

Annual Report 2020

BANCO DE LA PROVINCIA
DE BUENOS AIRES



Annual Report

2020





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A close-up, low-angle photograph of a classical column capital, likely a Doric or Ionic style, showing the fluted, curved surface of the capital and the top of the column shaft. The lighting is warm and directional, highlighting the texture and curves of the stone.

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Authorities

Province of Buenos Aires



Governor
Axel Kicillof



Vice Governor
Verónica María Magario



Cabinet Chief
Carlos Bianco

Banco de la Provincia de Buenos Aires

Board of Directors:

TITLE	NAME	DESIGNATION DATE
President	CUATTROMO, Juan	12/20/2019
Director Secretary	RODRIGO, Diego Oscar	12/10/2013
Director	DI TULLIO, Juliana	01/02/2019
Director	GALMARINI, Sebastián	01/01/2019
Director	VIVALDO, Humberto Andrés	01/02/2019

Senior Management:

TITLE	NAME
General Manager	GONZALEZ OCANTOS, Rubén
Senior Deputy General Manager	ARES, Sergio
Assistant Deputy General Manager	ARIAS, Gustavo D.
Finance Deputy General Manager	GONZÁLEZ, Carlos A.
Marketing and Loans Deputy General Manager	LASALA, Juan A.
Business Support Deputy General Manager	ZARLENGA, Marcelo F.
Administration Deputy General Manager	MORÓN, Carlos F.
Technology and Processes Deputy General Manager	CASTILLA, Claudia B. A.
Business Intelligence Deputy General Manager	CALLEGARI DE CARUSSO, Silvia E.
Legal Affairs Deputy General Manager	LEBED, Gabriela R.



BANCO DE LA PROVINCIA



2 | Annual Report

Message from the President



At the end of 2019, the people of the Province of Buenos Aires elected a new direction for their government. Since then, I have the honor of chairing Banco Provincia, a bank founded in our beloved province that has accompanied the history of our country. When accepting this responsibility, I was entrusted by Governor Axel Kicillof with the task of making the Bank regain its historical position as the driving force of the productive development of the Province of Buenos Aires and the welfare of its people.

As a first step towards that goal, we reviewed the priorities set by the previous administration and designed a work plan built upon three main pillars:

to respond to new demands, although our road map is still the same.

Following the guidelines set by the governor, our priority from the very beginning has been to foster productive sectors so that they will be able to produce, sell and employ, thus revitalizing the virtuous economic cycle. To that effect, we implemented several financial aid programs mainly targeted at SMEs, which were affected the most by the revenue eager/financial model applied by the previous administration. In 2020, we granted loans for over \$100,000 million to the productive sectors and provided support to 10,615 SMEs in the Province of Buenos Aires with special-rate facilities.

To accomplish our mission of being a bank close to all people, when the crisis broke out, we implemented special protocols to secure the availability of cash in the 135 municipalities of the Province of Buenos Aires and took ATMs to places with bank shortage, so that people

would reduce their traveling as much as possible. In conjunction with the national government, we issued and delivered Alimentar food program cards throughout the provincial territory.

Along the same line, we launched **Cuenta DNI** (CDNI), the first digital wallet in the



“Our priority from the very beginning has been to foster productive sectors so that they will be able to produce, sell and employ, thus revitalizing the virtuous economic cycle”.

inclusion, innovation and productive development.

A few months after taking over, the COVID-19 pandemic made us face an unexpected and unprecedented situation of global impact that calls for more creativity on our side when trying

Argentine financial system used by millions in their mobile phones for banking transactions. We are convinced that public banking is positioned to lead the change into the digital era, focusing on being inclusive and providing financial education to new generations. In addition to being an innovative instrument, it was the only digital wallet authorized by the National Social Security Administration-Administración Nacional de la Seguridad Social (ANSES) to be credited with the Emergency Family Income-Ingreso Familiar de Emergencia (IFE). By the end of this period, **Cuenta DNI** had over 2.5 million users -58%

In a highly demanding 2020, we certainly made progress in disencumbering the Bank. When compared with 2019, we exponentially improved the inflation-adjusted results, and the Bank regained its role as financial broker supporting households and companies. The Bank's liquidity indicators rapidly converged to the financial system's figures.

Our investment to modernize the Bank's infrastructure and management processes will continue in 2021, as well as our investments to update our technological tools for better outreach. We are honoring our role as a public and social bank with profitability in mind, but also acknowledging that our objectives go beyond those of a purely commercial bank.



“By the end of this period, Cuenta DNI had over 2.5 million users -58% of which are new customers-and was the most popular bank-based digital wallet in the Argentine market”.

of which are new customers- and was the most popular bank-based digital wallet in the Argentine market.

We also decided to go back to the best public banking tradition in the Province of Buenos Aires and relaunched the Regional Advisory Councils - dialog fora with the provincial productive sectors to gather first-hand information about their demands and design public policies jointly.

The governor made the strategic decision of integrating the Bank's management with the companies that make up the Provincia Group with the purpose of leveraging our potential to provide comprehensive financial solutions to productive units, municipal activities and the various agents involved in the multiple realities of the Province of Buenos Aires.

The creation of the first Sexual Diversity, Gender Identity and Women's Rights Commission in the Argentine financial system is but a key milestone paving the way for the bank we want to become: A bank


encompassing all identities and contributing to do away with any type of discrimination based on gender, sexual orientation, and identity and gender expression, once and for all.

There is no doubt that these are complex times around the world and neither Argentina nor the Province of Buenos Aires are the exception. The achievements of the last year are the result of a collective work by the Bank's Board of Directors and the commitment of the Bank's employees. The future looks challenging and compels us to keep on working every single day to put Banco de la Provincia de Buenos Aires at the service of its only and exclusive owners: the people of the Province of Buenos Aires.

Juan Cuattromo

International context





In 2019, the global economy grew at the slowest pace in the last 5-year period due to lower industrial activity and an escalation of commercial conflicts, while the COVID-19 pandemic marked 2020 and resulted in a sudden standstill of demand and global supply chains, giving rise to the worst crisis in the recent history of capitalism. Despite the trillions in bailouts and the loosening up of the major central banks, largely exceeding the measures taken to address the most recent financial crisis, the consumption and production of services plunged, shaking up the global labor market and endangering the significant progress made around the world in combating extreme poverty since the 1990s.

For the first time in the history of economics, all regions around the world will show a negative growth rate. Both developed economies and emerging and developing economies will witness a Gross Domestic Product (GDP) fall in 2020, being China the only exception to the rule and leading the global upswing. It is important to highlight the significant differences existing among individual economies based on the following factors: i) evolution of the pandemic and effectiveness of the containment strategy; ii) differences in economic structures, since some of them depend largely on severely affected sectors, like tourism and oil and gas; iii) greater dependency on capital inflows, including remittances; and iv) growth trends observed prior to the crisis.

In 2020, global fiscal support was estimated at around USD 10 billion and monetary policies loosened dramatically in terms of lower interest rates, liquidity injections and purchases of assets, partially mitigating the adverse effects of the pandemic on the livelihoods of people and possible business failures. However, the discretionary income and expenditure measures announced by advanced economies are equivalent to over 9% of GDP, with an additional 11% under different forms of liquidity support, while in emerging and developing economies the discretionary budgetary measures amounted to only 3.5% of GDP and slightly over 2% in liquidity support. This explains the substantial differences among countries regarding the development of their economic activity and their sanitary results.

The collapse in business activity came with a tragic impact on the global labor market. Despite various efforts to contain the effects on employment, the International Labor Organization (ILO) reported that, when compared with the last quarter of 2019, the global decrease in working hours in Q1 2020 was equivalent to the loss of 155 million full-time equivalent (FTE) jobs, and the decrease in Q2 2020 equaled the loss of over 400 million FTEs. Significant improvements were observed in the second half of 2020, when the activity began to normalize, but the International Monetary Fund (IMF) has predicted that even when a considerable rebound of global activity might be expected in 2021 (along with vaccination, a new round of stimulus packages, mainly in the USA and Japan, and the back-to-normal of the activities with closer personal contact), the per capital income of more than 150 countries would be lower than in 2019. According to ILO's calculations, around 80% of approximately 2,000 million workers in the informal sector around the world were significantly affected, and the adverse impact on low-income households is particularly severe, since almost 90 million people are estimated to have fallen below the USD 1.9/day threshold in 2020.

The collapse of both the economic activity and tax income, in conjunction with the substantial fiscal assistance, left a mark on public finance. The IMF estimated that in 2020 the global public debt would exceed the peaks registered after World War II and reach 101% of GDP (an increase of almost 19 percentage points from 2019) and the average global fiscal deficit would total 14% of GDP (10 pp higher than 2019). However, it held that policy actions should secure an effective support until the recovery becomes robust. The IMF pointed out that a strong multilateral cooperation would be needed to contain the pandemic around the world, and efforts should include funding for the COVID-19 Vaccine Global Access (COVAX) facility to speed up access for all in a context where the low income, developing economies that joined the crisis with a high indebtedness ratio that will continue increasing during the pandemic should be granted adequate access to international liquidity.

Domestic context

The pandemic broke out in Argentina as an unintended disruption in an economy that had been suffering from a 2-year recession. It was a unique and globally synchronized process that affected the behavior of all economic agents. In 2020, the COVID-19 pandemic hit the Argentine economic activity and resulted in an acute crisis - the longest and deepest in the last twenty years. The Argentine GDP contracted by 11.8% in the first three quarters of 2020, registering five consecutive year-over-year falls. Within this framework, the government targeted aid at vulnerable households, companies and subnational states, supplemented by a significant expansion of lending in the financial system.

The impact of the pandemic on the supply side of the economy was heterogeneous due to the peculiarities of such impact and the evolution of the disease, as well as the measures adopted to contain the spread of COVID-19. The hardest effects were observed in Q2 2020, when the health system got ready to fight the peak of the contagion curve, and softened in the second half of the year, when the Preventive, Mandatory and Social Lockdown-Aislamiento Social, Preventivo y Obligatorio (ASPO) was relaxed.


In the case of goods, the most adverse effects were observed in the first stage due to the closing of productive units (only staple goods continued being produced) and the initial standstill of international trade. Supply recovered along the year, reaching levels similar to those prevailing before the pandemic. In the first three quarters of 2020, the

aggregate impairment in the supply of goods reached 11.6% y/y. The sharpest year-over-year falls were registered by Construction (-32.1%, the most affected industry due to the need of close contact and transportation), Fishery (-20.7%) and the Manufacturing Industry (-11%). In 2020, Agriculture contracted and accumulated a 7.8% fall, while gas, electricity and water generation and distribution went up by 1.1%. The supply of services contracted by 12% y/y, with some lines being hit harder than others (Hotels and Restaurants (-47.6%), Other Community, Social and Personal Services (-42.8%), Households with Domestic Staff (-18%) and Transportation and Communication (-16.5%)). All these segments fell (and continue falling) due to their need of proximity and to avoid crowds. On the other hand, the year-over-year declines were mild in Financial Brokerage (-0.9%, as a result of credit expansion), Education (-5.4%) and Business Activities (-7.2%).

However, a productive recovery has been observed in recent months after the implementation of strict health protocols at work, subsidized lending rates, and the extension and expansion of financing programs in place to ignite a slow recovery. Imports fell 22.8% y/y in the first three quarters of 2020 as a result of turmoil in exchange rates and a decreased domestic demand that, after a change in habits, was focused on staple products and products necessary for home office and homeschooling.

Thus, private investment and consumption contracted significantly from January to September 2020 from the demand side, mirroring the prevailing situation (-22.3% and





-14.6% y/y, respectively). Reduced income, impaired growth expectations and greater uncertainty affected all procurement decisions adversely. During that same period, public consumption went down 5.4% y/y, due to the impossibility of going to the workplace, and exports fell 12.3% y/y due to closed borders and a volatile foreign exchange market.

Prices behaved atypically in 2020 as a consequence of the impact of COVID-19 in our daily lives. A reduced level of activity, a weaker demand, frozen utility rates, and controls over the exchange rate volatility reduced the pressure over prices, with an inflation rate reaching 36.1% y/y - well below the 2019 figures. However, prices behaved unevenly in 2020. At year-end, the price of goods had increased 43% y/y, while services (hit the hardest by the pandemic) had gone up by just 22.2% y/y.

With respect to foreign trade, the contraction of domestic demand and the difficulties arisen from the pandemic reduced trade throughout the year, although a surplus was registered for the second year in a row. Exports went down 15.7% y/y and totaled USD 54,884 million. Industrial exports were hit the hardest due to lower sales of motor vehicles, metals and biofuels. Exports of fuel also decreased as a result of lower international prices driven by a depressed demand. The slightest decreases were registered by manufactures of agricultural origin and primary products, with international average prices relatively unchanged in 2020 (down at the outbreak of the pandemic and up by year-end), although it was not enough to offset a lower demand for oilseeds, cereals and meat. Imports went down by 13.8% as a result of lower volumes. The deepest falls were observed in Fuels, Motor Vehicles and Parts and Accessories for Capital Goods due to reduced prices and demand. Imports of Intermediate Goods and Consumer Goods showed mild decreases as a result of purchases of soy seeds and health-related products. Consequently, the trade

balance reached an estimated USD 12,528 million surplus, being slightly lower than last year.

In 2020, the primary deficit rose to 6.5% of GDP after implementing financial aid programs aimed at maintaining the income of households, businesses and provinces, and reducing revenue falls and the decline in own income. When compared with 2019, the primary deficit worsened by 6.1 pp of GDP in 2020. Tax income contracted by 0.4 pp and reached 18% of GDP as a result of exemptions to specific sectors and a reduction in ANSES-related income (loan repayment was discontinued as well as financing, since Law No. 27574 discontinued funding to the Sustainability Guarantee Fund-Fondo de Garantía de Sostenibilidad (FGS) to finance the Historical Compensation Program for Retirees and Pensioners). All these measures, added to a reduced tax burden, resulted in a decrease of 0.7% of GDP in tax collection when compared with 2019, although it was partially offset by an increase in tax income (0.4% of GDP) from the Social Solidarity and Production Reactivation Act passed within the framework of the public emergency and restructuring of the economy. Public expenditure went up 5.8% of GDP and totaled 23.5% of GDP, mostly as a result of various programs created to soften the effects of the pandemic. The National Ministry of Economy estimates that the pandemic-related package accounted for 3.5% of GDP, being the IFE and the Emergency Assistance for Work and Production Program-Programa de Asistencia de Emergencia al Trabajo y la Producción (ATP) the most significant among all programs in place. All this resulted in an increase of 3.8% of GDP in social benefits in 2020, as well as a 1% increase in subsidies targeted at preventing a decrease in household income. Finally, transfers to the provinces totaled 0.6% in 2020, evidencing the support provided to combat the pandemic and restructure the finances of the Argentine provinces.



When interest payments are added, the financial result amounted to -8.5% of GDP. Debt service lost some weight from last year thanks to the renegotiation of the public debt with private creditors, thus postponing the disbursement of significant amounts due in the short term.

When discussing the labor market in 2020, the effects of the pandemic and the preventive lockdown should be considered. Workers reduced their mobility in Q2 2020 with a negative influence on the level of employment. In Q2 2020, a sanitary policy imposing strict restrictions in the Buenos Aires Metropolitan Area-Área Metropolitana de Buenos Aires (AMBA) was adopted. This meant that a significant portion of the population was unable to work and became inactive, the number of employed people fell steeply, and the number of independent and informal workers plunged. Unemployment increased and hit 13.1% of the working population. Lockdown restrictions began to ease in Q3 2020 and, consequently, productive activities restarted their operations. Even when the downward trend reversed, employment could not go back to pre-pandemic levels. The unemployment rate decreased by 1.4 pp in Q3 2020, while the employment and activity rates regain almost half of what they had lost in Q2 2020.

In the first ten months of 2020, employment in the formal sector contracted 2 pp y/y, as a consequence of the pandemic and a depressed economic activity. The number of declared workers has yet to reach the figures shown before the lockdown, although some differences are observed when these figures are broken down: both public sector employees and independent workers reporting under the simplified tax return system (Monotributo) could outperform the pre-pandemic levels slightly, while household help and private sector employees could not. It should be pointed out that even when the number of declared workers in the private sector decreased by around 4% when compared with February 2020, the decrease was offset by the supporting measures adopted by the government, such as a prohibition of job layoffs and the ATP program.

In financial terms, stringent exchange regulations and the PAIS tax [a tax levied on the purchase of foreign currency] changed the dynamics of the exchange market, securing control over the monetary and foreign exchange variables that became impaired in 2020. International reserves totaled USD 39,410 million in 2020, down 12% y/y from 2019 (or -USD 5,371 million). Additionally, in a market with a small number of transactions, the wholesale or interbank US dollar went up and reached an average of \$70 in 2020, hitting around \$85 per US dollar in the last two months of 2020.

In line with the harmonization of interest rates during this fiscal year, the authorities of the Argentine Central Bank- Banco Central de la República Argentina (BCRA) adopted measures aimed at standardizing the monetary policy reference interest rate, although certain differences were observed throughout the year due to the policies formulated at the beginning of the pandemic, when specific actions were taken to mitigate the economic and financial effects of the health crisis. By year-end, the annual policy interest rate amounted to 38% - 14 pp down from the 2019 rate. With the purpose of gradually converging the Treasury rates to the rates paid by the BCRA's bills and thus reduce the quasi-fiscal cost of sterilization, the interest rate of repos to the BCRA was increased and the interest rate of LELIQ [peso-denominated bills issued daily by the BCRA] was reduced.

Financial brokerage came to the forefront in 2020 due to the sanitary crisis that hit the economy. Lending was initially boosted by a higher demand from the business sector, supported by the implementation of government policies that resulted in an 83.5% y/y increase in peso-denominated loans. In the second half of the year, consumer loans gained momentum thanks to the extension and expansion of the Ahora 12 and Ahora 18 credit programs, resulting in a 57.4% growth in credit card lending in 2020. The number of peso-denominated loans in the financial market grew from 6.9% of GDP in 2019 to 10.3% of GDP in 2020.

Deposits in Argentine pesos went up 68.3%, driven by sight deposits, and offset government transfers and loans. Time deposits showed an interesting behavior in

the second half of the year and are expected to go back to normal in 2021. In this respect, wholesale time deposits grew 68.2% in 2020, while retail deposits only increased by 13.8%.

2021 Prospects

In the international arena, the recent approval of vaccines has given hope that the pandemic may reach a turning point in 2021, resulting in a growth of 5.5% in 2021 and 4.2% in 2022. However, the uncertainties regarding the second wave of infections and the new variants are still extremely high. Forecasts predict that the recovery will be extremely unequal and mostly dependent on an adequate access to sanitary instruments to tackle the pandemic and the effectiveness of various support policies.

Focusing on Argentina, the economic activity is forecast to recover in 2021, although in a volatile fashion, because it will be conditioned by the effects of possible new outbreaks of COVID-19 and the summer drought. The renegotiation of the debt with the IMF and the Paris Club represents new challenges as well.

The market is expecting a 5.5% increase in the economic activity in 2021, partially leaving behind a somber 2020. Expectations are based on an economy better adapted to the pandemic, the results of the vaccination campaign and a favorable international context with low interest rates, high commodity prices, and expanded trade partners and global trade.

