided to approve (i) that the amount subscribed for the Class "B" shares issuance amounted to 75,000,000 Class "B" shares, and (ii) that the Bank's capital stock as of July 23, 2007, totaled ARS 748,155,678, represented by 22,768,818 Class "A" shares and 725,386,860 Class "B" shares. In this regard, on August 14, 2007, such capital increase was registered with the Public Registry of Commerce of the City of Buenos Aires, under No. 13,424, Stock Corporations Book 36.

Finally, on August 22, 2007, and under the framework of the public offering authorized by the CNV, the oversubscription option set forth in the prospectus was exercised in the amount of 23,000,000 common Class “B” shares, as additional ADSs to the 125,000,000 common shares of the original offering made by certain selling shareholders.

The funds resulting from such capital increase shall continue to be used for the business expansion process planned by the Bank for the next few years.

Class “A” shares represent the interest held by the Province of Río Negro, whereas Class “B” shares account for the interest held by private capital.

As provided by section 6 of the bylaws, Class “A” and “B” shares entitle one vote per share and have a face value of one Argentine peso each. Class “A” shares entitle to appoint one director provided that the Province of Río Negro retains at least one share. Those Class “A” shares will be automatically converted into Class “B” shares when being transferred to a holder other than the Province of Río Negro. It should be noted that there are no differences in the economic rights between both classes of shares.

On February 22, 2010, as resolved at the Bank's Board of Directors’ Meeting held on December 9, 2009, the US Securities and Exchange Commission (SEC) approved the reorganization of the ADR program consisting in the registration of a new program of ADRs with underlying Class “B” shares under the system called "Level I Program” established by SEC rules. To implement such program, the Bank signed a new ADR agreement with The Bank of New York Mellon in its capacity as US depositary bank (Banco Santander Río S.A. acting as custodian in Argentina), effective as from that date of approval by the SEC. ADRs will be traded on the US over-the-counter (OTC) market.

b) Treasury stock acquisition program

As a result of the current international macroeconomic conditions and of the volatility which the capital market has been experiencing, the prices of local shares, including the Bank’s shares, have been negatively affected. In this regard, considering the Bank’s strong financial position and in line with its commitment to its shareholders, on July 31, 2008, the Bank's Board of Directors decided to implement a plan for the repurchase of treasury stock on the Argentine market, under section 68, Law 17,811 (added by Presidential Decree 677/01) and CNV regulations, up to 95,500, with a limit of 50,000,000 common book-entry Class “B” shares, entitling the holder to one vote per share and each of face value ARS 1. The price payable for the shares should range from ARS 1.72 to ARS 1.91 per share and the term to carry out these acquisitions was 90 days running as from August 1, 2008.

On September 16, 2008, the Bank’s Board of Directors resolved to change the prevailing market conditions, change the terms and conditions by reducing the minimum price to ARS 1.40 per share, and on October 21, 2008, it resolved to eliminate the minimum price and to extend the term to carry out acquisitions to two hundred and ten running days as from August 1, 2008, which expired on February 27, 2009. This elimination did not entail an appreciation of the actual value of Banco Patagonia S.A.’s shares and the purpose thereof was only to provide the Bank with increased flexibility for the implementation of the abovementioned program. In addition, on February 18, 2009, the Bank's Board of Directors approved to extend the term for the acquisitions for 180 running days, which expired on August 26, 2009.

On August 10, 2009, the Bank's Board of Directors decided to extend it until February 23, 2010, because the reasons that gave rise to the program persisted. It also changed the maximum price for the acquisition of treasury stock to ARS 2.20 per share.

Finally, on December 9, 2009, the Bank's Board of Directors established the cancellation of the treasury stock acquisition program because as from September 4, 2009, the share started to be listed above ARS 2.20, the maximum price authorized to make repurchases established according to the range of prices of the program. Therefore, the reasons that gave rise to the program implementation no longer existed.

The deadline for the divestiture of the acquired shares, as set forth in Chapter XXIII.11.14 of CNV regulations, is three years as from their acquisition date, except for any extension to be decided by the Shareholders' Meeting.

As of December 31, 2008, the Bank acquired and paid ARS 16,467,670 face value common shares for 21,321. Furthermore, during the year ended December 31, 2009, the Bank purchased and settled a face value of ARS 12,423,271 common shares amounting to 18,405, as shown in the Statement of Changes in Shareholders' Equity. The amounts acquired and paid, accumulated as of the date of issuance of these consolidated financial statements stand at ARS 28,890,941 face values for a total price of 39,726.

NOTE 3: <u>Basis of presentation of the financial statements and accounting policies applied</u>

<u>3.1 Basis of presentation</u>

<u>Comparative information</u>

The Consolidated Statements of Income, of Comprehensive Income, Balance Sheets, Statements of Changes in Shareholders' Equity, of Cash Flows and Notes as of December 31, 2009, are presented comparatively with those of the prior year-end.

<u>Figures stated in thousands of Argentine pesos</u>

These financial statements disclose figures stated in thousands of Argentine pesos and are rounded up to the nearest amount in Argentine pesos, except when otherwise noted.

<u>Declaration of compliance</u>

These consolidated financial statements of the Bank were prepared in accordance with the IFRS issued by the IASB (International Accounting Standards Board) and were prepared based on historical amounts, except for financial assets held for trading, financial assets measured at fair value from their initial recognition and financial assets available for sale, and derivative financial instruments, which have been measured at their fair value.

The accounting policies adopted are consistent with those applied in prior years, except that the Bank adopted the new IFRS and revised IAS that are mandatory for 2009. The adoption of these new standards had no material effect on the comparative financial statements. The new standards adopted for this year are as follows:

- IFRS 8 *Operating Segments,* effective for periods beginning on January 1, 2009, replaces IAS 14 *Segment reporting* and adopts a management approach to identify, measure and disclose income (losses) from operating segments. This standard is only applicable to entities having a debt or issuing equity instruments traded on a public market (as opposed to a "public securities market", as required by IAS 14) or that file (or are in the process of filing) their financial statements with a securities commission or similar group.

- IAS 23 (Revised) *Borrowing Costs,* effective for periods beginning on January 1, 2009. The revised standard eliminates the option of expensing borrowing costs and requires the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

- IFRIC 13 *Customer Loyalty Programmes,* effective for periods beginning on July 1, 2008. The interpretation requires that loyalty award credits granted to customers in relation to a sale transaction should be accounted for as a separate component of the sale transaction.

- IFRS 2 *Share-Based Payments – Settlements and Accrual Conditions*, effective for periods beginning on January 1, 2009. This standard limits the definition of "Accrual Condition" to that including an implied or explicit requirement of providing services.

- IAS 1 (Revised) *Presentation of Financial Statements*, effective for the periods beginning on January 1, 2009. The standard separates changes in shareholders' equity of the bank's owners from those that are not. Additionally, the standard requires a Statement of Comprehensive Income, which may be presented in a single statement or in two related statements. The Bank has decided to present two financial statements.

- IAS 32 (Revised) and IAS 1 (Revised*)* – Financial Instruments with put options and obligations arising from the settlement – effective for the periods beginning on January 1, 2009. Revisions provide a limited scope of exclusion for instruments for sale to qualify as equity if certain characteristics are met.

- IFRS 7 *Financial instruments: Disclosures* (Revised): effective for periods beginning January 1, 2009. The amended standard requires additional information about the fair value measurement and the liquidity risk. The fair value measurement related to all items recorded at fair value shall be disclosed using three categories or tiers for all financial instruments recorded at fair value. In addition, the standard requires a reconciliation between the balance at beginning and end of year for the third tier in the fair value measurement, as well as significant transfers from the latter to the first tier. The standard also states the requirements for liquidity risk disclosures for derivative transactions and the assets used in liquidity management. Fair value measurement disclosures are presented in note 39. Liquidity risk disclosures have not been materially affected by the standard and are presented in note 42.

- IFRIC 9 *Reassessment of embedded derivatives* and IAS 39 *Financial Instruments*: *Recognition and Measurement* – embedded derivatives (Amended). These amendments require the bank to assess whether an embedded derivative should be separated from its host contract when the bank reclassifies a hybrid financial asset outside the fair value category with impact on profit and loss. This assessment should be made on the basis of the circumstances prevailing as of the date when the bank was a party to the contract for the first time and the date of any amendment to the contract that significantly changes the cash flows from the contract. IAS 39 establishes that if an embedded derivative cannot be reliably measured, the complete hybrid instrument should continue to be classified at fair value with impact on profit and loss.

- IFRIC 15 *Agreements for the Construction of Real Estate*, effective for the periods beginning on January 1, 2009. The interpretation is retroactively applicable. It clarifies when and how revenues and expenses related to the sale of real estate shall be recognized if an agreement is reached between the promoter and buyer before the completion of the real estate construction.

- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*, effective for the periods beginning on October 1, 2008. The interpretation is prospectively applicable. This interpretation provides guidance related to hedges of foreign currency gains and losses arising from a net investment in a foreign operation.

- Improvements to IFRS: In May 2008, the IASB published its first project to amend its standards mainly to remove inconsistencies and clarify the contents of those standards. Such publication includes different temporary provisions for each standard. The adoption of the new amendments resulted in minor changes to the accounting policies, but had not impact on the Bank’s financial position or results of operations.

<u>Consolidation bases</u>

Subsidiaries:

Subsidiaries are all entities (including special-purpose ones, if applicable) over which the Bank has control to direct financial and operating policies. This is usually noted when owning over half of the shares entitled to vote.

Subsidiaries are fully consolidated as from the date when the actual control over them was transferred to the Bank and are no longer consolidated as from the date when that control ceases. The consolidated financial statements include assets, liabilities, income and expenses of Banco Patagonia S.A. and its subsidiaries. The transactions performed among the consolidated companies are fully eliminated.

(Figures stated in thousands of Argentine pesos)

When necessary, the subsidiaries' accounting policies have been changed to make them consistent with the policies used by the Bank and with IFRS.

The Bank uses the accounting purchase method to book the acquisition of subsidiaries. The acquisition cost is determined as the fair value of the assets delivered, the equity instruments issued, and the liabilities assumed or incurred as of the exchange date, plus the costs directly attributable to the acquisition. The excess between the acquisition cost and the fair value of the Bank's interest in net assets and identifiable intangibles of the acquired subsidiary is booked as receivable. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets, the difference is directly recognized in the consolidated statement of income.

Minority interest:

The Bank applies the policy of considering transactions with minority shareholders as transactions with external parties. Sales of the minority interest result in income and losses for the Bank, which are recognized in the consolidated statement of income. Purchases of the minority interest give rise to a receivable for the Bank, resulting from the difference between the amount paid and the acquired interest percentage in the value of the subsidiary's net assets.

The Bank has consolidated these financial statements with the financial statements of the following companies:

Company	**Shares**		**Percentage of**	
	Class	**Number**	**Total capital stock**	**Possible votes**
Patagonia Valores S.A. Sociedad de Bolsa	Common stock	13,862,507	99.99%	99.99%
Patagonia Inversora S.A. Sociedad Gerente Fondos Comunes de Inversión	Common stock	13,317,233	99.99%	99.99%
Banco Patagonia (Uruguay) S.A. I.F.E.	Common stock	50,000	100.00%	100.00%

Banco Patagonia S.A.'s Board of Directors considers that no other companies are required to be included in the consolidated financial statements as of December 31, 2009, and 2008.

There were no acquisitions or sales of subsidiaries during the accounting years reported and, therefore, there is no income (loss) related to those events. As mentioned in note 1, as of December 31, 2009, the BCRA's approval of the share purchase agreement signed with GMAC CFSA was pending approval.

(Figures stated in thousands of Argentine pesos)

The subsidiaries' financial statements have been prepared as of the same dates and for the same accounting years as those of Banco Patagonia S.A., consistently using similar accounting policies to those applied by the latter.

Minority interests represent the portion of income and shareholders' equity that is not owned, either directly or indirectly, by the Bank and since in these financial statements minority interests are lower than 1, they are disclosed with zero balance as a separate line on the Consolidated Statements of Income, of Comprehensive Income, Balance Sheets and Statement of Changes in Shareholders' Equity.

The Bank considers the Argentine peso as its functional and disclosure currency. To such end, before consolidation, the financial statements of Banco Patagonia (Uruguay) S.A.I.F.E., originally issued in US dollars, were converted into Argentine pesos (disclosure currency) using the following method:

a) Assets and liabilities were converted at BCRA's benchmark exchange rate, effective for such foreign currency as of the closing of operations on the last business day of the years ended December 31, 2009, and 2008 (see note 3.2.g).

b) Income (loss) for the years ended December 31, 2009, and 2008, were converted into Argentine pesos on a monthly basis, using the monthly average of BCRA's benchmark exchange rate.

c) Foreign exchange differences resulting from the preceding points were recorded as a separate component within "Shareholders' equity", which is called "Reserve for conversion differences", being disclosed in the Consolidated Statement of Comprehensive Income.

Total assets, liabilities, shareholders' equity and income (loss) of Banco Patagonia S.A. and each of its subsidiaries as of December 31, 2009, and 2008, are disclosed below:

As of 12/31/2009	Banco Patagonia S.A.	Patagonia Valores S.A. Sociedad de Bolsa	Patagonia Inversora S.A. Sociedad Gerente de Fondos Comunes de Inversión	Banco Patagonia (Uruguay) S.A.I.F.E.	Eliminations	Banco Patagonia S.A., consolidated
Assets	9,426,377	16,294	19,331	339,164	(80,796)	9,720,370
Liabilities	7,508,461	445	1,424	299,542	(7,418)	7,802,454
Shareholders' equity	1,917,916	15,849	17,907	39,622	(73,378)	1,917,916
Income for the year	475,879	1,263	3,128	(6,670)	(5,686)	467,914

Marcelo A, Iadarola	Rubén M. Iparraguirre	Jorge G. Stuart Milne
Accounting Manager	General Assistant Manager Administration and Finance Area	Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

As of 12/31/2008	Banco Patagonia S.A.	Patagonia Valores S.A. Sociedad de Bolsa	Patagonia Inversora S.A. Sociedad Gerente de Fondos Comunes de Inversión	Banco Patagonia (Uruguay) S.A.I.F.E.	Eliminations	Banco Patagonia S.A., consolidated
Assets	7,682,134	15,114	15,029	352,120	(73,840)	7,990,557
Liabilities	6,123,571	529	249	317,255	(9,610)	6,431,994
Shareholders' equity	1,558,563	14,585	14,780	34,865	(64,230)	1,558,563
Income for the year	292,851	(2,112)	(92)	3,731	(1,898)	292,480

3.2 Significant accounting estimates and valuation methods

In preparing the financial statements, in certain cases the Bank's Management is required to make estimates to determine the book values of assets, liabilities and income (loss) as well as their disclosure, as of each date on which the accounting information is presented.

Bank bookings are based on the best estimate regarding the probability of occurrence of different future events and, therefore, the final amount may differ from such estimates, which may have a positive or negative impact on future years. The most significant estimates comprised in these consolidated financial statements are related to the calculation of the allowance for uncollectibility risk of loans and accounts receivable, the valuation of financial instruments, the provisions for miscellaneous risks, and the useful life of bank premises and equipment and other.

The main valuation and disclosure methods followed in the preparation of these financial statements as of December 31, 2009, and 2008, were:

a) Recognition of income and expenses:

a.1) Interest income and expenses, and similar ones:

Interest income and expenses, and similar ones are accounted for based on their accrual period, applying the effective interest method, which is the rate that allows discounting future cash flows estimated to be paid or received over the life of the instrument or a shorter period, if appropriate, equal to the net book value of the financial asset or liability. Interest on financial instruments held for trading, available for sale, measured at fair value from their initial recognition and held to maturity is accounted for in the accounts "Gains (losses) on financial assets held for trading", "Gains (losses) on financial assets available for sale", "Gains (losses) on financial assets measured at fair value from their initial recognition", and "Gains (losses) on financial assets held to maturity", respectively.

Interest recognition is suspended upon loan uncollectibility problems, i.e., when they are past due over 90 days or upon the borrower's or security issuer's default. If the period is shorter than 90 days, interest is only recognized as income as long as it is earned. Unearned interest on those loans is eliminated from income. When Management determines that the debtor's financial condition has improved, interest booking is reestablished on an accrual basis.

Interest income includes yields on fixed-income investments and securities, as well as the discount and premium on financial instruments.

Dividends were recognized when they were reported.

a.2) Fees for loans

Fees collected and direct incremental costs related to financing are deferred and recognized adjusting the effective interest rate thereof.

a.3) Service commissions, fees, and similar items:

Income and expenses for service commissions, fee expenses and other similar items are accounted for as accrued.

a.4) Nonfinancial income and expenses:

They are accounted for according to their monthly accrual.

b) Financial instruments: Initial recognition and subsequent measurement:

Purchases or sales of financial assets requiring the delivery of assets within the term generally established by regulations or market conditions are booked on the transaction negotiation date, i.e. on the date when the Bank agrees to purchase or sell the asset.

In the initial recognition, financial assets or liabilities were recorded at their fair values. Those financial assets or liabilities that are not booked at fair value through profit or loss were booked at fair value adjusted by the transaction costs that are directly attributable to their purchase or issuance.

To value financial instruments after initial recognition, the Bank classified them, considering the purpose for which they were acquired and their characteristics, into:

b.1) Financial assets measured at fair value through profit or loss, including the trading portfolio and those included in this category from their initial recognition.

b.2) Financial assets available for sale b.3) Financial assets held to maturity

b.4) Loans and accounts receivable (other receivables)

b.5) Financial liabilities

b.1) Financial assets at fair value through profit or loss:

This category is divided into two subcategories: Financial assets held for trading, derivatives and financial assets measured at fair value from their initial recognition. A financial asset is classified as a financial asset acquired for trading if it is a derivative, a financial instrument acquired for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments and that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial assets are classified as financial assets at fair value through profit or loss from their initial recognition when they meet the following criteria:

- The designation eliminates or reduces significantly the inconsistent treatment that, otherwise, arises from measuring assets or liabilities, or recognizing income or losses generated by them on a different basis; or

- Assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and assessed considering their performance on a fair value basis in connection with a documented risk management or investment strategy; or

- Financial instruments include embedded derivatives, unless the embedded derivative does not materially change cash flows or it is clear, with little or even no analysis, that they are not required to be booked separately.

Financial assets measured at fair value through profit or loss are recorded in the Consolidated Balance Sheet at fair value. Changes in fair value and interest earned or incurred are recorded in the consolidated statement of income in the account "Gains (losses) on financial assets held for trading" and "Gains (losses) on financial assets measured at their fair value from their initial recognition". Income from dividends is recorded in the abovementioned accounts when the payment right has been recognized.

The estimated market value of investments measured at fair value was calculated using the effective quoted prices as of each year-end on active markets (Mercado de Valores or Mercado Abierto Electrónico), if they are representative. If there was no active market, valuation techniques were used, including the use of market transactions performed under mutually independence conditions between duly informed and interested parties, provided that they are available, as well as references to the current fair value of another instrument that is substantially similar or the analysis of discounted cash flows.

b.2.) Financial assets available for sale:

They are those assets designated as such to keep them for an indefinite time, which can be sold due to the liquidity needs or changes in the interest rate, and exchange rates, among others, or do not qualify for being recorded at fair value through profit or loss, held to maturity or loans and accounts receivable.

After their initial recognition, financial assets available for sale are measured at their fair value, except for interests in other companies without a market price and that were valued at acquisition cost, since their fair value cannot be reliably estimated. Unrealized gains (losses) are directly recognized in the Consolidated Statement of Comprehensive Income and shareholders' equity in the account "Reserve for financial instruments available for sale", less the related deferred income tax. Interest and dividends earned over the period in which investments were held, as well as income or losses from sales, which were previously accumulated in the Consolidated Statement of Comprehensive Income and shareholders' equity, are recognized in the Consolidated Statement of Income in the account "Gains (losses) on financial assets available for sale". Interest is earned using the effective interest rate. Dividends earned during the period in which the investment was held are recognized in the consolidated statement of income when the payment right has been established.

The estimated market value of investments in government securities was calculated using the effective quoted prices as of each year-end on active markets (Mercado de Valores or Mercado Abierto Electrónico), if they are representative. If there was no active market, valuation techniques were used, including the use of market transactions performed under mutually independence conditions between duly informed and interested parties, provided that they are available, as well as references to the current fair value of another instrument that is substantially similar or the analysis of discounted cash flows.

Losses on the impairment in value of these investments are recognized in the Consolidated Statement of Income and removed from the Consolidated Statement of Comprehensive Income and shareholders' equity account "Reserves for financial instruments available for sale". The Bank determines that an investment available for sale is impaired in value when there is a significant or long-standing drop in the market price as compared to the cost, as further explained in note 3.2.e.3).

b.3) Financial assets held to maturity:

They are financial assets with a determined maturity date, the payments of which are quantified on a fixed or determinable basis, and the Bank actually intends and is able to keep them to maturity.

