NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2020 AND COMPARATIVE PERIODS

(In thousands of pesos in constant currency - Note 3)

(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.

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 38.

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 COVID 19 – its impact on the Bank's economic and financial position

By the end of 2019, the release in the United States-China trade tension and the lower probability of a non-deal Brexit stimulated an incipient risk appetite in financial markets and stabilized the pace of global growth. This situation led to forecast a greater expansion for the year 2020. However, the outbreak of the COVID-19 pandemic changed drastically the scenario.

On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus (COVID-19) a pandemic, due to its rapid spreading throughout the world, having affected more than 150 countries. Most governments have taken restrictive measures to contain the spread, including: isolation, confinement, quarantine and restrictions to the free movement of people, closure of governmental and private facilities, other than those deemed essential (i.e., health, food, fuel and communication facilities), border closures, and drastic reductions of air, maritime, rail and land transport.

The adoption of such measures had a contractive impact on production and employment at a global level. As for Argentina, where the Entity operates, on March 12, 2020, Executive Order No. 260/20, as amended, was issued, declaring the country in health emergency in order to cope with the crisis brought about by the COVID-19. Finally, on March 19, 2020, the Executive Branch issued Order No. 291/20 mandating preventive social distancing measures, effective from March 20, 2020 up to the date of issuance of these financial statements, pursuant to successive extensions established by subsequent executive orders published in the Official Gazette, which term may be extended for as long as deemed required by the Executive Branch to address the pandemic.

During the last quarter of 2020, the economic activity recovery started to consolidate after the flexibilization of the isolation measures and the gradual resumption of the most severely affected activities. In this context, the financial system continued expanding due to the growth both in deposits and loans, mainly those destined to families.

At the global level, such recovery was also evidenced during the last three months of the year. The normalization of many activities as well as the encouraging prospects regarding vaccine production derived in a greater optimism, which was materialized in the capital return towards emerging markets and in a lesser strength of the dollar. At the same time, commodities prices, mainly industrial and agricultural ones, strongly recovered, thus fostering an upward revision of projections.

To face the negative impact on the economy, the Government established a series of measures so as to maintain families' income and job positions, through direct transfers and loans and/or guarantees. In order to help those families whose income was affected, a series of one-time transfers destined to the recipients of the Universal Child Allowance, the Pregnancy Allowance and pensions and retirements were established. Additionally, an unprecedented program, "Family Extraordinary Income", was launched. It was focused on those persons whose income was reduced and could not support themselves due to isolation effects. Likewise, credit assistance programs were implemented, aimed at self-employed workers and freelancers not covered by other measures introduced by the Government since the beginning of the pandemic. The deferral of payments owed to the National Social Security Administration (ANSES, *for its acronym in Spanish*) and more recently the launching of the "Loan Facility for MSME Productive Investment" were also announced. All these measures have been supplemented by the increase in those budgetary items destined to health and to the greater demand of community dining rooms.

Measures intended to support companies (including transferences for the payment of salaries, reduction in the employer's contributions and specific credit assistance programs) were taken. Mention should be made of the Employment and Production Emergency Assistance Program (ATP, *for its acronym in Spanish*), which postpones the deadline to pay social security contributions or reduces them by 95% and grants a compensatory allowance for the salary. Likewise, specific guarantee and credit facilities destined to SMEs were launched.

Government's reply to COVID-19 pandemic will be evidenced in fiscal accounts, which are expected to show a decline.

With respect to financial assets, through Executive Order No. 598/19 dated August 28, 2019, the National Government deferred the deadlines of short term securities (Letes, Lecap, Lecer and Lelink). Likewise, Executive Order No. 49/19 of December 19, 2019 provided that the payment of US dollar-denominated treasury bills shall be postponed until August 31, 2020.

On December 21, 2019, the Argentine Senate passed the Social Solidarity and Productive Reactivation Law in the public emergency context ("Economic Emergency Law"), declaring the public emergency on economic, financial, administrative, retirement/pension, energy, sanitary and social matters until December 31, 2020.

Thus, the Economy Emergency Law also suspended until December 31, 2021 the reduction of the income tax rate as well as the 2017 fiscal agreement which established the gradual reduction of the gross income tax until December 31, 2020.
Through its Board of Directors' Resolution No. 264/20 dated May 7, 2020, the Bank adhered to the Restructuring offer

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introduced by such order, submitting bonds included in the Montevideo Branch portfolio to be exchanged, opting for the new Bond 2030 denominated in US$. Thus, securities held in portfolio are as follows:

ISIN	Security	12.31.2020	Valuation
US040114HS26	Global Bonds of the Argentine Republic in US$ - GD30	44,940	Amortized cost
US040114HT09	Global Bonds of the Argentine Republic in US$ - Step Up 2035	83,116	Amortized cost
US040114HX11	Global Bonds of the Argentine Republic in US$ - GD29	7,539	Amortized cost

Pursuant to Resolution No. 41/20 issued by the Ministry of Treasury and Finance of the Province of Buenos Aires on April 24, 2020, the Province of Buenos Aires announced its intention to make a liability management transaction to renegotiate government securities issued under foreign law in order to restore public debt sustainability. Through Resolution No. 265/20, the Bank adhered to the restructuring offer introduced in the above mentioned order, submitting the following security included in the Montevideo Branch portfolio:

ISIN	Security	12.31.2020	Valuation
XS1244682487	Bond of the Province of Bs. As – 9.95% maturity 06.09.2021	94,444	Amortized cost

Such exchange was also extended so, at the date of these financial statements, such transaction has not been completed.

According to Resolution No. 520/20 of August 27, 2020, the Bank adhered to the Restructuring of Argentine government securities issued under local law, submitting the following holdings of eligible securities included in the portfolio to be exchanged and opting for receiving AL29, AL30 and AL35 Bonds:

Security	Nominal Value	Book Value
U20D9	100,000,000	7,322,301
U28F0	141,000,000	10,288,316
AY24	1,391,000	66,768

Such transaction was made on September 7, 2020, recording AL30 and AL29 bonds in Debt securities at fair value through profit or loss and AL35bond in Other debt securities measured at amortized cost.

Executive Order No. 141/20 dated February 11, 2020 provided for the postponement of the amortization payment for "Dual Currency Argentine Bonds maturing in 2020" to September 30, 2020 as well as the interruption of interest accrual. Likewise, Executive Order No. 346/20 dated April 5, 2020 provided for the deferral of payments of interest and amortization of principal of the national public debt arranged through securities denominated in United States dollars issued under the Argentine law until December 31, 2020 or until the prior date to be determined by the Ministry of Economy, considering the progress on reestablishing the sustainability of public debt.

Executive Order No. 391/20 dated April 21, 2020 established the restructuring of Argentine Government Securities issued under foreign law through an invitation to exchange such securities. The expiration date for submission will be May, 8. After extending such maturity through Resolutions No. 221/20 and 350/20 issued by the Ministry of Economy and approving an amendment to the proposal dated April 21, 2020 introduced by Executive Order No. 582/20 of July 7, 2020, finally, on August 31, 2020, the results for the foreign law-governed bond restructuring were announced, obtaining the consents required to exchange 99.01% of the bonds.

Likewise, on September 4, 2020, the Ministry of Economy announced the results of the exchange of the debt under Argentine law. The local exchange proposal included 29 securities (among them, Letes, Bonar, Par, Discount, Lelink, Dual Bonds, Bontes); new bonds denominated in dollars and in pesos adjusted by the CER index were offered to the pertinent holders. Holders of securities denominated and payable in dollars (Letes, Bonars, Par and Discounts) could exchange such securities for new Bonds in dollars, Step up, under Argentine Law, maturing on 2030, 2035, 2038 and 2041, according to the terms of the offer.

During the third quarter, the Argentine Government reached an agreement with creditors of public debt issued under both foreign and local law, obtaining consents to exchange 99.01% and 98.82%, respectively. Negotiations with private creditors led to a reduction in the payment of debt of around US$37,700 million until 2030. This restructuring will serve as a strong basis for outlining an external and fiscal path in accordance with a sustainable economic growth.

In an effort to address the challenges brought about by the pandemic, the BCRA took several measures primarily aimed at facilitating credit access by economic players, including, without limitation:

a) eased calculation of days in arrears and suspension of certain mandatory reclassification provisions for purposes of the financial system debtors' classification and allowance assessment, according to the BCRA's rules and regulations;

b) restrictions on positions held by entities in Bills issued by the BCRA (LELIQs);

c) credit facilities to micro, small and medium enterprises (MSMEs) at an annual nominal interest rate of 24% to cover working capital requirements or to pay for wages;

d) extension of the payment term of credit card outstanding balances, and suspended indexation of mortgage loan payments; the unpaid balances corresponding to credit card financings maturing in September will be automatically refinanced at a minimum twelve-month term, with a three-month grace period, in 9 equal and consecutive monthly instalments, at a maximum annual nominal interest rate of 40%. At the same time, the measure stating that unpaid financing installments (excluding credit cards) shall be added at the end of the credit lifecycle was extended until March 2021;

e) suspended hikes in fees and commissions from February 19, 2020, for a term of 180 days; from November 5, 2020 hikes with maximum percentages allowed by the BCRA must be communicated to such regulatory authority at least 30 days before sending the pertinent information to users and they may only be applied 60 days after users being duly informed. Therefore, until February 2021, no increases will be applied;

f) ceiling rates on credit card financing arrangements and floor rates on time deposits;

g) new credit facilities at a subsidized interest rate of 24%, including a special tranche for Argentine-sourced capital goods and minimum requirements for companies which had no access to bank loans; and

h) implementation of corporate loans at subsidized interest rates under the Employment and Production Emergency Assistance Program, which interest rates are determined considering the year-on-year changes in the company's turnover, and zero-interest rate credit facilities in pesos exclusively for taxpayers under the simplified tax regime and self-employed workers engaged in cultural activities;

i) maintenance of the Ahora 12 y 18 Program that will imply the financing of purchases made by families;

j) new scheme of Lending Facilities for MSMEs productive investment that entities shall maintain from October 16, 2020 to March 31, 2021 in order to finance investment projects, working capital and discount of deferred payment checks and other documents, and other special cases with ceiling rates between 30% and 35% and maximum terms of 24 and 36 months, according to the use of proceeds. According to the provisions of Communication "B" 12095 issued by the BCRA, the total quota for the Bank amounts to $32,877,967. BCRA Communication "A" 7240 of March 18, 2021 provided that the new 2021 Quota shall be effective from April 1 to September 30, 2021.

Likewise, it provided for the suspension until June 30, 2021 of the possibility to distribute dividends to financial entities.

Finally, the BCRA adopted a series of measures to harmonize interest rates in order to reduce exchange rate volatility and align the monetary rates with the return on Treasury notes. Additionally, the monetary authority continued protecting savings in Pesos, thus keeping an annual interest rate of 34% as the minimum interest rate on retail fixed-term deposits denominated in pesos of up to $1 million, while the remaining fixed-term deposits bear an annual rate of 32%.

The situations herein mentioned impact on the Bank's transactions, on the measurement of expected losses within the framework of IFRS No. 9 and on the valuation of public sector debt instruments with reduction of the financial margins and limitations on the collection of fees in certain activities.

At the date of these financial statements, such events have not significantly impacted on the Bank's financial condition, its profits/(losses) and/or its cash flows. The Board of Directors and the General Management consider that the Bank will not be significantly affected in the future if it keeps the current level of activity.

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 section 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 - December 2020" 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.

Note 2 - Criteria for presentation of the financial statements

These consolidated financial statements as of December 31, 2020 were prepared in accordance with the regulations issued by the BCRA which provide that entities under its supervision shall be required to submit financial statements prepared pursuant to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), with the following exceptions ("financial reporting framework set forth by the BCRA"):

a) Impairment of Financial Assets

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Pursuant to Communication "A" 6847 issued by the BCRA, the Entity has applied the expected loss model set forth under paragraph 5.5. of IFRS 9, except for debt instruments issued by the non-financial public sector which were temporarily excluded from the scope of such standard; a possible application of this rule to this type of exposure would cause a significant increase in the expected credit losses.

b) Contributions to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel

Through Resolution No. 277/18 dated June 15, 2018, the BCRA instructed Banco de la Provincia de Buenos Aires to maintain the criterion to charge all contributions made to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel (*Caja de Jubilaciones, Subsidios y Pensiones del Personal del Banco de la Provincia de Buenos Aires*) against income/(loss) when becoming effective, as long as the circumstances regarding the regulation of Provincial Law No. 15008, the implementation of the mechanism stated in Section 11, paragraph L) therein, and the possibility to quantify the potential impact on the Bank remain the same. The criterion applied implies a deviation from IAS 19 and, even though the Bank is unable to fairly quantify its impact, it may have a significant effect and must be taken into account by the users of these financial statements.

c) Measurement of the remaining investment in Prisma Medios de Pago SA

Through its Memorandum No. 142/19 dated April 30, 2019, the BCRA established the accounting treatment to be applied to the remaining investment held by the Bank in Prisma Medios de Pago SA, recorded under "Investments in Equity Instruments", at December 31, 2020 and 2019.

d) Exchange of debt

According to BCRA Communication "A" 7014 , debt instruments issued by the public sector received in exchange for other instruments are measured upon initial recognition at the book amount as of that date of the instruments delivered in replacement thereof.

The exceptions described above imply significant deviations from IFRS, which must be considered in the interpretation of these financial statements.

By Communications "A" 6323 and 6324, as amended, the BCRA established guidelines for the preparation and presentation of financial statements by financial institutions for fiscal years beginning on or after January 1, 2018, including additional reporting requirements as well as information to be presented as exhibits.

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.

Comparative Information

Pursuant to BCRA Communication "A" 6868, the Balance Sheet is presented on a comparative basis, showing figures as of December 31, 2019 and 2018.
The Statements of Income, Other Comprehensive Income, Changes in Net Worth and Cash Flows are presented on a comparative basis with figures for the year ended December 31, 2019.

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,restated in constant currency, unless otherwise stated.

See our report dated
March 25, 2021
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

Unit of Measurement

IAS 29 requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy be stated in the unit of measurement current at the reporting period end. IAS 29 provides certain qualitative guidelines and a quantitative guideline 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%. In Argentina, consensus has been reached among local professional associations in that, commencing on July 1, 2018, the Argentine economy should be regarded as hyperinflationary based on the guidelines established in IAS 29.

By means of Communication "A" 6651, as amended, the BCRA mandated the retroactive application of IAS 29 to fiscal years beginning on or after January 1, 2020.

Entities should rely on the following price indexes for such purposes:

- For items subsequent to December 2016: Consumer Price Index (CPI) compiled by the Argentine Institute of Statistics and Census (*Instituto Nacional de Estadísticas y Censos* - INDEC").
- For items previous to December 2016: the price index released by the Argentine Federation of Professional Councils in Economic Sciences (*Federación Argentina de Consejos Profesionales en Ciencias Económicas* - FACPCE).

Under IAS 29, assets and liabilities which are not stated in the unit of measurement current at the end of the reporting period should be adjusted for the pertinent price index. The adjusted value of a non-monetary item is written down if it exceeds its recoverable value.

The Entity recognized the impact of the adoption of IAS 29 at the beginning of the first comparative period (January 1, 2019) under Retained Earnings. All items of the Consolidated Statements of Income and Other Comprehensive Income are restated into the unit of measurement current at the reporting period end (December 31, 2020). The gain or loss on net monetary position is recognized in the Consolidated Statement of Income.

The Bank prepares its financial statements based on the historical cost approach, and has applied the guidelines of IAS 29 as follows:

a) The Balance Sheet as of January 1, 2019 was restated, which is the oldest financial information reported;
b) The Balance Sheet as of December 31, 2019 was restated;
c) The Statements of Income, Other Comprehensive Income, Changes in Net Worth and Cash Flows for the fiscal year ended December 31, 2019 were restated, calculating and separately disclosing the gain or loss on net monetary position;
d) The Balance Sheet as of December 31, 2019 was restated;
e) The Balance Sheet as of December 31, 2020 was restated;
f) The Statements of Income, Other Comprehensive Income, Changes in Net Worth and Cash Flows for the fiscal year ended December 31, 2020 were restated, calculating and separately disclosing the gain or loss on net monetary position.

In applying IAS 29 to the Balance Sheet, the Bank has relied on the following methodology and criteria:

a) Non-monetary assets were restated applying the price index. The restated amounts were written down to their recoverable values, applying the pertinent IFRS, where appropriate.
b) Monetary assets were not restated.

Banco Provincia

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c) Assets and liabilities contractually related to changes in prices, such as index-linked securities and loans, were measured on the basis of the pertinent contract.
d) The measurement of investments accounted for under the equity method was based on associates' and joint ventures' information prepared in accordance with IAS 29.
e) Deferred income tax assets and liabilities were recalculated on the basis of the restated amounts.
f) As of January 1, 2019, all net worth items, other than Retained Earnings, were restated by applying the price index, as from the date of contribution or origination. In subsequent periods, all such items were restated by applying the price index since the beginning of the year, or since the contribution date, if later.

In applying IAS 29 to the Statements of Income, Other Comprehensive Income and Cash Flows, the Bank has relied on the following methodology and criteria:

a) All items of the Statements of Income, Other Comprehensive Income and Cash flows were restated into the unit of measurement current at December 31, 2020;
b) the gain or loss on net monetary position is recognized in the Statement of Income;
c) gains or losses on cash and cash equivalents are disclosed in the Statement of Cash Flows separately from the cash flows from operating, investing and financing activities, as a reconciling item between cash and cash equivalents at the beginning and at the end of the period.

For the purposes of initial application of the restatement mechanisms to its financial statements as provided by IAS 29 and recording negative retained earnings as of December 31 2019 and 2018, the book balance of the accumulated surplus of real property revaluation is removed and these assets are restated using the coefficient since the measurement date, according to BCRA Communication "A" 6849, which effect is included in Retained Earnings at the beginning of the year.