Our mission

We are the bank of the people of the Province of Buenos Aires.

Our mission is to be the bank that promotes the development of the Province of Buenos Aires and its people. We believe that the progress of each inhabitant contributes to build a stronger Province and this is the starting point to improve the quality of our lives.

Our commitment:

To encourage the development of productive sectors of the province of Buenos Aires, offering financial solutions.

To support SMEs as the driving force of the economy, and the agricultural sector as the basis of our production system.

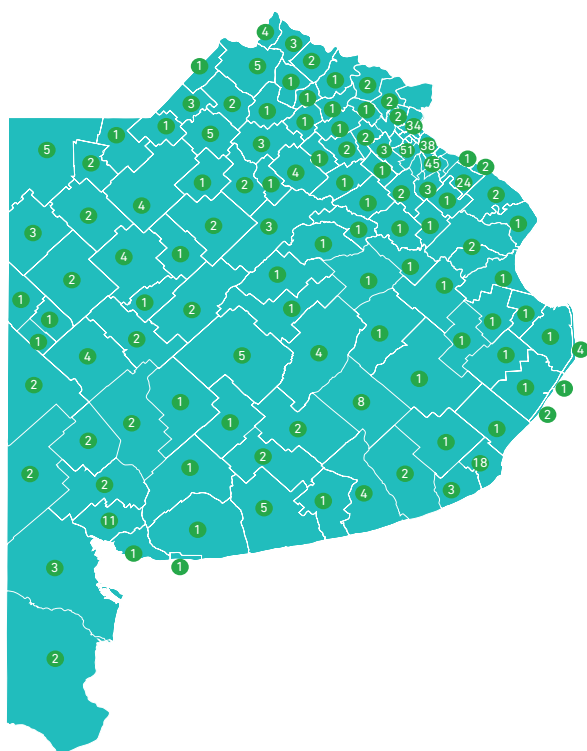
To provide financial assistance in our role as a social and public bank to municipalities, social and sport clubs, regional economies and the culture sector of the Province of Buenos Aires.

To facilitate the progress of all provincial inhabitants through financial tools to make their dreams come true.

To promote equal opportunities and the financial inclusion of all the provincial people.

To offer again the opportunity to acquire your own home.

The Bank is close to all provincial inhabitants



with
422
branches

- 416 premises
- 1 head office
- 5 mobile banks

and
10,260
employees

Our history

The history of Banco Provincia started together with our identity as country and society. In its role as a public bank, the Institution has adapted and modernized to meet the changing needs. During its existence of almost 2 centuries, the Bank has accompanied the development of the provincial people, building with them a path to prosperity. A history that is written day by day.

The Bank, founded in 1822, was the first financial institution to operate in Argentina and Spanish America. It has a valuable experience of 198 years and a long-term vision based on economic sustainability and innovation, which enable the Bank to improve the quality of products and services.

Banco de la Provincia de Buenos Aires, as a state-owned Bank, is a self-administered public institution, the origin, guaranties and privileges of which are set forth in the Preamble and in Sections 31 and 121 of the National Constitution, in the National Law No. 1029 of 1880, and in the Provincial Constitution and laws. It started operations

under the name of Banco de Buenos Aires, and was the first Argentine corporation of its kind with state promotion and private capital.

Throughout its history, the Bank has maintained a strong commitment towards the development of the Province of Buenos Aires and its people. **It granted the first-ever mortgage loan in the country (1856) and launched the first loan facility for the agro-industrial sector (1941).**

Banco Provincia inaugurated its first three branches in 1863 and, afterwards, has consolidated as the financial institution with the largest presence province-wide with more than 422 business units. As part of the commitment to be close to people who need support, the Bank launched its own ATMs network in 1989. Nowadays, it is the most extensive network within the provincial territory with 1,749 terminals operating even in places where other banks are not present.

Our Bank is the driving force of the development of the Province of Buenos Aires and its people

Institutional Banking

All provincial agencies and municipalities represent a fundamental customer segment for our institution. Accordingly, we constantly take steps to build new relationships and reaffirm our support and assistance.

In a year marked by the pandemic and multiple restrictions that hit hard the economic activity, the Bank made considerable efforts to serve all activities designated as essential, adapting its work methods and developing alternative channels to overcome hurdles and serve our customers in a satisfactory manner.

In this environment, we held virtual meetings with community leaders to introduce our products and services, mainly focused on modernizing processes, increasing income and reducing expenses.

The Bank developed a digital wallet called Cuenta DNI, which was rapidly embraced by users and stores. By using the app, customers make financial transactions without going to the Bank's offices or using cash, making it the ideal tool in pandemic times and a new alternative for bank transactions. Our management used Cuenta DNI to solve the problem of salaries payable to unbanked workers.

In 2020 we started implementing the new BIP Institucional digital platform in several municipalities - a platform especially

developed for public sector customers. We want to thank all municipalities that joined the tests and still cooperate with us, because we are convinced that these efforts will benefit us all. Even when there is a long way ahead, we will face a major challenge in 2021 when migrating 135 municipalities and other agencies to this new platform.

Under the Framework Cooperation Agreement - "Argentina contra el Hambre" National Plan to combat hunger, signed by the National Ministry of Social Development and the Government of the Province of Buenos Aires, the Bank was designated to issue Alimentar cards, where the corresponding amounts will be credited. Initial projections estimated 600,000 beneficiaries. In January 2020, we launched the first distribution round of Alimentar cards in the most relevant municipalities of the Province of Buenos Aires: La Matanza, Merlo, San Miguel, Malvinas Argentinas, Lomas de Zamora, Quilmes, Ituzaingó, Moreno, Tres de Febrero, Tigre, José C Paz, Lanús, Florencio Varela, Esteban Echeverría, San Isidro, Vicente López, Ezeiza, Berazategui, to name a few. We provided the teams and logistics necessary for a successful operation to provincial and national authorities. The distribution was discontinued on March 16, 2020 due to the lockdown. In our search for alternatives, we signed agreements with several municipalities and ANSES so that they could distribute the cards



to the beneficiaries. The year ended with the successful distribution of 500,000 cards that are currently being used.

Despite the pandemic, more people joined our e-collection and payment services, such as payment to suppliers, payment of benefits and fees, and the COPRES system for official state vehicles [prepaid cards that may be used to pay for gas and car-related maintenance services]. These services replace checks as means of payment, reducing the number of in-person transactions and allowing for a more efficient management of payments.

In 2020 we continued promoting our facility to finance public works and purchase brand new vehicles, road machinery and hospital equipment, and granted loans for \$273 million in 16 disbursements. The total principal amount lent to the municipal non-financial public sector (MNFPS) totaled \$579 million as of year-end, slightly below the amount lent in 2019. Additionally, 14 municipalities requested 41 temporary checking account overdrafts to pay salaries for \$1,209 million.

With respect to payment of retirement/pension benefits and social plans, progress was made in the migration of benefits collected at cash desks, encouraging the use of ATMs for cash withdrawals as well as of cards in merchants affiliated to Visa.

We are about to launch Echeq, an electronic check to be used by the public sector. We are confident that it will be rapidly adopted, speed up check transactions and reduce their costs.

The goal is to improve the relationship with municipalities and encourage the migration of collection and payment services to alternative channels in order to reduce the operative workload at business units and enhance the efficiency of processes. To that effect, we designed a new sales force consisting of professional agents with physical presence in each municipality, and implemented the same in Q4 2020, when the first four officers were appointed to the Bank's Regional Centers in the municipalities of Avellaneda, Chivilcoy, Bahía Blanca and Tandil. This new arrangement will help us be closer to our customers, visit them regularly, and learn about their needs immediately. If the pilot project is successful, we will appoint officers at each of our Regional Centers.

The teams will be appointed in 2021 and our organizational structure will adapt to the strategy promoted by Institutional Banking for this area.

2020

Loans	Quantity	Amount in \$
Loans to Municipalities		
Approved	5	167,500,000.00
Disbursed ¹	16	273,252,601.85
Under review	18	1,296,401,577.00
Checking Account Overdraft		
Municipalities served	14	
Approved	41	1,209,300,000.00
Portfolio Balance (principal)		
Facility		Balance as of 12/31/2020
Mortgages		669,625.00
Productive Investment		3,200,000.72
Production Loans		81,344,294.51
Loans to Municipalities (public works)		493,784,585.69
Grand Total		578,998,505.92
Potentiality		
Computable Net Worth ^{(Responsabilidad PatrimonialComputable - RPC) ²}	Aggregate Limit (15% RPC)	13,778,006,250
Application Defect		13,199,007,744
Limit/Deposits MNFPS ²	Limit 20% (Res. 277)	10,856,177,811
Application Defect		10,277,179,305
Monthly Average of Daily		
Deposits	Balances as of 12/2020	Balance as of 12/31/2020
Checking Account		
Sight Deposits - General Resources	18,837,365,360	27,313,170,560
Sight Deposits - Dedicated Resources	17,615,988,086	24,963,004,640
Total Sight Deposits	36,453,353,446	52,276,175,200
Time Deposits		
Fixed-Term Deposits		10,672,494,580
Total Municipal Deposits		62,948,669,780
Other Investments		
Provincial Treasury Bills (NV)		4,120,500,000
Mutual Funds		1,919,561,237
Total Other Investments		6,040,061,237

¹ Includes approved and pending disbursement from the previous year.² Data as of 11/30/2020.

A Bank that maximizes its role as the driving force of development

Commercial Network

In 2020, the global pandemic set a new scenario that completely changed trade and the development of the Commercial Network. In this new scenario, we adapted to the regulation and protocols approved, and several actions were implemented as the environment was changing in each branch office.

Customers had to make appointments for in-person transactions. Our employees worked in bubbles, so the capacity of the branch was diminished. We adapted the appointment scheduling app and improved the web-based scheduler. The results were 8,860,000 in-person appointments at our branch offices, over 43.5 million transactions made over the Sur system and 3.9 million transactions completed at Self-Service Kiosks.

Centralized Contingencies Processing: The Commercial Network centralized the payment of salaries of the government agencies and companies that were not using digital means, and the Punto Efectivo cash dispensing service was provided to the agencies and institutions that had to make payments to people with no savings accounts or debit cards. In 2020, 9,511 wage transfers were processed for a total amount of \$69,000 million, servicing 726,000 customers. The Punto Efectivo service was used to process 620 payment orders, benefiting 110,000 people for a total amount of \$765 million. We made first contacts with customers and government suppliers to market checking account overdraft facilities at differential rates.

Due to the pandemic, we had to stop the installation of BIP Customer Service Modules and biometric signature pads that had started in 2019. However, 231 BIP Modules were installed in 190 branches and over 1,000 pads in 114 branches in early 2020. To further support in-person service, 44 branches received 49 Self-Service Kiosks.

In January and February 2020, we started distributing the Alimentar cards to the beneficiaries of the Alimentar food program through an in-person campaign deployed in several municipalities of the Province of Buenos Aires. The campaign was discontinued in March due to the preventive and mandatory lockdown imposed by the national government. At that time, over 294,000 cards had been handed over in 24 counties in an unprecedented deployment of Bank's resources.

"New Normal" Project: the purpose of this project is to reduce the in-person service and try and resolve all our customers' concerns over the telephone, providing them with a better customer experience and optimizing the appointment scheduler. As per this initiative, all customers with a web-based appointment would be called to receive advice and resolve their concerns. This would relieve the burden on the commercial associates based in the office, since the in-person demand for responses would be diminished with less appointments per day and an optimized service flow. A zone-based pilot plan was deployed initially and, on the basis of the results obtained, a base model was outlined to be replicated in other marketplaces. The experience was a huge success: over 70,000 telephone calls were made in 70 days, almost 50% of the people contacted decided to cancel their appointments because their concerns had been resolved over the phone, and more than 450 employees joined the program voluntarily. We were supported by the technology and digital security areas and the excellent predisposition of each associate determined to participate in this pilot. Consequently, we were able to adequately distribute our efforts and maintain a fully operating Bank as best as possible.

There is no doubt that remote working is gaining ground in various sectors, and banking is not the exception. The current scenario will help us learn a lot and, once the pandemic is over, integral tools will certainly be developed and adapted to each specific need.

We are a more responsive and efficient Bank

Technology and Production Management

2020 Summary:

- Implementation of virtual libraries
- Implementation of disks for mainframe and all-flash open systems
- Batch processed in a work-from-home environment
- Process support and execution
- Over 2,500 users working from home
- Improved incident alerts
- Improved BIP infrastructure
- Implementation of virtual rooms for videoconferencing
- Remote support to users
- Extended connectivity of the Link network for online services
- Expansion of online Customer Information Control System (CICS) over the Link network
- ISO 9001 recertification of the Monitoring Center
- Engineering over Windows 10 to support transactions in the Sur System
- Concurrence manager for BIP online banking users

Service Quality

No Neutral ATMs - New facilities and replacements

In 2020, seven ATMs were installed in Business Units and one machine was replaced.

NEW ATMs

- 3 ATMs at the new Ezeiza Business Unit
- 2 ATMs at the Riobamba Business Unit
- 1 ATM at the Pellegrini Business Unit
- 1 ATM at the Carlos Casares Business Unit

ATM REPLACEMENT

- The ATM at the Salto Business Unit was replaced



A more innovative Bank

The business world is a changing world, and we are currently living in an environment of amazing transformations. More than ever, organizations are experiencing the need to adapt their business models, adjusting the traditional methods to be able to be ahead of customers' expectations and needs.

Business Development

Financial Banking

We began 2020 with a large project ahead: in January and February, we were part of the Argentina contra el Hambre program to combat hunger and distributed Alimentar cards. It was a strong commitment and represented a great challenge to us. As it is known, the ASPO lockdown was imposed in March. We had to rethink each job and started working remotely, answering questions over the phone or by email, with calls being rerouted to our employees' mobile phones. Little by little, we adapted to this new normal, strengthening our jobs and proposing ideas for better servicing our customers.

Time went by and we reached the point in time when IRAM [Argentine institute of standardization and certification] performs the annual audit on the processing of Fixed-Term Deposits at Pre-Agreed Rate, which holds an ISO 9001:2015 certification. The audit was performed seamlessly. We used MS Teams to meet with the external auditor,

thus strengthening our quality management system even more.

In 2020, the Foreign Exchange Trading section processed the sale of USD 474 million (notes) to individuals and traded foreign currency in the spot market through MAE (Mercado Abierto Electrónico) for USD 1,960 million, and a total amount of USD 90 million in futures (USD 53 million through MAE and USD 37 million through ROFEX [Rosario futures exchange]). Simultaneously, we conducted commercial negotiations to build new relationships with customers and maintain the current ones by holding virtual meetings attended by other areas as well, such as Corporate Banking and Foreign Trade.

The Bank, through the Securities Trading section, traded over \$2,700 million of fixed-income securities at BYMA (Bolsas y Mercados Argentinos SA) of its own and third-party portfolios, and \$2,190 million of

mostly third-party equities. When compared with 2019, the amounts traded went up by 111% in the case of fixed-income securities, and 238% in equities, mostly as a result of an increase in the number and volume of transactions involving CEDEARs [negotiable depositary receipt that represents securities issued by a nonArgentine entity], which have been used as an alternative to hold US-dollar denominated investment portfolios.

With respect to the MAE wholesale market, we continued building customer loyalty to expand our volume of transactions. In 2020, the Bank's profits from trading transactions surpassed \$3 million.

In 2020, the national government initiated a process aimed at restructuring the peso-denominated debt (simultaneously with the restructuring of the debt in US dollars) and held 40 auctions of new instruments (including CER-Badlar-adjustable discounted bills and bonds) and 9 swap auctions. The Bank offered its customers the possibility of bidding at those auctions using the BIP platform and business units.

The Bank maintained its role as lead manager of Provincial Treasury Bills. In 2020, 12 auctions were held and a total of \$99,000 million (NV) were awarded.

The Bank also managed several primary issues of corporate bonds, totaling 19 in 2020 (almost doubling the figure registered in 2019), which included, without limitation, issuers like YPF, PAE, IRSA, Pampa Energía and Aluar. The Bank's efforts in each these placements (corporate bonds, provincial bills and national Treasury bills) resulted in over \$45 million income in commissions and fees.

Our commercial effectiveness also contributed to a real increase in the funds held at Banco Provincia's net worth.

When speaking of deposits in domestic and foreign currency, any summary of 2020 becomes difficult if no mention is made to the 2019 context and the effects from the measures adopted by the BCRA and aimed at regulating access to the foreign exchange market, reducing the demand for US dollars, and mitigating the inflationary inertia from the previous year and the new expectations for 2020. The external environment prevailing in the first two months of the year, when the pandemic had not been declared, showed that our major trade partner was growing, trade conflicts were softening and developed countries were easing their monetary policies and encouraging risk appetite, which favored emerging countries.

In a period of scarce activity, wholesale deposits in pesos grew at the same pace as the system's (22%) from the

last business day of 2019, while retail fixed-term deposits grew 8.8% in the same period, compared with a 6.1% in the market. Deposits in foreign currency contracted, particularly in demand accounts, although a modest increase was observed in fixed-term deposits.

On March 19, 2020, a strict lockdown (ASPO) resulting from the evolution of COVID-19 imposed a near-total cessation of economic activity (only those considered to provide essential services could continue operations).

To sum up, deposits went up in general in Q1 2020, being the largest increase registered by UVA (Unidad de Valor Adquisitivo - Acquisition Value Units) -linked fixed-term deposits in February and March 2020 as a result of inflation rate expectations and a gradual decrease in the interest rate paid by traditional fixed-term deposits. A new investment alternative was launched for Individuals: "Early Withdrawal UVA-Linked Fixed-Term Deposits". These deposits are tied to the changes in the inflation rate, but individuals may withdraw their money earlier if the inflation rate is not higher than the fixed interest rate agreed on the deposit date.

In late March, when the lockdown was imposed, the market showed excess liquidity in addition to closed bank offices and reduced lending. This situation led to lower interest rates, which fell even below a 20% annual nominal rate. Starting on April 16, 2020, the BCRA published several Communications raising the interest rate on deposits, intended to reduce the demand for US dollars, among other purposes. The first Communications provided all individuals with an interest rate equivalent to 70% of the LELIQ interest rate, which, at that time, amounted to an annual nominal rate of 26.60%, although deposits were capped at one million Argentine pesos by depositor. Two weeks later, this decision was reviewed and the amount was increased from one to four million Argentine pesos by depositor, which limit was raised again and any amount deposited at a fixed term, either by an individual or legal person from the private sector, would be paid the above-mentioned annual nominal interest rate. This instrument and the early-withdrawal UVA-linked fixed-term deposits provided small investors with a real positive interest rate, making them less prone to buy US dollars.

In the new scenario, the BCRA reviewed the minimum cash requirements and authorized all financial institutions to comply using LELIQs for the total amount of fixed-term deposits and investments made by persons of the non-financial public and private sectors, except the maximum compliance share of "Fixed-rate National Treasury Notes in Argentine pesos". Then, the BCRA published a new Communication increasing the share of the LELIQ interest rate collected by individual customers from 70% to 79% (at that time, the rate amounted to 30.02%).

