

## Auditors' Report

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

1. We have performed an audit examination of the balance sheets of Banco de la Provincia de Buenos Aires at December 31, 2013 and the related statements of income, changes in net worth and cash flows and cash equivalents for the fiscal year then ended, together with complementary Notes 1 to 19 and exhibits A to N and O. Furthermore, we have examined the consolidated financial statements of Banco de la Provincia de Buenos Aires with those of its controlled companies for the fiscal year ended December 31, 2013, as well as the consolidated statements of debtors' status and complementary Notes 1 to 22. The Bank is responsible for the preparation and issuance of these financial statements. Our responsibility is to express an opinion on the financial statements based on our audit.
2. Our examination was conducted in accordance with auditing standards prevailing in Argentina, and the requirements of the "Minimum Standards for External Audits" issued by the Argentine Central Bank (BCRA). These standards require the auditor to plan and perform the audit so as to obtain reasonable assurance that the financial statements are free of material misstatements and form an opinion on the fairness of the significant information contained in the financial statements. An audit includes the examination, on a selective test basis, of evidence supporting the amounts and information disclosed in the financial statements. An audit also includes the assessment of the accounting standards used and the significant estimates made by the Bank, as well as an evaluation of the overall financial statement presentation. We consider that our audits provide a reasonable basis for our opinion.
3. As mentioned in Note 16, through Resolution 92/11, the BCRA granted to the Bank certain facilities and exemptions mainly linked to regulations on valuation of public sector assets and other prudential and solvency aspects, the validity of which is subject to the Bank's compliance therewith.

According to such Note, on January 15, 2013, the Bank submitted its 2013-2018 Strategic Plan in order to redefine the Regularization and Reorganization Plan based on the financial needs of the Province of Buenos Aires, thus including the impact of regulatory amendments introduced during 2012. The Bank has requested the maintenance of certain exemptions contemplated in such resolution, additional exemptions and an extension of the provisions of Resolution No. 92/2011 due to the Bank's failure to meet Minimum Capital Requirements.

As described in Note 16, on April 30, 2013, the Bank requested the control authority to allow it to redesign the 2013-2018 Business Plan, which was submitted on May 31, 2013 and included provisional figures which are being analyzed by the BCRA.

As stated in Note 16, on January 27, 2014, the Bank requested the BCRA to maintain the exemptions set forth in Resolution 92/2011. At the date of these financial statements, no reply has been received from the BCRA regarding the requested exemptions.

At the date of this report, the Bank has not complied with the provisions of Resolution 92/2011 related to capital requirements and frozen assets regulations, exposure to the public sector, credit risk diversification in public sector financing, among others.

These financial statements have been prepared taking into account the exemptions and facilities granted by the BCRA through Resolution No. 92/2011. At the date of this report, we are not in a position to anticipate the possible effects that the evolution and/or resolution of these matters may have on the future performance of the Bank and the value of its assets and liabilities.

4. As described in notes 1.c and 1.i) to the individual and consolidated financial statements, respectively, at December 31, 2013 the Bank has a considerable exposure to the Argentine public sector through government securities, loans and other financial assistance. Accordingly, the future evolution of the provincial and national economy is of significant importance to the financial condition of the Bank.