Below is a summary of the main impacts from the application of IAS 29 on net worth as of January 1, 2019 and December 31, 2019, recognized under Retained Earnings:

	12.31.2019	01.01.2019
Net worth before application of IAS 29	55,480,502	46,870,299
Adjustment for changes resulting from the implementation of IFRS 10 "Consolidation"	(187,956)	-
Impact from the application of IAS 29		
· Increase in non-monetary assets	16,588,780	3,151,157
· Initial adoption of IFRS 9 - Section 5.5 (Note 5.4.g))		(4,061,814)
Total impact from the application of IAS 29 + IFRS 9 as per BCRA.	**16,588,780**	**(910,657)**
Net worth in terms of the current unit of measurement as of December 31, 2019/ January 1, 2019	**71,881,326**	**45,959,642**
Adjustment from restating net worth at the current unit of measurement as of December 31, 2020	26,225,790	50,317,347
Net worth in terms of the current unit of measurement as of December 31, 2020	**98,107,116**	**96,276,989**

Below is a summary of the main impacts from the application of IAS 29 on the Bank's statement of income ended December 31, 2019:

	12.31.2019
Income/(Loss) before the application of IAS 29	**7,873,846**
Impact from the application of IAS 29	

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(Partner)

Héctor O. Rodríguez
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Taxpayer registration code:
27-21506212-6

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. Loss on net monetary position	(5,960,387)
. Impact of IFRS 9	713,430
Total impact from the application of IAS 29	**(5,246,957)**
Income/(Loss) in terms of the current unit of measurement as of December 31, 2019	**2,626,889**
Adjustment from restating Income/(Loss) at the current unit of measurement as of December 31, 2020	949,059
Income/(Loss) in terms of the current unit of measurement as of December 31, 2020	**3,575,948**

Exposure of "Result on Net Monetary position"

In line with Communication "A" 7222, the Bank has decided to apply the modifications on exposure of monetary results exposed in Communication A "7211" for these financial statements. Such modification derived from the application of the restatement proceeding of financial statements set forth by Communication "A" 6849.
In this regard, Communication "A" 7211 states that the monetary result accrued from monetary concepts at fair value through Other Comprehensive Income (OCI) should be recorded in the corresponding account in the income statement of the period "Result on Net Monetary Position".

Therefore, Retained Earnings were adjusted to include monetary results that were accumulated in OCI as of December 31, 2020. Note 23.2 details the related impact on Income/(Loss) for the year and Other Comprehensive Income.

Note 4 - Accounting estimates and judgements

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

Nota 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 36 – Fair values of financial assets Level 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, 2020 is detailed in Exhibit "P".

Note 5 – Significant accounting policies and changes in the accounting policies

The Group has consistently applied the accounting policies defined in accordance with the IFRS and the financial reporting framework set forth by the BCRA in every period submitted with exception of the provisions of Notes 5.16 and 5.18.

On January 1 2020, IAS 29 "Financial reporting in hyperinflationary economies" and section 5.5 of IFRS 9 "Impairment of financial instruments" were implemented in accordance to the guidelines established by the BCRA , with retroactive application as of January 1, 2019.

There are no new IFRS and/or IAS with mandatory application as from January 1, 2020, which may have a significant effect on these 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 holdings 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 38).

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 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 38) related to consolidated mutual funds.

e) Loss of control

When the Group loses control over 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.

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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 pesos 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 central banks 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, for the credit risks associated with the principal amount outstanding and for other basic risks associated with a loan. 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 if the Group neither transfers nor retains substantially all of the risks and rewards of ownership, 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 either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented 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

By means of Communication “A” 6778, the BCRA established the adoption of the expected loss model set forth under section 5.5. of IFRS 9 to calculate allowances for loan losses, excluding debt instruments issued by the non-financial public sector from the scope of such standard (”IFRS 9 as per BCRA”), effective January 1, 2020 and stating January 1, 2019 as the transition date.

This requires disclosing the retroactive effect of the application of this standard as of the transition date, offsetting the “Retained Earnings” account in the Statement of Changes in Net Worth.

Below is a description of the accounting policy applied in preparing these financial statements and at each date:

a) Since January 1, 2019

The Bank recognizes an allowance for loan losses on the basis of the expected credit loss model, in applying the financial reporting framework which provided the application of Section 5.5 of IFRS 9 with certain exceptions in its scope (IFRS 9 as per BCRA), for the following financial instruments which are not measured at fair value through profit or loss:

- financial assets that are debt instruments,
- lease receivables,
- financial guarantee contracts, and
- loan commitments.

No impairment is recognized in respect of debt instruments issued by the non-financial public sector or in respect of equity instruments.

The Bank measures the allowance for loan losses as the expected credit losses for the following twelve months on financial instruments (other than lease receivables) which have not experienced a significant increase in credit risk since initial recognition. The expected credit losses for the following 12 months represent the portion of expected credit losses resulting from a default event on a financial instrument which is likely to occur within 12 months after the reporting period end.

As for the rest, the Bank measures the allowance for loan losses at an amount equal to the expected credit losses throughout the instrument lifetime.

Measurement of expected credit losses

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Expected Credit Losses are a weighted average, which is calculated by considering:

- financial assets that are not impaired at the reporting period end: the present value of the difference between cash flows owed to the Bank calculated on the basis of contractual terms, and the cash flows the Bank expects to receive;
- financial assets that are impaired at the reporting period end: it is the difference between the book value (before allowances) and the estimated present value of future cash flows;
- undisbursed loan commitments: the present value of the difference between contractual cash flows if the Bank grants a loan, and the cash flows the Bank expects to receive; and
- financial guarantee contracts: payments expected to be reimbursed to the guarantee holder, net of any amount the Bank expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or amended, or if the financial asset is replaced for another one as a consequence of debtor's financial distress, then such financial asset will be assessed for derecognition, and an allowance for loan losses will be calculated as follows:

- If the expected restructuring does not result in the derecognition of the existing asset, then, the existence of a significant increase in credit risk is assessed in order to calculate the allowance, or
- If the expected restructuring results in the derecognition of the existing asset, then, the fair value of the new asset is considered as the final cash flow from the existing financial asset.

Impaired financial assets

At each year end, the Bank assesses assets measured at amortized cost and debt instruments (financial assets) measured at fair value through OCI for impairment. A financial asset is impaired when one or more events have occurred having a negative impact on the estimated cash flows from the financial asset.

Evidence that a financial asset is impaired includes the following observable inputs:

- debtor's or issuer's significant financial distress,
- contractual breach,
- restructuring of a loan under conditions the Bank would not otherwise agree to,
- when debtor is likely to go into bankruptcy or other form of financial reorganization, or
- disappearance of an active market for a security due to issuer's financial distress.

A loan that was renegotiated due to an impairment in the debtor's credit status is usually deemed impaired, unless objective evidence exists that the risk of not receiving contractual cash flows has decreased, with no other evidence of impairment. In addition, a consumer loan in arrears by more than 90 days is considered impaired.

Recognition of the allowance for expected credit losses

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The allowance for expected credit losses is recognized in the Balance Sheet as follows:

- Financial assets measured at amortized cost: as a write-down of the asset book balance.
- Loan commitments and financial guarantees contracts: recognized under the line Provision for contingent liabilities under liabilities.

Derecognitions

Loans are derecognized (partially or totally) when there are no realistic expectations of recovery.

b) Prior to January 1, 2019
Prior to January 1, 2019, financial entities applied the recognition model of financial assets then in force defined in Communication "A" 2950, as amended, issued by the BCRA.

Those regulations required 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 required that customers of the "commercial portfolio" be analyzed and classified individually according to their status. Such portfolio included loans exceeding an amount fixed by the BCRA, which repayment is linked to the progress of the customer's productive or commercial activities. The assessment of the debtor's repayment capacity was based on the estimated financial flow according to updated financial information and industry parameters and considered other circumstances of the economic activity.

The "consumer portfolio" was analyzed globally and debtors were classified based on the days in arrears. It includes consumer loans, housing loans and loans not exceeding the amount fixed by the BCRA.

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

c) Effect of the change in accounting policy

The effect of the change in accounting policy to determine the impairment of financial assets as at the transition date (January 1, 2019) is shown below:

	According to Financial Statements at December 31, 2018	According to Financial Statements at December 31, 2018 restated in currency at December 31, 2020	Effect of the change in accounting policy	At January 1, 2019 - revised balances
Other financial assets	**981,307**	**2,054,954**	**131,323**	**2,186,277**
Loans and other financing	**7,213,716**	**15,106,234**	**3,891,261**	**18,997,495**
. Other financial institutions	1,365	2,858	(2,109)	749
. Non-Financial Private Sector and Residents Abroad	7,212,351	15,103,376	3,893,370	18,996,746

See our report dated
March 25, 2021
KPMG

(Partner)

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
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Taxpayer registration code:
27-21506212-6

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Corporate securities	**81,405**	**170,469**	**(2,742)**	**167,727**
Contingent Liabilities	**267**	**559**	**41,972**	**42,531**
Total	**8,276,695**	**17,332,216**	**4,061,814**	**21,394,030**

The allowances recorded by the Bank according to the previous BCRA accounting framework (Communication "A" 2950), as amended, included allowances recognized in excess to the minimum ones required pursuant to the policy approved by the BCRA regulations. Such reserves were analyzed by the Bank's General Management under the credit loss model established by the BCRA (IFRS 9 as per BCRA), coming to the conclusion of their sufficiency. Therefore, the adoption of this regulation has no impact as at December 31, 2019.

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. Such balance amounts to $2,060,131 and $2,079,684 (principal and interest balance in constant currency) at December 31, 2020 and 2019, respectively (See Note 15).

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.

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The revaluation frequency will depend on the changes in the fair value of the items being under revaluation. At December 31, 2020 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, the assets are grouped into the smallest group of assets which generate inflows from ongoing use, which is independent from 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, 2020.

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).

d) 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 by using 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

In January 2016, the IASB issued IFRS 16 "Leases", introducing a new model for recognizing, measuring, presenting and reporting leases. On September 10, 2018, the BCRA issued Communication "A" 6560 implementing IFRS 16 for fiscal years beginning on January 1, 2019 and introducing changes to the plan of accounts and the reporting regimes.

This IFRS states that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires the lessee to recognize an asset for right-of-use of the leased asset and a liability for the present value of the agreed future payments discounted at the contractual implicit rate. The above criterion is optional for short-term leases and low value asset leases. Lessor accounting remains unchanged from the classification stated in IAS 17 as regards Operating and Financial Leases.

The Bank assumes the condition of lessee in the lease contracts of some branches.

The Bank's policy is to measure the asset for the right-of-use at cost less the accumulated depreciation and impairment losses, adjusted by any new measurement of the lease liability. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability; any lease payments made on or before the commencement date, less any incentives received, any initial direct costs and restoring costs.

The right-of-use asset is depreciated on a straight-line-basis over the term of the lease contract.

On the commencement date, the lease liability is measured at the present value of the following payments not paid at the initial date, fixed payments less any lease incentives receivable, variable lease payments based on an index or rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the Bank is certain to exercise that option and payments of penalties for terminating the lease. After the commencement date, the Bank will increase the lease liability by the interest amount and will make the pertinent deduction to reflect payments made. Likewise, such liability will be re-measured to reflect any changes in lease payments, lease terms or in the evaluation of a purchase option for the underlying asset.

In case of short-term leases and leases of low value assets, the Bank´s policy is to recognize lease payments as an expense on a straight-line basis over the lease term.

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".

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.

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 Registration of debt instruments received in exchange for other instruments

By means of Communication "A" 7014 dated May 14, 2020, the BCRA mandated that debt instruments issued by the public sector received in exchange for other instruments should be measured upon initial recognition at the book value as of that date of the instruments delivered in replacement thereof.

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This situation results in a deviation from IFRS as stated in Note 2 herein.

Note 6 - IFRS issued but not yet effective

The IASB issued "Classification of liabilities as current or non-current (Amendment to IAS 1)", effective for fiscal years beginning on or after January 1, 2022. Such amendment:

- clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period;

- clarifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

- makes clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

This amendment was not early adopted by the Bank in these financial statements.

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

There follows a breakdown of this caption:

	12.31.2020	12.31.2019	12.31.2018
Argentina	**202,664,343**	**115,863,678**	**200,759,752**
Government securities	28,188,253	19,702,910	37,388,864
BCRA bills	168,308,596	95,503,813	162,338,190
Mutual funds	1,865,573	517,365	883,762
Other	4,301,921	139,590	148,936
Foreign	**-**	**-**	**398,205**
Government securities	-	-	398,205
Total	**202,664,343**	**115,863,678**	**201,157,957**

Note 8 - Repo transactions

There follows a breakdown of this caption:

	12.31.2020	12.31.2019	12.31.2018
Assets	**120,972,515**	**47,415,749**	**139,261**
Government securities	119,440,027	46,343,615	-
Corporate securities	1,532,488	1,072,134	139,261
Liabilities	**469,922**	**465,998**	**438,802**
Government securities	469,922	465,998	438,802

Note 9 - Derivative financial instruments

Forward transactions with delivery of the underlying asset

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At December 31, 2020, the Bank recorded $1,532 on account of forward transactions for foreign currency hedge at the Sao Paulo branch. Such transactions were booked in off-balance sheet items.

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.

In line with BCRA prudential regulations -which imply a deviation from the IFRS as per BCRA-, 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:

	12.31.2020	12.31.2019	12.31.2018
Total loans and other financing	310,897,836	337,471,236	447,778,208
Items not included (Loans to staff and other)	(2,495,183)	(217,046)	(144,315)
(Allowances - Exhibit R)	25,721,011	21,871,915	18,997,495
Adjustment for measurement at amortized cost	4,948,489	5,219,653	5,210,751
Subtotal	**339,072,153**	**364,345,758**	**471,842,139**
Corporate securities - Corporate bonds - Measured at amortized cost (Note 11)	14,660,195	14,457,981	16,477,644
Corporate securities - Debt securities in financial trusts - Measured at amortized cost (Note 11)	525,930	1,147,598	1,852,597
Corporate securities - Corporate bonds - Measured at Fair Value through OCI	398,786	-	-
Subtotal	**15,584,911**	**15,605,579**	**18,330,241**
Other accrued interest receivable	4,232	2,647	1,973
Subtotal	**4,232**	**2,647**	**1,973**
Subtotal	**354,661,296**	**379,953,984**	**490,174,353**
OFF-BALANCE SHEET ITEMS			
Credit lines granted	102,427	3,686,555	4,038,987
Other guarantees granted included in the Debtors' Classification Rules	2,931,291	2,746,190	2,377,047
Other included in the Debtors' Classification Rules	1,547,727	2,018,919	1,998,814
Subtotal	**4,581,445**	**8,451,664**	**8,414,848**
Total Exhibits B and C	**359,242,741**	**388,405,648**	**498,589,201**

a) Non-financial public sector

	12.31.2020	12.31.2019	12.31.2018
Non-financial public sector	**11,160,811**	**14,371,934**	**29,113,643**
. Loans Art. 9 item B) of the Bank's Charter (*)	3,941,770	5,365,876	13,911,743
. Loans Art. 9 item B) of the Bank's Charter	*3,941,770*	*5,365,876*	*8,254,457*
. Accrued interest on Loans Art. 9 item B)	-	*9,466,056*	*8,254,457*
. Adjustment for accrued interest on Loans Art. 9 item B) [1]	-	*(9,466,056)*	*(2,597,171)*
. Bonds to be received from the Province of Buenos Aires	3,435,991	*4,677,367*	*7,195,305*
. Financial leases	1,759,390	2,023,936	2,883,874
. Other	2,023,660	*2,304,755*	*5,122,721*

(*) TheBank will act as the financial agent for the Government of the Province. It shall carry out all banking transactions undertaken by

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(Partner)

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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. At the date of these financial statements, no interest is accrued by the Bank on this exposure.

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.

By virtue of BCRA Communication "A" 6778, loans and other financing to the non-financial public sector are excluded from the scope of application of the impairment model set forth in IFRS 9.

b) Non-financial private sector and residents abroad

There follows a breakdown of this caption:

	12.31.2020	12.31.2019	12.31.2018
Non-financial private sector and residents abroad	**299,688,704**	**322,947,937**	**418,084,746**
Overdrafts	21,318,456	12,541,905	15,310,636
Notes	70,117,251	76,122,949	107,313,316
Mortgage loans	63,399,869	67,292,512	72,527,349
Pledge loans	9,073,708	6,716,980	6,620,090
Consumer loans	65,239,569	93,211,991	142,700,171
Credit cards	69,004,112	57,025,743	53,090,471
Financial leases	749,021	1,033,618	1,072,229
Other	26,507,692	30,873,985	38,447,230
Subtotal	**325,409,678**	**344,819,683**	**437,081,492**
Less: Allowances for loan losses (Exhibit R)	(25,720,974)	(21,871,746)	(18,996,746)
Total	**299,688,704**	**322,947,937**	**418,084,746**

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

	12.31.2020	12.31.2019	12.31.2018
Commercial loan portfolio	77,954,814	105,933,597	148,883,386
Consumer and housing loan portfolio	281,287,927	282,472,051	349,705,815
Total	**359,242,741**	**388,405,648**	**498,589,201**

New credit facilities – COVID 19

To address the challenges brought about by the COVID-19 pandemic and in compliance with the different measures to support and promote the economic activity set by the National Government, the Bank launched the following credit facilities:

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Zero interest rate credit facilities

Under the Employment and Production Emergency Assistance Program and as provided by the Executive Branch Emergency Decree No. 376/20 dated April 20, 2020 and BCRA Communication "A" 6993 of April 24, 2020, the Bank launched the "Zero interest rate credit facility".

The loan amount to be granted by beneficiary is determined by the Argentine Internal Revenue Service (*Administración Federal de Ingresos Públicos* – AFIP), according to the customer's request and the limit established for each taxpayer (which cannot exceed one-fourth of the higher gross income limit set for each category under the Simplified Regime for Small Taxpayers), with a maximum limit per customer of ARGENTINE PESOS ONE HUNDRED AND FIFTY THOUSAND ($150).
The Total Financial Cost of the loans so granted will be 100% subsidized. At the date of these financial statements, the amount disbursed under this loan facility totals 4,587,536.

