

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

AT DECEMBER 31, 2020 AND COMPARATIVE PERIODS

(In thousands of pesos in constant currency - Note 2.e)

(Translation of Financial Statements originally issued in Spanish)

Note 1 - Basis for presentation of the Separate Financial Statements

As mentioned in Note 2 to the Consolidated Financial Statements, Banco de la Provincia de Buenos Aires (the "Bank" or the "Entity") prepared its Separate Financial Statements in compliance with the financial reporting framework set forth by the BCRA, through Resolution No. 277/18 of June 15, 2018 and taking into consideration the standards prescribed on April 30, 2019 through Memorandum No. 142 issued by the regulatory entity, in its capacity as issuer of accounting rules (hereinafter called "Financial Reporting Framework set forth by the BCRA"), regarding the accounting treatment to be applied to the remaining investment held by the Entity in Prisma Medios de Pago SA at December 31, 2020 .

These financial statements of the Bank are supplementary to the Consolidated Financial Statements mentioned above, and are intended for the purposes of complying with legal and regulatory requirements.

Note 2 - Criteria for presentation of the Financial Statements

The financial reporting framework set forth by the BCRA provides that entities under its supervision shall submit financial statements prepared pursuant to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with the following exceptions:

- a. Through Resolution No. 277/18 dated June 15, 2018, the BCRA instructed Banco de la Provincia de Buenos Aires to maintain the criterion to charge all contributions made to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel (*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;
- b. Temporary exception from applying the impairment model in Section 5.5 "Impairment" of IFRS 9 "Financial instruments" to non-financial public sector assets; the possible application of this rule to this type of exposure would cause a significant increase in the expected credit losses;
- c. As regards the investment held in Prisma S.A. recorded under "Investments in Equity Instruments" at December 31, 2020 and December 31, 2019, it should be recognized at fair value determined pursuant to IFRS No. 9. The valuation criteria used by the Entity are explained in Note 5.5 to the Consolidated Financial Statements and imply a deviation from IFRS;
- d. According to BCRA Communication "A" 7014, 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.

These Separate Financial Statements include the additional information and exhibits required by the Argentine Central Bank.

So as to avoid duplicity of the information already provided, we make reference to the Consolidated Financial Statements with respect to:

See our report dated
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KPMG

Héctor O. Rodríguez
General Accountant

Rubén O. González Ocantos
General Manager

Juan M. Cuattromo
President

(Partner)

C.P.C.E.P.B.A. Vº 1 Fº 193 Folder 193

Lorena Lardizábal

Public Accountant (U.B.A.)

C.P.C.E.P.B.A. Volume 155 – Folio 141

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- a) Argentine economic context and COVID-19 - its impact on the Bank's Economic and Financial Position (Note 1.2 to the Consolidated Financial Statements)
- b) Regularization and reorganization plans (Note 1.3 to the Consolidated Financial Statements)
- c) Functional and presentation currency (Note 3 to the Consolidated Financial Statements)
- d) Accounting estimates and judgements (Note 4 to the Consolidated Financial Statements)
- e) Significant accounting policies and changes in accounting policies (Note 5 to the Consolidated Financial Statements), except for the measurement of interests in subsidiaries.
- f) IFRS issued but not yet effective (Note 6 to the Consolidated Financial Statements)
- g) Credit, liquidity and market risks (Note 34 to the Consolidated Financial Statements)
- h) Fair value of financial instruments (Note 36 to the Consolidated Financial Statements)
- i) Subsidiaries (Note 38 to the Consolidated Financial Statements)
- j) Restrictions on the distribution of profits (Note 42 to the Consolidated Financial Statements)
- k) Deposits Guarantee Insurance System (Note 43 to the Consolidated Financial Statements)
- l) Trust activities (Note 44 to the Consolidated Financial Statements)
- m) Compliance with the requirements of the Argentine Securities Commission (*Comisión Nacional de Valores - CNV*) (Note 46 to the Consolidated Financial Statements)
- n) Agent for the Custody of Mutual Funds (Note 47 to the Consolidated Financial Statements)
- o) Accounts in compliance with minimum cash requirements (Note 48 to the Consolidated Financial Statements)
- p) Penalties imposed on the Bank and administrative proceedings instituted by the BCRA (Note 49 to the Consolidated Financial Statements)
- q) Subsequent events (Note 50 to the Consolidated Financial Statements)

Note 3 – Significant accounting policies

The applied accounting policies are the same as those applied in the preparation of the Consolidated Financial Statements at December 31, 2019 except for the changes mentioned in Note 5 to the Consolidated Financial Statements at December 31, 2020 and the exception mentioned in the following paragraph.