However, these interest rates hikes and a reduction in inflation rate data made most of the UVA-linked deposits that had grown in Q1 2020 decrease and shift to deposits that, at that time, were paying a regulated capped interest rate that was much higher than the UVA rate.

In June 2020, many companies and individuals placed fixed-term deposits in view of the excess liquidity created by foreign exchange restrictions. Wholesale and retail fixed-term deposits in the financial system increased by 13.93% and 9.67%, respectively. On July 30, 2020, the BCRA raised the interest rate once again to 33.06%, with a maximum deposit of one million Argentine pesos per individual depositor. By mid-October, the minimum interest rate for individuals was set at 34% for deposits of up to one million Argentine pesos and at 32% for legal persons. To conclude with rate adjustments and keep them in line with the target set, on November 12, 2020 the BCRA published a 37% annual nominal interest rate for deposits of up to one million Argentine pesos made by individuals and deposits made by individuals for larger amounts would bear a 34% interest rate (same rate as legal persons). In this environment of minimum interest rates adjustments and financial support, deposits in the Bank from the retail private sector increased by 39% (5.5% above the system's average), and 127%, when made by the wholesale private sector (compared with 111% in the financial system). In December 2020, deposits from the retail private sector went up 1.6% in the Bank and slightly over that figure in the financial system (2.3%).

The performance of the UVA-linked fixed-term deposits should be highlighted. They increased 85.70% in the Bank, although both types (traditional UVA-linked and early-withdrawal fixed rate UVA-linked deposits) went up a bit more in the financial system. In December 2020, they had gone up 26% from November 2020, while the increase in the financial system amounted to 15.40% in the same period. With respect to the share of private sector fixed-term deposits, the increase in the retail, wholesale and UVA-linked categories amounted to 28.15%, 70.13% and 1.72%, respectively, in the Bank and 28.55%, 68.99% and 2.46%, respectively, in the financial system.

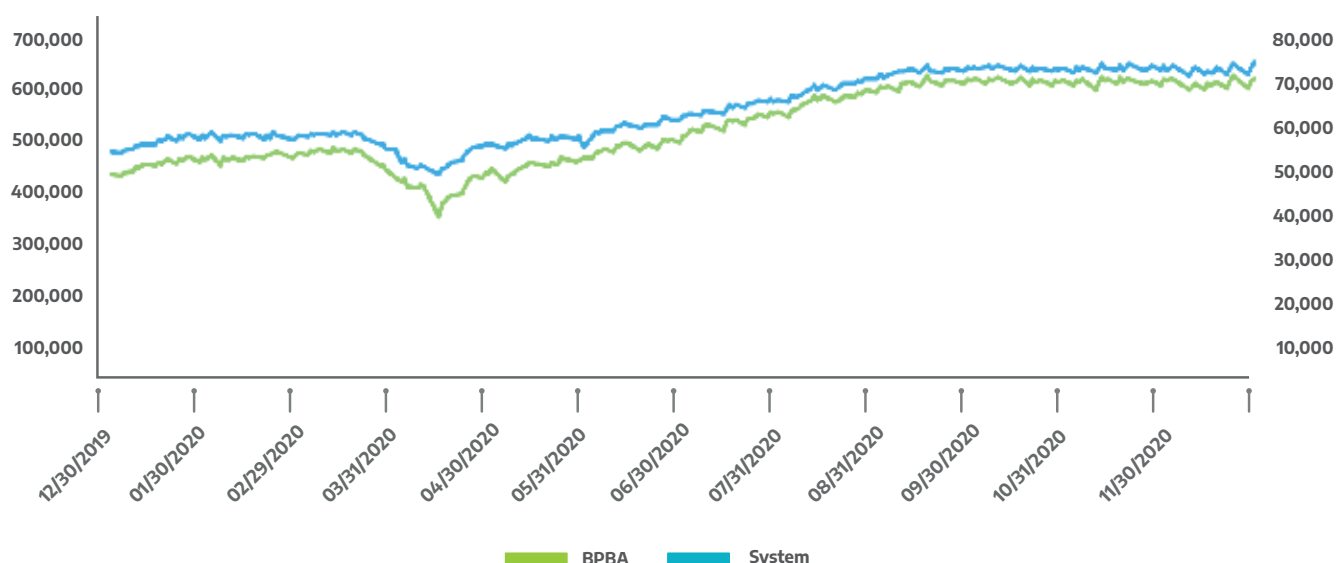
Finally, we would like to highlight a product launched in mid-2019: "Interest-Bearing Checking Account". This product helped us increase our level of deposits 4% more than the financial system and optimize our funding costs.

Deposits in foreign currency showed some volatility in the previous year. They contracted and decreased 8% from 2019 in the Bank, although the fall in the financial system was much deeper. However, the situation reversed in December 2020.

BCRA Regulations

Communication "A" 6980 – Regulated Rate – ANR 26.60% <small>(Annual Nominal Rate)</small>	Up to \$1,000,000 per account holder for natural person
Communication "A" 7000 – Regulated Rate – ANR 26.60%	Up to \$4,000,000 per account holder for natural person
Communication "A" 7018 – Regulated Rate – ANR 26.60%	Without a maximum amount for both natural and legal persons
Communication "A" 7027 – Regulated Rate – ANR 30.02%	Without a maximum amount for both natural and legal persons
Communication "A" 7078 – Regulated Rate – ANR 33.06%	Up to \$1,000,000 per account holder for natural person, or if legal person, an ANR of 30.02%
Communication "A" 7139 – Regulated Rate – ANR 34.00%	Up to \$1,000,000 per account holder for natural person, or if legal person, an ANR of 32.00%
Communication "A" 7160 – Regulated Rate – ANR 37.00%	Up to \$1,000,000 per account holder for natural person, or if legal person, an ANR of 34.00%

RETAIL DEPOSITS - Private Sector 2020



Capital Markets

In 2020, a year marked by the pandemic that changed the usual way operations are conducted, the Bank reinforced its commitment and role in capital markets, participating actively in various public and private sector debt issuances.

Therefore, the Bank once again consolidated its role as the leading arranger and manager of debt securities in the provincial public sector, with participation amounting to \$ 102,626 million. The Bank also reached record participation in private sector issuances, exceeding previous years in quantity and volume. We have supported -as arrangers and underwriters of Corporate Bonds and Trusts- Large Companies and SMEs such as Pan American Energy, Albanesi, IRSA Inversiones y Representaciones, Cresud, Newsan, Pampa Energía, MSU, Generación Mediterránea, YPF, Ángel Estrada and Red Surcos, among others, with issuances over \$ 68,041 million.

The funds under management of the "1822 Raíces Mutual Fund" family rose from approximately \$ 11 billion (December 2019) to more than \$ 44 billion (December 2020), recording an annual growth of more than 300%.

We have continued working to enhance customers' experience with securities and mutual funds transactions through our Banca Internet Provincia (BIP) platform, adding information and functionalities to improve processes. This is reflected in trades, as 98% of securities trading and 99% of mutual fund subscriptions and redemptions are currently carried out through our digital channels. Consequently, our branches have been able to minimize their operative workload, reduce the operational and legal risks, and, above all, encourage financial inclusion.

Moreover, in 2020, we were one of the few banks that made it possible for our customers to carry out Debt Security Swap transactions in a completely digital manner, through our BIP platform, with exclusive information channels and permanent support.

In 2021, we will continue to facilitate and enable more and more companies to access capital market financing. Our purpose is to help channel savings into a productive development, enhance our customers' digital experience, develop further savings and investment instruments, and achieve greater financial inclusion.



Marketing

The year 2020 presented a new context, and with it, a tremendous challenge for the Bank. The COVID19 pandemic and the social distancing measures imposed made it necessary to take digital transformation actions and relaunch the "Cuenta DNI" app, the first digital banking wallet in the market. Through different comprehensive communication strategies, awareness and loyalty-building initiatives, supported by solid promotions and benefits, we now have a community of 2.5 million "**Cuenta DNI**" users. Additionally, this new tool allowed the Bank to support the Province of Buenos Aires in the implementation of the Emergency Family Income (IFE) program. A total of 1.2 million provincial inhabitants were able to collect this welfare benefit through the digital wallet.

To encourage the use of the "**Cuenta DNI**" app and reach greater capillarity in our provincial commercial banking network, alliances were forged with various organizations, chambers and companies of the Grupo Bapro. As a result, we have reached agreements with "neighborhood merchants", with more than 1,500 single-owned businesses and 40 commercial chains, representing a total of more than 1,500 points of sale.

As for the "**Me Sumo**" Rewards Program, internal parameters were optimized to automate the expiration of loyalty points, resulting in \$ 20 million savings in contingent points. There was an 8.65% increase in new registrations, with a current total of 766,000 customers, and average monthly redemptions continued to rise by 5% monthly, reaching 10,000 monthly redemptions in particular actions done.

Concerning credit and debit cards, regular benefits have been designed in different consumption sectors to develop and build customer loyalty to these means of payment.

The Bank planned campaigns and actions for special dates such as "Back to school", "Father's Day", "Children's Day", "Surprising Discount on Clothing for Spring Day", "Shows via streaming", "Mother's Day", "Special Paint Shop Day", "Discounts on Deliveries", "Pre-summer Surprising Discount on Clothing and Cars", "Surprising Discount on Selected Items" -fuel and ice cream shops- under the slogan "Today is 30%!", "Christmas" and "Epiphany".

Communications campaigns were carried out to boost our digital products and services and to educate and raise awareness on security and fraud issues. To enhance customer's experience, we implemented a new methodology to systematically capture, measure and analyze the Voice of the Customer. We could monitor the evolution of specific Customer Experience indicators and measure the impact of the initiatives implemented in the "**Cuenta DNI**" platform, both for individual and business customers.

Aware that the Bank is approaching its bicentennial, we will continue working on the design and development of the new website, whose main objective is to provide an efficient digital solution that enhances the experience of customers and visitors. We intend to enable easy access to quality content through intuitive and straightforward browsing, thus increasing the business's profitability and encouraging customer self-service. Additionally, we will continue working on the automation of merchants and strengthening the "**Me Sumo**" Rewards Program adding **Cuenta DNI** and investment products and integrating them into the online shop platform. We will keep on developing new payment methods for merchants and enhancing their visibility. We intend to hold commercial chain relationship talks in different areas of the Province, organize training events and enter into new alliances with regional chains.





Products

In commercial terms, the disruptive context resulting from the pandemic led us to rethink all plans and redefine our goals. Preventive and mandatory social distancing measures and the closing of branches for in-person transactions sped our technological transformation. They led to the adoption of digital channels for the settlement of transactions.

The year 2021 will undoubtedly present us with new challenges: a scenario that continues to be uncertain and a technological revolution that is here to stay. We worked on the Business Plan so that branches could work to targets from the first month of the year, as had not been the case for many years. In this regard, our plans for 2021 were based on the following lines of work:

- Digitalizing the Bank's processes. This includes implementing new digital functionalities in the **Cuenta DNI**, **BIP** and **Bip Móvil** platforms and encouraging and increasing adherence and use of these channels.
- Developing the new customer portfolio as a result of the exponential growth recorded in 2020, resulting from the relaunch of the **Cuenta DNI** app.
- Launching and implementing new products, such as the Empresa platform, packages for low-income customers, Master In and Teenage Account.
- Supporting the "**Incluir**" program with new products and commercial actions for lower-income segments, young people and pensioners.
- Adapting channels to make them accessible and user-friendly to all.
- Working hard on attracting merchants to increase the percentage of businesses whose sales currently go through an account in our Bank.
- Finally, implementing a Virtual Shop as a new channel and new income source for the Bank, through which customers can operate remotely and businesses can exhibit their products. The Bank will build customer loyalty by increasing consumption and transactionality while contributing to the development of regional economies, mainly through the incorporation of small local businesses.

Commercial Strategy

The main achievements in 2020 were:

Migration of the Single Business Database: The single business database (DataWarehouse) was successfully migrated. The purpose has been to guarantee data traceability, focusing on standardizing the information shared by different areas for data mining purposes.

Data Commission: The Data Commission was created and monitored. The Commission has provided a strategic and operational framework integrating different methodologies, tools and Bank departments to define optimal policies and take advantage of the information distributed across the organization, following the relevant responsibility and approval processes.

Training in data mining tools: We worked together with Human Resources to train our staff in Tableau, providing all working areas with tools to analyze information and its correct use in decision-making. The training was delivered virtually, and it is available on the Provincia Campus.

Commercial Information Analytics

The main achievements in 2020 were:

Segmented bases: With the support of ad-hoc specific data models, we created commercial prospects for customer base development and customized and targeted communications campaigns.

Cuenta DNI: We supported and implemented campaigns for **Cuenta DNI** customers and merchants, contributing to customer development in using this product. Dashboards were developed to measure and understand the penetration of the **Cuenta DNI** app in different geographic areas.

Development of models for Business questions: Improved datasets and analytical models that allowed to produce specific reports and analysis for decision-making purposes.





Customer Information Center

The main achievements in 2020 were:

Successful Management of CC in the context of the COVID19 pandemic + implementation of CDNI and IFE:

The Bank managed to provide customized attention while maintaining excellent satisfaction levels by phone and on social media in the context of the COVID19 pandemic while rolling out products simultaneously.

Data standardization and KPIs: Data standardization was achieved in all channels, from registration forms and typologies to service performance indicators.

Customized service in social media, customer validation and case management: We focused on social media, training operators in digital customer service to provide guidance and manage tickets after completing the customer validation process.

Creation of an expert Training and Coaching area:

Our challenge is to continuously train and enhance the call center service with updated information on the Bank's products. The objective is to improve and provide reliable information in an organized manner, establishing continuous improvement cycles and surveying the needs of both sides.

Configuration and implementation of a tool for social listening, sentiment analysis and digital campaigns

We will measure the impact of each digital campaign and compare ourselves with some competitors to decide on the best communications strategies. It will be possible to analyze sentiments based on the comments made and then design a series of rules that will alert us to situations with high reputational risk to respond quickly.



Personal Banking

Commercial Management

We designed commercial campaigns for Personal Loans through our BIP platform, aimed at the following sectors:

- Education, including 150,000 teachers. (Launched on 12/4)
- Health, targeting 25,500 customers. (Launched on 12/14)
- IPS and ANSES retirement and pension benefits. Campaña Fiestas (Christmas Campaign, aimed at 50,000 beneficiaries). (Launched on 12/17)
- In August 2020, the publication of the Personal Banking Performance report was requested.

Sales Teams:

- We registered 12,943 new Salary Accounts.

- We managed to activate 87% of open accounts.

- During the lockdown period, 3,204 companies were contacted to register and activate their salary accounts.

- We have 30 salespersons spread over 6 Regional Centers. The salesperson/number of salary accounts opened in the private sector ratio was 21%.

- New salary accounts opened increased by 46% as against last year.

- The dynamism and flexibility of our salespeople have made it possible to assist companies throughout the Province, transcending the boundaries of the centers where the teams usually operate.



Loans to SMEs

During 2020, the SME Banking Management granted loans to the SME sector for over \$ 45 billion, mainly for working capital, investments, foreign trade facilities and document discounts. The latter included some \$ 18 billion in soft rates and the incorporation of **Echeq** discount operations.

Given the conditions imposed by the COVID19 pandemic, the Bank worked towards easing financing for the most vulnerable companies and stimulating the most dynamic sectors of the economy. To this end, the Bank implemented several Credit Facilities Programs. Among them, the SME Reactivation

Program stands out. This Program included working capital and foreign trade facilities, document discounts and investment options. From the first days of the lockdown period, the Bank also supported SMEs with an emergency facility to pay salaries.

The Bank has also been present in the main provincial industrial centers, with a team of commercial banking officers specially trained to facilitate corporate access to the financial

system and provide customized advice.

The Bank, through the SME Banking Management, participated in various events, such as ExpoAgro (in its traditional and virtual versions), Somos Industria virtual, Expo Pyme virtual and Encadenar, among others. Together with the Ministry of Production and the municipalities, informative talks were given to companies on credit facilities and the Pactar Card.



Loans to the Agro-Industrial Sector

In 2020, the Bank granted loans to the Agro-industrial sector for \$ 91,427 million, of which 88% went to the MiSMEs program accounting for 58% of total financing to the corporate sector, higher than in 2019. The following actions, offered on competitive terms, stood out: the Procampo Card, document discounts, working capital under the SME Reactivation Program and investment financing. In particular, under Procampo, special financing conditions were offered in the framework of agreements signed with the leading supplier companies of inputs and services in the sector. The Procampo Card became the agricultural card with the largest market share in the Province of Buenos Aires, billing over \$ 18 billion in 2020.

The Bank consolidated its presence in the principal provincial agro-industrial areas by incorporating commercial executives highly trained and specialized in advising companies in agro-industrial facilities to the sector. Despite the restrictions imposed by the pandemic, new customers were recruited, credit financing was increased, and the Bank's products and services were offered, achieving

greater loyalty and better performance of the agribusiness portfolio.

To enhance the support to farmers in the Province of Buenos Aires, we participated once again as Main Sponsor of Expoagro 2020, the most important outdoor agro-industrial fair in Argentina, offering special promotions with the Procampo Card for the acquisition of cattle, animal health products, seeds, fertilizers and agrochemicals, fuels, tyres and renewable energy. As part of the A TODA MAQUINA program, we also helped reach the best agreements with leading machinery suppliers in the sector to acquire capital goods. This initiative allowed the Bank to strengthen its business relationship with entities in the industry, such as MAGRIBA (Agricultural Machinery of the Province of Buenos Aires), benefiting their member companies with differential conditions to provide continuity to their productive development.



Loans to the Corporate Sector

In 2020, the balance of the Corporate Banking portfolio destined to economic groups, extra-large, large and medium private enterprises located in Argentina remained the same as in 2019, totaling \$ 29,721 million in December 2020 (56% of the total Corporate Sector). Thus, we adapted to market changes with only 30% of the staff on-site and maintained the customer service level desired.

Loans to this sector amounted to \$ 23,561 million (15% of the total Corporate Sector), with high profitability of \$ 1,422 million (2.8%).

We believe it is necessary to put a particular focus on the continuous improvement of customer service. Together with Foreign Trade, Capital Markets, Money Market, Foreign Exchange Trading and Financial Policy and Projections managements and the Group

companies, the Bank has managed to increase its participation in the issuance of Corporate Bonds, Advances on Current Accounts, Funds, ART (Labor Risk Insurance) and Insurance Contracts.

Despite the current difficulties, the Personal Banking commercial team has succeeded in signing nine agreements and recorded 1,810 openings, contributing to 17,494 salary accounts.

Lastly, further progress was made in conjunction with the Systems Management in improving Gestionar, a fundamental customer monitoring tool, which enables us to visualize customer qualitative and quantitative development. This system supplies information to all the Bank's business segments.

Loans for the Financing of Foreign Trade

In 2020, loans for USD 165 million were granted to finance foreign trade, particularly to SMEs in the Province of Buenos Aires.

Special focus was laid on customers, building our management model on Service Quality, Profitability, and New Technologies applied to the business. This resulted in 62,010 transactions for a total of USD 2,690 million,

an 8% increase in the amounts traded against the previous year.