After their initial recognition, financial assets held to maturity are valued at their amortized cost, using the effective interest rate method (see note 3.2.a.1), recognizing income (loss) for each year in the account "Gains (losses) on financial assets held to maturity".

Losses on impairments in value of these investments are recognized in the consolidated statement of income, and are determined as the difference between the book value of assets and the current value of estimated future cash flows, discounted at the original effective interest rate of the financial asset, following the methodology to determine the impairment in value of the other financial assets booked at amortized cost, as described in note 3.2.e.1).

b.4) Loans and accounts receivable (other receivables):

They are nonderivative financial assets, the collections of which are fixed or determinable, that are not traded on an active market and that differ from: (i) those the Bank intends to sell immediately or in the near future; (ii) those that the Bank designates as being available for sale upon the initial recognition; and (iii) those that may not allow the holder to substantially recover the whole initial investment due to circumstances other than credit impairment in value.

After their initial recognition, loans and accounts receivable are then valued at amortized cost, using the effective interest rate method (see note 3.2.a.1), less the allowance for uncollectibility risk. The amortized cost is calculated considering any discount or premium incurred upon the acquisition, and fees and cost that are an integral part of the effective interest rate. Losses on impairment in value are included in the Consolidated Statement of Income in the accounts “Net uncollectibility charges of loans” and “Loss on uncollectibility of other receivables and provisions for miscellaneous risks”. The breakdown of changes in each of these accounts is disclosed in notes 24 and 25, respectively.

Accounts receivable and loans are recorded when funds are disbursed to customers. Guarantees granted and contingent obligations are recorded in (off-balance sheet) memorandum accounts when the documents supporting those credit facilities are issued, and are originally recognized at fair value in “Other liabilities” in the consolidated balance sheet, which are related to the commission received. Subsequent to the initial recognition, the liability for each guarantee is recorded at the higher value of the amortized commission and the best estimate of the expense required to settle any financial obligation arising as a result of the financial guarantee.

Any increase in the liability related to a financial guarantee is included in the consolidated statement of income. The premium received is recognized in the account “Fee income” in the consolidated statement of income on the basis of its straight-line amortization over the effective term of the financial guarantee granted.
The Bank considers as refinanced or rescheduled those financing facilities that are rescheduled due to the debtor's payment difficulties. This may involve extending the payment terms and agreeing new loan conditions. Once the terms have been rescheduled, the loan is no longer considered as past due obligation. Management continuously reviews the refinanced and rescheduled loans to ensure that all criteria are met and future payments are likely to be received.

The allowance for uncollectibility risk of loans and other receivables is set if there is objective evidence that the Bank cannot collect all loans, under the original contractual terms. This allowance is determined based on the assigned risk ratings and considering the guarantees received. (See further details in notes 3.2 e.1 and 42).

b.5) Financial liabilities:

After the initial recognition, all financial liabilities are valued at amortized cost using the effective interest rate method, as explained in note 3.2.a.1).

c) Derecognition and reclassification of financial assets and liabilities:

Financial assets:
A financial asset (or when a portion of a financial asset or a portion of a group of similar financial assets is applicable) is derecognized when: (i) the rights to receive cash flows from the asset have expired; or (ii) the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay all cash flows received immediately to a third party; and (iii) the Bank has substantially transferred all the risks and benefits of the asset or, if it has not transferred or retained substantially all the risks and benefits of the asset, it has actually transferred its control.

For the financial assets that are reclassified at cost or at amortized cost and not at fair value, the fair value of the asset as of that date is considered as the new amortized cost. The income or loss previously recognized in the consolidated statement of income and shareholders' equity will be amortized against income for the year throughout the remaining life of the investment held to maturity, using the effective interest rate method, and recognized in the consolidated statement of income in the account "Gains (losses) on financial assets available for sale". The difference between the new amortized cost and the amount upon maturity will be also amortized throughout the remaining life of the financial asset using the effective interest rate method, similarly to the amortization of a premium or discount.

Financial liabilities:
A financial liability is derecognized when the payment obligation extinguishes, is settled or expires. When an existing financial liability is replaced by another one of the same borrower under significantly different conditions, or conditions are materially changed, such replacement or change is considered as a derecognition of the original liability and a new liability is recognized. The difference between them is charged to income for each year.

d) Compensation of financial instruments:

Financial assets and liabilities are offset and the net amount is disclosed in the consolidated balance sheet when there is a legal right to offset them and Management intends to cancel them on a net basis or to realize the asset and settle the liability simultaneously.

Marcelo A, Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

e) Impairment in value of financial assets:

As of the date of the financial statements, the Bank evaluates whether there is objective evidence of whether a financial asset or a group of financial assets are impaired in value. A financial asset or a group of financial assets are impaired in value and result in losses only if there is objective evidence of the impairment in value as a result of one or more events subsequent to the initial recognition of the asset (an incurred loss event) and when that loss event impacting on projected cash flows of the financial asset or group of financial assets can be reliably estimated. This evidence of impairment in value may include hints of the debtor's or group of debtors' significant financial difficulties, default or payment in arrears of principal or interest, likelihood for rescheduling or bankruptcy of the company or any corporate reorganization where it is proven that there will be a decrease in estimated cash flows, such as changes in economic conditions or circumstances correlated with defaults on payment. The following is the method used for each category of financial assets:

e.1) Loans and accounts receivable:

For loans and accounts receivable booked at amortized cost, the Bank first evaluates individually if there is objective evidence of impairment in value for financing facilities that are individually significant or collectively for those that are not individually significant. If the Bank determines that there is no objective evidence of impairment in value for a financial asset individually evaluated, either significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and evaluates them collectively. Assets that are individually evaluated as to impairment in value and for which a loss for impairment in value is or continues to be recognized are not included in the collective evaluation for impairment in value.

If there is objective evidence that a loss for impairment in value has been incurred, the amount of the loss is quantified as the difference between the book value of the asset and the present value of the estimated future cash flows. The book value of these assets decreases through an allowance account and the loss amount is recognized in the consolidated statement of income. Interest income continues to be recognized on the reduced amount based on the original effective interest rate of the asset. The loans, along with their related allowance, are written off when there is no realistic estimate of future recovery and guarantees have been sold or transferred to the Bank. If in a subsequent year the estimated amount of the loss for impairment in value increases or decreases due to an event occurring after the impairment in value is recognized, the loss for impairment in value previously recognized increases or decreases adjusting the allowance account. If an asset that was impaired in value is later recovered, the recovery is charged to the allowance for uncollectibility risk of loans and other receivables. If an asset that was written off is later recovered, the recovery is recognized in the consolidated statement of income in the account "Net uncollectibility charges of loans".

The present value of estimated cash flows is discounted at the original effective interest rate of the asset. If a loan bears a variable interest rate, the discount rate will be the current effective interest rate. The calculation of the present value of estimated cash flows of a secured financial asset reflects the cash flows that may result from the sale of guarantees, less the cost to obtain and sell them, regardless of whether the sale of guarantees is likely or not.

For the purpose of the collective evaluation of the impairment in value, financial assets are grouped based on the Bank's risk rating system, which considers its past experience based on statistical information, type of guarantee, delinquency situation, and other relevant factors.

Future cash flows of a group of financial assets The experience of historical losses is adjusted based on the current observable information that reflects the effects of current conditions that have not affected the years on which the historical losses information is based, and removes the effects and conditions that do not currently exist. The methodology and assumptions used to estimate future cash flows are regularly reviewed to reduce any difference between the estimated loss and the experience of actual losses.

e.2) Refinanced accounts receivable and loans:

The Bank's loan portfolio includes transactions refinanced through: a) new agreements where the terms and conditions of the original payment schedule are redefined, or b) the inclusion of corporate bonds issued by the borrowers. In order to consider the impairment of these assets, the valuation of these loans is carried out based on the present value of the future cash flows, discounted at the effective interest rate of the original loan.

If there are credit improvements noted by debtors impaired in prior years, the uncollectibility charge previously recognized is reversed through the adjustment to the allowance for uncollectibility risk used. Such recovery does not give rise to an amount in excess of the amortized cost that would have been recognized on the reversal date if the loss on the impairment in value had not been booked. (See note 24.)

e.3) Financial assets available for sale:

As of the closing date of the consolidated financial statements, the Bank evaluates whether there is objective evidence of whether an asset or group of investments classified as available for sale has impairment problems. When there is evidence of impairment in value, the accumulated loss (measured as the difference between the acquisition cost and the current fair value, less any loss for impairment in value in the asset previously recognized in the statement of income) is removed from the consolidated statement of comprehensive income and shareholders' equity, and is recorded in the statement of income. Losses for impairment in value of shares are not reversed through the statement of income, since any increase after the impairment in value is directly recognized in the consolidated statement of comprehensive income and shareholders' equity.

If these assets are debt instruments classified as available for sale, the impairment in value is evaluated on the basis of the same criteria as those for financial assets recorded at amortized cost. If in a subsequent year the fair value of a debt instrument increases and may be objectively related to an event occurring after the impairment in value is recognized in the statement of income, the loss for impairment in value is recovered through the statement of income.

f) Financial lease:

The Bank grants loans through financial leases. The Bank recognizes the current value of lease payments as an asset. The difference between the total value receivable and the present value of the financing is recognized as interest to be earned. This income is recognized over the lease term using the effective interest rate method, which reflects a constant rate of return.

g) Assets and liabilities in foreign currency:

The Bank considers the Argentine peso as its functional and disclosure currency. Assets and liabilities denominated in foreign currency, basically in US dollars, have been valued at BCRA's benchmark exchange rate effective for the US dollar at the closing of operations of the last business day of each fiscal year. In addition, assets and liabilities denominated in other foreign currencies were converted at the exchange rates published by the BCRA. Foreign exchange differences were charged to income for each year.

h) Cash and due from the BCRA and due from other financial institutions:

They were measured at nominal value, plus accrued interest as of each year-end, if appropriate. Accrued interest was charged to income for each year.

i) Purchases and sales with repurchase agreements (repos):

Purchases (sales) of financial instruments with the nonoptional repurchase commitment at a determined price (repos) are recorded in the consolidated balance sheet as financing facilities granted (received) based on the nature of the related debtor (creditor) in the "Other receivables" or "Financing facilities received from financial institutions" accounts.

The difference between the purchase and sale prices of those instruments is recorded as interest, which is accrued over the effective term of transactions using the effective interest rate method.

j) Derivative financial instruments:

j.1) Forward transactions without delivery of the underlying: Includes forward purchases and sales of foreign currency and the BADLAR rate without delivery of the underlying asset traded. Such transactions are valued at the quoted prices as of each year-end on Mercado Abierto Electrónico and are performed by the Bank for the purpose of intermediation for its own account. Gain (loss) resulting therefrom is charged to income (loss) for the year.

j.2) Interest rate swap transactions: Includes agreements with the BCRA and other financial institutions, and are valued at their estimated market value determined through the current value of differences between future flows of interest determined by applying fixed and variable interest rates to the notional values of agreements. Gain (loss) resulting therefrom is charged to income (loss) for the year.

k) Bank premises and equipment, and other:

These assets are recorded at their historical acquisition cost, less the related accumulated depreciation and impairment in value, if applicable. The historical acquisition cost includes expenses directly attributable to the acquisition of assets. Maintenance and repair costs are recorded in the statement of income. Any material improvement and renovation is capitalized solely when it is probable that there will be future economic benefits exceeding the return originally evaluated for the asset.

Depreciation was calculated based on the months of useful life. The assets were fully depreciated in the month of addition, but were not depreciated in the month of retirement. Additionally, at least as of each year-end, the estimated useful lives of bank premises and equipment, and other are reviewed to detect significant changes therein, which, upon occurrence, will be adjusted through the related adjustment to the depreciation charge of bank premises and equipment, and other.

In the specific case of foreclosed assets, they are recorded under "Other assets" at the lower of the net book value or their estimated market values, determined on the basis of appraisal revaluations made by independent experts. Changes in market values, which do not represent an increase above the net book value before allowances, if appropriate, are recognized in the consolidated statement of income.

The residual value of bank premises and equipment, and other, taken as a whole, does not exceed the recoverable value of such assets.

l) Impairment in value of nonfinancial assets:

At least as of each year-end, the Bank evaluates whether there are events or changes in circumstances that indicate that the value of nonfinancial assets can be impaired or whether there are hints that a nonfinancial asset can be impaired. If there is any hint or when an annual impairment test is required for an asset, the Bank estimates the recoverable value thereof. If the book value of an asset (or cash generating unit) exceeds its recoverable value, the asset (or cash generating unit) is considered impaired and the amount decreases to the recoverable value of the asset.

As of the date of presentation of the consolidated financial statements, nonfinancial assets are evaluated as to whether there are any hints that the loss for impairment in value previously recognized may no longer exist or may have decreased. A loss for impairment in value previously recognized is reversed solely if there has been a change in the estimates used to determine the recoverable value of the asset from the recognition of the latter loss for impairment in value. In such a case, the book value of the asset increases to its recoverable value.

The Bank has made these estimates and, given that the present value of assets (value in use) exceeds their book value, it has determined that no adjustment whatsoever is required to be recognized for impairment in value.

m) Provisions for miscellaneous risks:

The Bank recognizes a provision when and only when: (a) the Bank has a current obligation, as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the related payable.

In order to assess the provisions for miscellaneous risks, the existing risks and uncertainties were considered taking into account the opinion of the Bank's external and internal legal counsel. Based on the analysis carried out, the Bank booked a provision in the amount considered to be the best estimate of the potential disbursement required to settle the current obligation as of each year-end.

The provisions booked by the Bank are reviewed as of each year-end and adjusted to reflect the best estimate available at all times. Additionally, each provision is allocated to a specific item in order to be used only to cover the disbursements for which they were originally recognized.

Contingent liabilities are not recognized and are disclosed in notes, except when the likelihood for making a disbursement is deemed remote.

n) Income tax:

Income tax is calculated based on the stand-alone financial statements of Banco Patagonia S.A. and each of its subsidiaries.

Deferred income tax reflects the effects of temporary differences between book and tax amounts of assets and liabilities. Assets and liabilities are measured using the tax rate expected to be applied to taxable income in the years when these differences are recovered or eliminated. The measurement of deferred assets and liabilities reflects the tax consequences derived from the way in which the Bank and its subsidiaries expect to recover or calculate the value of their assets and liabilities as of each year-end.

Deferred assets and liabilities are recognized disregarding the time when temporary differences are expected to be reversed. Deferred assets are recognized when future tax benefits sufficient for the deferred asset to be applied are likely to exist.

o) Earning per share:

Basic and diluted earnings per share are calculated by dividing net income attributable to Banco Patagonia S.A.'s shareholders by the weighted average of common outstanding shares during each fiscal year, excluding common shares purchased and held as treasury stock. In the fiscal years ended December 31, 2009, and 2008, Banco Patagonia S.A. did not hold any financial instruments with dilutive effects. Therefore, basic and diluted earnings per share are the same.

p) Segment reporting:

The Bank considers as a business segment the group of assets and transactions committed in providing products or services subject to risks and returns that are different from those of other business segments. For those segments there is separate financial information, which is periodically evaluated by those in charge of making the main operating decisions related to the resource assignment and performance evaluation. (See note 4.)

q) Investment management and trust activities:

The Bank provides custody, administration, investment management and advisory services to third parties that give rise to the holding or placement of assets in their name. These assets and income (losses) therefrom are not included in the consolidated financial statements, since they are not the Bank's assets. (See notes 43 and 44.)

Fees arising from these activities are included in the account "Fee income" in the consolidated statement of income.

r) Customer loyalty program:

The Bank has a customer loyalty program in place consisting in the accumulation of points through credit and/or debit card consumptions. They may be exchanged for products to be furnished by the Bank.

As of year-end, the Bank measures the rewards to be granted as an identifiable component of the main transaction, the fair value of which, i.e. the amount at which the reward may be sold separately, is recorded in the "Other liabilities – Customer loyalty program" account (see note 31).

Such accounting entry meets the requirements set out in IFRIC 13 *Customer Loyalty Programmes.* Therefore, its adoption does not imply any impacts on income (loss) for the year or in comparative amounts.

3.3 New pronouncements

The Bank has decided not to adopt in advance the following standards and interpretations which have been issued but are not yet effective as of December 31, 2009:

- IFRS 2 *Share-Based Payments* (Revised): *Group cash-settled share-based payment transactions,* effective for periods beginning on or after January 1, 2010, retroactively applicable. This standard provides guidance on how to record cash-settled share-based payments in an entity's stand-alone financial statements. As the Bank has no share-based payments, this standard will not impact on its financial statements.

- IFRS 9 *Financial Instruments*: the IASB issued IFRS 9 as first step in its project to replace IAS 39 *Financial Instruments*: *Recognition and Measurement*. IFRS 9 introduces new requirements for the classification and measurement of financial assets, which shall be applied as from January 1, 2013, the early adoption of which is permitted. The IASB intends to extend IFRS 9 during 2010 to add new requirements for the classification and measurement of financial liabilities, derecognition of financial instruments, impairment and hedge accounting.

- IFRS 3 (Revised) *Business Combination and Consolidation* and IAS 27 (Revised) *Consolidated and Separate Financial Statements*, effective for periods beginning on or after July 1, 2009. Changes in IFRS 3 (Revised) affect the valuation of minority interests, the accounting for transactions costs, the initial recognition and subsequent measurement of a contingent consideration and the business combination in stages. IAS 27 (Revised) requires that a change in the ownership interest in a subsidiary (without losing control) be recorded as a transaction with owners in their capacity as owners.

- IAS 39 *Financial Instruments: Recognition and Measurement* – Qualifying hedged items – effective for the periods beginning on or after July 1, 2009. The amendment refers to the designation of a unilateral risk of a hedge item and the designation of inflation as a hedged or partial risk in particular situations.

- IFRIC 17 *Distributions of Non-Cash Assets to Owners*, effective for the periods beginning on or after July 1, 2009. Early application is permitted. This interpretation provides guidance for the accounting treatment for the distribution of non-cash assets to owners.

- IFRIC 18 *Transfers of Assets from Customers*, effective for the periods beginning on or after July 1, 2009. This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

(Figures stated in thousands of Argentine pesos)

- Improvements to IFRS: In April 2009, the IASB published *Improvements to IFRS*, its second project to amend standards and the related bases for its conclusion. There are effective dates and temporary provisions for each standard. The improvement project is an annual project that provides a mechanism to make the necessary, rather than urgent or important, changes.

The Bank does not expect the impact of the abovementioned applicable standards or interpretations to be material to its consolidated financial statements.

NOTE 4: Segment reporting

The Bank determined the following business segments, on which there is differentiated financial information available, considering the nature of their risks and profits to disclose the related information:

- Individuals: The individuals segment groups the transactions of customers that are individuals. The products most used by them include personal loans, credit cards, overdrafts, certificate of deposit and demand deposit accounts.

- Companies: The Corporate segment groups the transactions performed by large-, medium-, micro- and small-size companies that take the credit assistance offered by the Bank in addition to transaction and liability transaction services (deposits).

- Financial and government: Centralizes the transactions that the different groups of customers from the financial and government sector perform with the Bank and its main products include trading of government and private securities, investment and wholesale foreign exchange transactions, mutual funds, interest-bearing accounts, certificates of deposit, loans, purchase of credit portfolios and trusts.

  The government sector groups the transactions that the different Argentine federal, provincial and municipal government agencies, armed and security forces and federal universities, including the Province of Río Negro (see note 45), perform with the Bank.

- Other, not distributed: Includes core functions and those items that cannot be directly attributed to a particular segment such as “Bank premises and equipment, and other”, "Provisions for miscellaneous risks" or those associated with the business funding (Cash and due from the BCRA, Subordinated corporate bonds, among others).

The Bank does not disclose any information by geographic segment because there are no exploitations in economic environments with significantly different risks and profits.

Given the nature of the abovementioned business segments, the Bank has not determined any internal prices or allocable costs/revenues resulting from procuring or placing funds, as the case may be, among the different segments.

(Figures stated in thousands of Argentine pesos)

As of December 31, 2009, and 2008, there are no transactions with individual customers representing 10% or more than the Bank's total income.