Mortgage loans

As provided by Circular Letter "A" 38304, Executive Branch Emergency Decree No. 319/20 and BCRA Communication "A" 6949, the Bank included new assistance mechanisms for holders, joint holders and joint debtors of mortgage loans in its current portfolio:

- Freezing of installments.
- Debts for difference in the installment amount.
- Deferral for debts in default.
- Reversion of installments.
- Stay of executions: Up to December 31, 2020, no default/punitive interests or other penalties will be charged on mortgage loans destined to the purchase of family houses and so occupied by the debtor or his/her heirs and successors.

From April 1 to December 31, the monthly installment of mortgage loans destined to the purchase of family houses and so occupied by the debtor or his/her successors and assigns shall not exceed the amount of the pertinent installment at March 2020.

This benefit was automatically implemented and covered all loans in the Bank's portfolio destined to the financing of family houses, excluding from the scope of the benefit, loans not specifically intended for family habitation and those granted for any of the following purposes: purchase/improvement or construction of offices, land, business premises, parking lots and refinancing.

Up to December 31, 2020, no default/punitive interests or other penalties will be charged on mortgage loans destined to family habitation and so occupied by the debtor or his/her heirs and successors.

BCRA Communication "A" 781 extended the validity of all these measures up to March 31, 2021.

SME Reactivation Program

According to Resolution No. 220/20 dated April 8, 2020, the Bank implemented the *"REACTIVACION PYME - PYME PLUS"* credit facility destined to micro, small and medium-sized enterprises (MSMEs) registered with the MSMEs Registry, bearing a valid MSME certificate, with employees registered under AFIP Form 931 and classified as 1, 2 or 3 according to BCRA's Debtors Classification Rules. The facility is intended to finance working capital and interest will accrue at an annual fixed nominal rate of 24%.

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These facilities cover the quota set in Communication "A" 7161 within the framework of the "Financing Facility for Productive Investment" which, in the case of Banco Provincia, totals $32,878 and must be fully disbursed before March 31, 2021.

Allowances for loan losses and related to financial guarantees and loan commitments

The allowances for loan losses related to loans as well as to financial guarantees and loan commitments, calculated according to IFRS 9, excluding from the scope of such standard BCRA debt instruments (IFRS 9 as per BCRA) at January 1, 2019 (transition date), December 31, 2019 and December 31, 2020 are detailed in the table below.

	12.31.2020	12.31.2019	12.31.2018
Allowances for loan losses			
- Loans to the non-financial private sector	25,720,974	21,871,746	18,996,746
- Loans to the financial sector	37	169	750
Subtotal	**25,721,011**	**21,871,915**	**18,997,496**
Allowances related to financial guarantees and loan commitments	25,164	27,266	42,531
Subtotal	**25,164**	**27,266**	**42,531**
Total	**25,746,175**	**21,899,181**	**19,040,027**

Note 11 - Other debt securities

The breakdown of this caption considering measurement is included below:

	12.31.2020	12.31.2019	12.31.2018
Measured at amortized cost	**88,337,327**	**69,478,358**	**89,436,124**
Argentina	***86,196,980***	***68,575,373***	***88,097,356***
. Government Securities (1)	71,005,503	52,623,268	69,756,121
. Corporate securities	5,352	7,147	10,994
. Corporate Bonds (Note 10)	14,660,195	14,457,981	16,477,644
. Debt securities in financial trusts (Note 10)	525,930	1,147,598	1,852,597
. Other	-	339,379	-
Foreign	***2,140,347***	***902,985***	***1,338,768***
. Government securities	718,430	902,985	742,773
. Corporate securities	1,421,917	-	595,995
Measured at fair value through OCI	**3,895,737**	**3,846,851**	**2,304,193**
Argentina	***645,463***	***133,750***	***216,836***
. Government securities (1)	246,677	133,750	216,836
. Corporate securities	398,786	-	-
Foreign	***3,250,274***	***3,713,101***	***2,087,357***
. Government securities	2,628,198	1,519,821	116,126
. Corporate securities	622,076	2,193,280	1,971,231
Allowances for loan losses (Exhibit R)	**(393,840)**	**(287,673)**	**(167,727)**
Total	**91,839,224**	**73,037,536**	**91,572,590**

(1) Excluded from the scope of impairment as provided by BCRA Communication "A" 6847.

Note 12 - Financial assets pledged as collateral

At December 31, 2020, 2019 and 2018, the Group pledged as collateral the financial assets included below:

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	12.31.2020	12.31.2019	12.31.2018
Transactions with the BCRA	13,818,027	12,315,502	12,102,029
Forward purchases of securities	469,810	72,554	67,343
Forward purchases of other repo transactions	-	395,733	369,761
Deposits as collateral	2,704,421	2,367,773	2,748,529
Other	1,788	10,602	3,962
Total	**16,994,046**	**15,162,164**	**15,291,624**

Note 13 - Property and equipment

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

Note 14 - Intangible assets

This item mainly 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:

	12.31.2020	12.31.2019	12.31.2018
Financial debtors from spot sales of foreign currency pending settlement	2,166	8,757	192
Financial debtors from spot sales of government securities pending settlement	-	-	135,585
(Other unallocated collections)	(1,141)	(1,327)	(881)
Balances to be recovered from claims	19,459	31,911	74,841
(Allowance for loan losses - Balances to be recovered from claims)	(19,459)	(31,911)	(74,841)
Sundry debtors	1,283,273	1,595,731	2,185,911
(Allowances for loan losses)	(1,132,676)	(1,590,794)	(2,111,435)
Accrued interest receivable	4,232	2,646	1,974
Receivables from sale of shares held in Prisma SA	1,946,904	1,895,272	77,693
Accrued interest receivable - Receivables from sale of shares held in Prisma SA	113,227	184,412	-
(Allowance for loan losses - Receivables from sale of shares held in Prisma SA)	(573)	(468)	-
Fixed-term deposits	5,018,887	14,457,563	17,365,447
Mutual funds	19,592,041	16,463,752	18,681,168
Service fees and commissions receivable	428,809	530,574	405,702
Insurance premiums receivable	7,951,427	6,917,701	8,271,800
Receivables from collection agents to be accounted for	722,912	1,002,501	1,666,110
Other	1,465,042	1,307,617	1,244,014
Total	**37,394,530**	**42,781,009**	**47,923,280**

Note 16 - Other non-financial assets

There follows a breakdown of this caption:

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	12.31.2020	12.31.2019	12.31.2018
Assets acquired as security for loans	151,458	152,909	156,951
Investment Property (Exhibit F)	136,277	136,277	560,379
Attachment debtors (Worker's Compensation Insurance - ART)	997,872	1,320,306	2,208,835
Advances for purchase of assets	139,548	5,766	150,401
Tax advances	141,393	1,021,950	306,098
Advance payments	287,821	480,732	696,242
Claims and contingencies paid (ART)	876,911	767,891	120,576
Reserve fund - SRT Resolution (ART)	42,906	58,412	60,663
Extraordinary appeals (ART)	379,970	328,315	678,264
Other miscellaneous assets	406,843	410,029	125,669
Other	1,052,199	338,272	1,306,831
Total	**4,613,198**	**5,020,859**	**6,370,909**

Note 17 - Deposits

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

The breakdown of deposits is the following:

	12.31.2020	12.31.2019	12.31.2018
1. Non-financial public sector	160,004,808	137,886,054	277,758,462
2. Financial sector	3,551,663	770,899	936,572
3. Non-financial private sector and residents abroad	602,228,591	472,217,023	582,838,306
3.1. Checking accounts	*91,049,446*	*53,991,139*	*58,398,380*
3.2. Savings accounts	*214,000,160*	*199,493,474*	*241,011,880*
3.3. Fixed-term deposits	*240,036,525*	*188,574,598*	*260,505,817*
3.4. Investment accounts	*42,530,802*	*14,886,514*	*5,405,480*
3.5. Other	*8,664,947*	*8,092,632*	*7,756,260*
3.6. Interest and adjustments	*5,946,711*	*7,178,666*	*9,760,489*
Total	**765,785,062**	**610,873,976**	**861,533,340**

Note 18 – Other financial liabilities

	12.31.2020	12.31.2019	12.31.2018
Liabilities from financing of purchases	6,385,576	8,516,054	15,724,648
Miscellaneous liabilities subject to minimum cash requirements	4,548,123	3,300,883	77,882
Miscellaneous liabilities not subject to minimum cash requirements	2,839,504	2,998,030	2,940,322
Accrued adjustments payable for other financial liabilities indexed by CER	2,932,182	4,793,859	2,841,996
Other accrued interest payable	646,899	242,898	256,921
Foreign exchange transfers pending payment	2,380,343	1,527,212	2,692,308
Collection pending transfer	1,590,396	1,942,642	2,813,331
Leases payable	72,733	78,170	-
Other accrued interest payable	1,304,364	-	-
Other	2,994,874	4,277,635	4,092,407
Total	**25,694,994**	**27,677,383**	**31,439,815**

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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 market.

On November 8, 2016, the Bank launched a first issue of Class I and Class II Debt Securities for $127,100 and $283,333, at 18 and 36-month terms, with maturity dates on May 8, 2018 and November 8, 2019, respectively. Interest on Class I and Class II Debt Securities will be paid on a quarterly basis, at a variable rate (nominal annual BADLAR plus 2.5% and 3.5%, respectively) and the principal amount will be paid upon maturity in a single bullet payment.

On April 19, 2017, the Bank launched a second issue of Class III, Class IV and Class V Debt Securities for $178,495, $285,714 and $1,032,331 (UVA (Acquisition Value Unit) 56,815), at 18, 48 and 36-month terms, with maturity dates on October 19, 2018, April 19, 2021 and April 19, 2020, respectively, repayable upon maturity in a single bullet payment. Interests on Class III and Class IV securities will be paid on a quarterly basis at a variable rate (nominal annual BADLAR plus 2.25% and 3.00%, respectively). Class V Debt Securities were issued in UVA units at an initial 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, the Bank launched the third issue of Class VI and Class VII Debt Securities 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, the Bank launched the fourth issue of Classes VIII, IX and X Debt Securities 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, the Bank launched the fifth issue of Class XI and Class XII Debt Securities for $3,507,700 and $1,372,500 at 9 and 18-month terms, respectively, repayable upon maturity in a single bullet payment. Interest on both classes will be paid on a quarterly basis, at a variable rate (BADLAR plus 4.25% for Class XI and BADLAR plus 6.00% for Class XII).

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		
							12.31.2020	12.31.2019	12.31.2018
11/8/2016	Pesos	II	283,333	36	11/8/2019	Badlar + 3.50%	-	-	593,327
4/19/2017	Pesos	IV	285,714	48	4/19/2021	Badlar + 3.00%	285,714	388,938	598,313
4/19/2017	Pesos	V (1)	1,032,331	36	4/19/2020	Fixed 2.50%	-	3,647,423	3,695,402
11/1/2017	Pesos	VI	2,070,165	24	11/1/2019	TM20 + 3.25%	-	-	4,335,130

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C.P.C.E.P.B.A. V° 1 F° 193 Folder 193
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C.P.C.E.P.B.A. Volume 155 – Folio 141
Folder No. 40284/2
Taxpayer registration code:
27-21506212-6

Banco Provincia

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11/1/2017	Pesos	VII	393,400	36	11/1/2020	Monetary Policy		535,530	823,819
4/18/2018	Pesos	VIII	2,928,000	48	4/18/2022	Badlar + 3.74%	2,928,000	3,985,846	6,034,146
4/18/2018	Pesos	IX (2)	1,839,917	36	4/18/2021	Fixed 4.50%	5,183,677(3)	5,173,866(4)	5,241,923
4/18/2018	Pesos	X	1,232,083	12	4/18/2019	Fixed 25.80%	-	-	2,580,104
2/15/2019	Pesos	XII	1,372,500	18	8/15/2020	Badlar + 6.00%	-	1,868,365	-
Principal amount due and payable							**8,397,391**	**15,599,968**	**23,902,164**
Accrued interest							244,324	635,401	1,816,199
UVA adjustments (5)							(3,765,765)	(5,212,731)	(2,906,075)
Bank's total							**4,875,950**	**11,022,638**	**22,812,288**
Holdings (6)							-	931,561	656,169
Total							**4,875,950**	**10,091,077**	**22,156,119**

(1) *denominated in UVAs 56,815*
(2) *denominated in UVAs 80,592*
(3) *UVA Value $64.32*
(4) *UVA Value 47.16*
(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:

	12.31.2020	12.31.2019	12.31.2018
For contingent liabilities (Note 5.4.g) and Exhibit "R")	25,164	27,266	559
For onerous contracts	126,218	122,301	118,761
For post-employment defined benefit plans (Note 22.2)	3,191,582	3,075,615	3,140,568
Other	7,063,993	11,577,766	4,378,953
Total	**10,406,957**	**14,802,948**	**7,638,841**

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 probable contingencies with a significant effect at the close of the 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 and reversed by the Court of Appeals. A similar class action brought by the Argentine Consumers' Network (*Red Argentina de Consumidores*) against the Bank is still pending. This case is in the trial stage and expert accounting reports are being prepared.

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, 2019, the case was awaiting a decision. On November 11, 2019, the Court rendered a judgement that was appealed by both parties. On December 27, 2020, the Appellate Court rejected the appeals and ratified the first instance decision, ordering the payment of legal costs. The appealable nature of the decision is subject to analysis. At December 31, 2020, a provision for $1,670,989 was set up.

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 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, which 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. Likewise, the Bank filed an extraordinary remedy regarding the application of funds belonging to former customers. The Federal Extraordinary Remedy is pending resolution.

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. The expert and the Bank submitted their settlement documents. The court rejected the settlements made by the parties and, on its own initiative, prepared a settlement report with data provided by the Lawyers' Professional Association. Notice of such settlement was duly served. If upheld, it will prove more favorable to the Bank. The amounts corresponding to customers with active salary accounts will be timely deposited and the resolution regarding the amounts owed to former customers will be thoroughly analyzed.

20.4 Center for Consumer Guidance, Protection and Education (C*entro De Orientación, Defensa y Educación Del Consumidor* -CODEC)

CODEC has brought an action against the Bank for breach of 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

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Bank and rejected the action, ordering the plaintiff to pay 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. An "Inapplicability of the Law" remedy was filed but was rejected by the Provincial Supreme Court. The suit is pending and the Bank filed the pertinent answer. Consequently, a provision for $218,177 was set up.

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, hearings have already been called for. On October 9, 2020, the plaintiff´s lack of legal standing to sue claimed by the Bank was rejected. On October 29, 2020, the Bank appealed such resolution. 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 Association of Users and Consumers (*Usuarios y Consumidores Unidos* - UCU)

UCU brought a class action requiring the Court with jurisdiction over contentious and administrative matters No. 2 (La Plata) to order the Bank to pay a Bip or similar interest rate on judicial time-deposit placements and to pay the difference between the rate actually paid and the one resulting from application of the Bip or similar rate. The demand was duly notified but the time for filing the answer was suspended. At the date of these financial statements, a provision for $969,000 was set up.

20.5 *(sic)* 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 experts have already been appointed but they have not accepted the position yet. There is still no evidence to assess probable expenses for the Bank.

In 2014, the Users and Consumers Association filed an injunction to prevent the Bank from collecting the over-the-purchase limit fees charged on credit card transactions. The injunction was granted because such fees had not been allowed by the BCRA. Consequently, the Bank suspended such collection. The association also filed a complaint for the refund of any mischarged amounts, which is pending before the Court in Commercial Matters No. 1 (City of Buenos Aires). This case is in the trial stage and expert accounting reports are being prepared. In similar cases, the Court has rendered unfavorable judgements against other financial entities. At December 31, 2020, and based on the probable loss amount, a provision for $110,000 was set up.

Note 21 – Other non-financial liabilities

(In thousands of pesos in constant currency - Note 3)

This caption includes the following items:

	12.31.2020	12.31.2019	12.31.2018
Debts with the insureds, reinsurers and coinsurers	63,531,070	53,679,244	71,657,226
Short-term personnel benefits	9,461,278	7,529,182	8,704,266
Taxes and rates payable	4,476,413	3,924,045	3,975,816
Mathematical reserve	1,970,740	1,872,019	1,944,790
Sundry creditors	4,070,888	5,555,288	7,273,008
Technical commitments	3,442,563	2,841,702	3,995,249
Other	5,039,132	2,111,061	1,516,046
Total	**91,992,084**	**77,512,541**	**99,066,401**

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 19322, Section 17.

The following table shows charges for personnel benefits:

	12.31.2020	12.31.2019
Payroll	43,357,491	42,277,539
Social security taxes	9,608,590	9,348,306
Compensation and bonuses to personnel	681,889	1,034,690
Personnel services	581,236	807,878
Other short-term personnel benefits	4,420,554	2,316,342
Post-employment benefits (See Note 22.3)	8,797,755	12,854,340
Post-employment benefits - Defined benefits	115,967	202,623
Other	151,517	205,079
TOTAL	**67,714,999**	**69,046,797**

22.1 Short-term benefits

Liabilities related to short-term personnel benefits and post-employment defined benefits are recognized as “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

	12.31.2020	12.31.2019
Updating rate	5%	5%
Mortality table	CS80	CS80
Real wage growth	0	0

(In thousands of pesos in constant currency - Note 3)

Accrual	Length of service/Total labor life	Length of service/Total labor life
	2020(*)	**2019 (*)**
Initial balance	3,075,615	3,140,568
Interest	153,781	157,028
Charge for quarterly accrual	152,500	316,338
Payments made	(190,314)	(538,319)
Balance	3,191,582	3,075,615
Quarterly variation recorded in income/(loss)	115,967	(64,953)

(*) The balances reported correspond to the 12-salary benefit variation for 2020 and 2019, 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.