We developed and implemented web modules for incoming and outgoing foreign trade transactions through the BIP platform. In 2021 we will incorporate new functionalities to optimize service provision.



Commercially and in the context of a pandemic, we are boosting business using new communications platforms, organizing events, workshops and conferences, providing the necessary tools to enter the export market, and encouraging and promoting productive

activities. These actions will be sustained in the coming year.

Income from Services totaled USD 6.10 million, up 15% over 2019.

Credit Analysis

The year 2020 was challenging in all respects. In addition to the change of Management at the Bank, extraordinary challenges resulted from the pandemic.

Against this backdrop, the Credit Analysis Management showed it could quickly adapt to the new reality with actions and decisions that allowed this Management to be fully operational. Briefly, the remote connection of all analysts was achieved in record time; regulatory waivers were proposed to maintain agreements in force during the strict lockdown period; lending powers were enhanced; and the parameters and maximum limits of the automatic commercial credit scoring systems, like the one related to securities classification, were adapted to the new reality. This had a positive impact on the efficiency of the loan origination process.

At the technological level, the Bank decided to empower the Corporate Management System (initially conceived for the Credit Analysis area to manage the agreements granted through the Loans Management Commission). We decided to turn it into a digital environment

accessible to the whole Bank. Thus, it was necessary to channel all the operations of Parametrized Web (Parametrizado Web) for assigning evolution credit margins and incorporate the functions of the Delegated Powers module so as to streamline and make lending operations safer through the business units. Both modules currently process an average of 130 transactions daily.

Also, on the SGE platform, the Instrumentation Modules were implemented in the BIP Channel, which allows current margins to be used in discounting electronic checks (Echeq), an operation that already accounts for more than 60% of total documents discounted.

In Personal Banking, we carried out a regulatory reorganization of the Scoring System – Individuals. We enhanced procedures and data interpretation. We started a batch scoring process for our clients to support commercial campaigns. Additionally, in December 2020, we surpassed the level of the placements recorded before the outbreak of the pandemic.

As a user area, we played a leading role in awarding the Credit Information Service, with a cost reduction for the Bank in the Personal Banking sector of almost 67%, resulting in an estimated annual saving of \$ 5,900,000.

The main challenge for 2021 is developing the Corporate Management System, enhancing it with more tools for customer scoring, monitoring and information purposes.

Debt Recovery

The main milestones achieved in 2020 are presented below:

Coordination of debt collection actions in the segments not covered by the rules and regulations of the Argentine Central Bank, as a consequence of the ASPO Measures implemented as of March 20 due to the COVID-19 pandemic.

Approval of specific facilities for the SME sector to address debts in early default.

Readjustment of the V Consolidation Plan, so that customers can refinance their Visa

credit card debt balances in the event of needing longer terms than those provided for in the rules issued by the Argentine Central Bank, without any need for the customer to physically go to a branch to access the plan.

Increase in the share of consumer debt refinancing approved by the consumer portfolio management team.

Training and specialization of human resources for corporate debt monitoring.

Approval of a Special Payment Plan for bad loans up to a total amount of \$ 100,000.

Risks Management

The Bank has a comprehensive risk management program in place. It includes tools to identify, measure, monitor and mitigate risk exposure following the best practices laid down by the Basel Committee on Banking Supervision and implemented by the Argentine Central Bank.

Accordingly, and considering the Bank's features, the Board of Directors resolved to create a Risks Committee, which holds monthly meetings and analyses risk management issues at an institutional level.

The Risks Administration Management, supervised by the Economic Research and Risks Administration Management, which directly reports to the Board of Directors, provides top supervisory officers with crucial information through reports. Among its activities, the following stand out: drafting and submitting reports on loan portfolio performance, Expected Credit Losses, economic capital and risk integration with Grupo Provincia; presenting reporting regimes before the BCRA; preparing contingency and management limits proposals; and elaborating Contingency Plans, if applicable.

In 2020, despite the disruption in daily activities caused by the COVID19 pandemic, it is worthwhile mentioning the development and consolidation of the monthly expected credit loss model and its risk parameters to comply with the IFRS Standards. This requirement had to be enforced from the current fiscal year in compliance with the Argentine Central Bank regulations. The new methodology allowed to recalculate the current economic capital models using credit risk.

During the first months of 2020, with the outbreak of COVID19 in Asia and Europe, emphasis was placed on analyzing and reporting the pandemic's impact, mainly in the European banking and financial sectors, and alerting the risk-related situations encountered.

Once the pandemic landed in Argentina, the Bank closely monitored the provisions issued by the national authorities concerning the ASPO measures and the new regulatory framework of the Governing Body concerning credit, liquidity and transactions.

About credit risk, the Bank assessed the impact of each of the measures taken to contain the consequences of ASPO/DISPO (Preventive, Mandatory and Social Distancing) measures. Projections of the effects on everyday

activities were made, improving the quality and granularity of the data. At the same time, risk factors were identified. The joint work with other areas made it possible to mitigate the impact of the current situation on the portfolio credit quality.

Concerning financial risks, reports and presentations were prepared on the impact of regulatory and economic measures on the liquidity of the Bank and the System, and control and monitoring indicators were strengthened for the main peso and dollar-denominated variables in the new context, adding a more detailed focus on deposits, loans and interest rates.

In terms of operational risk, reports focused on accelerating the digital transformation, streamlining the organization, and the future of work with an increased focus on IT security.

At the same time, while maintaining its forward-looking approach, the Risks Administration Management analyzed and reported the results of the stress scenarios on portfolio irregularities and financial risks developed in conjunction with the Economic Research area.



A more inclusive Bank

Sustainable Finance

In March 2020, the Sustainable Finance Management was created under the Finance Deputy General Management, integrating economic, social and environmental factors in all areas and activities to contribute to sustainable development.

The creation of this Management is part of the commitments made by the Bank during 2019 in the area of sustainability. Firstly, with the signing of the Sustainable Finance Protocol, local banks undertook to incorporate environmental and social criteria into their operations. And then, with the adherence to the United Nations Global Compact, expressing its willingness to uphold human rights and labor standards, preserve the environment and act transparently in its activities and operations.

Loyal to our mission of establishing a comprehensive sustainability strategy, we first made a self-diagnosis against international sustainability standards. This exercise allowed us to know the progress we have made in each main area of focus. We defined the most relevant stakeholders for the Bank and put together a matrix of important topics to report in our first sustainability report.

One of the first points arising from the self-diagnosis analysis is the need for sustainability policies to guide the institution's actions, including social, environmental and governance criteria. For this reason, we worked on the drafting of a Sustainability Policy and the definition of general criteria to be considered in the development of specific policies, such as Inclusion Policy, Human Resources Policy, Gender and Diversity Policy, Human Rights

Policy, Environmental Policy, Information Security and Personal Data Management Policy, Responsible Financing and Investment Policy and Responsible Purchasing Policy, which are in the process of being analyzed and approved.

Thanks to the efforts made, we could draw up the sustainability focus areas to establish challenging objectives for the commemoration of the Bank's 200th Anniversary. The intention is to position ourselves as promoters of the sustainable development of the Province of Buenos Aires and the communities and individuals that inhabit it. The pillars of our sustainability strategy are Human Rights, Transparency, Financial and Digital Inclusion, Sustainable Projects and Finance, and Responsible Consumption and Production.

We also made progress in developing the sustainability management model, involving different areas in thematic working groups. The objective is to establish a collaborative and co-managed strategy, with goals aligned to our priorities and a plan to measure progress and evaluate the actions necessary in each case to achieve the desired goals.

In particular, we have made a deeper analysis of some of the main sustainability-related areas of focus, such as:

- **Gender Parity Initiative:** With the Human Resources area, we proposed at the Sexual Diversity, Gender Identity and Women's Rights Commission that the Bank could join the Gender Parity Initiative (IPG Argentina). This proposal was subsequently approved by the Board of Directors, making us the first Bank in the country to join the Initiative.

We then carried out a self-diagnosis against international standards, which allowed us to measure mainly three dimensions: proportion of women on the payroll, differences in compensation and leadership positions, among many other issues. The outcomes of the diagnosis evidenced that gender-related issues are a priority in the action plan.

- **MiSMEs Sustainable Development Program:** Based on our experience and know-how, we designed a program in the spirit of making our material, human and financial resources available to the community to promote its sustainable development.

- **Comprehensive inclusion strategy:** We devised a plan in line with the National Financial Inclusion Strategy. We set the general framework for financial and digital inclusion to promote responsible and sustainable access to financial products and services, targeting groups at greater risk of exclusion.

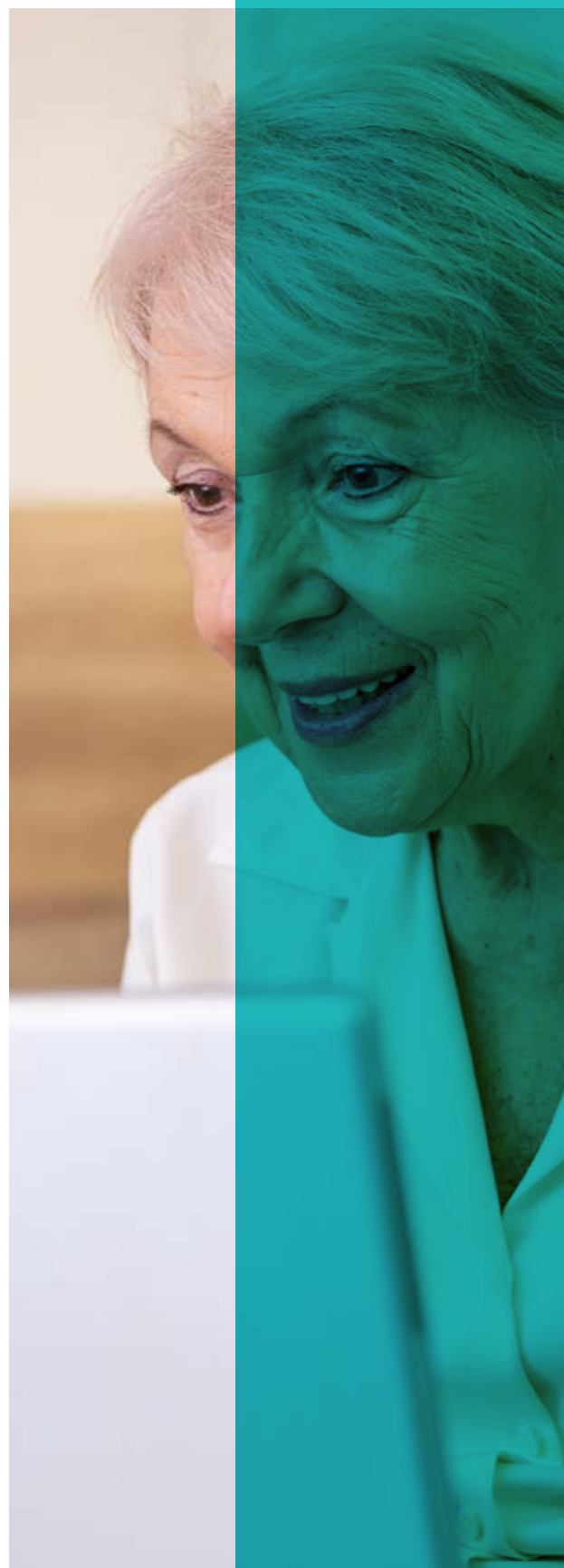
- **Segmented financial awareness proposal:** We analyzed the behavior and preferences of both the provincial inhabitants, in general, and the Bank's customers, in particular. We segmented the sample by age groups and socio-economic level, considering it necessary to understand their different realities and outline financial awareness campaigns with the most significant impact.

- **Comprehensive analysis and proposal for the women's segment:** We conducted a study on the characteristics of the female sector in economy, business, the financial industry and the Bank, which led to proposals for comprehensive service programs for women-led businesses and women exposed to gender-based violence situations.

- **Sustainability training program for all staff:** We developed the training material for all the Bank's staff via the Campus Provincia platform in 2021.

Additionally, we participated in the meetings of the Advisory Councils, highlighting the relevance of sustainability throughout the productive sectors of the Province of Buenos Aires.

Moreover, we participated in the respective thematic roundtables of the Sustainable Finance Protocol, intending to advance a common framework for all the banks signatories to the Protocol and the roundtables of the Association of Public and Private Banks of the Argentine Republic (ABAPPRA). The main focus has been to promote the integration of social and environmental risk factors and gender mainstreaming both within their organization and in the value propositions made to customers.



The year 2021 poses the challenge of acting on all these analyses and proposals and following up on our goals, providing our stakeholders with a sustainability report of the achievements and progress made in sustainability management. As previously

mentioned, the focus of the sustainability strategy will be on Human Rights, Transparency, Financial and Digital Inclusion, Sustainable Projects and Finance, and Responsible Consumption and Production.

Human Resources

The management of internal communication, involved in all Management's processes, took on specific features during this period derived from the organizational effects of the pandemic. Thus, other departments were provided with contingency solutions to compensate for some transitory limitations of access and connectivity to the internal network for various network users.

Following the resolution of the Board of Directors that established inclusive language in formal communications, work was carried out to adapt the content, wording and aesthetics to adapt the organizational messages sent by the Management.

Also, in pursuit of inclusion, we worked with other areas to adapt content to sign language, providing support and facilitating access to information for deaf people working in the Bank.

Since the beginning of the COVID19 pandemic, the premise has been to act on prevention and preservation of the health of the Bank's staff, especially supporting those who fell ill or are suffering its consequences. Since March, the Health and Welfare at Work team has monitored more than 5,400 cases, providing

daily and comprehensive support. The year ended with 477 COVID cases recovered and two deaths, whose families and co-workers were also accompanied at such a difficult time.

In this context and under the Resolution of the Ministry of Labor, Employment and Social Security paid leave was granted to staff who had to take care of children of school age and staff at risk. At the same time, we established a new leave for plasma donation and extended the scope of individuals involved in organ donation.

In an attempt to adapt to the new scenarios posed by the pandemic, the Occupational Health and Hygiene Protocol was published and continuously updated in a joint effort with the Physical Security Management. Since its publication, permanent communication campaigns have been carried out, providing reliable information and advice on prevention.

As part of this effort to take care of everyone, we will continue to monitor and isolate COVID positive or suspicious cases, analyze and update the current regulations under the relevant provisions, and develop communications campaigns to inform about

prevention and appropriate healthcare strategies.

The Bank adhered to the Gender Parity Initiative (IPG, for its Spanish acronym), which aims to raise awareness around gender gaps in several labor dimensions: workforce participation, remuneration and leadership. In conjunction with the Sustainable Finance area, we uploaded the information required by the Self-diagnosis Survey carried out in the context of the IPG. The survey provided us with quantitative and qualitative data that we could benchmark to the Initiative and propose - at the organizational level - future comprehensive and cross-cutting action plans to pursue an egalitarian strategy.

We currently have 10,248 employees, 45.2% of whom are women. The gender composition of the Bank's staff has been gradually improving, and the distribution between men and women is now more equitable.

The inclusion of mandatory training on gender and violence against women and non-heteronormative identities, better known as the Micaela Law, was also approved. Awareness-raising actions were carried out in coordination with the Ministry of Women, Gender Policies and Sexual Diversity of the Province of Buenos Aires and the National Institute of Public Administration. To date, 90% of the Bank's staff has been trained. Interdisciplinary work will continue to pursue the objective of establishing an annual training plan covering topics such as gender and workplace violence, introduction to gender mainstreaming, sexual diversity and human rights, among others.

Until March, telework was used by a limited group of employees and Departments. With the enforcement of the ASPO measures, teleworking had to be enabled for more employees. Today 4,230 employees are

working from home. A proposal was presented to broaden the current work-from-home scheme, in line with the provisions of the new national Teleworking Law. Meetings were held with the departments involved and with the staff providing teleservices to draft the proposal based on the needs and culture of the organization. We have plans to gradually advance the implementation of a model in line with the organization's needs and adapt it to the relevant national legislation and regulations. Likewise, to meet operational needs and facilitate training, we created a virtual space in Campus Provincia where relevant content is regularly added.

A new recruitment policy was also approved, establishing principles and guidelines for any selection process to fill a specific position within the organization. This policy promotes the implementation of selection mechanisms aligned with the Bank's values and identity. It also seeks to encourage and guarantee ethical, transparent, inclusive, fair and equitable procedures adapted to the position to be filled. Following this and current regulations, the policy also seeks to promote gender equality and equity. We redefined the requirements for junior positions in the Bank's branches and headquarters to allow for an outstanding and balanced diversity of profiles contemplating the Bank's social role at the same time. We want to provide all those applicants who demonstrate the necessary competencies and commitment with the opportunities to develop at work. We intend to execute projects and methodologies for labor, social and economic inclusion. Work is also being done to facilitate the application and recruitment process for new candidates.

As to the Talent Detection Program, we continued to use surveys and talent mapping in junior and middle management positions in our branches, which will enable talent development and succession planning in

accordance with projected needs. About this, we will design specific training and internal career plans in line with the requirements of both staff and the organization. This will be carried out through continuous, gradual and sustained training actions.

The first stage of the "Future Women Programmers" program, which consisted of training in programming knowledge and skills, was completed. Sixty-eight per cent of the candidates passed this stage with flying colors. Along these lines, we intend to continue with internal detection and training programs to fill relevant positions and create development and growth opportunities for employees.

In terms of specific training, we offered virtual basic and introductory training to Tableau Desktop, a tool currently in demand for improving data management and visualization. Representatives from the various central managements took part.

The HR Portal was further developed, updated and improved, and 2,100 queries

and 275 administrative procedures were channeled through it in 2020. We added an "Administrative Procedures" module, which allowed us to process questions and requests online faster, more transparently and with less paper. The education update and work certificate application tool was launched and will be further optimized.

The Commercial Network, Operating Control and Support and Processes and Organization Managements adapted the organizational chart in the branches to level out the responsibilities of the different positions in the branches. In the same vein, the organizational chart of the regional centers was updated and aligned with the branches.

As part of the comprehensive benefits scheme and to enhance the work/life balance of the Bank's employees, an agreement was entered into with the firm GymPass, seeking to contribute to the physical and mental wellbeing of the staff.

Diversity and Gender Equality

On September 17 2020, the Bank's Board of Directors approved the Women, Gender and Diversity Management creation. Its mission is to coordinate the implementation of institutional policies and strategies that promote gender equality and manage and prevent all discrimination and workplace violence attempts, including assistance and support to victims of violence.

This new Management started its activities in October 2020, with Laura Maciel as its Deputy Manager. In November, she was joined by

Florencia Cepeda, a psychologist and member of the Interdisciplinary Team, and Vanina Flotta, a marketing graduate responsible for communication and training activities.

However, it should be noted that there have been no new recruitments, as hiring has been suspended in the context of the health emergency. For this reason, the managerial staff will also perform administrative tasks until the organizational structure can be completed.

