

Notes to the Consolidated Financial Statements with Controlled Companies (Law No. 19550 – Section 33)

AT DECEMBER 31, 2013 AND COMPARATIVE PERIODS
(in thousands of pesos)

Note 1 – Basis for Presentation of the Consolidated Financial Statements

These Consolidated Financial Statements are provided as supplementary information and have been prepared in accordance with the provisions of Technical Resolution No. 4, issued by the Argentine Federation of Professional Councils in Economic Sciences (*Federación Argentina de Consejos Profesionales de Ciencias Económicas* - FACPCE) and the standards laid down by the Argentine Central Bank (BCRA).

Banco de la Provincia de Buenos Aires (the Bank) has consolidated on a line-by-line basis its Balance Sheet, the Statements of Income and the Statements of Cash Flows at December 31, 2013 and 2012 with the Financial Statements of those companies in which it has, whether directly or indirectly, the necessary voting power to control corporate decisions.

On July 17, 2007, the Bank replied to Memorandum No. 17 of the BCRA dated June 25, 2007, and decided to change the consolidation criteria from September 30, 2009. Therefore, the Financial Statements of the Bank were consolidated with those of Grupo Banco Provincia S.A. at the same date, in order to regularize the situation mentioned by the BCRA.

There follows a detail of the companies directly consolidated at the end of the period:

| Issuing Company | Grupo Banco Provincia S.A. | | Provincia Microempresas S.A. | | BA Desarrollo S.A. | |
|------------------------------------|---------------------------------------|-------------------|---|-------------------|---|-------------------|
| Principal Line of Business | Financial and Investment Transactions | | Service-related Transactions | | Financial and Technical Assistance to Investors | |
| Period / Comparative Period | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 |
| Number of Shares | 379,875 | 379,875 | 10,071,777 | 70,585,000 | 10,000 | 10,000 |
| Equity Interests and Votes (%): | 99.967 | 99.967 | 95.00 | 95.00 | 50.00 | 50.00 |
| Book Value Net of Allowances | 568,144 | 600,853 | 7,734 | 1,545 | 5,765 | 7,963 |

There follows a summary of the balance sheet and statements of income of the above-mentioned Companies at December 31, 2013 and comparative period:

| Issuing Company | Grupo Banco Provincia S.A. | | Provincia Microempresas S.A. | | BA Desarrollo S.A. | |
|------------------------------------|---------------------------------------|-------------------|---|-------------------|---------------------------|-------------------|
| Period / Comparative Period | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 |
| ASSETS | 6,369,825 | 4,572,509 | 12,940 | 7,972 | 14,170 | 17,273 |
| LIABILITIES | 5,849,128 | 3,971,459 | 4,798 | 6,345 | 2,651 | 1,347 |
| STOCKHOLDERS' EQUITY | 520,697 | 601,050 | 8,142 | 1,627 | 11,519 | 15,926 |
| Period / Comparative Period | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 |
| INCOME/(LOSS) | (80,353) | 93,712 | (19,360) | (39,080) | (4,409) | (3,511) |

The procedure to include the accounts of controlled Companies has been as follows:

a) The Consolidated Financial Statements of the Companies were adjusted to the Accounting Disclosure Standards required by the BCRA, which were applied by Banco de la Provincia de Buenos Aires to prepare its own Financial Statements.

b) Financial Statements at December 31, 2013 of Grupo Banco Provincia S.A., Provincia Microempresas S.A. and BA Desarrollo S.A. were used for consolidation purposes.

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Except as stated in Notes 2 and 3 below, the Financial Statements of these Companies were prepared under similar criteria to those used by the Bank for the appraisal of assets and liabilities, measurement of profits and losses, and restatement procedures, according to the rules of the BCRA and the current Professional Accounting Standards. The Financial Statements for the periods from January 1 to December 31, 2013 were used in the case of Provincia Leasing S.A., Bapro Mandatos y Negocios S.A., Provincia Bursátil S.A. and Bapro Medios de Pago S.A. The Financial Statements for the periods beginning July 01, 2013 were used for the remaining Companies.

Likewise, with respect to Provincia Seguros S.A., Provincia Seguros de Vida S.A. and Provincia ART S.A., their Statement of Income and Statement of Cash Flows include the transactions recorded from January 1 to December 31 of each year.

Information at December 31, 2012 derives from the Financial Statements at that date, issued on February 21, 2013.

c) Items arising from inter-company transactions not involving third parties were removed from the Balance Sheet, the Statement of Income and the Statement of Cash Flows.

d) The portion of the Stockholders' Equity of the controlled company owned by third parties is disclosed in the Balance Sheet under the "Minority Interest" caption.

e) The net income/(loss) of the minority interest is disclosed in the Statement of Income under the "Minority Interest" caption.

The Consolidated Financial Statements of Grupo Banco Provincia S.A. include the items of its Balance Sheet, Statement of Income and Statement of Cash Flows consolidated on a line-by-line basis with the Financial Statements of those Companies in which it has, whether directly or indirectly, the necessary voting power to control corporate decisions. They are described below:

| Issuing Company | Equity Interest and Votes (%) | | | |
|---|-------------------------------|------------|------------|------------|
| | Direct | | Indirect | |
| | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 |
| Bapro Mandatos y Negocios S.A. | 97.000 | 97.000 | 2.850 | 2.850 |
| Bapro Medios de Pago S.A. | 97.000 | 97.000 | 2.996 | 2.996 |
| Provincia Aseguradora de Riesgos del Trabajo S.A. | 98.630 | 97.090 | 0.822 | 1.746 |
| Provincia Bursátil S.A. | 95.000 | 95.000 | - | - |
| Provincia Leasing S.A. | 97.000 | 97.000 | 2.981 | 2.981 |
| Provincia Seguros de Vida S.A. | 45.000 | 45.000 | 9.000 | 9.000 |
| Provincia Seguros S.A. | 60.000 | 60.000 | - | - |

Indirect interests derive mainly from shareholdings owned by Grupo Banco Provincia S.A.'s subsidiaries, as follows:

| Issuing Company | Equity Interest and Votes (%) | |
|-----------------|-------------------------------|------------|
| | 12-31-2013 | 12-31-2012 |

Provincia Seguros S.A. has equity interests in:

| | | |
|---|--------|--------|
| - Provincia Aseguradora de Riesgos del Trabajo S.A. | 0.822 | 2.910 |
| - Provincia Seguros de Vida S.A. | 15.000 | 15.000 |

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| Issuing Company | Equity Interest and Votes (%) | |
|-----------------|-------------------------------|------------|
| | 12-31-2013 | 12-31-2012 |

Provincia Bursátil S.A. has equity interests in (*):

| | | |
|----------------------------------|-------|-------|
| - Bapro Mandatos y Negocios S.A. | 3.000 | 3.000 |
| - Provincia Leasing S.A. | 0.294 | 0.294 |

Bapro Mandatos y Negocios S.A. has equity interests in:

| | | |
|-----------------------------|-------|-------|
| - Bapro Medios de Pago S.A. | 3.000 | 3.000 |
| - Provincia Leasing S.A. | 2.706 | 2.706 |

(*) They include balances consolidated with the Financial Statements of Provinfondos S.A., a mutual fund managing company, because it has a controlling interest in this Company (4,000,000 shares) which represents 90% of the stockholders' equity and votes.

f) Under the provisions of Technical Resolution No. 21 of the Argentine Federation of Professional Councils of Economic Sciences, Mercado Regional de Capitales S.A. and Provincia Servicios de Salud S.A. were excluded from consolidation in the Financial Statements at December 31, 2013 and 2012 since, as stated in Note 18.i.1, such equity holdings of Grupo Banco Provincia S.A. are valued at zero and the Company will no longer finance their activities.

g) On January 28, 2011, the Regular General Meeting of Shareholders of Provincia Microempresas S.A. approved a \$26,300 increase in its capital stock to be paid in 4 installments of \$8,000, \$8,000, \$5,000 and \$5,300. Out of the overall amount, Banco de la Provincia de Buenos Aires must pay in \$24,985 and Grupo Banco Provincia S.A., \$1,315.

On December 23, 2011, the Regular General Meeting of Shareholders of Provincia Microempresas S.A. approved a \$25,000 increase in its capital stock to be paid in during 2012 by Banco de la Provincia de Buenos Aires (\$23,750) and Grupo Banco Provincia S.A. (\$1,250).

Consequently, at September 30, 2012, the contribution to be paid in by Grupo Banco Provincia and Banco de la Provincia de Buenos Aires has been settled.

At December 31, 2013 and 2012, the Capital Stock of Provincia Microempresas S.A. totals \$10,602 and \$74,300, respectively, which have been totally paid in at the date of these Financial Statements.

Taking into account the size of the negative results accumulated by Provincia Microempresas S.A. that may give rise to an obligatory capital reduction, on December 26, 2012, the Bank's Board of Directors approved a \$13,720 irrevocable contribution to offset accumulated losses under the procedure established by Resolution No.12/06 of the General Inspectorate of Companies (*Inspección General de Justicia - IGJ*). On December 26 2012, Grupo Banco Provincia S.A. and Banco de la Provincia de Buenos Aires paid \$686 and \$13,034 on such account.

By Resolutions No.102/13 (January 30, 2013), No. 199/13 (February 28, 2013), No. 343/13 (March 21, 2013), No. 619/13 (April 25, 2013), No. 840/13 (May 30, 2013), No. 971/13 (June 27, 2013), No. 1150/13 (July 25, 2013), No. 1333/13 (August 29, 2013), No.1517/13 (September 26, 2013) and No. 2026/13 (December 19, 2013), the Board of Directors of Banco de la Provincia de Buenos Aires approved irrevocable contributions of \$4,200, \$3,250, \$1,550, \$2,400, \$2,600, \$3,900, \$4,000, \$1,800, \$700 and \$1,500, respectively, to Provincia Empresas S.A. in order to absorb accumulated losses. At the date of these Financial Statements, these contributions have been fully made.

At the Regular Meeting, held on May 10, 2013, the Shareholders resolved to partially offset accumulated losses (\$86,418) with irrevocable contributions for \$22,720. Moreover, on the same date the Special Meeting

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of Shareholders approve to reduce Capital Stock by \$63,698, pursuant to Law 19550, section 206, and modify section 4 of the by-laws

On December 18, 2013, such reduction was filed with the General Inspectorate of Corporations (*Inspección General de Justicia – IGJ*).

h) BA Desarrollo S.A. was created on March 29, 2011 (former Agencia Invierta Buenos Aires S.A.) with the purpose of promoting and developing financial and technical assistance to foster the various productive, commercial and service-related sectors of the Province of Buenos Aires, as well as to coordinate, finance and render services connected with advice, design and implementation of projects and/or investment undertakings that may encourage the development of value chains and the provincial economy, its regions and municipalities as well as create new jobs. Grupo Banco Provincia S.A. and Banco de la Provincia de Buenos Aires are its shareholders with a 50% share each. The capital stock totals \$20,000 corresponding to 20,000 book-entry shares for a nominal value of \$1 each, and one vote per share.

On March 30 and June 16, 2011, Banco de la Provincia de Buenos Aires paid \$2,500 and \$7,500, respectively, totaling its capital contribution.

On the other hand, Grupo Banco Provincia S.A paid \$2,500 on March 30, two installments of \$3,000 each on May 12 and June 14, respectively, and \$1,500 on July 13, 2011, totaling its capital contribution.

