NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS
(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Note 1 - General information

1.1. Bank information

Banco de la Provincia de Buenos Aires ("the Bank" or "the Entity"), as a state-owned Bank, is a self-administered provincial 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 and in provincial Constitution and laws.

Section 7 of the national union pact dated November 11, 1859 (San José de Flores Treaty) established that the Province of Buenos Aires reserved for itself the exclusive rights, among others, to govern its Provincial State Bank and to pass the necessary laws to that effect. For that reason, the Bank, its assets, acts and doings, agreements, contracts and transactions as well as the rights arising therefrom in its favor shall be exempted from any liens, taxes, charges or contributions of any nature whatsoever.

The Entity is governed by a Charter approved under Provincial Law No. 9434/79, Law of Financial Institutions No. 1526, its amendments and related provisions, and by the regulations imposed by the Argentine Central Bank (BCRA).

Likewise, as a public financial institution, the Bank is subject to audits by entities created under the provincial Constitution: the General Accounting Office and the Auditing Office of the Province of Buenos Aires for control and budgetary performance purposes.

The Bank is registered with the Argentine Securities Commission (*Comisión Nacional de Valores*-CNV) Registry to act as Comprehensive Settlement and Clearing Agent and Trading Agent, and as Mutual Funds Depository Company.

Banco de la Provincia de Buenos Aires' main activity is focused on providing retail banking services.

The Bank has two branches abroad: Sao Paulo and Montevideo. On October 26, 2017, through the Board of Directors' Resolution No. 1318/17, the Bank decided to change the legal status of the Sao Paulo Branch to Representative Office.

These consolidated financial statements include the Entity and all its subsidiaries, i.e., structured entities or companies controlled by the Bank. Information on subsidiaries is provided in Note 39.

In these financial statements, information about the "Bank" includes the Head Office as well as domestic and overseas branches; and information about the "Group" includes the Bank and its consolidated structured entities and companies.

1.2 The Argentine economic context and its impact on the Bank's economic and financial position

During the last quarter of 2019, in a context of lower exchange rate volatility, the economy dropped at a slower pace partly due to the low basis of comparison of the last three months of 2018. Industry and commerce, two important sectors in the productive structure, evidenced a decelerated impairment, while financial brokerage stood among the ones with the sharpest declines as a consequence of the contractive monetary policy.

With respect to inflation, throughout the last quarter of 2019, prices grew lower than expected by the market, thus showing a slight deceleration by the end of the quarter as against the previous period. This was partly due to the exchange rate stability evidenced after the tightening of restrictions on the purchase of US dollars by individuals. Despite the lower growth rate, a still high core inflation together with seasonal factors and the adjustment of some regulated prices explained the evolution of inflation throughout the quarter. Thus, 2019 ended with a 53.8% inflation, i.e. 6.2 p.p. over 2018.

With respect to financial assets, through Executive Order No. 598/19 dated August 28, 2019, the National Government established that the payment of short-term debt securities (Letes, Lecap, Lecer and Lelink) shall be postponed. Likewise, Executive Order No. 46/19 of December 19, 2019 provided that the payment of US dollar-denominated treasury bills shall be postponed until August 31, 2020.

At December 31, 2019, the Entity held positions in these restructured securities for $8,047,413, measured at amortized cost.

See our report dated
February 27, 2020
KPMG

(Partner)

Héctor O. Rodríguez	Rubén O. González Ocantos	Juan M. Cuattromo	C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193
General Accountant	General Manager	President	Lorena Lardizábal
			Public Accountant (U.B.A.) C.P.C.E.P.B.A.
			Volume 155 – Folio 141
			Folder No. 40284/2 - Taxpayer
			Registration Code 27-21506212-6

In financial terms, the introduction of the currency exchange control modified the exchange market dynamics, thus ensuring control on the most significant monetary and exchange variables during the last two months of 2019. In this sense, during such period, International Reserves recovered by more than US$1,500 million, amounting to US$44,781 million. Likewise, in a market with a small volume of transactions, the wholesale formal US dollar price kept around $60 during the last part of the year.

In line with the Social Solidarity and Productive Reactivation Law approved by Congress in December 2019, declaring the public emergency on economic, financial, administrative, retirement/pension, energy, sanitary and social matters until December 31, 2020 ("Economy Emergency Law"), the BCRA authorities continued implementing measures intended to create an adequate monetary framework. In December the monetary policy rate was reduced by 8 p.p., ending 2019 with a nominal annual rate of 55%. Consistent with the policy interest rates, market interest rates evidenced significant drops in wholesale, retail and interbank segments during December. Such behavior was shown in a context in which the main savings vehicle was significantly restricted, reducing the range of options to fixed term deposits as one of the few financial investment instruments available for individuals and companies.

The Economy Emergency Law also suspended until December 31, 2021 the reduction of the income tax rate as well as the 2017 fiscal agreement, establishing the gradual reduction of the gross income tax until December 31, 2020.

In a context of a stable exchange rate and a falling policy interest rate, financial brokerage began to show recovery signs in the last months of 2019.

1.3 Regularization and reorganization plans

On June 15, 2018, the BCRA issued Resolution No. 277/18 restating the Regularization and Reorganization Plan according to the provisions of article 34 of the Law of Financial Institutions No. 21526, as amended.

Among the exceptions described therein, we can mention those linked to prudential regulations on minimum capital requirements and credit risk diversification. Banco de la Provincia de Buenos Aires is required 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 mentioned in the Letter submitted to the BCRA regarding the regulation of Provincial Law No. 15008, the implementation of the mechanism stated in Section 11, paragraph L) therein, and the possibility to quantify the potential impact on the Bank remain the same.

The BCRA also requested the Bank to submit, within 180 days after being notified, a proposal stating a deadline for adjusting interests in related companies in accordance with the regulations in force. The Bank is analyzing different possible alternatives to comply with the requested adjustment.

In order to monitor the compliance with the intended goals and the evolution of the pertinent variables, the Entity prepared the "Follow-up Report under BCRA Resolution No. 277/18 - September 2019" stating the progress in the implementation of measures and the analysis of the reasonable deviations between the real and projected situations included in the aforementioned plan. This report also contains the Internal Audit´s opinion and the Board of Directors' approval.

Note 2 - Basis for presentation of the financial statements

These financial statements have been prepared in compliance with the financial reporting framework set forth by the BCRA requiring supervised entities to submit financial statements prepared pursuant to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), subject to temporary exception from applying the impairment model detailed in Section 5.5 "Impairment" of IFRS 9 "Financial instruments" and International Accounting Standard No. 29 "Financial reporting in hyperinflationary economies", which shall be applicable as from January 1, 2020.
The provisions set forth under Resolution No. 277/18 of June 15, 2018 are included, taking into consideration the standards prescribed on April 30, 2019 through Memorandum No. 142 issued by the regulatory entity, in its capacity as issuer of accounting

rules (hereinafter called "Financial Reporting Framework set forth by the BCRA"), 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 (see Note 5).

Regarding the adoption of the impairment model within the framework of IFRS 9 effective as from January 1, 2020, the BCRA, through Communication "A" 6847 issued on December 27, 2019, decided to exclude non-financial public sector financial assets from the scope of application.

The figures shown in the financial statements derived from books of accounts that were signed by the General Accounting Office of the Province of Buenos Aires, which have been kept in accordance with usual procedures.

Note 3 - Functional and presentation currency

The Bank considers the Argentine Peso as the functional and presentation currency. All amounts are stated in thousands of pesos, unless otherwise stated.

Unit of account

According to IAS 29, entities are required to restate financial statements stated in local currency as their functional currency to reflect the changes in the purchasing power of such currency, based on the existence or not of a hyperinflationary economy. IAS 29 provides certain qualitative and quantitative guidelines to determine the existence of a hyperinflationary economy. Accordingly, hyperinflation shall be deemed to exist where the last three years' cumulative inflation approaches or exceeds 100%.

As a result of the increase in inflation that has been experienced in the first months of fiscal year 2018, there has been consensus on that the Argentine economy would qualify as a highly inflationary economy according to the guidelines set forth under IAS 29. This consensus implies the need to apply IAS 29 in preparing financial statements under the International Financial Reporting Standards (IFRS) for annual or interim periods ending after July 1, 2018.

As stated in Note 5 below, considering the provisions of Communication "A" 6651 issued by the BCRA on February 22, 2019, which provides for the application of IAS 29 for fiscal years beginning on or after January 1, 2020, the Entity has not applied restatement mechanisms to its financial statements at December 31, 2019 and at the end of the previous year.

If IAS 29 is adopted, monetary restatement of financial reporting must be applied. For example, the restatement of property, plant and equipment is applied from the date of the revaluation used as deemed cost when the IFRS are initially adopted or from the acquisition date, as appropriate. Furthermore, the figures for the preceding fiscal years or periods disclosed for comparative purposes shall be restated, without affecting the decisions taken on the basis of the pertinent financial data.

The Bank has quantified the effects that the restatement of the financial statements in constant currency would have on them. The existence of an inflationary economic environment affects the Bank's financial position and results of operations. Therefore, the impact of inflation may distort the financial information and should be taken into consideration in understanding the Bank's information reported in these financial statements about its financial position, comprehensive income and cash flows. The impact on net worth derived from the first time adoption of the financial statements' restatement at December 31, 2018 amounts to $1,599,164 in constant currency at the end of this fiscal year. At December 31, 2019, the impact on net worth totals $15,817,659.

At the date of these financial statements, the mentioned figures are under review and may only be deemed final when intermediate consolidated financial statements as at March 31, 2020 are prepared.

As stated in Note 5.18, the exception described is a deviation from IFRS.

Note 4 - Accounting judgements and estimates

In preparing these consolidated financial statements, the Management has to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses.

The related estimates and assumptions are based on expectations and other factors deemed reasonable, the result of which are the basis for the judgments on the value of assets and liabilities, which are not easily obtained from other sources. Actual results may differ from these estimates.

The underlying estimates and assumptions are continuously under review. The effect of the review of accounting estimates is recognized prospectively.

4.1. Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is described in the following notes:

Note 5.1. – Determination of the existence of control over other entities

Note 5.4.b) – Classification of financial assets

Note 5.4.g) – Impairment of financial assets

Note 5.7 – Determination of fair values of real property

Note 5.11 – Impairment of non-financial assets

Note 5.13 – Classification of post-employment personnel benefits

4.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in these consolidated financial statements is included in the following notes:

Note 5.4.g) – Impairment of financial assets

Note 20 – Recognition and measurement of provisions

Note 22 – Measurement of personnel benefits

Note 22.3 – Measurement of the accounting impact of Provincial Law No. 15008

Note 37 – Fair values of financial assets - Levels 2 and 3

4.3 Measurement at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Group measures the fair value of a financial instrument using the quoted price in an active market. A market is considered active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques maximizing the use of relevant market inputs and minimizing the use of unobservable inputs. The choice of a valuation technique includes all factors market participants would take into consideration for the purposes of setting the price of the transaction.

Fair values are categorized into different levels in the fair value hierarchy based on the input data used in the measurement techniques as follows:

- Level 1: quoted prices in active markets (no adjustment) for identical assets or liabilities.
- Level 2: valuation models using observable market data as significant inputs.
- Level 3: valuation models using unobservable market data as significant inputs.

The fair value hierarchy of assets and liabilities measured at fair value at December 31, 2019 is detailed in Exhibit "P".

Note 5 – Significant accounting policies

Except as mentioned in Note 5.16, the Group has consistently applied the accounting policies in every period included in these financial statements.

Particularly, the financial statements for the fiscal year ended December 31, 2018 have been prepared pursuant to IFRS 1 "First-time Adoption of International Financial Reporting Standards", according to Communication "A" 6114 issued by the Argentine Central Bank.

These financial statements for the fiscal year ended December 31, 2019 have been prepared pursuant to IAS 1 "Presentation of Financial Statements".

5.1 Basis of consolidation

a) Subsidiaries

Subsidiaries are all the entities (including structured entities, if any) controlled by the Group. The Group owns a controlling interest in an entity when it is exposed to, or has rights over, the variable returns for its interest in the participated company, and has the ability to affect those returns through its power over the entity. The Group reevaluates if its control is maintained when there are changes in any of the conditions mentioned.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

b) Non-controlling interests

Non-controlling interests are the portion of profit or loss and net worth which does not belong to the Group and are disclosed as a separate line in the Consolidated Balance Sheet and the Statements of Income, Other Comprehensive Income and Changes in Net Worth.

c) Securitization vehicles

Certain securitization vehicles developed by the Group are used according to the basis determined in their initial design. The Group is exposed to changes in the return of vehicles through its holding of debt securities or participation certificates. In general, key decisions on these vehicles are related to loans classified under category 2 or worst pursuant to BCRA´s Debtors' Classification Rules. Therefore, when considering if the Group has the control, it is analyzed if the Group takes the key decisions that significantly affect the vehicle returns. Accordingly, the Group has concluded that it has control over certain vehicles (see

Note 39).

d) Mutual funds

The Group acts as fund manager to a number of mutual funds (see Note 47). To determine whether the Group controls such mutual funds, the aggregate economic interest of the Group in the mutual fund (comprising any carried interests and expected management fees) is usually assessed and it is considered that investors have no right to remove the fund manager without cause. In cases where the economic interest is less than 37%, the Group concludes it acts as an agent for the investors and therefore does not consolidate those mutual funds. See Note 39) related to consolidated mutual funds.

e) Loss of control

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, as well as any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

Unrealized gains arising from transactions with associates are eliminated in proportion to the Group's interests in such associates. Unrealized losses are similarly eliminated, provided that there is no evidence of impairment.

5.2 Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group entities at the reference exchange rate published by the BCRA at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reference exchange rate prevailing at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the reference exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the reference exchange rate prevailing at the date of the transaction.

Exchange rate differences are recognized in the Consolidated Statement of Income in the line "Gold and foreign currency quotation difference".

b) Transactions abroad

Assets and liabilities in foreign currency are translated into peso at the reference exchange rate published by the BCRA. The results were monthly converted, using the monthly average reference exchange rate of the BCRA.

Exchange rate differences are recognized in the Consolidated Statement of Other Comprehensive Income, under the "Exchange difference for conversion of financial statements" caption.

5.3 Cash and deposits in banks

"Cash and cash equivalents" includes cash and balances with no restrictions kept with the BCRA and on-demand accounts held at local and foreign financial institutions.

5.4 Financial assets and liabilities

a) Recognition

The Group initially recognizes loans, deposits, debt securities issued and liabilities at origination. All other financial instruments (including ordinary purchase and sale of financial assets) are recognized on the date of negotiation, that is to say, the date when the Group becomes part of the instrument's contractual provisions.

The Group recognizes purchases of financial instruments with the commitment of non-optional repurchase at a certain price (repos) as a financing granted in the line "Repo transactions" in the Consolidated Balance Sheet. The difference between the purchase and sale prices of those instruments is recorded as interest accrued during the term of the transactions using the effective interest method.

Financial assets and liabilities are initially recognized at their fair value. Instruments not measured at fair value through profit or loss are recognized at fair value plus (in the case of assets) or less (in the case of liabilities) the transaction costs directly attributable to the acquisition of the asset or the issuance of the liability.

The transaction price is usually the best evidence of fair value for initial recognition. However, if the Group determines that the fair value at initial recognition is different from the consideration received or paid, when the fair value is in hierarchies 1 or 2, the financial instrument is initially recognized at fair value and the difference is recognized in profit or loss. If the fair value at initial recognition is hierarchy 3, the difference between the fair value and the consideration is deferred in the term of the instrument.

b) Classification of financial assets

On initial recognition, financial assets are classified and measured at amortized cost, fair value through changes in other comprehensive income (OCI) or fair value through profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are "solely payments of principal and interest".

A debt instrument is measured at fair value with changes in OCI when:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise to cash flows that are "solely payments of principal and interest".

On initial recognition of an equity instrument that is not held for trading, the Group may elect, for each individual instrument, to present any changes in fair value in OCI.

All other financial assets are classified as measured at fair value through profit or loss. This category includes derivative financial instruments.

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue;
- how the performance of the portfolio is evaluated and reported to the Group's Management;

- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the portfolio are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's objective for managing the financial assets is defined.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

In the assessment on whether contractual cash flows are "solely payments of principal and interest", 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risks associated with the principal amount outstanding. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets are not reclassified after their initial recognition, except for a change in the Group's business models.

c) Classification of financial liabilities

The Group classifies its financial liabilities, other than derivatives, guarantees issued and liabilities**,** as measured at amortized cost.

Derivative financial instruments are measured at fair value through profit or loss.

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the contractual terms of a debt instrument.

The debt from financial guarantees issued is initially recognized at fair value. The debt is subsequently measured at the higher of the amortized amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

d) Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received and any recognized balance in OCI is recognized in profit or loss.

When the Group transfers a financial asset but retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognize the transferred financial asset.

The Group recognizes sales of financial instruments with the commitment of non-optional repurchase at a certain price (repos) as a financing received in the line "Repo transactions" in the Consolidated Balance Sheet. The difference between the purchase and sale prices of those instruments is recorded as interest accrued during the term of the transactions using the effective interest method.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. When an existing financial liability is replaced with another from the same borrower under significantly different conditions, or the conditions are substantially modified, said replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference is recognized in the line "Other financial income - From derecognition or significant change in financial liabilities" of the Consolidated Statement of Income.

e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is booked in the consolidated Balance Sheet if, and only if, the Group has a legally enforceable right to set-off the amounts and intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are disclosed on a net basis only when permitted by IFRS, or for profits and losses arising from a group of similar transactions.

f) Measurement at amortized cost

The amortized cost of a financial asset or liability is the amount of its initial recognition less the capital reimbursements, plus or less the amortization, using the effective interest method, of any difference between the initial amount and the amount at maturity. In the case of financial assets, it also includes any impairment adjustments (doubtful accounts).

g) Impairment of financial assets

As mentioned in Note 5.18, by Communication "A" 2950, as amended, the BCRA established that financial institutions shall continue applying the model for recognizing the impairment of financial assets in force as of December 31, 2017. Those regulations require financial institutions to:

- classify their debtors based on their "status" pursuant to the BCRA's guidelines; and
- recognize an allowance for loan losses based on a chart that indicates the percentage of the allowance to be set up, taking into account the debtor's status and guarantees in force.

The BCRA requires that customers of the "commercial portfolio" be analyzed and classified individually according to their status. Such portfolio includes loans exceeding $29,740, which repayment is linked to the progress of the customer's productive or commercial activities. The assessment of the debtor's repayment capacity is based on the estimated financial flow according to updated financial information and industry parameters, considering other circumstances of the economic activity.
The "consumer portfolio" is analyzed globally and debtors are classified based on the days in arrears. It includes consumer loans, housing loans and loans not exceeding $29,740.

Increases in the allowance for loan losses related to "Loans and other financing" are recognized in the line "Allowances for loan losses" in the consolidated Statement of Income.

5.5. Investments in equity instruments

On January 21, 2019, Banco de la Provincia de Buenos Aires accepted the offer made by AI ZENITH (Netherlands) B.V. (a company related to Advent International Corporation) to purchase 51% of its equity interest in Prisma Medios de Pago SA, equivalent to 1,829,945 common, registered shares, $1 par value each and one vote per share.

The amount offered for such shares totaled US$60,071,067.54. - payable as follows: (i) 60% upon the transfer of shares and (ii) 40% within 5 years as from the pertinent transfer. On February 1, 2019, the 51% equity interest in Prisma Medios de Pago SA was transferred.

As stated in the previous paragraph, on February 1, 2019, the Bank received US$36,268 (thousands of US dollars), while the difference will be paid during the following 5 (five) years on account of price balance. A balance of $1,527,735 (thousands of pesos) is recorded and fully reserved as at December 31, 2019 in other financial assets.

Due to the partial sale of equity interest in Prisma Medios de Pago SA described herein, the remaining equity holding was measured at fair value through profit or loss on the basis of valuation reports issued by independent appraisers, net of the valuation adjustment mandated by the BCRA in its Memorandum No. 142. The accounting criteria applied as required above imply a deviation from IFRS.

5.6 Investments in associates

An associate is an entity over which the Group has a significant influence but no control or joint control over financial and operating policies.

Interests in associates are recorded applying the equity method. They are initially recognized at cost, including transaction costs. After the initial recognition, the consolidated financial statements include the Group's share in the profit or loss and OCI of investments recorded using the equity method, until the date when the significant influence ceases.

5.7 Property and equipment

The Group has adopted the revaluation method since it reliably reflects the value of such assets. Therefore, the valuation of real property was updated at December 31, 2018, based on the appraisal carried out by an independent professional, applying the Level 3 valuation techniques. For that purpose, a market approach was used based on the determination of fair values carried out by third-party appraiser.

Under such model, assets are measured at fair value at revaluation date, minus accumulated depreciation and accumulated impairment of losses, if any. The counterbalance entry of such higher value is recognized under the "Other Comprehensive Income" caption.