With the incorporation of the psychologist, claims started to be formally addressed, under the newly implemented "Protocol for institutional action to address situations of violence, discrimination based on gender and sexual orientation". The team is currently working on eight claims of workplace violence and two cases of domestic violence in coordination with Human Resources. Twenty interviews have been carried out with claimants, defendants and witnesses. It is our priority to provide them with assistance, guidance and support, as we do with all other employees who consult us daily.

To facilitate contact, the Women, Gender and Diversity Management set up a special email address for claim submission, GerenciaDeMujeresGeneroyDiversidad-Denuncias@bpba.com.ar, and a 24-hour WhatsApp hotline, 116-332-3927.

In addition to directly responding to queries and claims, the Management is working towards gender mainstreaming. To this end, the financial inclusion project was launched in October, in coordination with the Sustainable Finance and Institutional Communications areas, to strengthen access to funding for women and LGBTI+ communities and help eliminate the gender gaps, through the implementation of a specific line of credit, with special access and service conditions.

Likewise, with the Human Resources area, we drove the implementation of the transvestite - transgender employment quota Law, designed to redress structural employment inequalities. Therefore, the conditions necessary for this historically vulnerable group to gain access to various positions and areas of our organization were created.

Communications and training activities are the third pillars. Dissemination of the Institutional Action Protocol began in October, with a first



virtual meeting organized for the Business Unit Managers and Regional Managers. Laura Maciel presented the main objectives and guidelines of the action plan. The Protocol was sent to each of the participants, offering a special space to address related queries and doubts.

In addition, meetings were held with the different employees' representatives in order to exchange opinions, clear up doubts and transmit fundamental notions regarding the Protocol and its application.

In addition, specific awareness campaigns were carried out for all staff on two special dates: November 25, International Day for the Elimination of Violence against Women in the world of work; and December 15, the date Law 27580 was passed, incorporating into the Argentinian legal system the ILO Convention 190 to eliminate violence and harassment at work.

Finally, the Women, Gender and Diversity Management designed its training program for 2021, based on five thematic axes: workplace violence, introduction to gender mainstreaming, domestic violence, sexual and gender diversity, and human rights, gender and diversity. The intention is to raise the awareness of Bank staff on gender equality and equity, respect for human diversity and non-violence as a guiding principle in interpersonal relations.

Regulatory Compliance

The year was marked by implementing the ASPO measures and the Regulatory Compliance area was no exception. In a period in which new regulations were issued and modified on a daily basis, the Regulatory Compliance management was not only in charge of communications but also of advising and supporting the business areas in the implementation of those that had an impact on the Bank.

Concerns and difficulties in the implementation of IFE Benefits, REPRO and other subsidies were channeled with regulators and state agencies. Faced with a changing, uncertain and volatile context, flexibility was key, adapting resources and services to organizational needs. All this without neglecting the Bank's regular obligations to the CNV, the OECD and FATCA compliance.

Anti-Money Laundering and Terrorist Financing

The ASPO and DISPO measures and their impact on the banking business required the rescheduling of in-person activities (both for customers and employees), inter-jurisdictional travel (such as the Branch Support and Strengthening Program) and face-to-face training activities.

It should also be recalled that on March 21 2020, the Financial Information Unit informed the regulated entities of the guidelines to be considered for the prioritization of obligations in the extraordinary framework of the pandemic, taking into account that the legal deadlines on the matter were NOT suspended. Specifically, it stated: **"(...) We expect the regulated entities to make their best effort to comply with their obligations; however, we understand that some may find it impossible to comply with some of them. In such cases, the Financial Information Unit requests Regulated Entities to document the reasons for their inability to comply with their obligations in a timely manner and keep a record thereof. In the present emergency situation, the Financial Information Unit will take a reasonable approach in monitoring the compliance of Obligated Entities with their obligations. We also urge Regulated Entities to give priority to the submission of Suspicious Transaction Reports over other types of information that they are required to provide to this Unit. Due to their nature, Terrorist Financing Reports do not fall within the scope of the present considerations and shall be submitted to this Financial Information Unit within the deadlines established by law (...)"**.

In this respect, given the restrictions in terms of branch staffing and the limitation on customers to provide documentation,

the COVID-19 Contingency Plan was duly approved, which, among other measures, established a procedure for the centralized closure of alerts, on an exceptional basis, to enable them to be dealt with within the regulatory deadlines. Within this framework, the Bank was able to process the alerts generated in the period in question promptly.

Even in the context of the pandemic, in terms of risk management, the Board of Directors approved the Risk Self-Assessment, Risk Tolerance Statement and Customer Acceptance Policy, submitted in due time and form to the supervisory and control bodies (Financial Information Unit, Argentine Central Bank and National Securities Commission).

In addition, the obligations arising from the Consolidated Supervision regime were complied with in accordance with regulatory requirements.

For the second consecutive year, the Bank obtained an "adequate" rating in the Independent External Review, carried out under the provisions of Resolution No. 30-E/2017 of the Financial Information Unit.

In the area of training, activities were 100% virtualized, given the restrictions mentioned above. The Bank's staff (with the exception of those exempted from providing services) completed and approved the training program, oriented towards the practical application of the "Know Your Customer" and "Risk Based Approach" principles.

The fully remote Branch Support and Strengthening Program was refocused on the risks and difficulties inherent to the extraordinary period of the pandemic and the economic context it created.

The framework described above did not prevent us from pursuing the continuous improvement of the transaction monitoring system and designing new functionalities (currently under development) to make it more efficient. The customer risk matrix was redesigned, concluding the period with the entire application of the new tool on all customers.

Finally, it should be noted that the Bank has participated -as Coordinator of the ABAPPRA Commission- in the meetings held to assess the risks to be mitigated and guide the actions within the extraordinary framework of the pandemic.

Institutional Governance

According to the guidelines of Corporate Governance in Financial Institutions, the Bank issued its Institutional Governance Code in 2012, which is periodically reviewed and updated. It provides guidance on how the objectives of the Board of Directors and Senior Management are set and achieved.

It is intended to protect depositors' interests and ensure business compliance with security and solvency requirements in line with prevailing laws and rules.

In this sense, the purpose of the Institutional Governance, Ethics and Compliance Committee is to review and recommend the approval of suitable policies, ensuring that the Bank has the adequate tools for appropriate decision-making and compliance with regulations.

In the latest updating, both the Committee and the Board of Directors asserted that the Institutional Governance Code implemented by the Bank fits its profile, complexity and importance.

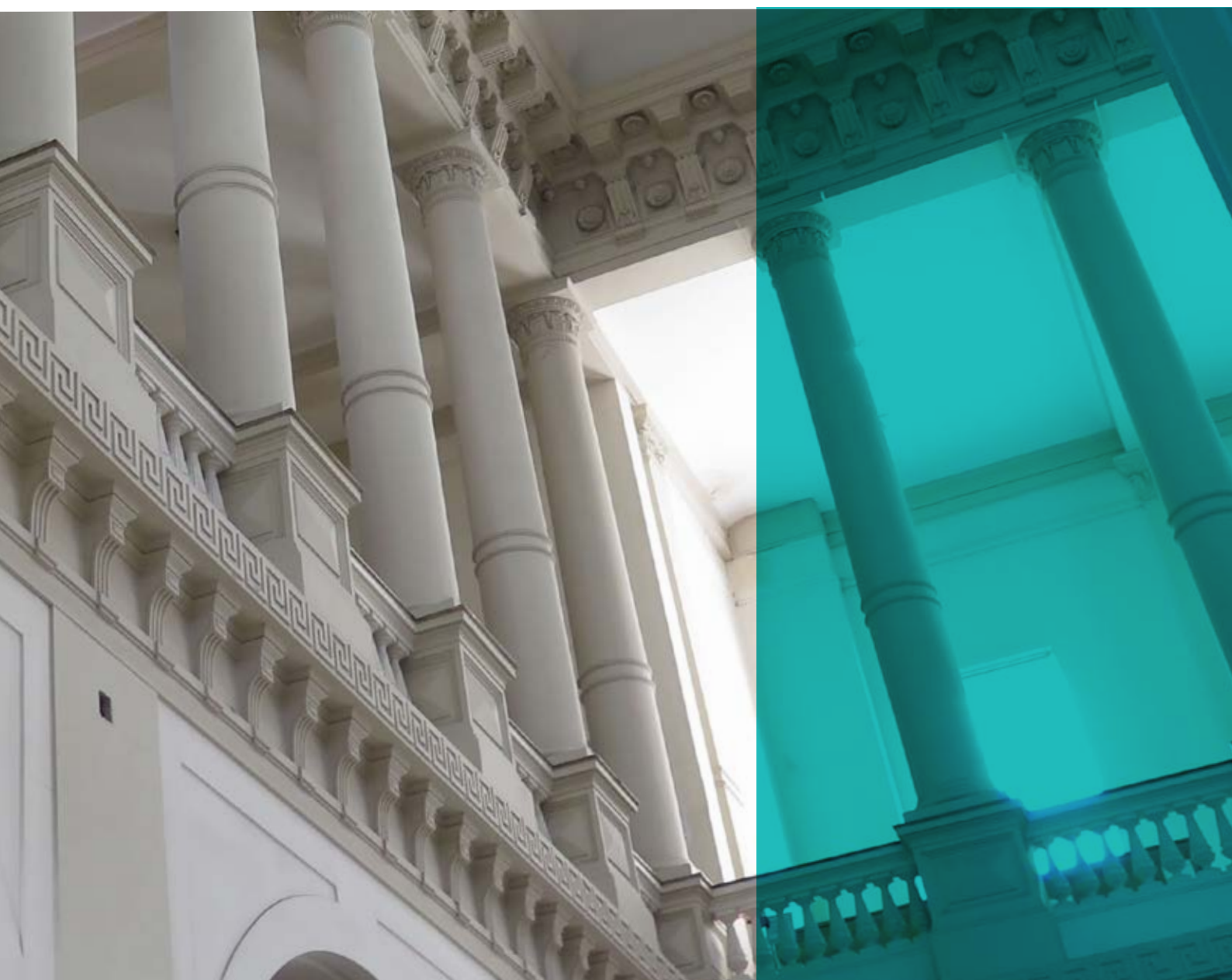
Thus, Banco Provincia is in line with good governance practices, and, according to its transparency policy, the Institutional Governance Code and other codes are publicly available on the Bank's website.

In accordance with the standards of the BCRA, the Bank has several committees under the supervision of the Board of Directors: Auditing Committee, IT, Systems and Processes Committee, Protection of Financial Services Users Committee, Anti-Money Laundering Committee, Risks Committee, Institutional Governance, Ethics and Compliance Committee and Staff Incentive Committee.



Likewise, the Bank has created the following additional commissions under the supervision of the Board of Directors:

- Administration Commission
- Assets and Liabilities Management Commission
- Loans Management Commission
- Internal Affairs Commission
- Legal Affairs and Delinquency Commission
- Finance Commission
- Commercial Strategy Commission
- Sexual Diversity, Gender Identity and Women's Rights Commission







3 | Financial Statements

Financial Statements

These Financial Statements have been prepared in compliance with the financial reporting framework set forth by the BCRA for the institutions under its supervision.

In line with such framework, since 2018, institutions must submit their financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with certain exceptions. Moreover, these Financial Statements must be adjusted by the inflation index since 2020. Therefore, all the amounts included in this report are updated at December 31, 2020.

BALANCE SHEET (in millions of pesos)

	Dec-19	Dec-20	Absolute Var.	Relative Var.
ASSETS	843,772	1,005,086	161,314	19.1%
Cash and Deposits in Banks	143,757	157,778	14,021	9.8%
Debt Securities at Fair Value through Profit or Loss	115,864	202,664	86,801	74.9%
Repo Transactions	47,416	120,973	73,557	155.1%
Other Financial Assets	42,781	37,395	(5,386)	(12.6%)
Loans and Other Financing	337,471	310,898	(26,573)	(7.9%)
Other Debt Securities	73,038	91,839	18,802	25.7%
Financial Assets Pledged as Collateral	15,162	16,994	1,832	12.1%
Investments in Equity Instruments	3,843	3,776	(68)	(1.8%)
Property and Equipment	56,930	56,288	(641)	(1.1%)
Deferred Income Tax Assets	590	63	(527)	(89.2%)
Other	6,920	6,418	(502)	(7.3%)
LIABILITIES	745,665	900,948	155,283	20.8%
Deposits	610,874	765,785	154,911	25.4%
Repo Transactions	466	470	4	0.8%
Other Financial Liabilities	27,677	25,695	(1,982)	(7.2%)
Financing received from the BCRA and Other Financial Institutions	1,000	306	(694)	(69.4%)
Corporate Bonds Issued	10,091	4,876	(5,215)	(51.7%)
Current Income Tax Liabilities	890	225	(665)	(74.7%)
Provisions	14,803	10,407	(4,396)	(29.7%)
Deferred Income Tax Liabilities	2,350	1,191	(1,159)	(49.3%)
Other Non-financial Liabilities	77,513	91,992	14,480	18.7%
NET WORTH	98,107	104,138	6,031	6.1%
Net Worth attributable to the Owners of the Controlling Company	95,638	99,866	4,228	4.4%
Net Worth attributable to Non-Controlling Interests	2,469	4,272	1,803	73.0%

Assets

Consolidated figures for 2020 showed a 19.1% y/y growth in Assets equivalent to \$161,314 million, mainly due to the following variations:

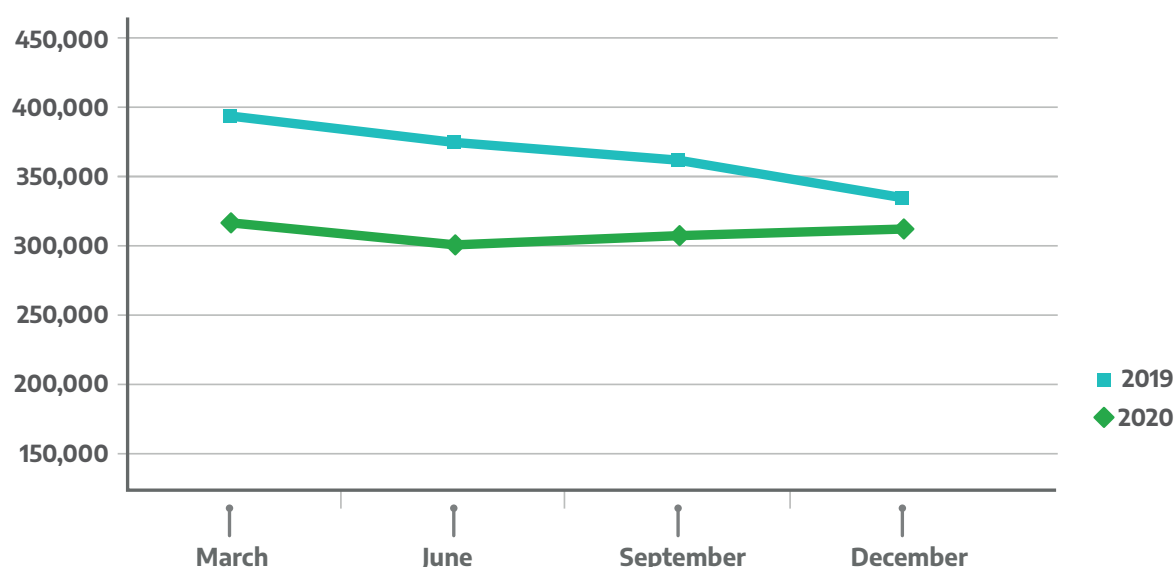
- Cash and Deposits in Banks increased by \$14,021 million (+9.8% over 2019).
- Debt Securities at Fair Value through Profit or Loss recorded an increase of \$86,801 million at the end of 2020, a 74.9% growth as compared to the preceding year. They mainly consist of BCRA Bills and Argentine Treasury Bonds.
- The growth in Repo Transactions was mainly driven by transactions with government securities recording a significant increase of \$73,557 million (+155.1% as against the previous year).
- Other Financial Assets decreased by \$5,386 million (-12.6% below 2019). This performance was primarily

caused by the drop in Fixed Term Deposits of Grupo Banco Provincia's companies (Provincia ART).

- Loans and Other Financing recorded a negative variation of \$26,573 million (-7.9%), mainly due to the fall in Private Sector Consumer Loans, which dropped \$27,972 million as against the previous year.
- Other Debt Securities increased by \$18,802 million (+25.7% over 2019).
- Financial Assets Pledged as Collateral rose \$1,832 million, a 12.1% increase, mainly on account of transactions with the BCRA.
- Remaining Assets showed a slight comparative change.

EVOLUTION OF BPBA LOANS (total figures, net of allowances)

EVOLUTION OF LOANS - 2019 vs 2020 (in millions of pesos)



Liabilities

Consolidated figures showed a 20.8% increase (+\$155,283 million) in Liabilities, totaling \$900,948 million.

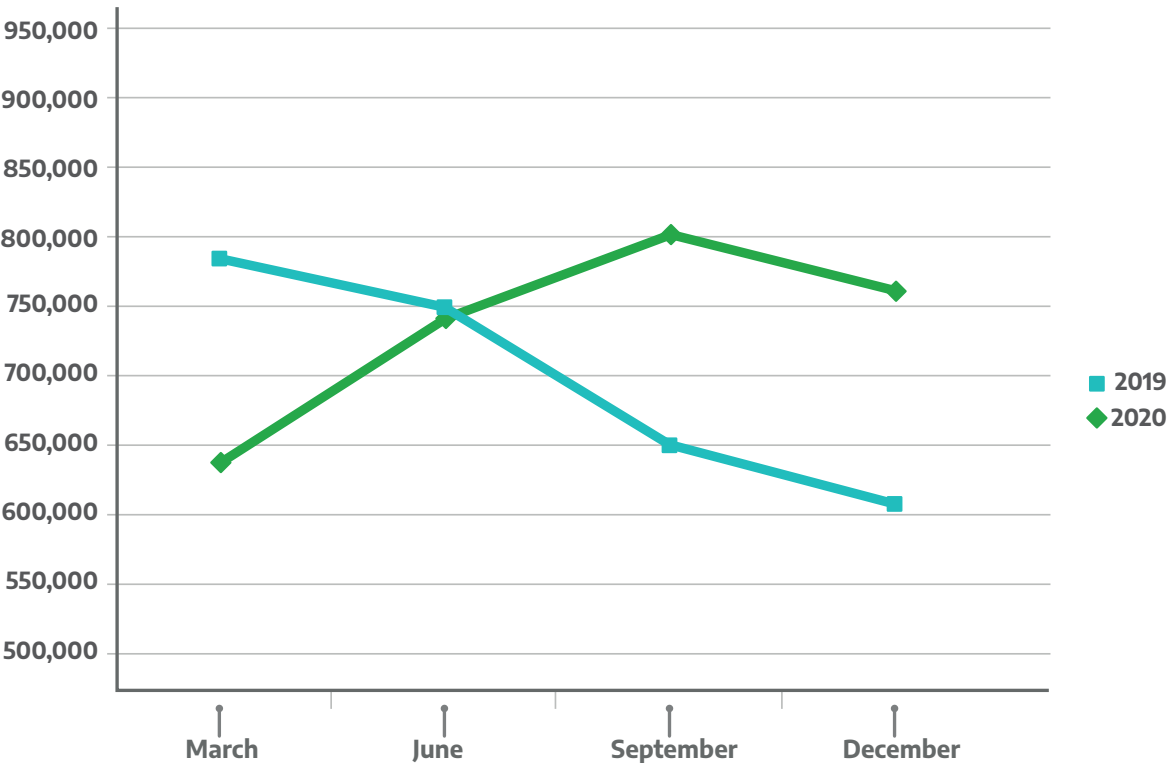
Deposits, its major caption, rose 25.4%, equivalent to \$154,911 million, amounting to \$765,785 million. This performance was primarily caused by the expansion of \$130,012 million in Non-Financial Private Sector Deposits for

increases in Fixed Term Deposits and Checking Accounts for \$51,462 and \$37,058 million, respectively.