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 BCRA Resolution No. 277/18, during the fiscal years ended December 31, 2020 and 2019, the Bank charged $8,797,755 and $12,854,340, respectively against income/(loss) for contributions to the Retirement and Pension Fund for

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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.

As stated in IAS 20, the charge corresponding to the year ended December 31, 2020 is disclosed net of the provincial government assistance received through the bond with a fair value of $1,356,301 (Bond of the Province of Buenos Aires 2020), which was recorded in "Other Debt Securities - Measured at Amortized Cost" at year end.

Note 23 - Capital and Income/(Loss) for the year

23.1- Capital

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

23.2 Income/(Loss) for the year

As stated in Note 3 and in compliance with BCRA Communication "A" 7211, the result for the year ended December 31, 2020 was adjusted in order to incorporate the accumulated monetary results recorded in Other Comprehensive Income (OCI) as of that date. Accordingly, the result for the year ended December 31, 2020 decreased by $24,383, while the OCI increased by such amount.

Note 24 - Interest Income

	12.31.2020	12.31.2019
Cash and deposits in banks	3,397,919	7,738,106
Corporate securities	4,163,289	5,303,127
Government securities	14,677,617	17,961,365
Other financial assets	4,198,129	4,323,792
Loans and other financing	89,070,305	124,171,260
. To the financial sector	8,485	60,671
. Overdrafts	1,152,150	2,043,545
. Notes	15,335,843	25,006,494
. Mortgage loans	22,316,967	30,034,893
. Pledge loans	1,271,149	1,106,055
. Consumer loans	38,810,430	54,262,421
. Credit cards	5,785,599	7,585,245
. Financial leases	975,242	1,506,090
. Other	3,414,440	2,565,846
Repo transactions	17,903,471	1,935,677
. Argentine Central Bank	*17,903,454*	1,934,337
. Other financial institutions	*17*	1,340
Public debt securities	453	39,366
TOTAL	**133,411,183**	**161,472,693**

Note 25 - Interest expenses

	12.31.2020	12.31.2019
Deposits	86,874,280	142,203,276
. Checking accounts	*843*	*1,176*
. Savings accounts	*791,089*	*1,075,657*
. Time deposits and term investments	*77,920,614*	*117,210,637*

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KPMG

(Partner)

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. Other	*8,161,734*	*23,915,806*
Financing received from the BCRA and other financial institutions	171,472	360,530
Repo transactions	4,658	62,690
. Other financial institutions	*4,658*	*62,690*
Other financial liabilities	5,783,887	10,242,382
TOTAL	**92,834,297**	**152,868,878**

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:

	12.31.2020	12.31.2019
Linked to liabilities	1,939,554	3,471,834
Linked to credits	2,674,906	3,737,320
Linked to loans and financial guarantees	10,589	3,287
Linked to securities	119,227	77,275
From credit cards	17,415,050	22,475,017
From insurance	132,414	170,681
From foreign trade and foreign currency transactions	510,320	520,587
Other	528,651	330,581
TOTAL	**23,330,711**	**30,786,582**

Note 27 - Commission expenses

	12.31.2020	12.31.2019
Paid to Red Link	2,252,616	1,652,668
Linked to clearing services	160,906	318,277
Paid to Grupo Banco Provincia	-	34,039
Paid to Caja de Valores	39,199	79,292
From foreign trade and foreign currency transactions	136,231	305,927
Issuance	4,432,186	3,998,975
Linked to transactions with securities	28,520	35,453
Other	1,119,922	794,613
TOTAL	**8,169,580**	**7,219,244**

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

	12.31.2020	12.31.2019
Income/(loss) from government securities	62,029,262	106,495,486
Income/(loss) from corporate securities	1,561,936	2,899,858
Income/(loss) from derivative financial instruments	3,854	699,794
. Forward transactions	*3,854*	*699,794*
Investments in equity instruments	31,464	-
Income/(loss) from other financial assets	6,530,708	5,649,472
TOTAL	**70,157,224**	**115,744,610**

Note 29 - Other operating income

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	12.31.2020	12.31.2019
Premiums and surcharges for insurance policies	56,143,825	51,720,857
Allowances reversed	7,051,439	5,976,412
Income from insurance technical structure	1,347,468	165,882
Commissions collected from Red Link	1,184,178	836,352
Other adjustments and interest on miscellaneous receivables	1,105,671	939,810
Receivables recovered	885,711	320,596
Commission collected from suppliers	808,484	369,939
Safe deposit box rental	679,102	881,313
Commission for online Datanet transfer	235,195	277,941
Commissions for check collection management	206,816	311,730
Commissions for direct payment	205,416	241,570
Adjustments on other miscellaneous receivables with CER index	166,634	203,746
Commission collected from ATMs	148,616	463,387
Commissions on inter-branch cash transactions	128,591	224,512
Commissions for prepayment of loans	109,690	117,115
Commissions for clearing services - Provincial public sector	92,962	224,678
Penalty interest	88,260	267,153
Income from structuring and management of trusts	79,766	74,643
Income from derecognition or significant change in financial liabilities	61,097	172,084
Leases	10,982	18,159
Income from sale of investment property and other non-financial assets	2,667	65,888
Income from other receivables from financial brokerage	2,257	11,800
Other	4,693,350	2,539,204
TOTAL	**75,438,177**	**66,424,771**

Note 30 – Administrative expenses

	12.31.2020	12.31.2019
Travel and entertainment expenses	147,390	319,804
Administrative services hired	1,448,313	1,499,316
Security services	1,648,535	1,527,456
Directors’ and Syndics’ fees	88,154	153,333
Other fees	1,169,157	1,957,808
Insurance	74,943	26,244
Leases	375,714	407,086
Office supplies and stationary	339,083	474,098
Electricity and communications	952,294	1,091,981
Advertising and publicity	1,232,897	2,475,011
Taxes	3,520,099	3,205,353
Maintenance costs	4,229,069	3,802,053
Other	2,169,622	2,399,758
TOTAL	**17,395,270**	**19,339,301**

Note 31 - Other operating expenses

	12.31.2020	12.31.2019
Accrued claims	59,224,622	54,908,115

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(Partner)

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Income from initial recognition of loans	1,366,364	1,870,630
Commissions and other charges paid to Prisma -Visa Card	1,731,054	-
Other contributions on financial income	1,284,970	1,685,196
Charges for other allowances	2,707,126	7,979,931
Life insurance on financing	1,008,328	1,370,170
Assigned reinsurance premiums	1,272,451	852,407
Payments for advisory services to Provincia Microempresas	908,442	1,068,746
Contributions to the Deposit Guarantee Fund (Note 43)	1,133,796	1,238,241
Income/(loss) from refinancing of financial assets	423,069	804,729
Other contributions on income from services	525,208	628,702
Visa Argentina - MasterCard processing charges	864,810	2,236,640
National Social Security Administration (ANSES) deceased beneficiaries - Uncollectible benefits	162,575	24,678
Direct marketing	865,556	7,424,457
Expenditure for technical structure	2,154,835	854,612
Donations	246,851	255,505
Insurance policy surrenders and accrued temporary annuities	86,783	99,435
Charges for onerous contracts	42,005	55,551
Interest on lease liabilities	21,709	19,398
Other contributions on miscellaneous income	23,441	23,924
Regularization of Loan – Art. 9 (Note 10)	-	5,124,368
Other	5,591,977	8,066,351
TOTAL	**81,645,972**	**96,591,786**

Note 32 - 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:

	12.31.2020	12.31.2019
Income tax advances	387,425	129,479
Income tax withholdings and collections	32,771	72,568
Income tax provision	(36,534)	(49,430)
Minimum notional income tax advances	-	186,998
TOTAL	**383,662**	**339,615**

b) Current income tax liabilities:

There follows a breakdown of this caption:

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	12.31.2020	12.31.2019
Income tax advances	(130,283)	(53,497)
Income tax withholdings and collections	(11,405)	43,977
Income tax provision	366,954	899,687
TOTAL	**225,266**	**890,167**

The provision determined at December 31, 2020 and 2019 includes the obligation accrued for the six-month period then ended corresponding to the controlled companies Provincia Aseguradora de Riesgos del Trabajo SA, Provincia Seguros SA and Provincia Seguros de Vida SA, which continue closing their balance sheets at June 30 every year as provided by the SSN.

c) Income tax expense:

There follows a breakdown of this caption:

	12.31.2020	12.31.2019
Current tax	2,047,802	3,359,613
Deferred tax	(631,839)	(391,152)
Income tax expense for the year	**1,415,963**	**2,968,461**

d) Deferred income tax assets and liabilities:

The breakdown and evolution of deferred income tax assets and liabilities are shown below:

Item	At 12.31.2019	Changes recognized: In the Consolidated Statement of Income	Changes recognized: In the Consolidated Statement of OCI	At December 31, 2020: Deferred tax assets	At December 31, 2020: Deferred tax liabilities
Allowances for loan losses	154,570	(41,362)			113,208
Provisions	379,682	(523,807)		22,444	(166,570)
Property, plant and equipment	(547,075)	1,137,634		84	590,474
Investments	(1,248,483)	68,213			(1,180,270)
Tax inflation adjustment	(286,841)	256,691		58,690	(88,840)
Intangible Assets	2,497	(12,064)		-	(9,567)
Investments in Mutual Funds	(147,022)	(237,762)		(21,522)	(363,261)
Financial leases	(101,267)	40,637			(60,630)
Tax Losses	77,020	73,856		17,321	133,555
Other	(42,861)	(130,197)		(13,523)	(159,534)
Balance	**(1,759,780)**	**631,839**	**-**	**63,494**	**(1,191,435)**

Item	At 12.31.2018	Changes recognized: In the Consolidated Statement of Income	Changes recognized: In the Consolidated Statement of OCI	At December 31, 2019: Deferred tax assets	At December 31, 2019: Deferred tax liabilities
Allowances for loan losses	111,743	42,827		145,444	9,126

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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.)
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Provisions	333,898	45,783		359,562	20,119
Property, plant and equipment	(670,760)	123,685		32,673	(579,748)
Investments	(1,594,353)	345,870			(1,248,483)
Tax inflation adjustment	(386,137)	99,296		77,419	(364,260)
Intangible Assets	323	2,174		2,715	(218)
Investments in Mutual Funds	(116,031)	(30,990)		(40,342)	(106,679)
Financial leases	(46,997)	(54,270)			(101,267)
Tax Losses	75,813	1,207		53,876	23,144
Other	141,569	(184,431)		(40,860)	(2,002)
Balance	**(2,150,932)**	**391,152**	**-**	**590,487**	**(2,350,267)**

Note 33 - 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 Functional Units:

- **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 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 34 - Credit, liquidity and market risks

34.1 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

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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 datawarehouse. 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

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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.

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:

	12.31.2020	12.31.2019
Cash and deposits in banks	157,778,042	143,756,947
Debt securities at fair value through profit or loss	202,664,343	115,863,678
Repo transactions	120,972,515	47,415,749
Other financial assets	38,547,238	44,404,182
Loans and other financing	336,618,847	359,343,151
Other debt securities	92,233,064	73,325,209
Financial assets pledged as collateral	16,994,046	15,162,164
Subtotal	**965,808,095**	**799,271,080**
Off-balance sheet		
Credit lines granted (unused balances)	102,427	3,686,555
Other guarantees granted included in the Debtors' Classification Rules	2,931,291	2,746,190
Other included in the Debtors' Classification Rules	1,547,727	2,018,919
Credit card purchase limits	79,880,780	92,112,613
Subtotal	**84,462,225**	**100,564,277**
Total	**1,050,270,320**	**899,835,357**

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

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.
The breakdown according to type of financing and main components of the Public Sector at December 31, 2020 is shown below:

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(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

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ITEM	NATIONAL	PROVINCIAL	MUNICIPAL	TOTAL
SECURITIES	81,204,562 (1)	18,252,961 (2)	582	99,458,105
LOANS (Note 10)	302,681	8,576,870	2,281,260	11,160,811
GUARANTEES	151,086	-	-	151,086
OTHER	620,866	2,473,880	1,598,634	4,693,380

(1) Includes 12,320 from NASA Financial Trust.
(2) Includes 5,352 from *Fuerza Solidaria* Trust Fund Participation Certificate - Class A.

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 $168,308,596.

At December 31, 2020, the Bank shows an excess in the Provincial and National Public Sector risk diversification ratio of $18,771,024 and $4,171,660, respectively, at a consolidated level as stated in Note 1.3.

With respect to the Bond of the Province of Buenos Aires issued on July 23, 2020, the Province has used the option to extend its maturity date from December 23, 2020 to July 23, 2024 after verifying the fulfillment of specific Conditions Precedent. This event had a negative impact of $236,575 on its results.

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	51,335,294	21,184,453	-	72,519,747
LOANS (Note 10)	305,821	11,405,764	2,660,288	14,371,873
GUARANTEES	147,567	-	97,849	245,417
OTHER	464,936	2,245,719	1,553,780	4,264,435

The breakdown according to type of financing and main components of the Public Sector at December 31, 2018 is shown below:

ITEM	NATIONAL	PROVINCIAL	MUNICIPAL	TOTAL
SECURITIES	73,467,927	30,814,302	3,178,987	107,461,216
LOANS (Note 10)	268,889	24,446,321	1,368,701	26,083,911
GUARANTEES	349,191	-	77,482	426,673
OTHER	419,446	2,341,622	3,207,835	5,968,903

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. Guarantees taken by the Bank ensure collection through credit enhancements such as collaterals. They comply with the recognition criteria included in the IFRS.

Quantitative information is detailed in Exhibit "B".

Allowances for Credit Risk Impairment

Since 2020, the Bank's policy on allowances for credit risk is based on the expected credit loss (ECL) estimation according to statistical models related to the loan portfolio management established by IFRS 9 as adopted by BCRA. Pursuant to the guidelines set forth in section 5.5 regarding Impairment (that comprises principles and methodologies for the recognition of expected credit losses due to significant increases in risk and the resulting impairment of the financial assets value for expected credit losses), the Bank has recognized the impairment of its financial assets.

The value adjustment on expected credit losses is grounded on the credit losses that may be expected to arise over the lifetime of an asset (expected credit losses over the lifetime of an asset) unless the credit risk has not significantly increased since the initial recognition. In such case, the value adjustment is based on the 12-month expected credit losses.

The Risks Administration Management is responsible for the risk credit management, including identification, assessment, follow-up, control and mitigation of this risk throughout all the phases of the credit cycle. The design and development of Expected Credit Losses Models are monitored by this Management, which determines the probability of default (PD), exposure at default (EAD) and loss given default (LGD), as well as the models to estimate the impact of the forward-looking approach.

The Credit Analysis Management, together with the Recovery Management, assesses the relevant portfolio on a case-by-case basis so as to estimate the expected losses for customers within this segment.

ECL definitions and determination are regularly submitted to the Risks Committee, which is responsible for approving model methodologies, readjustments and validations.

Definition of significant increase in risk, impairment and default

The Bank recognizes the impairment of its financial assets according to section 5.5 of IFRS 9 guidelines. To this end, the Bank calculates the ECL for financial instruments pursuant to a "three stages" risk model based on the evidence of credit quality changes observed since the initial recognition, as summarized below:

- Stage 1: includes non-impaired transactions, which show no signs of significant increase in credit risk, i.e.:

  Consumer Portfolio: lending portfolio transactions in arrears by less than 32 days, and
  Commercial Portfolio: lending portfolio transactions in arrears by less than 32 days, rated 1;

- Stage 2: includes lending portfolio transactions, which are considered impaired but not in default, i.e.:

  Consumer Portfolio: transactions in arrears by more than 32 days, but not considered in default. Those transactions made less than 12 months ago related to a refinancing, regardless the number of days in arrears, are also included in the stage 2.
  Commercial Portfolio: transactions in arrears by more than 32 days, but not considered in default, rated BCRA 2. Those transactions made less than 12 months ago related to a refinancing, regardless the number of days in arrears, also fall within the stage 2.

- Stage 3: transactions considered in default, i.e.:

  Consumer Portfolio: transactions in arrears by more than 90 days;
  Commercial Portfolio: transactions rated 3 or higher;

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The Bank measures the expected credit losses according to the following definitions:

- For financial instruments included in Stage 1, the Bank calculates expected credit losses as the portion of the credit losses expected to arise over the life of the asset that result from default events that are possible within the next 12 months or a lesser period in case of a residual term;
- For financial instruments included in Stage 2, the remaining lifetime of the transaction is considered; and
- In Stage 3, the debt balance of the transaction is considered.

Pursuant to IFRS 9 as per BCRA, forward-looking information on the portfolio behavior is also contemplated. For this purpose, the Bank evaluates the macroeconomic variables that impact on PD and LGD and has prepared models reflecting such impact on the commercial portfolio, commercial portfolio comparable to consumption.

Among the main economic variables, which may generate expected losses, are GDP, unemployment and real wage. They are used to calculate expected credit losses.

Management's Additional Adjustment

As a consequence of the economic uncertainty caused by the COVID-19 pandemic, and notwithstanding the expected credit losses models applied on a collective basis to the whole portfolio according to defined segments and standards, and on a case-by-case basis to certain large exposure portfolios in line with expert criteria *[sic]*.

This adjustment amount was based on simulations performed without following up the model parameters, since the statistical methodologies do not contemplate the effects derived from the pandemic, taking into account the specific features of commercial and consumer portfolios.

<u>Commercial Portfolio:</u>

An estimation was made assessing each debtor and considering that:

- With respect to exposures higher than $120 million, larger allowances were recognized in order to consider an adjustment due to the Covid effects, in line with the macroeconomic risks of such debtors' sector and/or the recovery expectations once the pandemic is over, so as contemplate those debtors who would probably be affected by the crisis at the medium/long term. This projection accounts for an additional increase of $847 million.