The revaluation frequency will depend on the changes in the fair value of the items being under revaluation. At December 31, 2019 and based on the evolution of market conditions observed by the Entity's Management, it was deemed unnecessary to update the fair values estimated at the end of the preceding year.

Depreciation method and useful life are reviewed at each closing date and adjusted prospectively, if necessary.

The remaining items of property and equipment are measured at cost, net of accumulated depreciation and accumulated impairment of losses, if any. The cost includes the spot purchase price and expenses directly attributable to taking the asset to the location and those necessary for its operation as expected by the Board of Directors.

Depreciations are calculated using the straight line method, applying the necessary rates to extinguish the amounts at the end of the estimated useful life of the assets.

5.8 Intangible assets

Intangible assets include costs relating to the acquisition and implementation of information systems. They are measured at cost, minus accumulated amortization and impairments, if any.

Subsequent expenses related to information systems are only capitalized if the economic benefits of the pertinent asset increase. All other expenses are recognized as a loss when incurred.

Information systems are amortized using the straight line method over the estimated useful life of 5 years.

Amortization method as well as the useful life are reviewed at each closing date and adjusted prospectively, if applicable.

5.9 Other non-financial assets

a) Works of art and collection pieces

Works of art and collection pieces are measured at cost.

b) Investment properties

Investment properties are measured at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost includes the spot purchase price and expenses directly attributable to taking the asset to the location and those necessary for its operation as expected by the Board of Directors.

The Group has used the option under IFRS 1 to consider the fair value of all its investment properties items as the deemed cost as of January 1, 2017. Fair value was assessed based on the appraisal carried out by an independent professional, applying the Level 3 valuation techniques. For that purpose, a market approach was used.

c) Assets acquired as security for loans

Assets acquired as security for loans are measured at fair value at the date on which the Group becomes the owner thereof and any difference with the accounting balance of the related loan is recognized in profit or loss.

5.10 Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly likely that they will be recovered mainly through their sale, which is estimated to occur within the twelve months following the date of their classification.

These assets, this group of assets or group of assets and liabilities are generally measured at the lesser of their book value and fair value less the cost of sale.

When a property, plant and equipment item is classified as "non-current assets held for sale", depreciation is no longer applied.

5.11 Impairment of non-financial assets

At least at each closing date, the Group assesses whether there are indications that a non-financial asset may be impaired (except for deferred tax assets). If there is such an indication, the asset's recoverable value is estimated.

For the impairment test, assets are grouped into the smallest group of assets generating inflows that are largely independent of the cash inflows from other assets or other cash generating units (CGU).

The "recoverable value" of an asset or CGU is the highest of its value in use and its fair value less the cost of sale. The "value in use" is based on estimated cash flows, discounted at their present value using the pre-tax interest rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

If the accounting balance of an asset (or CGU) is higher than its recoverable value, the asset (or CGU), is considered impaired and its accounting balance is reduced to its recoverable value and the difference is recognized in profit or loss.

5.12 Provisions

The Group recognizes a provision if, as a result of a past event, there is a legal or implied obligation for an amount that can be reliably estimated and it is likely that an outflow of resources will be required to settle the liability.

To assess provisions, the existing risks and uncertainties were considered, taking into account the opinion of the Group's external and internal legal advisors. The Group, based on such analysis, recognizes a provision for the amount considered as the best estimate of the potential expense necessary to settle the present obligation at each closing date.

The provisions recognized by the Group are reviewed at each closing date and are adjusted to reflect the best available estimate.

A contingent liability is not recognized and is disclosed in the notes when:

a) it is a probable obligation, or

b) it is not probable that a disbursement of resources will be required to settle the obligation, or

c) the amount of the obligation can't be reliable estimated. However, when the disbursement required is considered to be remote, no disclosure is made.

Provisions and reserves related to the insurance activity were determined based on the General Rules for Insurance Activity (*Reglamento General de la Actividad Aseguradora*). The insurance companies calculated the liability adequacy required by IFRS 4 at December 31, 2019.

5.13 Personnel benefits

Personnel benefits include every type of consideration and other related expenses granted by the Entity on account of services provided by employees. Payable benefits are recognized as liabilities during the year in which employees have provided services to the entity.

a) Short-term personnel benefits

Short-term personnel benefits are recognized in profit or loss when the employee provides the related service. A provision is recognized if the Group has, as a result of past services provided by the employee, the legal or implied obligation to pay an amount that can be reliably estimated.

b) Defined contribution plans

Obligations related to defined contribution plans are recognized in profit or loss when the employee provides the pertinent services.

c) Post-employment defined benefit plans

The Group's net obligation related to post-employment defined benefit plans is calculated considering the current value of the future benefit that the employees have earned during the current period and prior periods.

Each year, this calculation is made by a qualified actuary using the projected unit credit method.

The new calculations of defined benefit obligations related to actuarial profits and losses are recognized in Other Comprehensive Income.

The Group determines the interest expense for the net defined benefit obligation for the year, applying a discount rate used to measure defined benefit obligation at the beginning of the year, taking into account contributions and benefits paid during the year. Interest expenses and other expenses in connection to the defined benefits plans are recognized in profit or loss.

If the benefits of a plan change, the resulting change related to past services is recognized in profit or loss.

d) Accounting effects of Law No. 15008 of the Province of Buenos Aires

According to the BCRA's Resolution No. 277/18, the Entity monthly recognizes in profit or losses all the contributions (expenses) made by the Bank to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel (see Note 22.3).

e) Termination benefits

Termination benefits are recognized when the Group can no longer withdraw the offer of those benefits.

5.14 Interest income and expenses

Interest income and expenses are recognized in profit or loss using the effective interest rate method. The effective interest rate is the rate whereby the contractual payment and collection cash flows are discounted during the expected lifetime of the financial instrument at the book value of the financial asset or liability.

The calculation of the effective interest rate includes transaction costs, commissions and other items paid or received that are an integral part of the effective interest rate. Transaction costs include increasing costs that are directly attributable to the acquisition of a financial asset or the issuance of a financial liability.

Interest income and expenses disclosed in the Consolidated Statement of Income include interest in:

- financial assets and liabilities measured at amortized cost; and
- financial assets measured at fair value through OCI.

5.15 Commission income and expenses

Commissions, fees and similar items that are part of a financial asset's or liability's effective interest rate are included in the measurement of the effective interest rate (see Note 5.14).

The remaining commission income, such as fees for services, mutual funds management, sales commissions and syndicated loan commissions, are recognized when the pertinent service is provided.

The Bank has a customer loyalty program to accumulate points through the use of debit and credit cards. The customer can redeem points for products and/or air miles. The Bank recognizes the corresponding charge as a lower commission income, since it is considered as an item thereof. The obligation for the customer loyalty program is determined at fair value at each closing date and is recognized in Other Non-Financial Liabilities.

The remaining commission expenses are recognized in profit or loss when the related service is received.

5.16 Leases

On January 1, 2019, the application of IFRS 16 came into force, introducing a single accounting lease model for lessees. Therefore, the lessee recognizes a right-of-use asset representing its right to use the leased asset and a lease liability for the obligation of making payments for the lease. There are recognition exceptions for short-term leases and low value leases.

The IFRS 16 does not introduce amendments to the lessor accounting, i.e. the classification into financial or operative leases remains unchanged.

The Bank and its subsidiaries lease a number of its branches and offices. Thus, the Group has recognized new assets representing the right-of-use of these properties and the corresponding debt on account of leases.

The Group has opted to apply the modified retrospective method consisting of recognizing lease liabilities for an amount equivalent to the current value of future payments agreed as of January 1, 2019. As a result of this approach, at December 31, 2019, the Entity recorded a right-of-use asset for $49,450 under the "Property and Equipment" item and a lease liability for $57,424 under "Other Financial Liabilities".

The related amortization is charged to "Depreciations and Impairments of Assets" and interest accrued on account of lease liabilities are recognized in the operating result under "Other Operating Expenses".

5.17 Current and deferred income tax

The activities of the Bank and its local branches are exempted from the Income Tax. The Income tax expense recognized in these consolidated financial statements relates to the transactions of its subsidiaries and branches abroad.

Income tax expense for each fiscal year includes the current income tax and deferred income tax and is recognized in profit or loss, except to the extent that it relates to an item recognized in OCI or directly in equity.

a) Current tax

Current income tax includes the income tax payable, or advances made during the year and any adjustment payable or receivable related to previous years. The current amount of the current tax payable (or to be recovered) is the best estimate of the amount that is expected to be paid (or to be recovered) measured at the applicable rate at the closing date.

b) Deferred tax

Deferred income tax recognizes the tax effect of temporary differences between the accounting balances of the assets and liabilities and the related tax bases used to assess the taxable income.

A deferred tax liability is recognized for the tax effect of all taxable temporary differences.

A deferred tax asset is recognized for the tax effect of deductible temporary differences and unexpired tax losses, insofar as it is likely to have future taxable income to be used against such assets.

Deferred tax assets and liabilities are measured at the tax rates expected to be applicable during the year when the liability is settled or the asset is realized, in accordance with the laws substantially enacted at the closing date.

c) Income tax rate

The income tax rate is 30% for fiscal years beginning on or after January 1, 2018 until December 31, 2021 and 25% for subsequent fiscal years, based on the Tax Reform enacted by Law No. 27541 on December 23, 2019.

5.18 Differences between the financial reporting framework set forth by the BCRA and IFRS

As indicated in Note 2 to these financial statements, the financial reporting framework established by the BCRA provides that entities under its supervision shall submit financial statements prepared pursuant to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with the following exceptions:

a. 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 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 L) therein, and the possibility to quantify the potential impact on the Bank remain the same;

b. temporary exception for the application of the impairment model in Section 5.5 “Impairment” of IFRS 9 “Financial instruments”;

c. as mentioned in Note 3 and in line with BCRA Communication “A” 6651, the Bank has not applied the International Accounting Standard No. 29 (IAS 29) “Financial reporting in hyperinflationary economies” in the preparation of these financial statements; and

d. as regards the investment held in Prisma SA recorded under “Investments in Equity Instruments” at December 31, 2019, it should be recognized at fair value determined pursuant to IFRS 9. The valuation criteria used by the Entity are explained in Note 5.5.

Mention should be made that items b. and c. above shall be applicable for the fiscal years beginning on or after January 1, 2020, temporarily excluding non-financial public sector assets from the scope of application of the impairment model within the framework of IFRS 9.

At the date of these financial statements, the Bank is still quantifying the final effects of the difference from applying the impairment model set forth in Section 5.5. “Impairment” of IFRS 9 “Financial Instruments” according to the scope defined by the regulatory body. However, estimations indicate that it would have a significant impact.

The effects that the restatement in constant currency by application of IAS 29 would have on the financial statements are disclosed in Note 3.

Note 6 - IFRS issued but not yet effective

A series of new standards and changes to the standards will become effective as from January 1, 2019, with early adoption allowed.

The Group has decided not to early adopt these rules and changes in prevailing regulations when preparing these consolidated financial statements.

The IFRS 17 defines the “insurance contract” (or ”reinsurance contract”) as a document whereby the Group accepts insurance risks. Such contract may also expose the Group to financial risks.

In order to measure an insurance contract, two approaches are applied:

- Building Block Approach: insurance contracts and profit or loss are measured according to the estimated contractual service margin; and
- Premium Allocation Approach: an optional approach that can be applied if it is an approximation to blocks approach or if the contractual term is twelve months or less.

In the building block approach, upon the initial recognition and subsequent measurement, the insurance contract is measured considering the following three blocks:

- Block 1 - Cash flows: the estimate of future cash (inflows/outflows) is made in relation to the insurance contract portfolio. The estimate includes all cash flows directly related to the fulfillment of insurance obligations.
- Block 2 - Discount: future estimated cash flows are discounted, taking into account the time value of money.
- Block 3 – Risk adjustment: reflects the compensation required by the entity for bearing the uncertainty in the amount and timing of cash flows to fulfill insurance obligations.

The premium allocation approach is applicable to insurance contracts:

- whereby the entity reasonably expects that this simplification would produce a measurement of the liability for the remaining coverage provided by the Group, that would not materially differ from the measurement that would result from applying the building block approach; or
- where the coverage period of each contract in the Group (including coverage from all the premiums within the contractual limits) is one year or less.

When an entity applies the premium allocation approach, insurance revenue for the year is the amount of expected premiums receipts (excluding any investment component, adjusted to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

At the date of these financial statements, the Group is currently-assessing the impacts of IFRS 17 adoption.

As mentioned in Note 5.18, the Bank, in compliance with the prevailing regulation of the BCRA, does not apply the impairment model mentioned in Section 5.5 “Impairment” of IFRS 9 “Financial Instruments” nor IAS 29 “Financial reporting in hyperinflationary economies” in the preparation of these financial statements. Such regulations will be implemented in the fiscal periods commencing on or after January 1, 2020.

Note 7 - Debt securities at fair value through profit or loss

There follows a breakdown of this caption:

	12/31/2019	12/31/2018
Argentina	**85,113,351**	**95,869,275**
Government securities	14,478,288	17,854,392
BCRA bills	70,157,050	77,521,736
Mutual funds	380,024	422,025
Other	97,989	71,122
Foreign	**-**	**190,156**
Government securities	-	190,156
Total	**85,113,351**	**96,059,431**

Note 8 - Repo transactions

There follows a breakdown of this caption:

	12/31/2019	12/31/2018
Assets	**34,831,583**	**66,502**
Government securities	34,043,994	-
Corporate securities	787,589	66,502
Liabilities	**342,322**	**209,542**
Government securities	342,322	209,542

Note 9 - Derivative financial instruments

Forward transactions with delivery of the underlying asset

At December 31, 2019, the Bank recorded $480,001 on account of forward transactions for foreign currency hedge at the Sao Paulo branch. Such transaction is disclosed in the “Memorandum Debit Account – Derivatives” caption (Exhibit “O”).

Note 10 - Loans and other financing

The Group keeps loans and other financing under a business model for the purpose of collecting contractual cash flows. Therefore, it measures loans and other financing at amortized cost, unless they do not meet the “solely payment of principal and interest” criterion. In this case, they are measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

The information on the classification of loans and other financing according to condition and guarantees received is presented in Exhibit B. The information on the concentration of loans and other financing is detailed in Exhibit C. The reconciliation of the information included in those Exhibits with the accounting balances is shown below:

	12/31/2019	12/31/2018
Total loans and other financing	247,686,325	215,686,635
Items not included (Loans to staff and other)	(159,443)	(68,915)
Allowances (Exhibit R)	16,286,822	7,213,716
Adjustment for measurement at amortized cost	3,834,354	2,488,446
Subtotal	**267,648,058**	**225,319,882**
Corporate securities - Corporate bonds - Measured at amortized cost (Note 11)	10,619,749	7,868,608
Corporate securities - Debt securities in financial trusts - Measured at amortized cost (Note 11)	842,968	884,675
Subtotal	**11,462,717**	**8,753,283**
Other accrued interest receivable	1,944	942
Subtotal	**1,944**	**942**
Subtotal	**279,112,719**	**234,074,107**
OFF-BALANCE SHEET ITEMS		
Credit lines granted (Note 33.1)	2,708,141	1,928,747
Other guarantees granted included in the Debtors' Classification Rules (Note 33.1)	2,017,350	1,135,117
Other included in the Debtors' Classification Rules (Note 33.1)	1,483,097	954,498
Subtotal	**6,208,588**	**4,018,362**
Total Exhibits B and C	**285,321,307**	**238,092,469**

a) Non-financial public sector

	12/31/2019	12/31/2018
Non-financial public sector	**10,557,570**	**13,833,054**
. Loans Art. 9 item B) of the Bank's Charter (*)	*3,941,770*	*7,706,129*
. Loans Art. 9 item B) of the Bank's Charter	*3,941,770*	*3,941,770*
. Accrued interest on Loans Art. 9 item B)	6,953,760	5,004,592
. Adjustment for accrued interest on Loans Art. 9 item B) [(1)]	(6,953,760)	(1,240,233)
. Bonds to be received from the Province of Buenos Aires	3,435,991	3,435,991
.Financial leases	1,486,658	1,377,143
. Other	1,693,151	1,313,791

(*) The Bank will act as the financial agent for the Government of the Province. It shall carry out all banking transactions undertaken by such Government and, on its behalf, it shall be empowered to service the Province's public debt in accordance with the directions given every year by the Ministry of Economy.

[(1)] Under the 2018-2023 Compliance Schedule, the Bank has stated that interest accrued on loans granted under Art. 9) item B) of the Bank's Charter has not been reconciled yet with the Province of Buenos Aires. Though the amounts accrued up to date were fully regularized, negotiations will continue until final verification.

On July 31, 2013, the Bank was also informed that, through Executive Order No. 2094 of December 28, 2012, the Provincial Executive Branch approved the "Debt Consolidation Agreement" between the Provincial Ministry of Economy and the Bank providing for the reciprocal offsetting of claims, as identified and approved by the parties involved. After signing the pertinent agreement, a claim for $3,435,991 resulted in favor of the Bank, which shall be settled by the Province through the delivery of a Government Bond, at its nominal value up to the total contractual amount, repayable at six years from issuance date (December 28, 2012), according to the terms and conditions stated in Provincial Executive Order No. 2190/12. The Bank will take all the steps necessary before the Province of Buenos Aires for the settlement of the mentioned claim.

a) Non-financial private sector and residents abroad

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

The breakdown of this caption is the following:

	12/31/2019	12/31/2018
Non-financial private sector and residents abroad	**237,017,973**	**201,735,530**
Overdrafts	9,203,488	7,307,991
Notes	54,690,451	51,173,600
Mortgage loans	23,765,457	23,822,291
Pledge loans	4,915,785	3,204,711
Consumer loans	58,888,474	61,365,476
Credit cards	41,891,081	25,352,417
Financial leases	705,730	400,832
Other	59,243,794	36,320,563
Subtotal	**253,304,260**	**208,947,881**
Less: Allowances for loan losses (Exhibit R)	(16,286,287)	(7,212,351)
Total	**237,017,973**	**201,735,530**

The composition in terms of portfolio is included below (Exhibit B):

	12/31/2019	12/31/2018
Commercial loan portfolio	77,817,488	71,096,632
Consumer and housing loan portfolio	207,503,819	166,995,837
Total	**285,321,307**	**238,092,469**

Note 11 - Other debt securities

The breakdown of this caption considering measurement is included below:

	12/31/2019	12/31/2018
Measured at amortized cost	**51,042,533**	**42,708,642**
Argentina	***50,379,201***	***42,069,337***
. Government securities	38,661,661	33,310,804
. Corporate securities	5,250	5,250
. Corporate bonds	10,619,749	7,868,608
. Debt securities in financial trusts	842,968	884,675
. Other	249,573	-
Foreign	***663,332***	***639,305***
. Government securities	663,332	354,698
. Corporate securities	-	284,607
Measured at fair value through OCI	**2,825,894**	**1,100,327**
Argentina	***98,252***	***103,546***
. Government securities	98,252	103,546
Foreign	***2,727,642***	***996,781***
. Government securities	1,116,460	55,454
. Corporate securities	1,611,182	941,327
Allowances for loan losses (Exhibit R)	**(637,023)**	**(81,405)**
Total	**53,231,404**	**43,727,564**

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Note 12 - Financial assets pledged as collateral

At December 31, 2019 and 2018, the Group pledged as collateral the financial assets included below:

	12/31/2019	12/31/2018
Transactions with the BCRA	9,046,961	5,779,110
Forward purchases of securities	53,298	32,158
Forward purchases of other repo transactions	290,705	176,573
Deposits as collateral	1,739,365	1,313,863
Other	7,788	540
Total	**11,138,117**	**7,302,244**

Note 13 - Property and equipment

The breakdown of this item is shown in Exhibit F to these financial statements.

According to Note 5.7, real property valuation was made using the market approach method. Under such method, the market prices per square meter of similar property were considered.

Follow below significant information, classified by zone, and its interrelation with the fair value (stated in pesos):

Variables	City of Buenos Aires	Greater Buenos Aires	Interior >100000 Inhabitants	Rest of the Province
Max. Value (M2)	3,277.55	3,518.60	3,274.76	2,368.34
Min. Value (M2)	697.26	553.27	513.89	291.71
Average (M2)	1,596.65	1,348.52	1,330.63	780.58
Price	Plus M2 < value per M2	Plus M2 < value per M2	Plus M2 < value per M2	Plus M2 < value per M2

The value per M2 is stated in US dollars.

Note 14 - Intangible assets

This item corresponds to software acquisition and development costs for internal use. The breakdown of this item is shown in Exhibit G to these financial statements.