On April 5, 2011, BA Desarrollo S.A. was registered with the Provincial Directorate of Artificial Persons (*Dirección Provincial de Personas Jurídicas*).

i) The Bank and controlled companies have a significant exposure to the Argentine public sector through government securities, loans and other assets identified in the Financial Statements and annexes for about \$25,571,108 and \$17,476,955 at December 31, 2013 and 2012, respectively. Such exposure mainly resulted from debt restructurings by the Argentine Government, the offset of effects derived from devaluation and asymmetric conversion into pesos, and the financial assistance to the government of the Province of Buenos Aires in line with the provisions of Article 9 of the Bank's Charter and other financial assistance.

Note 2 – Accounting Policies

The Financial Statements of Provincia Microempresas S.A., BA Desarrollo S.A., Grupo Banco Provincia S.A. and related and controlled companies have been prepared on the basis of valuation criteria consistent with those used by Banco de la Provincia de Buenos Aires to prepare its Financial Statements.

Note 3 below describes the main differences between the current Professional Accounting Standards and the accounting standards of the BCRA, and the rules issued by the regulatory authorities of related and controlled companies (National Insurance Superintendency (*Superintendencia de Seguros de la Nación – SSN*)).

The principal valuation and disclosure criteria followed by Banco de la Provincia de Buenos Aires are described in Note 2 to its Financial Statements, of which this supplementary information forms part.

The main accounting policies used by controlled companies and not mentioned in that Note are described below, according to the Financial Statements of consolidated subsidiaries.

2.a. Valuation of Government and Corporate Securities

In addition to the information provided in Note 3.3 to the Bank's Financial Statements, and as shown in Note 5 to the consolidated financial statements, they include:

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2.a.1. Government Securities for Trading and Investments in Listed Corporate Securities

Investments in Fixed-Income Government Securities and National Government Bonds; Provincia Seguros de Vida S.A. measured at their technical value the government securities held in its portfolio until maturity.

Mutual Funds have been valued at their quota share price prevailing at the end of the fiscal year.

2.b. Interests in Other Companies

As stated in Note 7, the valuation of this caption for each non-consolidated company is as follows:

| Name | Valuation Method |
|---|------------------|
| <i>In non-controlled companies – Unlisted</i> | |

Grupo Banco Provincia S.A. in:

- Internacional Compañía de Seguros de Vida S.A. Valued at their proportional equity value.

Provincia Seguros S.A. in:

- FOGABA S.A.
- Internacional Compañía de Seguros de Vida S.A. Valued at their proportional equity value.

Provincia Bursátil S.A. in:

- Mercado de Valores de Buenos Aires S.A.
Mercado a Término Buenos Aires S.A. Valued at their acquisition cost, as restated for inflation, without exceeding their proportional equity value.

2.c. Receivables from Financial Leases

In Provincia Leasing S.A.: As stated in Note 8, these are receivables from financial leases.

They are valued at the discounted value of payments required to be made by the lessee under the leasing transaction, excluding additional services and taxes, and the payment required from the lessee to exercise the option to purchase.

The value of these assets, taken as a whole, does not exceed their recoverable value.

2.d. Investment Properties

Provincia Leasing S.A. and provincial Seguros S.A. include investments in real property for rent, which have been valued at acquisition cost, as restated for inflation at the end of the fiscal period, net of accumulated depreciation.

Depreciation is calculated by the straight-line method on the basis of the estimated useful life of the assets. The value of these assets, taken as a whole, does not exceed their recoverable value.

2.e. Intangible Assets

In addition to Note 3.11 to the Bank's Financial Statements at December 31, 2013 and 2012, they include software licenses, improvements to third-party real estate, launching expenses, organization and development expenses incurred in the pre-operating stage of business for the amounts of \$11,834 and \$12,317, respectively, valued at acquisition cost as restated in constant currency at February 28, 2003, net of accumulated depreciation.

Depreciation has been calculated by the straight-line method on the basis of the estimated useful life according to the term of the pertinent agreement.

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The value of these assets, taken as a whole, does not exceed their recoverable value.

2.f. Allowances and Provisions

In addition to the information provided in Note 3.15 to the Bank's Financial Statements at December 31, 2013 and 2012, this caption includes the allowances and provisions of the Companies directly or indirectly controlled by the Bank, as detailed below:

| 2.f.1 - ALLOWANCES | 12-31-2013 | 12-31-2012 |
|---|------------|------------|
| <u>Investments – For Loss of Value</u> | | |
| This allowance is set up by Provincia Bursátil S.A. to reflect the loss of value of shares of Mercado de Valores de Buenos Aires S.A. calculated at the proportional Equity Value. | 1,825 | - |
| <u>Receivables from Financial Lease - For Uncollectibility Risk</u> | | |
| This allowance includes the amount by which the residual value and the charges to be collected on receivables from financial lease of Provincia Leasing S.A. has to be adjusted, considering the loss risk assessed on the degree of compliance by lessees, their financial and economic position and the assets recoverable value. | 13,193 | 12,789 |
| <u>Interests in Other Companies - For Loss of Value</u> | | |
| It is set up on the basis of the recoverable value of the investment of Grupo Banco Provincia S.A. | 6,344 | 8,871 |
| <u>Miscellaneous Receivables – For Uncollectibility Risk</u> | | |
| This allowance is set up on the basis of the analysis of possible loan losses, according to the assessments and procedures established by each subsidiary. | 76,962 | 81,672 |
| <u>Miscellaneous Assets – For Depreciation of Assets</u> | | |
| This allowance is set up by Provincia Leasing S.A. taking into account any possible depreciation of assets. | 187 | 187 |

| 2.f.2 - PROVISIONS | 12-31-2013 | 12-31-2012 |
|---|------------|------------|
| This caption mainly includes provisions set up by insurance companies. In the case of Provincia ART S.A., it includes provisions for administrative summary proceedings and claims not accepted. | | |
| Provincia Seguros de Vida S.A. set up provisions for legal proceedings and mediations against the Company claiming the fulfillment of obligations in the original currency of the pertinent contracts that were converted into pesos. | | |
| At December 31 2013, this caption includes provisions of Grupo Banco Provincia S.A. for \$28,664 set up on the basis of estimates by the Board of Directors and previous experience in similar circumstances. | 59,475 | 50,501 |

2.g. Miscellaneous Liabilities

Provincia Seguros S.A.

- Provision for pending claims

Debts with insureds on account of pending claims under lawsuits and mediations have been determined on the basis of the following criteria, except for the automobile sector:

a) In cases where a judgment has been entered, whether by a trial or appellate court, or where there has been a settlement prior to trial, the assessment was made on the basis of the amounts mentioned in the relevant instrument, plus litigation costs.

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b) With respect to lawsuits or mediations where claimed amounts are partially or totally undetermined, the assessment derives from the average of liabilities consisting of the remaining lawsuits and mediations of each line of insurance (individually), without any reinsurance deduction.

c) Lawsuits where no judgment has been rendered corresponding to other lines of insurance have been assessed at those dates on the basis of 60% of the amounts claimed, and updated following the procedures then in force or in accordance with the Company's liability, whichever is lower, except for Civil Liability policies, which are valued according to Resolution No. 34144.

At December 31, 2013 and 2012, the Company's liabilities include losses incurred but not reported (IBNR) in relation to these policies according to the guidelines established by Resolutions Nos. 37130 and 32201 issued by the SSN amounting to \$149,282 and \$98,043, respectively.

Automobile pending claims in administrative proceedings are valued pursuant to loss claims with possible responsibility of the insured persons, according to the average cost paid, determined by each situation and the respective policy, considering the claims effectively paid against those reported, until the pertinent technical report including the final valuation is obtained. With regard to third-party administrative claims, their assessment takes into account the amount claimed and the pertinent technical reports.

The Company has calculated provisions for automobile pending claims under lawsuits and mediations in accordance with Resolution No. 31144 issued by the SSN.

At December 31, 2013 and 2012, the Company's liabilities include losses incurred but not reported (IBNR) in relation to automobile policies, according to the guidelines of Resolutions Nos. 37130 and 32201 of the SSN, amounting to \$249,213 and \$136,637, respectively.

In all cases, provisions were set up netting, if applicable, the reinsurers' share.

Provincia ART S.A.

Reserves for settled losses to be paid, losses in liquidation process, losses incurred but not reported (IBNR) and losses incurred but not enough reported (IBNER), set up according to Resolution No. 29972 issued by the SSN, as amended by Resolutions Nos. 30733, 34642 and 35652, are included.

The Company has decided to differ, in 12 quarters and since March 31, 2013 (inclusive), the charge against income for the increase in the balance of provisions for losses in liquidation process related to cases A and B (severe disability) arising from the application of the criteria stipulated by Law No. 26773, as stated in Note 4.a.b).3) to these Financial Statements. At December 31, 2013 the balance of the above mentioned provision amounts to \$10,874.

Claims under litigation and mediation are also included. Progress in mediations is assessed according to the Company's experience in terms of their development, progress percentage and average cost per percentage point. Lawsuits are assessed according to the information provided by legal counsel and the guidelines of Resolution No. 30733 issued by the SSN.

Reserves for temporary labor disability and benefits in kind payable are included, determined in accordance with Resolutions Nos. 31731 and 35652 of the SSN. The Company has adopted the general criterion defined therein to establish the provisions for benefits in kind.

This caption also includes an additional reserve in case of disaster.

Provincia Seguros de Vida S.A.

Pending claims at year end are included. They are valued in terms of the capital sum assured plus yield, if applicable, according to paragraph No. 39.6 of the Rules for Insurance Activity.

Likewise, claims under litigation and mediation are included. They are assessed according to the information given by legal counsel and the guidelines stated in the above mentioned paragraph.

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This caption also includes surrenders payable, the amounts of which have been settled but not yet paid at the closing date of the period or fiscal year, as appropriate.

Commitments for policies under plans envisaging settlement at the expiration of the contract are included, provided the insured is alive at such date. They are valued according to the capital sum assured in the case of survivorship plus yield.

2.h. Other Liabilities

This caption includes technical commitments by Insurance Companies, as stated in Note 12, valued according to the following detail:

Provincia Seguros S.A.:

Mathematical Reserve:

It is calculated according to the technical rules approved by the SSN under the regulations of Law No. 20091.

Unearned Premium Reserve and Technical Reserve for Premiums Shortage:

It is computed according to the guidelines of Resolutions Nos. 29053 and 34717 of the SSN, respectively.

Provincia Aseguradora de Riesgos del Trabajo S.A.

Reserve for Contingencies and Loss Ratio Variances:

This provision is set up according to Resolution No. 29972 issued by the SSN, as amended by Resolution No. 31731.

Provincia Seguros de Vida S.A.:

Mathematical Reserves:

It is calculated according to the regulations of Law No. 20091 of the SSN.

Policies originally taken out in US dollars effective at December 31, 2013 and 2012 are affected by the provisions of Executive Order No. 214/02.

Consequently, the Fund for the Valuation of Reserves-Executive Order No. 214/02 was created, the amount of which consists of the end-of-period/fiscal year (as appropriate) valuation of the US dollar amount of such policies at the exchange rate informed by Banco de la Nación Argentina.

2.i. Statement of Cash Flows

The criterion for the preparation of this Statement identifies as cash and its equivalents the “Cash and Due from Banks” caption.