<u>Consumer Portfolio</u>

Estimates were made to simulate higher risks resulting from possible impairments, which could have been recognized if BCRA regulations -aimed at reducing the impact of economic stagnation arising from the lockdown- had not been considered.

- Based on different assumptions related to regulations issued by the BCRA establishing since March more flexible parameters for entering in default, an additional expected credit loss was estimated in case such parameters -that resulted in a lower impact on the Bank's delinquent portfolio- were no longer applied. These items recorded an additional adjustment of $1,272 million at December 31, 2020.
- Likewise, with respect to the deferral of payments granted by the control authority on certain financing, a simulation was performed in global terms. It considered the increased risk to which the Bank could have been exposed in case the liabilities maturing within the pandemic period (March/December 2020) had not been extended. In order to

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contemplate other possible arrears caused by the crisis and not covered by the model due to the unenforceability of payments, an adjustment of $1,264 million was made to the allowances related to consumer loans at December 31, 2020.

Additional Information on Credit Risk and Allowances

There follows a detailed information on the loan portfolio quality and allowances for expected credit losses estimated according to IFRS 9 as adopted by BCRA by type of financial asset:

12.31.2020	Book Balance				Allowances for Expected Losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total (Exhibit R)
Other financial assets	**6,745,858**	**776,452**	**1,729,693**	**9,252,003**	**24,614**	**135,494**	**992,600**	**1,152,708**
Loans and other financing	**296,153,731**	**13,126,801**	**16,177,504**	**325,458,036**	**4,527,503**	**4,248,489**	**16,945,019**	**25,721,011**
Other financial institutions	48,358	-	-	48,358	37	-	-	37
Non-financial private sector and residents abroad	296,105,373	13,126,801	16,177,504	325,409,678	4,527,466	4,248,489	16,945,019	25,720,974
Overdrafts	*21,157,223*	*67,132*	*94,101*	*21,318,456*	*190,826*	*7,028*	*72,457*	*270,311*
Notes	*3,477,245*	*5,762,614*	*877,392*	*70,117,251*	*674,908*	*523,887*	*588,445*	*1,787,240*
Mortgage loans	*61,923,087*	*682,965*	*793,817*	*63,399,869*	*278,312*	*175,879*	*444,982*	*899,173*
Pledge loans	*8,946,035*	*112,649*	*15,024*	*9,073,708*	*97,375*	*3,836*	*9,636*	*110,847*
Consumer loans	*62,835,642*	*1,039,541*	*1,364,386*	*5,239,569*	*951,511*	*322,063*	*1,085,956*	*2,359,530*
Credit cards	*64,613,228*	*3,196,476*	*1,194,408*	*69,004,112*	*1,714,963*	*674,964*	*530,500*	*2,920,427*
Financial leases	*521,670*	*84,424*	*142,927*	*749,021*	*2,361*	*276*	*47,076*	*49,713*
Other	*12,631,243*	*2,181,000*	*11,695,449*	*26,507,692*	*617,210*	*1,627,763*	*11,695,449*	*13,940,422*
Management's additional adjustment (Note 34.1)[(1)]						*912,793*	*2,470,518*	*3,383,311*
Corporate securities	**16,080,224**	**981,537**	**572,495**	**17,634,256**	**108,073**	**6,592**	**279,175**	**393,840**
Contingent liabilities	**4,533,405**	**28,864**	**19,176**	**4,581,445**	**12,384**	**2,875**	**9,905**	**25,164**
Unused credit card balances	**159,189,865**	**2,984,380**	**4,271,568**	**166,445,813**	**924,441**	**184,336**	**58,170**	**1,166,947**
Unused agreed overdrafts in checking accounts	**3,769,265**	**49,344**	**4,867**	**3,823,476**	**47,779**	**11,185**	**660**	**59,624**
TOTAL ALLOWANCES	**486,472,348**	**17,947,378**	**22,775,303**	**527,195,029**	**5,644,794**	**4,588,971**	**18,285,529**	**28,519,294**

(1) *For presentation purposes, the amount for Management's additional adjustment showed in Exhibit R is included in the "Other" caption of such exhibit.*

12.31.2019	Book Balance				Allowances for Expected Losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total (Exhibit R)
Other financial assets	**4,993,440**	**1,469,374**	**1,821,546**	**8,284,360**	**16,064**	**225,391**	**1,381,718**	**1,623,173**

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March 25, 2021
KPMG

(Partner)

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General Accountant

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President

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Loans and other financing	**317,770,337**	**6,672,005**	**20,528,875**	**344,971,217**	**5,936,498**	**1,311,895**	**14,623,522**	**21,871,915**
Other financial institutions	151,534	-	-	151,534	169	-	-	169
Non-financial private sector and residents abroad	317,618,803	6,672,005	20,528,875	344,819,683	5,936,329	1,311,895	14,623,522	21,871,746
Overdrafts	*308.416*	*139,889*	*93,600*	*12,541,905*	*130,543*	*48,984*	*57,676*	*237,203*
Notes	*64,402,293*	*3,268,122*	*8,452,534*	*76,122,949*	*552,448*	*363,245*	*6,515,994*	*7,431,687*
Mortgage loans	*65,588,609*	*660,934*	*1,042,969*	*67,292,512*	*64,696*	*95,554*	*243,744*	*403,994*
Pledge loans	*6,589,891*	*67,597*	*59,492*	*6,716,980*	*69,693*	*11,862*	*30,271*	*111,826*
Consumer loans	*91,422,742*	*657,832*	*1,131,417*	*93,211,991*	*1,101,756*	*287,119*	*699,466*	*2,088,341*
Credit cards	*55,211,328*	*738,545*	*1,075,870*	*57,025,743*	*1,364,248*	*275,650*	*559,230*	*2,199,128*
Financial leases	*829,587*	*41,738*	*162,293*	*1,033,618*	*4,377*	*606*	*46,921*	*51,904*
Other	*21,265,937*	*1,097,348*	*8,510,700*	*30,873,985*	*2,648,568*	*228,875*	*6,470,220*	*9,347,663*
Corporate securities	**16,743,207**	**954,582**	**447,596**	**18,145,385**	**10,019**	**24,445**	**253,209**	**287,673**
Contingent liabilities	**4,852,110**	**181**	**26,908**	**4,879,199**	**13,977**	**27**	**13,262**	**27,266**
Unused credit card balances	**193,282,736**	**876,259**	**5,376,830**	**199,535,825**	**1,036,162**	**98,906**	**925,120**	**2,060,188**
Unused agreed overdrafts in checking accounts	**4,302,408**	**650,185**	**3,747**	**4,956,340**	**43,811**	**39,221**	**522**	**83,554**
TOTAL ALLOWANCES	**541,944,238**	**10,622,586**	**28,205,502**	**580,772,326**	**7,056,531**	**1,699,885**	**17,197,353**	**25,953,769**

12.31.2018	**Book Balance**				**Allowances for Expected Losses**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total (Exhibit R)**
Other financial assets	**34,669,196**	**1,727,709**	**2,550,909**	**38,947,814**	**239,890**	**132,525**	**1,813,861**	**2,186,276**
Loans and other financing	**404,437,284**	**11,662,326**	**21,562,451**	**437,662,061**	**5,097,810**	**1,964,010**	**11,935,676**	**18,997,496**
Other financial institutions	580,564	5	-	580,569	750	-	-	750
Non-financial private sector and residents abroad	403,856,720	11,662,321	21,562,451	437,081,492	5,097,060	1,964,010	11,935,676	18,996,746
Overdrafts	*14,856,978*	*384,561*	*69,097*	*15,310,636*	*160,462*	*58,548*	*41,510*	*260,520*
Notes	*95,539,112*	*5,354,121*	*6,420,083*	*107,313,316*	*678,903*	*591,037*	*3,209,104*	*4,479,044*
Mortgage loans	*71,035,897*	*790,211*	*701,241*	*72,527,349*	*370,425*	*179,031*	*298,490*	*847,946*
Pledge loans	*6,375,291*	*204,871*	*39,928*	*6,620,090*	*62,856*	*50,942*	*21,242*	*135,040*
Consumer loans	*133,810,649*	*2,846,705*	*6,042,817*	*142,700,171*	*1,708,794*	*729,689*	*2,786,705*	*5,225,188*
Credit cards	*50,269,973*	*1,286,163*	*1,534,335*	*53,090,471*	*1,509,275*	*283,811*	*929,007*	*2,722,093*
Financial leases	*786,639*	*82,429*	*203,161*	*1,072,229*	*34,328*	*2,898*	*59,771*	*96,997*
Other	*31,182,181*	*713,260*	*6,551,789*	*38,447,230*	*572,017*	*68,054*	*4,589,847*	*5,229,918*
Corporate securities	**14,573,539**	**1,064,795**	**127,977**	**15,766,311**	**66,552**	**37,677**	**63,498**	**167,727**
Contingent liabilities	**3,071,713**	**1,027**	**1,699**	**3,074,439**	**2,303**	**-**	**151**	**2,454**

See our report dated
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KPMG

(Partner)

Héctor O. Rodríguez
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President

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Banco Provincia

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AT DECEMBER 31, 2020 AND COMPARATIVE PERIODS

(In thousands of pesos in constant currency - Note 3)

(Translation of Financial Statements originally issued in Spanish)

Unused agreed overdrafts in checking accounts	**3,345,863**	**13**	**9,282**	**3,355,158**	**35,160**	**4**	**4,913**	**40,077**
TOTAL ALLOWANCES	**460,097,595**	**14,455,870**	**24,252,318**	**498,805,783**	**5,441,715**	**2,134,216**	**13,818,099**	**21,394,030**

There follows a breakdown of the evolution of expected credit losses at December 31, 2020:

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other financial assets				
Balance at January 1	16,064	225,391	1,381,718	1,623,173
Increase in expected losses (1)	265	-	28,070	28,335
Increase/(Decrease) in expected losses - controlled companies	13,736	(29,922)	(43,823)	(60,009)
Derecognised assets (2)	(1,186)	(142)	(354)	(1,682)
Results from exposure to inflation (3)	(4,265)	(59,833)	(373,011)	(437,109)
Balance at December 31, 2020	24,614	135,494	992,600	1,152,708
Loans and other financing - Other financial institutions				
Balance at January 1	169	-	-	169
Increase in expected losses (1)	37	-	-	37
Derecognised assets (2)	(124)	-	-	(124)
Results from exposure to inflation (3)	(45)	-	-	(45)
Balance at December 31, 2020	37	-	-	37
Loans and other financing - Non-financial private sector and residents abroad				
Balance at January 1	5,936,329	1,311,895	14,623,522	21,871,746
Transfer to Stage 1	45,120	(29,994)	(15,126)	-
Transfer to Stage 2	(1,841,721)	1,873,010	(31,289)	-
Transfer to Stage 3	(3,051,991)	(719,785)	3,771,776	-
Increase in expected losses (1)	4,631,845	2,655,328	12,458,353	19,745,526
Increase/(Decrease) in expected losses - controlled companies	(809)	92	12,983	12,266
Derecognised Assets (2)	(510,641)	(590,877)	(9,075,850)	(10,177,368)
Results from exposure to inflation (3)	(680,666)	(596,895)	(4,453,635)	(5,731,196)
Balance at December 31, 2020	4,527,466	3,902,774	17,290,734	25,720,974
Corporate securities				
Balance at January 1	10,019	24,445	253,209	287,673
Increase in expected losses (1)	6,075	-	167,472	173,547
Increase/(Decrease) in expected losses - controlled companies	110,149	(12,012)	40,861	138,998
Derecognised Assets (2)	(459)	-	(116,834)	(117,293)
Results from exposure to inflation (3)	(17,711)	(5,841)	(65,533)	(89,085)
Balance at December 31, 2020	108,073	6,592	279,175	393,840
Contingent liabilities				
Balance at January 1	13,977	27	13,262	27,266
Transfer to Stage 1	9	(2)	(7)	-
Transfer to Stage 2	(184)	184	-	-

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Transfer to Stage 3	(118)	-	118	-
Increase in expected losses (1)	12,055	2,691	253	14,999
Derecognised Assets (2)	(9,646)	(18)	(201)	(9,865)
Results from exposure to inflation (3)	(3,709)	(7)	(3,520)	(7,236)
Balance at December 31, 2020	12,384	2,875	9,905	25,164
Unused credit card balances				
Balance at January 1	1,036,162	98,906	925,120	2,060,188
Transfer to Stage 1	3,751	(2,171)	(1,580)	-
Transfer to Stage 2	(149,905)	154,257	(4,352)	-
Transfer to Stage 3	(33,786)	(4,406)	38,192	-
Increase in expected losses (1)	362,459	18,955	9,151	390,565
Derecognised Assets (2)	(19,242)	(54,956)	(662,833)	(737,031)
Results from exposure to inflation (3)	(274,998)	(26,249)	(245,528)	(546,775)
Balance at December 31, 2020	924,441	184,336	58,170	1,166,947
Unused agreed overdrafts in checking accounts				
Balance at January 1	43,811	39,221	522	83,554
Transfer to Stage 1	3,281	(1,562)	(1,719)	-
Transfer to Stage 2	(7,928)	8,232	(304)	-
Transfer to Stage 3	(499)	(35)	534	-
Increase in expected losses (1)	30,987	2,265	1,962	35,214
Derecognised Assets (2)	(10,245)	(26,527)	(196)	(36,968)
Results from exposure to inflation (3)	(11,628)	(10,409)	(139)	(22,176)
Balance at December 31, 2020	47,779	11,185	660	59,624

(1) *Includes the effect generated by exchange difference*

(2) *Includes the relevant allowances*

(3) *Contemplates the adjustment for inflation derived from transfers between stages*

The following table shows information on the weighted average PD at 12 months by internal risk rating and the pertinent allowances for each stage at December 31, 2020:

Credit Rating	Weighted average PD at 12 months	Stage 1	Stage 2	Stage 3	Total
Other financial assets					
1 – Normal Performance	0,188465%	6,745,643	641,393	-	7,387,036
2 - Low Risk	0,000000%	-	135,059	71	135,130
3 - Medium Risk	0,000000%	-	-	529,015	529,015
4 - High Risk	0,000000%	-	-	3,076	3,076
5 - Uncollectible	38,994752%	215	-	1,197,531	1,197,746
Balance at December 31, 2020		**6,745,858**	**776,452**	**1,729,693**	**9,252,003**
Allowances for expected losses		**24,614**	**135,494**	**992,600**	**1,152,708**
Balance at December 31, 2020 - net of allowances		**6,721,244**	**640,958**	**737,093**	**8,099,295**
Loans and other financing - Other financial institutions					

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(Partner)

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(In thousands of pesos in constant currency - Note 3)

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1 – Normal Performance	0,456073%	48,358	-	-	48,358
Balance at December 31, 2020		**48,358**	**-**	**-**	**48,358**
Allowances for expected losses		**37**	**-**	**-**	**37**
Balance at December 31, 2020 - net of allowances		**48,321**	**-**	**-**	**48,321**
Loans and other financing - Non-financial private sector and residents abroad					
1 – Normal Performance	4,621282%	292,649,428	8,898,915	419,487	301,967,830
2 - Low Risk	34,284656%	581,464	3,620,469	133,241	4,335,174
3 - Medium Risk	53,278009%	395,611	114,522	430,513	940,646
4 - High Risk	92,018346%	757,997	258,881	9,903,410	10,920,288
5 - Uncollectible	75,476079%	1,720,873	234,014	5,290,853	7,245,740
Balance at December 31, 2020		**296,105,373**	**13,126,801**	**16,177,504**	**325,409,678**
Allowances for expected losses		**4,527,466**	**3,902,774**	**17,290,734**	**25,720,974**
Balance at December 31, 2020 - net of allowances		**291,577,907**	**9,224,027**	**(1,113,230)**	**299,688,704**
Corporate securities					
1 – Normal Performance	0,073046%	15,958,966	966,810	-	16,925,776
2 - Low Risk		10,683	2,671	-	13,354
3 - Medium Risk		24,529	12,056	39,199	75,784
4 - High Risk	81,221110%	86,046	-	372,160	458,206
5 - Uncollectible		-	-	161,136	161,136
Balance at December 31, 2020		**16,080,224**	**981,537**	**572,495**	**17,634,256**
Allowances for expected losses		**108,073**	**6,592**	**279,175**	**393,840**
Balance at December 31, 2020 - net of allowances		**15,972,151**	**974,945**	**293,320**	**17,240,416**
Contingent liabilities					
1 – Normal Performance	0,775346%	4,533,337	28,864	-	4,562,201
2 - Low Risk	93,685310%	15	-	218	233
3 - Medium Risk	0,063783%	-	-	-	-
4 - High Risk	92,292430%	50	-	595	645
5 - Uncollectible	99,984856%	3	-	18,363	18,366
Balance at December 31, 2020		**4,533,405**	**28,864**	**19,176**	**4,581,445**
Allowances for expected losses		**12,384**	**2,875**	**9,905**	**25,164**
Balance at December 31, 2020 - net of allowances		**4,521,021**	**25,989**	**9,271**	**4,556,281**
Unused credit card balances					

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(Partner)

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1 – Normal Performance	8,113690%	158,331,901	2,759,340	711,039	161,802,280
2 - Low Risk	44,757178%	191,047	38,668	299,251	528,966
3 - Medium Risk	48,326189%	193,488	32,624	434,881	660,993
4 - High Risk	42,836536%	219,837	70,122	463,666	753,625
5 - Uncollectible	46,482147%	253,592	83,626	2,362,731	2,699,949
Balance at December 31, 2020		**159,189,865**	**2,984,380**	**4,271,568**	**166,445,813**
Allowances for expected losses		**924,441**	**184,336**	**58,170**	**1,166,947**
Balance at December 31, 2020 - net of allowances		**158,265,424**	**2,800,044**	**4,213,398**	**165,278,866**
Unused agreed overdrafts in checking accounts					
1 – Normal Performance	4,598917%	3,769,265	48,052	4,867	3,822,184
2 - Low Risk		-	1,292	-	1,292
Balance at December 31, 2020		**3,769,265**	**49,344**	**4,867**	**3,823,476**
Allowances for expected losses		**47,779**	**11,185**	**660**	**59,624**
Balance at December 31, 2020 - net of allowances		**3,721,486**	**38,159**	**4,207**	**3,763,852**