The following tables show the Bank's business segment reporting for the accounting fiscal years ended December 31, 2009, and 2008:

	Corporate segment	Individuals segment	Financial and government segment	Other, not distributed	Total as of 12/31/2009
Cash and due from the BCRA (Central Bank of Argentina)	-	-	-	1,508,110	1,508,110
Due from other financial institutions	-	-	-	285,355	285,355
Financial assets held for trading	-	-	388,076	-	388,076
Financial assets measured at fair value from their initial recognition	-	-	1,658,926	-	1,658,926
Financial assets available for sale	-	-	164,276	8,430	172,706
Financial assets held to maturity	-	-	214,410	-	214,410
Loans	2,490,508	1,527,817	1,009,981	-	5,028,306
Other receivables	7,712	-	75,675	40,558	123,945
Bank premises and equipment, and other	-	-	-	236,813	236,813
Deferred tax assets	-	-	-	58,820	58,820
Other assets	-	-	-	44,903	44,903
TOTAL ASSETS	2,498,220	1,527,817	3,511,344	2,182,989	9,720,370
Financing facilities received from financial institutions	59,334	-	947	-	60,281
Derivative financial instruments	-	-	1,126	-	1,126
Deposits	2,050,407	3,373,426	1,390,396	-	6,814,229
Subordinated corporate bonds	-	-	-	61,200	61,200
Other liabilities	-	13,701	140,349	670,547	824,597
Provisions for miscellaneous risks	-	-	-	41,021	41,021
TOTAL LIABILITIES	2,109,741	3,387,127	1,532,818	772,768	7,802,454
Interest income and similar ones	376,305	396,163	156,016	2,802	931,286
Interest expense and similar ones	(71,618)	(139,598)	(88,773)	(4,717)	(304,706)
Net interest income and similar ones	304,687	256,565	67,243	(1,915)	626,580
Fee income	68,172	297,175	43,601	27,727	436,675
Fee expenses	(13,285)	(86,699)	(3,311)	(9,576)	(112,871)
Net fee income	54,887	210,476	40,290	18,151	323,804

Marcelo A, Iadarola	Rubén M. Iparraguirre	Jorge G. Stuart Milne
Accounting Manager	General Assistant Manager Administration and Finance Area	Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

	Corporate segment	Individuals segment	Financial and government segment	Other, not distributed	Total as of 12/31/2009
Gains (losses) on financial assets held for trading	-	-	185,672	-	185,672
Gains (losses) on financial assets available for sale	-	-	41,456	8,787	50,243
Gains (losses) on financial assets measured at fair value from their initial recognition	-	-	169,385	-	169,385
Gains (losses) on financial assets held to maturity	-	-	39,578	-	39,578
Foreign exchange difference (net)	36,070	16,314	24,003	39,693	116,080
Other operating income	-	-	-	27,885	27,885
TOTAL OPERATING INCOME	395,644	483,355	567,627	92,601	1,539,227
Net (charges) / recoveries of loans	(2,631)	(54,586)	27	-	(57,190)
TOTAL OPERATING INCOME, NET	393,013	428,769	567,654	92,601	1,482,037
Personnel expenses	(53,769)	(44,529)	(6,606)	(285,269)	(390,173)
Depreciation of bank premises and equipment, and other	-	-	-	(20,345)	(20,345)
Loss on uncollectibility of other receivables and provisions for miscellaneous risks	-	-	(881)	(16,740)	(17,621)
Other operating expenses	(83,464)	(210,636)	(30,713)	(29,863)	(354,676)
TOTAL OPERATING EXPENSES	(137,233)	(255,165)	(38,200)	(352,217)	(782,815)
OPERATING INCOME (LOSS)	255,780	173,604	529,454	(259,616)	699,222
INCOME BEFORE INCOME TAX					699,222
Income tax, net					(231,308)
NET INCOME FOR THE YEAR					
Attributable to:					
The parent's shareholders					467,914

Marcelo A, Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Figures stated in thousands of Argentine pesos)

	Corporate segment	Individuals segment	Financial and government segment	Other, not distributed	Total as of 12/31/2008
Cash and due from the BCRA (Central Bank of Argentina)	-	-	-	1,347,866	1,347,866
Due from other financial institutions	-	-	-	198,212	198,212
Financial assets held for trading	-	-	55,078	-	55,078
Financial assets measured at fair value from their initial recognition	-	-	383,650	-	383,650
Financial assets available for sale	-	-	40,735	8,904	49,639
Financial assets held to maturity	-	-	250,153	-	250,153
Loans	2,111,381	1,355,424	1,889,891	-	5,356,696
Other receivables	7,451	-	103,665	41,326	152,442
Bank premises and equipment, and other	-	-	-	162,523	162,523
Other assets	-	-	-	34,298	34,298
TOTAL ASSETS	2,118,832	1,355,424	2,723,172	1,793,129	7,990,557
Financing facilities received from financial institutions	179,727	-	8,713	7,867	196,307
Deposits	1,539,017	2,589,279	1,424,404	-	5,552,700
Subordinated corporate bonds	-	-	-	112,288	112,288
Deferred tax liabilities	-	-	-	14,685	14,685
Other liabilities	-	7,965	113,896	393,811	515,672
Provisions for miscellaneous risks	-	-	-	40,342	40,342
TOTAL LIABILITIES	1,718,744	2,597,244	1,547,013	568,993	6,431,994
Interest income and similar ones	360,842	244,001	128,316	31,250	764,409
Interest expense and similar ones	(52,115)	(113,814)	(114,379)	(8,202)	(288,510)
Net interest income and similar ones	308,727	130,187	13,937	23,048	475,899
Fee income	62,325	260,001	50,842	584	373,752
Fee expenses	(4,933)	(69,161)	(3,222)	(10,910)	(88,226)
Net fee income	57,392	190,840	47,620	(10,326)	285,526
Gains (losses) on financial assets held for trading	-	-	(3,426)	-	(3,426)
Gains (losses) on financial assets available for sale	-	-	25,952	33,105	59,057
Gains (losses) on financial assets measured at fair value from their initial recognition	-	-	117,556	-	117,556
Gains (losses) on financial assets held to maturity	-	-	11,189	-	11,189
Foreign exchange difference (net)	38,288	19,729	20,600	35,732	114,349
Other operating income	-	-	-	10,657	10,657
TOTAL OPERATING INCOME	404,407	340,756	233,428	92,216	1,070,807

Marcelo A, Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Figures stated in thousands of Argentine pesos)

	Corporate segment	Individuals segment	Financial and government segment	Other, not distributed	Total as of 12/31/2008
Net (charges) / recoveries of loans	8,085	(12,753)	-	-	(4,668)
TOTAL OPERATING INCOME, NET	412,492	328,003	233,428	92,216	1,066,139
Personnel expenses	(48,619)	(67,796)	(14,335)	(192,699)	(323,449)
Depreciation of bank premises and equipment, and other	-	-	-	(15,459)	(15,459)
Loss on uncollectibility of other receivables and provisions for miscellaneous risks	-	-	823	(9,196)	(8,373)
Other operating expenses	(74,931)	(131,758)	(41,515)	(43,323)	(291,527)
TOTAL OPERATING EXPENSES	(123,550)	(199,554)	(55,027)	(260,677)	(638,808)
OPERATING INCOME (LOSS)	288,942	128,449	178,401	(168,461)	427,331
INCOME BEFORE INCOME TAX					427,331
Income tax, net					(134,851)
NET INCOME FOR THE YEAR					
Attributable to:					
The parent's shareholders					292,480

Marcelo A, Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

(Figures stated in thousands of Argentine pesos)

NOTE 5: Interest income and similar ones

	12/31/2009	12/31/2008
Loans	908,653	741,691
Other receivables	16,835	10,213
Due from other financial institutions	397	2,380
Cash and due from the BCRA (Central Bank of Argentina)	-	4,786
Other	5,401	5,339
	931,286	**764,409**

NOTE 6: Interest expense and similar ones

	12/31/2009	12/31/2008
Deposits	291,926	261,071
Financing facilities received from financial institutions	6,035	16,301
Subordinated corporate bonds	4,602	8,053
Other	2,143	3,085
	304,706	288,510

NOTE 7: Fee income and expenses

	12/31/2009	12/31/2008
Fee income		
Credit and debit cards	148,782	125,110
Checking accounts	72,779	64,248
Insurance	37,158	27,068
Packages of products	25,449	16,040
Savings accounts	25,002	21,384
Foreign trade	23,077	18,911
Checks to be collected and items in custody	23,066	24,265
Collections	22,743	16,671
Safe-deposit boxes	15,389	6,836
Trust activity (see note 44)	10,237	12,700
Transfers	9,210	8,042
Other	23,783	32,477
	436,675	373,752

Marcelo A, Iadarola	Rubén M. Iparraguirre	Jorge G. Stuart Milne
Accounting Manager	General Assistant Manager Administration and Finance Area	Chairman

	31/12/2009	31/12/2008
Fee expenses		
Credit and debit cards	60,987	53,919
Salary crediting agreement	33,029	19,597
Other	18,855	14,710
	112,871	88,226

NOTE 8: Gains (losses) on financial assets held for trading

	12/31/2009	12/31/2008
Interest	7,166	7,482
Quoted price difference	241,137	(32,564)
Gain (loss) on interest rate swaps (see note 23)	(1,893)	-
Gains (losses) on forward foreign currency transactions without delivery of the underlying asset (see note 23)	(60,738)	21,656
	185,672	(3,426)

NOTE 9: Gains (losses) on financial assets available for sale

	12/31/2009	12/31/2008
Interest	34,523	17,173
Realized quoted price difference resulting from sale	244	5,290
Realized quoted price difference for reserve reversal	6,689	3,489
Sale of unlisted shares	474	744
Cash dividends derived from unlisted shares	8,313	32,361
	50,243	59,057

NOTE 10: Gains (losses) on financial assets measured at fair value from their initial recognition

	12/31/2009	12/31/2008
Interest	20,649	50,452
Quoted price differences	148,736	67,104
	169,385	117,556

(Figures stated in thousands of Argentine pesos)

NOTE 11: Gains (losses) on financial assets held to maturity

	12/31/2009	12/31/2008
Interest	39,578	11,189
	39,578	11,189

NOTE 12: Foreign exchange difference (net)

It mainly includes income (loss) from foreign currency trading in the amount of 43,241 and 48,831 as of December 31, 2009, and 2008, respectively, and foreign exchange differences resulting from the conversion into Argentine pesos of monetary items in foreign currency.

NOTE 13: Other operating income

	12/31/2009	12/31/2008
Income from sales of bank premises and equipment, and other	16,426	5,704
Other	11,459	4,953
	27,885	10,657

NOTE 14: Personnel expenses

	12/31/2009	12/31/2008
Salaries	266,749	209,847
Payroll taxes	61,069	46,157
Administrative services hired	33,484	31,369
Entertainment, travel & living expenses	9,848	11,253
Services to personnel	9,596	15,317
Personnel bonuses	6,644	5,051
Severance payments	2,783	4,455
	390,173	323,449

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General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

NOTE 15: Loss on uncollectibility of other receivables and provisions for miscellaneous risks

	12/31/2009	12/31/2008
Charges / (Reversals), less allowances for other receivables (see note 25)	881	(823)
Net charges for provisions for miscellaneous risks (see note 32)	16,740	9,196
	17,621	8,373

NOTE 16: Other operating expenses

	12/31/2009	12/31/2008
Turnover tax	82,672	47,906
Maintenance, conservation and repair expenses	58,519	42,336
Electric power and communications	41,073	38,394
Professional fees	23,631	25,303
Rentals	23,438	21,109
Security services	20,634	17,543
Tax on bank account transactions	16,402	14,221
Advertising and marketing	10,684	17,499
Contribution to the deposit guarantee fund	10,210	9,057
Other taxes	9,811	5,032
Cleaning expenses	9,069	7,965
Directors' and statutory auditors' fees	7,672	6,239
Personal assets tax – Shareholders (1)	7,325	5,955
Office expenses	5,072	6,340
Miscellaneous subscription expenses	4,454	3,513
Clearing house expenses	4,300	3,857
Value-added tax – noncomputable tax credit	2,550	3,140
Insurance	2,321	2,138
Operating expenses on Mercado Abierto Electrónico	2,045	2,173
Other	12,794	11,807
	354,676	291,527

(1) Relates to the tax paid by the Bank, pursuant to current legal requirements in Argentina, as to which the Bank will not receive any reimbursement from the Shareholders,

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NOTE 17: Income tax

Income tax

Income tax should be booked by the balance sheet liability method, which consists in recognizing (as receivable or payable) the tax effect of temporary differences between the book and tax valuation of assets and liabilities, and in subsequently charging them to the statement of income for the years in which such differences are reversed, having duly considered the likelihood of using NOLs in the future.

Deferred tax liabilities and assets are as follows:

Description	**12/31/2009**	**12/31/2008**
Deferred tax assets:		
Financial assets	11,420	-
Loan loss reserve	16,749	-
Bank premises and equipment, and other	-	26,424
Other assets	752	1,707
Allowance for other assets	2,016	3,571
Deposits	1,931	5,012
Derivative financial instruments	394	-
Other liabilities	14,357	7,543
Provisions for miscellaneous risks	19,349	11,600
Total deferred assets	66,968	55,857
Deferred tax liabilities:		
Financial assets	-	(18,656)
Bank premises and equipment, and other	(8,148)	-
Loan loss reserve	-	(51,886)
Total deferred liabilities	(8,148)	(70,542)
Net deferred tax assets / (liabilities) as of year-end	58,820	(14,685)

Changes in net deferred tax assets / (liabilities) during the years ended December 31, 2009, and 2008, are summarized as follows:

Description	**12/31/2009**	**12/31/2008**
Net deferred tax liabilities at beginning of year	(14,685)	(5,246)
Deferred tax charge to income	96,322	(24,562)
Effect booked in shareholders' equity reserves (see note 33)	(22,817)	15,123
Net deferred tax assets / (liabilities) as of year-end	58,820	(14,685)

The following table shows the difference between the current income tax accrual and the amounts obtained by applying the effective tax rate in Argentina for income tax pursuant to IFRS:

Marcelo A, Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

(Figures stated in thousands of Argentine pesos)

Description	12/31/2009	12/31/2008
Income before taxes	699,222	427,331
Statutory income tax rate	35%	35%
Tax on net income	244,728	149,566
Permanent differences:		
Income not subject to income tax	(18,731)	(17,649)
Expenses not deductible from taxable income	5,557	3,255
Miscellaneous	(246)	(321)
Income tax, net	231,308	134,851

The following table shows the difference between the current income tax accrual pursuant to tax regulations and the total expense for income tax pursuant to IFRS:

Description	12/31/2009	12/31/2008
Income tax pursuant to tax regulations	327,630	110,289
Deferred tax income (loss)	(96,322)	24,562
Income tax, net	231,308	134,851

Minimum presumed income tax

Minimum presumed income tax was established by Law No. 25,063 for a ten-year term for fiscal years ended as from December 31, 1998. At present, after successive extensions, such tax is effective through December 31, 2019. This tax is supplementary to income tax because, while the latter is levied on taxable income for the year, minimum presumed income tax is a minimum levy determined by applying the current 1% rate on the potential income of certain productive assets. Therefore, the Bank's tax obligation will be equal to the higher of the two taxes. In the case of institutions governed by Financial Institutions Law, the abovementioned law sets forth that they shall consider as taxable income 20% of their taxable assets, previously deducting those assets defined as non-computable. However, should minimum presumed income tax exceed income tax in a given year, such excess may be computed as a payment on account of any income tax in excess of minimum presumed income tax that may occur in any of the following ten years.

As of December 31, 2009, and 2008, the amounts assessed for income tax were higher than those assessed for minimum presumed income tax for those years.

The AFIP (Federal Public Revenue Agency) is empowered to review and correct, if necessary, the annual tax returns of all taxpayers in the five years following the year of filing. In addition, as the Bank is categorized as "large taxpayer", it is subject to ongoing tax audits. As of the date of issuance of these financial statements, no further significant liabilities resulted from those reviews.

(Figures stated in thousands of Argentine pesos)

NOTE 18: Earnings per share

Basic and diluted earnings per share were calculated by dividing net income attributable to the shareholders holding common shares by the average number of outstanding common shares during the year. Capitalization of earnings or other similar forms of increasing the number of shares entail a share split under IFRS and, therefore, they have been considered as if they had been issued from the beginning, and such increases were applied retroactively to the calculation of “earnings per share”.

For the weighted average calculation of outstanding common shares, the number of shares at beginning of year was adjusted by the number of common shares redeemed in the course of the period weighted by the number of days when they were outstanding.

As described in the preceding paragraphs, the weighted average of outstanding common shares during the years ended December 31, 2009, and 2008, includes the number of outstanding common shares at beginning of year, and excludes the number of common shares that were acquired from August 14, 2008, under the framework of the treasury stock repurchase plan (see note 2).

The “diluted earnings per share” measure the yield of common shares considering the effect of other financial instruments that may be converted into shares. Given that the Bank has not issued financial instruments which have a dilutive effect on earnings per share, basic and diluted earnings per share are consistent.

The following table shows the calculation of basic and diluted earnings per share:

	12/31/2009	**12/31/2008**
Numerator:		
Income (loss) for the year	467,914	292,480
Denominator:		
Weighted average of common shares for the year, adjusted by share splits and acquisition of treasury stock	Face value 722,475,849	Face value 745,730,693
Basic and diluted earnings per share (stated in ARS)	0.6477	0.3922
Outstanding common shares at beginning of year (see note 2)	Face value 731,688,008	Face value 748,155,678
Acquisition program of treasury stock approved by the Board of Directors on July 31, 2008, and canceled on December 9, 2009 (see note 2)	(Face value 12,423,271)	(Face value 16,467,670)
Outstanding common shares as of year-end (see note 2)	VN 719,264,737	VN 731,688,008

On May 16, 2008, the Bank paid cash dividends in the amount of 66,500 related to the year ended December 31, 2007, which were approved by the Regular Shareholders' Meeting dated April 28, 2008. Furthermore, on September 16, 2009, it paid cash dividends in the amount of 133,373 related to the year ended December 31, 2008, which were approved by the Regular Shareholders’ Meeting dated April 27, 2009.

Marcelo A, Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

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Dividends per share amounted to ARS 0.0889 and ARS 0.1823, respectively, and resulted from the division of the cash dividends by the outstanding common shares as of each of the abovementioned year-ends.

NOTE 19: Distribution of earnings and restrictions

BCRA Communiqué "A" 4,152 dated June 2, 2004, lifted the suspension of distribution of earnings established by Communiqué "A" 3,574, requiring the previous authorization from the Foreign Exchange and Financial Institutions Regulatory Agency for such distribution subject to the requirements established in the abovementioned communiqué. Additionally, through Communiqué "A" 4,589, the BCRA set new requirements to distribute earnings.

Under Law No. 25,063, the dividends to be distributed, either in cash or in kind, in excess of accumulated taxable income as of the year-end immediately preceding the payment or distribution date, will be subject to the effective income tax withholding (35%) as single and definitive payment.

The Regular Shareholders' Meeting, held on April 28, 2008, related to the fiscal year ended December 31, 2007, approved the following distribution of earnings under BCRA regulations:

To legal reserve	26,539
To cash dividend payment (subject to approval by the BCRA)	66,500
To unappropriated retained earnings	158,360
Total	251,399

On April 11, 2008, the BCRA decided not to object to such request and, therefore, the abovementioned dividends were made available to the shareholders and paid on May 16, 2008, and no income tax withholdings were required to be made, as mentioned in the second paragraph of this note.

The Regular Shareholders' Meeting, held on April 27, 2009, related to the fiscal year ended December 31, 2008, approved the following distribution of earnings under BCRA regulations:

To legal reserve	53,349
To cash dividend payment (subject to approval by the BCRA)	133,373
To unappropriated retained earnings	217,063
Total	403,785

On September 4, 2009, the BCRA decided not to object to such request and, therefore, the abovementioned dividends were made available to the shareholders and paid on September 16, 2009, and no income tax withholdings were required to be made, as mentioned in the second paragraph of this note.

(Figures stated in thousands of Argentine pesos)

As mentioned in note 18, dividends per share amounted to ARS 0.1823 and ARS 0.0889 as of December 31, 2008, and 2007, respectively, which resulted from the division of cash dividends by outstanding shares as of the abovementioned year-ends.

BCRA regulations establish that 20% of income (loss) for the year obtained as established by BCRA regulations, plus/less prior-period adjustments, shall be allocated to legal reserve. Consequently, the Bank's unappropriated retained earnings as of December 31, 2009, under BCRA regulations, are restricted by 89,765, which shall be applied by the next Regular Shareholders' Meeting to increase the legal reserve.

Additionally, BCRA Communiqué "A" 4,664 dated May 11, 2007, as amended, establishes that a series of items shall be deducted from the "Unappropriated retained earnings" account on an off-balance sheet basis in the financial statements under BCRA regulations to calculate the amounts of distributable earnings.

In this respect, and according to 2(1)2 of such rule, as of December 31, 2009, the Bank shall deduct 1,496 for the resulting positive difference between the book value under BCRA accounting standards and the value calculated by the Bank in the case of instruments issued by the BCRA without volatility or present value published by the BCRA. Such calculation is made on the basis of the related cash flows discounted at the internal rate of return on instruments of similar characteristics and duration with volatility published by the BCRA or, in the absence thereof, using a rate of return consistent with the methodology established by such agency. As of December 31, 2008, the Bank should deduct 59,774 for the resulting positive difference between the book value under BCRA accounting standards and the market price for investments held to maturity, and 29,225 for the resulting positive difference between the book value under BCRA accounting standards and the present value according to BCRA Communiqué "B" 9,468 for the Argentine Government Bond in ARS Private Badlar + 350 basis points.