Note 15 - Other financial assets

There follows a breakdown of this caption:

	12/31/2019	12/31/2018
Mutual funds	12,093,251	8,920,864
Fixed-term deposits	10,610,629	8,292,562
Insurance premiums receivable	5,081,314	3,950,053
Receivables from sale of shares held in Prisma SA	1,392,266	-
Accrued interest receivable - Receivables from sale of shares held in Prisma SA	135,469	-

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

	12/31/2019	12/31/2018
(Allowance for loan losses - Receivables from sale of shares held in Prisma SA) (Note 5.5)	(1,527,735)	-
Sundry debtors	1,119,087	1,050,753
Receivables from collection agents to be accounted for	736,375	795,621
Service fees and commissions receivable	389,727	193,736
Balances to be recovered from claims	23,442	35,739
Financial debtors from spot sales of foreign currency pending settlement	6,433	92
Accrued interest receivable	1,944	1,088
Financial debtors from spot sales of government securities pending settlement	-	64,746
(Other unallocated collections)	(975)	(421)
(Allowances for loan losses)	(1,227,073)	(981,307)
Other	959,989	594,055
Total	**29,803,143**	**22,917,581**

Note 16 - Other non-financial assets

The breakdown of this item is included below:

	12/31/2019	31/12/2018
Attachment debtors (Worker's Compensation Insurance - ART)	969,815	1,054,790
Claims and contingencies paid (ART)	564,045	57,579
Advance payments	353,145	332,478
Extraordinary appeals (ART)	241,160	323,893
Tax advances	208,883	149,047
Other miscellaneous assets	140,480	7,834
Investment properties [(1)]	60,726	263,247
Reserve fund - SRT Resolution (ART)	42,906	28,969
Assets acquired as security for loans	9,221	9,061
Advances for purchase of assets	4,236	71,821
Other	764,882	605,311
Total	**3,359,499**	**2,904,030**

[(1)] The evolution of investment property is shown in Exhibit "F" included in these financial statements.

Note 17 - Deposits

The information on concentration of deposits is included in Exhibit "H".

The breakdown of deposits is the following:

	12/31/2019	12/31/2018
1. Non-financial public sector	101,291,024	132,638,649
2. Financial sector	566,302	447,244
3. Non-financial private sector and residents abroad	346,890,649	278,324,141
3.1. Checking accounts	*39,661,877*	*27,887,115*
3.2. Savings accounts	*146,547,850*	*115,090,967*
3.3. Fixed-term deposits	*138,527,010*	*124,399,953*
3.4. Investment accounts	*10,935,625*	*2,581,292*
3.5. Other	*5,944,843*	*3,703,866*
3.6. Interest and adjustments	*5,273,444*	*4,660,948*
Total	**448,747,975**	**411,410,034**

Banco Provincia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Note 18 - Other financial liabilities

	12/31/2019	12/31/2018
Liabilities from financing of purchases	6,255,889	7,509,028
Accrued adjustments payable for Other Liabilities from Financial Brokerage indexed by CER	3,521,566	1,357,145
Miscellaneous liabilities subject to minimum cash requirements	2,424,827	37,191
Miscellaneous liabilities not subject to minimum cash requirements	2,202,351	1,404,099
Collection pending transfer	1,426,944	1,343,457
Foreign exchange transfers pending payment	1,121,889	1,285,664
Other accrued interest payable	178,433	122,688
Leases payable	57,424	-
Spot sales of foreign currency pending settlement	-	45,983
Other	3,142,346	1,908,274
Total	**20,331,669**	**15,013,529**

Note 19 - Corporate bonds issued

19.1 Issues effective at year end

Under the Global Program of Short, Medium and Long Term Debt Securities for a maximum outstanding nominal amount of US$1,000,000, or its equivalent in pesos or other currencies, which was approved by the Board of Directors' Resolutions Nos. 690/16 and 568/17, the Bank completed four issues of Debt Securities in pesos in the local capital markets.

On November 8, 2016, the Bank issued Class II Debt Securities in pesos for $283,333, at 36-month term, with maturing on November 8, 2019. The pertinent interest will be paid on a quarterly basis, at a variable nominal annual BADLAR rate plus 3.5% and the principal amount will be paid upon maturity in a single bullet payment.

On April 19, 2017, the Bank launched a second debt issue of Class IV and Class V Debt Securities for $285,714 and $1,032,331 (UVA (Acquisition Value Unit) 56,815), at 48 and 36-month terms, maturing on April 19, 2021 and April 19, 2020, respectively, repayable upon maturity in a single bullet payment. Interest on Class IV securities will be paid on a quarterly basis at a variable rate (nominal annual BADLAR rate plus 3.00%). Class V Debt Securities were issued in UVA units at a rate of $/UVA 18.17. Class V will accrue interest on a quarterly basis at a nominal annual 2.50% fixed rate.

On November 1, 2017, Class VI and Class VII Debt Securities were issued for $2,070,165 and $393,400 at 24 and 36-month terms, respectively. They will be repayable upon maturity in a single bullet payment and interest will accrue on a quarterly basis at a variable rate. Class VI securities were issued at TM20 rate (interest rate on time deposits for amounts of 20 million pesos or dollars or higher) plus a 3.25% margin, while Class VII securities were issued at the Monetary Policy rate.

On April 18, 2018, Classes VIII, IX and X Debt Securities were issued for $2,928,000, $1,839,917 (UVA 80,592) and $1,232,083 at 48, 36 and 12-month terms, respectively, and will be repayable upon maturity in a single bullet payment. Interest on Class VIII Debt Securities will be paid on a quarterly basis, at a variable rate (BADLAR plus 3.74%) and interest on Class X Debt Securities will be repayable upon maturity in a single bullet payment at a fixed rate of 25.80%. Class IX Debt Securities were issued in UVA units at an initial rate of $/UVA 22.83. Class IX will accrue interest on a quarterly basis at a nominal annual 4.50% fixed rate.

On February 15, 2019, Class XII Debt Securities were issued for $1,372,500 at an 18-month term, repayable upon maturity in a single bullet payment. Interest will accrue on a quarterly basis at a variable rate (BADLAR plus 6.00%).

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

At the end of the year, the following Bank's simple issues were in effect:

Issue Date	Currency	Class Number	Amount	Term (months)	Maturity Date	Rate	Principal Amount 12/31/2019	Principal Amount 12/31/2018
11/08/2016	Pesos	II	283,333	36	11/08/2019	Badlar + 3.50%	-	283,333
04/19/2017	Pesos	IV	285,714	48	04/19/2021	Badlar +3.00%	285,714	285,714
04/19/2017	Pesos	V(1)	1,032,331	36	04/19/2020	Fixed + 2.50%	2,676,094(3)	1,764,674(4)
11/01/2017	Pesos	VI	2,070,165	24	11/01/2019	TM20 + 3.25%	-	2,070,165
11/01/2017	Pesos	VII	393,400	36	11/01/2020	Monetary Policy	393,400	393,400
04/18/2018	Pesos	VIII	2,928,000	48	04/18/2022	Badlar + 3.74%	2,928,000	2,881,500
04/18/201	Pesos	IX(2)	1,839,917	36	04/18/2021	Fixed + 4.50%	3,800,719 (3)	2,503,188(4)
04/18/201	Pesos	X	1,232,083	12	04/18/2019	Fixed + 25.80%	-	1,232,083
02/15/201	Pesos	XII	1,372,500	18	08/15/2020	Badlar + 6.00%	1,372,500	-
Principal amount due and payable							**11,456,427**	**11,414,057**
Accrued interest							466,765	867,294
UVA adjustments(5)							(3,825,969)	(1,387,745)
Bank's total							**8,097,223**	**10,893,606**
Holdings (6)							684,253	313,342
Total							**7,412,970**	**10,580,264**

(1) *Denominated in UVAs - 56,745 and 56,815 at December 31, 2019 and 2018, respectively.*
(2) *Denominated in UVAs - 80,592*
(3) *Rate of $/UVA 47.16*
(4) Rate of $/UVA 31.06
(5) *Recorded under "Other financial liabilities" according to the BCRA.*
(6) *Corporate bonds held by other members of the Group.*

Note 20 - Provisions

This caption includes the following items:

	12/31/2019	12/31/2018
For contingent liabilities (Exhibit "R")	9,727	267
For onerous contracts	89,843	56,712
For post-employment defined benefit plans (Note 22.2)	2,259,345	1,499,723
Other	6,930,185	2,071,049
Total	**9,289,100**	**3,627,751**

The Bank estimates its provisions are sufficient to cover any unfavorable resolutions on these matters and other claims and, therefore, no negative effects are expected on its net worth.

Except for the situations described in this Note, there are no significant contingencies at the close of year for which adequate provisions have not been set up.

The main provisions recorded by the Bank under "Other" are included below.

20.1 Users and Consumers Association (*Unión de Usuarios y Consumidores*)

The Association for the Defense of Consumers (*Asociación de Defensa de los Consumidores - ADECUA*) brought a class action against the Bank for the collection of fees on group life insurance policies (Provincia Seguros) on loans. At this date, expert accounting reports are still being prepared. Since the beginning of the year, no change has been produced in the case. The abandonment of the legal suit was declared. Such decision was appealed by the Bank and a resolution on this matter is expected. A similar class action brought by the Consumer Argentine Network (*Red Argentina de Consumidores*) against the Bank is still pending. This case and the action brought by the Consumer Argentine Network were consolidated. A hearing was held to set the appropriate facts (Section 360 of the Code of Civil and Commercial Procedure). At this date, this case is in the trial stage and expert accounting reports are still pending.

20.2 Future dollar sale transactions

On November 22, 2012, the Bank was served notice of the complaint filed by Citibank for disagreement with future dollar sale transactions made before 2001. The Bank answered the complaint on December 19, 2012 and entered a motion to dismiss based on the lack of jurisdiction. In December 2014, the Argentine Supreme Court ruled favorably on the Bank's remedy and referred the case to be heard by a Federal Court instead of a Federal Court in Commercial Matters. At present, the case has been already tried and is pending before the National Court in Civil and Commercial Matters No. 8/16. The Court certified that the evidence was duly submitted and issued the order for arguments. On May 23, 2019, the arguments were presented. On June 27, 2019, the case was forwarded to the prosecutor's office before delivery of judgement. On September 17, the case was awaiting a decision. On November 11, 2019, the Court rendered a judgement which was appealed by both parties. The case is still pending to be sent to the Appellate Court for filing an appeal brief.

20.3 Financing cost for deferred credit card payments

The *Proconsumer* consumer association brought an action against the Bank for reimbursement of the amounts charged to clients on account of "financing cost for deferred credit card payments". The association understood that said charge was neither expected nor authorized by the BCRA and that it represented a veiled interest amount. On February 26, 2015, the Court of Appeals upheld the judgment and notice was duly served on the Bank in March. The extraordinary remedy filed by the Bank was dismissed and the case is in the execution stage. The Bank has already refunded customers with active accounts (approximately $36,000 + US$2,500). To date, no resolution has been adopted with regard to the situation of former customers, the publishing of notices and the assessment of fees. The accounting expert reported a shortfall in the deposit made. The Court ordered the Bank to deposit the difference. This decision was appealed by the Bank and revoked by the Court of Appeals who upheld the calculations made by the accounting expert. On December 26, 2019, the Bank was ordered to transfer to the pertinent account the amounts corresponding to AMEX/MASTERCARD customers and former customers for the 2003/2008 period. In order to comply with the above requirement, the amounts involved are being updated.

On September 10, 2008, *Procurar* filed a claim against the Bank for the revision and correction of the so-called "Salary Accounts" in order to stop the collection of certain fees and to get reimbursement of the amounts debited without a cause. The claim was sustained but just in relation to the fees on salary accounts collected between 2003 and 2008. The Court of Appeals partially rejected the decision and upheld the basis of appeal filed by the Bank. As delinquency date, the Court took into account the date on which the ruling was duly served (i.e. September 11, 2018) instead of the date on which the accounts were debited from 2003 to 2008. Reports are being prepared to determine the amounts to be refunded to customers and former customers. The IT and accounting expert reports are being prepared to determine the correct amounts to be settled by the Bank.

20.4 Center for Consumer Guidance, Protection and Education (*Centro de Orientación Defensa y Educación del Consumidor* – CODEC)

CODEC has brought an action against the Bank for breach of its reporting duties under the consumers' protection law and for other issues related to consumer loans. A motion to dismiss based on the running of the statute of limitations was introduced, and a defense based on the plaintiff's lack of legal standing to sue was also filed. On March 21, 2017, the Court sustained the latter defense on the grounds of the many deficiencies in formal requirements claimed by the Bank and rejected the action, ordering the plaintiff to pay the ensuing legal costs. The appeal filed by the plaintiff was dismissed by the Court of Appeals. A new appeal was filed by the aggrieved party with the Provincial Supreme Court. The Provincial Supreme Court rejected the appeal filed by CODEC against the decision of the Court of Appeal confirming the plaintiff's lack of legal standing to sue and sustained the claim only as regards the payment of legal costs. This situation improved the Bank's position. The Bank and its legal advisors consider that the probability that the Bank will have to expend economic resources with relation to this claim is below 50%, therefore such contingency has not been given accounting recognition.

CODEC has also filed an action against the Bank for charging Datanet fees to beneficiaries of transfers made through the Datanet system and for the return of amounts collected on such account from November 1, 2011 to date, plus interest and penalties. Such action is pending before the Commercial and Civil Court No. 4, La Plata. The Bank filed a "lack of standing to sue" defense and the complaint was answered on November 5, 2018. On April 5, 2019, the Commercial and Civil Court rejected such defense and the Court of Appeal confirmed this ruling. The "Inapplicability of the Law Remedy" was filed on October 11, 2019 and admitted on November 6, 2019. At this date, the admissibility of the remedy is being analyzed by the Provincial Supreme Court. Considering the status of the lawsuit and filing of a defense, a provision has been set up for $7,560 for legal costs.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Before the Commercial and Civil Court No. 16, La Plata, CODEC filed an action against the Bank for charging fees related to the delivery of account statements and cards by mail. The Bank has not collected such fees. The complaint was duly answered by the Bank; however, the hearings have already been called for. Taking into account the status of the lawsuit, the Bank and its legal advisors consider that the probability that the Bank will have to expend economic resources with relation to this claim is below 50%, therefore such contingency has not been given accounting recognition.

20.5 Nature of contingencies without accounting recognition

The *Proconsumer* consumer association brought an action against the Bank for an alleged excessive income tax withholding on court payment orders. Such lawsuit is in the trial stage and the claim amount is undetermined. As a result of the expert evidences offered, expenses may arise. The Bank and its legal advisors consider that the probability that the Bank will have to expend economic resources with relation to this claim is below 50%, therefore such contingency has not been given accounting recognition

Pursuant to the analysis carried out by the Bank's authorities, the resolution of the above mentioned actions would not have a significant impact on the overall financial statements.

Note 21 - Other non-financial liabilities

This caption includes the following items:

	12/31/2019	12/31/2018
Debts with the insureds, reinsurers and coinsurers	39,429,443	34,218,643
Short-term personnel benefits	5,530,859	4,156,569
Sundry creditors	4,080,686	3,473,097
Taxes and rates payable	2,882,537	1,898,581
Technical commitments	2,087,338	1,907,861
Mathematical reserve	1,375,069	928,700
Other	1,549,929	723,961
Total	**56,935,861**	**47,307,412**

Note 22 - Personnel benefits

The Bank contributes to the Health and Social Services Commission (*Comisión de Servicios Sociales*), which arranges for the distribution of funds among its affiliated entities. Therefore, the Bank is not bound to make contributions to the Health and Social Services Institute for Bank Employees (*Instituto de Servicios Sociales Bancarios*), according to the provisions of Law No. 19322, Section 17.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

The following table shows charges for personnel benefits:

	12/31/2019	12/31/2018
Payroll	26,333,697	16,607,375
Social security taxes	5,805,801	3,767,742
Compensation and bonuses to personnel	678,425	347,273
Personnel services	496,229	271,712
Other short-term personnel benefits	1,549,432	*1,269,170*
Post-employment benefits (See Note 22.3)	7,784,000	*5,715,476*
Post-employment benefits - Defined benefits (Note 22.2)	759,622	*154,799*
Other	150,681	124,429
TOTAL	**43,557,887**	**28,257,976**

22.1 Short-term benefits

Liabilities related to short-term personnel benefits and post-employment defined benefits are recognized in "Other financial liabilities" and "Provisions", respectively.

22.2 Post-employment benefits

The Bank offers a benefit to its personnel after employment. Upon meeting all requirements, such benefit may be equal to 12 salaries.

Actuarial assumptions

	12/31/2019	12/31/2018
Updating rate	5%	5%
Mortality table	CS80	CS80
Real wage growth	0	0
Accrual	Length of service/Total labor	Length of service/Total labor
	2019(*)	**2018(*)**
Initial balance	1,499,723	1,344,924
Interest	74,986	67,246
Charge for quarterly accrual	1,014,511	256,408
Payments made	(329,875)	(168,855)
Balance	2,259,345	1,499,723
Quarterly variation recorded in income/(loss)	759,622	154,799

(*) The balances reported correspond to the 12-salary benefit variation for 2019 and 2018, respectively.

Below there is a detail of the main actuarial assumptions used to determine the present value of the liability for the up-to-12-salary defined benefit granted to the Bank's personnel. The model considers a stationary population, neither growing nor shrinking in size. Each estimation takes into account the whole payroll, which allows a population balancing against the new structure each time a provision is calculated (whether quarterly, semi-annually or annually).

Therefore, changes in financial and biometric assumptions and in population are considered. The approach does not refer to a closed population or a specific person under analysis throughout the time, but takes into account the position or office held (regardless of the person holding office). This way, a constant structure (stationary population) over time is computed, whose composition is adjusted each time a new payroll is processed.

A 5% real rate over inflation has been considered since it is the current minimum market rate for inflation-adjusted long-term bonds (PARP; 5.94% Tir; DICP: 5.24% Tir).

A real wage growth rate keeping with inflation has been applied (no profit or loss is recorded on real wage as against inflation). The model does not show the evolution of an individual's labor life. Throughout his/her labor life and due to the pertinent promotions, the real wage can grow faster than inflation. The whole population or chart of positions and offices is analyzed at the same time, thus enabling to reflect the future labor promotions and growth of all individuals. When considering the value of the position or office, the holder thereof is not relevant.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

22.3 Provincial Law No. 15008 - Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel

On January 16, 2018, Law No. 15008 was published in the Official Gazette of the Province of Buenos Aires. Such law, approved by the Provincial Legislature, modifies the retirement and pension regime applicable to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel.

At the date of issuance of these financial statements, the law at issue has not been regulated and the Province of Buenos Aires and the National Social Security Administration (*Administración Nacional de Seguridad Social*) have not determined the amounts to be transferred by the National Government according to Law No. 27260, as indicated by section 11 L) of Law No. 15008.

Since the Bank is unable to make a reasonable estimation of the potential impact of Law No. 15008 on its equity and financial position, as mentioned in Note 5, 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 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 L) therein, and the possibility to quantify the potential impact on the Bank remain the same.

According to the BCRA Resolution No. 277/18, during the fiscal years ended December 31, 2019 and 2018, the Bank charged $7,784,000 and $5,715,476, respectively against income/(loss) for contributions to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel. Nevertheless, at year-end, the Bank recorded positive results, and a final resolution regarding the application of the provisions of Section 11 paragraph L) of Law No. 15008 is still pending.

Note 23 - Capital

The capital subscribed and paid in by Banco de la Provincia de Buenos Aires amounts to $1,250,000.