Investments in subsidiaries

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

Interests in subsidiaries are measured using the equity method. They are initially recognized at cost, which includes transaction costs. After initial recognition, the financial statements include the Bank's share in profit or loss and OCI of investments accounted for using the equity method, until the date when the significant influence or joint control cease.

Note 4 - Financial assets pledged as collateral

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

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Description	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
Total	16,992,258	15,151,562	15,287,662

Note 5 - Repo transactions

The breakdown of this item is detailed in Note 8 to the Consolidated Financial Statements.

Note 6 - Other financial assets

	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
Balances to be recovered from claims	19,459	31,911	74,841
<i>(Allowance for loan losses - Balances to be recovered from claims)</i>	<i>(19,459)</i>	<i>(31,911)</i>	<i>(74,841)</i>
Other accrued interest receivable	4,232	2,646	1,974
<i>(Other unallocated collections)</i>	<i>(1,141)</i>	<i>(1,327)</i>	<i>(881)</i>
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	-
<i>(Allowance for loan losses - Receivables from sale of shares held in Prisma SA)</i>	<i>(573)</i>	<i>(468)</i>	<i>-</i>
Sundry debtors	1,283,273	1,595,731	2,185,911
<i>(Allowances for loan losses)</i>	<i>(501,005)</i>	<i>(640,621)</i>	<i>(870,075)</i>
Total	2,847,082	3,044,402	1,530,399

Note 7 - Loans and other financing

The Bank 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.

The breakdown of Loans and other financing includes the following items:

Description	12/31/2020	12/31/2019	12/31/2018
1. To the non-financial public sector	9,401,421	12,348,106	26,229,769
2. To the financial sector	48,321	151,365	579,819
3. To the non-financial private sector and residents abroad	325,760,088	344,447,946	437,363,414
3.1. <i>Overdrafts</i>	21,318,456	12,541,905	15,310,636
3.2. <i>Notes</i>	70,117,251	76,122,949	107,313,316
3.3. <i>Mortgage loans</i>	63,399,869	67,292,512	72,527,349
3.4. <i>Pledge loans</i>	9,073,708	6,716,980	6,620,090
3.5. <i>Consumer loans</i>	65,239,569	93,211,991	142,700,171
3.6. <i>Credit cards</i>	69,004,112	57,025,743	53,090,471
3.7. <i>Other</i>	27,607,123	31,535,866	39,801,381
4. (Allowances) (Exhibit R)	(25,677,439)	(21,828,386)	(18,916,580)
Total	309,532,391	335,119,031	445,256,422

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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.

The information at December 31, 2018 presents the allowances recognized in accordance with the previous accounting framework, as described in Note 5.4.g) to the Consolidated Financial Statements.

	12/31/2020	12/ 31/2019 (IFRS 9 as per BCRA)	12/31/2018	Adjustment - Adoption of IFRS 9 as per BCRA (1)	01/01/2019 (IFRS 9 as per BCRA)
Allowances for loan losses					
- Loans to the non-financial private sector	25,677,439	21,828,386	15,015,209	3,901,371	18,916,580
- Loans to the financial sector	37	169	2,858	(2,108)	750
Subtotal	25,677,476	21,828,555	15,018,067	3,899,263	18,917,330
Allowances related to financial guarantees and loan commitments	25,164	27,266	559	41,972	42,531
Allowances for loan losses - Corporate securities	173,547	159,670	4,827	(2,742)	2,085
Subtotal	198,711	186,936	5,386	39,230	44,616
Total	25,876,187	22,015,491	15,023,453	3,938,493	18,961,946

(1) Note 5.4.g) to the Consolidated Financial Statements

Information on credit quality and concentration of loans and other financing - Exhibits B and C

The breakdown of loans and other financing according to credit performance (determined as per the criteria set forth by the BCRA in the debtors' classification rules) and guarantees received are presented in Exhibit B. The information on the concentration of loans and other financing is presented 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	309,532,391	335,119,031	445,256,422
Items not included (Loans to staff and other items)	(2,495,183)	(217,046)	(144,315)
Allowances (Exhibit R)	25,677,476	21,828,555	18,917,330
Adjustment for measurement at amortized cost	4,948,489	5,219,653	5,210,750
Subtotal	337,663,173	361,950,193	469,240,187
Corporate securities - Corporate bonds - Measured at amortized cost (Exhibit A)	567,593	99,941	195,534
Corporate securities - Debt securities in financial trusts - Measured at amortized cost (Exhibit A)	384,480	392,554	287,126
Corporate securities - Corporate Bonds - Measured at Fair Value through profit or loss (Exhibit A)	398,786	-	-
Subtotal	1,350,859	492,495	482,660
Other Accrued Interest Receivable	4,232	2,647	1,973
Subtotal	4,232	2,647	1,973
Subtotal	339,018,264	362,445,335	469,724,820
OFF-BALANCE SHEET ITEMS			
Credit lines granted	102,427	3,686,555	4,038,987

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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	1,998,813
	4,581,445	8,451,664	8,414,847
Total Exhibits B and C	343,599,709	370,896,999	478,139,667

Exposure to the public sector

The Bank 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 Bank.