Finally, once the abovementioned deductions are made, as of December 31, 2009, and 2008, the distributable amount, under BCRA accounting standards, available for the Regular Shareholders' Meeting, is 557,066 and 261,437, respectively. Such amount is not subject to changes by virtue of the IFRS application.

NOTE 20: Cash and due from the BCRA (Central Bank of Argentina)

	12/31/2009	12/31/2008
Cash on hand	509,231	415,449
BCRA – Checking account (1)	841,006	831,450
BCRA – Special guarantee accounts (1) (2) (see note 37)	157,873	100,967
	1,508,110	1,347,866

(1) The BCRA recognized interest at 1.32% p.a. for the year ended December 31, 2008, on the proportion of the monthly average of daily amounts of checking accounts and special guarantee accounts related to the minimum requirements derived from deposits and term obligations, without

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exceeding the higher of the amounts resulting from comparing the result of the following procedure:

- Monthly minimum cash requirement in Argentine pesos of deposits and term obligations, less the following computable items: Cash, cash in transit and held by armored car companies, special guarantee accounts due to transactions performed with checks, special accounts opened with the BCRA related to the payment of social security benefits to the Federal Social Security Administration.

- Daily minimum requirement in Argentine pesos of deposits and term obligations, less the allowed computable items of cash, cash in transit and held by armored car companies, special guarantee accounts due to transactions performed with checks, special accounts opened with the BCRA related to the payment of social security benefits to the Federal Social Security Administration in the appropriate proportion according to these due liabilities.

As of December 31, 2009, those accounts did not bear any interest.

(2) The Bank has special guarantee checking accounts opened with the BCRA for transactions related to electronic clearing houses and other similar ones.

Minimum cash requirement

The BCRA establishes different “statutory operating ratios” that should be met by financial institutions regarding solvency, liquidity, maximum credits that may be granted by customer and foreign currency positions, among others (see also note 34).

The minimum cash requirement establishes that a financial institution shall keep a portion of deposits or obligations available and not appropriated to lending transactions.

The following table shows the items booked by the Bank as minimum cash requirement, as provided by the related BCRA regulations, as of December 31, 2009, and 2008:

Item	12/31/2009	12/31/2008
Cash and due from the BCRA (Central Bank of Argentina)		
Cash on hand	328,738	231,907
Cash held by armored car companies	179,804	183,146
BCRA – Checking account	841,006	831,450
BCRA – Special guarantee accounts	157,873	100,967
	1,507,421	1,347,470

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NOTE 21: <u>Due from other financial institutions</u>

	12/31/2009	12/31/2008
Wachovia Bank N.A.	66,971	44,441
Bank of America	58,359	-
Citibank N.Y.	40,060	50,251
Unicrédito Italiano S.p.A.	27,524	8,376
Standard Chartered Bank N.Y	20,989	22,288
Banco de la Nación Argentina	11,163	10,593
Intesa San Paolo S.p.A.	8,002	14,439
Commerzbank A.G.	5,742	1,584
Banco de la Provincia de Buenos Aires	5,695	5,008
Banco de la Nación Argentina – Miami	5,114	4,021
J.P.Morgan Chase Bank	4,473	7,930
Banco de la Provincia de Formosa	4,260	-
Euroclear Bank S.A.	3,574	1,232
Lloyds TSB Bank PLC	2,993	1,758
Salomon Brothers	2,411	-
Banca Intesa New York	2,383	-
Standard Chartered Bank Miami	2,021	-
Wells Fargo Advisors	1,985	1,818
The Bank of Montreal (International Branch)	1,974	3,975
Banco Central del Uruguay (see note 37)	1,906	1,729
Standard Chartered Bank Londres	1,614	5,474
UBS N.Y.	1,470	929
Banco Popular Español S.A.	1,400	936
Banco Itaú Uruguay S.A.	945	-
Banelco S.A.	865	861
HSBC Bank USA N.A.	710	3,065
The Bank of New York Mellon	-	5,425
Other	752	2,079
	285,355	198,212

As of December 31, 2009, the amount due from Citibank N.Y. earns interest at a nominal 0.21% rate p.a. The other amounts do not earn any interest.

As of December 31, 2008, the amounts earned interest at a nominal rate ranging from 0.025% to 0.1% p.a.

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NOTE 22: Financial assets held for trading, measured at fair value from their initial recognition, available for sale and held to maturity

The Bank has classified its financial assets as disclosed below:

Financial assets held for trading

Description	Maturity	Currency	Rate	Amortization	12/31/2009	12/31/2008
Argentine Government Bond in USD 7%	09/12/13	USD	7 %	Upon maturity	68,568	-
Argentine Government Bond in ARS Private Badlar + 3%	09/10/15	ARS	Badlar + 3%	6 semiannual installments	68,502	-
Argentine Government Bond in ARS Private Badlar + 2.75 %	01/30/14	ARS	Badlar + 2,75%	Upon maturity	59,704	-
Argentine Government Bond in USD 7 % (Bonar V)	03/28/11	USD	7%	Upon maturity	56,523	-
Argentine Government Bond in USD 10.50 % (Bonar V)	06/12/12	ARS	10,50%	Upon maturity	48,437	3,090
Argentine government bonds in USD Libor 2012 (Boden)	08/03/12	USD	Libor	8 annual installments	40,700	14,092
Discount bonds in ARS + GDP-linked securities in ARS	12/31/33	ARS	5.83% + Cer	20 semiannual installments	27,447	14,487
Secured bonds, Presidential Decree No. 1,579/02 (BOGAR)	02/04/18	ARS	2% + Cer	156 monthly installments	8,947	3,140
Social security debt consolidation bond in ARS, 4th Series, 2%	03/15/14	ARS	2% + Cer	72 monthly installments	2,587	12,070
Uruguay global bond maturing in 2011 at 8.375%	09/26/11	USD	8.375	Upon maturity	2,265	-
Par bonds in ARS Step-Up 2038 + GDP-linked securities in ARS	12/31/38	ARS	0.63% + Cer	20 semiannual installments	1,570	580
Uruguay global bond maturing in 2011 at 7.25%	02/15/11	USD	7.25	Upon maturity	1,338	-
Debt consolidation bonds in ARS, 2nd Series, 2%	12/03/10	ARS	2% + Cer	106 monthly installments	575	837
Social security debt consolidation bond in ARS, 3rd series, 2%	01/03/10	ARS	2% + Cer	48 monthly installments	570	6,481
Other					343	301
					388.076	**55.078**

Financial assets measured at fair value from their initial recognition

Description	Maturity	Currency	Rate	Amortization	12/31/2009	12/31/2008
BCRA bills	From 01/27/2010 through 06/02/2010	ARS	Issuance, with discount	Upon maturity	944,286	-
BCRA notes	From 01/06/2010 through 05/18/2011	ARS	Badlar+2,5%	Upon maturity	714,640	88,599
BCRA notes	From 01/21/2009 through 05/27/2009	ARS	Badlar+2,5%	Upon maturity	-	295,051
					1,658,926	**383,650**

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Financial assets available for sale

Description	Maturity	Currency	Rate	Amortization	12/31/2009	12/31/2008
Argentine government bond in ARS Badlar + 275 basis points	01/30/14	ARS	Badlar+2,75%	Upon maturity	91,321	-
Argentine government bond in ARS Badlar + 350 basis points	04/04/13	ARS	Badlar+3,5%	Upon maturity	49,490	32,495
Secured bonds, Presidential Decree No. 1,579/02 (Bogar)	02/04/18	ARS	2% + Cer	156 monthly installments	23,465	8,240
Banelco S.A.	-	ARS	-	-	2,883	3,004
Mercado de Valores S.A. (see note 37)	-	ARS	-	-	2,064	2,064
Visa Argentina S.A.	-	ARS	-	-	1,445	1,805
Provincanje S.A.	-	ARS	-	-	679	685
Seguros de Depósitos S.A.	-	ARS	-	-	493	493
Interbanking S.A.	-	ARS	-	-	284	284
Sanatorio Las Lomas S.A.	-	ARS	-	-	84	84
Mercado a Término de Buenos Aires S.A.	-	ARS	-	-	73	73
Banco Latinoamericano de Exportaciones S.A.	-	USD	-	-	70	63
Mercado Abierto Electrónico S.A.	-	ARS	-	-	65	65
Bolsa de Comercio de Mar del Plata S.A.	-	ARS	-	-	56	56
Argencontrol S.A.	-	ARS	-	-	53	53
Compensadora Electrónica S.A.	-	ARS	-	-	46	42
S.W.I.F.T.	-	EUR	-	-	13	11
Other	-	ARS	-	-	122	122
					172,706	**49,639**

Financial assets held to maturity

Description	Maturity	Currency	Rate	Amortization	12/31/2009	12/31/2008
Argentine government bonds in USD Libor 2012 (Boden) (see note 37)	08/03/12	USD	Libor	8 annual installments	214,410	250,153
					214,410	**250,153**

The book value of the financial instruments disclosed in this note relates to their estimated market values, except for the financial assets held to maturity, which are disclosed at amortized cost, as mentioned below, and unlisted companies' shares amounting to 8,430 and 8,904 as of December 31, 2009, and 2008, respectively, which are disclosed at acquisition cost.

The main holdings that are part of the Bank's financial assets are as follows:

1) LEBAC (BCRA bills): They are short-term securities bid by the monetary authority. At present, there are LEBAC in Argentine pesos, as the BCRA suspended the issuance of these instruments adjusted by the CER (benchmark stabilization coefficient). LEBACs are issued with discount, functioning as a zero-coupon bond, principal being fully amortized upon maturity without interest payments.

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2) NOBAC (BCRA notes): They relate to instruments issued by the BCRA and they are denominated in Argentine pesos. They pay interest quarterly, whereas principal is paid upon maturity. Maturity takes place before two years and the rate accrued may be fixed or variable (Badlar rate). Badlar rates are calculated by the BCRA based on a sample of the interest rates financial institutions pay to depositors for 30 to 35-day certificates of deposit exceeding one million pesos or dollars.

3) Argentine Government Bond in USD (BODEN 2012): They are securities issued by the Argentine Government in foreign currency at Libor maturing in 2012.

4) Argentine Government Bond (BONAR 2014): On February 2, 2009, Joint Resolutions No. 8/2009 and No. 5/2009 of the Treasury and Finance Departments established the performance of a new transaction for the swap of certain secured loans payable for a new bond or promissory note called "Argentine Government bond or promissory note in ARS private BADLAR + 275 basis points maturing in 2014" the issuance date of which is January 30, 2009, and full amortization will take place at maturity on January 30, 2014. The interest rate payable on a quarterly basis is 15.4% during the first year and the BADLAR rate plus 275 basis points for the remaining period.

5) Argentine Government Bond in USD: They are bonds in US dollars issued by the Argentine Government, maturing on September 12, 2013, with principal being fully repaid upon maturity, accruing fixed interest at a nominal 7% rate p.a. payable semiannually.

6) Argentine Government Bond (BONAR 2015): They are bonds issued by the Argentine Government, maturing on September 10, 2015, with principal being repaid in 6 semiannual installments, the first 5 of which are equal to 16.66% and the last one to 16.70%, accruing variable interest payable on a quarterly basis and calculated at Badlar, as explained above, plus 300 basis points.

7) Argentine Government Bond in USD (BONAR V): They are bonds in US dollars issued by the Argentine Government, maturing on March 28, 2011, with principal being fully repaid upon maturity, accruing fixed interest at a nominal 7% rate p.a. payable semiannually.

8) Argentine Government Bond in ARS (BONAR 2013): They are bonds issued by the Argentine Government maturing on April 4, 2013, with principal being fully repaid upon maturity, accruing variable interest payable on a quarterly basis and calculated at Badlar, as explained above, plus 350 basis points.

9) Argentine Government Bond in ARS (BONAR V): They are bonds in Argentine pesos issued by the Argentine Government, maturing on June 12, 2012, with principal being fully repaid upon maturity, accruing fixed interest at a nominal 10.5% rate p.a. payable semiannually.

10) Discount Bonds in ARS: They are bonds in Argentine pesos issued by the Argentine Government, maturing on December 31, 2033, with principal being repaid in 20 semiannual installments, the first of which begins on June 30, 2024. Each of the payments will include the compounded amounts accrued before the first amortization date. It accrues fixed interest at a nominal 5.83% rate payable semiannually. A portion of interest accrued before December 31, 2013, will be paid in cash, and the other portion will be compounded. The portion of interest being compounded is added to the principal amount of securities.

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11) Secured bonds, Presidential Decree No. 1,579/02 (BOGAR): They are government securities arising from the swap of the loans granted to provinces, maturing on February 4, 2018, and monthly paying principal and interest, accruing interest at a fixed 2% rate.

Financial assets measured at fair value from their initial recognition:

Below we disclose the amortized cost of those holdings and its difference with fair value:

BCRA bills and notes	Amortized cost	Fair value	Unrealized gain
2009	1,654,372	1,658,926	4,554
2008	380,174	383,650	3,476

Financial assets classified as "available for sale" – reserves (see note 33):

As of December 31, 2009, and 2008, the accumulated reserve of Bogar is related to unrealized gain (loss), irrespective of the deferred tax effect on such reserve that is disclosed in the Consolidated Statements of Comprehensive Income and Changes in Shareholders' Equity, amounting to 2,702 and (1,098), respectively.

Bogar	Amortized cost	Fair value	Unrealized (loss) / gain
2009	15,744	23,465	7,721
2008	11,377	8,240	(3,137)

As of December 31, 2009, and 2008, the accumulated reserve of Bonar 2013 is related to unrealized gain (loss), irrespective of the deferred tax effect on such reserve that is disclosed in the Consolidated Statements of Comprehensive Income and Changes in Shareholders' Equity, amounting to 1,796 and (4,779), respectively.

Bonar 2013	Amortized cost	Fair value	Unrealized (loss) / gain
2009	44,360	49,490	5,130
2008	46,149	32,495	(13,654)

As of December 31, 2009, the accumulated reserve of Bonar 2014 is related to unrealized gain, irrespective of the deferred tax effect on such reserve that is disclosed in the Consolidated Statements of Comprehensive Income and Changes in Shareholders' Equity, amounting to 11,996.

Bonar 2014	Amortized cost	Fair value	Unrealized gain
2009	57,047	91,321	34,273

Financial assets held to maturity:

As from October 1, 2008, the Bank decided to consider part of its holdings of Argentine Government Bonds in USD Libor 2012 (Boden 2012) that was classified in “Financial assets available for sale” as “Financial assets held to maturity” because it intends and has the financial ability to keep these assets to maturity.

To such end, it considered 216,582 as amortized cost value because of being its fair value as of the reclassification date. The accumulated reserve through the reclassification date amounting to 25,841 will be amortized against income for the year throughout the remaining life of the reclassified assets, using the effective interest rate method. In such respect, the amortization for the year ended December 31, 2009, amounted to 6,689 and 3,489, respectively, and the tax effect of such reserve, which is also recorded in the Consolidated Statements of Comprehensive Income and Changes in Shareholders’ Equity, amounts to 5,483 and 7,824, respectively.

Boden 2012	**Reserve at beginning**	**Use**	**Residual reserve**
2009	22,352	(6,689)	15,663
2008	25,841	(3,489)	22,352

NOTE 23: Derivative financial instruments

In the normal course of business, the Bank agreed forward transactions with daily settlement of differences without delivery of the underlying, measured at their fair value. Changes in this value impact on the Consolidated Statement of Income. The Bank also agreed interest rate swap transactions (interest rate swap), which are measured at their fair value. Gains (losses) on changes in fair values as of the balance sheet date are charged to income for the year. Those transactions do not qualify as hedging, under IAS 39.

Notional values as of those dates, stated in thousands of the original currency, break down as follows:

	Notional value as of	
	12/31/2009	12/31/2008
Forward purchases of foreign currency	USD 352,000	USD 135,000
Forward sales of foreign currency	USD 132,000	USD 55,000
Forward purchases of Badlar	9,000	-
Forward sales of Badlar	2,000	5,000
Interest rate swaps	41,000	-

The fair value of agreements is zero because of the difference between the agreed-upon values and market prices daily calculated, with impact on profit and loss, except for fixed interest rate-for-variable interest rate swaps, the fair value of which is 1,126, resulting in a loss of (1,893) (see note 8).

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(Loss) gain from foreign currency transactions as of December 31, 2009, and 2008, amounted to (60,738) and 21,656, respectively (see note 8), and (loss) gain from Badlar forward transactions amounted to (1) and 76, respectively.

NOTE 24: Loans

The following transactions are related to the "Loans and accounts receivable" financial assets category:

	12/31/2009	12/31/2008
Notes	1,497,323	1,357,854
Personal loans	865,185	759,535
Overdrafts	701,284	594,920
Credit cards	536,729	432,059
Amounts receivable from repo transactions with financial institutions	498,443	1,446,772
Other loans	455,099	141,857
Loans to financial institutions	294,824	298,990
Financial leases	138,317	184,637
Mortgage loans	113,620	128,621
Interest and similar items receivable	47,874	45,586
Collateral loans	42,918	58,143
Secured loans (see note 37)	1,019	19,779
Amounts receivable from transactions with government securities	216	1,774
Interest to accrue	(6,645)	(7,857)
Total loans	5,186,206	5,462,670
Allowances for uncollectibility risk	(157,900)	(105,974)
Total	5,028,306	5,356,696

Loans by type as of December 31, 2009, and 2008, are as follows:

	12/31/2009	12/31/2008
Commercial loans	3,291,464	3,779,188
Consumer loans	1,780,338	1,554,861
Mortgage loans	114,404	128,621
Total	5,186,206	5,462,670

Interest rates for loans are established based on the existing market rates on the date they are granted.

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Loan loss reserves

	Mortgage loans	Consumer loans	Commercial loans	Total
At beginning	3,330	48,982	53,662	105,974
Charge for the year	1,853	61,509	9,832	73,194
Uses	(441)	(12,022)	(8,805)	(21,268)
As of December 31, 2009	4,742	98,469	54,689	157,900
Allowances not determined individually	4,616	95,237	29,742	129,595
Allowances determined individually	126	3,232	24,947	28,305
	4,742	98,469	54,689	157,900

	Mortgage loans	Consumer loans	Commercial loans	Total
At beginning	3,785	32,849	57,276	93,910
Charge for the year	175	22,984	4,780	27,939
Uses	(630)	(6,851)	(8,394)	(15,875)
As of December 31, 2008	3,330	48,982	53,662	105,974
Allowances not determined individually	3,052	46,763	28,970	78,785
Allowances determined individually	278	2,219	24,692	27,189
	3,330	48,982	53,662	105,974

The following is a reconciliation of loan loss reserves determined and not determined individually:

(Figures stated in thousands of Argentine pesos)

	12/31/2009			12/31/2008		
	Allowances not determined individually	**Allowances determined individually**	**Total**	**Allowances not determined individually**	**Allowances determined individually**	**Total**
At beginning	78,785	27,189	105,974	59,094	34,816	93,910
Charge for the year	63,273	9,921	73,194	27,508	431	27,939
Uses	(12,463)	(8,805)	(21,268)	(7,817)	(8,058)	(15,875)
As of closing	129,595	28,305	157,900	78,785	27,189	105,974

Net uncollectibility charges of loans break down as follows:

	12/31/2009	12/31/2008
Uncollectibility charge for the year	(73,194)	(27,939)
Recoveries of loans	16,004	23,271
Net uncollectibility charges of loans	(57,190)	(4,668)

Contingent transactions

The Bank’s credit policy includes granting sureties, guarantees and documentary credits to meet customers’ specific financial needs. As these transactions imply a contingent obligation for the Bank, they expose it to credit risks additional to those recognized in the consolidated balance sheets and are therefore an integral part of the Bank's total risk.

As of December 31, 2009, and 2008, the Bank recorded the following contingent transactions in memorandum accounts:

	12/31/2009	12/31/2008
Unused agreed overdrafts	131,910	29,489
Guarantees granted	76,390	85,523
Letters of credit	43,634	14,774
Obligations for foreign trade transactions	38,059	18,539
	289,993	148,325

The provisions for uncollectibility of these transactions are booked under “Provisions for miscellaneous risks – Other” (see note 32).

The risks related to the contingent transactions mentioned above are evaluated and monitored under the Bank’s credit risk policy mentioned in note 42.

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NOTE 25: Other receivables

These transactions are related to the “Loans and accounts receivable” financial assets category.

They break down as follows:

	12/31/2009	12/31/2008
Trust securities (1)	62,898	96,700
Sundry receivables	34,497	32,544
Rentals receivable from assets under financial lease	7,712	7,451
Trade receivables	6,049	8,782
Other	19,766	14,532
	130,922	160,009
Allowance for uncollectibility risk of other receivables	(6,977)	(7,567)
	123,945	152,442

(1) As of December 31, 2009, and 2008, effective trust securities are receivables with fixed installments earning interest at an average nominal rate of 12% and 14% p.a., respectively, and the weighted average term of which is 15 and 12 months, respectively.