Note 24 - Interest income

	12/31/2019	12/31/2018
Cash and deposits in banks	5,683,932	1,898,269
Corporate securities	3,894,948	3,164,256
Government securities	11,503,021	12,028,868
Other financial assets	2,881,784	1,366,344
Loans and other financing	74,878,377	54,690,193
. To the financial sector	37,827	26,411
. Overdrafts	1,212,544	839,855
. Notes	15,124,437	10,183,399
. Mortgage loans	18,222,035	11,195,789
. Pledge loans	680,224	521,257
. Consumer loans	32,400,075	28,023,747
. Credit cards	4,562,792	2,325,318
. Financial leases	1,095,437	240,693
. Other	1,543,006	1,333,724
Repo transactions	1,337,540	423,806
. Argentine Central Bank	*1,336,556*	*389,965*
. Other financial institutions	*984*	*33,841*
Public debt securities	25,074	5,393,737
TOTAL	**100,204,676**	**78,965,473**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Note 25 - Interest expenses

	12/31/2019	12/31/2018
Deposits	83,201,250	40,454,396
. Checking accounts	*864*	*665*
. Savings accounts	*651,610*	*373,442*
. Time deposits and term investments	*69,723,526*	*35,647,353*
. Other	*12,825,250*	*4,432,936*
Financing received from the BCRA and other financial institutions	264,823	51,785
Repo transactions	35,437	64,283
. Argentine Central Bank	-	-
. Other financial institutions	*35,437*	*64,283*
Other financial liabilities	7,565,778	3,995,317
TOTAL	**91,067,288**	**44,565,781**

Note 26 - Commission income

The breakdown of commission income from the agreements with customers and included in the scope of IFRS 15 is detailed below:

	12/31/2019	12/31/2018
From credit cards	13,677,209	8,306,570
Linked to credits	2,744,140	2,113,293
Linked to liabilities	2,045,588	1,770,704
From foreign trade and foreign currency transactions	318,180	170,783
Linked to securities	45,781	58,984
Linked to loans and financial guarantees	1,848	2,180
From insurance	985	523,669
From collection management	-	-
Other	242,828	283,823
TOTAL	**19,076,559**	**13,230,006**

Note 27 - Commission expenses

	12/31/2019	12/31/2018
Issuance	2,937,699	2,394,393
Paid to Red Link	1,018,697	502,392
Linked to clearing services	193,826	134,170
From foreign trade and foreign currency transactions	192,834	79,049
Paid to Caja de Valores	46,871	23,190
Linked to transactions with securities	25,716	13,221
Paid to Grupo Banco Provincia	-	-
Other	536,364	274,195
TOTAL	**4,952,007**	**3,420,610**

Note 28 - Net Income/(loss) from measurement of financial instruments at fair value through profit or loss

	12/31/2019	12/31/2018
Income/(loss) from government securities	64,049,377	15,101,937
Income/(loss) from corporate securities	1,669,900	(44,213)
Income/(loss) from derivative financial instruments	411,985	(14,323)
. Forward transactions	*411,985*	*(14,323)*
Income/(loss) from other financial assets	4,149,754	2,459,031
TOTAL	**70,281,016**	**17,502,432**

See our report dated
February 27, 2020
KPMG

(Partner)

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193
Lorena Lardizábal
Public Accountant (U.B.A.) C.P.C.E.P.B.A.
Volume 155 – Folio 141
Folder No. 40284/2 - Taxpayer
Registration Code 27-21506212-6

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Note 29 - Other operating income

	12/31/2019	12/31/2018
Premiums and surcharges for insurance policies	37,994,114	29,606,270
Allowances reversed	1,050,194	496,086
Other adjustments and interest on miscellaneous receivables	572,457	182,205
Safe deposit box rental	529,738	352,166
Commissions collected from Red Link	512,590	260,503
Commission collected from ATMs	279,337	163,224
Commission collected from suppliers	225,791	33,694
Receivables recovered	224,099	360,430
Commissions for check collection management	187,147	124,866
Penalty interest	167,023	106,325
Commission for online Datanet transfer	164,766	118,021
Commissions for direct payment	145,737	110,240
Commissions for clearing services - Provincial public sector	134,530	70,907
Commissions on inter-branch cash transactions	134,166	117,153
Adjustments on other miscellaneous receivables with CER index	126,494	-
Income from insurance technical structure	121,857	118,569
Income from derecognition or significant change in financial liabilities	113,164	4,052
Commissions for prepayment of loans	70,633	132,581
Income from structuring and management of trusts	54,833	54,723
Income from sale of investment property and other non-financial assets	37,169	51,696
Leases	11,082	13,028
Income from other receivables from financial brokerage	8,668	4,272
Income from sale of property, plant and equipment	-	499
Other	1,587,425	212,387
TOTAL	**44,453,014**	**32,693,897**

Note 30 - Administrative expenses

	12/31/2019	12/31/2018
Travel and entertainment expenses	205,362	287,201
Administrative services hired	938,395	698,334
Security services	917,013	683,784
Directors' and Syndics' fees	94,014	55,016
Other fees	1,106,223	746,605
Insurance	3,094	2,242
Leases	268,017	295,700
Office supplies and stationary	282,007	168,734
Electricity and communications	676,179	462,253
Advertising and publicity	1,545,316	1,203,656
Taxes	2,336,378	1,550,761
Maintenance costs	2,298,339	2,753,419
Other	1,507,182	1,178,763
TOTAL	**12,177,519**	**10,086,468**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS
(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Note 31 - Other operating expenses

	12/31/2019	12/31/2018
Accrued claims	40,335,472	30,675,330
Charges for other allowances	5,501,720	1,181,456
Direct marketing	4,516,337	1,752,675
Regularization of Loan – Art. 9 (Note 10)	3,764,358	-
Visa Argentina - Mastercard processing charges	1,363,116	743,562
Income from initial recognition of loans	1,204,611	621,553
Other contributions on financial income	1,011,971	759,993
Life insurance on financing	820,817	801,212
Contributions to the Deposits Guarantee Fund (Note 44)	740,469	501,293
Expenditure for technical structure	627,797	848,824
Assigned reinsurance premiums	622,443	401,772
Income/(loss) from refinancing of financial assets	531,747	-
Other contributions on income from services	380,777	242,851
Donations	146,716	94,246
Insurance policy surrenders and accrued temporary annuities	73,045	37,469
Charges for onerous contracts	33,130	56,712
Other contributions on miscellaneous income	14,763	5,770
Interest on lease liabilities	11,775	-
Loss for sale or impairment of property, plant and equipment	2,001	1,979
Penalty interest and charges in favor of the Argentine Central Bank	36	6,323
Loss for sale or impairment of investment property and other non-financial assets	8	13
Other	4,675,644	3,539,542
Total	**66,378,753**	**42,272,575**

Note 32 - Risks and corporate governance

Purposes, policies and processes for capital management

Management structure and organization

In accordance with the rules set forth by the Regulatory Authority (Consolidated text of "Guidelines on Risk Management in Financial Institutions"), the Board of Directors approved the structure necessary to perform a comprehensive risk management in terms of size, economic relevance, nature and complexity of the transactions carried out by the Bank.

For that purpose, the Bank has created the Risk Administration Management reporting to the Board of Directors and consisting of the following Deputy Managements:

- **Credit Risk:** carries out the follow-up of credit, credit concentration, country, counterparty and residual risks;
- **Operational Risk:** also monitors reputational risk;
- **Financial Risk:** measures market, interest rate, liquidity, funding concentration, strategic and securitization risks.
- **Architectural Risk:** designs risk measurement, models, tools and processes.

Moreover, the Risks Committee was created to give an institutional treatment to the policies, strategies and procedures that constitute the "Management Framework" for each of the managed risks, which are subject to revision and/or updating at least once a year.

This Committee is in charge of determining the Bank's tolerance risk in terms of the defined purposes and of submitting the proposals to the Board of Directors for approval. Therefore, it is important that management policies, tools and procedures match the stated risk appetite so as to ensure that the risks taken are within such limits.

An "Exceptions to Limits Procedure" is available for situations where, as a result of the daily Bank's transactions, the limit fixed by the Strategies and Policies defined for each of the main risks needs to be surpassed. This envisages the adoption of guidelines for the decision-making process and the determination of the responsible area, in order to ensure an effective coordination and communication bank-wide. Therefore, it is of vital importance that the whole banking institution be aware of the limits set on the risks faced by the Bank and of the procedure to be followed upon surpassing the limits.

An Early Warning Risk Indicator System (*Sistema de Indicadores de Riesgo de Alerta Temprana* - SIRAT) is used to ensure an adequate and comprehensive monitoring and follow-up of the risks to which the Bank is exposed. This system is subject to the Board of Directors' guidelines and the regulations in force. It works as a balanced scorecard tool that includes a set of key risk indicators for each significant risk; contingency and management limits are also established for financial and credit risks.

Among the several tools used to monitor the risks under management, one of them is the monthly Managerial Report submitted to the Risks Committee. This Report provides information on the evolution and follow-up of different risks (the frequency depends on the type of risk) and takes into account certain aspects such as:

- **Credit:** loan portfolio composition and evolution, non-performing share and levels, sensitivity analysis, monitoring of significant macroeconomic and financial variables to avoid potential negative effects on customers' behavior, comparative analysis with the Financial System; country risk, branches abroad, etc. Credit risk measurement systems have been calibrated according to information migrated during the year, which is available in the corporate datawarehouse.

- **Market:** daily measurement of the exposure to the market risk, an ongoing follow-up of the conditions in local and international financial and monetary markets, with special emphasis on the control of different market risk factors (interest rates, prices of government securities, exchange rates, etc.). Likewise, in order to monitor this indicator on a daily basis, a new tool has been developed to forecast the impact of different purchase/sale transactions regarding assets exposed to market risk.

- **Liquidity:** daily follow-up monitoring certain variables, such as basic and broad liquidity ratios (both in pesos and foreign currency), deposits (evolution, average terms, demand deposits against term deposits, share of retail and wholesale deposits, etc.), loans (growth pace of deposits, average terms and rates, etc.) and borrowing interest rates (of the Bank and the average Financial System for the retail and wholesale segments). Through the development of a liquidity GAP assessment tool, the Bank manages the inflows and outflows of funds for different time periods. The liquidity GAP tool helps calculate any asset/liability mismatch at a certain date and for accumulated time periods (both in the contractual GAP or current GAP versions where some assumptions on the asset/liability performance are included).

Note 33 - Credit, liquidity and market risks

33.1 Credit Risk

Credit Risk refers to the risk of suffering any losses stemming from failure of a debtor or counterparty to meet their contractual obligations.

This type of risk is inherent in on- and off-balance sheet transactions, and also involves settlement risk, i.e. the risk that a financial transaction may not be completed or settled as scheduled. Its volume depends on two factors: exposure at default and recovery obtained. The last one means the payments made by debtors and those recoveries obtained by executing risk mitigation instruments such as guarantees and credit derivatives, which back loans and limit losses.

Strategy, policies and processes to manage and assess risks

For an adequate management of this risk, the Bank has developed a framework that includes strategy, policy, management processes, organizational structure, tools and responsibilities. Such framework is proportional to the Bank's size and the nature and complexity of its transactions.

When designing its credit risk management strategy, Banco de la Provincia de Buenos Aires took into consideration its organizational structure, its role as financial agent of the Province of Buenos Aires, its focus on every social sector throughout the Province (multi-segment institution) and on every need they may have (multi-purpose institution). By diversifying its portfolio, the Bank mitigates its credit risk. The strategy addresses not only the requirements of the BCRA but also the requirements established by the authorities that regulate the Bank's branches abroad. Such branches are included in the Bank's credit risk management. The assessment of debtors and financing is carried out on a case by case basis upon origination. It contemplates variables such as the limits established in the Bank's Charter, the type of customer and its economic and financial position, the product involved, etc. Subsequent follow-up is also conducted separately and by credit facility. Acceptable risk and performance levels are identified. In this sense, activities, geographic areas and sectors are rapidly recognized taking into account economic trends and changes in the composition and quality of the loan portfolio. When defining products or imposing overall portfolio limits, the composition, concentration and quality of the different portfolios are considered as stated in the Business Plan. This mechanism is applied when defining new credit products or granting loans under already defined facilities. In accordance with the guidelines set forth by the Board of Directors, the Bank implements a conservative credit risk strategy adapted to its specific and particular business structure. This enables the Bank to meet its contractual obligations both under normal and adverse market conditions. The Bank's risk tolerance has been determined by the Board of Directors by fixing tolerable maximum limits on certain indicators. The follow-up of risks is analyzed in the Risks Committee comparing the Bank's risk profile (the ability to take risks at a given time) with its risk tolerance (the maximum amount of risk the Entity is able to take in the performance of its activities).

The Bank's credit risk policy includes granting assistance to all economic sectors in accordance with the credit risk it is willing to take and in line with the strategy approved by the Board of Directors. Credit risk policies are guidelines that determine the course of action of the Bank. They are aimed at designing the credit risk strategy and are implemented through different processes by the pertinent Organizational Units. The Bank's loan activity includes several stages, to know: granting, approval, disbursement, management and recovery. The portfolio shall be diversified to mitigate the risk, which will be assessed individually in terms of the economic groups where the customer performs its activity, its line of business and the product requested. The maximum assistance granted to a customer will be determined in line with the rules on internal limits and the credit risk diversification and concentration provisions defined by the BCRA. This policy is informed to all areas of the Bank through the pertinent Deputy General Managements and also to the Units that report to the Board of Directors.

From a management point of view, the Bank has an adequate (feasible, stable and efficient) process to manage credit risk, which enables it to identify, assess, follow up, control and mitigate risks in all financial products and activities (all stages are included: prior assessment, maturity dates and recovery actions). Special attention should be paid to more complex activities, such as, securitization and credit derivatives. The management system involves a series of processes, to know: granting, follow-up, controls, recovery, stress testing, contingency planning, compliance, internal audit and market discipline. This process helps conduct an independent analysis of all areas prone to credit risk in order to make assessments and recommendations. The assessments based on such analysis provide the framework for producing numerous reports along the credit risk identification, measurement, monitoring and mitigation process; a process that is continuous, iterative and in constant evolution.

Credit risk measurement is made by means of technical tools, which consider the guidelines set forth by the Central Bank through different regulations. Such guidelines function as a baseline scenario in terms of requirements. The tools development is in line with the nature, complexity and volume of risk exposures. The Bank estimates the Probability of Default (PD) for each loan portfolio, adjusting the pertinent methodologies on a case-by-case basis. In order to analyze risk coverage, the Expected Losses (EL) for the different loan portfolios are measured and subsequently matched against allowances; the economic capital (EC) required is calculated to protect the Bank against unexpected losses. Three essential parameters are used in the calculation of EL and EC -probability of default (PD), exposure at default (EAD) and loss given default (LGD)-, which are estimated on the basis of the historical information available in the data warehouse. The credit rating tools (ratings and scorings) assess the risk inherent in each transaction, facility or customer in accordance with their credit quality by assigning them a score. Credit risk for the Bank's portfolio is measured through a model where the effects of concentration, diversification and country risks are analyzed. This model enables a more comprehensive calculation of capital needs considering that risk comes from various sources. It is sensitive to geographic and sector diversification and to the incidence of economic, political and social events in a foreign country in certain exposures, such as those of the Bank's largest customers.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

The policies, management procedures and measurement tools are defined according to the Bank's overall risk level. The Entity shall also record an appropriate capital level determined in a capital adequacy assessment based on its risk profile ("Capital Self-Assessment Report").

The quantitative information of this paragraph is included in Exhibits "B", "C" and "D".

Reconciliation of opening and closing balances of adjustment of value for losses

Quantitative information is supplemented with Exhibit "R" "Allowances".

Credit risk exposure and concentrations

The following table shows the Group's maximum credit risk exposure by financial assets, without deducting security interests or other credit enhancements received:

	12/31/2019	12/31/2018
Cash and deposits in banks	105,603,757	122,683,587
Debt securities at fair value through profit or loss	85,113,351	96,059,431
Repo transactions	34,831,583	66,502
Other financial assets	32,557,951	23,898,888
Loans and other financing	263,973,147	222,900,351
Other debt securities	53,868,427	43,808,969
Financial assets pledged as collateral	11,138,117	7,302,244
Subtotal	**587,086,333**	**516,719,972**
Off-balance sheet		
Credit lines granted (unused balances)	2,708,141	1,928,747
Other guarantees granted included in the Debtors' Classification Rules	2,017,350	1,135,117
Other included in the Debtors' Classification Rules	1,483,097	954,498
Credit card purchase limits	67,665,877	43,634,876
Subtotal	**73,874,465**	**47,653,238**
Total	**660,960,798**	**564,373,210**

Quantitative information is supplemented with Exhibit "C" - "Concentration of loans and other financing".

Financial instruments to which the impairment model is not applied

Financial instruments to which the impairment model is not applied are those valued at fair value with impact on the statement of income and non-financial public sector financing.

The following table shows the financial assets to which the impairment model is not applied:

	12/31/2019	12/31/2018
Debt securities at fair value through profit or loss	85,113,351	96,059,431
Loans and other financing - Non-financial public sector	10,557,570	13,833,054
Total	**95,670,921**	**109,892,485**

Exposure to the Public Sector

The Group has a considerable exposure to the Argentine public sector, through interests, government securities, loans and other assets, as detailed below. The future evolution of the provincial and national economies and the honoring of obligations are of significant importance to the financial condition of the Group.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

The breakdown according to type of financing and main components of the Public Sector at December 31, 2019 is shown below:

ITEM	NATIONAL	PROVINCIAL	MUNICIPAL	TOTAL
SECURITIES	37,710,880(1)	15,562,088(2)	-	53,272,968
LOANS	224,656	8,378,668	1,954,246	10,557,570
GUARANTEES	108,403	-	71,880	180,283
OTHER	341,542	1,649,704	1,141,406	3,132,652

1) *Includes 29,517 from NASA Financial Trust and Series II MBT Trust.*

2) *Includes 5,250 from Class A Fuerza Solidaria Trust Fund Participation Certificate.*

Financial instruments to which the impairment model is not applied include public sector financing which is excluded from the provisions and allowances regime established under the BCRA financial reporting framework.

Likewise, the Group has instruments issued by the BCRA for $70,157,050.

At December 31, 2019, the Bank shows an excess in the Provincial/National Public Sector risk diversification ratio of $2,711,629 and $1,239,381, respectively, at a consolidated level.

Collateral and other credit enhancements obtained

The Bank holds financial and non-financial assets through the possession of collateral for loans and advances, as well as for credit enhancements at the end of the quarter. Collateral guarantees taken by the Bank ensure collection through credit enhancements such as avals. They comply with the recognition criteria included in the IFRS.

Quantitative information is shown in Exhibit "B".

33.2 Liquidity risk

Liquidity risk refers to the Bank's inability to fund asset increases and meet payment obligations as they become due, without suffering significant losses. There are two types of liquidity risks: funding liquidity risk is the risk that a financial institution may not be able to efficiently meet expected and unexpected, current and future cash flows and collateral needs, without jeopardizing its daily operations or financial condition, and market liquidity risk is the risk that a financial institution may not be able to offset or unwind a position at market price because of inadequate secondary market depth or market disruption. In line with its corporate values, ethics and transparency principles, when designing its liquidity risk management strategy, Banco de la Provincia de Buenos Aires took into account its organizational structure, the key business lines defined in its Business Plan, the products and diversity of the markets involved in its daily activities and the regulatory requirements applicable to its branches abroad. Its main lines of business are oriented to "Traditional Banking" products and services. Therefore, the Bank's intention is to implement a conservative liquidity strategy that may allow it to meet its contractual obligations under normal market conditions or crisis scenarios. The liquidity-risk tolerance level is proposed by the Risks Committee to the Board of Directors according to the variables determined by such committee, taking into account the Bank's current Policies and Strategies. In designing the liquidity risk strategy, the Board of Directors is responsible for defining and monitoring the risks taken. It delegates risks administration to the Senior Management through the continuous follow-up and supervision of the Financial Risk Deputy Management.

The Bank has in place an adequate process to identify, assess, follow up, monitor and mitigate liquidity risk, ensuring compliance with a documented set of internal procedures, policies and controls linked to the liquidity risk management system. This system involves a series of processes such as: development of models, risk estimation indicators and ratios; administration of cash flows -inflows and outflows- for the different time bands, periodic study of the deposit structure; measurement and monitoring of net requirements of funds under different scenarios, including stress scenarios, market access administration, definition of limits and thresholds, application of prudential valuation criteria for financial instruments, sensitivity analysis, stress testing and contingency planning.

The risk policy sets forth clearly defined criteria, which enable an integral projection of the cash flows of assets, liabilities and off-balance sheet transactions for a given number of time horizons, including tools for an adequate management, indicators, management and contingency limits, stress testing, contingency planning, reports, responsibilities and market discipline. This policy is informed to all areas of the Bank through the pertinent Deputy General Managements as well as to the Units reporting to the Board of Directors.

The liquidity risk measurement model includes a GAP assessment tool, which allows to analyze liquidity mismatches using, to define the required funding amount, the projected net flows (calculated as the difference between cash flows of assets and liabilities) in fixed future dates, assuming normal market conditions. The balance sheet, divided into assets and liabilities, and the assumptions for each item are the starting point for this tool. The maturities of all these items are analyzed in detail, according to the available information. Likewise, the Bank has a tool to estimate economic capital for liquidity risk, which enables to calculate an economic capital internal model, taking into consideration broad liquidity indicators in pesos and foreign currency and measuring the impact that an adverse shock of the Bank's deposits would cause on such indicators. Finally, as mentioned above, the Bank has a wide set of indicators as a tool to daily monitor the Bank's liquidity, based on the metrics used to assess and control the different risks assumed by the Bank in the development of its business. This tool allows to monitor the evolution of risks and anticipate their potential behavior, as well as to define a risk tolerance threshold, thus enabling to determine and control the risk appetite in a daily, weekly and monthly basis. Liquidity risk indicators are included in the SIRAT system.

Mention should be made that an independent analysis is conducted of all areas prone to the risk in order to make assessments and recommendations. These assessments are the basis for the analysis and reports for the above mentioned process. The framework for managing the liquidity risk -which is proportional to the Bank's size and the nature and complexity of its transactions- includes the Bank's strategy, policy, management processes, organizational structure, tools and responsibilities for an adequate management of this risk. Management policies and procedures must be implemented according to the Bank's global risk level. The Bank must also maintain an adequate capital level within the economic capital adequacy assessment framework based on its risk profile ("Capital Self-Assessment Report").