Note 3 – Differences between the current Professional Accounting Standards and the Accounting Standards of the BCRA and Rules issued by the Regulatory Authorities of Related and Controlled Companies (SSN)

The accounting practices established by the SSN are aimed at strengthening the capacity of insurance companies to meet their commitments and obligations to the insured. These practices differ in certain aspects

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Notes to the Consolidated Financial Statements with Controlled Companies (Law No. 19550 – Section 33)

AT DECEMBER 31, 2013 AND COMPARATIVE PERIODS
(in thousands of pesos)

from the Professional Accounting Standards and the accounting standards of the BCRA . The outstanding features are described below:

3.1. Valuation of Secured Loans and Promissory Notes of the Argentine Republic in Pesos (2014 and 2015)

Secured Loans received in exchange for public debt securities according to National Executive Order 1387/01 have been valued at the lower of the notional value (nominal value plus interest accrued at the end of the financial statements, converted at the rate of exchange determined by National Executive Order 471/02, net of contra-asset accounts) and the present value fixed in accordance with Resolution No.29248 of the SSN. If the technical value exceeds the present value, a provision called “Unearned profits for purchase of Secured Loans” is set up for the difference. Secured Loans acquired after the mentioned exchange are valued in line with the provisions of Resolution No. 29248, section 7, of the SSN.

At December 31, 2013, Promissory Notes 2019 received in exchange for Secured Loans according to Joint Resolution of the Treasury Secretariat (35/13) and Finance Secretariat (11/13), have been valued at their nominal value plus accrued and non-collected interest at the end of period/year, net of the balance of the contra-asset account called “Valuation Difference of Government Securities to be Settled” set up for the difference between the face value of the promissory note received and the book value of Secured Loans and Promissory Notes 2014 and 2015 delivered, and accruable on a straight-line basis over the life of the promissory note. Promissory Notes 2014 received in exchange for Secured Loans according to Joint Resolution of the Treasury Secretariat (8/09) and Finance Secretariat (5/09), and Promissory Notes 2015 received in exchange for Secured Loans and Government Securities according to Joint Resolutions issued by the Treasury Secretariat and Finance Secretariat Nos. 197/09, 52/09, 216/09 and 57/09, have been valued at their nominal value plus accrued and non-collected interest at the end of period/year, net of the balance of the contra-asset account called “Valuation Difference of Government Securities to be Settled” set up for the difference between the face value of the promissory note received and the book value of Secured Loans and BODEN 2014 delivered, and accruable on a straight-line basis over the life of the promissory note.

Under the Professional Accounting Standards, these assets should have been valued according to their current values.

3.2. Disclosure Rules

Disclosure rules established by the SSN do not require the distinction between current and non-current assets and liabilities. Pursuant to the Professional Accounting Standards, they should be classified as current and non-current on the basis of a one-year term computed since the closing date of the period or fiscal year, as applicable, referred to in the Financial Statements.

3.3. Provisioning Criteria

Reserves for uncollectibility of premiums are calculated mathematically by insurance companies, notwithstanding the actual probabilities of collecting on the accounts.

3.4. Reversal of Reserves for Contingencies

In the case of Provincia ART S.A., the reversal of the Reserve for Contingencies and Loss Ratio Variances should have been recorded, according to the Professional Accounting Standards, under the “Technical Commitments” caption.

3.5. Valuation of Loans and Debts

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(Partner)

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President

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The SSN does not allow the use of discounted values to compute Loans and Debts, as stipulated by the Professional Accounting Standards.

3.6. Reserve for Uncollectibility Risk Related to State-owned Companies and National, Provincial and Mixed Entities.

According to the Insurance Activity Rules issued by the SSN, premiums receivable corresponding to state-owned companies and national, provincial and mixed entities shall not be computed for calculating the Uncollectibility Risk allowance whenever such amounts have not been rejected. At December 31, 2013 and 2012, a portion of premiums receivable by Provincia ART S.A. from the public sector may be uncollectible and the setting up of allowance is applicable under the terms of the Professional Accounting Standards.

3.7. Holdings of Government Securities until Maturity

As stated in Resolution No. 33769 of the SSN, in case of differences between the book value and the market quotation of government securities to be held until maturity, decreases in capital stock, cash distributions of profits and repayment of contributions are not allowed up to the amount resulting from such difference.

3.8 Registration as an Asset and Amortization of Secured Loans and Promissory Notes.

Provincia Seguros S.A. registered as an asset and amortized the positive financial effect of the application of the accrual tax method on Secured Loans and Promissory Notes.

Note 4 – Minority Interest

The breakdown of the supplementary interests included in the "Minority Interest" caption is the following:

| Company | Minority Interest - % |
|--|-----------------------|
| Bapro Mandatos y Negocios S.A. | 0.150 |
| Bapro Medios de Pago S.A. | 0.004 |
| Grupo Banco Provincia S.A. | 0.033 |
| Provincia Aseguradora de Riesgos del Trabajo S.A. | 0.548 |
| Provincia Bursátil S.A. Sociedad de Bolsa | 1.000 |
| Provincia Leasing S.A. | 0.019 |
| Provincia Servicios de Salud S.A. (In Liquidation) (*) | - |
| Provincia Seguros de Vida S.A. | 46.000 |
| Provincia Seguros S.A. | 40.000 |

(*) See Note 18.h.1 to these Financial Statements.

Note 5 - Government and Corporate Securities

At December 31, 2013 and 2012, the breakdown of this caption, classified according to the line of business of the consolidated companies, is the following:

| Line of Business | Description | Book Value | | Net Realizable Value | |
|---------------------|-------------|------------|------------|----------------------|------------|
| | | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 |

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(in thousands of pesos)

| Line of Business | Description | Book Value | | Net Realizable Value | |
|--------------------------------------|--|------------|------------|----------------------|------------|
| | | 12-31-2013 | 12-31-2012 | 12-31-2013 | 12-31-2012 |
| Insurance | | | | | |
| | - Holdings recorded at market value | 459,570 | 754,017 | 459,570 | 754,017 |
| | - Holdings recorded at cost plus yield | 58,528 | 196,714 | 58,528 | 196,714 |
| | - Investments in Listed Corporate Securities | 946,044 | 270,806 | 946,044 | 270,806 |
| | Subtotal | 1,464,142 | 1,221,537 | 1,464,142 | 1,221,537 |
| Banking and Other Financial Services | | | | | |
| | - Holdings recorded at market value | 2,087,849 | 368,948 | 2,087,849 | 368,948 |
| | - Holdings recorded at cost plus yield | 9,562,610 | 10,455,312 | 3,937 | 8,415,462 |
| | - Securities issued by the BCRA | - | 168,881 | - | 168,881 |
| | - Investments in Listed Corporate Securities | 220,585 | 161,130 | 220,585 | 161,130 |
| | - Allowances | (150) | - | (150) | - |
| | Subtotal | 11,870,894 | 11,154,271 | 2,312,221 | 9,114,421 |
| Brokerage | | | | | |
| | - Holdings recorded at market value | 5,693 | 718 | 5,693 | 718 |
| | - Holdings recorded at cost plus yield | 6,061 | 11,342 | 6,061 | 11,342 |
| | - Investments in listed corporate securities | 19,746 | 107,576 | 19,746 | 107,576 |
| | - Allowances | (1,825) | - | (1,825) | - |
| | Subtotal | 29,675 | 119,636 | 29,675 | 119,636 |
| Services | | | | | |
| | - Holdings recorded at cost plus yield | - | 7,629 | - | 7,629 |
| | - Investments in listed corporate securities | 4,889 | 3,176 | 4,889 | 3,176 |
| | Subtotal | 4,889 | 10,805 | 4,889 | 10,805 |
| TOTAL | | 13,369,600 | 12,506,249 | 3,810,927 | 10,466,399 |
| Total | | | | | |
| | - Holdings recorded at market value | 2,553,112 | 1,123,683 | 2,553,112 | 1,123,683 |
| | - Holdings recorded at cost plus yield | 9,627,199 | 10,670,997 | 68,526 | 8,631,147 |
| | - Securities issued by the BCRA | - | 168,881 | - | 168,881 |
| | - Investments in listed corporate securities | 1,191,264 | 542,688 | 1,191,264 | 542,688 |
| | - Allowances | (1,975) | - | (1,975) | - |
| TOTAL | | 13,369,600 | 12,506,249 | 3,810,927 | 10,466,399 |

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Note 6 - Other Receivables from Financial Brokerage

At December 31, 2013 and 2012, the breakdown of this caption, classified according to the line of business of the consolidated companies, is the following:

| Line of Business | Description | Amounts | |
|---|---|------------------|------------------|
| | | 12-31-2013 | 12-31-2012 |
| Insurance | | | |
| | - Other receivables not included in the Debtors' Classification Rules | 887,442 | 553,588 |
| | - Accrued interest and adjustments receivable not included in the Debtors' Classification Rules | 28,570 | 10,955 |
| | Subtotal | <u>916,012</u> | <u>564,543</u> |
| Banking and other Financial Services | | | |
| | - Argentine Central Bank | 1,088,809 | 778,076 |
| | - Amounts receivable for spot and forward sales to be settled | 11,340 | 5,813 |
| | - Securities receivable under spot and forward purchases to be settled | 489,063 | 714,164 |
| | - Other receivables not included in the Debtors' Classification Rules | 286,056 | 321,585 |
| | - Unlisted negotiable bonds | 74,175 | 60,081 |
| | -Balances pending settlement of forward transactions without delivery of the underlying asset | 581 | - |
| | - Other receivables included in the Debtors' Classification Rules | 4,071,194 | 244,845 |
| | - Accrued interest and adjustments receivable included in the Debtors' Classification Rules | 238 | 41 |
| | - Accrued interest and adjustments receivable not included in the Debtors' Classification Rules | 19 | 19 |
| | - (Allowances) | <u>(9,946)</u> | <u>(8,443)</u> |
| | Subtotal | <u>6,011,529</u> | <u>2,116,181</u> |
| Brokerage | | | |
| | - Other receivables not included in the Debtors' Classification Rules | 2,214 | 1,303 |
| | Subtotal | <u>2,214</u> | <u>1,303</u> |
| Services | | | |
| | - Other receivables not included in the Debtors' Classification Rules | 307 | 141 |
| | - Accrued interest and adjustments receivable not included in the Debtors' Classification Rules | - | 1 |
| | Subtotal | <u>307</u> | <u>142</u> |
| TOTAL | | <u>6,930,062</u> | <u>2,682,169</u> |

Note 7 - Interests in Other Companies

At December 31, 2013 and 2012, the breakdown of this caption for each non-consolidated company is the following:

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| Issuing Company | Number of Shares | | Equity Interest and Votes (%) | | Book Value Net of Allowances | |
|-----------------|------------------|------|-------------------------------|------|------------------------------|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |

IN OTHER NON-CONTROLLED COMPANIES

- Argentina

Banco de la Provincia de Buenos Aires in:

| | | | | | | |
|--|-----------|-----------|-------|-------|--------------|--------------|
| | | | | | 7,389 | 7,452 |
| Provincanaje S.A. | 600,000 | 600,000 | 8.33 | 8,33 | 165 | 165 |
| Visa Argentina S.A. | 1,364,994 | 1,427,994 | 9.93 | 9,93 | 3,409 | 3,472 |
| Mercado Abierto Electrónico S.A. | 1 | 1 | 0.45 | 0,45 | 4 | 4 |
| ACH S.A. | 188,500 | 188,500 | 29.00 | 29,00 | - | - |
| CADIPSA S.A. | 9,176 | 9,176 | 1.72 | 1,72 | - | - |
| Argencontrol S.A. | 70,000 | 70,000 | 10.00 | 10,00 | 70 | 70 |
| Red Link S.A. | 956,250 | 956,250 | 12.75 | 12,75 | 2,123 | 2,123 |
| Massuh S.A. | 163,791 | 163,791 | 0.16 | 0,16 | 138 | 138 |
| Garbin S.A. | 1,441,605 | 1,441,605 | 4.31 | 4,31 | 1,442 | 1,442 |
| Emde S.A. | 7,140 | 7,140 | 0.92 | 0,92 | - | - |
| In public utility companies (Cooperatives) | | - | - | - | 38 | 38 |