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

ITEM	NATIONAL	PROVINCIAL	MUNICIPAL	TOTAL
SECURITIES	60,430,806 ⁽¹⁾	12,494,215 ⁽²⁾	-	72,925,021
LOANS	302,681	8,512,034	586,706	9,401,421
GUARANTEES	151,086	-	-	151,086
OTHER	327,157	408,493	490	736,140

⁽¹⁾ Includes 17,682 from NASA Financial Trust (See Exhibit "A")

⁽²⁾ Includes 5,250 from Fuerza Solidaria Trust Fund Participation Certificate - Class A (See Exhibit "A")

Likewise, at December 31, 2020, the Bank recorded instruments issued by the BCRA for \$168,308,596 (See Exhibit "A").

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	38,780,103	17,430,567	-	56,210,669
LOANS	305,715	11,195,735	846,656	12,348,106
GUARANTEES	147,567	-	97,849	245,417
OTHER	57,762	550,636	280	608,679

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	60,826,146	26,430,262	86,696	87,343,104
LOANS	268,889	24,446,321	1,368,701	26,083,911
GUARANTEES	349,191	-	77,482	426,673
OTHER	88,857	987,121	482	1,076,459

Note 8 - Income tax

As mentioned in Notes to the Consolidated Financial Statements, the Bank, its assets, acts and doings, agreements, contracts and transactions, as well as any rights arising therefrom in its favor, are exempt from all liens, taxes, charges or contributions of any nature whatsoever, and no provision is required to be made for income tax on the businesses transacted by the Bank's Home Office and its domestic branches.

Note 9 - Property and equipment

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(Partner)

C.P.C.E.P.B.A. V° 1 F° 193 Folder 193

Lorena Lardizábal

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

Note 10 - Intangible assets

The breakdown of this item is shown in Exhibit "G" included in these financial statements.

Note 11 - Investments in subsidiaries, associates and joint ventures

The Bank has investments in entities over which it has a significant influence or control and, therefore, measures them using the equity method. The breakdown of this item is shown in Exhibit E included in these financial statements.

Note 12 - Deposits

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

The breakdown of this item is as follows:

Description	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	606,640,390	475,891,289	590,255,896
3.1. Checking accounts	91,431,286	54,227,824	59,323,975
3.2. Savings accounts	214,006,101	199,497,862	241,029,401
3.3. Fixed-term deposits	244,060,543	192,007,791	266,980,291
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	770,196,861	614,548,242	868,950,930

Note 13 - Corporate bonds issued

The information on Corporate Bonds issued by the Bank is detailed in Note 19 to the Consolidated Financial Statements.

Note 14 - Capital

As mentioned in Note 23 to the Consolidated Financial Statements, the capital subscribed and paid in by Banco de la Provincia de Buenos Aires amounts to \$1,250,000.

Note 15 - Interest income

	12/31/2020	12/31/2019
Corporate securities	71,238	8,229
Government securities	8,488,033	12,687,196
Other financial assets	1,752,279	2,334,995
Loans and other financing	88,390,113	123,008,897
. 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	13,885	70,482

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. Other	3,695,605	2,839,091
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	116,605,587	140,014,360

Note 16 - Interest expenses

	12/31/2020	12/31/2019
Deposits	89,120,723	142,187,325
. Savings accounts	791,089	1,075,657
. Time deposits and term investments	77,920,614	117,210,637
. Other	10,409,020	23,901,031
Repo transactions	4,658	62,690
. Other financial institutions	4,658	62,690
Other financial liabilities	5,764,266	12,613,983
TOTAL	94,889,647	154,863,998

Note 17 - 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	89	3,185
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	889,751	977,236
From foreign trade and foreign currency transactions	510,320	520,587
TOTAL	20,884,580	27,528,421

Note 18 - 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	144,231	219,643
Paid to Caja de Valores	39,199	79,292
From foreign trade and foreign currency transactions	136,231	305,927
Other	626,785	247,057
TOTAL	3,359,968	2,822,864

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Note 19 - 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	61,792,892	106,557,440
Income/(loss) from corporate securities	(446,769)	2,612,154
Income/(loss) from derivative financial instruments	3,854	699,794
. Forward transactions	3,854	699,794
TOTAL	61,349,977	109,869,388

Note 20 - Other operating income

	12/31/2020	12/31/2019
Allowances reversed	7,051,439	5,976,412
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 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	2,893,126	1,764,290
TOTAL	16,066,894	13,688,475