Credit Rating	Weighted average PD at 12 months	Stage 1	Stage 2	Stage 3	Total
Other financial assets					
1 – Normal Performance	0,863781%	4,993,225	1,469,204	105	6,462,534
2 - Low Risk	0,000000%	-	170	-	170
3 - Medium Risk	0,000000%	-	-	616,098	616,098
4 - High Risk	0,000000%	-	-	629	629
5 - Uncollectible	55,537240%	215	-	1,204,714	1,204,929
Balance at December 31, 2019		**4,993,440**	**1,469,374**	**1,821,546**	**8,284,360**
Allowances for expected losses		**16,064**	**225,391**	**1,381,718**	**1,623,173**
Balance at December 31, 2019 - net of allowances		**4,977,376**	**1,243,983**	**439,828**	**6,661,187**
Loans and other financing - Other financial institutions					
1 – Normal Performance	0,718341%	151,534	-	-	151,534
Balance at December 31, 2019		**151,534**	**-**	**-**	**151,534**
Allowances for expected losses		**169**	**-**	**-**	**169**
Balance at December 31, 2019 - net of allowances		**151,365**	**-**	**-**	**151,365**
Loans and other financing - Non-financial private sector and residents abroad					

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1 – Normal Performance	3,865454%	308,831,036	2,778,676	2,339,334	313,949,046
2 - Low Risk	35,406037%	3,288,369	3,678,233	-	6,966,602
3 - Medium Risk	58,471761%	2,413,164	118,976	2,962,139	5,494,279
4 - High Risk	84,135337%	2,450,570	80,830	12,149,071	14,680,471
5 - Uncollectible	83,706527%	635,664	15,290	3,078,331	3,729,285
Balance at December 31, 2019		**317,618,803**	**6,672,005**	**20,528,875**	**344,819,683**
Allowances for expected losses		**5,936,329**	**1,311,895**	**14,623,522**	**21,871,746**
Balance at December 31, 2019 - net of allowances		**311,682,474**	**5,360,110**	**5,905,353**	**322,947,937**
Corporate securities					
1 – Normal Performance	10,747936%	16,743,207	954,582	353,432	18,051,221
2 - Low Risk		-	-	-	-
3 - Medium Risk		-	-	14,373	14,373
4 - High Risk		-	-	-	-
5 - Uncollectible		-	-	79,791	79,791
Balance at December 31, 2019		**16,743,207**	**954,582**	**447,596**	**18,145,385**
Allowances for expected losses		**10,019**	**24,445**	**253,209**	**287,673**
Balance at December 31, 2019 - net of allowances		**16,733,188**	**930,137**	**194,387**	**17,857,712**
Contingent liabilities					
1 – Normal Performance	0,700112%	4,851,621	-	-	4,851,621
2 - Low Risk	38,326526%	78	181	-	259
3 - Medium Risk	67,781861%	372	-	780	1,152
4 - High Risk	99,862382%	35	-	25,343	25,378
5 - Uncollectible	99,519385%	4	-	785	789
Balance at December 31, 2019		**4,852,110**	**181**	**26,908**	**4,879,199**
Allowances for expected losses		**13,977**	**27**	**13,262**	**27,266**
Balance at December 31, 2019 - net of allowances		**4,838,133**	**154**	**13,646**	**4,851,933**
Unused credit card balances					
1 – Normal Performance	6,246892%	175,042,785	80,356	5,475	175,128,616
2 - Low Risk	48,691356%	612,948	748,643	-	1,361,591
3 - Medium Risk	63,178788%	453,187	26,674	796,760	1,276,621
4 - High Risk	82,645436%	370,427	19,119	2,104,768	2,494,314
5 - Uncollectible	96,731467%	16,803,389	1,467	2,469,827	19,274,683
Balance at December 31, 2019		**193,282,736**	**876,259**	**5,376,830**	**199,535,825**
Allowances for expected losses		**1,036,162**	**98,906**	**925,120**	**2,060,188**

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Balance at December 31, 2019 - net of allowances		**192,246,574**	**777,353**	**4,451,710**	**197,475,637**
Unused agreed overdrafts in checking accounts					
1 – Normal Performance	8,566678%	4,289,820	606,203	-	4,896,023
2 - Low Risk	40,168840%	7,663	43,924	-	51,587
3 - Medium Risk	49,268235%	2,703	13	1,985	4,701
4 - High Risk	47,997757%	1,978	40	1,220	3,238
5 - Uncollectible	73,928514%	244	5	542	791
Balance at December 31, 2019		**4,302,408**	**650,185**	**3,747**	**4,956,340**
Allowances for expected losses		**43,811**	**39,221**	**522**	**83,554**
Balance at December 31, 2019 - net of allowances		**4,258,597**	**610,964**	**3,225**	**4,872,786**

Credit Rating	Weighted average PD at 12 months	Stage 1	Stage 2	Stage 3	Total
Other financial assets					
1 – Normal Performance	1,250082%	34,669,195	1,727,380	161	36,396,736
2 - Low Risk	27,789533%	1	316	-	317
3 - Medium Risk	0,035613%	-	10	609,326	609,336
4 - High Risk	100,000000%	-	1	345	346
5 - Uncollectible	56,637193%	-	2	1,941,077	1,941,079
Balance at January 1, 2019		**34,669,196**	**1,727,709**	**2,550,909**	**38,947,814**
Allowances for expected losses		**239,890**	**132,525**	**1,813,861**	**2,186,276**
Balance at January 1, 2019 - net of allowances		**34,429,306**	**1,595,184**	**737,048**	**36,761,538**
Loans and other financing - Other financial institutions					
1 – Normal Performance	1,081318%	580,564	5	-	580,569
Balance at January 1, 2019		**580,564**	**5**	**-**	**580,569**
Allowances for expected losses		**750**	**-**	**-**	**750**
Balance at January 1, 2019 - net of allowances		**579,814**	**5**	**-**	**579,819**
Loans and other financing - Non-financial private sector and residents abroad					
1 – Normal Performance	2,184431%	401,995,838	4,918,339	3,702	406,917,879
2 - Low Risk	25,974279%	1,848,190	6,464,381	19,311	8,331,882
3 - Medium Risk	100,000000%	-	121,645	12,655,039	12,776,684
4 - High Risk	100,000000%	-	124,805	6,394,320	6,519,125
5 - Uncollectible	100,000000%	-	39,846	2,496,076	2,535,922

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General Accountant

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Balance at January 1, 2019		**403,844,028**	**11,669,016**	**21,568,448**	**437,081,492**
Allowances for expected losses		**5,098,255**	**1,963,345**	**11,935,146**	**18,996,746**
Balance at January 1, 2019 - net of allowances		**398,745,773**	**9,705,671**	**9,633,302**	**418,084,746**
Corporate securities					
1 – Normal Performance	0,142644%	19,675,784	913,926	-	20,589,710
2 - Low Risk		79,036	-	-	79,036
3 - Medium Risk		78,612	-	10,743	89,355
4 - High Risk		33,127	-	-	33,127
5 - Uncollectible		-	-	117,234	117,234
Balance at January 1, 2019		**19,866,559**	**913,926**	**127,977**	**20,908,462**
Allowances for expected losses		**66,552**	**37,677**	**63,498**	**167,727**
Balance at January 1, 2019 - net of allowances		**19,800,007**	**876,249**	**64,479**	**20,740,735**
Contingent liabilities					
1 – Normal Performance	0,223054%	3,069,636	-	-	3,069,636
2 - Low Risk		2,077	1,027	-	3,104
3 - Medium Risk		-	-	192	192
4 - High Risk	100,000000%	-	-	1,478	1,478
5 - Uncollectible		-	-	29	29
Balance at January 1, 2019		**3,071,713**	**1,027**	**1,699**	**3,074,439**
Allowances for expected losses		**2,303**	**-**	**151**	**2,454**
Balance at January 1, 2019 - net of allowances		**3,069,410**	**1,027**	**1,548**	**3,071,985**
Unused agreed overdrafts in checking accounts					
1 – Normal Performance	2,117957%	3,330,039	-	-	3,330,039
2 - Low Risk	25,708857%	15,824	13	-	15,837
3 - Medium Risk	100,000000%	-	-	6,875	6,875
4 - High Risk	100,000000%	-	-	2,288	2,288
5 - Uncollectible	100,000000%	-	-	119	119
Balance at January 1, 2019		**3,345,863**	**13**	**9,282**	**3,355,158**
Allowances for expected losses		**35,160**	**4**	**4,913**	**40,077**
Balance at January 1, 2019 - net of allowances		**3,310,703**	**9**	**4,369**	**3,315,081**

Moreover, there follows additional information on the portfolio quality taking into account delinquency and stage classification by type of product at the end of every year:

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Delinquency Period	Stage 1	Stage 2	Stage 3	Total at December 31, 2020
Other financial assets				
Non-delinquent	3,123,841	-	-	3,123,841
Less than 31 days	3,620,920	-	-	3,620,920
More than 31 days	1,097	776,452	1,729,693	2,507,242
Loans and other financing - Other financial institutions				
Non-delinquent	48,358	-	-	48,358
Loans and other financing - Non-financial private sector and residents abroad				
Non-delinquent	295,460,653	10,546,782	1,131,487	307,138,922
Less than 31 days	644,720	243,615	27,309	915,644
More than 31 days	-	2,336,404	15,018,708	17,355,112
Corporate securities				
Non-delinquent	16,080,224	-	372,160	16,452,384
Less than 31 days	-	966,810	-	966,810
More than 31 days	-	14,727	200,335	215,062

Delinquency Period	Stage 1	Stage 2	Stage 3	Total at December 31, 2019
Other financial assets				
Non-delinquent	3,550,361	-	-	3,550,361
Less than 31 days	1,442,533	749,618	1	2,192,152
More than 31 days	546	719,756	1,821,545	2,541,847
Loans and other financing - Other financial institutions				
Non-delinquent	151,534	-	-	151,534
Loans and other financing - Non-financial private sector and residents abroad				
Non-delinquent	309,853,377	1,044,999	3,226,506	314,124,882
Less than 31 days	7,765,426	259,778	740,931	8,766,135
More than 31 days	-	5,367,228	16,561,438	21,928,666
Corporate securities				
Non-delinquent	16,743,207	-	353,432	17,096,639
Less than 31 days	-	954,582	-	954,582
More than 31 days	-	-	94,164	94,164

Delinquency Period	Stage 1	Stage 2	Stage 3	Total at January 1, 2019
Other financial assets				
Non-delinquent	2,330,038	-	-	2,330,038
Less than 31 days	32,336,800	717,943	36	33,054,779
More than 31 days	2,358	1,009,766	2,550,873	3,562,997
Loans and Other financing - Other financial institutions				
Non-delinquent	580,564	-	-	580,564
More than 31 days	-	5	-	5
Loans and other financing - Non-financial private sector and residents abroad				
Non-delinquent	396,226,502	5,467,349	6,814,145	408,507,996
Less than 31 days	7,617,526	1,162,386	551,903	9,331,815

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More than 31 days	-	5,039,281	14,202,400	19,241,681
Corporate securities				
Non-delinquent	19,866,559	-	-	19,866,559
Less than 31 days	-	913,926	-	913,926
More than 31 days	-	-	127,977	127,977

Guarantees by type of product at the end of every year are detailed below:

	Average LGD		
	12.31.2020	**12.31.2019**	**01.01.2019**
Loans and other financing - Non-financial private sector and residents abroad			
Overdrafts	52.031436%	50.450388%	46.179444%
Notes	51.433898%	54.091162%	46.674531%
Mortgage loans	38.878981%	20.361964%	42.443560%
Pledge loans	50.040369%	49.114087%	47.160199%
Consumer loans	57.808731%	56.267948%	42.729275%
Credit cards	35.667932%	37.887253%	42.437208%
Financial leases	68.231783%	55.796115%	47.682340%
Other	67.939256%	56.530411%	49.481048%
Corporate securities			
VRD Trusts	45.000000%	45.000000%	45.000000%
Contingent liabilities			
Loan Commitments	49.136063%	48.682868%	45.354121%

34.2 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 or adverse market conditions. 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, control 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, use of 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 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" – "*Informe de Autoevaluación de Capital*" - "IAC").

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EXHIBIT - Liquidity Coverage Ratio (LCR) Updated at December 31, 2020 - In thousands of pesos			
	Component	**Total unweighted value (1)**	**Total weighted value (2)**
HIGH- QUALITY LIQUID ASSETS			**420,534,196**
1	**Total high-quality liquid assets (HQLA)**		**420,534,196**
	CASH OUTFLOWS		
2	**Retail deposits and deposits from small business customers (MSMEs), of which:**	**338,233,531**	**39,949,739**
3	Stable deposits	135,841,931	6,792,097
4	Less stable deposits	202,391,600	33,157,642
5	**Unsecured wholesale funding, of which:**	**271,460,545**	**120,124,093**
6	Operational deposits (all counterparties)	69,476,862	17,369,215
7	Non-operational deposits (all counterparties)	201,983,683	102,754,877
8	Unsecured debt	-	-
9	**Secured wholesale funding**	**-**	**-**
10	**Additional requirements, of which:**	**44,178,625**	**16,569,670**
11	Outflows related to derivative exposures and other collateral requirements	2,262	2,262
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	44,176,363	16,567,407
14	**Other contractual funding obligations**	**34,204,994**	**34,204,994**
15	**Other contingent funding obligations**	**41,187,545**	**1,212,642**
16	**TOTAL CASH OUTFLOWS**	**729,265,241**	**212,061,138**
	CASH INFLOWS		
17	Secured lending	101,947,297	-
18	Inflows from fully performing exposures	43,636,687	22,355,966
19	Other cash inflows	-	-
20	**TOTAL CASH INFLOWS**	**145,583,984**	**22,355,966**
		Total adjusted value (3)	
21	**TOTAL HQLA**		**420,534,196**
22	**TOTAL NET CASH OUTFLOWS**		**189,705,172**
23	**LIQUIDITY COVERAGE RATIO (%)**		**221.7%**

(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.

34.3 Market risk

Market risk is defined as the risk of losses in on- and off-balance-sheet positions arising from adverse fluctuations in the market price for various assets. The following risks are included: risks pertaining to interest rate-related financial

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instruments and equities and other financial instruments in the trading book; 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.

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

Financial assets valued at market value	12.31.2020	12.31.2019
FOREIGN CURRENCY	1,875,484	1,795,402
NATIONAL BONDS IN PESOS	601,210	337,444
NATIONAL BONDS IN DOLLARS	180,734	6,689
CORPORATE BONDS	301,157	332,864
PROVINCIAL BONDS IN PESOS	304	-
FOREIGN BONDS	28,678	63,077
Total Market Risk	**2,987,567**	**2,535,476**

34.4 - 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 Risks 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

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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 book 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 explored.

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.

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 2020	**January/December 2019**
Minimum for the year	2,089,750	1,312,407
Maximum for the year	3,980,495	2,224,655
Average for the year	2,946,582	1,786,175
At year end	3,980,495	2,224,655

Note 35 – Fair value measurements of financial instruments

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

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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.

Instruments classified as Level 3 in the fair value hierarchy:

At December 31, 2020, 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. (Note 2.c)

Transfer from Level 1 to Level 3

During the 2018 fiscal year 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. Therefore, this bond was reported under Level 3 until its maturity date in November 2020.

Instruments classified as Level 2 in the fair value hierarchy:

At December 31, 2020, Argentine Treasury Bond May 2022 (TY22P) has been included.

Note 36 - Categories and fair value of financial assets and financial liabilities

The following table shows the categories of financial assets and liabilities at December 31, 2020:

ITEM	MEASURED AT			FAIR VALUE	FAIR VALUE HIERARCHY		
	AMORTIZED COST	FAIR VALUE THROUGH OCI	FAIR VALUE THROUGH PROFIT OR LOSS		LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS							
Cash and deposits in banks	157,778,042	-	-	(1)	-	-	-
. Cash	37,154,131						
. Banks and correspondents	120,623,911						
Debt securities at fair value through profit or loss	-	-	202,664,343	202,664,343	75,100,629	127,563,714	
Repo transactions	120,972,515			(1)			
Other financial assets	17,802,488	-	19,592,042	19,592,042	19,592,042	-	-
Loans and other financing	310,897,836			361,096,516			361,096,516
Other debt securities	87,943,487	3,895,737	-	84,700,879	61,319,520	2,209,838	21,171,521

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ITEM	MEASURED AT			FAIR VALUE	FAIR VALUE HIERARCHY		
	AMORTIZED COST	FAIR VALUE THROUGH OCI	FAIR VALUE THROUGH PROFIT OR LOSS		LEVEL 1	LEVEL 2	LEVEL 3
Financial assets pledged as collateral	16,994,046	-	-	(1)	-	-	-
Investments in equity instruments	-	607,663	3,168,082	3,775,745	847,384	1,219,516	1,708,845
TOTAL FINANCIAL ASSETS	**712,388,414**	**4,503,400**	**225,424,467**	**671,829,525**	**156,859,575**	**130,993,068**	**383,976,882**
FINANCIAL LIABILITIES							
Deposits	765,785,062			810,604,710			810,604,710
Repo transactions	469,922			(1)			-
Other financial liabilities	25,694,994		-	25,694,994	-	-	25,694,994
Financing received from the BCRA and Other financial institutions	306,248		-	(1)	-	-	-
Corporate bonds issued	4,875,950		-	7,902,608	-	7,902,608	-
TOTAL FINANCIAL LIABILITES	**797,132,176**	**-**	**-**	**844,202,312**	**-**	**7,902,608**	**836,299,704**

(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 36, 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 at market rates at each measurement date for financial instruments with similar characteristics.