CONSOLIDATED

EXHIBIT - Liquidity Coverage Ratio (LCR)
Updated at December 31, 2019 - In thousands of pesos

	Component	Total unweighted value (1)	Total weighted value (2)
HIGH-QUALITY LIQUID ASSETS			**198,074,640**
1	**Total high-quality liquid assets (HQLA)**		**198,074,640**
	CASH OUTFLOWS		
2	**Retail deposits and deposits from small business customers (MiPymes), of which:**	**215,408,184**	**27,463,516**
3	Stable deposits	76,967,743	3,848,387
4	Less stable deposits	138,440,441	23,615,129
5	**Unsecured wholesale funding, of which:**	**128,785,514**	**65,976,834**
6	Operational deposits (all counterparties)	37,780,019	9,445,005
7	Non-operational deposits (all counterparties)	91,005,495	56,531,829
8	Unsecured debt	-	-
9	**Secured wholesale funding**	**-**	**-**
10	**Additional requirements, of which:**	**66,138,848**	**15,775,074**
11	Outflows related to derivative exposures and other collateral requirements	(429)	(429)
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	66,139,277	15,775,503
14	**Other contractual funding obligations**	**8,323,026**	**22,023,026**
15	**Other contingent funding obligations**	**33,028,082**	**1,156,759**
16	**TOTAL CASH OUTFLOWS**	**451,683,654**	**132,395,209**

CONSOLIDATED			
EXHIBIT - Liquidity Coverage Ratio (LCR) Updated at December 31, 2019 - In thousands of pesos			
	Component	**Total unweighted value (1)**	**Total weighted value (2)**
	CASH INFLOWS		
17	Secured lending	8,370,264	-
18	Inflows from fully performing exposures	11,452,342	6,728,986
19	Other cash inflows	35,243,992	17,621,996
20	**TOTAL CASH INFLOWS**	**55,066,598**	**24,350,982**
			Total adjusted value (3)
21	**TOTAL HQLA**		**198,074,640**
22	**TOTAL NET CASH OUTFLOWS**		**108,044,227**
23	**LIQUIDITY COVERAGE RATIO (%)**		**183.3%**

1) Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
2) Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).
3) Adjusted values must be calculated after the application of both a) haircuts and inflow and outflow rates and b) the maximum cap on inflows.

Analysis of remaining contractual maturities

In order to exhibit quantitative information on liquidity risk, Exhibit "I" "Breakdown of Financial Liabilities according to Remaining Terms" and Exhibit "D", which includes the term for collection of assets, are attached to the financial statements.

33.3 Market risk

Market risk is defined as the possibility of suffering losses in on- and off-balance sheet positions as a result of adverse fluctuations in the market price for various assets. The following risks are included: risks pertaining to interest rate-related financial instruments and equities and other financial instruments in the trading portfolio; foreign exchange risk through on- and off-balance sheet positions. The market risk management includes the process of identification, assessment, follow-up, control and mitigation of this risk, which implies, among others, the following: the development of models to estimate risks, the setting of limits, prudential assessment of financial instruments, stress testing and contingencies planning.

The Bank has methodologies to efficiently assess and manage the significant market risks.

The market risk management system includes the utilization of capital requirement calculation methodologies for market risk and the implementation of stress testing according to the type and level of activity, in order to efficiently calculate the significant risks faced by the Bank. Likewise, different risk measurement models to quantify the economic capital required for market risk are included in this system.

These models measure risk with a confidence level of 99% and time horizon of 10 days and the Bank must estimate the model parameters and consider the main assumptions.

The Bank implements a backtesting program which compares the outcome against the predictions, evaluating if the number of days with losses higher than those forecasted is in line with the expected situation based on the confidence level defined, for which a historic data record is necessary.

The market risk measurement model includes the following tools: inventory and Valuation of Positions in the Trading Book, Capital Requirement for Market Risk calculation model (Communication "A" 5867), VaR economic capital model (calculated through the MonteCarlo Simulation – Expected Shortfall methodology), Backtesting (using Kupiec and Christoffersen tests to determine the validity of the model), asset valuation with normal and current quotation, asset valuation without normal and current quotation (using a theoretical valuation methodology developed to such end) and a set of market risk indicators to measure and monitor exposure to this risk, having defined the pertinent management and contingent thresholds, which show the risk tolerance level approved by the Board of Directors. Likewise, in order to monitor this indicator on a daily basis, a new tool has been developed to forecast the impact of different purchase/sale transactions. Market risk indicators are part of the SIRAT system, which is monthly sent to all members of the Board of Directors, General Management, Risks Committee and other organizational units.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

The following table details the financial assets valued at Market Risk:

Financial Assets Valued At Market Value	12/31/2019	12/31/2018
FOREIGN CURRENCY	1,318,901	709,140
NATIONAL BONDS IN PESOS	247,886	324,495
NATIONAL BONDS IN DOLLARS	4,914	224,799
CORPORATE BONDS	244,522	124,874
PROVINCIAL BONDS IN PESOS	-	88,173
PROVINCIAL BONDS IN DOLLARS	-	35,514
FOREIGN BONDS	46,336	21,579
Total Market Risk	**1,862,559**	**1,528,574**

Note 34 - Sensitivity analysis and other information

Every year the Bank makes business plan projections for a fixed time horizon, which include the design of a business strategy, together with the implementation of policies and the definition of targeted goals and purposes, covering different stress scenarios. Within this framework, the Risk Administration Management, considering the scenarios defined in the Business Plan, performs a sensitivity analysis of its main risks. To such end, it exposes the portfolios to stress scenarios in order to know how they would perform in such circumstances, and therefore, be able to assess their impact on the Bank's activity, risk administration models and strategies. Thus, the Bank's Board of Directors may have a better understanding of the portfolio evolution in changing market conditions and scenarios, being this a key tool to assess the capital and provisions adequacy.

With respect to **Credit Risk,** sensitivity analysis is an integral part of the culture of corporate governance and risk management. Its results are used to take a series of decisions, mainly to determine risk tolerance, set limits and define the long-term business plan. To perform such analysis every significant risk factor and interaction are considered, according to the proportion, size, nature, complexity of the Bank's transactions, and to its risk exposure and systemic significance. In this sense, adverse but probable macroeconomic scenarios are considered when assessing credit risk. Taking into account the historical data on delinquency and macroeconomic series, different statistical or econometric models are developed to explain irregularities; the resulting data is then projected based on the stress scenarios defined.

With respect to **Market Risk**, the Bank has in place tools to assess the sensitivity of the trading portfolio upon an adverse performance of the financial markets, measuring the impact of considerable variations in the prices of the main variables. Thus, simulations to calculate Value at Risk are carried out taking into account more deviations than expected, scenarios derived from significant historical moments are considered for the portfolio under analysis, extreme scenarios different from historical ones are created, and other alternative scenarios of future markets behavior are defined.

With respect to **Liquidity Risk**, certain parameters of the economic capital tool (CFaR) are subject to stress scenarios in order to measure not only the Bank's liquidity level in adverse situations, but also to assess the additional cost the Bank will have to bear in more illiquid scenarios when attracting new depositors. Moreover, another key tool to monitor liquidity risk is based on an analysis of mismatches (or gap) between inflows and outflows in different time horizons or time bands. This analysis is carried out under a contractual scenario and also under stress scenarios or simulations where deterministic simulations are included. Assets and liabilities flows and off-balance sheet accounts are projected based on the following assumptions: liquidity crisis scenario and stochastic/random simulations. Thus, a statistical behavior regarding the evolution of deposits is established.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

The following table shows the VaR at ten days with a 99% confidence:

Value at risk at 10 days with a 99% confidence		
Portfolio Exposed to Market Risk - Expected Shortfall		
	January/December 2019	January/December 2018
Minimum for the year	1,312,407	407,017
Maximum for the year	2,198,248	1,622,021
Average for the year	1,783,974	1,067,792
At year-end	2,198,248	1,357,235

Note 35 - Instruments classified as Level 3 in the fair value hierarchy

At December 31, 2019, the equity interest in Prisma Medios de Pago SA has been included in "Investments in equity instruments" and 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. The accounting criteria applied as required above, imply a deviation from IFRS.

Transfer from Level 1 to Level 3

During 2018 until August 2019, transactions with the TN20 bond were measured at Level 1 of the fair value hierarchy. Since September 2019, the Entity has decided to maintain the valuation at the latest quoted market price. Until the situation is back to normal, the position of this bond is reported under Level 3 of the fair value hierarchy.

Note 36 - Income tax

The Bank is exempt from the income tax as provided in section 7 of the National Union Pact dated November 11, 1859 (San José de Flores Treaty) which establishes that the Province of Buenos Aires reserves for itself the exclusive right, among others, to govern its Provincial State Bank and to pass the necessary laws to that effect. For that reason, the Bank, its assets, acts and doings, agreements, contracts and transactions as well as the rights arising therefrom in its favor are exempted from any liens, taxes, charges or contributions of any nature whatsoever.

The breakdown of current and deferred income tax assets and liabilities in relation to the Group is shown below:

a) Current income tax assets:

There follows a breakdown of this caption:

	12/31/2019	12/31/2018
Income tax advances	95,097	172,079
Income tax withholdings and collections	53,303	49,422
Income tax provision	(36,308)	4,313
Minimum notional income tax advances	137,356	5,609
TOTAL	**249,448**	**231,423**

Banco Provincia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

b) Current income tax liabilities:

There follows a breakdown of this caption:

	12/31/2019	12/31/2018
Income tax advances	39,290	53,881
Income tax withholdings and collections	(32,303)	(11,905)
Income tax provision	(660,849)	(304,605)
TOTAL	**(653,862)**	**(262,629)**

c) Income tax expense:

There follows a breakdown of this caption:

	12/31/2019	12/31/2018
Current tax	1,563,407	668,728
Deferred tax	617,055	106,003
Income tax expense for the year	**2,180,462**	**774,731**

The breakdown of the current income tax expense at December 31, 2019 is shown below:

	12/31/2019
Income tax debt at year-end	697,157
Income tax cancelled (1)	858,631
Other adjustments	7,619
Current income tax expense	**1,563,407**

(1) Reflects the income tax paid in the second half of 2019 with respect to those controlled companies closing balances at June 30, 2019; includes $107,619 thousand (loss) resulting from the application of the tax inflation adjustment.

The income tax expense is calculated as income before income tax for the interim period times Management's best estimate of the annual effective tax rate expected to be in force for the full fiscal year, adjusted for the fiscal effect of certain items fully recognized during the period.

In this respect, Law No. 27430, as amended by Law No. 27468, sets forth that the inflation adjustment —calculated on the basis of the procedure outlined in the Income Tax Law— should be mandatorily deducted from, or added to, taxable income.

The Group has recognized at year-end the tax inflation adjustment taking into account that, at the date of these financial statements, the CPI variation exceeded the 30% required for the second year in force. The one-sixth estimation was computed in the current income tax provision to be paid. The effect of deferring the remaining five-sixths has been recognized as a deferred tax asset.

The breakdown of the deferred income tax at December 31, 2019 is shown below:

	12/31/2019
Variation of deferred tax net liabilities	265,484
Other adjustments on deferred income tax (1)	351,571
Deferred income tax expense	**617,055**

(1) Includes $182,202 thousand computed in the real property revaluation reserve in controlled companies.

See our report dated
February 27, 2020
KPMG

(Partner)

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193
Lorena Lardizábal
Public Accountant (U.B.A.) C.P.C.E.P.B.A.
Volume 155 – Folio 141
Folder No. 40284/2 - Taxpayer
Registration Code 27-21506212-6

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Note 37 - Categories and fair value of financial assets and financial liabilities

The following table shows the categories of financial assets and liabilities at December 31, 2019:

ITEM	MEASURED AT				FAIR VALUE HIERARCHY		
	AMORTIZED COST	FAIR VALUE THROUGH OCI	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS							
Cash and deposits in banks	105,603,757	-	-	(1)	-	-	-
. Cash	*27,467,792*						
. Banks and Correspondents	*78,135,965*						
Debt securities at fair value through profit or loss			85,113,351	85,113,351	70,681,489	-	14,431,862
Repo transactions	34,831,583			(1)			
Other financial assets	17,709,891	-	12,093,252	12,093,252	12,093,252	-	-
Loans and other financing	247,686,325			272,984,443			272,984,443
Other debt securities	50,405,510	2,825,894	-	39,652,382	23,050,006	351,373	16,251,003
Financial assets pledged as collateral	11,138,117	-	-	(1)	-	-	-
Investments in equity instruments		289,406	2,533,868	2,823,274	289,442	1,173,734	1,360,098
TOTAL FINANCIAL ASSETS	**467,375,183**	**3,115,300**	**99,740,471**	**12,666,702**	**106,114,189**	**1,525,107**	**305,027,406**
FINANCIAL LIABILITIES							
Deposits	448,747,975			906,925,456			906,925,456
Repo transactions	342,322			(1)			
Other financial liabilities	20,331,669		-	20,331,669	-	-	20,331,669
Financing received from the BCRA and other financial institutions	734,837		-	(1)	-	-	-
Corporate bonds issued	7,412,970		-	10,842,145	-	-	10,842,145
TOTAL FINANCIAL LIABILITIES	**477,569,773**	**-**	**-**	**938,099,270**	**-**	**-**	**938,099,270**

(1) not shown since it is estimated that fair value is similar to its accounting value.

Fair value of financial assets and liabilities - Hierarchies 2 and 3

With respect to investments in equity instruments, the Class "B" shareholding in Bladex SA valued at fair value through profit or loss (hierarchy 2) is included in "Corporate securities/shareholding in non-controlled financial institutions". Such value is determined using valuation techniques based on the directly observable market data for a similar asset. Therefore, considering that the Bank may convert class "B" shares in class "E" shares (represented by institutional and retail investors), by quoting in the New York Stock Exchange, such quotation was used for this measurement. As stated in Note 37, the equity interest in Prisma Medios de Pago SA has been classified as Level 3 in the fair value hierarchy.

Fair value of assets and liabilities not measured at fair value

Below is a description of methodologies and assumptions used to assess the fair value of the main financial instruments not measured at fair value, when the instrument does not have a quoted price in a known market.

- Assets and liabilities with fair value similar to their accounting balance

For financial assets and financial liabilities maturing in a short term, it is considered that the accounting balance is similar to the fair value. This assumption also applies for cash and deposits in banks, repo transactions, financial assets pledged as collateral, deposits in savings accounts, checking accounts and financing received from the BCRA and other financial institutions.

- Fixed rate financial instruments

The fair value of financial assets was assessed by discounting future cash flows from market rates at each measurement date for financial instruments with similar characteristics.

The estimated fair value of fixed interest rate deposits was assessed by discounting future cash flows using market interest rates for placements with similar maturities.

Note 38 - Information by segments

For management reporting purposes, the Bank defines the following operation segments:

Corporate:

Corporate segment groups transactions carried out by large, medium, small and micro enterprises, which make use of the credit facilities offered by the Bank through loans to the Private Sector. It also includes deposits in sight accounts, term deposits and other fee-generating products and services.

Retail:

Retail segment groups transactions carried out by individuals, which make use of credit facilities offered by the Bank through loans to the Private Sector. It also includes deposits in sight accounts, term deposits and other fee-generating products and services.

Public sector:

This segment groups transactions carried out with the National, Provincial and Municipal Administrations, except for those transactions carried out with debt securities, which are shown under Treasury.

Treasury:

Treasury segment includes central and investment activities, exchange transactions and funding operations not attributable to other segments.

Regulatory differences:

They include the reconciliation between managerial and regulatory information, mainly based on the following facts:

- The information on balances is exposed on a monthly average base and not on closing balances.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

- The Bank uses a transfer price internal system in order to assign a cost or value of funds to each placement or deposit of money, which is not booked.

Balance sheet and results by segment

December 2019

	Corporate	Retail	Public Sector	Treasury	Total	Regulatory differences	Subsidiary	Group Total at 12/31/2019
Average assets (1)	84,424,958	133,426,674	18,979,998	273,613,706	10,445,336	40,652,027	**50,558,094**	**601,655,457**
Average liabilities (1)	66,648,294	188,795,437	163,180,269	40,271,220	458,895,220	38,254,084	**49,025,651**	**546,174,955**
Net financial income	2,174,243	23,645,683	21,704,467	13,132,853	60,657,246		**17,227,454**	**77,884,700**
Cost/value of Funds (2)	(3,771,989)	(1,435,893)	59,036,661	(53,828,779)	-			-
Charge for allowances (3)	(3,382,202)	(2,722,794)	(62,520)	(3,611,261)	(9,778,777)		(967,079)	**(10,745,856)**
Net income from services	5,095,592	2,596,551	1,091,077	-	8,783,220		**(836,018)**	**7,947,202**
Administrative expenses	(4,549,508)	(12,740,637)	(9,662,172)	(20,782,883)	(47,735,200)		**(8,633,737)**	**(56,368,937)**
Miscellaneous income/losses, branches abroad	-	-	-	(4,329,685)	(4,329,685)		**(4,333,116)**	**(8,662,801)**
Income/(loss) before taxes	**(4,433,864)**	**9,342,910**	**72,107,513**	**(69,419,755)**	**7,596,804**		**2,457,504**	**10,054,308**
Income tax					(5,523)		**(2,174,939)**	**(2,180,462)**
Total income/(loss) for the fiscal year					**7,591,281**		**282,565**	**7,873,846**

(1) Average corresponds only to assets and liabilities of the Bank, excluding Subsidiaries.
(2) The cost/value of funds derives from applying the transfer rate to assets/liabilities.
(3) Corresponds to Allowances for loan losses net of allowances reversed and receivables recovered.

There follows compared information by segments, equity data and results as at December 31, 2018:

	Corporate	Retail	Public Sector	Treasury	Total	Regulatory differences	Subsidiaries	Group Total at 12/31/2018
Average assets (1)	71,242,996	108,845,230	15,623,142	160,406,219	356,117,587	141,113,08	**40,955,138**	**538,185,812**
Average liabilities (1)	44,433,992	138,367,429	117,223,685	26,093,884	326,118,990	125,506,43 0	**39,690,093**	**491,315,513**
Net financial income	558,130	22,097,772	13,190,361	(1,584,604)	34,261,659		**10,823,858**	**45,085,517**
Cost/value of Funds (2)	(5,449,594)	(3,501,425)	30,502,157	(21,551,138)	-			-

See our report dated
February 27, 2020
KPMG

(Partner)
C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193
Lorena Lardizábal
Public Accountant (U.B.A.) C.P.C.E.P.B.A.
Volume 155 – Folio 141
Folder No. 40284/2 - Taxpayer
Registration Code 27-21506212-6

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

	Corporate	Retail	Public Sector	Treasury	Total	Regulatory differences	Subsidiaries	Group Total at 12/31/2018
Charge for allowances (3)	(1,153,376)	(1,781,670)	(3,317)	(509,753)	(3,448,116)		(341,220)	**(3,789,336)**
Net income from services	2,157,237	2,988,152	892,854	-	6,038,243		**(45,241)**	**5,993,002**
Administrative expenses	(3,030,053)	(8,057,063)	(5,825,311)	(14,614,793)	(31,527,220)		**(7,097,134)**	**(38,624,354)**
Miscellaneous income/losses, branches abroad	-	-	-	90,418	90,418		**(2,400,304)**	**(2,309,886)**
Income/(loss) before taxes	**(6,917,656)**	**11,745,766**	**38,756,744**	**(38,169,870)**	**5,414,984**		**939,959**	**6,354,943**
Income tax					(6,432)		**(768,299)**	**(774,731)**
Total income/(loss) for the fiscal year					**5,408,552**		**171,660**	**5,580,212**

(1) Average corresponds only to assets and liabilities of the Bank, excluding Subsidiaries.
(2) The cost/value of funds derives from applying the transfer rate to assets/liabilities.
(3) Corresponds to Allowances for loan losses net of allowances reversed and receivables recovered.

Note 39 - Subsidiaries

The Bank direct and indirectly owns total shares and votes on the following entities:

- Grupo Banco Provincia SA aims at defining the strategic guidelines which will be applied to the Group's companies. They have a strong presence in the services' sector and develop activities of investment, trading, finance, general and life insurances, worker's compensation, leasing, real estate and other supplementing financial activities.

- Provincia Leasing SA's main purpose is to provide leases with option to purchase personal or real property, whether owned or acquired by the Company for leasing purposes.

- Bapro Medios de Pago SA offers a collection system for the payment of taxes and services, Technology and Networks solutions for governments and municipalities and Call Centers.

- Bapro Mandatos y Negocios SA has vast experience in the structuring and management of trusts, both common and financial, publicly and non-publicly offered, for the private and public sectors.

- Provincia Microempresas SA offers quality financial services with minimum requirements for provincial independent workers, who perform a business, service or production activity. The initiative is inspired on the Bank's foundational values strongly linked to social and productive development, and equal opportunities.

- BA Desarrollo SA promotes and leads the positioning of the Province, and probably of Argentina, towards the Sustainable Development. It operates as an access for every investor who wishes to place its project in strategic sectors of the province and the country. At the end of 2019, BA Desarrollo SA was under liquidation process. (Note 39.4)

The Bank indirectly owns 60% of shares and votes of the following insurance companies, which are regulated by the National Insurance Superintendency (*Superintendencia de Seguros de la Nación* - SSN).