The remaining Liabilities showed no increase, and Corporate Bonds Issued recorded the largest drop of \$5,215 million (-51.7% as against 2019).

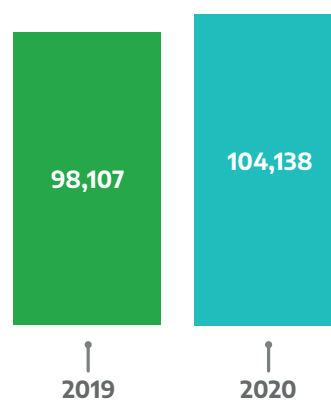
EVOLUTION OF BPBA DEPOSITS (total figures)

EVOLUTION OF DEPOSITS - 2019 vs 2020 (in millions of pesos)



Net Worth

CHANGES IN NET WORTH (in millions of pesos)



In 2020, Net Worth increased \$6,031 million as against the previous year. This variation was explained by the income/(loss) for the year and the adjustment for inflation impact.

Statement of Income

STATEMENT OF INCOME (in millions of pesos)

	Dec-19	Dec-20	Absolute Var.	Relative Var.
Interest Income	161,473	133,411	(28,062)	(17.4%)
Interest Expenses	152,869	92,834	(60,035)	(39.3%)
NET INTEREST INCOME/(LOSS)	8,604	40,577	31,973	371.6%
Commission Income	30,787	23,331	(7,456)	(24.2%)
Commission Expenses	7,219	8,170	950	13.2%
NET COMMISSION INCOME/(LOSS)	23,567	15,161	(8,406)	(35.7%)
Net Income/(Loss) from Measurement of Fin. Instr. at Fair Value through Profit or Loss	115,745	70,157	(45,587)	(39.4%)
Income/(Loss) from Derecognition of Assets Measured at Amortized Cost	0	(22)	(22)	100.0%
Gold and Foreign Currency Quotation Difference	10,253	6,625	(3,627)	(35.4%)
Other Operating Income	66,425	75,438	9,013	13.6%
Allowance for Loan Losses	21,509	17,591	(3,918)	(18.2%)
NET OPERATING INCOME/(LOSS)	203,084	190,346	(12,738)	(6.3%)
Personnel Benefits	69,047	67,715	(1,332)	(1.9%)
Administrative Expenses	19,339	17,395	(1,944)	(10.1%)
Depreciation and Impairment of Assets	2,609	2,428	(181)	(6.9%)
Other Operating Expenses	96,592	81,646	(14,946)	(15.5%)
OPERATING INCOME	15,497	21,162	5,665	36.6%
Income/(Loss) from Associates and Joint Ventures	5,049	(707)	(5,755)	(114.0%)
Income/(Loss) from Net Monetary Position	(13,957)	(14,779)	(823)	5.9%
INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6,589	5,675	(913)	(13.9%)
Income Tax from Continuing Operations	2,968	1,416	(1,552)	(52.3%)
NET INCOME FOR THE YEAR	3,620	4,259	639	17.7%
Other Comprehensive Income	(1,261)	(147)	1,114	(88.4%)
TOTAL COMPREHENSIVE INCOME	2,359	4,113	1,754	74.3%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	385	(115)	(501)	(129.9%)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE CONTROLLING COMPANY	1,974	4,228	2,254	114.2%

Net Income for the Year was \$4,259 million, accounting for a 17.7% increase (+\$639 million) as against the previous year.

Net Interest Income/(Loss) reached \$40,577 million, reflecting an increase of 371.6% as compared to 2019. This increase resulted from reduced financial expenses, mainly interest paid on term investments from both public and private sectors.

Net Commission Income/(Loss) totaled \$15,161 million, a decrease of \$8,406 million mainly as a consequence of lower commissions from credit cards, which dropped by \$5,060 million.

The following Net Operating Income/(Loss) components had a significant impact: Net Income/(Loss) from Measurement of Financial Instruments at Fair Value through Profit or Loss decreased \$45,587 million (Liquidity Bills); Quotation Difference dropped by \$3,627 million; Other Operating Income (premiums and surcharges for insurance policies - Grupo Provincia's companies) rose \$9,013 million and Allowances for Loan Losses increased \$3,918 million as compared to 2019.

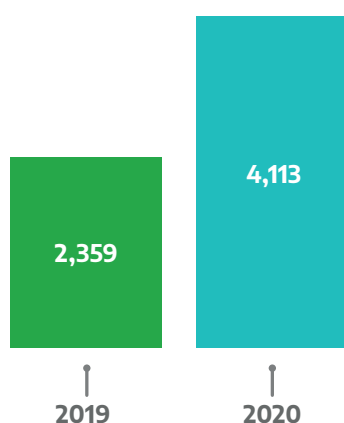
Thus, Net Operating Income/(Loss) stood at \$190,346 million, 6.3% below the previous year (-\$12,738 million).

With respect to Operating Expenses, decreases were observed in the following components: Personnel Benefits, \$1,332 million; Administrative Expenses, \$1,944 million; and Other Operating Expenses, \$14,946 million, mainly derived from Regularization of Loans - Art. 9 and Direct Marketing.

Other Comprehensive Income showed a negative result of \$147 million, an amount significantly lower than that recorded in 2019 (\$1,261 million).

Total Comprehensive Income, the sum of Net Income for the Year plus Comprehensive Income, amounted to \$4,113 million, a 74.3% increase (+\$1,754 million) as against the preceding year.

STATEMENT OF INCOME (in millions of pesos)







4 | Banco Provincia Foundation

Banco Provincia Foundation



Banco Provincia Foundation was founded in 1969 to improve the economic and social development of the Province of Buenos Aires. In 2020, it focused on two main areas of work: education, culture and sports; and employment and production, from a right and gender perspective, with the aim of helping build a more productive, integrated, supportive and fairer Province.

Its mission is to develop and finance social projects for children, adolescents and young people, socially vulnerable population groups, entrepreneurs and small producers in the Province of Buenos Aires, to improve social infrastructure, promote the right to education and health, enhance full integration into the labor market and productive development.

The following is a summary of the leading programs carried out in 2020:

Painting for Public Schools in the Province of Buenos Aires

Within the framework of the Programa Escuelas a la Obra led by the General Directorate of Culture and Education (DGCE) of the Province, 20,000 liters of paint and 20 kits with paintbrushes, sandpaper, spatulas, rollers, stucco, latex, fixatives and sealants were donated to refurbish 20 public schools in La Matanza.

Institutional Material

In conjunction with Banco Provincia's Institutional Communication Management, donations were made of unused communication materials: chairs, tarpaulins, parasols and mats to social organizations in José C. Paz and Avellaneda; 1,800 deck chairs to 31 communal organizations in La Matanza, Esteban Echeverría, Florencio Varela, Quilmes, Lanús, Pilar, Berazategui, Tigre, San Isidro, Gral. San Martín, Avellaneda and La Plata.

Play and sports materials to the Provincial Agency for Children and Adolescents: football goals, water bottles, hopscotch, gymnastics mats, shoe racks, footballs and deckchairs.

Communication and photography training for micro-entrepreneurs

Workshops and training talks were held on various topics for entrepreneurs who received microcredits through the Foundation's program, with the aim of providing them with tools to promote their products and services.

Communication and photography

The courses were held in seven organizations in Quilmes, Esteban Echeverría and General San Martín.

Sales by WhatsApp, photoproduct and use of Cuenta DNI

Four workshops were held with an average participation of 21 people per meeting. Training on the digital wallet was organized with the Banco Provincia marketing team.

"Nos Cuidamos Entre Todes" Campaign - Assistance to the LGBTIQ+ Community

As part of the "Nos Cuidamos Entre Todes" campaign, the organization worked together with the civil association "100% Diversidad y Derechos" to purchase foodstuffs and personal care products, which were delivered in 480 kits to vulnerable LGBTIQ+ community members due to the health emergency. The organization provided the products to neighborhoods in the Greater Buenos Aires area and La Plata. Juan Cuattromo, Juliana Di Tullio and Fabiana Rubinstein participated in a kit delivery day, on Saturday, May 30, in the Carlos Gardel neighborhood of Morón District.

Tarpaulins to manufacture masks

Together with Banco Provincia, unused tarpaulins were donated to six community organizations in La Matanza, Quilmes, San Martín, Avellaneda and Esteban Echeverría. The aim of the project was to make 14,500 masks with the organizations' sewing workshops.

Input material for the production of protective masks

In a joint action with the Ministry of Labor of the Province, we purchased the supplies necessary to manufacture safety masks and



face masks. The supplies were delivered to Vocational Training Centers in Ensenada, La Plata and La Matanza.

Computers for pedagogical continuity

Through the area of Childhood and Adolescence of the Ministry of Community Development and in a joint effort with Banco Provincia and Provincia Seguros, 25 computers were delivered to different Juvenile Delinquency Centers of the Province. The initiative aimed to guarantee continuous education for young people and allow them to contact their families.

Together with Provincia NET, two computers were donated to the Fundación Música Esperanza to conduct educational and cultural activities in Prison Facility N°48 of José León Suárez in General San Martín.

New remote payment channels for micro-entrepreneurs

Work was carried out to set up new remote payment channels so that businesspeople can pay their microcredit in instalments. The registration in the free digital wallet Cuenta DNI, which allows payments and collections to be made via a mobile phone, was also supported.

Warm clothing for children and adolescents

Together with the Government of Buenos Aires and Banco Provincia, donations of warm jackets, footwear and mouth masks were made in various municipalities so that local governments could distribute these products to vulnerable children, adolescents and young people.

Quilmes: 1,693 jackets and 1,698 pairs of shoes in the Villa Azul neighborhood. (06-24) Ensenada: 400 pairs of slippers and 10,000 mouth masks. (07-24)

Almirante Brown: 545 warm jackets and 545 pairs of tennis shoes. Part of the production of the jackets was carried out by the VTF Cooperative, from the Rafael Calzada neighborhood in the same district, in a joint effort to reactivate the productive basis of the Province. (08-11)

La Matanza: 63 jackets made by the VTF Cooperative and 140 jackets made by the Kbrones Cooperative. They were given to the organization Aimé Nendivé (Villa Palito).

Food and beverages with Aerolíneas Argentinas

Through the Ministry of Community Development of the Province, donations of food and drinks made by Aerolíneas Argentinas were distributed. These were destined to various working-class neighborhoods in the Province.





Rental guarantees for transgender and transvestite people

As a result of an agreement between Provincia Seguros, Banco Provincia Foundation and the Ministry of Women, Gender Policies and Sexual Diversity of the Province of Buenos Aires, ten trans and transvestite people who will start working in the public sector of Buenos Aires will be able to access surety insurance as a guarantee to rent a place to live. The first insurance was granted to a worker of the Secretariat of Sexual Diversity of the Ministry.

Strengthening social organizations

Together with the Fundación Justicia Social Siglo XXI, we worked on the refurbishment of three community centers in the Almirante Brown district: Lo de Tita, Casa del Niño del Corazón and Sol de Mayo. Overall, the objective is to adapt the spaces so that the social and educational activities provided by the centers can be carried out in the best possible conditions and safe areas for children and adolescents.





5 | Grupo Banco Provincia



Grupo Banco Provincia

Grupo Banco Provincia S.A. (the "Group") is the holding company of Banco de la Provincia de Buenos Aires (BPBA) in charge of establishing the strategic guidelines of its different companies. The Group encompasses different supplementary activities within the financial activity related to stock investments; general, life and workers' compensation insurance; and leasing.

The mission of the Group is to provide non-banking financial or supplementary services that stand out because of their high-quality and accessibility, which contribute to the growth of families, entrepreneurs and companies; simultaneously, it provides support to the management of local governments of the province of Buenos Aires.

The current structure of the holding is detailed below.

GRUPO BANCO PROVINCIA

Company	Direct	Indirect	Total
Insurance			
Provincia Seguros S.A.	60.000%	0.000%	60.000%
Provincia Aseguradora de Riesgos del Trabajo S.A.	99.970%	0.018%	99.988%
Provincia Seguros de Vida S.A.	60.000%	0.000%	60.000%
Internacional Compañía de Seguros de Vida S.A. (1)	40.780%	0.000%	40.780%
Services			
Bapro Medios de Pago S.A.	99.970%	0.030%	100.000%
Bapro Mandatos y Negocios S.A.U.	100.000%	0.000%	100.000%
Provincia Bursátil S.A. - Brokerage House	95.000%	0.000%	95.000%
Buenos Aires Desarrollo S.A. (2)	50.000%	0.000%	50.000%
Finance			
Provincia Leasing S.A.	99.710%	0.271%	99.981%
Provifondos S.A. - Manager of Mutual Funds	0.000%	85.500%	85.500%
Provincia Microempresas S.A.	0.677%	0.000%	0.677%

(1) Internacional Compañía de Seguros de Vida S.A. under liquidation process. (2) Buenos Aires Desarrollo S.A. under liquidation process.

Corporate Management

Grupo Provincia has concentrated its corporate management efforts in the coordination of its activities with Banco Provincia, the province of Buenos Aires and the companies of the group. For this purpose, it has strengthened its organizational structure by establishing the Commercial Integration and Intelligence Management, and the Institutional Communication Management.

The Commercial Integration and Intelligence Management has the mission of designing and managing the Commercial Strategic Plan of the Group and its controlled companies with the purpose of maximizing results and boosting the management synergy among the companies as well as with Banco de la Provincia de Buenos Aires.

The Institutional Communication Management has the mission of designing, formulating, coordinating and supervising the information, communication, press, institutional guidelines and public relations activities of Grupo Provincia and its controlled companies in line with the strategic, institutional and business objectives of Banco Provincia and the Government of the Province of Buenos Aires.

As regards the organizational aspect, it is highlighted the progress made in the liquidation process of Invierta Buenos Aires S.A. and the liquidation of Internacional Seguros de Vida Previsional S.A.

Within the scope of the corporate governance management, during the 2020 period, Grupo Provincia continued working on risk management in compliance with the requirements imposed by Banco Central de la República Argentina (BCRA) and Banco Provincia.

With respect to anti-money laundering, Grupo Provincia and its companies continued working with Banco Provincia according to the standards issued by the BCRA and the Financial Information Unit (Unidad de Información Financiera - UIF). It is worth mentioning that the Board of Directors of Grupo Provincia, although it is not legally

bound, has adopted measures to prevent and control money laundering and terrorist financing activities in all business sectors.

To ensure compliance with the technical relations committed by Provincia Seguros S.A. and Provincia ART S.A. before the National Insurance Superintendency (Superintendencia de Seguros de la Nación- SSN) in their plans to regularize minimum capital and coverage deficits, Grupo Provincia continuously monitors the activity of both companies.

Within the Management Control and Planning framework, business plans and budgets of the Grupo Provincia's companies continued to be monitored, identifying deviations, suggesting the corresponding corrective measures and developing analysis and comparative studies of the competition in each market segment.

As regards planning and budgetary preparation, the Management Control area kept on meeting with the Companies in order to coordinate the budgetary process and standardize reports by introducing the stockholder's guidelines for each of them. Focus was made on complying with Banco Provincia's budgetary guidelines.

As regards Corporate Finance, the performance of the investment portfolios of the Group's companies was followed up, providing ongoing advice on the investment decisions and policies to be developed. Particularly, the Corporate Finance Board focused on defining investment strategies, taking into account commercial reciprocity criteria and concentrating the operations in Provincia Bursátil.

During the 2020 period, the Group did not distribute dividends to stockholders, but received dividends from the Group's companies Provincia NET, Provincia Bursátil, and Provincia Vida for an amount of \$160.6 million.



Gender perspective and diversity

Just like Banco Provincia, Grupo Provincia also backs up the gender policies of the Government of the Province of Buenos Aires in order to guarantee gender equality and equal opportunities, and promote diversity.

Gender affairs training: Micaela Act. The introductory training on gender affairs began in August. Primarily, it was aimed at the President, the Board of Directors and the heads of Communication and Human Resources areas. The idea of this training is to raise awareness and deal with strategies so as to eliminate workplace violence based on gender and sexual orientation internally as well as externally within the service provided to the general public and in the business policies.

Support to the campaign #SeguimosConectadas (#ConnectedWomen). An agreement was executed with the Ministry of Women, Gender Policies and Sexual Diversity of the province of Buenos Aires so as to participate in the campaign #SeguimosConectadas by posting in social networks the support lines for women and the LGTBQ+ community who suffer from gender violence.

Visibility and awareness raising in social networks. Key dates related to women, inclusion and sexual diversity were included in the internal and external communication calendar so as to increase sensitivity, develop and establish gender perspective, and raise visibility and awareness as regards this contemporary issue.

Code of Ethics and Protocol on violence. The Group's Code of Ethics updating process began to include gender perspective and a Protocol on violence and discrimination against women and sexual diversities. The new approach also aims at providing the members of the Group with the necessary tools to guarantee women's and LGBTQ+ community's rights, punishing and eradicating violence within the Group's companies.

Overview of the Group's Companies

1. Insurance Sector



a. Provincia Seguros

The company, which participates in the market of General Insurance (property and group life insurance), recorded operations of \$17,690 million in 2020, out of which \$14,830 million was accrued during the year. The production was 36% higher than 2019 production. Premiums written for automotive sector were 59% of the total premiums written; therefore, there was a growth of 40% compared to 2019.

Claims paid during 2020 were \$6,468 million, 12% lower than 2019. This reduction in claims paid is the result of the extraordinary judicial recess and the impact of COVID-19 pandemic.

Within this context, the net income of the year was \$1,851 million, that is 63% higher than 2019, and the equity as of December 31, 2020 totaled \$4,559 million, which represents an annual growth of 63.9%.

As of June 2019, the company completed the plan to regularize minimum capital and coverage deficits submitted before the National Insurance Superintendency on August 16, 2016. As of December 2020, the Company complies with the coverage and minimum capital requirements of the regulatory authority.

The Company has made great progress in achieving the business objectives and, in some cases, it has overachieved them. Consequently, and in order to expand them, it will keep on focusing on technology and the quality of the customer service in order to achieve a profitable and sustainable development.

The most important support actions to its insured people during the pandemic are:

- Maturity extensions. From April to August, maturity of installments were extended for customers who paid at cash desks, and it was possible to pay bills through Provincia NET up to 30 days after its original maturity date. Other actions: up to 30% discounts in policies (for individual

cars) for insured people who began paying through their credit cards; additional discount of up to 25% and product packages for new sales for the automotive sector; sales contest for Automobile Producers and Automotive Fleet; additional discount of 15% in the automotive insurance and retention endorsement of up to 30 % for the automotive sector.