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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 37 - 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, fixed-term deposits and other fee-generating products and services.

Business and Professionals (B&P) and Micro entrepreneurs:

This segment includes transactions carried out by individuals who develop business activities as professionals, have small businesses and/or are micro entrepreneurs and 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.

Retail:

Retail segment groups transactions carried out by individuals, who 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.
- 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 2020

See our report dated
March 25, 2021
KPMG

(Partner)

Héctor O. Rodríguez	Rubén O. González Ocantos	Juan M. Cuattromo	C.P.C.E.P.B.A. V° 1 F° 193 Folder 193
General Accountant	General Manager	President	Lorena Lardizábal

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	Corporate	B&P and Micro entrepreneurs	Retail	Public Sector	Treasury	Total	Regulatory differences	Subsidiaries	Group total at 12.31.2020
Average assets (1)	164,409,500	19,941,591	90,248,503	12,658,864	313,380,019	600,638,477	327,155,608	**77,291,728**	**1,005,085,813**
Average Liabilities (1)	245,700,112	26,362,402	65,615,187	246,864,330	-	584,542,031	243,385,825	**73,020,062**	**900,947,918**
Net Financial Income	33,416,522	3,554,903	6,580,638	22,454,514	18,664,266	84,670,843		**18,860,946**	**103,531,789**
Cost/Value of Funds (2)	(472,973)	(763,618)	(6,125,836)	61,225,930	(53,863,503)	-			-
Charge for allowances (3)	(3,764,817)	(667,108)	(4,674,029)	(48,259)	-	(9,154,213)		**(305,544)**	**(9,459,757)**
Net Income from Services	5,342,472	106,068	7,289,128	1,157,690	-	13,895,358		**(2,363,481)**	**11,531,877**
Administrative Expenses	(32,393,088)	(4,353,140)	(10,430,891)	(7,420,579)	(19,542,044)	(74,139,742)		**(12,623,436)**	**(86,763,178)**
Miscellaneous Profits and Losses, Branches abroad	-	-	-	-	(10,802,484)	(10,802,484)		**(2,362,788)**	**(13,165,272)**
Income/(Loss) before Taxes	**2,128,116**	**(2,122,895)**	**(7,360,990)**	**77,369,296**	**(65,543,765)**	**4,469,762**		**1,205,697**	**5,675,459**
Income Tax						(92,956)		**(1,323,007)**	**(1,415,963)**
Total Income/(Loss) for the fiscal year						**4,376,806**		**(117,310)**	**4,259,496**

(1) Average corresponds only to assets and liabilities of the Bank, not of 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 follow compared information by segments, equity data and results as at December 31, 2019:

	Corporate	Retail	Public Sector	Treasury	Total	Regulatory differences	Subsidiaries	Group total at 12.31.2019
Average assets (1)	114,936,138	181,647,074	25,839,369	372,497,701	694,920,282	79,637,991	**69,213,567**	**843,771,840**
Average Liabilities (1)	90,734,987	257,026,108	222,153,618	54,825,238	624,739,952	54,180,217	**66,744,555**	**745,664,724**
Net Financial Income	2,960,014	32,191,233	29,548,461	17,879,066	82,578,774		23,453,453	**106,032,227**
Cost/Value of Funds (2)	(5,135,186)	(1,954,825)	80,372,510	(73,282,499)	-			-
Charge for allowances (3)	(4,604,530)	(3,706,812)	(85,115)	(3,031,755)	(11,428,212)		(345,317)	**(11,773,529)**
Net Income from Services	6,937,139	3,534,945	1,485,392	-	11,957,476		(1,138,219)	**10,819,257**
Administrative Expenses	(6,193,700)	(17,345,103)	(13,154,081)	(28,293,817)	(64,986,701)		(11,753,905)	**(76,740,606)**
Miscellaneous Profits and Losses, Branches abroad	-	-	-	(14,922,316)	(14,922,316)		(6,870,624)	**(21,792,940)**

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March 25, 2021
KPMG

(Partner)

Héctor O. Rodríguez General Accountant	Rubén O. González Ocantos General Manager	Juan M. Cuattromo President	C.P.C.E.P.B.A. V° 1 F° 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

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Income/(Loss) before Taxes	**(6,036,263)**	**12,719,438**	**98,167,167**	**(101,651,321)**	**3,199,021**		**3,345,388**	**6,544,409**
Income Tax					(7,519)		(2,960,942)	**(2,968,461)**
Total Income/(Loss) for the fiscal year					**3,191,502**		**384,446**	**3,575,948**

(1) Average corresponds only to assets and liabilities of the Bank, not of 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 38 - 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 andfinancial, 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 foundationalvalues 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 2020, BA Desarrollo SA was under liquidation process. (Note 38.4)

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, whetherof 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 employerregulated 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 childrenand 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 Valores Fiduciarios Mutual Fund: the portfolio is mainly made up of financial trusts publicly offered.

- Raíces Abierto Pyme Mutual Fund: the fund mainly invests in financial assets issued by SMEs and/or other entities for financing purposes.

- Raíces Dólares Plus Mutual Fund: the fund seeks for profitability in the medium term through a diversified fixed-income portfolio (including securities issued by Chile and Brazil), sight deposits and temporary placements in dollars.

In the case of mutual funds, the Bank analyses the holding of registered quota shares at each year-end in order to determine the control existence at each date. In such analysis, the Bank considers not only the direct and indirect holding maintained by the Group but also the composition of the remaining investors' structure to assess the need of consolidation under the IFRS 10.

38.1 Financial support to structured entities

The Bank provides continuous financial support to Banco Provincia Foundation. A $14,166 subsidy to such foundation was agreed under Board of Directors' Resolution No. 157/20 of March 5, 2020. At December 31, 2020, the amount paid to such Foundation amounted to $180,778.

38.2 Provincia Aseguradora de Riesgos del Trabajo

a. Minimum capital requirements

At December 31, 2020, the Company recorded a $2,115,011 surplus in its minimum capital and a $8,385,101 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*).

Moreover, Provincia ART SA complied with the last Regularization and Reorganization Plan regarding the deficits in Minimum Capital and Coverage of Debts to insureds within the term stipulated therein.

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, 2020, amounted to $876,910.

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 thelitigation 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, 2020 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. Since the Company has adjusted its calculations to the regulation in force, provisions were reversed and totaled $1,031,275 at December 31, 2020. Such amount was disclosed under the "Provisions" caption.

38.3 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

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the coverage calculation of Section 35 of said regulations. At December 31, 2020, Provincia Seguros SA showed a surplus in its minimum capital for $2,783,314 calculated according with SSN rules. The following amounts were excluded as "Other non-computable receivables":

	12.31.2020
Advances	2,569
Other receivables from sale	5,451
Total Other non-computable receivables	**8,020**

Likewise, at December 31, 2020, the Company recorded a $4,626,892 surplus in the coverage of debts to insureds, calculated according to the provisions of Section 35 of the RGAA.

At December 31, 2020, 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.

38.4 BA Desarrollo SA

On December 26, 2018, the Entity granted a power of attorney to approve, through Board of Directors' Minutes No. 1639/18, the Annual Report and reissued Financial Statements for the fiscal year ended December 31, 2017 and to appoint the Liquidator and Receiver. The Special and Regular General Meeting of Shareholders was held on December 28, 2018.

Through Resolution No. 726/20 dated November 12, 2020, the Entity granted a power of attorney to appoint the Liquidator and Receiver.

38.5 Non-controlling interests

December 2020

	PROVINCIA SEGUROS	PROVINCIA SEGUROS DE VIDA	PROVINCIA ASEGUR. DE RIESGO DE TRABAJO	PROVINCIA BURSATIL	PROVIN-FONDOS	1822 RAICES VALORES FIDUCIARIOS MUTUAL FUND	RAICES ABIERTO PYME MUTUAL FUND	RAICES DOLARES PLUS MUTUAL FUND	TOTAL
Non- controlling interests percentage	**40%**	**40%**	**0.012%**	**1.00%**	**10.90%**	**55.03%**	**43.93%**	**56.26%**	
Cash and deposits in banks	54,612	2,614	6	25	79	2,444	703	58,954	119,437
Debt securities at fair value through profit or loss	1,498,075	1,250	-	48	10,540	1,157,801	182,126	31,198	3,161,038
Other financial assets	5,007,831	720,392	2,586	1,177	46,419	178,064	44,130	150,576	6,151,175
Other debt securities	4,276,489	618,615	3,272	-	-	-	-	-	4,898,376
Investments in equity instruments	47,465	12,456	37	6,077	9,473	-	-	-	75,508
Investments in subsidiaries,	870	-	-	4,789	-	-	-	-	5,659

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KPMG

(Partner)

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

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associates and joint ventures									
Other	298,339	7,014	425	122	2,356	-	-	-	308,256
Total assets – Non-controlling interests	**11,183,681**	**1,362,341**	**6,326**	**12,238**	**68,867**	**1,338,309**	**226,959**	**520,728**	**14,719,449**
Provisions	(111,979)	(88)	(22)	(2)	(33)	-	-	-	(112,124)
Current income tax liabilities	(38,662)	-	-	(5)	(6,943)	-	-	-	(45,610)
Deferred income tax liabilities	(23,887)	(67,444)	(83)	(1,413)	(1,656)	-	-	-	(94,483)
Other non-financial liabilities	(9,233,003)	(831,791)	(5,614)	(157)	(2,446)	(90,490)	(864)	(31,201)	(10,195,566)
Total liabilities-Non-controlling interests	**(9,407,531)**	**(899,323)**	**(5,719)**	**(1,577)**	**(11,078)**	**(90,490)**	**(864)**	**(31,201)**	**(10,447,783)**
Net worth – Non-controlling interests	**1,776,150**	**463,018**	**607**	**10,661**	**57,789**	**1,247,819**	**226,095**	**489,527**	**4,271,666**

December 2019

	PROVINCIA SEGUROS	PROVINCIA SEGUROS DE VIDA	PROVINCIA ASEGUR. DE RIESGO DE TRABAJO	PROVINCIA BURSATIL	PROVIN-FONDOS	1822 RAICES RENTA PESOS MUTUAL FUND	1822 RAICES VALORES FIDUCIARIOS MUTUAL FUND	RAICES RENTA GLOBAL MUTUAL FUND	RAICES INVERSION MUTUAL FUND	TOTAL
Non-controlling Interests percentage	**40%**	**40%**	**0.012%**	**1.00%**	**10.90%**	**45.13%**	**40.82%**	**68.65%**	**74.87%**	
Cash and deposits in banks	54,252	3,351	30	11	112	494	7,840	279	711	67,080
Debt securities at fair value through profit or loss	-	2,473	-	150	9,128	1,054	177,008	-	86,958	276,771
Other financial assets	5,430,599	781,684	2,805	1,227	36,291	107,523	100,440	122,393	63,841	6,646,803
Other debt securities	3,415,463	485,710	2,719	-	-	-	-	-	-	3,903,892
Investments in equity instruments	-	-	-	3,940	-	-	-	-	-	3,940
Investments in subsidiaries, associates and joint ventures	636	-	-	3,624	-	-	-	-	-	4,260
Other	605,995	5,582	446	223	1,462	-	-	-	-	613,708
Total assets – Non-controlling interests	**9,506,945**	**1,278,800**	**6,000**	**9,175**	**46,993**	**109,071**	**285,288**	**122,672**	**151,510**	**11,516,454**
Provisions	(140,169)	(285)	(30)	-	-	-	-	-	-	(140,484)
Current income tax liabilities	(96,640)	(29,765)	(65)	-	-	-	-	-	-	(126,470)
Deferred income tax liabilities	(30,651)	(38,051)	(236)	(1,059)	-	-	-	-	-	(69,997)
Other non-financial liabilities	(7,896,849)	(795,379)	(4,914)	(173)	(3,181)	(192)	(4,157)	(1,140)	(4,506)	(8,710,491)

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(Partner)

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Héctor O. Rodríguez	Rubén O. González Ocantos	Juan M. Cuattromo	Lorena Lardizábal
General Accountant	General Manager	President	Public Accountant (U.B.A.)

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Total liabilities Non-controlling interests	**(8,164,309)**	**(863,480)**	**(5,245)**	**(1,232)**	**(3,181)**	**(192)**	**(4,157)**	**(1,140)**	**(4,506)**	**(9,047,442)**
Net worth- Non-controlling interest	**1,342,636**	**415,320**	**755**	**7,943**	**43,812**	**108,879**	**281,131**	**121,532**	**147,004**	**2,469,012**

Note 39 - 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 forthe items included in their compensation.

The following table shows short-term benefits for the last quarter of 2020 and 2019:

COMPENSATIONS	12.31.2020	12.31.2019
SHORT-TERM BENEFITS	73,206	42,848

At December 31, 2020 and 2019, loans and deposits of key management personnel are as follows:

	MAXIMUM BALANCE AT 12.31.2020(1)	BALANCE AT 12.31.2020	MAXIMUM BALANCE AT 12.31.2019(1)	BALANCE AT 12.31.2019
Cards	1,217,679	1,217,679	1,623	2,049
Overdrafts	1	1	46	59
TOTAL LOANS	**1,217,680**	**1,217,679**	**1,669**	**2,108**
Savings Accounts	13,833	13,833	26,284	33,195
Checking Accounts	-	-	26	33
Fixed term Deposits	23,182	23,182	4,637	5,856
TOTAL DEPOSITS	**37,015**	**37,015**	**30,947**	**39,084**

(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, 2020 and 2019 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:

	12.31.2020	12.31.2019
Bonds to be received	**3,435,991**	**4,677,367**

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(Partner)

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BONDS TO BE RECEIVED –EXECUTIVE ORDER 2094/12-PROVINCIAL MINISTRY OF ECONOMY	3,435,991	4,677,367
Bonds received	**10,585,222**	**17,268,109**
Bonds of the Province of Buenos Aires Retirement and Pension Fund 2023	6,604,855	11,842,667
Bond of the Province of Buenos Aires 2024	3,980,367	5,425,442
Loans	**3,941,770**	**14,831,932**
OTHER LOANS –PROVINCE OF BUENOS AIRES ARTICLE 9 ITEM B)	3,941,770	5,365,876
ACCRUED INTEREST RECEIVABLE/OTHER LOANS ARTICLE 9 ITEM B	-	9,466,056
Deposits	**48,354,034**	**43,663,119**
Checking accounts	26,096,401	37,060,072
Savings accounts	12,189,606	6,603,047
Fixed-term deposits	10,068,027	-

	12.31.2020		**12.31.2019**	
	Maximum Balance (1)	**Final Balance**	**Maximum Balance (1)**	**Final Balance**
Checking accounts	26,096,401	26,096,401	37,060,072	37,060,072
Savings accounts	12,189,606	12,189,606	6,603,047	6,603,047
Fixed-term deposits	10,068,027	10,068,027	-	-

(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 40 – 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, 2020 and 2019, the breakdown of financial leases is the following:

Description	**Amounts**	
	12.31.2020	**12.31.2019**
- Machinery and equipment leased	2,153,721	2,659,409
- Charges to be collected on receivables from financial leases	309,847	293,594
- Machinery and equipment to be recovered	27,616	31,714
	2,491,184	**2,984,717**

At December 31, 2020 and 2019, the amounts of financial leases granted to the non-financial public sector totaled $1,759,390 and $2,023,936, respectively (Note 10).

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(Partner)

Héctor O. Rodríguez	Rubén O. González Ocantos	Juan M. Cuattromo	C.P.C.E.P.B.A. V° 1 F° 193 Folder 193
General Accountant	General Manager	President	Lorena Lardizábal

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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	12.31.2020		12.31.2019	
	Total investment	Current value of minimum payments	Total investment	Current value of minimum payments
Up to 1 year	893,238	837,667	2,102,820	1,183,374
From 1 to 5 years	2,329,482	1,316,054	2,030,027	1,476,035

Operating Lease

There follow the minimum future payments of leases under operating lease contracts at December 31, 2020 and 2019:

	12.31.2020	12.31.2019
Up to 1 year	7,908	23,987
From 1 to 5 years	4,957	7,056
Total	**12,865**	**31,043**

Note 41 - Restricted Assets

The Group holds the following Restricted Assets:

Assets	Location	Original Nominal Value		Pesos		Description
		12.31.2020	12.31.2019	12.31.2020	12.31.2019	
Other debt securities	Sao Paulo Branch	1,560	910	132,541	193,466	National Treasury Bills and Financial Treasury Bills as collateral for transactions with BM&F, exchange clearing house and other collaterals
Financial assets pledged as collateral	Sao Paulo Branch	-	-	338	1,332	Other collateral deposits
	Montevideo Branch	31,140,000	6,650,000	469,809	468,287	Repo transactions of the following securities: US Strip, JPM 2023, Goldman 2023, HSBC Float 2024 and Banco Santander España 2022
	Bank	-	-	13,818,027	12,315,502	BCRA collateral deposits
		-	-	1,665,003	1,719,733	Credit Card Guarantee Funds
		-	-	122,008	30,907	Red Link Development Guarantee Funds
		-	-	2,171	2,480	Lease Guarantee Funds
		360	-	284,725	-	TC21 Bond as collateral through MAE and ROFEX
		-	16	-	1,284	U20D9 Bill as collateral through ROFEX

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Assets	Location	Original Nominal Value		Pesos		Description
		12.31.2020	12.31.2019	12.31.2020	12.31.2019	
		-	-	628,679	610,459	Guarantee Funds to finance own Visa and Argencard users' consumption abroad
		-	-	1,498	1,578	Other collateral deposits
	Bapro Medios de Pago SA			541	753	Collateral deposits
	Provincia Seguros SA	2,595	2,595	106	108	Quota shares of "Fima Ahorro Pesos" mutual fund, under attachment
		123,763	123,763	1,121	1,124	Quota shares of "Fima Ahorro Plus" mutual fund, under attachment
		320,003	320,003	2,406	2,214	Quota shares of "Fima Capital Plus" mutual fund, under attachment
		12,103	12,103	268	285	Quota shares of "FBA Ahorro Pesos" mutual fund, under attachment
		8,754	46,149	736	5,039	Quota shares of "Superfondo Renta Variable" mutual fund, under attachment
Other non-financial assets	Provincia Aseguradora de Riesgo de Trabajo SA	-	-	890,372	1,185,987	Attachment for injunctions where the entity was sued as defendant or secondary liability co-defendant
		-	-	629	466	Mutual Fund under attachment
	Provincia Seguros SA	-	-	112,465	131,206	Court deposits levied under legal proceedings, included in the Provision for Pending Claims or claims not related to insurance activities.

