

## INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

(This Auditors' Report is the English translation of that originally issued in Spanish.)

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 Registration Code: 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 consolidated balance sheet at December 31, 2019, 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 year ended December 31, 2018 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 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 Note 5.18 to the accompanying consolidated financial statements. The Bank's Board of Directors and General Management are also responsible for the internal controls deemed necessary to allow for the preparation of financial information 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 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 present fairly, in all material aspects, the financial position of Banco de la Provincia de Buenos Aires at December 31, 2019, as well as the results of operations, changes in 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, and also taking into consideration the standards prescribed through Memorandum No. 142 issued by the BCRA on April 30, 2019 regarding the accounting treatment to be applied to the remaining investment held by the Entity in Prisma Medios de Pago SA at December 31, 2019. 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. At the

date of these financial statements, the Bank is still quantifying the impact derived from the application of such mechanism;

iii. although at December 31, 2019 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 restatement. The estimated impact resulting from the first time adoption of this adjustment at December 31, 2019 is disclosed in Note 2 to these separate financial statements;

iv. as regards the investment held in Prisma Medios de Pago SA recorded under "Investments in Equity Instruments" at December 31, 2019, it should be recognized at fair value determined pursuant to IFRS 9. As stated in Note 5.5. to the attached consolidated financial statements, the equity interest in Prisma Medios de Pago SA has been measured at fair value through profit or loss on the basis of the valuation reports issued by independent appraisers, net of the valuation adjustment mandated by the BCRA in its Memorandum No. 142 dated April 30, 2019. At the date of these financial statements, the Bank's Board of Directors and General Management have not quantified the impact of this deviation;

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 7 to the accompanying separate financial statements, at December 31, 2019 Banco de la Provincia de Buenos Aires 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, in the context described in Note 1.2 to the attached consolidated financial statements, 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 39.2.a. to the accompanying consolidated financial statements, which describes that at December 31, 2019, Provincia ART SA shows a surplus in its minimum capital technical ratios for \$365,251 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 actuary's report regarding the Company's portfolio and its premium adequacy, as well as the corrective measures to be implemented in case of deviations from the approved plan. As mentioned in Note 39.2.c., at December 31, 2019, Provincia ART SA complies with the projected evolution of its technical ratios as stated in the mentioned plan;

II. Note 39.2.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, 2019, cannot be determined.

***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;
2. at December 31, 2019, 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, 2019, as mentioned in Note 46 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, February 27, 2020

KPMG

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