Note 21 - Personnel benefits

	12/31/2020	12/31/2019
Payroll	37,187,002	37,267,859
Social security taxes	8,064,085	8,179,961
Compensation and bonuses to personnel	381,156	677,309
Personnel services	580,642	806,384
Other short-term personnel benefits	4,367,109	2,242,161
Post-employment benefits - Defined contributions	8,797,755	12,854,340
Post-employment benefits - Defined benefits (Exhibit J)	115,967	202,623
TOTAL	59,493,716	62,230,637

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Note 22 – Administrative expenses

	12/31/2020	12/31/2019
Travel and entertainment expenses	124,253	227,718
Administrative services hired	1,079,557	1,321,004
Security services	1,540,211	1,453,234
Directors' and Syndics' fees	85,163	150,159
Other fees	1,685,625	2,166,552
Insurance	77,613	109,219
Leases	198,849	200,817
Office supplies and stationary	274,300	396,012
Electricity and communications	829,576	938,477
Advertising and publicity	1,052,506	1,932,108
Taxes	240,589	167,557
Maintenance costs	4,081,160	3,683,992
Other	1,723,715	1,654,707
TOTAL	12,993,117	14,401,556

Note 23 - Other operating expenses

	12/31/2020	12/31/2019
Charges for other allowances	2,673,504	7,945,187
Commissions and other charges paid to Prisma - VISA Card	1,731,054	-
Income from initial recognition of loans	1,366,364	1,870,630
Other contributions on financial income	1,284,970	1,685,196
Contributions to the Deposit Guarantee Fund ⁽²⁾	1,133,796	1,238,241
Life insurance on financing	1,008,328	1,370,170
Payments for advisory services to Provincia Microempresas	908,442	1,068,746
Direct marketing	865,556	7,424,457
Visa Argentina - MasterCard processing charges	864,810	2,236,640
Other contributions on income from services	525,208	628,702
Donations	427,629	350,626
Income/(loss) from refinancing of financial assets	423,069	804,729
National Social Security Administration (ANSES) deceased beneficiaries - Uncollectible benefits	162,575	24,678
Charges for onerous contracts (Exhibit J)	42,005	55,551
Other contributions on miscellaneous income	23,441	23,924
Interest on lease liabilities	21,709	19,398
Regularization of loan - Art. 9 (1)	-	5,124,368
Other	4,024,799	4,847,062
TOTAL	17,487,259	36,718,305

⁽¹⁾ Note 10 to the Consolidated Financial Statements

⁽²⁾ Note 43 to the Consolidated Financial Statements

Note 24 - Related parties

There follows a breakdown of the financial assistance, deposits and transactions with related parties at December 31, 2020 and 2019, respectively:

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. 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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

AT DECEMBER 31, 2020 AND COMPARATIVE PERIODS

(In thousands of pesos in constant currency - Note 2.e)

(Translation of Financial Statements originally issued in Spanish)

	MAXIMUM BALANCE AT 12/31/2020	BALANCE AT 12/31/2020	MAXIMUM BALANCE AT 12/31/2019	BALANCE AT 12/31/2019	MAXIMUM BALANCE AT 12/31/2018	BALANCE AT 12/31/2018
Cards	1,546	1,450	3,651	3,311	3,237	3,237
Overdrafts	105,125	105,125	156,606	137,906	233,151	233,151
Notes	874,461	700,462	669,372	588,397	1,196,451	1,119,757
Other	22,194	22,194	10,461	10,461	4,289	3,887
TOTAL LOANS ⁽¹⁾	1,003,326	829,231	840,090	740,075	1,437,708	1,360,572
Savings accounts	5,941	5,941	4,388	4,388	17,521	17,521
Checking accounts	381,840	381,840	236,685	236,685	926,041	926,041
Fixed-term deposits	4,024,018	4,024,018	3,433,193	3,433,193	6,472,127	6,472,127
TOTAL DEPOSITS	4,411,799	4,411,799	3,674,266	3,674,266	7,415,690	7,415,690
CORPORATE BONDS	39,469	39,469	931,559	931,559	313,343	313,343

⁽¹⁾ Includes key management personnel at December 31, 2020 and 2019.

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 December 31, 2019 pursuant to the prudential rules issued by the BCRA.

Note 25 - Additional information to the Statement of Cash Flows

The Statement of Cash Flows reports the changes in cash and cash equivalents derived from operating, investing and financing activities during the fiscal year. To present the Statement of Cash Flows, the Bank has decided to use the indirect method for Operating Activities and the direct method for Investing and Financing Activities.

When preparing the Statement of Cash Flows the following definitions have been used:

- Operating activities: The typical activities of the Bank and other activities that cannot be classified as investing or financing activities.
- Investing activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: Activities that result in changes in the size and composition of the Bank's net worth and of liabilities that do not form part of operating or investing activities.

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