- Provincia Seguros SA is engaged in the coverage of any type of risk, both for individuals and corporations, whether of industrial, commercial or service nature.

- Provincia Seguros de Vida SA is devoted to the production of individual life insurances.

The Bank direct and indirectly owns 89.1%, 99% and 99.99% of the shares and votes of the following companies:

- Provinfondos SA is a firm that carries out activities as a mutual fund managing company in line with the provisions of Law No. 24083, where Banco de la Provincia de Buenos Aires is the Depository Company.

- Provincia Bursátil SA is devoted to brokerage transactions.

- Provincia Aseguradora de Riesgos del Trabajo SA commercializes the mandatory insurance policy for every employer regulated under Law No. 26773. The purpose of the workers' compensation insurance is the prevention of labor accidents and professional diseases, compensation of damages through appropriate medical assistance, payment of lost wages, compensation in case of inability and job reinsertion for those workers who are not able to return to work as a consequence of the accident. Said company is regulated by the SSN and the Workers' Compensation Insurance Superintendency (*Superintendencia de Riesgos del Trabajo - SRT*).

Likewise, the Bank has control over the following structured entities:

- Banco Provincia Foundation: its mission is to strengthen social and educational supportive environments for children and young people, prompting the creation of social networks and involving the local community, in the most vulnerable places of the Province of Buenos Aires.

- Raíces Renta Pesos Mutual Fund: it combines investments in short and medium term fixed-income securities. The portfolio is mainly made up of BCRA bills and corporate and sub-sovereign debt instruments.

- Raíces Valores Fiduciarios Mutual Fund: the portfolio is mainly made up of financial trusts publicly offered.

- Raíces Renta Global Mutual Fund: it combines investments in short-term provincial treasury bills, medium term provincial bonds and long term sovereign securities. The portfolio is mainly made up of sub-sovereign debt instruments.

- Raíces Inversión Mutual Fund: it combines investments in short-term provincial treasury bills, medium term provincial bonds and long term sovereign securities. The portfolio is made up of corporate bonds, Public Debt Securities, BCRA and Treasury Bills, Trusts and negotiable securities.

39.1 Financial support to structured entities

The Bank provides continuous financial support to Banco Provincia Foundation. A $9,145 subsidy to such foundation was agreed under Board of Directors' Resolution No. 246/19 of March 15, 2019. At December 31, 2019, the amount paid to such Foundation amounted to $69,870.

39.2 Provincia Aseguradora de Riesgos del Trabajo

a. Minimum capital requirements

At December 31, 2019, the Company recorded a $365,251 surplus in its minimum capital and a $6,701,227 surplus in the coverage of debts to insureds, calculated according to the provisions of the General Rules for Insurance Activity (*Reglamento General de la Actividad Aseguradora* – RGAA).

On January 16, 2017, the SSN approved the Regularization Plan submitted by Provincia ART and required the Company to semiannually submit an independent actuary's report regarding the Company´s portfolio and its premiums 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 below, at December 31, 2019, Provincia ART SA complied with the projected evolution of its technical ratios as stated in such plan.

b. Self- insurance contract of the Government of the Province of Buenos Aires

Provincia ART SA manages the self-insurance contract of the Government of the Province of Buenos Aires and significant receivable amounts have accrued in its favor which, at December 31, 2019 and 2018, amounted to $539,491 and $57,579, respectively.

c. Amendments to the legislation in force

Determination of debts with insureds is affected by changes in legislations, regulations and case law. Particularly, there is no definitive resolution on the following events, which could affect their determination:

- Declaration of unconstitutionality of certain sections of Law No. 24557 (which regulates Workers' Compensation Insurance companies);
- National Executive Order No. 1694/09 (changes in the amounts of monetary compensations for disabilities and the creation of the registry of medical services providers);
- Resolution No. 35550 issued by the SSN (civil liability insurance to cover risks derived from accidents at work and occupational diseases);
- Law No. 26773 (rules on injuries derived from accidents at work and occupational diseases in order to reduce the litigation rate in the system);
- National Executive Order No. 472/14 (rules on temporary disability period and compensation amounts);
- Judgment rendered by the Argentine Supreme Court of Justice on June 7, 2016 (applicability of Law No. 26773);
- National Executive Order No. 54/17 and Law No. 27348 (mandatory application of jurisdictional medical commissions, creation of the provincial public self- insurance, changes in compensation amounts);
- Law No. 27348 (rules on injuries derived from accidents at work and occupational diseases).

The authorities of Provincia Aseguradora de Riesgos del Trabajo SA understand that the Company's reserves at December 31, 2019 and 2018 include all significant known effects derived from the regulatory changes described above as well as the different application methods under each jurisdiction. However, at the date of issuance of these Financial Statements, the final effect of these changes on the loss ratio estimated by the Company could not be determined.

Additionally, the SSN issued Resolutions Nos. 966 and 1039 providing that court-ordered claims must be adjusted in accordance with the stable worker's average taxable remuneration (r*emuneraciones imponibles promedio de los trabajadores estables* - RIPTE) index. At December 31, 2019, Provincia ART SA valued its reserves according to the guidelines therein stated. Such valuation resulted in a significant benefit leading to the surplus mentioned above.

The Company's authorities have estimated the reserves adequacy in accordance with the rules issued by the SSN by application of the IFRS. Therefore, and as provided by such regulatory entity on February 13, 2020 through Communication I F-2020-09955470-APN-GCG#SSN, a $3,900,000 thousand provision was estimated in the controlled company at December 31, 2019, which was included under "Provisions" at such date.

39.3 Provincia Seguros

Minimum capital requirements

Provincia Seguros SA is governed by the regulations issued by the SSN, which, among other aspects, require to maintain a minimum capital according to Section 30 of the General Rules for Insurance Activity and to comply with the coverage calculation of Section 35 of said regulations. At December 31, 2019, Provincia Seguros SA showed a surplus in its minimum capital for $669,124 calculated according with SSN rules. The following amounts were excluded as "Other non-computable receivables":

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

	12/31/2019
Advances	3,265
Other receivables from sale	1,514
Total Other non-computable receivables	**4,779**

Likewise, at December 31, 2019, the Company recorded a $2,087,088 surplus in the coverage of debts to insureds, calculated according to the provisions of Section 35 of the RGAA.

At December 31, 2019, the Company complied with the Rules on Investment Policies and Procedures, as stipulated in the RGAA, approved by its Board of Directors, with the exception mentioned in item 35.9.3 of the RGAA, eliminating any excess in technical ratios.

39.4 BA Desarrollo SA

On December 26, 2018, the Company granted a power of attorney to approve, through Board of Directors' Minutes No. 1638/18, the Annual Report and reissued Financial Statements for the fiscal year ended December 31, 2017 and to appoint the Liquidator and Receiver. Such appointment was made in the Special and Regular General Meeting of Shareholders held on December 28, 2018.

39.5 Non-controlling interests

December 2019

	PROVINCIA SEGUROS	PROVINCIA SEGUROS DE VIDA	PROVINCIA ASEGUR. DE RIESGO DE TRABAJO	PROVINCIA BURSÁTIL	PROVINFONDOS	1822 RAICES RENTA PESOS MUTUAL FUND	1822 RAÍCES VALORES FIDUCIARIOS MUTUAL FUND	RAICES RENTA GLOBAL MUTUAL FUND	RAICES INVERSION MUTUAL FUND
Non-controlling interests percentage	**40%**	**40%**	**0.01%**	**1.00%**	**10.90%**	**45.13%**	**40.82%**	**68.65%**	**74.87%**
Cash and deposits in banks	39,850	2,462	22	8	82	363	5,759	205	522
Debt securities at fair value through profit or loss	-	1,816	-	110	6,705	774	130,019	-	63,874
Other financial assets	3,988,981	574,177	2,057	901	26,657	78,980	73,777	89,902	46,894
Other debt securities	2,295,625	356,466	1,997	-	-	-	-	-	-
Investments in equity instruments	-	-	-	2,894	-	-	-	-	-

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

	PROVINCIA SEGUROS	PROVINCIA SEGUROS DE VIDA	PROVINCIA ASEGUR. DE RIESGO DE TRABAJO	PROVINCIA BURSÁTIL	PROVINFONDOS	1822 RAICES RENTA PESOS MUTUAL FUND	1822 RAÍCES VALORES FIDUCIARIOS MUTUAL FUND	RAICES RENTA GLOBAL MUTUAL FUND	RAICES INVERSION MUTUAL FUND
Non-controlling interests percentage	**40%**	**40%**	**0.01%**	**1.00%**	**10.90%**	**45.13%**	**40.82%**	**68.65%**	**74.87%**
Investment in subsidiaries, associates and joint ventures	467	-	-	2,662	-	-	-	-	-
Other	378,835	2,764	297	154	1,074	-	-	-	-
Total assets - Non-controlling interests	**6,703,758**	**937,685**	**4,373**	**6,729**	**34,518**	**80,117**	**209,555**	**90,107**	**111,290**
Provisions	(102,959)	(210)	(22)	-	-	-	-	-	-
Current income tax liabilities	(70,986)	(21,863)	(47)	-	-	-	-	-	-
Deferred income tax liabilities	(22,514)	(27,950)	(173)	(778)	-	-	-	-	-
Other non-financial liabilities	(5,800,534)	(584,237)	(3,610)	(128)	(2,336)	(141)	(3,054)	(837)	(3,310)
Total liabilities - Non-controlling interests	**(5,996,993)**	**(634,260)**	**(3,852)**	**(906)**	**(2,336)**	**(141)**	**(3,054)**	**(837)**	**(3,310)**
Net worth - Non-controlling interests	**706,765**	**303,425**	**521**	**5,823**	**32,182**	**79,976**	**206,501**	**89,270**	**107,980**

December 2018

At December 31, 2018, the consolidation was made without considering Provincia Aseguradora de Riesgos del Trabajo SA and Raíces Renta Global and Raíces Inversión Mutual Funds:

	PROVINCIA SEGUROS	PROVINCIA SEGUROS DE VIDA	PROVINCIA BURSÁTIL	PROVIN FONDOS SA	1822 RAICES RENTA PESOS MUTUAL FUND	1822 RAÍCES VALORES FIDUCIARIOS MUTUAL FUND
Non-controlling interests percentage	**40%**	**40%**	**1.00%**	**10.90%**	**31.33%**	**71.98%**
Cash and deposits in banks	19,903	2,313	11	174	1,564	13,340
Debt securities at fair value through profit or loss	-	28,666	54	4,760	57,124	234,046
Other financial assets	2,970,797	309,002	756	19,524	11,448	209,182
Other debt securities	1,835,599	207,259	-	-	-	-

Banco Provincia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

	PROVINCIA SEGUROS	PROVINCIA SEGUROS DE VIDA	PROVINCIA BURSÁTIL	PROVINCIA FONDOS SA	1822 RAICES RENTA PESOS MUTUAL FUND	1822 RAÍCES VALORES FIDUCIARIOS MUTUAL FUND
Non-controlling interests percentage	**40%**	**40%**	**1.00%**	**10.90%**	**31.33%**	**71.98%**
Investments in equity instruments	-	-	2,416	-	-	-
Investment in subsidiaries, associates and joint ventures	11,812	-	1,816	-	-	-
Other	164,633	2,364	86	312	-	-
Total assets – Non-controlling interests	**5,002,744**	**549,604**	**5,139**	**24,770**	**70,136**	**456,568**
Provisions	(54,847)	(185)	-	-	-	-
Current income tax liabilities	(71,760)	(11,851)	(32)	(1,599)	-	-
Deferred income tax liabilities	(20,520)	(16,756)	(717)	-	-	-
Other non-financial liabilities	(4,268,777)	(391,578)	-	(1,233)	(204)	(3,743)
Other	(1)	-	(113)	-	-	-
Total liabilities – Non-controlling interests	**(4,415,905)**	**(420,370)**	**(862)**	**(2,832)**	**(204)**	**(3,743)**
Net worth - Non-controlling interests	**586,839**	**129,234**	**4,277**	**21,938**	**69,932**	**452,825**

Note 40 - Related parties

Key management personnel

The Bank considers the members of the Board of Directors as key management personnel, since they have the authority and responsibility to plan, manage and control the Bank's activities.

The Directors are classified as senior staff without job stability pursuant to Law No. 10430. Likewise, this law provides for the items included in their compensation.

The following table shows short-term benefits for the last quarter of 2019 and 2018:

COMPENSATIONS	12/31/2019	12/31/2018
SHORT-TERM BENEFITS	31,476	13,711

At December 31, 2019 and 2018, loans and deposits of key management personnel are as follows:

	MAXIMUM BALANCE AT 12/31/2019 (1)	BALANCE AT 12/31/2019	MAXIMUM BALANCE AT 12/31/2018 (1)	BALANCE AT 12/31/2018
Cards	1,505	1,505	910	810
Overdrafts	43	43	50	50
Loans	-	-	277	258
TOTAL LOANS	**1,548**	**1,548**	**1,237**	**1,118**

See our report dated
February 27, 2020
KPMG

(Partner)
C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193
Lorena Lardizábal
Public Accountant (U.B.A.) C.P.C.E.P.B.A.
Volume 155 – Folio 141
Folder No. 40284/2 - Taxpayer
Registration Code 27-21506212-6

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

	MAXIMUM BALANCE AT 12/31/2019 (1)	BALANCE AT 12/31/2019	MAXIMUM BALANCE AT 12/31/2018 (1)	BALANCE AT 12/31/2018
Savings accounts	24,385	24,385	33,707	33,707
Checking accounts	24	24	123	123
Fixed-term deposits	4,302	4,302	5,919	5,919
TOTAL DEPOSITS	**28,711**	**28,711**	**39,749**	**39,749**

(1) Due to the great volume of transactions, it is considered more representative to inform the balance at the end of the reported period.

Loans and deposits with related parties have been carried out under market conditions. Balances of loans granted are classified under normal performance at December 31, 2019 and 2018 pursuant to the provisions and allowances rules issued by the BCRA.

Province of Buenos Aires

The Entity makes use of exemption of paragraph 25 of IAS 24 since the Bank is controlled by the Province of Buenos Aires. Therefore, the most significant transactions with the Province are detailed below:

	12/31/2019	12/31/2018
Bonds to be received	**3,435,991**	**3,435,991**
BONDS TO BE RECEIVED - EXECUTIVE ORDER 2094/12-PROVINCIAL MINISTRY OF ECONOMY	3,435,991	3,435,991
Bonds received	**12,685,144**	**16,807,381**
Bond of the Province of Buenos Aires Retirement and Pension Fund 2023	8,699,617	8,623,238
Debt Security of the Province of Buenos Aires December 2019	-	4,253,217
Bond of the Province of Buenos Aires 2024	3,985,527	3,930,926
Loans	**10,343,167**	**8,946,362**
OTHER LOANS - PROVINCE OF BUENOS AIRES. ARTICLE 9 ITEM B)	3,941,770	3,941,770
ACCRUED INTEREST RECEIVABLE/OTHER LOANS ARTICLE 9 ITEM B	6,401,397	5,004,592
Deposits	**32,074,904**	**47,439,388**
Checking accounts	27,224,309	6,514,114
Savings Accounts	4,850,595	37,475,027
Fixed-term deposits	-	3,450,247

	12/31/2019		12/31/2018	
	Maximum	**Final balance**	**Maximum**	**Final balance**
Checking accounts	27,224,309	27,224,309	6,514,114	6,514,114
Savings accounts	4,850,595	4,850,595	37,475,027	37,475,027
Fixed-term deposits	-	-	3,450,247	3,450,247

(1) Due to the great volume of transactions, it is considered more representative to inform the balance at the end of the reported period.

Note 41 - Leases

The Group acting as lessor

Financing Lease

The Group grants financing in the form of financial leases through Provincia Leasing SA.

At December 31, 2019 and 2018, the breakdown of financial leases according to the line of business of the consolidated companies is the following:

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Description	Amounts	
	12/31/2019	12/31/2018
- Machinery and equipment leased	1,953,437	1,686,836
- Charges to be collected on receivables from financial leases	215,656	88,302
- Machinery and equipment to be recovered	23,295	2,837
	2,192,388	**1,777,975**

The following table shows the total amount for the payment of financial leases and the current value of minimum payments to be received thereunder:

Term	12/31/2019		12/31/2018	
	Total investment	Current value of minimum payments	Total investment	Current value of minimum payments
Up to 1 year	1,544,601	869,233	1,109,497	768,401
From 1 to 5 years	1,491,132	1,084,204	1,217,460	918,435

Operating Lease

There follow the minimum future payments of leases under operating lease contracts at December 31, 2019 and 2018:

	12/31/2019	12/31/2018
Up to 1 year	17,619	9,289
From 1 to 5 years	7,056	12,276
Total	**24,675**	**21,565**

Note 42 - Restricted Assets

The Group holds the following Restricted Assets:

Assets	Location	Original Nominal Value		Pesos		Description
		12/31/2019	12/31/2018	12/31/2019	12/31/2018	
Other debt securities	Sao Paulo Branch	910	1,281	142,120	119,865	National Treasury Bills and Financial Treasury Bills as collateral for transactions with BM&F, exchange clearing house and other collateral.
Financial assets pledged as collateral	Sao Paulo Branch	-	-	977	361	Other collateral deposits
	Montevideo Branch	6,650,000	6,650,000	344,004	208,731	Repo transactions of the following securities: US Strip, JPM 2023, Goldman 2023, HSBC Float 2024 and Banco Santander España 2022
	Bank	-	-	9,046,961	5,779,110	BCRA collateral deposits
		-	-	1,263,315	864,327	Credit Card Guarantee Funds
		-	-	22,704	25,680	Red Link Development Guarantee Funds

See our report dated
February 27, 2020
KPMG

(Partner)

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193
Lorena Lardizábal
Public Accountant (U.B.A.) C.P.C.E.P.B.A.
Volume 155 – Folio 141
Folder No. 40284/2 - Taxpayer
Registration Code 27-21506212-6

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

		-	-	1,823	313	Lease Guarantee Funds
		-	1,391	-	49,339	AY24 Bond as collateral through MAE and ROFEX
		-	-	-	100	Collateral deposit in pesos through MAE
		16	-	943	-	U20D9 Bill as collateral through ROFEX
		-	1,326	-	49,624	L2DE9 and LTDY8 Bills as collateral through MAE and ROFEX
		-	-	448,443	322,155	Guarantee Funds to finance own VISA and Argencard users' consumption abroad
		-	-	1,159	612	Other collateral deposits
	Bapro Medios de Pago SA	-	-	616	540	Collateral deposits
	Provincia Seguros SA	2,595	2,595	88	60(1)	Quota shares of "Fima Ahorro Pesos" mutual fund, under attachment
		123,763	175,448	919	912(1)	Quota shares of "Fima Ahorro Plus" mutual fund, under attachment
		320,003	320,003	1,811	1,621(1)	Quota shares of "Fima Capital Plus" mutual fund, under attachment
		12,103	12,103	233	180(1)	Quota shares of "FBA Ahorro Pesos" mutual fund, under attachment
		46,149	46,298	4,121	2,919(1)	Quota shares of "Superfondo Renta Variable" mutual fund, under attachment
		-	-	-	1,352	Fixed-term deposit to guarantee the payment of amounts owed to the Bank
Other financial assets	Provincia Bursátil	-	-	-	295	Fixed-term deposit to guarantee the payment of amounts owed to the Bank
	Bapro Medios de Pago SA	-	-	-	388	Fixed-term deposit to guarantee the payment of amounts owed to the Bank

See our report dated
February 27, 2020
KPMG

(Partner)

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193
Lorena Lardizábal
Public Accountant (U.B.A.) C.P.C.E.P.B.A.
Volume 155 – Folio 141
Folder No. 40284/2 - Taxpayer
Registration Code 27-21506212-6

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

	Provincia Microempresas SA	-	-	-	733	Fixed-term deposit to guarantee the payment of amounts owed to the Bank
	Provincia Aseguradora de Riesgos del Trabajo SA	-	-	-	216	"Delta Multimercado" mutual fund, partially attached
Other non-financial assets	Provincia Aseguradora de Riesgos del Trabajo SA	-	-	969,815	1,054,790	Attachment for injunctions where the entity was brought as defendant or secondary liability co-defendant
		-	-	381	-	Mutual Fund under attachment
		-	-	-	6,089	Fixed-term deposits levied under legal proceedings related to claims
	Provincia Seguros SA	-	-	97,345	103,570	Court deposits levied under legal proceedings, included in the Provision for Pending Claims or claims not related to insurance activities.

(1) At December 31, 2018 they were recorded under the "Other financial assets" caption.