- Rent guarantee insurance for transgender people and transvestites. Thanks to an agreement executed by Provincia Seguros, Banco Provincia Foundation and the Ministry of Women, Gender Policies and Sexual Diversity of the province of Buenos Aires, 10 transgender people and transvestites who will start working in the public sector of the province of Buenos Aires will have access to a lease surety bond in order to rent a house. The purpose is to offer members of this group, which is generally excluded and discriminated against, a tool that helps them access to housing, a right inherent to every human being. This benefits campaign was extended from April to August, inclusive.

- New 100% digital inspection for the automotive sector. As a consequence of the ASPO measures established during the pandemic, Provincia Seguros worked in the technological development of its services and products in order to reduce times and provide their customers with the possibility of doing their procedures online without leaving their homes. The last update focused on vehicle inspections: in October, the 100% digital preliminary inspection initiative for the automotive sector was launched, which facilitates this process in new policies through a preliminary inspection single channel. The impact was overwhelming: 80% of inspections were completed within 24 hours; that percentage reached 90% within the first 48 hours.

- Thanks to an alliance with Sancor Seguros and Experta Seguros, VacacionAR Seguro was launched. This is a product specially designed to cover the risks derived from the COVID-19 pandemic during the summer season 2020/2021 through the country. Insurance can be taken

out by individual or family group, and it includes different assistances that are activated previously or during the scheduled vacation period. This way, Provincia Seguros reaffirmed its commitment to work for the service of the productivity boost and economic recovery of local tourist destinations.



b. Provincia ART

The company, which participates in the workers' compensation insurance market pursuant to Laws No. 24,557/95 and 26,773/12, as amended, issued during 2020 premiums and surcharges for \$31,375 million; thus, showing an increase of 25.5% as against the previous year.

The investment portfolio reached \$49,134 million by December 2020 that is a 46.8% annual growth. This accounted for a profit of \$3,081 million, a 47.4% increase over 2019 (\$2,090 million). The stockholders' equity of the insurance company amounted to \$7,062 million by the end of 2020.

It is worth mentioning that, as of December 31, 2020, the insurance company had 1.67 million members, which increase 0.6% the portfolio as against 2019. The company ended the year in number 1 position because of the number of workers covered nationally. Within this context, Provincia ART manages the self-insurance of the province of Buenos Aires; which, by December 2020, amounted to 550,000 workers.

The milestones of the year were marked by the COVID-19 pandemic, and the insurance company had to:

- Help its customers develop healthy work environments and prevent spread of COVID-19 by managing treatment of those who got the disease.
- Provide coverage to 38% of infected workers within the entire system.
- Undertake an increase in claims (owned and managed) that reached an annual 15%, but with peaks over 100% in specific moments of the year (August and September).

- Manage an increase of fatal cases of 437% as against 2019.

- The estimated cost to undertake COVID-19 cases during 2020 exceeds \$12,400 million.

- Guarantee the continuity of the operation and the wellbeing of the staff within an unprecedented context.

- Furthermore, the organization renewed its organizational chart in order to strengthen the capacities of Provincia ART, increase its potential and reinforce the work team.

- It implemented processes automation with Robotic Process Automation (RPA) technology. It got certified to ISO 9001 for the processes of Complaints register and emergency response through the Medical Emergency Center (CEM) and lawsuits.

- Furthermore, among the commitment and assistance activities for insured people, the following can be highlighted:

- Suspension of contract termination and rate increases. The insurance company temporarily suspended as of April the termination of contracts for default of payment reasons and the increase in rates, which were duly notified. Since April, the measure reached more than 12,000 companies who employ more than 97,000 workers across the country.

- Free virtual training. Occupational Safety and Health Week. In April, on the occasion of the Occupational Safety and Health Week, Provincia ART opened its Virtual Training Center so that customers and non-customers were able to access different free prevention courses during the entire month.

- Virtual training on the new work context. Virtual trainings were offered through Webinars and MS Teams on subjects related to the new challenges of the pandemic of coronavirus: Design of COVID-19 protocol; preventing the spread of COVID-19 in work environments; safe and healthy teleworking; emotional intelligence during a quarantine; how to respond to a confirmed case of COVID-19; and We answer your questions about PPE for COVID-19. These were some of the subjects on which we opened a space for dialog and conversation about the importance of prevention to face an unprecedented challenge in history.

- Provincia ART collaborated with Unión Personal Auxiliar de Casas Particulares (UPACP) for the development of their safe work protocols and the International Domestic Workers Federation in Latin America and the Caribbean for the training "Prevention protocol development: An effective tool in health emergency situations." Among all the available platforms, there were more than 28,000 registered individuals for the virtual training sessions.

- Consultancy for people on teleworking: 360° Safe and Healthy Teleworking Program. When ASPO was established, an online consultancy service for teleworkers was launched. It was unique in the market, and it was implemented through video calls. The thematic areas were ergonomics and physical, biological and psychosocial risks. In September, this program was constituted as "360° Safe and Healthy Teleworking," where the remote work style is analyzed from different perspectives (human resources, legal approaches, preventive matters), and it considers all the (physical, biological, ergonomic and psychosocial) risks associated with this new style of working.

- Donation of protective equipment. From April to July, there was a program for the donation

of personal protective equipment, and hygiene and disinfectant products for workers in the first, second and third regions of the Buenos Aires Metropolitan Area (conurbano) who are customers of Provincia ART. Action included decentralized hospitals located in the above-mentioned area, nursing homes, safety companies, cleaning companies, and health-care institutions of all kind within the Buenos Aires Metropolitan Area and nearby areas in the province of Buenos Aires. The action was a donation as the legislation in force establishes that provision of such elements is the exclusive responsibility of the employer.

- MiART App. The MiART application was launched. This is an application of Provincia ART that helps workers comply with the procedures related to occupational injuries or diseases in a simple, safe and fast way.

- Virtual Medical Assistance. Virtual medical assistance was implemented and the procedure to keep the distribution of medications in pharmacies was adapted.

- Within this particular context, it doubled its efforts to protect its commitment to workers' health and to guarantee that they receive the health care they need. Furthermore, a survey of the health care providers was conducted in order to develop an infrastructure map for COVID-19 cases.

- Schedule an appointment online. A system to schedule an appointment online was implemented in www.provinciart.com.ar/turnos, which is available for such customers and workers across the country who need to deal with their procedures in person. In this way, we avoid gathering of people in indoor spaces, and we help prevent the spread of COVID-19.

- Corporate WhatsApp. With the purpose of increasing the offer of communication channels

and provide a more comprehensive service that meets the needs of our customers, a Corporate WhatsApp was implemented. It allows companies, agencies and institutions to submit questions about certificates of coverage, bank statements, payments, prevention, way of submitting a complaint and the status of complaints, among other options.

- Module for COVID-19 complaints. As it is a Labor Risk Insurance Company (ART) with a big number of essential workers within its members, it was decided to include within our online Services Center an exclusive module to report complaints of COVID-19 where customers can make procedures and follow up their cases in a simple and fast way. Until the end of December, more than 76,900 cases were dealt with. They represent 40% of the total workers who were assisted through the ART.

- First aid training campaign. A campaign about training on first aid and use and maintenance of first-aid kit was implemented. It was aimed

at the municipalities of the province of Buenos Aires. Information material (brochures and leaflets) were distributed and (wall-mounted and portable) first-aid kits were donated. This activity is part of the actions taken annually in support of the health of workers.

- SMEs Campaign. A campaign with special plans and conditions was launched for companies that have up to 75 employees with the purpose of offering them an appropriate proposal for this type of organizations.

- International Management Forum. For the second consecutive year, Provincia ART organized an online meeting with national and international speakers as well as with authorities from the company. The motto was "The work of the future: Keys for a new reality." Experts met to discuss about the main challenges posed by the effects of the global health crisis.

c. Provincia Vida

Provincia Vida is a company that commercializes individual life insurances, a sector for a wide range of consumers of average incomes with high propensity to save and protect. The minority stockholder of Provincia Vida is CNP Assurances Brasil Holding Ltda., which holds 40% of the capital stock. The company's commercialization model is based on the "bancassurance" scheme mainly through Banco de la Provincia de Buenos Aires.

As of the Decree 297/2020 of March 19, 2020, which established the ASPO measures, Provincia Vida was able to immediately adapt its technological needs in order to operate entirely in a remote way.

Decree 875/2020 of November 7, 2020, established the period of Preventive, Mandatory and Social Distancing (DISPO), therefore, allowing to gradually resume economic activities in large population centers, departments or municipalities that are not defined by the national health authority as having "community transmission" of SARS-CoV-2 virus.

During 2020, the production increased to \$1,025 million; a 22.9% increase over 2019, and a more than 63% increase against the last two years. Different plans offered by the company amounted to 623,167 policies, which represent a decrease of 2.9% as against the previous year as a consequence of the ASPO/DISPO context mentioned in previous paragraphs.

Provincia Vida recorded a net income of \$509.1 million in 2020; an amount that is 2.4% less than 2019. The stockholders' equity at historical values of the company was \$1,141.6 million as of December 2020; an amount that was 51.5% higher as against December 2019.

The purpose of increasing the portfolio of insured people and increasing production was reached during the first months of the fiscal year, as of the ASPO and as a consequence of having the main sale channel affected, all efforts focused on retaining the existing portfolio.

Among the main measures adopted, it is worth mentioning the following:

Campaign to boost commercialization of online life insurance. In June, a marketing campaign was launched with the purpose of making more customers of Banco Provincia buy an insurance at Provincia Vida through Banca Internet. This 100% online hiring modality provides users of Banca Internet Provincia (BIP) with a simple, safe and fast alternative to access the product; while for the Bank and Provincia Vida, it represents a growth opportunity in the commercialization of this type of insurance.

+Actual, a Benchmark Stabilization Ratio (CER)-adjusted insurance. In October, the new +Actual insurance was introduced. It offers coverage for death due to any cause.

Its main feature is the annual and automatic renewal of the insured capital through the Benchmark Stabilization Ratio (CER). Apart from including the national travel assistance service for the policyholder, the age for permanence shall soon be extended to 80 years old and additional coverages shall be included such as: partial loss, additional for accidental death and traffic accident, disability and serious disease, among others.

Agreement with Provincia NET for the payment of policies. With the purpose of offering new payment methods to customers of Provincia Vida, an agreement was executed to pay policies through Online Payment (Pago Online) and Payment without a Print Bill (Pago sin factura) through Provincia NET. This service will allow the collection of policies that could not be paid by insured people through traditional payment channels.

For 2021, Provincia Vida plans to continue its regular activities including the performance of different commercial actions, the updating of IT tools to be used by the BPBA's executives, negotiations with the BPBA to incorporate products of the insurance company in the special productivity measurement performed by the BPBA on its commercial structure as well as commercial actions in branches and regional centers. The company intends to foster the development of the commercial channel for brokers.

d. Internacional Seguros de Vida Previsional S.A. - Life and Disability Insurance (in liquidation)

Due to the enactment of Law No. 26222/2007 and its related regulations abolishing the obligation of the Retirement and Pension Fund Administrators (Administradoras de Fondos de Jubilaciones y Pensiones - AFJPs) to contract a life and disability insurance, since January 1, 2008, the company had to discontinue its production and keeps administering preexisting policies. Therefore, no new policies were issued as of that date, and its operations became limited to the collection of premiums of insurance policies effective on June 30, 2007 and to the payment of the relevant claims. This

situation significantly reduced the company's managed investment portfolio.

Consequently, in the Regular and Special General Meeting held on October 25, 2019, the shareholders approved the dissolution of the Company according to the provisions of Section 94, Paragraph 1 of Law No. 19550.

To this date, the dissolution of the company is in the final steps of the process.

2. Services Sector



a. Provincia NET

Bapro Medios de Pago S.A. has been instituted as the technology company of the group of companies of Banco de la Provincia de Buenos Aires and, in connection with this, it designs tailored solutions for the public and private sectors by contributing with its dynamic ability to process data.

Provincia NET, a TIC company, is constant proof of evolution and expansion with the purpose of boosting business units with its processing DNA in different sectors. The company acquires this value, which will be vital within a world where technological evolution tends to be in a growing place not only for the human life, but also for the operation of companies.

At the beginning of 2020, there were specific objectives for each of the business segments in order to keep on positioning the brand comprehensively within the market. All the company's economic and operation variables were substantially modified by the world health context related to the COVID-19 pandemic, and short and long-term decision-making too. The pandemic has caused, among other issues, a global negative socioeconomic impact as a consequence of the direct health effect of the disease and, particularly, of the efforts to control the spread of the virus, which quickly caused the saturation of health-care systems all over the world.

Bapro Medios de Pago S.A. ended the 2020 fiscal year with an economic result before taxes of \$1.1 million at historical values; this amount is substantially lower than previous years. In this regard, the company had to face the challenge of keeping the same profit margin and the expansion of businesses and, also, it had to ensure the employment stability of more than 1,000 individuals of its staff. Within this context, the company's billing reached \$3,206 million, a reduction of 6.1% as against 2019; while the gross profits were slightly above 286 million, a reduction of 53% as against the previous year.

Within the framework of the agreement entered into with the Provincial Institute of Lotteries and Casinos (Instituto de Loterías y Casinos de la Provincia de Buenos Aires), the fee collected on account of the service rendered was reduced for the last time, thus recording around \$ 255 million drop in

income per year. Consequently, as a result of the previous negotiation with the main supplier, the direct costs were reduced by, approximately, \$38 million.

As a result of the emergence of COVID-19 and the subsequent measures adopted by the National Executive Branch in its Decree 297/2020 to fight against the disease, the following impact was produced in the company: - Migration of the entire staff to teleworking, therefore, executing a significant investment in equipment so as to perform each activity; - efficient implementation of IT tools (Microsoft Teams); - total closure of the collection agencies network as a consequence of the ASPO measures from March 19, 2020 to April 22, 2020; - total closure of the lottery agencies as a consequence of the aforementioned measures from March 19, 2020 to June 8, 2020. Then, in second instance, only the agencies of the Buenos Aires Metropolitan Area (AMBA) closed between July 1, 2020, and July 22, 2020; - and awarding of special licenses to risk groups and parents or guardians who have dependent minors as a consequence of the suspension of classes in primary, secondary and nursery schools as kindergartens.

The financial result reached an increase of 21% as against 2019 in a year where collection was low and where the rates were low as a consequence of the situation. The portfolios had financial performance above the reference variables due to the active management of the portfolio and the positioning in high-performance instruments.

a) Technology: Within the context of the COVID-19 pandemics and in order to strengthen itself as a strategic partner of the Province of Buenos Aires, Provincia NET worked together with the Culture and Education Directorate in the project "Let's keep on studying" ("Continuemos estudiando"). It provides a flexible infrastructure to guarantee the pedagogical continuity of mid-level education in the Province of Buenos Aires, a variable that was highly affected by the pandemic. The project, which emerged during April 2020, will continue the next year under the name "Bicentenary Classrooms" ("Aulas del Bicentenario"). It also worked with the Ministry of Production in the project "Open Stores" ("Comercios Abiertos"). Provincia NET implemented a shopping portal

that allowed each of the municipalities of the province to provide a tool to the proximity stores and citizens for free so that they can interact in a geolocalized way in order to minimize movement during the pandemic. Finally, together with the Ministry of Labor of the Province of Buenos Aires, it conducted the project "Management Platform for Job Training" ("Plataforma de Gestión de la Formación" Laboral). It is an IT tool that allows to plan the training offering and to systematize the procedure to promote the appointment of instructors and staff of the Centers. Provincia NET provided the companies with intercompany IT solutions with an annual billing of, approximately, \$33 million, an increase of 12% as against 2019. The business unit billing reached \$125.6 million, a reduction of 39% as against the previous year. The gross profit reached \$44.2 million, a reduction of 33% as against 2019; these values were mainly affected by the discontinuity of the services provided to the Workers' Compensation Insurance Superintendency (Superintendencia de Riesgos del Trabajo - SRT) and other public sector entities.

b) Collection: As regards of the consequences of the COVID-19 pandemic and the ASPO, the network was closed from March 19, 2020, to April 22, 2020. Afterwards, it was gradually opened with strict health protocols, which generated additional costs to the business unit: - System to schedule an appointment and/or reception of customers pursuant to the last digit of their National Identity Card (DNI). - Cleaning, disinfecting and sanitizing staff and products in Service Centers. - Additional outsourced staff in Service Centers for sanitizing customers. - Economic compensation for outsourced network agents for the reduced number of transactions during the pandemic. Within this context, the payment website of Provincia NET was launched. It is a 100% online service to pay with debit cards which allows to perform more profitable and safe transactions and provides greater convenience and better solutions for the customers of Provincia NET Pagos.

The billing of this business segment reached \$887 million, a reduction of 11% as against 2019, and the average cost per transaction increased by 41%, 4 percentage points above the average income. The annual gross profit of the business unit reached \$67 million (a reduction of 62% as against 2019).

c) Contact Center: Provincia NET helped Banco de la Provincia de Buenos Aires in a year when most of the branches were closed and when the need to provide customer service was imperative through commercialization, as customer service, of 575 teleoperators, generating a billing of \$506 million. Furthermore, the chat bot was launched on the BPBA website. It solved an average of 90 thousand questions per month and the comprehensive care of customers of CUENTA DNI (Digital Wallet) and the Emergency Family Income (Ingreso Familiar de



Emergencia - IFE), an exceptional measure taken by the National Government to protect families against health emergency caused by COVID-19. Additionally, an area for continuous improvement was developed to analyze and exploit data gathered from contactability such as the KPI. Another application provided to BPBA was the Social Media tool, which was acquired for Marketing and Business Intelligence of the entity.

In order to actively collaborate in the modernization of the State in its different areas, the agreement with the Ministry of Women, Gender Policies and Sexual Diversity of the province of Buenos Aires was renewed. Through this agreement, telephone assistance and other technological demands that are key to manage the 144 number (Gender Violence) are provided.

The business sector could not avoid stopping its growth and ended the 2020 period with a gross profit of \$49.9 million, a reduction of 19% as against the previous year.

b. Bapro Mandatos

Bapro Mandatos y Negocios S.A.U. (the "Company" or "Provincia Mandatos") is the company of the Group that specializes in the structuring and management of ordinary, guarantee and financial trusts.

During 2020, the policy of the Company was to obtain more resources, assess the performance of the processes that started during previous years, and set a new direction where it was considered necessary.

During the previous four years, management has devoted to the close and formal liquidation of structures without operating activity, structures that were unprofitable or that generated expenses and conflicts for the Company. In 2020, this policy continued, transferring or liquidating two fiduciary structures (Plusmar and La Economía Comercial); therefore, in the case of liquidation, an important amount of owed fees were recovered.

An effective management of existing disputes was performed in different structures managed by the

Therefore, 2021 determines the beginning of a decision-making path in every sector of the company so as to reduce those effects. Some of the decisions are: - Developing more efficient technological solutions for public organisms. - Diversifying payment channels for taxes and services towards digital solutions. - Changing the organizational structure of IT equipment so as to provide faster deliveries. - Making the financial flow of the collection business more efficient in managing third-party funds. - Developing new digital channels for the Contact Center. - And recovering market share in the collection services of ARBA (Tax Revenue Agency of the Province of Buenos Aires).