Grupo Banco Provincia S.A. in:

| | | | | | | |
|--|------------|------------|-------|-------|---------------|---------------|
| | | | | | 40,603 | 40,516 |
| Internacional Compañía de Seguros de Vida S.A. | 21,709,977 | 21,709,977 | 37.77 | 37,77 | 40,603 | 40,516 |

Provincia Bursátil Sociedad de Bolsa S.A. in:

| | | | | | | |
|---|---|---|---|---|--------------|--------------|
| | | | | | 3,439 | 3,414 |
| Mercado de Valores de Buenos Aires S.A. | 2 | 2 | - | - | 3,414 | 3,414 |
| Mercado a Término de Buenos Aires S.A. | 1 | - | - | - | 25 | - |

Provincia Seguros S.A. in:

| | | | | | | |
|--|-----------|-----------|------|------|--------------|--------------|
| | | | | | 3,955 | 3,520 |
| Fogaba S.A. | 10,000 | 10,000 | 0.24 | 0,24 | 1,045 | 535 |
| Internacional Compañía de Seguros de Vida S.A. | 1,730,335 | 1,730,335 | 3.01 | 3,01 | 2,910 | 2,985 |

TOTAL IN ARGENTINA

55,386 54,902

- Abroad

Banco de la Provincia de Buenos Aires in:

| | | | | | | |
|--|---------|---------|------|------|---------------|---------------|
| | | | | | 52,457 | 39,585 |
| Bladex S.A. | 884,461 | 884,461 | 2.43 | 2,43 | 52,346 | 39,491 |
| Swift S.A. | 8 | 8 | 0.01 | 0,01 | 9 | 6 |
| Bolsa Electrónica de Val. del Uruguay S.A. | 1 | 1 | 3.84 | 3,84 | 81 | 69 |
| Telebrás | 217,928 | 217,928 | 0.01 | 0,01 | 21 | 19 |

TOTAL ABROAD

52,457 39,585

TOTAL

107,843 94,487

Note 8 – Loans under Financial Leases

At December 31, 2013 and 2012, the breakdown of this caption according to the line of business of the consolidated companies is the following:

| Line of Business | Description | Amounts | |
|------------------|-------------|------------|------------|
| | | 12-31-2013 | 12-31-2012 |

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| Line of Business | Description | Amounts | |
|---|---|----------------|----------------|
| | | 12-31-2013 | 12-31-2012 |
| Banking and other Financial Services | | | |
| | - Machinery and equipment under financial lease | 352,664 | 282,434 |
| | - Matured charges receivable | 19,073 | 17,867 |
| | - Premises under financial lease | 1,648 | 1,723 |
| | - Machinery and equipment to be recovered | 1,425 | 1,822 |
| | - Other | 113,030 | 126,454 |
| | - Accrued interest and adjustments receivable | 10,390 | 8,571 |
| | - (Allowances) | (15,208) | (13,693) |
| | TOTAL | 483,022 | 425,178 |

Note 9 - Miscellaneous Receivables

At December 31, 2013 and 2012, the breakdown of this caption according to the line of business of the consolidated companies is the following:

| Line of Business | Description | Amounts | |
|---|--|------------------|------------------|
| | | 12-31-2013 | 12-31-2012 |
| <i>Insurance</i> | | | |
| | - Estimated minimum income tax | 7,935 | 2,917 |
| | - Premiums receivable | 1,057,836 | 740,250 |
| | - Expense advances | 224 | 112 |
| | - Deferred tax | 376 | 4,425 |
| | - Other | 1,339,274 | 665,004 |
| | - (Allowances) | (65,349) | (79,722) |
| | Subtotal | 2,340,296 | 1,332,986 |
| <i>Banking and other Financial Services</i> | | | |
| | - Debtors for sale of assets | 70 | 1,374 |
| | - Estimated minimum income tax | 4,106 | 1,843 |
| | - Debtors for services | 60,082 | 40,042 |
| | - Deferred tax | 1,373 | 937 |
| | - Other accrued interest receivable | 10,810 | 12,601 |
| | - Interest accrued on the sale of assets | - | 20 |
| | - Other | 2,327,410 | 1,808,787 |
| | - (Allowances) | (125,090) | (126,551) |
| | Subtotal | 2,278,761 | 1,739,053 |
| <i>Brokerage</i> | | | |
| | - Estimated minimum income tax | 3,443 | 283 |
| | - Deferred tax | 13 | - |
| | - Debtors for brokerage transactions | 7,756 | 3,631 |
| | - Other | 45,749 | 11,861 |
| | - (Allowances) | - | (116) |
| | Subtotal | 56,961 | 15,659 |
| <i>Services</i> | | | |
| | - Estimated minimum income tax | 2,066 | 4,452 |
| | - Deferred tax | 10,268 | - |
| | - Other | 915 | 16,875 |
| | - (Allowances) | (13,249) | (522) |
| | Subtotal | 13,249 | 20,805 |
| | TOTAL | 4,689,267 | 3,108,507 |

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| Line of Business | Description | Amounts | |
|------------------|--|------------------|------------------|
| | | 12-31-2013 | 12-31-2012 |
| Total | | | |
| | - Debtors for sale of assets | 70 | 1,374 |
| | - Estimated minimum income tax | 17,550 | 9,495 |
| | - Other | 4,851,276 | 3,291,924 |
| | - Expense advances | 224 | 112 |
| | - Deferred tax | 12,030 | 5,362 |
| | - Debtors for services | 60,082 | 40,042 |
| | - Debtors for brokerage transactions | 7,756 | 3,631 |
| | - Premiums receivable | 1,057,836 | 740,250 |
| | - Other | 3,713,348 | 2,502,527 |
| | - Interest accrued on the sale of assets | - | 20 |
| | - Other accrued interest receivable | 10,810 | 12,601 |
| | Subtotal | 4,879,706 | 3,315,414 |
| | - (Allowances) | (190,439) | (206,911) |
| | TOTAL | 4,689,267 | 3,108,503 |

Note 10 – Miscellaneous Liabilities

At December 31, 2013 and 2012, the breakdown of this caption according to the line of business of the consolidated companies is the following:

| Line of Business | Description | Amounts | |
|---|--|------------------|------------------|
| | | 12-31-2013 | 12-31-2012 |
| Insurance | | | |
| | - Dividends payable | - | 2,245 |
| | - Fees | 2,656 | 1,741 |
| | - Debts with the insured, reinsurers and co-insurers | 3,688,863 | 2,323,058 |
| | - Debts with brokers | 104,840 | 87,632 |
| | - Other | 414,538 | 324,912 |
| | Subtotal | 4,210,897 | 2,739,588 |
| Banking and other Financial Services | | | |
| | - Fees | 8,915 | 5,335 |
| | - Suppliers | 54,903 | 20,962 |
| | - Advances from customers | 27,670 | 3,598 |
| | - Other | 447,417 | 329,664 |
| | Subtotal | 538,905 | 359,559 |
| Brokerage | | | |
| | - Fees | 3,314 | 2,766 |
| | - Suppliers | 706 | 379 |
| | - Other | 4,202 | 5,627 |
| | Subtotal | 8,222 | 8,772 |
| Services | | | |
| | - Fees | 375 | 7,712 |
| | - Suppliers | 897 | 127 |
| | - Advances from Customers | - | 6,907 |
| | - Other | 10,193 | 6,016 |
| | Subtotal | 11,465 | 20,762 |
| | TOTAL | 4,769,489 | 3,128,681 |

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Note 11 - Provisions

At December 31, 2013 and 2012, the breakdown of this caption according to the line of business of the consolidated companies is the following:

| Line of Business | Description | Amounts | |
|---|------------------------------|------------------|----------------|
| | | 12-31-2013 | 12-31-2012 |
| Insurance | | | |
| | - For other contingencies | 27,285 | 20,032 |
| | Subtotal | 27,285 | 20,032 |
| Banking and other Financial Services | | | |
| | - For contingent liabilities | 1,963 | 1,963 |
| | - For other contingencies | 1,429,855 | 607,897 |
| | Subtotal | 1,431,818 | 609,860 |
| Services | | | |
| | - For other contingencies | 28,664 | 27,806 |
| | Subtotal | 28,664 | 27,806 |
| | TOTAL | 1,487,767 | 657,698 |

Note 12 – Other Liabilities

At December 31, 2013 and 2012, the breakdown of this caption according to the line of business of the consolidated companies is the following:

| Line of Business | Description | Amounts | |
|---|---|------------|------------|
| | | 12-31-2013 | 12-31-2012 |
| <i>Insurance</i> | | | |
| | - Contingencies and loss ratio variance | 134,735 | 47,857 |
| | - Mathematical reserves | 1,932 | 2,980 |
| | - Mathematical reserves for individual lifetime annuities | 134,126 | 98,793 |
| | - Current risk and unearned premiums and charges | 236,804 | 220,845 |
| | - Other | 11,633 | 9,173 |
| | Subtotal | 519,230 | 379,648 |
| Banking and Other Financial Services | | | |
| | - Other | (20,938) | 8,204 |
| | Subtotal | (20,938) | 8,204 |
| | TOTAL | 498,292 | 387,852 |

Note 13 – Income from Services and Expenditure for Services - Other

At December 31, 2013 and 2012, the breakdown of these captions according to the line of business of the consolidated companies is the following:

Income from Services – Other

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(in thousands of pesos)

| Line of Business | Description | Amounts | |
|---|--|------------------|------------------|
| | | 12-31-2013 | 12-31-2012 |
| Insurance | | | |
| | - Premiums and surcharges for insurance policies | 5,103,492 | 3,168,387 |
| | - Income from technical structure | 35,253 | 21,688 |
| | Subtotal | 5,138,745 | 3,190,075 |
| Banking and other Financial Services | | | |
| | - Income from Services | 2,962,772 | 1,919,484 |
| | - Trust administration | 22,359 | 17,939 |
| | Subtotal | 2,985,131 | 1,937,423 |
| Brokerage | | | |
| | - Income from services | 6,982 | 6,759 |
| | - Income from brokerage transactions | 6,897 | 5,908 |
| | Subtotal | 13,879 | 12,667 |
| | TOTAL | 8,137,755 | 5,140,165 |

Expenditure for Services – Other

| Line of Business | Description | Amounts | |
|---|---|------------|------------|
| | | 12-31-2013 | 12-31-2012 |
| <i>Insurance</i> | | | |
| | | - | 245 |
| | - Other | | |
| | - Accrued claims | 3,992,379 | 2,126,291 |
| | - Insurance policy surrenders and accrued temporary annuities | 3,177 | 2,048 |
| | - Expenditures on technical structure | 255,093 | 102,877 |
| | Subtotal | 4,250,649 | 2,231,461 |
| <i>Banking and other Financial Services</i> | | | |
| | - Other | 1,047,542 | 572,288 |
| | Subtotal | 1,047,542 | 572,288 |
| | TOTAL | 5,298,191 | 2,803,749 |

Note 14 – Administrative Expenses

At December 31, 2013 and 2012, the breakdown of this caption according to the line of business of the consolidated companies is the following:

| Line of Business | Description | Amounts | |
|---------------------|-------------|------------|------------|
| | | 12-31-2013 | 12-31-2012 |

Insurance

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PRICE WATERHOUSE & CO. S.R.L.

