

## AUDITORS' REPORT

To the President and Directors of  
Banco de la Provincia de Buenos Aires  
Taxpayer Registration Code: No. 33-99924210-9  
Legal Domicile: Av. 7 (Ingeniero Luis Monteverde) No. 726  
La Plata – Province of Buenos Aires

1. We have performed an audit examination of the balance sheets of Banco de la Provincia de Buenos Aires at December 31, 2014 and the related statements of income, changes in net worth, and cash flows and cash equivalents for the fiscal year then ended, together with complementary notes 1 to 19 and exhibits A to N and O. Furthermore, we have examined the consolidated financial statements of Banco de la Provincia de Buenos Aires with those of its controlled companies for the fiscal year ended December 31, 2014, as well as the consolidated statements of debtors' status and complementary notes 1 to 22. The Bank is responsible for the preparation and issuance of these financial statements. Our responsibility is to express an opinion on the financial statements based on our audit.
2. Our examination was conducted in accordance with auditing standards prevailing in Argentina, and the requirements of the "Minimum Standards for External Audits" issued by the Argentine Central Bank (BCRA). These standards require the auditor to plan and perform the audit so as to obtain reasonable assurance that the financial statements are free of material misstatements and form an opinion on the fairness of the significant information contained in the financial statements. An audit includes the examination, on a selective test basis, of evidence supporting the amounts and information disclosed in the financial statements. An audit also includes the assessment of the accounting standards used and the significant estimates made by the Bank, as well as an evaluation of the overall financial statement presentation. We consider that our audits provide a reasonable basis for our opinion.
3. As mentioned in note 16, through Resolution 92/11, the BCRA granted to the Bank certain facilities and exemptions mainly linked to regulations on valuation of public sector assets and other prudential and solvency aspects, the validity of which was subject to the Bank's compliance therewith.

The Bank has not complied with the provisions of the above mentioned Resolution related to minimum capital requirements and frozen assets, exposure to the public sector, credit risk diversification in public sector financing, adjustment of related companies to BCRA's regulations, among others.

As stated in note 16, the Bank submitted the following documents to the BCRA:

- (i) On January 15, 2013, its 2013-2018 Strategic Plan in order to redefine the Regularization and Reorganization Plan;
- (ii) On April 30, 2013, a note requesting approval to redesign its 2013-2018 Business Plan. On January 27, 2014, a note requesting the maintenance of the exemptions set forth in Resolution 92/11;
- (iii) On June 26 and July 22, 2014, its 2014-2018 Compliance Schedule; and
- (iv) On December 18, 2014, its 2015-2018 Compliance Schedule. Its main purpose is to achieve self-capitalization through the generation of earnings, its inclusion in the prudential solvency rules and the maintenance of certain exemptions granted by Resolution 92/11 as well as other additional exemptions requested by the Bank related to exposure to the public sector, credit risk diversification in public sector financing, compliance with minimum capital requirements, calculation of loans for productive investment and licensing of service units.

At the date of these financial statements, no reply has been received from the BCRA regarding the requested exemptions.

At the date of this report, we are not in a position to anticipate the possible effects that the evolution and/or resolution of these matters and the fulfillment of its plan may have on the future performance of the Bank and the value of its assets and liabilities.

4. As described in note 16, the Bank has adopted, as valuation criteria for the Guaranteed Bonds issued by the Trust Fund for Provincial Development (*Fondo Fiduciario para el Desarrollo Provincial*) (Bogar 2018), the accounting criteria authorized by the BCRA according to the exemptions granted through Resolution No.

92/11, as considered in force. As indicated in note 3.18 to the stand-alone financial statements, this accounting policy departs from the BCRA's accounting standards.