Note 43 - Restrictions on the distribution of profits

As regards the income/(loss) for the year ended December 31, 2018, the Board of Directors, by Resolution No. 215/19 dated March 7, 2019, decided to transfer all 2018 Retained Earnings to increase Legal Reserve for $1,100,059, Optional Reserve for $4,308,493 and Special Reserve due to first application of IFRS for $6,633,340 as set forth in article 17 of the Bank's Charter.

Pursuant to the mentioned article of the Bank's Charter, each of the Bank's Sections shall make a separate profit and loss statement at the end of each fiscal year and shall transfer its profits to a common pool.

After deducting all the amounts necessary for clearing up the assets and 10% of the pertinent net profits for the legal reserve fund of each Section, all realized profits shall be allocated as follows:

- To the Capital account of the Investment Loan Section: the net surplus obtained by that Section.
- To increases in Capital and Reserves of any of the Sections, and to contingency, social security and investment funds, in the proportions determined by the Board of Directors.

The above procedure is in line with the provisions of article 17 of the Bank's Charter that differ from BCRA rules (CONAU – 1) which provide that 20% of the profits disclosed in the Statement of Income at the close of each year plus prior year adjustments less accumulated losses at the close of the previous year must be allocated to Legal Reserve.

According to the General Companies' Law (Law No. 19550), each of the Bank's subsidiaries shall allocate at least 5% of each fiscal year profits, up to 20 % of the share capital, to the setting up of a Legal Reserve Fund.

As stipulated by the BCRA, the Bank may not distribute dividends as long as the Compliance Schedule is in effect according to Resolution No. 277/18.

Note 44 - Deposit guarantee insurance

According to the provisions of article 14 of the Bank's Charter, the Province of Buenos Aires guarantees all deposits placed with, and all bonds and other securities issued by, Banco de la Provincia de Buenos Aires. Therefore, and due to its special legal status, as mentioned in Note 1 to these financial statements, the Bank is not included within the Deposit Guarantee Insurance System established by Law No. 24485 and regulated by National Executive Orders Nos. 540/95 and 1292/96.

However, in order to contribute –together with the rest of the Financial System– to the above protection mechanism, the Bank has decided its voluntary and temporary inclusion since 1997 in the Deposit Guarantee Insurance System for Private Sector deposits.

This decision was informed to Seguros de Depósitos SA and the Argentine Central Bank.

Nevertheless, since the calculation basis for the Deposit Guarantee Insurance is determined according to the information submitted to the Minimum Cash Reporting System, the Bank began to gradually make contributions for public sector's deposits (BCRA Resolution No. 81/01, section 7)). Nowadays, the Bank complies with the prevailing regulations and makes the pertinent contributions for private and public sectors' deposits.

On January 11, 2018, through Order No. 30/18, the National Executive Branch decided to eliminate the limit covered by the insurance system and revoke section 12.d of Executive Order 540/95. This system has been implemented through the creation of a "Deposit Guarantee Fund", which is managed by Seguros de Depósitos SA (SEDESA). The shareholders of SEDESA are the BCRA and the financial institutions, in the proportion determined for each of them by the BCRA based on the contributions made to such fund. BCRA Communication "A" 5943 dated April 7, 2016, as supplemented, sets forth that financial institutions shall make a contribution to the fund equivalent to 0.015% of the items included in the calculation basis. Additionally, the limit covered by the insurance system was set at $450. On February 28, 2019, the BCRA issued Communication "A" 6654 setting forth an increase in the limit covered by the deposit guarantee insurance to pesos one million, effective March 1, 2019. At December 31, 2019 and 2018, the contributions to the Fund have been recorded in "Other Operating Expenses - Contributions to the Deposit Guarantee Fund" for the amounts of $740,469 and $501,293, respectively. (Note 31)

Note 45 - Trust activities

By Resolution No. 207 dated February 1, 2001, the Board of Directors approved the wording of the trust agreement under the terms of Provincial Law No. 12511 to be entered into by the Bank, as trustee, the Ministry of Public Works and Services of the Province of Buenos Aires, as enforcement authority of the liens created by Decree Laws Nos. 7290/67 and 9038/78 and Law No. 8474, the Province of Buenos Aires Housing Institute (*Instituto Provincial de la Vivienda*), as the entity in charge of collecting the proceeds from the National Housing Fund (*Fondo Nacional de la Vivienda*), and the Board of Directors of the Trust Fund for the Development of the Provincial Infrastructure Plan (*Fondo Fiduciario para el Desarrollo del Plan de Infraestructura Provincial*) whereby the Province of Buenos Aires acts as trustor. The Bank signed the agreement on February 26, 2001. The purpose of the trust is to act as guarantor and/or payor of the works carried out under Law No. 12511. At December 31, 2019 and 2018, total assets held in trust amounted to $3,217,625 and $5,001,886, respectively.

On February 28, 2007, the Bank, in its capacity as trustee, and the Social Security Fund for Surveyors, Architects, Engineers and Technicians of the Province of Buenos Aires (*Caja de Previsión Social para Agrimensores, Arquitectos, Ingenieros y Técnicos de la Provincia de Buenos Aires*), in its capacity as trustor and beneficiary, agreed on the creation of a trust for the administration of the funds corresponding to the capitalization system, according to the provisions of section 64 of Law No. 12490. At December 31, 2019 and 2018, total assets held in trust by the Bank amounted to $12,579,240 and $7,516,561, respectively.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

By Resolution No. 177/13 dated February 21, 2013, the Board of Directors approved the trust agreement of the Provincial Trust Fund for Road Infrastructure System, to be subscribed between the Bank, as trustee, and the Ministry of Infrastructure of the Province of Buenos Aires, as trustor. The purpose of the agreement is to finance, according to the method instructed by the Executive Branch, plans and projects destined to the construction of roads of the main and secondary road networks of the Province of Buenos Aires, as well as those works and actions to maintain them. At December 31, 2019 and 2018, total assets held in trust by the Bank amounted to $419,746 and $2,009,548, respectively.

By Resolution No. 60/14 dated January 16, 2014, the Board of Directors created the "Financing and Technical Assistance System for Housing Improvement". This trust fund aimed at providing financing to low-income families with housing deficit which do not qualify for loans due to their low income or lack of guarantees. At December 31, 2019 and 2018, total assets held in trust by the Bank amounted to $583,173 and $342,675, respectively.

Bapro Mandatos y Negocios SA

Through Bapro Mandatos y Negocios SA, the Group has executed several agreements with other companies whereby it was appointed as trustee of the following publicly offered financial trusts:

Financial Trust	Trustor	Contract date	Trust asset
Forestal I Direct Mutual Fund	Underwriters of debt securities and participation certificates	3/15/2011	1,369,097

Similarly, the Group, through Bapro Mandatos y Negocios SA, acts as trustee in the following trusts:

Type	Trust	Trustor	Contract date	Trust asset	Financial Statements
Administration	Trust Fund for the Development of the Provincial Infrastructure	Province of Buenos Aires	2/1/2001	5,298,644	12/31/2018
Administration	FITBA Trust (FREBA)	Electric Regional Forum of the Province of Buenos Aires (FREBA)	1/13/2003	1,503,966	12/31/2018
Administration	Fuerza Solidaria Trust Fund	Banco de la Provincia de Buenos Aires, Government of the Province of Buenos Aires and the Provincial Institute of Lotteries and Casinos	8/10/2006	100,410	12/31/2018
Administration	CAAITBA - Capitalization Fund Law No. 12490	Social Security Fund for Surveyors, Architects, Engineers and Technicians of the Province of Buenos Aires	3/1/2007	7,346,887	12/31/2018
Administration	Solidaridad Trust	Social Welfare Entity for Bank Employees	8/13/2008	1	Unaudited
Administration	Sucre Trust	Desarrollos San Isidro SA	8/21/2008	35,628	12/31/2018
Administration	BA – INNOVA Trust	Ministry of Production of the Province of Buenos Aires	3/13/2009	24,953	12/31/2018

Banco Provincia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2019 AND COMPARATIVE PERIODS

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Administration	Estrella del Sur Trust	Bainter Inversiones Inmobiliarias SA and Círculo Inmobiliario Emprendimientos SA	3/26/2009	664,599	9/30/2017
Administration	Hotel Irú Trust	Argentine Television, Data, Interactive and Audiovisual Services) labor union	4/1/2009	184,013	12/31/2017
Administration	Agrícola Samaagro Trust	Investors adhering to the trust as the result of the commercial actions taken by operators	8/28/2009	6,308	12/31/2018
Administration	Environmental Compensation Trust Fund - ACUMAR	Matanza-Riachuelo River Basin Authority	9/20/2010	241,164	6/30/2018
Administration	Provincial Trust Fund for Road Infrastructure System	Province of Buenos Aires, through the Provincial Ministry of Infrastructure	3/25/2013	2,053,489	12/31/2018
Administration	Parques Industriales Moreno Trust	Municipality of Moreno, as original trustor, and those trustors adhering after execution of the pertinent Trust Agreement.	5/31/2013	228,882	12/31/2018
Administration	EDEA SA Res. Mi. No. 206/13 Trust	Empresa Distribuidora de Energía Eléctrica Atlántica SA (EDEA SA)	10/30/2013	87,561	12/31/2018
Administration	EDEN SA Res. Mi. No. 206/13 Trust	Empresa Distribuidora de Energía Eléctrica Norte SA (EDEN SA)	11/7/2013	21,400	12/31/2018
Administration	EDES SA Res. Mi. No. 206/13 Trust	Empresa Distribuidora de Energía Sur SA (EDES SA)	11/7/2013	11,957	12/31/2018
Administration	Financing and Technical Assistance System for Housing Improvement - Public Trust Fund	Province of Buenos Aires, through the Provincial Ministry of Infrastructure	2/24/2014	312,834	12/31/2018
Administration	EDELAP SA Res. Mi. No. 5/14 Trust	Empresa Distribuidora La Plata SA (EDELAP SA)	4/3/2014	12,842	12/31/2018
Administration	Administration and Financial Trust for Investment in Distribution and Maintenance in the Province of Buenos Aires (FIDBA - Municipal Distributors)	1)	3/31/2015	15,345	12/31/2018
Administration	Zona Franca La Plata Trust	Buenos Aires Zona Franca La Plata SA	11/25/2015	96	12/31/2018
Administration	Trust Fund for Sanitary Infrastructure - ABSA	Aguas Bonaerenses SA	7/19/2016	-	12/31/2018
Administration	Fund for Financial Assistance to the Fishing Industry	Undersecretariat of Agriculture, Livestock and Fishing (Provincial Ministry of Agroindustry)	1/4/2017	54,660	12/31/2018
Guarantee	Coviares	Coviares SA	5/7/2001	-	-

See our report dated
February 27, 2020
KPMG

(Partner)

Héctor O. Rodríguez General Accountant	Rubén O. González Ocantos General Manager	Juan M. Cuattromo President	C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193 Lorena Lardizábal Public Accountant (U.B.A.) C.P.C.E.P.B.A. Volume 155 – Folio 141 Folder No. 40284/2 - Taxpayer Registration Code 27-21506212-6

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Guarantee	Claypole - Suterh	Complejo Habitacional Nuevo Suterh Sociedad Civil, Complejo Habitacional Nuevo Suterh II Sociedad Civil and Tollcen Corporación SA	9/12/2001	-	-
Guarantee	Plusmar II	Transporte Automotor Plusmar SA	7/3/2003	-	-
Guarantee	Corrientes	Municipality of the City of Corrientes	11/3/2003	-	-
Guarantee	Covisur II	Concesionaria Vial del Sur SA	1/9/2004	-	-
Guarantee	Protección INDER	Protección Mutual de Seguros del Transporte Público de Pasajeros	12/29/2003	-	-
Guarantee	Ministerio Ades	2)	7/30/2004	-	-
Guarantee	Insurance	Garantía Mutual de Seguros del Transporte Público de Pasajeros	4/21/2005	-	-
Guarantee	Forestal I	Emprendimientos del Litoral SA	6/23/2005	-	-
Guarantee	Puerto Palmas	Puerto Palmas SA	6/27/2006	-	-
Guarantee	Punta Médanos Etapa I	Azul Marino SA and Canevas SA	7/12/2006	-	-
Guarantee	Forestal II	Emprendimientos del Litoral SA	9/1/2006	-	-
Guarantee	ABSA Trust - Leasing	Aguas Bonaerenses SA	4/30/2007	-	-
Guarantee	El Cóndor Trust	El Cóndor Empresa de Transporte SA	1/27/2009	-	-
Guarantee	Asociación de Médicos Municipales Trust	Association of Municipal Physicians of the City of Buenos Aires	4/5/2011	-	-
Guarantee	FEPSA Trust	Compañía Inversora Ferroviaria SAIF	4/13/2011	-	-
Guarantee	Concesiones Viales Trust Fund (former Fideic. Fdo. Fiduciario Corredor Vial Integrado del Atlántico)	Autovía del Mar SA	6/30/2011	-	-
Guarantee	Estadio y Sede Club Deportivo Morón Trust	Club Deportivo Morón Municipality of Morón	12/13/2011	-	-
Guarantee	Parque Industrial Curtidor (ACUBA) Trust	3)	11/2/2012	-	-
Guarantee	Resolution No. 52/12 Trust	(i) Autovía del Mar SA and (ii) Covisur SA	12/27/2012	-	-

1) The following municipal distribution companies: *(i) Cooperativa de Electricidad y Servicios Anexos Limitada de Zárate, (ii) Cooperativa Eléctrica y de Servicios Públicos Lujanense Limitada, (iii) Usina Popular y Municipal de Tandil Soc. de Economía Mixta, (iv) Usina Popular Cooperativa de Obras, Servicios Públicos y Sociales Limitada de Necochea "Sebastián de María", (v) Cooperativa Eléctrica de Servicios Anexos de Vivienda y Crédito de Pergamino Limitada, (vi) Cooperativa Limitada de Consumo de Electricidad y Servicios Anexos de Olavarría, (vii) Cooperativa de Provisión de Servicios Eléctricos, Públicos y Sociales de San Pedro Limitada, (viii) Cooperativa de Obras, Servicios Públicos y Sociales Limitada de Tres Arroyos (CELTA), (ix) Cooperativa Limitada de Provisión de Servicios Eléctricos, Obras y Servicios Públicos Asistenciales y Créditos, Vivienda y Consumo de Trenque Lauquen,* and *(x) Cooperativa Eléctrica de Chacabuco Limitada.*

2) *Instituto Municipal de la Producción, el Trabajo y el Comercio Exterior de Lomas de Zamora, Asociación Balcarce para el*

Desarrollo Local, Agencia de Desarrollo Económico San Nicolás, Centro IDEB La Plata and *La Liga de Comercio e Industria de las Flores.*

3) *(i) Atilio Bianco e hijos SRL, (ii) Cuero Florida SRL, (iii) Curtiduria Oscar A. Iturri SRL, (iv) Curtiembre Juan Céfalo SRL, (v) Curtiembre Napolitana SRL, (vi) Curtiembre Torres Hnos. SA, (vii) Donato de Nicola e hijos SRL, (viii) Jose E. Kondratzky SRL, (ix) Jose y Salvador Sirica SH, (x) La Teresa SACI, (xi) Maria Lettieri SA, (xii) Martucci Hnos. SH, (xiii) Pirolo Consolato e hijos SH, (xiv) Skinmax SA, (xv) Solofracuer SA, (xvi) South America Trading Leader SA, (xvii) Sucesión de Scabini, Miranda y Carrascal SH, (xviii) Terlizzi Christian Gaston, (xix) Vicente Luciano e hijos SRL,* and *(xx) Francisco Adolfo Volpe.*

Estrella del Sur trust

With regard to the "Estrella del Sur" trust, out of a total of 924 houses originally projected for construction, 20 beneficiaries have filed actions intended to obtain the pertinent deeds and to seek compensation for damages. In all cases, the actions were jointly brought against C.I.E.S.A, Bainter SA, Deloitte & Co. SA and the Company, both in its capacity as trustee of the Estrella del Sur trust and in personal capacity.

On December 12, 2018, the Receiver proposed the Court to order the liquidation of the Trust under a combination of bidding alternatives (Bankruptcy Proceedings Law, sections 205 and 208). The Receiver also suggested to consider two-thirds (according to the Procedure Code, section 548) of the Asset value arising from the General Report (converted into US dollars) as the possible Base Price. This was objected by Bapro Mandatos y Negocios SA, who requested that a real estate expert makes the pertinent appraisal at probable market realization value. The Court of Appeals rejected the Base Price adjustment and determined the judicial auctions office as the place for holding the Auction.

The Receiver reported the use of the funds existing in the judicial account as from the beginning of the Liquidation (funds timely delivered by the Trustee together with the pertinent interest) considering their adequacy until May, 2019.

The first auction was held on April 24, 2019, and was declared void. Then, a second auction took place on May 28, 2019 under new conditions (a 25% reduction in the Base Price) but was also declared null and void. Therefore, a new date was fixed (July 4, 2019) with a new reduction in the base price. Though no interested people attended to the first call, there were several bidders during the second call and the Asset was finally sold at US$10,050.

On September 13, 2019, the Receiver submitted his Final Report and a first Proposed Distribution of Funds. The Company and various admitted creditors, both Trust´s former beneficiaries and suppliers, raised some objections on the proposed distribution. On November 21, 2019, the Receiver answered those objections, pointing out the lack of interest from most of the investors in setting up a provision for a probable action against the Company since the wide majority of investors is not intended to bring any action. Rather, they consider to increase the distribution percentage and put in place an alternative preventive mechanism to obtain more reasonable dividends according to the Bankruptcy Proceedings Law No. 24522, Section 119. The consideration of the Proposed Distribution of Funds is still pending before the Liquidation Judge. Finally, on December 12, 2019, the Argentine Appellate Court in Commercial Matters received the Prosecutor's opinion, stating June 1, 2012 as the initial date on which the payments related to the assets in liquidation were suspended.

At the present stage of the above mentioned proceedings, there is no evidence to determine that the Company has not complied with its obligations related to the application of trust funds. Thus, the management of Bapro Mandatos y Negocios SA, taking into account the opinion of its legal advisors, considers that the above claims will not have a significant impact on the Company´s financial position. Therefore, no provision has been made at December 31, 2019.

Samaagro trust

With regard to the "Samaagro" Administration and Guarantee Trust, in September 2014, the Company was served notice of an action brought against it before the Buenos Aires Stock Exchange Arbitration Tribunal in the case entitled *"REICH, ROLANDO MARTÍN c/BAPRO MANDATOS Y NEGOCIOS SA s/DAÑOS Y PERJUICIOS"*. The claim was grounded on the "invested amount" (in this case, an amount approximately equivalent to US$30,000) plus other items for undetermined amounts. The Company answered the complaint, alleging that, according to the contractual terms, the investment was "risky" and subject to the ups and downs of the agricultural market, and that Mr. Reich did not consider in his complaint the net results of the last campaign. The operator's clear responsibility (derived from not including to the trust the "multi-risk insurance"-related compensation, among other breaches) was also alleged, against whom the Trustee filed a claim and a criminal complaint as well as other actions aimed at recovering the equity held in trust.

In June 2016, such Tribunal decided to partially sustain the complaint and ordered payment on the basis of the net results of the last campaign including the "multi-risk insurance"-related compensation. This award was appealed by Bapro Mandatos y Negocios SA. The appeal was approved by the Tribunal and confirmed by the Court in Commercial Matters, except for the punitive damages amount, which was fully revoked, and the monthly interest capitalization also requested by the appellant. Based on the decision of the appellate court, the Company and Samaagro SA were concurrently ordered to pay the settlement amounts according to certain conditions stipulated in the Award.

On June 8, 2018, the final amount ($166) under the Reich case was settled.

Similar complaints were also received. The trust company has already paid some final settlement amounts appealed for peso amounts substantially lower than the US dollar amounts originally claimed. With respect to the other proceedings, most of them have just been filed or are in the trial of the case. Some other proceedings are pending before the Appellate Court in Commercial Matters, which will have to decide on the appealed awards.

Considering the legal advisors' estimates, and in view of the cases existing at December 31, 2019, provisions were raised to a total amount of $1,181.

Taking into account the opinion of the legal advisors and of the Legal Affairs Management, the authorities of Bapro Mandatos y Negocios SA consider that the likelihood of an adverse resolution of the claims mentioned above is almost inexistent. Therefore, and except as set forth in the preceding paragraph, the Company has made no provision for this item at December 31, 2019.

Sucre trust

On November 21, 2012, the Company was served notice of an action brought by one of the former beneficiaries of the Trust in the case entitled *"BIERCAMP, MARTIN RODOLFO c/BAPRO MANDATOS Y NEGOCIOS Y Otros s/CUMPLIMIENTO DE CONTRATO"*. Firstly, the plaintiff seeks to obtain the deed for the dwelling unit to be built under the mentioned trust, which was purchased under a sales contract that was subsequently cancelled due to the default by the prospective buyer in the pertinent payment obligations. Should the plaintiff fail to obtain the sought deed, he will seek compensation for all damages derived, at his discretion, from the mentioned cancellation of the sales contract.