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Marcelo H. García
General Manager

Gustavo M. Marangoni
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AT DECEMBER 31, 2013 AND COMPARATIVE PERIODS
(in thousands of pesos)

| Line of Business | Description | Amounts | |
|---|---|------------------|------------------|
| | | 12-31-2013 | 12-31-2012 |
| | - Personnel expenses | 347,508 | 248,224 |
| | - Directors' and syndics' fees | 6,899 | 5,856 |
| | - Other fees | 56,745 | 63,301 |
| | - Advertising and publicity | 82,174 | 56,959 |
| | - Taxes | 158,160 | 103,333 |
| | - Depreciation of bank premises and equipment | 3,897 | 8,821 |
| | - Amortization of organization and development expenses | 34,539 | 2,212 |
| | - Other operating expenses | 343,935 | 260,956 |
| | - Other | 306 | 144 |
| | Subtotal | 1,034,163 | 749,806 |
| Banking and other Financial Services | | | |
| | - Personnel expenses | 4,677,840 | 3,588,524 |
| | - Directors' and syndics' fees | 25,067 | 17,984 |
| | - Other fees | 81,193 | 53,891 |
| | - Advertising and publicity | 113,459 | 113,663 |
| | - Taxes | 29,086 | 27,487 |
| | - Depreciation of bank premises and equipment | 128,261 | 84,290 |
| | - Amortization of organization and development expenses | 37,990 | 28,817 |
| | - Other operating expenses | 571,907 | 423,615 |
| | - Other | 109,858 | 88,431 |
| | Subtotal | 5,774,661 | 4,426,702 |
| Brokerage | | | |
| | - Personnel expenses | 10,652 | 8,439 |
| | - Directors' and syndics' fees | 3,316 | 2,766 |
| | - Other fees | 1,148 | 1,064 |
| | - Advertising and publicity | 4,001 | 131 |
| | - Taxes | 50 | 20 |
| | - Depreciation of bank premises and equipment | 86 | 81 |
| | - Amortization of organization and development expenses | 153 | 126 |
| | - Other operating expenses | 733 | 4,017 |
| | - Other | 209 | - |
| | Subtotal | 20,348 | 16,644 |
| Services | | | |
| | - Personnel expenses | 115,270 | 82,244 |
| | - Directors' and syndics' fees | 9,230 | 7,171 |
| | - Other fees | 6,212 | 6,409 |
| | - Advertising and publicity | 2,520 | 2,467 |
| | - Taxes | 10,901 | 6,247 |
| | - Depreciation of bank premises and equipment | 517 | 700 |
| | - Amortization of organization and development expenses | 113 | 193 |
| | - Other operating expenses | 13,971 | 17,734 |
| | - Other | 12,285 | 12,711 |
| | Subtotal | 171,019 | 135,876 |
| | TOTAL | 7,000,191 | 5,329,028 |

Note 15 - Miscellaneous Income

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(in thousands of pesos)

At December 31, 2013 and 2012, the breakdown of this caption according to the line of business of the consolidated companies is the following:

| Line of Business | Description | Amounts | |
|---|---|----------------|----------------|
| | | 12-31-2013 | 12-31-2012 |
| Insurance | | | |
| | - Net income on long-term investments | 1,599 | 1,835 |
| | - Other | 65,120 | 28,434 |
| | Subtotal | 66,719 | 30,269 |
| Banking and other Financial Services | | | |
| | - Net income on long-term investments | 36,079 | 30,940 |
| | - Penalty interest | 26,549 | 6,856 |
| | - Receivables recovered and provisions reversed | 229,491 | 144,302 |
| | - Adjustment from application of the CER index | 6 | 11 |
| | - Other | 110,586 | 80,707 |
| | Subtotal | 402,711 | 262,816 |
| Brokerage | | | |
| | - Net income on long-term investments | 196 | 750 |
| | - Other | 1,067 | 1,284 |
| | Subtotal | 1,263 | 2,034 |
| Services | | | |
| | - Net income on long-term investments | 7,433 | 14,820 |
| | - Other | 523 | 18,251 |
| | Subtotal | 7,956 | 33,071 |
| TOTAL | | 478,649 | 328,190 |

Note 16 - Miscellaneous Losses

At December 31, 2013 and 2012, the breakdown of this caption according to the line of business of the consolidated companies is the following:

| Line of Business | Description | Amounts | |
|---|---|------------------|----------------|
| | | 12-31-2013 | 12-31-2012 |
| Insurance | | | |
| | - Charges for miscellaneous receivables and other items written-off | 3,277 | 33,066 |
| | - Other | 127,571 | 51,903 |
| | Subtotal | 130,848 | 84,969 |
| Banking and other Financial Services | | | |
| | - Charges for miscellaneous receivables and other items written-off | 920,159 | 335,897 |
| | - Amortization of differences from court orders | 21,400 | 29,152 |
| | - Penalty interest and charges in favor of the BCRA | 40 | 40 |
| | - Depreciation and losses of miscellaneous assets | 1,702 | 4,758 |
| | - Other | 87,630 | 51,148 |
| | Subtotal | 1,030,931 | 420,995 |
| Services | | | |
| | - Other | 5 | 13,841 |
| | Subtotal | 5 | 13,841 |
| TOTAL | | 1,161,784 | 519,805 |

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Note 17 – Restricted Assets

In addition to the contents of Note 6 to the Bank's Financial Statements, the Consolidated Balance Sheet includes the following restricted assets:

| Company | 12-31-2013 | 12-31-2012 |
|---|------------|------------|
| <u>Provincia Bursátil S.A.</u> | | |
| Shares of Mercado de Valores de Buenos Aires S.A. delivered to such company as collateral, in line with the provisions applicable in general to stockbrokers and brokerage houses. | 3,414 | 3,414 |
| Fixed term deposit to guarantee the amounts owed to Banco de la Provincia de Buenos Aires. | 24 | 21 |
| Shares of Grupo Financiero Galicia S.A. related to put options written and pledged as collateral in Caja de Valores S.A. as at December 31, 2012. | - | 134 |
| <u>Provincia Leasing S.A.</u> | | |
| Contracts pledged as collateral of the obligations assumed with Banco de Inversión y Comercio Exterior (BICE) S.A. | 22,888 | 39.146 |
| <u>Grupo Banco Provincia S.A.</u> | | |
| Fixed term deposits to guarantee the payment of amounts owed to Banco de la Provincia de Buenos Aires and the opening of import letters of credit and amortization loans granted to Provincia Leasing S.A. to be applied to new transactions. | 23.341 | 36.097 |
| <u>Provincia Seguros S.A.</u> | | |
| Court deposits levied under legal proceedings, included in the Provision for Pending Claims or claims not related to insurance activities. | 21,637 | 25,705 |
| One hundred thousand quota-shares under attachment of Inversión Firma Ahorro Pesos Clase C mutual fund at December 31, 2013 and 2012. Forty one thousand five hundred and fourteen quota-shares under attachment of Inversión Firma Ahorro Plus mutual fund at December 31, 2013. | 686 | 529 |
| Fixed term deposits in Banco de la Provincia de Buenos Aires to guarantee the payment of the amounts owed to the Bank. | 465 | 329 |
| Bogar 2018 government securities levied under legal proceedings. At December 31, 2012, fixed term deposits were also included. | 402 | 3,837 |
| <u>Bapro Mandatos y Negocios S.A.</u> | | |
| Fixed term deposit to guarantee the amounts owed to Banco de la Provincia de Buenos Aires. | 70 | 50 |
| Fixed term deposit in compliance with the requirement of General Resolution No. 622 issued by the C.N.V. | 1,545 | - |
| <u>Bapro Medios de Pago S.A.</u> | | |
| Fixed term deposit to guarantee the payment of amounts owed under the agreement with the former Standard Bank Argentina S.A. (ICBC Argentina S.A.) and Bapro Medios de Pago S.A. dated December 18, 2008. | 519 | 518 |
| | 850 | 215 |

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(in thousands of pesos)

| Company | 12-31-2013 | 12-31-2012 |
|---------|------------|------------|
|---------|------------|------------|

Fixed term deposit to guarantee the amounts owed to Banco de la Provincia de Buenos Aires.

Note 18 – Significant Developments regarding Subsidiaries and Other Non-Controlled Companies

Significant developments in relation to subsidiaries and other non-controlled companies, including events subsequent to the Financial Statements of Grupo Banco Provincia S.A. at December 31, 2013, which were used for the consolidation of these Consolidated Financial Statements, are detailed below:

a. Provincia ART S.A.

a.1. Fund for Specific Purposes - Executive Order No. 590/97

With respect to the claim filed by Provincia ART S.A. against the National Government regarding the need to set up the Fund for Specific Purposes established by Executive Order No. 590/97, corresponding to the participation agreement between the Company and the Province of Buenos Aires, on June 30, 2009, the Government of the Province of Buenos Aires notified its legal and affirmative defenses: a) lack of court jurisdiction, since as the Province is a party to the process, the original jurisdiction lies in the Argentine Supreme Court, and b) no grounds for a case, by virtue of the inclusion in the pertinent file of an opinion issued by the SSN's Legal and Control Departments ratifying the decision of the Company not to record the contribution to be made by the provincial government as a liability since the latter had expressly waived all rights from such contribution. On August 4, 2009, the Company answered the defenses filed by the Government of the Province of Buenos Aires, acknowledging the allegation of lack of jurisdiction. On September 15, 2009, such defense was sustained and the proceedings were referred to the Argentine Supreme Court.

On May 22, 2008, through joint Resolution No. 33034, the SSN and the Workers' Compensation Insurance Superintendence (*Superintendencia de Riesgos del Trabajo* - SRT) authorized the Government of the Province of Buenos Aires to carry its own workers' compensation insurance coverage and provided its registration in the registry of self-insured employers.

Pursuant to the terms of the agreement between both parties, contracts executed between January 1, 1998 and December 31, 2006 were subject to financial analysis. Such analysis has produced a \$ 28,424 balance in favor of the Government of the Province of Buenos Aires at December 31, 2006, which mainly accounted for the difference between the premiums charged by Provincia ART S.A. and the claims settled in such period, as well as taxes, commissions and related operating expenses. At the termination date of the agreement, the fund balance amounted to \$21,585 approximately.

Since January 1, 2007, the above balance in favor of the Government of the Province of Buenos Aires was allocated to the payment of these claims. Once such balance was exhausted, the obligations were cancelled through a fund specifically created for such purposes according to the terms of section 59 of the Accounting Law of the Province of Buenos Aires. The responsibility of Provincia ART S.A. is to calculate, settle and pay, in due time, such obligations. At December 31, 2013, \$828,538 is recorded by the Company under the "Other Receivables" caption.

At December 31, 2013, the amount to be received by the Company on account of self-insurance management is of \$66,435.