The following are the changes in the allowance for uncollectibility risk of other receivables:

	12/31/2009	12/31/2008
At beginning of year	7,567	9,931
Uncollectibility charge for the year	881	114
Reversals for the year	-	(937)
Charges / (reversals), net (see note 15)	881	(823)
Uses	(1,471)	(1,541)
As of year-end	6,977	7,567

NOTE 26: Bank premises and equipment, and other

Bank premises and equipment: Includes the tangible assets owned by the Bank, used for its specific activity.

Other assets: Includes the tangible assets owned by the Bank that are not used in branches’ operations and those acquired for future use.

The following table shows a breakdown of bank premises and equipment, and other:

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	Bank premises and equipment, and other							
	Real property	Furniture and fixtures	Machinery and equipment	Vehicles and aircrafts	Assets under lease	Foreclosed real property	Other miscellaneous assets (1)	Total as of 12/31/2009
Estimated useful life in years	50	10	5	5	50	50	5	
Original value:								
As of January 1, 2009	**94,899**	**61,295**	**54,624**	**12,702**	**7,710**	**8,416**	**43,631**	**283,277**
Additions	12,763	1,757	7,111	1,339	-	-	85,365	108,335
Retirements	-	(1,426)	(3,370)	(706)	(4,150)	-	(11,608)	(21,260)
As of December 31, 2009	**107,662**	**61,626**	**58,365**	**13,335**	**3,560**	**8,416**	**117,388**	**370,352**
Depreciation:								
As of January 1, 2008	**17,746**	**42,353**	**34,509**	**9,719**	**3,321**	**7,647**	5,459	120,754
Retirements	(16)	(1,388)	(3,302)	(706)	(644)	-	(1,504)	(7,560)
Depreciation charge for the accounting year	4,346	4,617	8,053	2,594	718	17	-	20,345
As of December 31, 2009	**22,076**	**45,582**	**39,260**	**11,607**	**3,395**	**7,664**	**3,955**	**133,539**
Residual value as of December 31, 2009	**85,586**	**16,044**	**19,105**	**1,728**	**165**	**752**	**113,433**	**236,813**

	Bank premises and equipment, and other							
	Real property	Furniture and fixtures	Machinery and equipment	Vehicles and aircrafts	Assets under lease	Foreclosed real property	Other miscellaneous assets (1)	Total as of 12/31/2008
Estimated useful life in years	50	10	5	5	50	50	5	
Original value:								
As of January 1, 2008	86,246	73,430	45,400	12,756	7,710	8,440	48,511	282,493
Additions	9,694	4,622	18,836	-	-	-	10,828	43,980
Retirements	(1,041)	(16,757)	(9,612)	(54)	-	(24)	(15,708)	(43,196)
As of December 31, 2008	**94,899**	**61,295**	**54,624**	**12,702**	**7,710**	**8,416**	**43,631**	**283,277**
Depreciation:								
As of January 1, 2008	16,032	54,022	38,558	7,311	2,947	7,654	6,088	132,612
Retirements	(450)	(16,565)	(9,595)	(54)	-	(24)	(629)	(27,317)
Depreciation charge for the accounting year	2,164	4,896	5,546	2,462	374	17	-	15,459
As of December 31, 2008	**17,746**	**42,353**	**34,509**	**9,719**	**3,321**	**7,647**	**5,459**	**120,754**
Residual value as of December 31, 2008	**77,153**	**18,942**	**20,115**	**2,983**	**4,389**	**769**	**38,172**	**162,523**

1) Includes the assets that the Bank does not currently use in branches' operations, the potential sale of which Management is currently analyzing and that still do not comply with the conditions set forth in IFRS 5 for

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them to be considered as available for sale. The residual value of those assets does not exceed their recoverable value.

NOTE 27: Other assets

	12/31/2009	12/31/2008
Financial	**26,701**	**14,032**
Security deposits (see note 37)	26,701	14,032
Nonfinancial	**18,202**	**20,266**
Advance payments	10,762	11,832
Works of art	3,015	3,015
Prepayments for purchases of assets	1,930	3,174
Stationery and office supplies	1,198	1,120
Other	1,297	1,125
	44,903	34,298

NOTE 28: Financing facilities received from financial institutions

	12/31/2009	12/31/2008
IFC (International Finance Corporation)	17,718	17,269
Wachovia Bank N.A.	12,151	41,119
Banco Internacional de Desarrollo	11,534	15,782
J.P. Morgan Chase Bank	10,869	11,100
Standard Chartered Bank	6,550	40,455
Banco Santander N.A.	512	5,267
Citibank N.A. N.Y.	-	20,072
BHF Bank Berliner Handels UND	-	11,174
Bayerische Vereinsbank AG	-	10,527
Caixa D Estalvis I Pensions	-	9,808
Banco Credicoop	-	6,987
Baden Wurttembergische Bank Aktieng	-	4,214
Banco Popular Español	-	1,175
Other	947	1,358
	60,281	196,307

They relate to prefinancing of exports without guarantees, agreed at variable rates. The breakdown of due dates is disclosed in note 40.

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NOTE 29: Deposits

	12/31/2009	12/31/2008
Nonfinancial government sector	**759,864**	**706,526**
Checking accounts	225,372	178,326
Certificate of deposit	515,126	495,591
Other	7,620	21,409
Interest payable	11,746	11,200
Financial sector	**14,098**	**38,299**
Nonfinancial private sector and foreign residents	**6,040,267**	**4,807,875**
Checking accounts	1,144,540	932,669
Savings accounts	1,985,981	1,413,731
Certificate of deposit	2,262,257	1,911,830
Other	628,835	531,977
Interest and similar items payable	18,654	17,668
	6,814,229	5,552,700

Deposit guarantee

Law No. 24,485 and Presidential Decree No. 540/95 created a Deposit Guarantee Insurance System to provide coverage for risks inherent in bank deposits, as a subsidiary and supplementary protection to the one offered by the system of bank deposit privileges and protection established by the Financial Institutions Law. This system shall cover the deposits in Argentine pesos and foreign currency with the participating institutions as checking accounts, savings accounts, certificates of deposit or any other types determined by the BCRA, as long as fulfilling the requirements under Presidential Decree No. 540/95 and any others established by the enforcement authority.

As of December 31, 2009, and 2008, such deposit guarantee amounts to 2,054,233 and 1,977,991, respectively.

NOTE 30: Subordinated corporate bonds

	12/31/2009	12/31/2008
Corporate bonds issued, maturing in 2010	61,200	112,288
	61,200	112,288

The Bank has in effect a global corporate bond issuance program for a maximum amount outstanding at any time of up to USD 150 million approved by the shareholders' meeting of February 27, 1996, and by the CNV through certificate No. 115 dated June 4, 1996
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Under the referred program, the Bank issued a series of subordinated corporate bonds amounting to USD 80 million, which was approved by the Shareholders' Meeting of June 27, 2000, and by the CNV through certificate No. 271 dated August 15, 2000, and issued on December 27, 2000, maturing in ten years from such date. For such issuance of corporate bonds, principal is amortized annually and interest, semiannually. Additionally, the interest rate of the transaction was established as described below: (i) six-month LIBOR, plus 110 basis percentage points for the first effective year; (ii) six-month LIBOR, plus 175 basis percentage points for the second effective year; and (iii) six-month LIBOR, plus 220 basis percentage points as from the third year and through the final maturity of the obligation. Effective nominal interest rates as of December 31, 2009, and 2008, are 2.887% and 6.2% p.a., respectively.

Such corporate bonds are not secured and there are no covenants to be fulfilled.

Also, on September 27, 2008, and 2009, the Bank settled the third and fourth installments for principal amortization in the amount of USD 16 million each. The next maturity date is September 29, 2010. As of December 31, 2009, and 2008, the residual principal amounts to USD 16 million and USD 32 million, respectively (equal to 61,200 and 112,288 as of those dates).

The Bank's Board of Directors decided that the funds obtained from this placement be added to the Bank's working capital in Argentina, i.e. be included in the Bank's funding structure.

NOTE 31: Other liabilities

	12/31/2009	12/31/2008
Financial	**479,007**	**377,060**
Credit card consumption charges payable	201,395	148,936
Payables for foreign trade transactions	140,025	109,893
Salaries and payroll taxes payable	73,117	61,891
Sundry payables	31,268	22,085
Collections on account and behalf of third parties	23,897	17,791
Withholdings on salaries	5,802	4,482
Commissions payable	924	1,940
Amounts payable for purchases of government securities	324	1,909
Securities to be delivered for foreign currency sales	-	2,094
Other financial liabilities	2,255	6,039
Nonfinancial	**345,590**	**138,612**
Taxes payable	330,199	128,974
Customer loyalty program	13,701	7,965
Prepayments for sales of assets	354	357
Other nonfinancial liabilities	1,336	1,316
	824,597	515,672

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NOTE 32: Provisions for miscellaneous risks

Covers the amounts estimated necessary to face likely risks that, if verified, will result in a loss to the Bank. The following are the changes in those provisions during 2009 and 2008:

	Provisions			
	Labor and legal matters (1)	**Constitutional rights protection actions (2)**	**Other**	**Total**
At beginning	24,624	13,986	1,732	40,342
Charge / (Recovery) for the year (see note 15)	17,604	(1,520)	656	16,740
Uses	(4,516)	(11,037)	(508)	(16,061)
As of December 31, 2009	37,712	1,429	1,880	41,021
Less than 12 months	11,105	421	554	12,080
Over 12 months	26,607	1,008	1,326	28,941
As of December 31, 2009	37,712	1,429	1,880	41,021

	Provisions			
	Labor and legal matters (1)	**Constitutional rights protection actions (2)**	**Other**	**Total**
At beginning	27,382	14,007	2,476	43,865
Charge for the year (see note 15)	3,979	5,196	21	9,196
Uses	(6,737)	(5,217)	(765)	(12,719)
As of December 31, 2008	24,624	13,986	1,732	40,342
Less than 12 months	4,212	2,392	296	6,900
Over 12 months	20,412	11,594	1,436	33,442
As of December 31, 2008	24,624	13,986	1,732	40,342

(1) Due to the nature of its business, the Bank has several pending legal actions, which are booked under provisions when, in the opinion of Management and its legal counsel, it is likely that they may result in an additional liability and the amount may be reasonably estimated. In the opinion of Management and its legal counsel, other legal actions against the Bank that were not booked in provisions will not result in additional liabilities to those already recorded or will not have a material impact on the Bank's financial statements.

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(2) As a result of the measures taken by the Argentine Government in connection with the de-dollarization of deposits originally denominated in US dollars, and the rescheduling of bank deposits from early 2002, a significant number of legal actions were brought by individuals and companies against financial institutions.

Also, during 2007, the Argentine Supreme Court entered judgments ordering and/or clarifying both the calculation method and the computation of advance payments with respect to the deposits involved. Accordingly, as of each fiscal year-end, the Board of Directors estimated the additional effects which may result from the application of the abovementioned decisions, charging the additional amount resulting therefrom to income for each year.

In the opinion of the Bank's Management and its legal counsel, there are no significant effects other than those disclosed in these financial statements, the amounts and payment terms of which were recorded based on the current value of those estimates, as well as the probable date of their final resolution.

NOTE 33: Shareholders' equity reserves

	Reserve for financial instruments available for sale (1)	Reserve for conversion differences (2)	Legal reserve (3)	Total
As of January 1, 2009	3,614	554	186,978	191,146
Transfers to income (losses) from reclassification of BODEN 2012 (see note 22)	(6,689)	-	-	(6,689)
Change in unrealized gain (loss) from BOGAR (see note 22)	10,858	-	-	10,858
Realized gains (losses) on the sale of BONAR 2013 (see note 22)	(244)	-	-	(244)
Change in unrealized gain (loss) from BONAR 2013 (see note 22)	19,028	-	-	19,028
Change in unrealized gain (loss) from BONAR 2014 (see note 22)	34,273	-	-	34,273
Foreign currency conversion	-	7,965	-	7,965
Tax effect on net gains (losses) on financial instruments available for sale (see note 17)	(20,029)	-	-	(20,029)
Tax effect on foreign currency conversion (see note 17)	-	(2,788)	-	(2,788)
Distribution of earnings, as approved by the Regular Shareholders' Meeting held on 04/27/09 (see note 19)	-	-	53,349	53,349
As of December 31, 2009	40,811	5,731	240,327	286,869

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	Reserve for financial instruments available for sale (1)	**Reserve for conversion differences (2)**	**Legal reserve (3)**	**Total**
As of January 1, 2008	31,942	313	160,439	192,694
Changes in unrealized gain from BODEN 2012	(7,824)	-	-	(7,824)
Transfers to income (losses) from reclassification of BODEN 2012 (see note 22)	(3,489)	-	-	(3,489)
Changes in unrealized gain from BOGAR (see note 22)	(13,324)	-	-	(13,324)
Transfers to income (losses) from sale of BOGAR (see note 22)	(5,290)	-	-	(5,290)
Change in unrealized gain (loss) from BONAR 2013 (see note 22)	(13,654)	-	-	(13,654)
Foreign currency conversion	-	371	-	371
Tax effect on net gains (losses) on financial instruments available for sale (see note 17)	15,253	-	-	15,253
Tax effect on foreign currency conversion (see note 17)	-	(130)	-	(130)
Distribution of earnings, as approved by the Regular and Special Shareholders' Meeting held on 04/28/08 (see note 19)	-	-	26,539	26,539
As of December 31, 2008	3,614	554	186,978	191,146

(1) Includes changes in the fair value of financial instruments available for sale.

(2) Foreign exchange differences arising from the conversion of Banco Patagonia (Uruguay) S.A.I.F.E.'s financial statements are recorded.

(3) BCRA regulations establish that 20% of income (loss) for the year obtained as established by BCRA regulations, plus/less prior-period adjustments, shall be allocated to legal reserve (see note 19).

NOTE 34: Minimum capital requirements

The BCRA establishes that financial institutions shall keep, on individual and consolidated bases, minimum capitals ("minimum capitals"), which are defined as a counterparty risk, interest rate risk and market risk of a financial institution's assets.

The primary goals of the Bank's capital management are to ensure the Bank's compliance with the capital requirements externally established and that the Bank's keeping of strong credit ratings and sound capital ratios to sustain its business and maximize the shareholders' value.

The Bank manages its capital structure and adjusts it to the changes in economic conditions and the risk characteristics of its activities. To keep or adjust the capital structure, the Bank may adjust the amount of the dividends paid to shareholders, reimburse the capital to the shareholders or issue securities. There were no changes in goals, policies or processes regarding the previous accounting years.

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Regarding this requirement, the Bank has a surplus, representing the amount in excess of the mandatory consolidated minimum capital established by the BCRA. Consequently, the Bank considers that it has the appropriate capital to meet its current and fairly foreseeable needs.

The Bank's required consolidated minimum capital and consolidated capital calculated under BCRA regulations are broken down in the following table:

	12/31/2009	31/12/2008
Counterparty risk (1)	431,202	401,380
Market risk (2)	63,860	21,941
Interest rate risk (3)	85,164	73,675
Mandatory consolidated minimum capital according to BCRA regulations	**580,226**	**496,996**
Stand-alone shareholders' equity (4)	1,405,175	1,289,364
Supplementary shareholders' equity (5)	404,143	253,722
Deductions (6)	(1,286)	(1,155)
Consolidated computable equity according to BCRA regulations	**1,808,032**	**1,541,931**
Capital surplus	**1,227,806**	**1,044,935**

(1) It is the capital requirement to cover the credit risk calculated through a formula based on weighing several financings according to the associated risk.

(2) It is given by the addition of different amounts necessary to cover the market risk by category of assets. Compliance is daily calculated.

(3) Captures the risk arising when the "duration" sensitivity of assets in the face of changes in interest rates does not agree with that of liabilities.

(4) It is made up of capital stock, noncapitalized contributions, adjustments to capital stock, appropriated retained earnings, unappropriated retained earnings and debt instruments with certain issuance conditions.

(5) It is made up of subordinated corporate bonds, 100% of income (losses) booked through the last quarterly financial statement for the current year, 100% of NOLs not considered in the financial statements, loan loss reserves related to performing loans and financing facilities covered by "A" preferred guarantees.

(6) Due from correspondents and other demand deposits with banks and other foreign financial institutions not classified with an "investment grade", debt instruments not physically held by the Bank, securities issued by foreign country governments, the classification of which is lower than that assigned to federal government securities, securities and other debt instruments contractually subordinated to other liabilities acquired through September 30, 2006, interests in financial institutions, shareholders, real property, goodwill, organization costs, items pending allocation and other.

(Figures stated in thousands of Argentine pesos)

NOTE 35: Additional information of the statement of cash flows

Cash

	12/31/2009	12/31/2008
Cash (see note 20)	509,231	415,449
BCRA – Checking account (see note 20)	841,006	831,450
Due from other financial institutions (see note 21)	285,355	198,212
TOTAL	1,635,592	1,445,111

Cash and cash equivalents comprises cash, checking accounts with the BCRA and other financial institutions readily available.

NOTE 36: Related party information

The following are related party transactions (natural and artificial persons related to the Bank).

Province of Río Negro

As provided in the Bank's bylaws, the Province of Río Negro, sole shareholder holding Class A shares, is empowered to appoint a director for Class A shares, as long as it owns at least one share of that class. Since 1996, the Bank has been acting as financial agent (see note 45) of the Province of Río Negro, by virtue of the agreement executed in 1996, renewed on December 14, 2006, for a 10-year term as from January 1, 2007. The provincial financial agent's role allows providing several services to meet the financial and service needs of the different government sector areas in the province (central management, agencies and affiliates, as well as municipalities) such as tax revenues, salary crediting, among others. The financial agent duties do not include the obligation to provide financial assistance to the Province of Río Negro under conditions other than those consistent with the Bank's nature as private bank.

Intesa Sanpaolo Group

The Intesa Sanpaolo Group provides the Bank with typical services of the banking activity under market terms and conditions, such as correspondent account services abroad.

The Bank performed correspondent transactions with Intesa Sanpaolo S.p.A. in the amount of 8,002 and 14,439 as of December 31, 2009, and 2008, respectively, which are recorded in the "Due from other financial institutions" account.

Transactions with directors, first-class managers or their close relatives

The Bank has not been involved in transactions with and has not granted any loans to its directors, first-class managers or their close relatives. The Bank has not granted any loans or has not performed any proposed transaction with those people, except for those allowed by effective laws, which are of little significance due to the amounts involved. In particular, some of its directors participated in certain credit transactions with the Bank, as allowed by Business Associations Law and BCRA regulations that permit those transactions when they conform to market practices. Those standards establish limits on the credit amount that may be granted to related parties.

(Figures stated in thousands of Argentine pesos)

The BCRA requires monthly filing the breakdown of the outstanding credit amount of directors, controlling shareholders, officers and other related entities dealt with by the Board of Directors.

As of December 31, 2009, and 2008, the outstanding financial assistance granted by the Bank to related parties totaled 1,409 and 5,781, respectively.

	12/31/2009	12/31/2008
Loans	1,402	5,772
Unsecured overdrafts	450	2,052
Secured overdrafts	22	-
Unsecured notes	-	2,807
Secured notes	271	-
Unsecured personal loans	7	43
Unsecured credit cards	307	238
Secured credit cards	5	-
Financial leases	340	632
Other receivables	7	9
Total credit assistance	1,409	5,781

In addition, as of December 31, 2009, and 2008, there are related party deposits with the Bank amounting to 63,202 and 17,348, respectively.

Loans granted to, contingent transactions performed with, and deposits with related parties are in line with market conditions for other customers.

As of December 31, 2009, and 2008, loans to employees, including those granted to first-class managers, amounted to 37,520 and 39,796, respectively.

Income (loss) from loan and deposit transactions is not material.

The Bank has not granted any share-backed loans to directors and key personnel.

The compensation of the group's key personnel was related to salaries and bonuses amounting to 18,260, and 14,361 as of December 31, 2009, and 2008. It is noteworthy that there are no other benefits for key personnel.

(Figures stated in thousands of Argentine pesos)

NOTE 37: Restricted assets

	12/31/2009	12/31/2008
Cash and due from the BCRA		
Guarantees for transactions with the BCRA / settled on time / MAE (1)	157,873	100,967
Due from other financial institutions		
Banco Central del Uruguay (2)	1,898	1,727
Financial assets held for trading		
BCRA bills – Maturity: 06/02/10 (1)	64,853	-
Financial assets held to maturity		
Argentine government bonds in USD Libor 2012 (Boden 2012) (3)	-	1,883
Argentine government bonds in USD Libor 2012 (Boden 2012) (4)	40,540	41,417
Argentine government bonds in USD Libor 2012 (Boden 2012) (1)	-	10,600
Financial assets available for sale		
Share of Mercado de Valores S.A. (5)	2,064	2,064
Loans		
Secured loans – Communiqué “A” 4,620 (4)	961	-
Other assets		
Guarantees at credit card managers (1)	22,590	11,437
Court deposits	2,247	1,702
Certificate of deposit with BBVA Banco Francés S.A. (6)	-	214
Other	997	4,112
TOTAL	**294,023**	**176,123**

(1) They are used as security for the transaction with the BCRA, credit card managers and MAE.