In the mentioned proceedings, complaints have also been filed against Desarrollos San Isidro SA, the project development company. Acting in its capacity as trustee and in its personal capacity, the Company answered the complaint on December 6, 2012. Judgement was rendered on August 30, 2018 ordering the Company -as trustee and not in its personal capacity- to pay the value of the dwelling unit subject to the judicial proceeding as well as of the corresponding parking lot. An appeal has been lodged and the case is now pending resolution from the Appellate Court.

On February 18 and June 14, 2013, Bapro Mandatos y Negocios SA was served notice of other similar complaints (same purpose and circumstances) brought against it under the cases entitled: *"EUMANN, GUILLERMO JOSÉ c/ BAPRO Mandatos y Negocios y Otros s/ DAÑOS Y PERJUICIOS"* and *"GABELLA, GUILLERMO ENRIQUE Y OTROS C/ BAPRO MANDATOS YNEGOCIOS Y OTROS S/ DAÑOS Y PERJUICIOS"*. In the three cases, plaintiffs have also applied for injunctions exclusively against the Sucre trust, which were issued by the first instance court and, in some cases, ratified by the pertinent court of appeals. If sustained over time, such injunctions will affect trust account movements and the potential execution of the title deeds previously cancelled corresponding to dwelling units which have been readjudicated. The potential execution of the title deeds to the entire Sucre complex is subject to the previous approval and filing of the pertinent Condominium Property

Regulations and Plans.

Finally, in July 2019, the Court of Appeals rendered judgment in the case entitled: "López Mañán, José M. c/ Desarrollos San Isidro SA y Otro s/ Cumplimiento de Contrato", previously heard by the Argentine First Instance Court in Civil Matters No. 64, changing the first degree judgement issued in June 2018. According to this ruling, the Company, in its capacity as trustee of the Sucre Trust, was ordered to give the possession of the dwelling unit acquired by the Plaintiff (and register its ownership as soon as legally possible) in exchange for the payment of a remaining price amount (different from the amount arising from the trust records and lower than it), without recognizing damages in his favor. The judgement was appealed by all the parties concerned, and the Argentine Court of Appeal in Civil Matters, Room "C" determined that no remaining price amount was owed by the Plaintiff, taking into account that the sales contract subscribed was denominated in US dollars instead of pesos plus the pertinent adjustment. With respect to damages, the Court declared the defendants (the Trust and the Project Development Company) jointly and severally liable to pay to the plaintiff the amount of $20 (plus interest) for moral damages. This judgement was also applicable to the Trustee (the Company) in its personal capacity. On July 19, 2019, an extraordinary remedy was filed but was dismissed by the Court of Appeals through resolution issued on October 30, 2019. Consequently, on December 4, 2019, the Court hearing the case ordered to give the plaintiff the possession of the dwelling unit No. 214 and the corresponding parking lot. An appeal to reverse the judgement was lodged as well as a subsidy appeal. Meanwhile, the plaintiff received a payment for $65 on account of moral damages ($20 plus interest). The trustee of the 'Fideicomiso de Administración Consorcio Complejo SUCRE' (the "Administration Trust") was summoned to report the updated debt for building common expenses of the dwelling unit and the parking lot. After serving notice of the above, a conciliation hearing was scheduled for December 26, 2019. In such hearing, the parties agreed: 1) the delivery of the possession of the dwelling unit and parking lot from the Company, in its capacity as Trustee of the Sucre Trust, to the Plaintiff, on January 7, 2020, as actually happened; 2) with the previous written authorization from the Trustee of Fideicomiso de Administración Consorcio Complejo Sucre: 2.1.) the commitment by Mr. López Mañán to participate in such trust, after taking physical possession, as actually happened; and 2.2.) the commitment by the Plaintiff to pay the maintenance fees in the trust account as reported by the Trustee of the Administration Trust. Finally, the physical possession was delivered and the Plaintiff formally joined the Administration Trust.

Based on the opinion of its legal advisors, the Company has decided to set up a provision of $67 at December 31, 2019, for other three judicial cases related to the Sucre Trust; two of them are at the closing arguments stage and the other one is at the evidence producing stage. All these cases rest on the same factual basis (mainly: sales contract denominated in US dollars). The cases entitled "Caruso, Noemí Y.", No. 102414 /2013 and "Valiante, Jorge L.", Nos. 11934 /2014 (Expedited Summary Proceedings) and 35671 /2015 (Ordinary Proceedings), are being heard by the Argentine First Instance Court in Civil Matters No. 64. While the case entitled "Ferradás, Milagros", No. (S.I.) 42969 /2018, is being heard by the First Instance Court in Civil and Commercial Matters No.5, San Isidro Judicial Department, Province of Buenos Aires.

Taking into account the opinion of the legal advisors and of the Legal Affairs Management, the authorities of the Company consider that the likelihood of an adverse resolution of the claims mentioned above is almost inexistent. Therefore, and except for the judicial cases mentioned in the preceding paragraph, the Company has made no provision for this item at December 31,2019.

Note 46 - Compliance with the requirements of the CNV

46.1 Banco de la Provincia de Buenos Aires

Considering the different categories of agents defined in the CNV General Resolution No. 622, as amended by CNV General Resolution No. 821/19, Banco de la Provincia de Buenos Aires is registered before the control authority to act as Comprehensive Settlement and Clearing Agent, Trading Agent and Agent for the Custody of Mutual Funds.

The Bank's required minimum net worth amounts to four hundred seventy thousand three hundred and fifty (470,350) Acquisition Value Units (UVA) adjusted by CER index (Law No. 25827), at December 31, 2019. This is equivalent to $22,182 thousand. With respect to the liquid counterbalance entry, at least 50% of the minimum net worth will be paid in.

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

At December 31, 2019, the Bank's net worth exceeds the minimum net worth required by said rule, as well as the minimum required counterbalance entry that, if applicable, will be covered with assets held in accounts opened with the BCRA as follows:

BCRA	ITEM	BOOK BALANCE	BALANCE AS PER STATEMENT
111015	BCRA - Checking account	47,022,028	47,022,828
111025	BCRA – Special checking accounts	12,850	12,850
115015	BCRA - Checking account	29,973,133	29,974,703

46.2 Provincia Bursátil SA

According to the provisions of the CNV General Resolution No. 622, Provincia Bursátil SA is registered to act as Trading and Settlement Agent. Pursuant to the requirements effective as of the entering into force of CNV General Resolution No. 731 issued on May 3, 2018, the minimum stockholders' equity required to act in such category amounts to $18,000 and the minimum counterbalance entry to $9,000.

At December 31, 2019, the stockholders' equity of Provincia Bursátil SA exceeds the minimum amount required by the above mentioned resolution.

Additionally, the minimum counterbalance entry required by such resolution accounts for 50% of the minimum required stockholders' equity. Provincia Bursátil SA has complied with such requirement and paid-in the contribution as follows:

Item	Amount
Assets available in pesos and other currencies	
Banco de Valores sight account - Checking account No. 2824/2	313
Assets in domestic instruments	
Mutual funds with payment of redemption proceeds within 72 hours	35,126
Total	**35,439**

46.3 Provinfondos SA – Manager of Mutual Funds

According to the provisions of the CNV General Resolution No. 622, Provinfondos SA, manager of mutual funds, is registered to act as Manager of Collective Investment Products (Mutual Funds). As stipulated by the CNV General Resolution No. 792 dated April 26, 2019, the minimum stockholders' equity required to act in such category is equivalent to 150,000 UVA units adjusted by CER index (Law No. 25827), plus 20,000 UVAs for each additional mutual fund under management (equivalent to a minimum stockholders' equity of 12,733). At December 31, 2019, the stockholders' equity of Provinfondos SA exceeds the minimum amount required by the above mentioned resolution.

In addition, the minimum counterbalance entry required by such resolution accounts for 50% of the minimum required stockholders' equity. Provinfondos SA has complied with such requirement and paid-in the contribution as follows:

Item	Amount
Assets available in pesos and other currencies	
Banco de la Provincia de Buenos Aires – Sight account No. 43846/5	739
Assets in domestic instruments	
Mutual funds with payment of redemption proceeds within 72 hours	222,264
Total	**223,003**

46.4 Bapro Mandatos y Negocios SA

According to the provisions of the CNV General Resolution No. 622, Bapro Mandatos y Negocios SA is registered in the CNV

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Financial Trustees Register to act as Manager of Collective Investment Products (Trustees).

On July 16, 2014, the CNV Collective Investment Products manager decided to revalidate the registration of the Company in the Financial Trustees Register - Register No. 30 granted by Resolution No. 13628 - and in the Non-Financial Trustees Register -Register No. 2 granted by Resolution No. 13701 - according to the conditions of section 1, Chapter II, Title XVII "Temporary Provisions" of the mentioned rule.

Such rule provides for the registration of trustees in the "Manager of Collective Investment Products - Trustees" category, complying with all requirements therein mentioned.

To ensure the application of the provisions of Article 1673 of the Argentine Civil and Commercial Code, by Resolution No. 795/19, the CNV established that financial trustees must have a stockholders' equity at least equivalent to nine hundred thousand (950,000) UVAs adjusted by CER index and the counterbalance entry must be at least equivalent to 50% of the minimum stockholders' equity.

At December 31, 2019, the stockholders' equity of Bapro Mandatos y Negocios SA exceeds the minimum amount required by the CNV.

Additionally, the minimum counterbalance entry required by such resolution accounts for 50% of the minimum required stockholders' equity. The Company has complied with such requirement and paid-in the contribution as follows:

Item	Amount
Assets available in pesos and other currencies	
Banco de la Provincia de Buenos Aires – Checking account No. 1580/4	239
Banco Supervielle – Checking account in pesos No. 51660/002	1,450
Banco Supervielle – Checking account in foreign currency No. 51660/003	6,226
Assets in domestic instruments	
Mutual funds with payment of redemption proceeds within 72 hours	20,782
Total	**28,697**

Note 47 - Agent for the custody of Mutual Funds

At December 31, 2019 and 2018, the Bank, in its capacity of agent for the custody of mutual funds, holds in custody third-party quota shares and assets of the following mutual funds:

	12/31/2019	12/31/2018
1822-Raíces Valores Negociables	768,102	878,233
1822-Raíces Renta Pesos	155,309	223,200
1822-Raíces Renta Global	161,699	343,691
1822-Raíces Pesos Fondo Común de Dinero	4,880,531	5,969,609
Provincia Dólares Fondo Común de Dinero	-	-
1822- Raíces Inversión	72,738	611,271
1822 Raíces Valores Fiduciarios	99,205	629,097
1822 Raíces Dólares	665,898	840,289
Total	**6,803,482**	**9,495,390**

Note 48 - Accounts in compliance with minimum cash requirements

According to the regulations of the BCRA, Banco de la Provincia de Buenos Aires computed the following items for minimum cash requirements at December 31, 2019:

(In thousands of pesos - Translation of Financial Statements originally issued in Spanish)

Minimum cash – Balances at the end of the fiscal year - Pesos

Minimum cash requirement	12/31/2019
Balances in demand checking accounts opened with the BCRA	47,022,028
Balances in special checking accounts opened with the BCRA	8,454,000
Balances in special guarantee accounts opened with the BCRA	12,850
	55,488,878

Minimum cash – Balances at the end of the fiscal year – Foreign Currency (US dollars)

Minimum cash requirement	12/31/2019
Balances in demand checking accounts opened with the BCRA	29,973,133
Balances in special guarantee accounts opened with the BCRA	592,961
	30,566,094

Note 49 - Penalties imposed on the Bank and administrative proceedings instituted by the BCRA

Penalties:

In File No. 481/15, the Financial Information Unit (*Unidad de Información Financiera* – UIF) ordered investigation proceedings to determine the responsibilities of Banco de la Provincia de Buenos Aires, its Board of Directors and the Compliance Officer in office at the time of the facts in issue. The proceedings were initiated to determine if the Bank had failed to report transactions for $4,988 carried out from January 1, 2010 to December 10, 2013 using the checking account No. 680-001-5978/1 opened by Mr. Andrés Oscar Daniel Sánchez and Mrs. María Marta Sánchez (as joint account holder). On February 4, 2016, the Bank was notified of the commencement of the proceedings. A time extension was requested and the Bank filed its defenses on March 8, 2016. The argument was presented on July 14, 2016 according to the UIF Resolution No. 111/12, Section 29. On December 7, 2018, the Bank was notified of the UIF Resolution No. 281, providing for the extinction of the transactions carried out before the enactment of Law No. 26683. Likewise, the UIF imposed both the Bank and the Board of Directors to pay a penalty of $3,747 each, duly paid on December 20, 2018 and recorded in the pertinent file. On February 19, 2019, the Bank and the sanctioned Directors lodged direct appeals against the UIF's Resolution No. 281/18 heard by the Court of Appeals with jurisdiction over Contentious and Administrative Matters, Room II. On June 7, 2019, notice of these appeals was served to the UIF who duly answered on August 8, 2019 and filed a motion to dismiss the evidence submitted by the Bank and its Directors. On August 22, 2019 this motion was answered. On September 20, 2019, the Court issued an Interlocutory Order sustaining the UIF's motion and dismissing the evidence offered by the Bank and its Directors. The Court did not pronounce on the issue and the case was forwarded to the prosecutor's office on October 9, 2019. On October 21, 2019, the case was ready for the corresponding ruling. At December 31, 2019, the Bank has made a provision of $27,921 on account of the above mentioned issues.

Note 50 - Capital management and transparency policy on corporate governance

In compliance with the provisions of the Law of Financial Institutions No. 21526 and the regulations issued by the BCRA, the Bank has implemented an Institutional Governance Code taking into consideration the above guidelines.

On March 7, 2012, the BCRA issued Communication "A" 5293 requiring financial institutions the publication of information about their Transparency Policy on Corporate Governance. The Institutional Governance Code implemented by the Bank contemplates its prevailing regulatory framework and includes the following information:

Structure of the Board of Directors

The Bank's Charter was enacted by Decree Law No. 9434/79. It includes the amendments introduced by Decree Law No. 9840/82 and has been consolidated in accordance with Executive Order No. 9166/86. It also includes several amendments introduced by other provincial laws, and is the main Law governing the operations of the Bank. It consists of 15 chapters regulating the Bank's activities, transactions, functions and administrative and governance responsibilities.

The administration of the Bank shall be vested in a Board of Directors consisting of one (1) Chairman and eight (8) voting members, all of whom shall be of Argentine nationality. They shall be appointed by the Provincial Executive Branch, and the approval of the Senate of the Province of Buenos Aires shall be required. The Chairman and the voting members shall be duly qualified for their offices.

Members shall hold office for a term of four (4) years and may be re-elected. One half of the voting members shall be renewed every two (2) years.

Legislators, judges, mayors and city council members, wage-earners, salaried employees or officers of the national, provincial or municipal governments, as well as administrators, chairmen, directors, managers or employees from other banks shall not be eligible as Chairman or as members of the Board of Directors. Any individual holding office in any economic or financial coordination government agency, whether at the national, provincial or inter-provincial level, as well as any individual holding a teaching or educational position shall be exempted from the above-mentioned disqualifications.

At its first meeting held every year, the Board of Directors shall elect from its own number a Vice-Chairman and a Secretary.

Any vacancy of the office of Chairman or Director shall be filled by a substitute appointed for the remaining term.

In case of absence or inability of the Chairman, his/her powers and duties shall devolve on the Vice-Chairman. Should both of them be absent, the Board of Directors shall be chaired by the eldest director. In the event of absence or inability of the Secretary, the Board of Directors shall appoint a substitute.

Structure of the General Management

The Charter also establishes that the management of the Bank shall be vested in a General Manager and, as applicable, in a Senior Deputy General Manager.

The Board of Directors shall regulate the duties to be performed by the members of the General Management, and the General Manager shall be the Chairman's and Directors' immediate advisor.

They shall have the necessary qualifications and expertise in financial matters to administer and manage the banking business as well as the adequate control of the personnel under their direct supervision.

Commissions and Committees

The Bank has Internal Governing Rules in place regulating the operation of the Board of Directors' Commissions and Committees. Such rules provide for the duties and responsibilities of the members of such Commissions and Committees, which shall be composed as follows:

Coordinator: A Director appointed by the Chairman of the Board of Directors.

Members:

- At least three Directors, including the Coordinator, appointed by the Chairman.
- Members of the General Management (General Manager, Senior Deputy General Manager or Deputy General Managers) in charge of supervising the pertinent commission's or committee's areas of responsibility.
- Officers in charge of the organizational units engaged in the activities under the responsibility of the pertinent commission or committee (minimum rank: Deputy Department Manager).

Board of Directors' officers and collaborators may attend as participants, if necessary.

The Bank provides for the operation of the following Commissions and Committees:

- Auditing Committee
- Administration Commission
- Assets and Liabilities Management Commission
- Loans Management Commission
- Anti-Money Laundering Committee
- Internal Affairs Commission
- Legal Affairs and Delinquency Commission
- Staff Incentive Committee
- IT and Systems Committee
- Finance Commission
- Risks Committee
- Institutional Governance, Ethics and Compliance Committee
- Business Development Commission
- Protection of Financial Services Users Committee
- Channels Commission

Organizational Structure

At December 31, 2019, the Bank has 10,393 employees and a network for the distribution of products and services consisting of 341 branches (including delegations), and 73 operating annex buildings throughout the Province of Buenos Aires and the Autonomous City of Buenos Aires.

The following areas and units shall report to the Board of Directors/Chairman:

- Internal Affairs
- Internal Audit Unit
- Compliance and Economic Research
- Institutional Communication
- Anti-Money Laundering
- Risks Administration
- Administrative Unit
- SME Institute
- Minutes Secretary's Office
- "Doctor Arturo Jauretche" Historical Archives and Museum of the BPBA

The following areas shall report to the General Manager:

- Deputy General Management – Finance
- Deputy General Management – Marketing and Loans
- Deputy General Management - Administration and Resources
- Deputy General Management – Business Development
- Deputy General Management - Technology
- Deputy General Management - Commercial Network and Business Support
- Deputy General Management - Legal Affairs and Infrastructure
- Credit Analysis
- Processes and Organization
- Administrative and Professional Support Unit
- Strategic Management Unit
- Human Resources

Information on economic incentives to staff members

The Board of Directors is responsible for defining the incentive policy for staff.

Likewise, in line with the provisions of the Bank's Administrative Manual, the implementation of general incentive programs is within the scope of the Human Resources Management and the Human Resources Committee.

Taking into account the impact of the conditions that may govern incentive programs and considering that their main purpose should be the reduction of excessive risk assumption, at the request of the originator and before submittal to the Board of Directors, the Risks Administration area issues a report to provide for a prudential management of risks.

By means of the *Potenciar* tool, goals are assigned among Regional Centers, understood as integral working teams, according to the potential identified in each area, maximizing their performance which is, afterwards, measured and assessed. The officers involved -Managers, Deputy Managers, Treasurers, Regional Managers/Deputy Managers and Regional Coordinators responsible for the commercial coordination of the different centers- receive an additional payment according to their compliance with the commercial goals defined.

Since 2017, the Board of Directors has decided to incorporate Sales Teams into the Regional Centers in order to gain the existing customers' loyalty and attract new customers through the offering of loans and other parameterized products.

As a result, a non-remunerative allowance based on goals has been set, which aims at providing an incentive to employees participating in such teams. It involves a monthly payment, based on quarterly measurements, which recognizes the achievement of both group and individual goals as well as the individual general performance. Such allowance accounts for 20% of the employee's net monthly salary payment.

In general terms, since 2017 the Bank has decided to introduce short-term incentive programs and policies for recognizing employees' efforts towards the fulfillment of specific institutional goals. Through the implementation of programs for the promotion of the Bank's products and/or services, employees are praised for their commitment towards the fulfillment of the institutional goals. Such recognition may take the form of a group or individual incentive pay.

Public information

In order to encourage good Institutional Governance, the Bank publishes in its web page *www.bancoprovincia.com.ar* relevant information to depositors, investors and general public. That information includes:

a. Charter
b. Authorities
c. Organizational Structure
d. Institutional Governance Code
e. Ethics Code and Manual of Good Banking Practices
f. Transparency Policy
g. Sustainability and Quality Policy
h. Bank's Code of Conduct in the Role as Settlement and Clearing Agent
i. Role as Financial Agent of the Provincial Public Sector
j. Conflicts of Interest Policy
k. Market Discipline. Minimum Disclosure Requirements
l. Anti-Money Laundering and Terrorist Financing Code of Conduct
m. Annual Report and Financial Statements including notes, exhibits and the external auditor's report
n. Information for Financial Users
o. Information on ATMs destined to visually impaired persons
p. Acquisition and Procurement
q. Join Banco Provincia's team
r. Financial Services Users Center

s. Due Diligence
t. Useful Information

Note 51 - Events subsequent to year-end

No facts or transactions took place from the closing date of the fiscal year to the date of issuance of these financial statements which may significantly affect the financial condition or income/(loss) of the Bank at December 31, 2019.