

INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE SEPARATE FINANCIAL STATEMENTS

To the President and Directors of
Banco de la Provincia de Buenos Aires
Legal Domicile: Av. 7 (Ingeniero Luis Monteverde) N° 726
La Plata - Provincia de Buenos Aires
Taxpayer Identification Number: 33-99924210-9

Report on Financial Statements

We have reviewed the attached separate financial statements of Banco de la Provincia de Buenos Aires (the "Bank"), which comprise the separate balance sheet at December 31, 2018, the separate statements of income, other comprehensive income, changes in net worth and cash flows for the fiscal year ended as of that date, exhibits and the selected explanatory notes.

The balances and other information corresponding to the fiscal years ended December 31, 2017 and 2016 are an integral part of the aforementioned separate financial statements and should therefore be considered in relation to those financial statements.

Responsibility of the Bank's Board of Directors and General Management

The Bank's Board of Directors and General Management are responsible for the preparation and presentation of the accompanying separate financial statements in accordance with the financial reporting framework established by the Argentine Central Bank ("BCRA"), which, as stated in Note 2 to the attached separate financial statements, are based on the International Financial Reporting Standards ("IFRS"), approved by the International Accounting Standards Board ("IASB") and adopted by the Argentine Federation of Professional Councils in Economic Sciences (*Federación Argentina de Consejos Profesionales de Ciencias Económicas – FACPCE*), with the exceptions described in that Note. The Bank's Board of Directors and General Management are also responsible for the design, implementation and follow-up of the internal controls deemed necessary to allow for the preparation of financial reports free from significant misstatements due to errors or irregularities.

Auditors' responsibility

Our responsibility is to express an opinion on the accompanying separate financial statements based on our audit. We conducted our review in accordance with the auditing standards established in the Technical Resolution No. 37 of the Argentine Federation of Professional Councils in Economic Sciences as approved by Resolution CD No. 3518 of the Professional Council in Economic Sciences of the Province of Buenos Aires (*Consejo Profesional de Ciencias Económicas de la Provincia de Buenos Aires – CPCEBA*) and the "Minimum Requirements on External Audits" issued by the BCRA applicable to the review of financial statements. Those standards require us to comply with ethical requirements and to plan and perform the audit

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Lorena Lardizábal
Partner
Public Accountant (UBA)
CPCE of the Province of Buenos Aires V° 155 F° 141
Folder 40284/2 Taxpayer Identification Number: 27-21506212-6

so as to obtain reasonable assurance that the financial statements are free from material errors. An audit involves performing procedures based on selected data to obtain audit evidence about the figures and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material errors in the financial statements. In making this risk assessment, we consider the existing internal control relevant to the Bank's preparation and presentation of the financial statements in order to select 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 accounting policies used, the significant estimates made by the Bank's Board of Directors and the General Management, 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 professional opinion.

Opinion

In our opinion, the accompanying separate financial statements of Banco de la Provincia de Buenos Aires present fairly, in all material aspects, its financial position at December 31, 2018, the results of its operations, changes in its net worth and cash flows for the fiscal year then ended, in accordance with the financial reporting framework established by the BCRA as detailed in Note 2 to those financial statements.

Emphasis on certain matters disclosed in the financial statements

Without modifying our opinion, we draw the attention of the users of this report to the following matters disclosed in the accompanying financial statements, which must be considered for their interpretation:

- a) as mentioned in Note 2 to the accompanying separate financial statements, they have been prepared by the Bank's Board of Directors and General Management in conformity with the financial reporting framework established by the BCRA, including the provisions prescribed by Resolution No. 277/18 issued by the BCRA on June 15, 2018. Such framework differs from the IFRS as follows:
 - i. through Resolution No. 277/18 dated June 15, 2018, the BCRA instructed Banco de la Provincia de Buenos Aires to maintain the criterion to charge all contributions made to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel (*Caja de Jubilaciones, Subsidios y Pensiones del Personal del Banco de la Provincia de Buenos Aires*) against income/(loss) when becoming effective, as long as the circumstances regarding the regulation of Provincial Law No. 15008, the implementation of the mechanism stated in section 11, paragraph I) therein and the possibility to quantify the potential total impact on the Bank remain the same.
 - ii. the application of section 5.5 "Impairment" of IFRS 9 "Financial Instruments", was temporarily excluded by the BCRA from the accounting framework applicable to financial institutions.
 - iii. although at December 31, 2018 the conditions set forth in the International Accounting Standard (IAS) No. 29 for the restatement of financial statements in uniform currency are complied with, pursuant to the provisions of Communication "A" 6651 of the BCRA, the Bank has not applied such

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restatement. Even though the Bank has not quantified the effects that the restatement in uniform currency would have on the financial statements, the existence of an inflationary context affects the Bank's financial condition and results, and, therefore, the impact of inflation may distort the accounting information and must be considered when interpreting the information offered by the Bank in its separate financial statements about its financial position, comprehensive income and cash flows.

To date, the Bank has been unable to quantify the effects of such differences, though estimations indicate that they would have a significant impact.