At December 31, 2013 and 2012, the balance not yet due and payable to be collected by the Company on account of advances in checking accounts for claim payments (\$24,702 and \$34,138, respectively), and fees for self-insurance management (\$11,710 and \$7,718, respectively), is recorded under the "Other Receivables" caption of the Consolidated Financial Statements of Grupo Banco Provincia S.A.

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Under the terms of Supplementary Minutes No. 2 dated March 27, 2012, on April 26, 2012, Provincia ART S.A. received bonds from the Government of the Province of Buenos Aires for a residual nominal value of \$116,435 equivalent to a technical value of \$116,916 at April 11, 2012, date on which the agreement providing for the regularization of non-financial obligations and subscription of provincial securities was signed. Such bonds were delivered to settle the debt arising from advances made from October 2010 to June 2011, balances for the October 2010 to March 2011 period on account of shortfalls in advances to cover expenses incurred by Provincia ART S.A. on behalf of the Government of the Province of Buenos Aires, and management charges for the quarterly periods from April 1, 2010 to March 31, 2011. The Company is duly collecting income and amortization amounts under the pertinent securities.

On February 14, 2013, the Ministry of Economy of the Province of Buenos Aires undertook before the SSN to settle the accrued and payable debt held with the Company until and including December 31, through the issuance of bonds for the Regularization of non Financial Obligations at a 3-year term, with interest accruing semiannually at an interest rate similar to that charged by the National Government to the Province of Buenos Aires pursuant to the latest financial assistance agreement signed by such parties in 2012. The debt amount would approximately be \$404,168 and \$38,787 for claim payments and fees for self-insurance management, respectively.

After December 31, 2013, Provincia ART S.A. received payments for \$18,000 to partially settle such debt.

a.2. Trust Fund for Occupational Diseases

Resolution No. 29323 of June 27, 2003 from the SSN set out the rules for the accounting of income, expenditure and investments of the Trust Fund for Occupational Diseases, created by Executive Order No. 1278/00. At the closing date of the Financial Statements, Provincia ART S.A. has recorded the balance corresponding to this fund in compliance with the provisions of the above mentioned resolution. Likewise, the investment portfolio complies with such provisions.

At December 31, 2013 and 2012, the Company has deducted expenditures under the fund for an amount computed according to section 19, subsections a) and b) of the above resolution. At such dates, the Company has used all funds under section 19, subsection a).

The remaining amount of the trust fund is under trust administration of Provincia ART S.A. Funds held in trust and the pertinent income and expenditures are subject to specific accounting record, separate from the other transactions. At December 31, 2013 and 2012, cash and due from banks and investments of such fund amounted to \$104,805 and \$80,297, respectively.

a.3. Amendments to the Workers' Compensation Insurance System

- Declaration of unconstitutionality of certain sections of Law No. 24557

On rendering judgment in the case entitled "Castillo Ángel Santos v/ Cerámica Alberdi S.A.", on September 7, 2004, the Argentine Supreme Court of Justice declared Section 46, subsection 1, of labor risk Law No. 24557 to be unconstitutional. As a consequence, workers affected by occupational accidents will be able to express their disagreement with the enforcement of the above law before the labor courts in each province. Prior to this ruling, the procedure only consisted of examinations by medical commissions, the decisions of which could only be appealed to the federal courts.

Furthermore, on September 21, 2004, the Supreme Court rendered judgment in the case entitled "Aquino Isacio v/Cargos Servicios Industriales S.A." confirming the judgment entered by the National Court of Appeals in Labor Matters, Division VI, that had ruled on the unconstitutionality of Section 39, subsection 1 of Law No. 24557, which exempted employers from civil liability to injured employees, except in cases of willful misconduct.

On October, 26, 2004, the Argentine Supreme Court of Justice declared the unconstitutionality of Section 14, subsection 2 b) of the labor risk law, which provided for the compensation of partial permanent disabilities in

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monthly payments, and compensations must now be paid in a lump-sum amount (known as the “Milone Case”).

Finally, on September 12, 2007, the above court ruled in the case entitled “Llosco v/Irmi” revoking the judgment of the Superior Court of the Province of Jujuy that had dismissed the right of an injured worker to claim damages in civil proceedings because he had already received compensation under Law No. 24557.

Although the above-mentioned rulings apply to the cases specifically heard by court, they had a significant impact on the workers’ compensation insurance system. The Company prepared a statement of reserves, technical commitments, cash and due from banks and investments at September 7, 2004 and submitted this information to the SSN.

- Issuance of National Executive Order No. 1694

On November 6, 2009, the Executive Branch issued Order No. 1694 introducing modifications to Law No. 24557, as amended, applicable to contingencies in which the first manifestation of disability occurs from such date. These modifications include:

- Increase of the additional lump-sum monetary compensation for partial permanent disability declared to be definite of more than 50%. The additional lump-sum compensation to be paid in case of total permanent disability declared to be definite and the worker’s death was also increased.
- Elimination of the maximum cap on the monetary compensation for permanent disability.
- Determination of a minimum amount applicable to the monetary compensation for permanent disability. Such amount shall be equivalent to that resulting from multiplying 180,000 by the pertinent percentage of disability.
- Determination of the monetary compensation for provisional or permanent labor disability declared to be temporary according to the provisions of Law No. 20744, section 208.
- Creation of a registry of medical services providers.

- Enactment of Law No. 26773

On October 26, 2012, the Official Gazette published Law No. 26773 (rules on injuries derived from accidents at work and occupational diseases), which introduced significant modifications to labor risk regulations in order to reduce the litigation rate in the labor risk system. The most important changes are:

- Introduction of an “exclusive option” under which an injured employee will have to choose between receiving the statutory compensation amount or filing an action before the civil courts claiming for compensation.
- Establishment of a lump-sum payment as compensation to be paid within 15 days after notice of the worker’s death, or the approval or determination of the percentage of disability.
- If the injury occurs at the workplace or during working hours, the injured employee shall receive an additional single compensation equal to 20% of the compensation amounts offered under the system. A minimum compensation amount is also established in the case of death or total disability.
- Compensation amounts will be updated semiannually in accordance with the worker’s average taxable remuneration index (RIPTE).
- If compensation is determined by reference to other liability systems (judgment, pretrial conference or settlement), the insurer must deposit the amount that would have been payable according to law plus interest and legal fees. This amount shall be deducted from the amount determined by court or settled. If the amount of the judicial decision is less than the amount deposited, the difference shall be deposited in a guarantee fund.

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- The SSN and the SRT shall decide the indicators to be used by insurers to state their rates systems. They shall include risk level and expected and actual loss experience.

- Insurers shall limit their administrative expenditure and other non-benefit expenses budget to the percentage to be established by the SSN and the SRT, which shall not exceed 20% of income. Out of the resulting amount, 5% may be allocated to marketing or intermediation expenses. Additionally, caps are set as regards legal fees, eliminating the possibility of *cuota litis* agreements. On January 8, 2013, the SSN issued Communication No. 3439, establishing that insurers shall maintain the fees percentages stipulated in contracts in force at the effective date of Law No. 26773 until termination thereof, without exceeding 1-year from the pertinent execution date.

Taking into an account that at the issuance of the Financial Statements of Provincia ART S.A., Law No. 26773 has not been regulated, the Company's Executives consider that they have properly construed the provisions and scope of such law.

The senior management of Provincia ART S.A. is analyzing the potential effect that these regulatory modifications may have on its loss ratio and the final cost of claims, as well as on its economic and financial situation and operations, and no conclusions may yet be drawn from such analysis.

a.4. Workers compensation insurance of the Government of the Province of Mendoza

On December 18 and 26, 2007, Provincia ART S.A. initiated executory processes before the Court in Civil, Commercial and Mining Matters No. 12 of the City of Mendoza to collect principal and interest owed on account of the workers' compensation insurance contracts unfulfilled by the Government of the Province of Mendoza and considered terminated as of August 31, 2005. From 2012, the Company decided to no longer set up provisions for the amounts owed by the Government of Mendoza according to Note 3.6 and to the authorization granted by the SSN. The credit balance at December 31, 2013 and 2012 amounted to \$ 15,919.

On April 28, 2009, Mendoza's Courts rendered lower court decision, which ordered to continue with the executory process until the defendant pays the total amount of \$24,583 plus legal interest calculated from November 26, 2007 to the effective payment date. Such decision was appealed by the Province of Mendoza on May 12, 2009.

In February 2010, the Court of Appeals in Civil Matters No. 4 rendered judgment admitting the appeal submitted by the defendant and rejecting the claim in full. Provincia ART S.A. filed an extraordinary appeal before Room I of the Provincial Supreme Court, which was admitted on April 7, 2010. Later, the Criminal House rejected the extraordinary appeal filed by the Company, which on March 15, 2011 submitted a federal extraordinary appeal to resort to the Argentine Supreme Court. This appeal was dismissed by the Mendoza Court of Justice. Therefore, the Company filed an appeal before the Argentine Supreme Court of Justice, which was dismissed on October 23, 2012.

In relation to the case entitled "Provincia Aseguradora de Riesgos del Trabajo S.A. contra c/Poder Judicial de la Provincia de Mendoza s/ejecución cambiaria", on November 26, 2010, the Court in Civil Matters No. 1 of the Province of Mendoza rendered a lower court decision, partially approving the payment exception and therefore ordering to continue the executory process for an amount of \$51 plus interest accrued from November 26, 2007 and rejecting the claim for \$576. Both parties have appealed this ruling.

At December 31, 2012, as a consequence of the dismissal of the appeal mentioned above, Provincia ART S.A. set up provisions for \$13,402.

a.5. Claim against the National Government

On November 21, 2000, the Argentine Supreme Court of Justice acknowledged the extraordinary appeal filed by Provincia ART S.A., thus confirming the judgment rendered by the Court of Appeals which ruled on the unconstitutionality of Executive Order No. 863/98 in the case entitled "Provincia A.R.T S.A. c/ Estado Nacional – Decreto N° 863/98 s/Amparo – Incidente de ejecución de sentencia".

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In this case, the Company claimed \$1,289 on account of recovery of fees withheld for workers' compensation insurers collection service by application of the above mentioned executive order. It also claimed the refund of \$1,062 corresponding to fees for the period preceding such executive order.

On March 19, 2009, the Federal Court rendered a favorable judgment for the Company and ordered the refund of the amounts illegitimately withheld. The appeal submitted by the National Government regarding such ruling was dismissed by the Court of Appeals on August 27, 2009, thus confirming the judgment. The case was remanded to the lower court, which approved the payment of \$1,787. Later, the Argentine Internal Revenue Service (*Administración Federal de Ingresos Públicos – AFIP*) challenged the judgment amount. On March 22, 2011, the Court served notice upon each of the attorneys involved in the case. On August 30, 2011, the Court of Appeals rejected the excuse dated July 5, 2011 requested by the Judge and decided to transfer the case to the Clerk's Office No. 2 of Court No. 1. Once the case was remanded and notice to the Parties has been duly served upon, it was sent to the above mentioned Clerk's Office, which decided to reject the challenge requested by the AFIP on March 8, 2012. The fiscal authority filed a claim against such resolution, which was answered on June 26, 2012. As instructed, the case was sent to the Court of Appeals on December 13, 2012. As of the date of the Financial Statements of Provincia ART S.A., the parties have been duly notified and all claims have been answered.