(2) They are used as security for compliance with section 393, Compilation of Central Bank of Uruguay’s Financial System Regulation and Control Rules.

(3) As of December 31, 2008, they were subject to an attachment for a contractual breach related to former Banco Sudameris Argentina S.A. On August 24, 2009, the release of such attachment was ordered and the Bank recovered the availability of such bonds.

(4) Securing the IADB loan No. 1,192/OC-AR (Communiqués “A” 4,620, “B” 8,920 and supplementary standards of the BCRA) of the Global Credit Program for micro, small- and medium-sized enterprises.

(5) As of December 31, 2009, and 2008, Patagonia Valores held a share in Mercado de Valores S.A. as security for the transactions performed thereby.

(6) As of December 31, 2008, Patagonia Inversora held deposits with BBVA Banco Francés S.A., which were attached and for which the company assumed the settlement commitment in the event

(Figures stated in thousands of Argentine pesos)

of an unfavorable resolution. On February 25, 2009, a court agreement was approved, whereby the funds were reimbursed to the company.

The Bank's Management believes that there will be no losses for the restrictions on the abovementioned assets.

NOTE 38: Loans and deposits concentration

Number of customers	Loans			
	12/31/2009		12/31/2008	
	Outstanding amount	% of total portfolio	Outstanding amount	% of total portfolio
10 largest customers	606,625	11.70	1,629,047	29.82
50 next largest customers	743,467	14.34	772,745	14.15
100 next largest customers	659,791	12.72	515,729	9.44
Rest of customers	3,176,323	61.24	2,545,149	46.59
Total (see note 24)	**5,186,206**	**100.00**	**5,462.670**	**100.00**

Number of customers	Deposits			
	12/31/2009		12/31/2008	
	Outstanding amount	% of total portfolio	Outstanding amount	% of total portfolio
10 largest customers	678,958	9.96	613.698	11.05
50 next largest customers	770,494	11.31	717.519	12.92
100 next largest customers	518,278	7.61	444.769	8.01
Rest of customers	4,846,499	71.12	3.776.714	68.02
Total (see note 29)	**6,814,229**	**100.00**	**5.552.700**	**100.00**

NOTE 39: Fair value of financial instruments

The fair value is defined as the amount for which an asset could be exchanged or a liability settled under mutually independence conditions between duly informed parties and willing to do so in a current transaction under the assumption that the Bank is a going concern.

When a financial instrument is sold on a liquid and active market, its price traded on the market in an actual transaction provides the best evidence of its fair value. When there is no agreed-upon price on the market or it cannot indicate the fair value of the instrument, to determine such fair value the market value of another instrument of similar characteristics, the analysis of discounted flows or other applicable techniques can be used, which may be significantly affected by the assumptions used.

(Figures stated in thousands of Argentine pesos)

Although Management has used its best judgment in estimating the fair values of its financial instruments, any technique to make such estimate implies certain inherent fragility. In conclusion, the fair value could not indicate the net realizable or settlement value.

Determining fair value and its hierarchy

The Bank uses the following hierarchy to determine the fair value of its financial instruments:

a) Level 1: Prices on active markets for the same instruments.

b) Level 2: Other valuation techniques based on observable market data.

c) Level 3: Valuation techniques based on nonobservable market data.

The following table shows the analysis of financial instruments booked at fair value by hierarchy level:

	Level 1	**Level 2**	**Level 3**	**Total as of 12/31/09**
Financial assets held for trading	388,076	-	-	388,076
Financial assets measured at fair value from their initial recognition	265,879	1,393,047	-	1,658,926
Financial assets available for sale (a)	114,786	49,490	-	164,276
TOTAL ASSETS	**768.741**	**1.442.537**		**2.211.278**
Derivative financial instruments	-	1,126	-	1,126
TOTAL LIABILITIES	**-**	**1,126**	**-**	**1,126**

	Level 1	**Level 2**	**Level 3**	**Total as of 12/31/08**
Financial assets held for trading	55,078	-	-	55,078
Financial assets measured at fair value from their initial recognition	383,650	-	-	383,650
Financial assets available for sale (a)	8,240	32,495	-	40,735
TOTAL ASSETS	**446,968**	**32,495**		**479,463**

(a) As of December 31, 2009, and 2008, the ownership interests in other companies that do not have a market price and that were valued at acquisition cost amount to 8,430 and 8,904, respectively.

Below is a description of the financial instruments booked at fair value using valuation techniques based on observable market data:

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Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

(Figures stated in thousands of Argentine pesos)

Financial assets measured at fair value from their initial recognition: Includes NOBAC and LEBAC, which are booked at fair value using the methodology called "yield curve", where the different yields of securities having similar issuance conditions but different maturities may be noted. The issuance conditions and characteristics considered to select the securities used to build yield curves are: issuer, currency of the security, adjustment clauses, duration, time through maturity of the security and guarantees.
Once securities were selected and the yield curve was built, we estimated the rate of return required for each security discounting cash flows.

Financial assets available for sale: Includes Argentine Government Bonds in ARS Badlar + 350 basis points, which are booked at fair value using yield curves for securities related to the same type of instrument, with normal and usual quoted price and of similar duration.

Derivative financial instruments: Includes interest payable for interest rate swaps recorded at the current value of differences between future flows of interest determined by applying fixed and variable interest rates to the notional values of agreements.

Transfers between hierarchy levels

	Transfers from level 1 to level 2	
	12/31/09	**12/31/08**
Financial assets measured at fair value from their initial recognition (1)	28,739	28,742

(1) Relates to NOBAC included in hierarchy level 1 as of December 31, 2008, because, as it had no market price as of December 31, 2009, its fair value was obtained using valuation techniques consisting in observable market prices for similar instruments.

There were no transfers to financial instruments hierarchy level 1 included in hierarchy level 2 as of December 31, 2008.

Fair value of financial assets and liabilities not recorded at fair value

Below we describe the methodologies and assumptions used to determine the fair values of financial instruments:

Assets whose fair value is similar to the book value

For financial assets and liabilities that are liquid or have short-term maturities (less than three months), it is considered that the book value is similar to the fair value. This assumption is also applicable to certificates of deposit, savings accounts without a specific maturity and financial instruments at a variable rate.

(Figures stated in thousands of Argentine pesos)

Fixed-rate financial instruments

The fair value of financial assets was determined by discounting future cash flows at the current market rates offered for each year for financial instruments of similar characteristics. The estimated fair value of fixed-interest rate deposits was determined in future cash flows by using market interest rates for deposits with similar maturities to those of the Bank's portfolio. In the case of subordinated corporate bonds, the future cash flow was discounted at Libor effective for each of the years.

For the listed debt issued, the fair value is determined based on market prices.

Other financial instruments

In the case of financial assets and liabilities that are liquid and with short-term maturity, it is estimated that their fair value is similar to their book value. This assumption is also applied to savings account, checking account and other deposits.

The following table shows a comparison between the fair value and the book value of financial instruments not recorded at fair value.

	December 31, 2009	
	Book value	**Fair value**
Financial assets		
Cash and due from the BCRA (Central Bank of Argentina)	1,508,110	1,508,110
Due from other financial institutions	285,355	285,355
Financial assets held to maturity	214,410	250,074
Loans (1)	5,028,306	5,204,453
Other receivables (1)	123,945	120,728
Other financial assets	26,701	26,671
Financial liabilities		
Financing facilities received from financial institutions	60,281	60,281
Deposits	6,814,229	6,833,504
Subordinated corporate bonds	61,200	61,192
Other financial liabilities	479,007	479,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

	December 31, 2008	
	Book value	**Fair value**
Financial assets		
Cash and due from the BCRA (Central Bank of Argentina)	1,347,866	1,347,866
Due from other financial institutions	198,212	198,212
Financial assets held to maturity	250,153	179,191
Loans (1)	5,356,696	5,148,318
Other receivables (1)	152,442	137,397
Other financial assets	14,032	14,032
Financial liabilities		
Financing facilities received from financial institutions	196,307	196,307
Deposits	5,552,700	5,522,343
Subordinated corporate bonds	112,288	110,447
Other financial liabilities	377,060	377,060

(1) The Bank's Management has not identified any further indicators of impairment in value of its financial assets as a result of differences in their fair value.

Marcelo A, Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Translation of financial statements originally issued in Spanish – See note 46)

(Figures stated in thousands of Argentine pesos)

NOTE 40: Analysis of maturities of assets and liabilities

The following table shows an analysis of contractual maturities of assets and liabilities as of December 31, 2009, and 2008:

	Without maturity	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	From 5 to 10 years	Over 10 years	Total as of 12/31/2009
Cash and due from the BCRA (Central Bank of Argentina)	1,508,110	-	-	-	-	-	-	-	1,508,110
Due from other financial institutions	-	285,355	-	-	-	-	-	-	285,355
Financial assets held for trading	-	849	424	636	14,846	316,038	26,266	29,017	388,076
Financial assets measured at fair value from their initial recognition	-	3,208	595,513	1,059,165	-	1,040	-	-	1,658,926
Financial assets available for sale	8,430	241	483	724	1,448	152,395	8,985	-	172,706
Financial assets held to maturity	-	-	8,799	-	68,537	137,074	-	-	214,410
Loans	-	2,381,998	337,604	74,726	602,461	1,165,596	442,098	23,823	5,028,306
Other receivables	53,335	44,201	7,359	5,697	1,608	7,863	3,882	-	123,945
Deferred tax assets	-	-	-	-	-	58,820	-	-	58,820
Other assets	41,888	-	-	-	-	3,015	-	-	44,903
TOTAL ASSETS	1,611,763	2,715,852	950,182	1,140,948	688,900	1,841,841	481,231	52,840	9,483,557
Financing facilities received from financial institutions	-	7,517	21,312	4,335	2,058	24,767	292	-	60,281
Derivative financial instruments	-	187	337	323	89	190	-	-	1,126
Deposits	(a) 3,993,493	1,682,523	839,239	156,449	106,694	35,831	-	-	6,814,229
Subordinated corporate bonds	-	-	453	-	60,747	-	-	-	61,200
Other liabilities	48,322	435,276	284	336,954	824	2,937	-	-	824,597
Provisions for miscellaneous risks	12,080	-	-	-	-	28,941	-	-	41,021
TOTAL LIABILITIES	4,053,895	2,125,503	861,625	498,061	170,412	92,666	292	-	7,802,454

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(Figures stated in thousands of Argentine pesos)

(a) Including demand deposit accounts.

	Without maturity	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	From 5 to 10 years	Over 10 years	Total as of 12/31/2008
Cash and due from the BCRA (Central Bank of Argentina)	1,347,866	-	-	-	-	-	-	-	1,347,866
Due from other financial institutions	-	198,212	-	-	-	-	-	-	198,212
Financial assets held for trading	301	732	1,465	2,197	7,918	24,594	2,804	15,067	55,078
Financial assets measured at fair value from their initial recognition	-	108,216	183,726	3,108	-	88,600	-	-	383,650
Financial assets available for sale	8,904	40	81	121	242	35,364	4,887	-	49,639
Financial assets held to maturity	-	-	11,188	-	59,741	179,224	-	-	250,153
Loans	-	3,198,468	428,183	261,487	167,307	1,186,663	82,053	32,535	5,356,696
Other receivables	76,514	13,757	19,197	16,177	13,380	13,417	-	-	152,442
Other assets	34,298	-	-	-	-	-	-	-	34,298
TOTAL ASSETS	1,467,883	3,519,425	643,840	283,090	248,588	1,527,862	89,744	47,602	7,828,034
Financing facilities received from financial institutions	-	42,584	86,675	36,364	1,895	28,789	-	-	196,307
Deposits	(a) 2,877,138	1,787,384	641,976	180,636	62,302	3,264	-	-	5,552,700
Subordinated corporate bonds	-	-	1,770	-	55,259	55,259	-	-	112,288
Deferred tax liabilities	-	-	-	14,685	-	-	-	-	14,685
Other liabilities	316,322	199,350	-	-	-	-	-	-	515,672
Provisions for miscellaneous risks	33,442	-	-	-	6,900	-	-	-	40,342
TOTAL LIABILITIES	3,226,902	2,029,318	730,421	231,685	126,356	87,312	-	-	6,431,994

(a) Including demand deposit accounts.

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NOTAS A LOS ESTADOS CONTABLES CONSOLIDADOS
(Cifras expresadas en miles de pesos)

NOTE 41: Classification of financial instruments:

The following are the amounts of financial assets and liabilities of the consolidated balance sheet items, classified by categories, as defined by IAS 39:

	Financial assets / liabilities measured at fair value through profit or loss							
ASSETS	Held for trading	From their initial recognition	Derivative financial instruments	Financial assets available for sale	Financial assets held to maturity	Loans and accounts receivable	Financial liabilities at amortized cost	Total as of 12/31/2009
Cash and due from the BCRA (Central Bank of Argentina)	-	-	-	-	-	1,508,110	-	1,508,110
Due from other financial institutions	-	-	-	-	-	285,355	-	285,355
Financial assets held for trading	388,076	-	-	-	-	-	-	388,076
Financial assets measured at fair value from their initial recognition	-	1,658,926	-	-	-	-	-	1,658,926
Financial assets available for sale	-	-	-	172,706	-	-	-	172,706
Financial assets held to maturity	-	-	-	-	214,410	-	-	214,410
Loans	-	-	-	-	-	5,028,306	-	5,028,306
Other receivables	-	-	-	-	-	123,945	-	123,945
Other financial assets						26,701	-	26,701
Total	388,076	1,658,926	-	172,706	214,410	6,972,417	-	9,406.535
LIABILITIES								
Financing facilities received from financial institutions	-	-	-	-	-	-	60,281	60,281
Derivative financial instruments	-	-	1,126	-	-	-	-	1,126
Deposits	-	-	-	-	-	-	6,814,229	6,814,229
Subordinated corporate bonds	-	-	-	-	-	-	61,200	61,200
Other financial liabilities	-	-	-	-	-	-	479,007	479,007
Total	-	-	1,126	-	-	-	7,414,717	7,415,843

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NOTAS A LOS ESTADOS CONTABLES CONSOLIDADOS

(Cifras expresadas en miles de pesos)

ASSETS	Financial assets measured at fair value through profit or loss: Held for trading	Financial assets measured at fair value through profit or loss: From their initial recognition	Financial assets available for sale	Financial assets held to maturity	Loans and accounts receivable	Financial liabilities at amortized cost	Total as of 12/31/2008
Cash and due from the BCRA (Central Bank of Argentina)	-	-	-	-	1,347,866	-	1,347,866
Due from other financial institutions	-	-	-	-	198,212	-	198,212
Financial assets held for trading	55,078	-	-	-	-	-	55,078
Financial assets measured at fair value from their initial recognition	-	383,650	-	-	-	-	383,650
Financial assets available for sale	-	-	49,639	-	-	-	49,639
Financial assets held to maturity	-	-	-	250,153	-	-	250,153
Loans	-	-	-	-	5,356,696	-	5,356,696
Other receivables	-	-	-	-	152,442	-	152,442
Other financial assets	-	-	-	-	14,032	-	14,032
Total	55,078	383,650	49,639	250,153	7,069,248	-	7,807,768
LIABILITIES							
Financing facilities received from financial institutions	-	-	-	-	-	196,307	196,307
Deposits	-	-	-	-	-	5,552,700	5,552,700
Subordinated corporate bonds	-	-	-	-	-	112,288	112,288
Other financial liabilities	-	-	-	-	-	377,060	377,060
Total	-	-	-	-	-	6,238,355	6,238,355

Marcelo A. Iadarola
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Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

NOTE 42: <u>Risk management policy</u>

Risks are inherent to the Bank's activities and are managed through a process for the continuous identification, measurement and control thereof, subject to limits and other risk controls. This risk management process is critical for the Bank's profitability.

The Bank is headed and managed by a six-member Board of Directors: a chairman, a first vice-chairman and a second vice-chairman, who are the majority shareholders, and three directors, two of whom are independent pursuant to current CNV standards. The Board of Directors is in charge of managing the Bank, and its objectives are, among others, coordinating and supervising that the operating performance is consistent with institutional objectives, facilitating the performance of business with efficiency, control and productivity, for the purpose of generating permanent improvement in administrative and commercial processes.

Risk management structure

Additionally, the Bank has structured its risk control based on the Board of Directors' supervision. The Board of Directors is in charge of approving the Bank's effective strategies and policies, provides the general risk management principles and approves the risk control policies for specific areas such as operating, market, liquidity and credit risk.

The abovementioned structure comprises different separate and independent committees. The main committees and a detail of their functions are as follows:

Internal audit committee: It is in charge of actions that allow ensuring the appropriate operation of the Bank's internal control procedures and systems, aligned with the guidelines set forth by the Board of Directors. This committee also approves the Annual Internal Audit Plan and reviews the degree of compliance therewith, and analyzes the Bank's annual and quarterly financial statements, the external auditor's reports, the relevant financial reporting, and the statutory audit committee reports.

Senior credit committee: It analyzes and approves credit transactions exceeding 3,000 but not above 1% or 1.5% of the Bank's computable equity (i.e. the statutory capital calculated as established by Financial Institutions Law and BCRA regulations, which is determined through the following formula: Stand-alone shareholders' equity, plus supplementary shareholders' equity less deductibles), depending on whether guarantees were not provided or were provided in granting financing facilities, respectively.

Financial institutions credit committee: It establishes the cap for financial system institutions to perform credit transactions up to an amount of 30,000.

Government sector credit committee: It analyzes and approves credit lending to federal, provincial or municipal government sector customers.

Corporate banking credit committee: It analyzes and approves credit transactions of up to 3,000.

IT security committee: It is in charge of proposing IT security policies to the Board of Directors, and monitoring compliance therewith. This committee is also in charge of preparing proposals to the Board of

Directors regarding preventive measures tending to minimize system-related risks or, as the case may be, corrective actions.

Finance committee: Its purpose is to monitor management inherent risks of the Bank's financial assets and liabilities, such as liquidity and market risks.

Operational Risk Committee: It is intended to ensure that there are processes and procedures applicable to each business unit, aimed at managing the operational risk of the financial institution's products, activities, processes and systems, evaluating whether the management oversight process adapts to the inherent risks.

Risk measurement and reporting systems

The Bank's risks are measured through a method reflecting both the expected loss that probably arises from normal circumstances, and unexpected losses, which are an estimate of the last actual loss based on statistical models. Estimates use as benchmark the possibilities arising from past experience, adjusted to reflect the economic environment. The Bank also considers worse scenarios that could arise if those extreme assumptions with low likelihood of occurrence actually take place.

Risks are supervised and controlled primarily based on the limits established by the Bank. These limits reflect the Bank's business strategy and market environment, as well as the risk level the Bank is ready to accept, with further focus on the industries selected. In addition, the Bank controls and measures the full risk it bears as regards the total risk exposure as to all types of risks and activities.

The different committees prepare and issue reports for the Board of Directors on a monthly basis, including the significant risks identified, if any.

The Bank actively uses guarantees to mitigate its credit risk.

Excessive risk concentration

To avoid excessive risk concentrations, the Bank's policies and procedures include specific guidelines to focus on keeping a diversified portfolio. The identified credit risk concentrations are controlled and managed accordingly. The selective coverage is used at the Bank to manage risk concentrations both in terms of relationships and industry.

The main types of risks that the Bank is exposed to are those related to credit risk, liquidity risk, market risk and operational risk.

The following are the policies and processes aimed at identifying, assessing, controlling and mitigating each one of the main risks:

Credit risk

The credit risk is the existing risk regarding the possibility for the Bank to incur a loss because one or several customers or counterparties fail to meet their obligations.

To manage and control the credit risk, the Board of Directors approves the Bank's credit policy and credit assessment in order to provide a framework for the creation of businesses to attain an adequate correlation between the risk assumed and profitability. The Bank has procedure manuals that contain guidelines with the goals mentioned below:

a) Achieving an adequate portfolio segmentation;

b) Boosting the use of the risk analysis and assessment tools that best adjust to the customer's profile;

c) Setting consistent standards for granting loans, following conservative parameters based on the customer's solvency, cash flows and profitability in the case of companies, and revenues and equity in the case of individuals;

d) Setting limits to individual powers for granting loans depending on the amount, promoting the existence of specific committees that, according to their sphere of competence, will be in charge of defining assistance levels;

e) Optimizing the quality of risks assumed, having appropriate guarantees according to the loan term and the level for the risk involved; and

f) Monitoring the loan portfolio and the level of customers' compliance permanently.