The 2021 budget envisages an economic result before taxes of \$119.7 million (\$10 million inflation-adjusted). The budget foresees a gradual recovery from the global COVID-19 pandemic. In line with the plan adopted by the company during 2020, emphasis will be placed on optimizing each of the business units in order to position Provincia NET in each market.

Company. In spite of the emergency health measures, it was possible to make significant progress in the ongoing processes. Within the process of liquidation of the Estrella del Sur trust, all the necessary observations and resources were submitted to prevent distribution of the funds obtained after auctioning the property by applying an out-of-date exchange rate; furthermore, it was possible to issue a resolution that establishes that the Receivership is not legally allowed to submit actions against the company about its responsibility or restoration of equity. Likewise, it was possible to verify before the National Commercial and Civil Courts the existence of 21 causes, yet to be notified, related to this trust, which allowed the company to take precautions that would, in due time, facilitate their legal management.

As regards the Samaagro trust, it was possible to make progress in the strategies planned; therefore, producing new evidence for the ongoing cases, and exceptions to prescriptions were maintained in two pending cases on which we expect positive results for the company's interests.

As regards the Sucre trust, negotiations were started in order to settle some of the cases, but the result was negative. Notwithstanding the aforementioned, a new judgment against the trust was pronounced; however, this does not affect the Company's equity.

In the actions related to Puerto Palmas trust, the precautionary measure on the trust res was lifted.

As regards the Punta Médanos trust, the Honorable Chamber of Appeals in Commercial Affairs confirmed a prohibitory injunction; therefore, notarizing the trust res as an indivisible property was not allowed. A claim was also received, which is still within the legal term to be responded. The object of such claim is to remove the company as trustee, remove the existing developer and seize the trust res by constituting it as trust guarantee.

As regards the management of the Company itself, it is worth mentioning that, during 2020, hard work was made in order to adjust amounts collected as fees for trust services in many structures where, as a consequence of the evolution of tasks and responsibilities taken by the Company or because of the absence of automatic update clauses, fees collected were significantly out of date as against the costs associated to the resources allocated to managing those contracts.

Additionally, during 2020, and with the purpose of contributing to the management of the Province of Buenos Aires, its municipalities and Banco de la Provincia de Buenos Aires, work was done together with these parties so as to design a great number of new trust structures.

By the end of last year, an agreement was entered into by the Ministry of Agrarian Development to create the FONDO

FIDUCIARIO PROVINCIA EN MARCHA trust with the purpose of promoting competitiveness within the fruit sector, dairy farming, agro-ecological sector, sheep farming, family farming and bee products industry of the Province of Buenos Aires through granting financial aid to the different participants.

Likewise, great progress has been made in the amendment of the BA INNOVA trust agreement in order to extend its scope, and in the execution of a new agreement between FUERZA SOLIDARIA trust and CONAMI. We also foresee that, during the first months of 2021, the corresponding agreement of the FONDO FIDUCIARIO DE INNOVACIÓN TECNOLÓGICA trust created by sections 84 to 92 of the Provincial Budget Law No. 15708 will be entered into.

Finally, it is worth mentioning that the Argentine Securities Commission (Comisión Nacional de Valores - CNV) issued Resolution 839 of 2020, Special Regime for Solidarity Financial Trusts (Régimen Especial de Fideicomisos Financieros Solidarios). Pursuant to this law, the Company submitted the "PORVENIR" Program with the purpose of placing different series or individual trusts with public offering in the Capital Markets for projects with a strong social impact of trustors of the national, provincial and municipal public sector. The Program was developed together with Provincia Bursátil S.A., and they will be the Main Placement Agent. Currently, it is undergoing the last steps of review and, then, it will be subject to the approval of the Argentine Securities Commission.

In terms of Human Resources, during 2020, new recruitments took place in order to professionalize even more both managements in the company and set the bases to respond to the higher operating activity forecast for 2021. Accordingly, the staff was reorganized

in order to reinforce key sectors and, at the same time, members of the staff were transferred from the company to other companies in the Group (so as to provide them with better growth opportunities). In 2021 it is envisaged to hire additional personnel to reinforce new tasks that will emerge as a consequence of the higher planned operating activity.

It should be noted that, in spite of the ASPO, all the ordinary and regular activities of the company have continued without any interruption during the entire period.

As in previous years, the Company has not resorted to external financing and has covered the entire cost of its ordinary and regular operations with its own resources

generation through the process of management fees update and the review of fees paid to external advisors.

In May, it received from Banco de la Provincia de Buenos Aires, a bond for 237,500 Acquisition Value Units (Unidad de Valor Adquisitivo - UVA), which allowed the Company to comply with the requirements stated in General Resolution No. 796/2019 of the Argentine Securities Commission (some effects postponed by the CNV General Resolution No. 825/2019) to continue appearing in the registry of Financial Trusts kept by such regulatory authority and to comply with all the requirements set forth as regards equity and minimum liquid assets required by the CNV so as to act as public financial trustee.

c. BA Desarrollo

BA Desarrollo S.A. is a company of Grupo Provincia S.A. Its main purpose was focused on promoting and developing financial and technical assistance to foster the various productive, commercial and service-related sectors of the Province of Buenos Aires. It acted as manager and arranger, providing services related to surveys, technical coordination, financial structuring and planning of matters under its fields of competence, with the support of professional experts.

Due to external and internal factors that triggered a slowdown in economic growth, an increase in inflation rates and a high volatility in internal exchange and financial

markets, the Company terminated all contracts entered into in 2018 and discontinued its activities.

On December 28, 2018, in the Regular and Special General Meeting No. 13, shareholders approved the Company's dissolution according to the terms of Section 94, Paragraph 1 of Law No. 19550.

By the end of 2020, the Company is undergoing its liquidation process, and a new liquidator and receiver were appointed.

d. Provincia Bursátil

From a corporate standpoint, in February 2020, the new Management took over the management of Provincia Bursátil, with the general coordination of Grupo Provincia, a new coordinated financial and commercial strategy was established in order to generate synergy and a larger scale of operating volumes as a result of the higher commercial reciprocity with the parties; therefore, comprehensively taking advantage of the presence of the Group as regards investments in the financial and capital market.

The main challenge for 2020, specifically for Provincia Bursátil, was optimizing its processes so as to achieve a more efficient resource management. In this regard, an Investment Committee was constituted. Its main purpose is assessing investment initiatives, analyzing the opportunities of new businesses and redefining existing investments according to the guidelines set forth by Grupo Banco Provincia.

Likewise, the operation of the Risks Committee was reinforced. Its main purpose is monitoring each financial and non-financial risk to which the Company is exposed as well as the techniques used to measure it.

During this year, several efforts were channeled to strengthen those issues related to the sector's governing rules and the regulatory changes established by the UIF, FATCA and OECD.

During this year, the ASPO was established; therefore, the company had to take measures to guarantee its operations pursuant to the resolutions taken by the National Executive Branch and in accordance with the requests by the Argentine Securities Commission.

A contingency plan that limits in-person activities in the offices located in the Autonomous City of Buenos Aires and the La Plata branch was initiated. Remote working was implemented for 100% of its employees thanks to the purchase of VPN licenses that allowed the continuance of operations in every line of business.

From the operations point of view, Provincia Bursátil continued performing as Placement and Sub-Placement Agent of primary issuance of financial assets, mainly of financial trusts, negotiable obligations and bills issued by the Province of Buenos Aires. New invitations were submitted to keep this role because of the capacity to place these products among the customers of the Company, by increasing exposure of Provincia Bursátil in the capital market.

During the same quarter, the participation of Provincia Bursátil as Placement Agent in the global financial trust "Porvenir" Program that has the exclusive purpose of managing financing resources for entities in the public sector that produce social impact was

approved; Bapro Mandatos y Negocios S.A. acts as financial trustee.

In November 2020, a new role was assigned to the Trading Desk of Provincia Bursátil to centralize the transaction of all investment operations of the Grupo Banco Provincia's companies. This was the methodology used by most of the local and international economic groups.

In December 2020, the accession of Provincia Bursátil as Placement and Investment Mutual Funds Distributor was included through the platform "BYMA Fondos." This will allow the Company, as of 2021, to manage subscriptions and redemptions of Investment Mutual Funds with the liquidation in BYMA.

In 2020, we included the possibility of discounting in the Argentine Securities Market, Echeq Pyme secured by Mutual Guarantee Societies (SGR). And for 2021, the possibility of subscribing new agreements with SGR is under analysis so as to boost the discount market for Deferred Payment Checks (CPD).

As regards cybersecurity, a strategic plan was designed to amend weaknesses detected in an initial diagnosis. This plan is developed jointly with Provincia NET.

Within this need of rethinking towards the future, Provincia Bursátil initiated a process to implement a transactional and advisory system that allows its principals to access their account statements and operate through any device. Its implementation is one of the strategic objectives set forth for 2021 with the intention to extend its customers base and consolidate the presence of the Company in the stock market, thus, increasing the volume of the different business lines so that Provincia Bursátil becomes a bridge between Banco Provincia and its customers from the Province of Buenos Aires and accomplishing a gradual approach to the capital market.

3. Financial Sector



a. Provincia Leasing

Provincia Leasing S.A. has the primary purpose of providing leasing services with respect to personal or real property, trademarks, industrial models or patents, software and/or any other assets permitted by law.

In 2020, Provincia Leasing S.A. consolidated its position among the three biggest leasing providers in the market maintaining its leading role in the public sector and offering support to municipalities and provincial agencies. The private sector customer portfolio grew above projections and is mainly composed of SMEs of the province of Buenos Aires.

The Company has provided an optimal financial tool for modernization and technological update of SMEs in different productive sectors through the equipment or establishment of industrial plants or all kind of machinery for industrial and farming production without leaving aside the different service provider sectors by facilitating funding of industrial equipment, vehicles, equipment for construction and road maintenance machinery, as well as high-tech equipment for communications and computerization.

Provincia Leasing maintained its commercial strategy mainly focusing on the municipalities of the Province of Buenos Aires, specifically, in goods related to infrastructure, health and safety works. Financing SMEs of the Province of Buenos Aires was also prioritized.

With respect to the financing strategy, the Board of Directors established that priority had to be given to credit lines of Banco Provincia and Banco de Inversión y Comercio Exterior (BICE) by increasing existing quotas. Thanks to the strategies adopted by the Board of Directors, profitability targets were exceeded in a challenging context for fixed assets investments.

Due to the pandemics, labor workshops held in previous years in industrial parks and in the majority of the municipalities of the Province of Buenos Aires together with Grupo Banco Provincia S.A. and its controlled Companies were discontinued. There was participation in online fairs, events and talks with different chambers,

thus interacting with potential customers and suppliers. In this unprecedented situation, the company had to set the network, improve its systems and provide with resources so that its entire staff was able to operate within the normal terms. Reviews and improvements of the processes that allowed the optimization of resources and operation execution time were made.

The average value of operations executed during 2020 was \$15.2 million for the public sector and \$10.4 million for the private sector. Transactions made with the public sector were 68% and with the private sector were 32%; this meant great support to the productive sector of the Province of Buenos Aires.

Distribution of operations among different segments was as follows: public sector, \$1,080.3 million; and private sector \$508.5 million.

The result for the year 2020 was \$220.4 million (\$57.9 million inflation-adjusted).

In the current crisis context that unleashed in 2020 by COVID-19, the leasing financial tool emerged as a key productive investment instrument and as an element to strengthen the capacity of the public sector against the pandemic.

In 2021, operations will continue with Banco Provincia and BICE as main financing sources and, if the conditions allow to, intensification with other tools in the financial market will be implemented in order to increase funding for productive projects within the private sector of the Province of Buenos Aires and the investment needs of its municipalities and other organisms in the public sector.

The company will try to restore commercial bonds that were affected by the pandemic, approach new customers and suppliers who have a spotless reputation and economic capacity so as to boost its business.

At the same time, it will intensify the commercial relationship with industrial chambers of the Province

of Buenos Aires in order to establish new commercial agreements that would benefit both parties; work will be done together with the Group's companies and Banco de la Provincia de Buenos Aires so as to consolidate the presence of Provincia Leasing S.A. and achieve commercial synergy.

Within this new global context, efforts will be focused on continuing with the normal operation of the

activity, improving indebtedness conditions, adjusting administration and origination of the portfolio, improving efficiency of collection, recovery and replacement management of property and looking for new operations. All this with the commitment of being within the portfolio management and collection standards of markets with a wide experience in financial leasing operations.

b. Provincia Fondos

The Company's main activity is to manage the portfolio of mutual funds, acting as Manager of Collective Investment Products. Banco de la Provincia de Buenos Aires acts as Custodian of Collective Investment Products - Mutual Funds pursuant to Law No. 24083.

The equity structure of the company is the following: Provincia Bursátil S.A. (Company controlled by Grupo Provincia): 90%; and Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel: 10%.

The Company has operated during 2020 within a complex economic context. Its main variables have presented great volatility as a result of the recession that started during previous years that intensified during the Preventive, Mandatory and Social Lockdown (ASPO) caused by the COVID-19 outbreak, which was declared as pandemic by the World Health Organization.

In February 2020, the new authorities of the Board of Directors took office. They implemented a new commercial and financial strategy coordinated with Grupo Provincia and the Bank in order to increase the equity of Mutual Funds managed by the managing company. This new policy has been coordinated and unique for all the companies of the Group based on the commercial reciprocity criteria, which has the purpose of increasing the customer base and the managed volume.

After the new authorities took office in the company, in the Argentine Republic, the National Executive Branch

declared the health emergency for managing the crisis caused by COVID-19 and, later, it declared the ASPO, which was in force from March 20, 2020 to November 8, 2020. Afterwards, they established DISPO measures.

Within this context, the Company took the following extraordinary actions to cope with the above-mentioned emergency:

Joint activation with the Management of Human Resources of Grupo Banco Provincia of a protection protocol and preventive measures suggested for employees, customers and suppliers so that they can improve their coverage level and mitigate health risks caused by the current context. For this purpose, actions were taken so that all the staff of the company was able to work at home; the contingency plan was launched, and seven VPN licenses were purchased in order to allow the remote operation of all the staff of the company.

Economic and financial projections were made on the evolution of the core business to assess the impact on profitability, liquidity and risk of the company.

As a consequence of the results of such analysis and in response to the higher need for liquidity by the customers, the corresponding precautions were taken through cautious policies that prioritize and maximize the liquidity levels of the company and the funds under its management. For the latter, competitive returns were maintained to, simultaneously, timely and in due form,

comply with the financial obligations of the company as well as the potential redemptions by investors.

Simultaneously, it was decided to manage expenses in a monitored and controlled way.

Regardless of the above-mentioned situation, during 2020, the global equity under the management of the Argentine Investment Mutual Funds presented a growth in open funds of 130.3% as against the previous year; as of December 2021, the total amount is \$1,898,969 million.

Assets under the administration of Provinfondos S.A. at December 31, 2020 were \$43,822 million, which represented a market share of 2.31% and a growth of 367.07% as against historical equities managed at the end of 2019, almost triplicating the industry growth.

This performance was, basically, the result of the enlargement of the customer base implemented by the company, with higher

number of customers in the provincial and municipal public sector, the strong support by the companies of Grupo BAPRO, new management companies that administer other funds and the significant support by the trade desk of Banco de la Provincia de Buenos Aires that provided with corporate and retail customers.

Simultaneously, and thanks to the work of the company's professional teams, highly competitive returns were offered and investment strategies in funds were redesigned.

All the Mutual Funds managed by the Company have significantly increased equities as against the values by the end of 2019, with the exception of "1822 Raíces Dólares Plus" fund, which slightly decreased. The "1822 Raíces Ahorro Pesos" Money Market fund had the best equity performance with a growth of 457.66% as against the equity managed by that date as it can be clearly seen in the following detail of the managed funds:

Type of fund	Equity (in \$) 2020	Equity (in \$) 2019 (*)	Variation (%)
1822 Raíces Valores Negociables	853,957,419	607,147,307	40.65%
1822 Raíces Renta en Pesos	381,811,094	177,216,539	115.45%
Abierto PYMES 1822 Raíces PYME	514,671,954	130,041,913	295.77%
1822 Raíces Ahorro Pesos	38,701,302,883	6,939,893,663	457.66%
1822 Raíces Valores Fiduciarios	2,267,525,623	505,826,161	348.28%
1822 Raíces Inversión	232,238,806	144,229,922	61.02%
1822 Raíces Dólares Plus	870,115,119	877,841,363	-0.88%
Total	43,821,622,898	9,382,196,868	367.07%

(*) According to the corresponding balance sheet as of December 31, 2019

On May 18, 2020, the Argentine Securities Commission approved the changes in the wording of specific clauses of the Regulations for the Management of the "1822 Raíces Dólares Plus" Investment Mutual Fund; and the Specific Investment Policy adopted for such fund by the Manager Company by minutes of the Board of Directors No. 662 of March 17, 2020. This was intended to establish Class B Quota Shares as eligible to receive repatriation of financial assets by virtue of Law No. 27541, Regulatory Decree No. 99/2019 (modified by Decree No. 116/2020), pursuant to the requirements set forth in Resolution 828/2020.

On July 8, 2020, the CNV approved the change in name of the "1822 Raíces Renta Global" Mutual Fund for "Abierto PyMES 1822 Raíces Pyme" Mutual Fund and the changes in the wording of the specific clauses of the Regulations for the Management of the "Abierto PyMES 1822 Raíces Pyme" Mutual Fund so that it qualifies as an open-end mutual fund to finance SMEs according to the Regulations set forth by the Argentine Securities Commission.

The latter change is the result of a strategy that considers the importance of SMEs as employment generators, both for the Bank and for the Province of Buenos Aires; therefore, we launched the "1822 Raíces Renta PyME" Mutual Fund. This way, we helped institutional customers to comply with some of the regulatory requirements and we included a new buyer of financial products of SMEs companies, which will facilitate their access to funding and contribute to their development in the capital market.

Professional Rating Services ACR S.A. (ProRatings), based on the national standards and on the credit quality and

performance of assets on which the mutual funds managed by Provinfondos invest on, issued the following ratings:

Name	2020
1822 Raíces Ahorro Pesos	AA
1822 Raíces Valores Fiduciarios	A
1822 Raíces Inversión	BBB
1822 Abierto PYME (former Raíces Renta Global)	A
1822 Raíces Renta en Pesos	A+
1822 Raíces Valores Negociables	A
1822 Raíces Dólares Plus	BBB+

A growth in managed assets within the industry is expected for 2021 as against 2020; and the Company expects to:

- Consolidate and maintain the significant growth in the managed equity.
- Continue improving the product offer by intensifying investment alternatives for customers.
- Diversify commercialization channels with the Bank and Provincia Bursátil so that the latter, as Agent of Commercialization and Comprehensive Distribution of Collective Investment Products, offers Provinfondos mutual funds.
- Prepare projections about cash flows, concluding that there is no uncertainty about its capacity to operate as an on-going enterprise during the next 12 months.





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