As of December 31, 2013 and 2012, the Company has recorded under the "Other Receivables" caption an amount of \$1,946 for the balance amount pending collection, and it expects to recover such remaining amounts upon enforcement of the judgment rendered by the Argentine Supreme Court.

a.6. Minimum Capital Requirements and Coverage of Debts to insureds

At December 31, 2013, Provincia ART S.A. records a \$1,368,298 deficit in minimum capital requirements and a \$955, 503 deficit in the calculation of coverage of debts to insureds.

On December 4, 2013, the SSN, in virtue of the assessment of the Company's technical ratios as of September 30, 2013, required such Company to submit a Regularization and Reorganization plan related to coverage and minimum capital requirements. The plan had to include, without limitation, administrative, economic, financial and commercial and other measures for the regularization of deficits, a capitalization program stating dates and amounts of the contributions to be made, and future actions aimed at securing surplus in both technical ratios. Likewise, the Company was required to comply with the prevailing regulations on coverage and minimum capital requirements, disregarding the Company's alternative criteria adopted until September 30, 2013. On December 19, 2013, upon the approval of capital increase, as detailed in Note 18.a.7, the Company submitted the required information to the pertinent control authority.

At the date of issuance of the Financial Statements of Provincia ART S.A., the SSN has rendered no opinion regarding the Regularization plan.

a.7. Distribution of Profits

The Annual Regular Meeting of Shareholders of Provincia ART S.A. held on September 7, 2012 that analyzed the Financial Statements as of June 30, 2012 decided to set up a Legal Reserve for \$1,401 and to take up accumulated losses of previous fiscal years for \$8,540; thus allocating \$18,086 to set up a voluntary reserve to prevent the future effects of the international macroeconomic context.

On September 27, 2013, the Regular Meeting of Shareholders of Provincia ART S.A., that analyzed the Financial Statements as of June 30, 2013, resolved to allocate the profits as follows: a) \$1,978 to Legal Reserve and b) \$37,574 to Voluntary Reserve

On December 19, 2013, the Special Meeting of Shareholders of Provincia ART S.A. approved capital increase for \$95,000 to cover the Company's deficit in minimum capital requirements as of September 30, 2013, as detailed in Note 18.a.6. to these Financial Statements in order to comply with the SSN's regulations in force. Such increase will be paid in the period stipulated in the Companies' Law. At December 31, 2013, Grupo Banco Provincia S.A. recorded a liability for \$95,000 on account of the contribution to be paid-in.

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On January 10, 2014 Provincia Seguros S.A. notified that it shall not exercise the preemptive right regarding the increase in the above capital stock. Grupo Banco Provincia S.A.'s and Provincia Seguros S.A.'s equity interest in such Company amounted to 98.63% and 1.37%, respectively.

b. Provincia Leasing SA

On April, 26, 2012, the Regular Meeting of Shareholders of Provincia Leasing S.A., decided to allocate 10% of the profits for the 2011 fiscal year that amounted to \$9,423 as follows: \$942 to the Legal Reserve account and \$8,481 to the Optional Reserve account in order to be used by the Company for working capital.

On March 7, 2013, the Regular Meeting of Shareholders of Provincia Leasing S.A., resolved to allocate 10% of the profits for the 2012 fiscal year that amounted to \$5,466 as follows: \$547 to the Legal Reserve account and \$4,919 to the Optional Reserve account in order to be used by the Company for working capital.

b.1. *Agreement between Banco de la Provincia de Buenos Aires and Provincia Leasing S.A.*

On July 23, 2008, the Board of Directors of Provincia Leasing S.A. approved the Loan Origination and Assignment Framework Agreement between Banco de la Provincia de Buenos Aires and Provincia Leasing S.A. Under such agreement, the Company will transfer credits without recourse to the Bank and will act as custodian, collection and administration agent.

At December 31, 2013 and 2012, contracts managed by the Company amounted to \$108,443 and \$123,161, respectively.

b.2. *Legal actions against the Company*

Provincia Leasing S.A. was sued by Caffarini Carlos Alberto and The Standard Saving Corp. S.A. for differences in the conversion into pesos of dollar denominated negotiable obligations included under the Public Tender Offer regulations.

With relation to the action brought by Mr. Caffarini, on May 15, 2005, the Company was notified of the lower court judgment instructing payment of the owed amounts at a rate of \$1/US\$1 plus the CER index. Such judgment was appealed before the National Court of Appeals in Commercial Matters, Division E. On November 21, 2006, the Court of Appeals reversed the decision and exempted Provincia Leasing S.A. and Grupo Bapro Provincia S.A. (co-defendant) from liability. An appeal was then filed by plaintiff with the National Supreme Court. At present, such case is still pending decision of the Court.

With regard to the suit filed by The Standard Saving Corp. S.A., on April 22, 2008, the judge rendered judgment sustaining the plaintiff's claim and the Company was held liable to pay up to \$312 plus interest and legal costs in accordance with the debt equitable readjustment criterion. Both parties resorted to the National Court of Appeals in Commercial Matters, Division B, which ratified the first instance resolution and served pertinent notice on August 10, 2009. Within the stipulated period, Provincia Leasing S.A. filed an extraordinary appeal against the appellate court decision. On March 9, 2011, the Supreme Court ruled inadmissible the remedy filed by Provincia Leasing S.A. and confirmed the judgment rendered by the lower court. Consequently, the payment will be made upon confirming the settlement amount required by plaintiff.

c. Provincia Seguros de Vida S.A.

c.1. *Mechanism to be applied to the policies taken in dollars before January 6, 2002*

On December 10, 2002, Provincia Seguros de Vida S.A. submitted to the SSN the different alternatives offered from such date to policies taken in US dollars by insureds before January 6, 2002 in relation to the payment of surrenders, claims or expiration of contracts.

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According to the provisions included in Executive Orders Nos. 214/02 and 905/02 and in Resolution No. 28905 of the SSN and in order to honor the Boden 2012 final amortization occurred in August 2012, the Company pays in Argentine Pesos valued at the exchange rate informed by Banco de la Nación Argentina the residual amounts denominated in US Dollars.

c.2. Distribution of Profits

The Regular Meeting of Shareholders of Provincia Seguros de Vida S.A. held on October 11, 2012 considered and approved profits for the period ended June 30, 2012 for \$11,814. Such meeting resolved to allocate the accumulated profits as follows: a) 5% to increase the Legal Reserve account for \$591; b) to distribute cash dividends for \$5,612 payable to shareholders according to their equity holdings, i.e. \$2,525 to Grupo Banco Provincia S.A.; \$2,245 to CNP Assurances Brasil Holding Ltda. and \$842 to Provincia Seguros S.A.; c) as a result of the expected increase in production and the decision of the Company not to contract reinsurance coverage, it was resolved to allocate the accumulated remaining amount for \$5,612 to set up a voluntary reserve under the name of "Reserve for Expected Increase in Production and Claim Contingencies". On October 11, 2012, Grupo Banco Provincia S.A. collected in full the amount corresponding to such distribution of dividends.

d. Bapro Mandatos y Negocios S.A.

d.1 Distribution of Profits

On April 26, 2012, the Regular Meeting of Shareholders of Bapro Mandatos y Negocios S.A. resolved to allocate the profits for the year 2011 as follows: (i) \$156 to the Legal Reserve account; (ii) \$1,000 to the Optional Reserve account; and (iii) \$1,958 to the distribution of cash dividends in proportion to its pertinent equity holding. Accordingly, Grupo Banco Provincia S.A.'s share amounted to \$1,900. On May 29 and June 26, 2012, Grupo Banco Provincia S.A. received \$950 each time on such account.

On April 4, 2013, the Regular Meeting of Shareholders of Bapro Mandatos y Negocios S.A. resolved to allocate the profits for the year 2012 as follows: (i) \$65 to the Legal Reserve account; (ii) \$1,000 to the Optional Reserve account, and (iii) \$244 to the distribution of cash dividends in proportion to its pertinent equity holding. Accordingly, Grupo Banco Provincia S.A.'s share amounted to \$236. On June 24, July 18 and August 20, September 20, October 17 and November 20, 2013, Grupo Banco Provincia S.A. received \$39 and \$39 on such account.

d.2 Judicial orders related to the Company

In its capacity as trustee of the Solidaridad Trust, Bapro Mandatos y Negocios S.A. received judicial orders which have been duly fulfilled by submitting original documents and/or copies of the trust operations.

On April 8, 2010, in its capacity as trustee of the Solidaridad Trust, Bapro Mandatos y Negocios S.A., in charge of the trust property, was served notice of the legal action brought against it by the Social Welfare Entity for Bank Employees (*Obra Social Bancaria Argentina*) in the case entitled "Obra Social Bancaria Argentina s/Concurso Preventivo" before the National Court of First Instance in Commercial Matters No.11, Clerk's Office No. 21, requesting the annulment of the Solidaridad Trust agreement entered into on August 13, 2008, as amended, on the grounds stated in the complaint. On April 30, 2010, the Company answered the complaint within the legal time limits. On December 15, 2011, the Court decided to sustain the injunction filed by the plaintiff, thus ordering the suspension of the Trust until judgment has been pronounced. Such decision was appealed by Bapro Mandatos y Negocios S.A., but the appeal was dismissed by the Court hearing the case on July 30, 2012. Therefore, the injunction is still in force.

With regard to the case entitled "Obra Social Bancaria Argentina s/ Incidente de Apelación por Art. 250 CPCCC", on October 28, 2010, the National Court of Appeals in Commercial Matters of the City of Buenos Aires, Division D, declared invalid all payments made after November 9, 2009 by Bapro Mandatos y Negocios with relation to the OPIGs (guaranteed irrevocable payment orders) issued under obligations prior to that date. The Company filed an appeal in the above case which, at the date of these Financial Statements, has been dismissed by the Court. Bapro Mandatos y Negocios S.A. was then instructed to pay

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the ensuing costs in its capacity as losing appellant. Such dismissal is not likely to result in a liability enforceable against the Company's shareholders' equity since it involved an act derived from its compliance with the terms of the Solidaridad Trust Agreement. Therefore, such costs shall be borne with funds from the Fiduciary Account since they are deductible charges.

Upon filing an answer to the case regarding Art. 280 brought by the Receiver, the Social Welfare Entity for Bank Employees requested that, as a consequence of the invalid payments declared, the Company be compelled to reimburse the amounts paid under penalty of law after November 9, 2009. The Company resorted to the Court of Appeals, which on March 6, 2012 resolved to dismiss the appeal without costs. The Court of Appeals answered that "the order which includes a warning subject to penalty (in this case, a general penalty of law) does not imply any damage under the terms of Art 242 of the Code of Procedure (CPR 242), since it requires that the compliance of the order be subject to specific penalty and the effective enforcement of such penalty". Therefore, it was considered that "...up to date there is no irreparable damage supporting the appeal...."

After the case was remanded to the lower court, the Social Welfare Entity for Bank Employees claimed the payment of \$3,026,726 to Bapro Mandatos y Negocios S.A. and the OPIG holders who have collected claims after the date of petition for reorganization. On October 23, 2012, the lower court ordered to serve notice of the proceedings filed by the insolvent entity upon the interested parties and the auditing receiver. Bapro Mandatos y Negocios S.A. was notified on November 13, 2012 and it duly answered the service of process. The mentioned proceedings were also notified to the Receiver on March 8, 2013 who postponed his opinion until all defendants have been notified of the reimbursement request made by the insolvent party.

The Court ordered to serve notice upon the insolvent party on the defense based on "lack of standing to sue" filed by Bapro Mandatos y Negocios S.A. due to the fact that the ruling on invalid payments has no consequence for the Trustee Bapro Mandatos y Negocios S.A. since it acted as Trustee and not as Creditor of the Solidaridad Trust and that it did not collect any payment on account of previous claims.