In order to evaluate the credit risk, based on the credit analysis and proposal prepared by the business officer, the company analysis sector of Risk Management analyzes the customer's credit and repayment capacity and issues a report in which, among other aspects, it mentions the main risks to which the company is exposed and that may affect its payment capacity and findings regarding any litigation deriving from the legal regulations of the financial system or from commercial activities, such as disqualifications, requests for bankruptcy, and litigation in progress. Based on the risk report, the business officer prepares a customer credit rating proposal, including the analysis of loans, other receivables, contingent obligations and guarantees granted, which is sent to the credit committee in charge of analyzing it and granting the related loan.

According to the amount and type of loan, the credit committees are in charge of analyzing and determining whether the loan should be approved: the senior credit committee, the corporate banking committee or those performed by area or virtually in the case of small- and medium-sized enterprises.

The senior credit committee, which is in charge of analyzing the financing involving larger amounts, is made up of members of the Bank's top management of the Corporate Banking and Risks area, including the general assistant manager in charge of the Corporate Commercial area.

Individuals' Banking customers are rated through a scoring system. The Bank's policies in this regard establish that only special cases may be rated through nonautomatic means, requiring the participation of different approval levels depending on the financing amount to be agreed upon. Once the loan is granted, each customer is rated following the same pattern. The rating makes reference to the quality of customers and it is related to what is established by BCRA regulations regarding “Debtor classification and minimum loan loss reserves”.

It is noteworthy that the Bank uses the request for guarantees for its financing facilities to mitigate the credit risk. The main guarantees received are related to collateral or pledge on certificate of deposit, cash, standby letter of credit (with the Finance Management’s consent to the issuing bank), atomized postdated checks (the guarantee may be considered according to the limits provided), certificates of works, discount on credit card coupons, first mortgage and first automobile and/or machinery security agreement.

The Bank's Risk Management monitors the market value of guarantees, requesting appraisal revaluations on a periodic basis.

The classification and periodical monitoring of customers permit to protect the quality of assets and to take corrective actions in advance in order to maintain the Bank’s equity.

The main considerations to assess the impairment in value of loans include if there are principal or interest payments past due over 90 days or if there is any known difficulty in the counterparties’ cash flows, reduced credit ratings or breach of the original terms of the agreement. The Bank assesses the impairment in value in two areas: allowances individually evaluated and allowances collectively evaluated.

The guarantees granted, letters of credit and obligations for foreign trade transactions are assessed and an allowance is booked in the same manner as that of the loan portfolio. The credit risk in these transactions is defined as the likelihood of occurrence of a loss because one of the parties to a contingent transaction does not comply with the terms set out in the agreement. The risk for credit losses is represented by the amounts established in the respective instrument agreements.

The financing facilities granted to the nonfinancial government sector and financing facilities with a term of less than 30 days granted to financial sector customers are excluded from the analyses of allowances.

The Bank classifies all its financing facilities into five risk categories, depending on the degree of the risk of default in payment of each loan.

The following are the classes used by the Bank, specifying the appropriate characteristics of each of them:

(Figures stated in thousands of Argentine pesos)

Individuals and mortgage loans portfolio

The criterion used to classify debtors of the individuals and mortgage loans portfolio is based on the days of delinquency to pay their obligations, as specified below:

Situation	Days of delinquency
1	Up to 31
2	32 to 90
3	91 to 180
4	181 to 365
5	Over 365

Commercial loans portfolio

The classification is based on 5 categories, which are described below:

Situation 1:

The analysis of the customer's cash flows shows such customer's ability to meet appropriately all its financial commitments. The most significant indicators that may reflect this situation are that the customer shows a liquid financial situation, with low level and adequate indebtedness structure with respect to its capacity to generate profits, and shows a high debt (principal and interest) payment capacity under the agreed-upon conditions, generating funds to an acceptable degree. Cash flows are not subject to significant variations in the face of important changes in the behavior of variables both proprietary ones and those related to its activity sector. The debtor regularly complies with the payment of its obligations, even when delays of up to 31 days are incurred, in the understanding that this happens when the customer settles obligations without resorting to the Bank's new direct or indirect financing facilities.

Situation 2:

The analysis of the customer's cash flows shows that, upon performing it, may meet all its financial commitments. The most significant indicators that may reflect this situation are that the customer who has a good financial and profitability situation, with moderate indebtedness and adequate cash flows to pay principal and interest owed. Cash flows tend to weaken to bear payments since this is extremely sensitive to changes in one or two variables, as to which there is a material degree of uncertainty, being especially subject to changes in sector-related circumstances. The customer incurs in delays of up to 90 days to pay its obligations.

Situation 3:

The analysis of the customer's cash flows shows that the customer is experiencing problems to meet all its financial commitments on a regular basis and that, if not resolved, these problems may result in a loss for the financial institution. The most significant indicators that may reflect this situation are that the customer has an illiquid financial situation and a cash flow level that does not allow it to meet the payment of all principal and interest payables. It can only pay interest. The customer has scarce capacity to generate profits. Projected cash flows show a gradual impairment and a high sensitivity to minor and foreseeable changes in either proprietary or environment variables, weakening even more payment possibilities. It incurs in delays of up to 180 days.

Situation 4:

The analysis of the customer's cash flows indicates that it is highly unlikely that the customer will be able to meet all its financial commitments. The most significant indicators that may reflect this situation are that the customer has an illiquid financial situation and a very high indebtedness level, with operating losses and the obligation to sell highly significant assets, as well as those material to the business activity carried out. Cash flows are clearly insufficient and are not enough to pay interest. It incurs in delays of up to one year.

Situation 5:

Customers' payables classified into this category are deemed uncollectible. Although these assets could have some recoverable value under a given set of future circumstances, their uncollectibility is clear upon the analysis. The most significant indicators that may reflect this situation are that the customer has a poor financial situation with inability to pay debts, adjudication of bankruptcy or voluntary bankruptcy petition, with the obligation to sell highly significant assets, as well as those material to the business activity carried out. Cash flows are not enough to bear operating costs. It incurs in delays of above one year.

Allowances individually evaluated

Banco Patagonia determines the appropriate allowances for each individually significant loan on an individual basis. The matters considered upon determining the amounts of the allowance include the counterparty's business plan, capacity to improve profitability once the financial difficulty arises, projected inflows, percentage of net income intended for the payment of dividends if there is bankruptcy, another financial support capacity, the realizable value of the guarantee and the term of expected cash flows. Losses for impairment in value are assessed as of each date of filing of the consolidated financial statements.

Allowances collectively evaluated

Allowances are collectively evaluated in the event of loan losses that are not individually significant. Allowances are assessed and set as of the date of each filing of the consolidated financial statements.

The collective evaluation considers the impairment of the portfolio although there is still no objective evidence of impairment in an individual evaluation. Impairment losses are estimated considering historical losses with respect to the portfolios.

Loan follow-up and review

The verification of the request formal aspects and of the implementation of the related guarantees, and the control over the payments of installments form part of the loan follow-up process.

(Figures stated in thousands of Argentine pesos)

In this respect, after 16 days and up to 90 days from the delay in the payment, the collection procedure is under the charge of the risk area, which –considering the specific characteristics of each case– is required to send notices and perform the procedures in order to recover the loan.

Should this goal not be achieved, the loan will pass to the “pre-legal” stage, in which the Bank’s risk management intensifies recovery procedures in order to obtain the payment from customers or propose refinancing according to their payment capacity. Once this stage is over and no positive results have been obtained, the loan collection will be entrusted to the Bank’s Legal Management, which –depending on the loan amount and guarantees– will decide on the use of court or out-of-court procedures.

Credit risk management in investments in financial assets

The Bank evaluates the credit risk identified of each of the financial assets invested by analyzing the risk rating given by a rating agency. These financial instruments are primarily concentrated in amounts deposited with first-class financial institutions and government securities issued by the Argentine Federal Government, bills and notes issued by the BCRA, which are listed on active markets.

Below is the exposure percentage by issuer calculated on the total financial assets disclosed in note 22:

Security	Issuer	2009 percentage	2008 percentage	
Notes and bills issued by the BCRA	BCRA	68%	52%	a)
Government securities issued by the Argentine government	Argentine government	32%	47%	b)
Other		-	1%	

a) As of the date of issuance of these financial statements, the Issuer settled 12% of such notes and bills; the remainder is related to pending short-term maturities.

b) The BODEN 2012 is the Bank’s main holding of government securities issued by the Argentine Government. The Argentine Government has timely and duly paid in the original currency the principal and interest defined in the issuance conditions of such securities. As of the date of issuance of these financial statements, there are no hints that make suppose that in the future the Issuer of those securities will not make payments, as it happened to date.

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(Figures stated in thousands of Argentine pesos)

The following table shows the gross maximum exposure to credit risk disregarding any guarantee or other credit improvements:

	Notes	12/31/2009	12/31/2008
Cash and due from the BCRA (1)	20	998,879	932,417
Due from other financial institutions	21	285,355	198,212
Financial assets held for trading	22	388,076	55,078
Financial assets measured at fair value from their initial recognition	22	1,658,926	383,650
Financial assets available for sale	22	172,706	49,639
Financial assets held to maturity	22	214,410	250,153
Loans	24	5,028,306	5,356,696
Other receivables	25	123,945	152,442
Other financial assets	27	26,701	14,032
Total		8,897,304	7,392,319
Unused agreed overdrafts	24	131,910	29,489
Guarantees granted	24	76,390	85,523
Letters of credit	24	43,634	14,774
Obligations for foreign trade transactions	24	38,059	18,539
Total		289,993	148,325
Total credit risk exposure		9,187,297	7,540,644

(1) Excluding the amount in cash.

The table above represents the worst scenario of the Bank’s credit risk exposure as of December 31, 2009, and 2008, disregarding the guarantees received or other credit risk coverages. For the assets recorded in the consolidated financial statements, disclosures are based on the book amounts, less the respective allowances for uncollectibility risk, as shown on the consolidated balance sheet. Based on the above, as of December 31, 2009, 58% of the total maximum exposure is derived from contingent transactions and loans (73% as of December 31, 2008); 22% represents financial assets available for sale, at fair value from their initial recognition and held to maturity (9% as of December 31, 2008), and 11% represents cash and due from the BCRA (12% as of December 31, 2008). Management relies on the capacity to continue to control and keep a minimum credit risk exposure for the Bank as a result of its portfolio of loans and financial assets based on the following:

- ✓ 98% of the loan portfolio is classified into two upper levels of the internal classification system as of December 31, 2009, and 2008;
- ✓ 91% of the loan portfolio is considered not to be past due or impaired as of December 31, 2009, and 2008;

The following is an analysis of the Bank’s financial assets by activity before considering the guarantees received:

Marcelo A. Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

	Gross maximum exposure as of 12/31/2009	Net maximum exposure as of 12/31/2009 (1)	Gross maximum exposure as of 12/31/2008	Net maximum exposure as of 12/31/2008 (1)
Granted to individuals	1,700,603	1,539,997	1,501,578	1,333,859
Crops, agricultural and marketing services	359,134	280,655	303,520	237,919
Animal breeding, livestock services, except for veterinary and marketing ones	90,535	68,986	77,859	65,740
Hunting and capture of living animals, repopulation of hunting animals and related services; forestry, wood extraction and related services	1,620	1,599	2,071	2,011
Fishing, related services, production and sale	56,056	24,878	29,081	12,281
Exploitation of mines and quarries; sale and production of products extracted	45,182	25,603	57,258	16,251
Production of food and beverages	198,206	172,814	197,334	117,865
Wholesale sale and production of textiles, clothing, finishing and dyeing of furs, tanning and finishing of hides, production of leather goods, saddlery and footwear, and parts thereof	35,815	34,673	37,540	33,914
Extraction, exploitation and sale of oil, rubber and chemical byproducts	22,684	22,374	16,124	12,840
Wholesale sale and manufacture of machines and equipment (all), electrical appliances, communications, TV, and radio equipment, precision and optical medical instruments, clocks	58,317	47,854	54,307	53,220
Wholesale sale and manufacture of vehicles, automobiles, trailers and semitrailers of equipment and means of transport	8,146	7,750	13,444	13,130
Electricity, gas, steam and hot water	7,726	5,776	7,965	5,650
Construction	87,179	71,221	86,849	56,013
Wholesale and/or on-commission or on-consignment trade, except for the trade of vehicles, automobiles and motorbicycles	273,298	247,100	161,099	153,434
Retail trade, except for the trade of vehicles, automobiles and motorbicycles, repair of personal effects and household equipment	128,090	108,940	119,588	108,102
Hotels and restaurants	3,461	2,843	1,819	1,534
Financial intermediation and other financial services	4,522,160	4,516,737	3,485,980	3,480,951
Real estate, business and lease	75,654	65,334	39,593	30,105
Public administration, defense and mandatory social security Organizations and extraterritorial bodies	5,892	5,892	32,001	31,424
Other industries	1,507,539	1,336,665	1,315,634	1,115,230
Total	**9,187,297**	**8,587,691**	**7,540,644**	**6,881,473**

1) It is obtained by deducting from the "gross maximum exposure" the amounts of guarantees received for the financing facilities as improvement of the credit risk.

The amount and type of guarantee required for financing facilities granted depend on an assessment of the counterparty's credit risk. The guidelines are implemented according to the capacity of acceptance of the types of guarantee and valuation metrics.

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(Figures stated in thousands of Argentine pesos)

The main types of guarantees obtained are as follows:

- Collaterals of certificates of deposit with the Bank;
- Cash on hand;
- Postdated checks;
- Mortgage on real property and security agreements related to private parties' property.

The Bank controls the market values of guarantees, requests additional guarantees according to the loan agreements involved and controls the market value of the guarantees obtained during their review to determine whether the allowances for uncollectibility risk are adequate.

It is the Bank's policy to dispose of such guarantees to reduce or settle uncollected amounts.

Loan quality by sector

The Bank manages the quality of loans through ratings established by the BCRA, as mentioned above.

	Neither delinquent nor impaired		Delinquent, not impaired		Impaired			Total as of 12/31/2009
	Situation		Situation		Situation			
	1	2	1	2	3	4	5	
Commercial loans	3,168,275	4,744	77,708	2,793	4,797	24,633	8,514	3,291,464
Mortgage loans	107,483	1,025	2,610	1,178	310	1,345	453	114,404
Consumer loans	1,416,005	15,864	256,416	16,622	19,114	36,499	19,818	1,780,338
Totals	**4,691,763**	**21,633**	**336,734**	**20,593**	**24,221**	**62,477**	**28,785**	**5,186,206**

	Neither delinquent nor impaired		Delinquent, not impaired		Impaired			Total as of 12/31/2008
	Situation		Situation		Situation			
	1	2	1	2	3	4	5	
Commercial loans	3,557,670	1,284	186,277	1,440	1,396	22,891	8,230	3,779,188
Mortgage loans	120,091	1,252	3,761	1,069	536	1,461	451	128,621
Consumer loans	1,288,950	15,921	190,460	16,221	14,988	18,006	10,315	1,554,861
Totals	**4,966,711**	**18,457**	**380,498**	**18,730**	**16,920**	**42,358**	**18,996**	**5,462,670**

The other financial assets are neither delinquent nor impaired.

Delinquent, not impaired and impaired loans by type, along with the fair value of the related guarantee and the amounts of allowances, are as follows:

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Jorge G. Stuart Milne
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	Delinquent, not impaired		Impaired Situation 3 to 5	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Loans	**357,327**	**399,228**	**115,483**	**78,274**
Fair value of guarantees received	**51,693**	**93,121**	**7,640**	**1,243**
Commercial loans	36,959	81,756	2,268	168
Mortgage loans	3,557	3,529	887	462
Consumer loans	11,177	7,836	4,485	613
Allowances	**4,314**	**4,737**	**96,648**	**65,363**
Commercial loans	892	1,948	33,965	31,244
Mortgage loans	64	81	1,846	1,968
Consumer loans	3,358	2,708	60,837	32,151

Analysis by aging of loans in arrears but not impaired (in days):

	Delinquent, not impaired				Total as of 12/31/2009
	Up to 30	From 31 to 60	From 61 to 90	Over 90	
Commercial loans	65,099	5,939	5,315	4,148	80,501
Mortgage loans	2,740	820	228	-	3,788
Consumer loans	239,711	24,830	5,416	3,081	273,038
TOTAL	**307,550**	**31,589**	**10,959**	**7,229**	**357,327**

	Delinquent, not impaired				Total as of 12/31/2008
	Up to 30	From 31 to 60	From 61 to 90	Over 90	
Commercial loans	145,762	14,571	3,229	24,155	187,717
Mortgage loans	3,959	736	135	-	4,830
Consumer loans	189,455	10,911	4,976	1,339	206,681
TOTAL	**339,176**	**26,218**	**8,340**	**25,494**	**399,228**

The following table shows the book value of financial assets that would have been in arrears o that would have been impaired if their conditions had not been renegotiated:

	12/31/2009	12/31/2008
Commercial loans	9,859	4,392
Mortgage loans	85	89
Consumer loans	9,419	1,056
Total	**19,363**	**5,537**

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Liquidity risk

In order to reduce the liquidity risk deriving from the uncertainty that the Bank may be exposed to with respect to its capacity to honor the financial commitments assumed with its customers in due time and manner, a policy has been established, the main aspects of which are as follows:

Assets: A high-liquidity assets portfolio will be maintained to cover at least 5% of total liabilities, comprising deposits, the corporate bonds issued by the Bank, the repurchase agreements taken and the financial and interbank loans borrowed, maturing before the term of 90 days.

Liabilities: In order to minimize the unintended effects of illiquidity deriving from the possible withdrawal of deposits and the repayment of interbank loans taken, the Bank's purpose is to diversify the structure of liabilities, as regards sources and instruments. In this respect, the objective is to attract funds from as many customers and industries as possible, offering the greatest diversity of financial instruments. For this purpose, the Bank has implemented the following policies, the follow-up and control of which are under the charge of the Finance Committee:

a) Giving priority to the attraction of retail deposits in order to have an atomized portfolio, avoiding the risk of concentrating the portfolio in a few investors. The level of retail deposits is expected to be at least 50% of total deposits.

b) The interest held in the certificates of deposit portfolio of institutional investors (foreign investors, mutual funds, insurance companies and pension fund managers) shall not exceed 15% of total liabilities.

c) The certificates of deposit taken shall not exceed 5% of total certificates of deposit, or a fixed amount determined by the Bank.

d) No investor may have certificates of deposit for an amount exceeding 10% of the total deposits portfolio.

e) Finally, financial and interbank loans borrowed may not exceed 20% of total liabilities. No institution can exceed 50% of such limit.

In the event of a liquidity crisis, the Bank has a contingency plan with the following actions:

a) Sale of high-liquidity assets that form part of the reserve held of 5% of total liabilities, as previously mentioned;

b) Repurchase agreements with the BCRA with assets issued thereby, which are held in the Bank's portfolio;

c) Limiting any new credit assistance; and

d) Requesting financial assistance from the BCRA in the event of illiquidity. Current BCRA rules set forth the criteria to grant financial assistance to financial institutions in the event of illiquidity problems.

(Figures stated in thousands of Argentine pesos)

The following table shows the liquidity ratios during FY 2009 and 2008, which arise from dividing net liquid assets, made up of cash, due from the BCRA, due from other financial institutions, net interbank loans, BCRA bills and BCRA notes, by total deposits.

	12/31/2009	12/31/2008
	%	%
As of December 31	57.2	61.5
Average for the year	57.4	54.9
Higher	63.3	61.5
Lower	54.5	46.8

The following table breaks down financial assets and liabilities by contractual maturity, considering the total amounts upon their due date:

	On demand	**Derivative financial instruments**	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**Over 5 years**	**Total as of 12/31/2009**
Cash and due from the BCRA (Central Bank of Argentina)	1,508,110	-	-	-	-	-	1,508,110
Due from other financial institutions	285,356	-	-	-	-	-	285,356
Financial assets held for trading	-	-	5,817	69,514	518,726	100,085	694,142
Financial assets measured at fair value from their initial recognition	-	-	613,175	1,094,529	1,100	-	1,708,804
Financial assets available for sale	8,430	-	7,118	22,022	251,207	25,786	314,563
Financial assets held to maturity	-	-	1,279	91,641	183,278	-	276,198
Loans	-	-	2,861,818	904,814	1,348,737	484,183	5,599,552
Other receivables	53,335	-	52,310	7,871	12,438	4,090	130,044
Other financial assets	26,701	-	-	-	-	-	26,701
Total	**1,881,932**	**-**	**3,541,517**	**2,190,391**	**2,315,486**	**614,144**	**10,543,470**
Financing facilities received from financial institutions	-	-	29,348	7,357	26,133	292	63,130
Derivative financial instruments	-	6,956	-	-	-	-	6,956
Deposits	3,993,493	-	2,558,686	288,333	41,120	-	6,881,632
Subordinated corporate bonds	-	-	909	61,656	-	-	62,565
Other financial liabilities	32,931	-	483,795	1,470	3,174	-	521,370
Total	**4,026,424**	**6,956**	**3,072,738**	**358,816**	**70,427**	**292**	**7,535,653**

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BANCO PATAGONIA S.A.

