

INDEPENDENT AUDITORS' REPORT

To the President and Board of 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

Introduction

We have audited the accompanying financial statements of Banco de la Provincia de Buenos Aires (the "Bank"), which comprise the balance sheet as of December 31, 2015 and the related statement of income, statement of changes in net worth and cash flows and equivalents for the fiscal year then ended and a summary of significant accounting policies and other relevant information included in notes 1 to 21, and supplemental exhibits A to N and O. Furthermore, we have examined the consolidated financial statements of Banco de la Provincia de Buenos Aires and its controlled companies for the fiscal year ended December 31, 2015, as well as the consolidated statement of debtors' status and Notes 1 to 22, which are presented as supplementary information.

The figures and other information for the year ended December 31, 2014 are an integral part of these audited financial statements and, therefore, are intended to be read only in relation to those financial statements.

Board of Director's responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the accompanying financial statements in conformity with the accounting standards established by the Argentine Central Bank (BCRA). The Board of Directors is also responsible for the internal control considered necessary to enable the presentation of financial statements free from material misstatements, whether due to errors or

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(Partner)

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27-13802361-9

irregularities. Our responsibility is to express an opinion on the financial statements based on our audit, within the scope described in “Auditors’ responsibility”

Auditor’s responsibility

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We have conducted our audit in accordance with the auditing standards applicable in Argentina established in the Technical Resolution No. 37 of the *Federación Argentina de Consejos Profesionales de Ciencias Economicas* (Argentine Federation of Professional Councils in Economic Sciences – FACPCE) and the auditing standards issued by the Argentine Central Bank. Those standards require us to comply with ethical requirements and to plan and perform the audit so as to obtain reasonable assurance that the financial statements are free from material errors.

An audit involves performing procedures to obtain audit evidence about the figures and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements of the financial statements. In making those risk assessments, the auditor must consider the internal control relevant to the Bank’s preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank’s Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for our qualified opinion

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As described in note 16, the Bank has adopted, as valuation criteria for the Guaranteed Bonds issued by the Trust Fund for Provincial Development (*Fondo Fiduciario para el Desarrollo Provincial*) (Bogar 2018), the accounting criteria authorized by the BCRA according to the exemptions granted through Resolution No. 92/11, as considered in force. As indicated in note 2.18 to the stand-alone financial statements, this accounting policy departs from the BCRA's accounting standards.

Qualified opinion

In our opinion, except for the effects of the matter described in “**Basis for our qualified opinion**”:

- a) the accompanying financial statements of Banco de la Provincia de Buenos Aires present fairly, in all material respects, its financial position at December 31, 2015, the results of its operations, cash flows and equivalents and changes in its net worth for the fiscal year then ended, in accordance with the accounting standards established by the BCRA;
- b) the accompanying consolidated financial statements of Banco de la Provincia de Buenos Aires and its controlled companies present fairly, in all material respects, their consolidated financial position at December 31, 2015, the consolidated results of their operations and consolidated cash flows for the fiscal year then ended, in accordance with the accounting standards established by the BCRA.

Emphasis of Matters

- a) Without modifying our opinion as stated in note 2, the accompanying financial statements have been prepared in conformity with the applicable accounting standards established by the Argentine Central Bank. Those standards differ, in certain aspects, from current professional accounting standards. In note 3 to the financial statements and note 3 to the consolidated financial statements, the effect on the financial statements

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derived from the different valuation and disclosure criteria has been identified and partially quantified by the Bank.

b) Without modifying our opinion, we draw attention to:

b.1) note 16, which describes that, through Resolution No. 92/2011, the BCRA granted to the Bank certain facilities and exemptions mainly linked to the valuation of public sector assets and other prudential and solvency aspects, the validity of which was subject to the Bank's compliance therewith.

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

As stated in note 16, the Bank has submitted several documents to the BCRA including its 2015-2018 Compliance Schedule. Its main purpose is to achieve self-capitalization through the generation of earnings, its inclusion in the prudential solvency rules and the maintenance of certain exemptions granted by Resolution No. 92/11 as well as other additional exemptions requested by the Bank related to exposure to the public sector, credit risk diversification in public sector financing, compliance with minimum capital requirements, calculation of loans for productive investment and licensing of service units.

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

These financial statements have been prepared taking into account the facilities and exemptions granted by the BCRA pursuant to Resolution No. 92/11 and other requests described in such note. Therefore, they must be read in the light of these circumstances.

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- b.2.) notes 1.a and 1.h) to the stand-alone and consolidated financial statements, respectively, which describe that, at December 31, 2015, the Bank has a considerable exposure to the Argentine public sector through government securities, loans and other financial assistance and that the future evolution of the national and provincial economies and the honoring of obligations are of significant importance to the financial condition of the Bank
- c) Banco de la Provincia de Buenos Aires holds a 99.97% interest in Grupo Banco Provincia S.A., which has been valued according to the equity method of accounting and included in the consolidated financial statements. Without modifying our opinion, we draw attention to the information included in:
- (i) note 18.a.3 to the consolidated financial statements, which describes the amendments introduced to the existing legislation on workers' compensation insurance.
 - (ii) note 18.a.1 to the consolidated financial statements, which describes that 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, 2015, the pertinent balance in favor of Provincia A.R.T. S.A. amounts to \$696,948 thousand.
 - (iii) notes 18.1.a. and 18.a.5 to the accompanying consolidated financial statements, which describe that, at December 31, 2015, Provincia A.R.T. S.A. shows a deficit in its minimum capital and meeting of liabilities with insureds technical ratios for \$2,033,665 and \$860,167, respectively. As stated in such notes, on May 22, 2014, the National Insurance Superintendency approved the regularization and reorganization plan for technical ratios submitted by the Company and required Provincia A.R.T S.A. to comply with additional requirements. The plan included the partial collection in kind of receivable amounts from the Government of the Province of Buenos Aires through the delivery of bonds for the settlement of provincial debts, in accordance with Executive Order No. 1296, which may be computed for technical ratios under express authorization from the SSN. Though such bonds have not been issued yet, the Government of the Province of Buenos Aires has made payments to partially settle its debt, as stated in the mentioned note. The enforcement of the

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provisions contained in SSN Resolution No. 39214 has affected the compliance with the goals included in the plan as originally agreed. On October 27, 2015, the Company was notified of the plan's modification approval timely requested. Thus, the compliance term was extended until December 31, 2016, inclusive, and semiannual deficit reduction goals were set. At December 31, 2015, Provincia A.R.T. S.A. was unable to achieve such goals. The Company's authorities are continuously assessing the effects of these issues and are drafting a new regularization and reorganization plan for its technical ratios to be submitted before the control authority.

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Report on compliance with applicable regulations

In compliance with prevailing regulations, we report that:

- a) as mentioned in note 20.2 to the financial statements at December 31, 2015, the accounting records of the Bank showed no accrued debts for employee withholdings and employer contributions towards the Argentine Integrated Pension System;

- b) we have read the information included in note 15 to the stand-alone financial statements at December 31, 2015 with relation to the requirements imposed by the National Securities Commission (*Comisión Nacional de Valores*) regarding Minimum Net Worth and Minimum Required Counterpart Contribution and, as far as this audit concerns, we have no other comments to make apart from the observation made in “Basis for our qualified opinion” ;

- c) we have implemented procedures related to anti-money laundering and anti-terrorist financing in accordance with professional standards issued by the Argentine Federation of Professional Councils in Economic Sciences;

La Plata, Province of Buenos Aires, February 18, 2015

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