- a) as stated in Note 3 to the accompanying separate financial statements, they relate to a first fiscal year in which the Bank applies the new financial reporting framework established by the BCRA. The effects of changes derived from the application of such framework are presented in Note 25 to the accompanying separate financial statements.
- b) as stated in Note 1.3 to the attached consolidated financial statements, on June 15, 2018 the BCRA issued Resolution No. 277/18 restating the Regularization and Reorganization Plan according to the provisions of section 34 of the Law of Financial Institutions No. 21526, as amended. By such Resolution, the BCRA granted the Bank certain facilities and exemptions mainly linked to prudential regulations on minimum capital requirements, credit risk diversification, and to the issue mentioned in a) i of this paragraph, the validity of which is subject to the Bank's compliance therewith.
- c) as described in Note 6 to the accompanying separate financial statements, at December 31, 2018 the Bank has a considerable exposure to the Argentine public sector through government securities, loans and other financial assistance. Accordingly, the future evolution of the provincial and national economies and the honoring of obligations are of significant importance to the financial condition of the Bank.
- d) Banco de la Provincia de Buenos Aires holds a 99.97% interest in Grupo Banco Provincia SA, which has been valued according to the equity method of accounting. Without modifying our opinion, we draw attention to the information included in:
 - I. Note 35.2.a) to the accompanying consolidated financial statements, which describes that at December 31, 2018, Provincia ART SA shows deficits in its minimum capital technical ratios for \$749,866 thousand. As mentioned in such Note, on January 16, 2017, the National Insurance Superintendency (*Superintendencia de Seguros de la Nación - SSN*) approved the regularization plan submitted by the company, requiring to semiannually submit an independent auditor's report with an opinion on its premiums adequacy as well as the corrective measures to be implemented in case of deviations from the approved plan. At December 31, 2018, Provincia ART SA complies with the projected evolution of its technical ratios as stated in the mentioned plan.
 - II. Note 35.2.b) to the accompanying consolidated financial statements, which describes that Provincia ART SA manages the self-insurance contract of the Government of the Province of Buenos Aires and, therefore, significant receivable amounts have been accrued. At December 31, 2018, the pertinent balance in favor of Provincia ART SA amounts to \$57,579 thousand.

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- III. Note 35.2.c) to the accompanying consolidated financial statements, which describes that the final effect on Provincia ART SA's transactions of the regulatory changes and their different application methods in each jurisdiction, and the impact on the balances of its provision for insurance claims at December 31, 2018, cannot be determined.
- IV. Note 35.3 to the accompanying consolidated financial statements, which describes that, at December 31, 2018, Provincia Seguros SA shows deficits in its minimum capital technical ratios for \$260,000 thousand. As mentioned in such Note, on January 16, 2017, the SSN approved the regularization plan. At December 31, 2018, Provincia Seguros SA complies with the projected evolution of its technical ratios as stated in the mentioned plan.

Other matters

The amounts and other information for the fiscal year ended December 31, 2016, date of transition to the new financial reporting framework established by the BCRA as from January 1, 2018, arise from the financial statements as of December 31, 2016 issued by the Bank in accordance with the accounting standards of the BCRA applicable as of that date. Those financial statements were examined by other auditors who issued their auditor's report on February 16, 2017. A qualified opinion on such financial statements was issued considering: a) valuation differences for the Guaranteed Bonds issued by the Trust Fund for Provincial Development (*Fondo Fiduciario para el Desarrollo Provincial* (Bogar 2018)), and b) that the account balances corresponding to the assets held in trust were not fully updated in the Bank's records at December 31, 2016, as required by the BCRA. Should such accounting rules have been applied, the "Memorandum Debit Accounts - Trust Accounts - Trust Funds" caption would have amounted to \$747,860 thousand. Mention should be made that items a) and b) above are regularized at December 31, 2017. Moreover, it included emphasis of matters related mainly to the situations detailed in "Emphasis on certain matters disclosed in the financial statements" in items d) and e) of this report. Such report does not include the adjustments subsequently made by the Bank's Board of Directors and General Management for the conversion of that information to the new financial reporting framework established by the BCRA, which we have audited and, in our opinion, are appropriate and have been prepared according to the new financial reporting framework established by the BCRA.

Report on other legal and regulatory requirements

In compliance with prevailing regulations, we report that:

1. the accompanying separate financial statements have been transcribed into the "Inventory and Balance Sheet" book, and arise from accounting records kept in all formal respects in conformity with current legal rules;

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2. as mentioned in Note 20 to the accompanying consolidated financial statements, at December 31, 2018, the accounting records of the Bank show no accrued debts for employee withholdings and employer contributions towards the Argentine Integrated Social Security System (*Sistema Integrado Previsional Argentino*);
3. at December 31, 2018, as mentioned in Note 42.1 to the accompanying consolidated financial statements, the Bank's net worth and counterbalance entry in eligible assets exceed the minimum amounts required by the CNV; and
4. for validation purposes, the Professional Council of the Province of Buenos Aires must certify the signature of the undersigning accountant pursuant to the terms of section 166 of Law No. 10620, which governs the professional practice of graduates in economic sciences in this jurisdiction.

La Plata, Province of Buenos Aires, March 7, 2019

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