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	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total as of 12/31/2008
Cash and due from the BCRA (Central Bank of Argentina)	1,347,866	-	-	-	-	1,347,866
Due from other financial institutions	198,212	-	-	-	-	198,212
Financial assets held for trading	301	3,366	15,583	53,075	71,765	144,090
Financial assets measured at fair value from their initial recognition	-	297,281	17,715	92,651	-	407,647
Financial assets available for sale	8,904	2,570	10,482	103,975	49,068	174,999
Financial assets held to maturity	-	5,182	87,296	262,022	-	354,500
Loans	-	3,714,065	592,465	1,355,027	137,852	5,799,409
Other receivables	76,514	33,415	32,003	15,980		157,912
Other financial assets	14,032	-	-	-	-	14,032
Total	**1,645,829**	**4,055,879**	**755,544**	**1,882,730**	**258,685**	**8,598,667**
Financing facilities received from financial institutions	-	130,296	39,311	35,150	-	204,757
Deposits	2,877,138	2,451,455	256,141	3,781	-	5,588,515
Subordinated corporate bonds	-	4,760	58,249	61,239	-	124,248
Other financial liabilities	311,166	65,894	-	-	-	377,060
Total	**3,188,304**	**2,652,405**	**353,701**	**100,170**	**-**	**6,294,580**

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(Figures stated in thousands of Argentine pesos)

The following table shows the breakdown by contractual maturity considering the total amounts upon their due date of the Bank's contingent obligations:

	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	From 5 to 10 years	Over 10 years	Total as of 12/31/2009
Unused agreed overdrafts	55,000	-	76,910	-	-	-	-	131,910
Guarantees granted	48,609	4,535	9,429	3,357	10,311	98	51	76,390
Letters of credit	10,379	15,760	4,036	13,459	-	-	-	43,634
Obligations for foreign trade transactions	13,567	19,797	4,405	290	-	-	-	38,059
TOTAL	127,555	40,092	94,780	17,106	10,311	98	51	289,993

	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	From 5 to 10 years	Over 10 years	Total as of 12/31/2008
Guarantees granted	12,022	8,824	15,477	11,496	34,940	2,713	51	85,523
Unused agreed overdrafts	15,000	14,489	-	-	-	-	-	29,489
Letters of credit	10,323	4,451	-	-	-	-	-	14,774
Obligations for foreign trade transactions	7,655	7,170	3,512	202	-	-	-	18,539
TOTAL	45,000	34,934	18,989	11,698	34,940	2,713	51	148,325

Market risk

The market risk is that arising from fluctuations due to changes in market prices that cause the value of future cash flows of financial instruments to fluctuate due to those changes. Market risks arise from net interest rate, currency and price positions, all of which are exposed to general and specific market changes and changes in the price volatility such as interest rates, credit margins, foreign currency exchange rates and prices of shares and securities.

Banco Patagonia determines the market risk exposure arising from the fluctuation in the value of portfolios of investments for trading and available for sale, which result from changes in market prices, the Bank's net positions in foreign currency, and government and private securities with normal quoted prices.

These risks arise from the size of the Bank's net positions and/or the volatility of the risk factors involved in each financial instrument. Such monitoring is made monthly based on daily positions.

Risks to which those investment portfolios are exposed are monitored through historical simulation techniques of "Value at Risk" (VaR). Banco Patagonia applies the VaR methodology to calculate the market risk of the main positions adopted and the expected maximum loss based on a series of assumptions for a variety of changes in market conditions.

The daily VaR measurement is a statistical-based estimate of the maximum loss possible of the current portfolio based on the adverse changes of the market. It states the maximum amount the Bank could lose, but with a certain confidence level (99%). Therefore, there is a specific statistical possibility (1%) for the actual loss to exceed the estimated VaR. The VaR model assumes a certain "retention period" until positions can be closed (1-5 days). The time horizon used to calculate the VaR is one day. However, the one-day VaR is extended to a time period of 5 days and is calculated by multiplying the one-day VaR by the square root of 5.

(Figures stated in thousands of Argentine pesos)

It is noteworthy that the use of that approach does not avoid losses beyond those limits in the event of the most significant market changes.

As of December 31, 2009, and 2008, the Bank's VaR by type of risk is as follows:

VaR of the trading portfolio	**12/31/2009**	**12/31/2008**
Currency exchange rate risk	8,723	9,466
Interest rate risk	91,650	68,159
Price risk	56,168	32,499

The Bank uses simulation models to evaluate possible changes in the market value of the trading portfolio based on historical data for the last five years.

The VaR models are designed to measure the market risk in a normal market environment. They assume that any change occurring in risk factors that affect the normal market environment will follow a normal distribution.

Distribution is calculated through historical data weighted exponentially. The use of VaR has limitations because it is based on historical volatilities and correlations in market prices and assumes that future price changes will follow a statistical distribution.

As the VaR is largely based on historical data to provide information and perhaps does not clearly anticipate future variations and changes in risk factors, the possibility of significant market changes can be underestimated if changes in risk factors are not aligned with the normal distribution presumption.

The VaR can only be over or underestimated due to risk factor assumptions and the correlation between those factors and specific instruments. Although positions may vary throughout the day, the VaR only represents the risk of portfolio as of the end of each business day, and does not book the losses that may occur when the 99% confidence level is exceeded.

Sensitivity to interest rate changes

The following table shows the sensitivity to a possible change in interest rates, keeping all the other variables constant in the statement of income and changes in shareholders' equity before income tax.

The statement of income sensitivity is the effect of estimated changes in interest rates on net financial income for a year, before income tax, based on financial assets and liabilities as of December 31, 2009, and 2008, breaking down items by currency and adjustment for inflation, and applying thereto the sensitivity of changes in different interest rates and inflation. This is due to the holding of government securities (including government securities available for sale) and secured loans adjusted by the CER, as well as the decrease in the asset position in foreign currency resulting from the increase in the credit lines to foreign trade activities over the last few years.

(Figures stated in thousands of Argentine pesos)

The equity sensitivity is calculated revaluing net financial assets, before income tax, as of December 31, 2009, and 2008, due to the effects of estimated changes in interest rates:

	As of December 31, 2009					
Currency	**Changes in basis points**		**Equity sensitivity**		**Statement of income sensitivity**	
Foreign currency	+/-	50	+/-	257	+/-	352
Foreign currency	+/-	75	+/-	385	+/-	528
Foreign currency	+/-	100	+/-	513	+/-	705
Foreign currency	+/-	150	+/-	770	+/-	1.057
Argentine pesos	+/-	50	+/-	549	+/-	512
Argentine pesos	+/-	75	+/-	824	+/-	768
Argentine pesos	+/-	100	+/-	1.099	+/-	1.024
Argentine pesos	+/-	150	+/-	1.648	+/-	1.536
Argentine pesos + CER	+/-	50	+/-	13	+/-	65
Argentine pesos + CER	+/-	75	+/-	19	+/-	98
Argentine pesos + CER	+/-	100	+/-	25	+/-	131
Argentine pesos + CER	+/-	150	+/-	38	+/-	196

(Figures stated in thousands of Argentine pesos)

Currency	As of December 31, 2008					
	Changes in basis points		Equity sensitivity		Statement of income sensitivity	
Foreign currency	+/-	50	+/-	133	+/-	64
Foreign currency	+/-	75	+/-	199	+/-	96
Foreign currency	+/-	100	+/-	266	+/-	128
Foreign currency	+/-	150	+/-	399	+/-	192
Argentine pesos	+/-	50	+/-	683	+/-	1,111
Argentine pesos	+/-	75	+/-	1,024	+/-	1,666
Argentine pesos	+/-	100	+/-	1,366	+/-	2,222
Argentine pesos	+/-	150	+/-	2,049	+/-	3,333
Argentine pesos + CER	+/-	50	+/-	9	+/-	132
Argentine pesos + CER	+/-	75	+/-	14	+/-	197
Argentine pesos + CER	+/-	100	+/-	18	+/-	263
Argentine pesos + CER	+/-	150	+/-	27	+/-	395

The tables above are illustrative and are based on simplified scenarios. Figures represent the effect of proforma changes in net financial income based on scenarios of the return curve and the risk profile of the effective interest rate in the Argentine financial system. They do not include actions to be taken by Management to mitigate the impact of this interest rate risk. Banco Patagonia seeks to maintain a position of net assets that allows it to minimize losses and optimize net income. The above projections also assume that the interest rate for all maturities are for the same amount and, therefore, do not reflect the potential impact on the net financial income of some rates that change, whereas others remain unchanged. Projections also include assumptions to facilitate calculations, for example, that all positions are kept to maturity.

Foreign currency exchange rate risk:

Banco Patagonia is exposed to fluctuations in foreign currency exchange rates in its financial position and cash flows. The larger proportion of assets and liabilities kept are related to US dollars.

The foreign currency position includes assets and liabilities reflected in pesos at the exchange rate as of the closing dates mentioned below. An institution's open position comprises assets, liabilities and memorandum accounts stated in foreign currency, where an institution assumes the risk. Any devaluation / revaluation of those currencies would affect the Bank's statement of income.

Foreign currency transactions are performed at the supply and demand exchange rates. As of December 31, 2009, and 2008, the Bank's open position, stated in Argentine pesos by currency, is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figures stated in thousands of Argentine pesos)

ITEMS	Total as of 12/31/09	Euro	US dollar	Pound sterling	Swiss franc	Other
ASSET POSITION						
Cash and due from the BCRA (Central Bank of Argentina)	649,835	32,348	617,178	309	-	-
Due from other financial institutions	263,826	36,055	222,484	2,993	187	2,107
Financial assets held for trading	169,394	-	169,394	-	-	-
Financial assets available for sale	83	13	70	-	-	-
Financial assets held to maturity	214,410	-	214,410	-	-	-
Loans	1,025,069	386	1,024,640	43	-	-
Other receivables	11,998	-	11,993	5	-	-
Other assets	600	-	600	-	-	-
Forward transactions of foreign currency, net	835,274	-	835,274	-	-	-
Totals	**3,170,489**	**68,802**	**3,096,043**	**3,350**	**187**	**2,107**
LIABILITY POSITION						
Financing facilities received from financial institutions	47,827	-	47,827	-	-	-
Deposits	1,425,013	27,814	1,397,199	-	-	-
Subordinated corporate bonds	61,200	-	61,200	-	-	-
Other liabilities	154,710	16,020	138,584	91	10	5
Totals	**1,688,750**	**43,834**	**1,644,810**	**91**	**10**	**5**
Net position	**1,481,739**	**24,968**	**1,451,233**	**3,259**	**177**	**2,102**

ITEMS	Total as of 12/31/08	Euro	US dollar	Pound sterling	Swiss franc	Other
ASSET POSITION						
Cash and due from the BCRA (Central Bank of Argentina)	643,874	26,494	616,983	110	-	287
Due from other financial institutions	181,897	15,366	160,427	1,708	420	3,976
Financial assets held for trading	14,284	-	14,284	-	-	-
Financial assets available for sale	73	10	63	-	-	-
Financial assets held to maturity	250,153	-	250,153	-	-	-
Loans	1,273,769	2,177	1,271,575	17	-	-
Other receivables	15,279	6	15,268	5	-	-
Other assets	628	-	628	-	-	-
Forward transactions of foreign currency, net	276,296	-	276,296	-	-	-
Totals	**2,656,253**	**44,053**	**2,605,677**	**1,840**	**420**	**4,263**
LIABILITY POSITION						
Financing facilities received from financial institutions	179,539	-	179,539	-	-	-
Deposits	1,210,192	25,002	1,185,145	-	-	45
Subordinated corporate bonds	112,288	-	112,288	-	-	-
Other liabilities	123,453	14,618	108,796	27	7	5
Totals	**1,625,472**	**39,620**	**1,585,768**	**27**	**7**	**50**
Net position	**1,030,781**	**4,433**	**1,019,909**	**1,813**	**413**	**4,213**

In connection with the exposure to exchange rate variations, gains (losses) on a devaluation / revaluation of the Bank's net asset position in US dollars, a significant currency of the position disclosed in the table above, are as follows:

Marcelo A. Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

(Figures stated in thousands of Argentine pesos)

Sensitivity analysis	Exchange rate percentage variation	2009	2008
Peso devaluation with respect to the foreign currency	5	72,562	50,995
Peso devaluation with respect to the foreign currency	10	145,123	101,991
Peso revaluation with respect to the foreign currency	5	(72,562)	(50,995)
Peso revaluation with respect to the foreign currency	10	(145,123)	(101,991)

Operational risk

The operational risk is the risk of loss arising from a system failure, human error, fraud or external events. When internal controls do not operate, operational risks may damage reputation, bring about legal or regulatory consequences or cause financial losses. The Bank's goal cannot be to eliminate all operational risks. However, the Bank may manage these risks by using control matrices and monitoring and responding to potential risks. Controls primarily comprise segregation of duties, accesses, authorization and reconciliation procedures, personnel training and performance evaluation processes, including the internal audit review.

NOTE 43: Mutual fund custodian

Under section 32, Chapter XI (11), of the revised text of CNV regulations, below is the information on the total amount in custody as of December 31, 2009, and 2008, of the portfolio of the following mutual funds for which the Bank acts as depository institution:

Name	Deposits	Other	Total assets as of 12/31/2009
Lombard Renta en Pesos Fondo Común de Inversión	278,486	11,491	289,977
Fondo Nuevo Renta en Dólares Fondo Común de Inversión - a)	183	-	183
Fondo Común de Inversión Lombard Acciones	94	4,623	4,717
Fondo Común de Inversión Lombard Renta Fija Premium – a)	34	695	729
Fondo Común de Inversión Lombard Renta Fija	207	5,230	5,437
Fondo Común de Inversión Lombard Ahorro	15,283	-	15,283
Lombard Capital F.C.I.	5,538	32,144	37,682
TOTAL	**299,825**	**54,183**	**354,008**

Marcelo A. Iadarola
Accounting Manager

Rubén M. Iparraguirre
General Assistant Manager
Administration and Finance Area

Jorge G. Stuart Milne
Chairman

(Figures stated in thousands of Argentine pesos)

Name	Deposits	Other	Total assets as of 12/31/2008
Lombard Renta en Pesos Fondo Común de Inversión	251,747	4,573	256,320
Fondo Nuevo Renta en Dólares Fondo Común de Inversión - a)	325	-	325
Fondo Común de Inversión Lombard Acciones	51	1,896	1,947
Fondo Común de Inversión Lombard Renta Fija Premium – a)	96	462	558
Fondo Común de Inversión Lombard Renta Fija	61	2,806	2,867
Fondo Común de Inversión Lombard Ahorro	20,529	-	20,529
Lombard Asia F.C.I.	527	20,189	20,716
Lombard Cer Renta Fija F.C.I.	6	65	71
Lombard Europa F.C.I.	508	22,554	23,062
Lombard Capital F.C.I.	1,581	4,803	6,384
TOTAL	**275,431**	**57,348**	**332,779**

a) Mutual funds settlement

On October 7, 2005, Patagonia Inversora S.A. Sociedad Gerente Fondos Comunes de Inversión and Banco Patagonia S.A. (manager and depository, respectively) approved to begin the “Fondo Nuevo Renta en Dólares Fondo Común de Inversión” and “Fondo Común de Inversión Lombard Renta Fija Premium” liquidation process pursuant to the provisions of CNV General Resolution No. 439/03. On April 25, 2006, the CNV notified the resolution of not authorizing the beginning of the liquidation process, due to the existence of legal actions brought by holders of shares in such mutual funds pending court resolution. Therefore, as from that date, the funds mentioned above are only authorized to receive redemptions.

On January 19, 2009, the manager and depository companies approved the beginning of a Lombard Cer Renta Fija F.C.I, liquidation process considering that on January 2, 2009, the last holder of shares was fully redeemed, thus having settled the Fund’s shareholders’ equity after making the abovementioned redemption payment. On October 21, 2009, the CNV notified such companies that, through Resolution No. 16,208, of October 15, 2009, it decided to cancel the fund’s registration.

Additionally, on June 29, 2009, the manager and depository companies approved the beginning of a Lombard Asia F.C.I and Lombard Europa F.C.I, liquidation process considering that on May 26, 2009, the last holder of shares was fully redeemed, thus having settled shareholders’ equity of each Fund after making the abovementioned redemption payment. On December 1, 2009, the CNV cancelled the registration of the abovementioned funds with the registries of such commission through General Resolution No. 16,234.

Marcelo A. Iadarola Accounting Manager	Rubén M. Iparraguirre General Assistant Manager Administration and Finance Area	Jorge G. Stuart Milne Chairman

(Figures stated in thousands of Argentine pesos)

b) Cancellation and deregistration of mutual funds without movements.

On December 4, 2008, the manager and depository approved the request for cancellation with the CNV of the Lombard América F.C.I., Lombard Latin América F.C.I. and Lombard Global F.C.I. mutual funds and the deregistration with CNV's register. It is noteworthy that such mutual funds have never received requests for subscription and, accordingly, they have no assets in their portfolio. On February 26, 2009, the CNV cancelled the registration of the abovementioned funds with the registries of such commission through General Resolution No. 16,079.

Fees earned as depository institution are recorded under "Fee income – Other" in the amounts of 593 and 590 as of December 31, 2009, and 2008, respectively.

NOTE 44: Corpus assets

The Bank executed a series of agreements with other companies whereby it was appointed trustee of certain financial trusts. The corpus assets of these trusts were mainly loans. Those loans were not recorded in the financial statements, since they are not the Bank's assets and, therefore, are not consolidated.

As of December 31, 2009, and 2008, the Bank acts as trustee of 40 and 67 trusts, respectively, and in no case will it answer for the obligations undertaken in executing these trusts with its own assets; these obligations will only be satisfied with and up to the amount of corpus assets and the proceeds therefrom.

The fees earned by the Bank for acting as trustee are calculated under the terms of the respective agreements and the Bank's compensation as trustee is recorded under "Fee income – Trust activity" in the amounts of 10,237 and 12,700 as of December 31, 2009, and 2008, respectively.

The following is a table summarizing the assets and equity managed by the Bank as of December 31, 2009, and 2008.

	12/31/2009	12/31/2008
Total assets	666,708	1,097,777
Total shareholders' equity	273,975	382,959

NOTE 45: Financial agent of the Province of Río Negro

Under Law No. 2.929 of the Province of Río Negro, and the agreement signed on May 27, 1996, the Bank acted as financial agent of the Provincial Government, being in charge of the following banking duties:

a) Transfer and deposit of federal tax revenue sharing resources, those related to special laws and other federal funds in official checking accounts opened or to be opened in the Bank, except for those federal funds that as required by the Federal Government should be credited in accounts authorized to such end in banks other than Banco Patagonia.

b) The distribution to municipalities of provincial tax revenue sharing resources by crediting to the checking account with the branch nearer to the holder of funds to be received.

c) The deposit of currency, securities or other cash equivalents provided as security for agreements or bids of the public administration and court deposits.

d) Compliance with payment of salaries, in their different types, to public administration agents and officers, and payment of other provincial benefits, as well as compliance with payment orders to suppliers.

e) Receipt of deposits for payment of taxes, rates, assessments, pension fund contributions and any other service of the public administration.

f) Crediting of amounts related to the deposits established in the preceding point to the checking accounts that the province has authorized to such end.

g) Hoarding of funds, in cash and/or securities, of the public administration and provision of all banking services supplementary to the activities summarized in this section, including principal and coupon interest payment services in connection with the Province government debt securities.

h) Those other related or new services that in the future the Bank may implement, provide or develop for its customers and that the Province may accept to introduce.

On February 28, 2006, such agreement expired. Through successive extensions it remained effective through December 31, 2006, under the same terms and conditions as those of the abovementioned agreement.

Furthermore, through Argentine public bidding No. 1/2006, the Ministry of Finance, Public Works and Services of the Province of Río Negro called for the engagement of a bank to render services as agent. The bids opening date was August 4, 2006, and Banco Patagonia has submitted the related bid.

Finally, as a result of such bidding process, on December 14, 2006, the Río Negro Province Banking and Financial Services Agreement was signed for a 10-year term as from January 1, 2007. Such duties do not include the obligation to provide financial aid to the Province of Río Negro under conditions other than those consistent with the private bank nature of this bank.

The Province guarantees the Bank the payment as compensation for services provided thereto, which shall be made monthly. The Bank is thus empowered to debit such amount directly.

Fee income related to such activity is recorded under "Fee income – Other" in the amounts of 9,449 and 8,223 as of December 31, 2009, and 2008, respectively.

NOTE 46: Explanation added for translation in English

These financial statements are the English translation of those originally issued in Spanish.

They are presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The effects of differences between those standards and the accounting principles generally accepted in the countries in which the accompanying financial statements may be used have not been quantified.

Accordingly, these financial statements are not intended to present financial position, results of operations or changes in financial position in accordance with accounting principles generally accepted in the countries of users of the financial statements, other than those countries that apply IFRS issued by the IASB.