5. As described in notes 1.c and 1.i) to the stand-alone and consolidated financial statements, respectively, at December 31, 2014 the Bank has a considerable exposure to the Argentine public sector through government securities, loans and other financial assistance. Accordingly, the future evolution of the provincial and national economies and the honoring of obligations are of significant importance to the financial condition of the Bank.
6. Banco de la Provincia de Buenos Aires holds a 99.97% participation in Grupo Banco Provincia S.A., which has been valued according to the equity method of accounting and included in the consolidated financial statements. The main aspects that may affect the valuation of this subsidiary and the assets and liabilities of the consolidated balance sheet are detailed below:
  - a) As stated in note 18.a.3 to the consolidated financial statements, since September 2004, several amendments with respect to workers' compensation insurance have been made. On November 6, 2009, the National Executive Branch issued Order No. 1694/09 introducing reforms to the workers' compensation regime governed by Law No. 24557, as amended, applicable to contingencies with the first disability manifestation occurring as of such date. Moreover, Law No. 26773 significantly amending the workers' compensation regime was enacted on October 25, 2012 and came into effect on April 1, 2014. At this date, the final effects of these matters on the loss ratio and the economic and financial position of Provincia ART S.A. and its transactions can not be determined.
  - b) As described in note 18.a.1 to the consolidated financial statements, Provincia ART S.A. manages the self insurance contract of the Government of the Province of Buenos Aires and therefore, significant receivable amounts have been accrued, the payment method and term of which are explained in such note. At December 31, 2014, the pertinent balance in favor of Provincia ART. S.A. amounted to \$943,570 thousand.
  - c) As indicated in note 18.a.6 to the consolidated financial statements, at December 31, 2014, Provincia ART S.A. showed a deficit in its minimum capital and coverage of debts to insureds technical ratios for \$1,548,275 thousand and \$807,317 thousand, respectively. Such deficit was determined according to the rules of the National Insurance Superintendency (*Superintendencia de Seguros de la Nación* - SSN), and without applying, in compliance with express instructions from the control authority, certain alternative criteria adopted until September 30, 2013, such as the consideration as assessable of the balance owed by the Government of the Province of Buenos Aires mentioned in paragraph 6.b of this report. As described in note 18.a.6 to the consolidated financial statements, on December 19, 2013 and April 22, 2014, Provincia ART S.A. submitted proposals concerning a regularization and reorganization plan for its technical ratios to the SSN. On May 22, 2014, this control authority approved the above mentioned plan and required Provincia ART S.A. to (a) comply with the gradual reduction of the deficit in minimum capital requirements, (b) reduce semiannually the deficit in the coverage of debts to insureds according to Law No. 20091, section 35, in the same proportion as the Company projects to reduce the deficit in minimum capital requirements, and (c) make capital contributions, should technical ratio deficits higher than those disclosed in the regularization and reorganization plan be recorded at the closing of any period or fiscal year. This plan includes the partial collection in kind of receivable amounts from the Government of the Province of Buenos Aires mentioned in paragraph 6.b. above through the delivery of Bonds for the settlement of provincial debts, in accordance with Executive Order No. 1296, which may be computed for technical ratios under express authorization from the SSN. At this date, such authorization has not been granted. Provincia ART S.A. is analyzing the possible impact that this situation may have on the deficit reduction scheme and the course of action to be taken. At the date of this report, it was not possible to draw any conclusion regarding the impact of the resolution of these issues on the economic and financial situation of Provincia ART S.A. and its future operations.
7. These financial statements have been prepared by the Bank applying the valuation and disclosure criteria established by the Argentine Central Bank and, in the case of Grupo Banco Provincia S.A., by the pertinent control authorities. As mentioned in note 2.2. to the financial statements and note 3 to the consolidated financial statements, those criteria for valuing certain assets and liabilities and the financial statement presentation standards established by the control authorities differ, in certain aspects, from current professional accounting standards. The effect on the financial statements derived from different valuation, restatement and disclosure criteria has not been quantified by the Bank. The global impact of the mentioned deviation from the professional accounting standards in effect cannot be estimated through audit procedures.

8. In our opinion, subject to the effects on the financial statements that could arise from possible adjustments and/or reclassifications, if any, which could derive from the final resolution of the situations described in paragraphs 3, 5 and 6, and except for deviations from the professional accounting standards as indicated in paragraphs 4 and 7:
- a) The financial statements of Banco de la Provincia de Buenos Aires present fairly, in all material respects, its financial condition at December 31, 2014, the results of its operations, cash flows and cash equivalents and changes in its net worth for the year then ended, in conformity with BCRA rules and, except for the deviations mentioned in paragraph 7, in accordance with accounting standards in effect in the Province of Buenos Aires.
  - b) The consolidated financial statements of Banco de la Provincia de Buenos Aires and its controlled companies present fairly, in all material respects, their consolidated financial condition at December 31, 2014, the consolidated results of their operations and consolidated cash flows and cash equivalents for the year then ended, in conformity with BCRA rules and, except for the deviations mentioned in paragraph 7, in accordance with accounting standards in effect in the Province of Buenos Aires.
9. The Bank's stand-alone and consolidated financial statements at December 31, 2013, submitted for comparative purposes only, were audited according to the provisions of paragraph 2 and a report with qualifications similar to those included in paragraphs 3 to 7 hereof was issued on February 20, 2014.
10. In compliance with prevailing regulations, we report that:
- a) We have implemented procedures related to anti-money laundering and anti-terrorist financing in accordance with professional standards issued by the Argentine Federation of Professional Councils in Economic Sciences (*Federación Argentina de Consejos Profesionales de Ciencias Económicas*);
  - b) As mentioned in note 18.2 to the financial statements at December 31, 2014, the accounting records of the Bank showed no accrued debts for employee withholdings and employer contributions towards the Argentine Integrated Pension System.
  - c) We have read the information included in note 18.11 to the stand-alone financial statements at December 31, 2014 with relation to the requirements imposed by the National Securities Commission (*Comisión Nacional de Valores*) regarding Minimum Net Worth and Minimum Required Counterpart Contribution and, as far as this audit concerns, we have no other comments apart from the remarks made in paragraphs 3 to 7 hereof.

La Plata, February 19, 2015

PRICE WATERHOUSE & CO. SRL

(Partner)

---

C.P.C.E.P.B.A. Vº 1 Fº 33 Folder 33

Teresita M. Amor

Public Accountant (UBA)

C.P.E.B.A. Vº139 Fº 61 Folder 35957-2

Taxpayer Registration Code

27-13802361-9