Note 42 - Restrictions on the distribution of profits

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As regards the income/(loss) for the year ended December 31, 2019, the Board of Directors, by Resolution No. 129/20 dated February 27, 2020, decided to transfer all 2019 Retained Earnings to increase Legal Reserve for $1,799,155 and Optional Reserve for $5,792,127 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 43 - 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, 2020 and 2019, the contributions to the Fund have been recorded in "Other Operating Expenses - Contributions to the Deposit Guarantee Fund" for the amounts of $1,133,796 and $1,238,241 respectively. (Note 31)

(In thousands of pesos in constant currency - Note 3)

Note 44 - 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, 2020 and 2019, total assets held in trust amounted to $5,831,834 and $4,380,108, 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, 2020 and 2019, total assets held in trust by the Bank amounted to $17,107,393 and $23,310,586, respectively.

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, 2020 and 2019, total assets held in trust by the Bank amounted to $11,324,086 and $571,394, 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, 2020 and 2019, total assets held in trust by the Bank amounted to $1,302,533 and $793,865, 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	03/15/2011	2,009,963

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

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Type	Trust	Trustor	Contract Date	Trust Asset	Financial Statements
Administration	Trust Fund for the Development of the Provincial Infrastructure Plan	Province of Buenos Aires	02/01/2001	3,163,008	12/31/2019
Administration	FITBA Trust (FREBA)	Electric Regional Forum of the Province of Buenos Aires (FREBA)	01/13/2003	1,362,663	12/31/2019
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.	08/10/2006	121,672	12/31/2019
Administration	CAAITBA - Capitalization Fund Law No. 12490	Social Security Fund for Surveyors, Architects, Engineers and Technicians of the Province of Buenos Aires	03/01/2007	12,223,842	12/31/2019
Administration	Solidaridad Trust	Social Welfare Entity for Bank Employees	08/13/2008	1	Unaudited
Administration	Sucre Trust	Desarrollos San Isidro SA	08/21/2008	61,014	12/31/2019
Administration	BA – INNOVA Trust	Ministry of Production of the Province of Buenos Aires	03/13/2009	27,012	12/31/2019
Administration	Estrella del Sur Trust	Bainter Inversiones Inmobiliarias SA and Círculo Inmobiliario Emprendimientos SA	03/26/2009	664,599	09/30/2017
Administration	Hotel Irú Trust	Argentine Television, Data, Interactive and Audiovisual Services labor union	04/01/2009	190,353	03/31/2018
Administration	Agrícola Samaagro Trust	Investors adhering to the trust as the result of the commercial actions taken by operators	08/28/2009	7,432	12/31/2019
Administration	Environmental Compensation Trust Fund - ACUMAR	Matanza-Riachuelo River Basin Authority	09/20/2010	324,196	06/30/2019
Administration	Provincial Trust Fund for Road Infrastructure System	Province of Buenos Aires, through the Provincial Ministry of Infrastructure	03/25/2013	412,165	12/31/2019
Administration	Parques Industriales Moreno Trust	Municipality of Moreno, as original trustor, and those trustors adhering after execution of the pertinent Trust Agreement	05/31/2013	356,324	12/31/2019

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Administration	EDEA SA Res. Mi. N° 206/13 Trust	Empresa Distribuidora de Energía Eléctrica Atlántica SA (EDEA SA)	10/30/2013	123,385	12/31/2019
Administration	EDEN SA Res. Mi. N° 206/13 Trust	Empresa Distribuidora de Energía Eléctrica Norte SA (EDEN SA)	11/07/2013	27,036	12/31/2019
Administration	EDES SA Res. Mi. N° 206/13 Trust	Empresa Distribuidora de Energía Sur SA (EDES SA)	11/07/2013	7,940	12/31/2019
Administration	Financing and Technical Assistance System for Housing Improvement -Public Trust Fund	Province of Buenos Aires, through the Provincial Ministry of Infrastructure	02/24/2014	584,957	12/31/2019
Administration	EDELAP SA Res. MI N° 5/14 Trust	Empresa Distribuidora La Plata SA (EDELAP SA)	04/03/2014	10,928	12/31/2019
Administration	Administration and Financial Trust for Investment in Distribution and Maintenance in the Province of Buenos Aires (FIDBA - Municipal Distributors)	1)	03/31/2015	18,641	12/31/2019
Administration	Zona Franca La Plata Trust	Buenos Aires Zona Franca La Plata SA	11/25/2015	155	12/31/2019
Administration	Trust Fund for Sanitary Infrastructure - ABSA	Aguas Bonaerenses SA	07/19/2016	-	12/31/2019
Administration	Fund for Financial Assistance to the Fishing Industry	Undersecretariat of Agriculture, Livestock and Fishing (Provincial Ministry of Agroindustry)	01/04/2017	60,699	12/31/2019
Guarantee	Coviares	Coviares SA	05/07/2001	-	-
Guarantee	Claypole - Suterh	Complejo Habitacional Nuevo Suterh Sociedad Civil, Complejo Habitacional Nuevo Suterh II Sociedad Civil and Tollcen Corporación SA	09/12/2001	-	-
Guarantee	Plusmar II	Transporte Automotor Plusmar SA	07/03/2003	-	-
Guarantee	Corrientes	Municipality of the City of Corrientes	11/03/2003	-	-
Guarantee	Covisur II	Concesionaria Vial del Sur SA	01/09/2004	-	-
Guarantee	Protección INDER	Protección Mutual de Seguros del Transporte Público de Pasajeros	12/29/2003	-	-
Guarantee	Ministerio Ades	2)	07/30/2004	-	-
Guarantee	Insurance	Garantía Mutual de Seguros del Transporte Público de Pasajeros	04/21/2005	-	-
Guarantee	Forestal I	Emprendimientos del Litoral SA	06/23/2005	-	-

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Guarantee	Puerto Palmas	Puerto Palmas SA	06/27/2006	-	-
Guarantee	Punta Médanos Etapa I	Azul Marino SA and Canevas SA	07/12/2006	-	-
Guarantee	Forestal II	Emprendimientos del Litoral SA	09/01/2006	-	-
Guarantee	ABSA Trust - Leasing	Aguas Bonaerenses SA	04/30/2007	-	-
Guarantee	El Cóndor Trust	El Cóndor Empresa de Transporte SA	01/27/2009	-	-
Guarantee	Asociación de Médicos Municipales Trust	Association of Municipal Physicians of the City of Buenos Aires	04/05/2011	-	-
Guarantee	FEPSA Trust	Compañía Inversora Ferroviaria SAIF	04/13/2011	-	-
Guarantee	Concesiones Viales Trust Fund (former Fideic. Fdo.Fiduciario Corredor Vial Integrado del Atlántico)	Autovía del Mar SA	06/30/2011	-	-
Guarantee	Estadio y Sede Club Deportivo Morón Trust	Club Deportivo Morón – Municipality of Morón	12/13/2011	-	-
Guarantee	Parque Industrial Curtidor (ACUBA) Trust	3)	11/02/2012	-	-
Guarantee	Resolution 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 "Sebastiánde 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 ehijos 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.*

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Estrella del Sur trust

With regard to the "Estrella del Sur" trust, out of a total of 924 houses originally projected for construction, 25 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, 2020.

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.

Considering the legal advisors' estimates, and in view of the cases existing at December 31, 2020, provisions were raised to a total amount of $1,182.

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, 2020.

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 Y NEGOCIOS 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 titledeeds previously cancelled corresponding to dwelling units which have been readjudicated. The potential execution of thetitle 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. 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. The plaintiff received a payment for $65 on account of moral damages ($20 plus interest). On January 7, 2020, the Plaintiff took possession of the dwelling unit and the parking lot and joined the "*Fideicomiso de Administración Consorcio* Complejo SUCRE" (the Administration Trust). Finally, the commitment by the Plaintiff to pay the maintenance fees directly in the trust account as instructed by the Trustee of the Administration Trust was accepted.

Based on the opinion of its legal advisors, the Company has decided to set up a provision at June30, 2020, for other two judicial cases related to the Sucre Trust; one of them is at the closing arguments stage and the other one is at the evidence producing stage. Both cases rest on the same factual basis (mainly: sales contract denominated in US dollars and the inclusion of "moral damages" in the claim). The case entitled "Valiante, Jorge L." is being heard by the Argentine First Instance Court in Civil Matters No. 64(with a provision of $31). While the case entitled "Ferradás, Milagros" is being heard by the First Instance Court in Civil and Commercial Matters No. 5, San Isidro Judicial Department, Province of Buenos Aires (with a provision of $30).

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, 2020.

Note 45 - 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, theBank 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) Chairperson 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 Chairperson 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 Chairperson 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-Chairperson and a Secretary.

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

In case of absence or inability of the Chairperson, his/her powers and duties shall devolve on the Vice-Chairperson. 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.

The Board of Directors shall meet at least twice (2) a week, with a "quorum" of five (5) members including the Chairperson. Resolutions shall be adopted by the majority of votes and, in case of a tie, the Chairperson shall have the casting vote.

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 Chairperson and Directors' immediate advisor.

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

Commissions and Committees

Commission or Committee: special body created to ease the Board of Director's compliance with their duties. Its purpose is to analyze, render an opinion and submit for consideration of the Board of Directors all matters related to its specific area/s of responsibility, ensuring full compliance with the current internal rules as well as with the regulations issued by the regulatory authorities.

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 Chairperson of the Board of Directors.

Members:

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- At least 3 (three) Directors or voting members, including the Coordinator, appointed by the Chairperson.
- General Management : at least 2 (two) officers (General Manager and/or Senior Deputy General Manager and Deputy General Managers and/or Assistant Deputy General Manager) in charge of supervising the pertinent commission's or committee's areas of responsibility.
- Officers in charge of the organizational units of the areas making up the pertinent commission and committee (an officer with a minimum rank of Deputy Department Manager for each unit).
- Board of Directors' collaborators and officers and collaborators may attend as participants. They shall be convened as often as necessary.

The Bank provides for the operation of the following Commissions and Committees. Their purposes, duties and responsibilities are under review process.

- 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, Systems and Processes Committee
- Finance Commission
- Risks Committee
- Institutional Governance, Ethics and Compliance Committee
- Commercial Strategy Commission
- Protection of Financial Services Users Committee
- Sexual Diversity, Gender Identity, Women´s Right Commission

Organizational Structure

At December 31, 2020, the Bank has 10,247 employees and a network for the distribution of products and services consisting of 341 branches (including delegations), and 74 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/Chairperson:

- Economic Research and Risks Administration
- Regulatory Compliance
- Internal Affairs
- Internal Audit Unit
- Commercial Integration with Grupo Bapro Management
- Institutional Communication
- Anti-Money Laundering
- Administrative Unit
- Coordination of Regional Advisory Councils

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- Women, Gender and Diversity
- Minutes Secretary's Office
- "Doctor Arturo Jauretche" Historical Archives and Museum of the BPBA
- Dr. Arturo Jauretche Chair

The following officers and areas shall report to the General Management and Senior Deputy General Management:

- Deputy General Management – Finance
- Deputy General Management – Marketing and Loans
- Deputy General Management - Administration
- Deputy General Management – Business Intelligence
- Deputy General Management – Technology and Processes
- Deputy General Management – Business Support
- Deputy General Management - Legal Affairs
- Assistant Deputy General Manager- Human Resources
- Credit Analysis
- Legal Opinions
- Strategy, Planning and Control
- Administrative and Professional Support Unit
- Physical Security
- Logical Security

Information on economic incentives to staff members

Staff economic Incentive Policy and Programs

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 within the scope of the Human Resources Management and the Staff Incentive 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 this 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, 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.

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

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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 Unit
s) Due Diligence
t) Useful Information
u) Regret button

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 GeneralResolution 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, 2020. 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.

At December 31, 2020, 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	B.C.R.A. - Checking account	30,670,947	30,671,524
111025	B.C.R.A. - Special checking accounts	-	474,468
115015	B.C.R.A. - Checking account	88,092,218	88,109,325

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 andSettlement 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.

See our report dated
March 25, 2021
KPMG

(Partner)

C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193

Héctor O. Rodríguez	Rubén O. González Ocantos	Juan M. Cuattromo	Lorena Lardizábal
General Accountant	General Manager	President	Public Accountant (U.B.A.)

C.P.C.E.P.B.A. Volume 155 – Folio 141
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Taxpayer registration code:
27-21506212-6

Banco Provincia

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At December 31, 2020, the stockholders' equity of Provincia Bursátil SA exceeds the minimum amount required by the abovementioned 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 in domestic instruments	
Mutual funds with payment of redemption proceeds within 72 hours	89,233
Total	**89,233**

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, 2020, 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 requiredstockholders' 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	772
Assets in domestic instruments	
Mutual funds with payment of redemption proceeds within 72 hours	337,104
Total	**337,826**

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 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 inthe 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 "TemporaryProvisions" 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% ofthe minimum stockholders' equity.

See our report dated
March 25, 2021
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

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At December 31, 2020, 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 in pesos No. 1580/4	165
Banco Supervielle – Checking account in pesos No. 51660/002	1,438
Banco Supervielle – Checking account in foreign currency No. 51660/003	8,050
Assets in domestic instruments	
Mutual funds with payment of redemption proceeds within 72 hours	9,238
Guarantee granted by Banco Provincia	13,899
Total	**32,790**

Note 47 - Agent for the custody of Mutual Funds

At December 31, 2020 and 2019, 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:

	12.31.2020	12.31.2019
1822-Raíces Valores Negociables	853,957	1,045,607
1822-Raíces Renta Pesos	381,811	211,420
1822-Raíces Renta Global	514,672	220,119
1822-Raíces Pesos Fondo Común de Dinero	38,701,303	6,643,799
1822-Raíces Inversión	232,239	99,017
1822- Raíces Valores Fiduciarios	2,267,526	135,046
1822- Raíces Dólares	870,063	906,478
TOTAL	**43,821,571**	**9,261,486**

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 minimumcash requirements at December 31, 2020:

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

Minimum cash requirements	12.31.2020
Balances in demand checking accounts opened with the BCRA	30,670,947
Balances in special checking accounts opened with the BCRA	13,338,400
	44,009,347

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March 25, 2021
KPMG

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Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

(In thousands of pesos in constant currency - Note 3)

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

	12.31.2020
Minimum cash requirement	
Balances in demand checking accounts opened with the BCRA	88,092,218
Balances in special guarantee accounts opened with the BCRA	479,627
	88,571,845

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

Penalties:

Administrative proceedings 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). Current situation: 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. On February 11, 2020, the Court rejected the Direct Appeals, ordering the payment of legal costs. On March 3, 2020, a Federal Extraordinary Appeal was filed and notice was served on the UIF. On August 3, 2020, the UIF answered the extraordinary appeal.

On August 5, 2020, the case was ready for the corresponding ruling. On August 11, 2020, an official notice was received with the resolution of same date, rejecting the Extraordinary Appeal and ordering the payment of legal costs. On August 19, 2020, a petition for denied appeal was filed before the Argentine Supreme Court of Justice. Currently, the case is pending resolution. At December 31, 2020, the Bank has made a provision of $27,921 on account of the above mentioned issues.

Administrative proceedings File No. 6426/11

It corresponds to proceedings initiated in order to determine if the Bank has failed to report 17 foreign currency purchases transactions from June 4, 2009 to July 31, 2009. Through Resolution No. 424/13, the UIF ordered investigation proceedings to determine the responsibilities of Banco de la Provincia de Buenos Aires, its Board of Directors and the pertinent Compliance Officer in office at the time of the facts in issue. At the date, the pertinent defense was presented in due time and manner; evidence was produced and is pending resolution by the UIF.

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Administrative proceedings File No. 461/15

It corresponds to proceedings initiated in order to determine if the Bank has failed to report three inspection proceedings made by the BCRA as a Collaborator. Through Resolution No. 461/13, the UIF ordered investigation proceedings to determine the responsibilities of Banco de la Provincia de Buenos Aires, its Board of Directors and the pertinent Compliance Officer in office at the time of the facts in issue. Current situation: on December 2, 2015 the Bank was notified and filed a defense on February 4, 2016.
The argument was presented on July 04, 2016 according to section 29 of UIF Resolution No. 111/12. On December 22, 2016, new evidence was included pursuant to the provisions set forth in section 7, item b) of such Resolution No. 111/12. The Bank presented further arguments. On October 18, 2019, an official notice was served upon the Bank and its Board of Directors whereby the UIF proposed a new measure for a better resolution. Thus, further arguments were presented and the case was ready for resolution. On November 17, 2020, the UIF served notice of its Resolution No. 55, stating that the Bank, Mr. Diego Oscar RODRIGO, as Director and Compliance Officer, and the pertinent directors failed to comply with the provisions set forth in section 21. a) of Law No. 25246, section 3. g), section 8, section 13. II, section 14. 1., j), section 22. a), section 23, section 24. d), e) and f) and section 34 of UIF Resolution No. 121/11, in effect at the time of the facts in issue. Such Resolution ordered the Bank and the Directors to pay a penalty of $550 and, as a corrective measure, to submit certain documents to the UIF within 60 days.
On November 20, 2020, the Bank paid the pertinent penalties for a total amount of $1,100. In due time, it will file a direct appeal against the UIF´s sanction resolution. Such payment was made in order to file the pertinent direct appeal.

Note 50 - 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, 2020.

See our report dated
March 25, 2021
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

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