5. Banco de la Provincia de Buenos Aires holds a 99.97% participation in Grupo Banco Provincia S.A., which has been valued according to the equity method of accounting and included in the consolidated financial statements. The main aspects that may affect the valuation of this subsidiary and the assets and liabilities of the consolidated balance sheet are detailed below:
  - a. As stated in note 18.a.3 to the consolidated financial statements, from September 2004, several amendments with respect to workers' compensation insurance were made. On November 6, 2009, the Nacional Executive Branch issued Order No. 1694/09 introducing reforms to the workers' compensation regime governed by Law No. 24557, as amended, applicable to contingencies with the first disability manifestation occurring as of such date. Moreover, on October 25, 2012, Law No. 26773 significantly amending the workers' compensation regime was enacted, though its regulation is still pending. At this date, the effects of these amendments on the loss ratio and the economic and financial position of Provincia ART S.A. and its transactions can not be assessed.
  - b. As described in note 18.a.1 to the consolidated financial statements, Provincia A.R.T. S.A. manages the self insurance contract of the Government of the Province of Buenos Aires and therefore, significant receivable amounts have been accrued, the payment method and term of which are explained in such note. At December 31, 2013, the pertinent balance in favor of Provincia A.R.T. S.A. amounts to \$931,385 thousand.
  - c. As indicated in note 18.a.6 to the consolidated financial statements, at December 31, 2013, Provincia A.R.T. S.A. shows a deficit in its minimum capital and meeting of liabilities with insureds technical ratios for \$1,368,298 thousand and \$955,503 thousand, respectively. Such deficit was determined according to the rules of the National Insurance Superintendency (*Superintendencia de Seguros de la Nación*), and without applying, in compliance with the regulations issued by the control authority, certain alternative criteria adopted until September 30, 2013, such as the consideration as assessable of the balance in favor of the Government of the Province of Buenos Aires mentioned in item 5.b of this report. As described in note 18.a.7 to the consolidated financial statements, on December 19, 2013, Provincia A.R.T. S.A. submitted a regularization and reorganization plan for its technical ratios to the National Insurance Superintendency. At the date of this report, the Superintendency has expressed no comments on the regularization plan that Provincia A.R.T. S.A. and, if necessary, its shareholders shall fulfill. Therefore, it is not possible to draw any conclusion regarding the impact of the resolution of these issues on the economic and financial situation of Provincia A.R.T. S.A. and its future operations.
6. These financial statements have been prepared by the Bank applying the valuation and disclosure criteria established by the Argentine Central Bank and, in the case of Grupo Banco Provincia S.A., by the pertinent control authorities. As mentioned in Note 2.2. to the financial statements and Note 3 to the consolidated financial statements, those criteria for valuing certain assets and liabilities and the financial statement presentation standards established by the control authorities differ, in certain aspects, from current professional accounting standards. The effect on the financial statements derived from different valuation, restatement and disclosure criteria has not been quantified by the Bank. The global impact of the mentioned deviation from the professional accounting standards in force cannot be estimated through audit procedures.
7. In our opinion, subject to the effects on the financial statements that could arise from possible adjustments and/or reclassifications, if any, which could derive from the final resolution of the situations described in paragraphs 3 to 5, and except for the deviation from the professional accounting standards as indicated in paragraph 6:
  - a) The financial statements of Banco de la Provincia de Buenos Aires present fairly, in all material respects, its financial condition at December 31, 2013, the results of its operations, cash flows and cash equivalents and changes in its net worth for the year then ended, in conformity with BCRA rules and, except for the deviations mentioned in paragraph 6, in accordance with accounting standards in effect in the Province of Buenos Aires.
  - b) The consolidated financial statements of Banco de la Provincia de Buenos Aires and its controlled companies present fairly, in all material respects, their consolidated financial condition at December 31, 2013, the consolidated results of their operations and consolidated cash flows and cash equivalents for the year then ended, in conformity with BCRA rules and, except for the deviations mentioned in paragraph 6 above, in accordance with accounting standards in effect in the Province of Buenos Aires.
8. The Bank's individual and consolidated financial statements at December 31, 2012, submitted for comparative purposes only, were audited according to the provisions of item 2 and a report with qualifications similar to those included in items 3, 4, 5.a and 6 hereof was issued on February 21, 2013.

9. In compliance with prevailing regulations, we report that:

- a) We have implemented procedures related to anti-money laundering and anti-terrorist financing in accordance with professional standards issued by the Argentine Federation of Professional Councils of Economic Sciences (*Federación Argentina de Consejos Profesionales de Ciencias Económicas*);
- b) As mentioned in Note 18.2 to the financial statements at December 31, 2013, the accounting records of the Bank show no accrued debts for employee withholdings and employer contributions towards the Argentine Integrated Pension System.
- c) Apart from the remarks made in items 3 to 6 hereof, we have no other comments on the information included in note 18.11 to the individual financial statements at December 31, 2013 with relation to the requirements imposed by the *Comisión Nacional de Valores* (national securities commission) regarding Minimum Net Worth and Minimum Required Counterpart Contribution.

La Plata, February 20, 2014

PRICE WATERHOUSE & CO. SRL

(Partner)

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