According to the legal opinions of Murray/Anguillesi/Guyot/Rossi & Sirito de Zavalía Abogados law firm, acting on behalf of the Company in all cases related to the Solidaridad Trust, and of Balzan/Cambre & Orts Abogados law firm, the detailed actions shall not result in any liability to Bapro Mandatos y Negocios S.A. enforceable against its shareholders' equity, and at the date of the financial statements of Bapro Mandatos y Negocios S.A. do not require the setting up of any provision whatsoever.

On August 23, 2013, the Company was notified of a complaint for dismissal filed by the former Administration Manager. The amount claimed under section 245 of the Labor Contract Law on account of severance pay plus incidental costs totals \$ 1,291. The legal action has been filed with the National Court of First Instance in Labor Matters No.79. On September 6, the Company answered the complaint but no ruling has been issued by the court at the date of these Financial Statements.

With regard to the Sucre Trust, on November 21, 2012, Bapro Mandatos was served notice of an action brought against it by one of the former beneficiaries of the Trust in the case entitled "Biercampo Martín Todolfo c/ Bapro Mandatos y Negocios S.A. y otros s/ Cumplimento de contrato" pending before the National Court in Civil and Commercial Matters No.8, San Isidro Legal Department seeking to obtain the deed for the dwelling unit purchased under the trust, the sales contract of which had been terminated due to the non-fulfillment of the pertinent payment obligations. Should the plaintiff failed to obtain the sought deed, he will claim for damages derived from breach of contract. The Company answered the complaint on December 6, 2012.

On February 18, 2013, Bapro Mandatos y Negocios S.A. was notified of a similar complaint brought against it by a former beneficiary of the Sucre Trust whose sales contract was also terminated on account of non-fulfillment of payment obligations. The case entitled "Eumann, Guillermo José C/ Bapro Mandatos y Negocios S.A. y otros s/ daños y perjuicios" is pending before the National Court of First Instance in Civil and Commercial Matters No.5, San Isidro Legal Department. Moreover, on June 14, 2013, the Company was served notice of a third complaint against it entitled "Gabella Guillermo Enrique y otros c/ Bapro Mandatos y Negocios S.A. y otros s/ daños y perjuicios" pending before the National Court of First Instance in Civil Matters No.99 of the city of Buenos Aires, sole clerk's office. In the last two proceedings, plaintiffs filed

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several claims applying for an injunction against the trust, which was issued by the first instance court and appealed by the Company. At the date of the Financial Statements of Bapro Mandatos y Negocios S.A., the pertinent courts of appeal have not entered judgments. Should the injunction prove to be successful, it will affect the execution of the pertinent title deeds. However, there is no need to set up a provision at the current stage of the proceedings.

In the three cases mentioned above, complaints have also been filed against the developer *Desarrollo San Isidro*.

e. Bapro Medios de Pago S.A.

e.1. *Penalty imposed by AFIP*

Bapro Medios de Pago S.A. filed a claim on the penalty of \$1,336 imposed by the Internal Revenue Agency (AFIP) for interruption of services during an employees' meeting held in October, 2009. On August 31, 2010, the Company requested the AFIP to review the measure on the grounds of the legal rights of the Company. On February 24, 2011, Resolution No. 53/11 rejected the claim filed by the Company. On April 4, 2011, Bapro Medios de Pago S.A. filed a claim before the National Ministry of Economy. On October 18, 2012, a resolution was adopted and notice was duly served on the AFIP. On August 28, 2013, Bapro Medios de Pagos S.A. was notified of the dismissal of such claim and the confirmation of the resolution issued by the AFIP. Consequently, the Company has fully set up the provisions for the amount so claimed.

e.2. *Increase in Capital Stock*

Due to the losses accumulated at September 30, 2012, Bapro Medios de Pagos S.A. was included in the provisions of section 206 of the Companies' Law No. 19550 which provides for a reduction in capital stock.

Therefore, the Special Meeting of Shareholders of Bapro Medios de Pago S.A. held on November 23, 2012 approved a \$20,000 increase in its capital stock to be paid by Grupo Banco Provincia S.A. (\$19,400) and Bapro Mandatos y Negocios S.A. (\$600) in proportion to their equity interests in the Company. On December 28, 2012, Grupo Banco Provincia S.A. and Bapro Mandatos y Negocios S.A. paid \$5,000 and \$150 respectively. At December 31, 2012, Grupo Banco Provincia S.A. still had to pay \$14,400.

On January 28 and February 25 and 26, 2013, Grupo Banco Provincia S.A. paid in cash \$10,000, \$120 and \$4,280, respectively, thus paying in full the amounts owed. On February 7 and 21, 2013, Bapro Mandatos y Negocios S.A. made a contribution in cash for \$300 and \$150, respectively, also canceling the total amounts due.

e.3. *Agreement with the Provincial Institute of Lotteries and Casinos*

Bapro Medios de Pago S.A. entered into a cooperation agreement with the Provincial Institute of Lotteries and Casinos (IPLyC) providing for the rendering of integration management, administration and operational services in support of a transactional system for online, real-time data capture available either through fixed and/or mobile computer terminals. Such system allows the processing and administration of betting information and the management of networks involving gaming activities under control of the IPLyC and/or carried out in other jurisdictions approved by such provincial institute. The provision of such service started on November 30, 2012. The agreement will be in force for 10 years and is renewable for an additional 2-year period.

Such agreement also states that the IPLyC shall pay Bapro Medios de Pago S.A. a total amount of \$51,000 as follows: A first installment of \$11,000 and four equal installments of \$10,000 during the first five months that this agreement is effective as partial payment of the price, to be reimbursed in 5 annual installments of 0.15% of the annual total sale of gaming activities captured through this system, as from the sixth year of the agreement. Upon payment of the last installment, Bapro Medios de Pago S.A. shall cancel the aggregate amount paid by IPLyC. If total installments paid exceed the amount given by IPLyC, the remaining balance will be for such entity.

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On February 14 and May 3, 2013, the IPLyC paid in cash \$11,000 and \$10,000, respectively corresponding to the first and second installments pursuant to the above mentioned agreement. However, upon the IPLyC's failure to pay the remaining installments, the Company's Board of Directors decided to renegotiate with the institute Clause 19, subparagraph c) of the agreement and the method to reimburse the amounts already received.

According to the provisions mentioned in the first paragraph, the Company arranged with the current providers (BoldtGaming S.A. and *Servicio para el Transporte de Información S.A.*) the terms applicable during the transition period. To such effect, on November 29, 2012, the Company:

1- signed an agreement with Servicio para el Transporte de Información S.A. whereby this company shall provide a data transmission service through a communication network with resources exclusively allocated to the capture of betting information in real time through the different computer terminals of the agents approved by the IPLyC. The company shall also be in charge of providing maintenance services to those bet capture terminals. The contract will be in force for 18 months and is renewable for additional periods of one year.

2 – signed a transition agreement with BoldtGaming S.A. whereby the parties agreed to take all necessary steps to ensure training and gradual transfer of all know-how in favor of Bapro Medios de Pago S.A. so as to allow the Company, upon conclusion of the current contract and its possible renewal, to manage, integrate and operate on a stand-alone basis the data capture system whether online and in real-time or offline; and either through fixed or mobile computer terminals. This will permit the processing and administration of betting information regarding all gaming activities under provincial control and/or carried out in other jurisdictions approved by the IPLyC through its network of authorized lottery agents. It was also agreed that Boldt Gaming S.A. will provide and/or operate the service of bet capture and processing through computer terminals on line, in real time or off-line in favor of Bapro Medios de Pago S.A. according to the terms set forth in the mentioned contract. In September 2013, 10 months after the execution of the agreement, the Company decided to extend the agreement for three additional years pursuant to the guidelines therein detailed.

f. Provincia Bursátil S.A.

f.1. *Distribution of Profits*

On April 23, 2012, the Meeting of Shareholders resolved to allocate the profits for the year ended December 31, 2011 as follows: \$151 to the Legal Reserve account and the remaining \$2,863 to distribute cash dividends among shareholders in proportion to their equity holding. Accordingly, Grupo Banco Provincia S.A.'s share amounted to \$2,720. On June 26, July 23 and August 22, 2012, Grupo Banco Provincia S.A. received \$950, \$950 and \$820 respectively. Moreover, on June 27, August 1 and 21, 2012, Banco de la Provincia de Buenos Aires received \$40, \$40 and \$35 respectively, thus collecting the full amount of such balance.

On April 5, 2013, the Regular Meeting of Shareholders of Provincia Bursátil S.A. resolved to allocate the profits for the year ended December 31, 2012 as follows: a. \$124 to the Legal Reserve account; \$1,181 to the Optional Reserve account and the remaining \$1,181 to distribute cash dividends among shareholders in proportion to their pertinent equity holding. Accordingly, the shares of Grupo Banco Provincia S.A., Banco de la Provincia de Buenos Aires and Caja de Jubilaciones, Subsidios y Pensiones del Personal del Banco de la Provincia de Buenos Aires amounted to \$1,122, \$47 and \$12, respectively. On June 17 and 19, 2013, Grupo Banco Provincia S.A. and Banco de la Provincia de Buenos Aires have collected on such account \$1,122 and \$47, respectively.

f.2. *Change in the Valuation of Shares Criteria*

The Company has three book-entry shares in Mercado de Valores de Buenos Aires S.A. Considering the current operative underuse of the quota associated with those shares in terms of the Company's turnover, the Board of Directors, by Resolution No. 499 dated August 26, 2011, decided to classify one of those shares as a financial investment, thus changing its pertinent valuation criteria.

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The Capital Markets Law No. 26831, enacted on December 27, 2012, provides for an integral reform of the public offering regime implemented through Law No. 17811.

Such Law governs certain issues which are related to the Company's activity: a) more regulatory powers on public offering were granted to the National Government through the *Comisión Nacional de Valores* – CNV (securities commission) which was entrusted with authorization, supervision and control powers as well as with regulatory and disciplinary authority over all capital market players and b) the mandatory prerequisite applicable to brokers of being shareholders to operate in the market was eliminated, thus allowing the incorporation of other participants and conferring on the CNV the power to authorize, register and regulate the different categories of brokers.

Executive Order No. 1023/13 partially regulating the Capital Markets Law and CNV General Resolution No. 622 approving the pertinent regulation were published in the Official Gazette on August 1, 2013 and September 9, 2013, respectively.

Such set of rules creates a registry of agents participating in the capital markets, thus enabling them to register as clearing and settlement agents or as trading agents. At the same time, the following requirements should be met: maintain a minimum net worth, at least 50% should be invested in certain available assets therein detailed; mention in their corporate purpose their capacity to act as settlement and clearing agent or trading agent; include in the CNV's Qualified Agent Record those employees performing tasks connected with advice or sale, among others. On October 21, 2013, the Board of Directors filed a registration request to act as Settlement and Clearing Agent and General Trading Agent. At the date of issuance of the financial statements of Provincia Bursátil S.A., the approval by the Argentine Securities Commission is still pending.

With respect to stock exchanges registered in a market before the publication of these rules, the standard provides that they will be automatically registered with the CNV on a temporary basis, having to obtain definitive registration before March 1, 2014, complying with all the requirements.

On December 13, 2013, the Board of Directors of Provincia Bursátil S.A., through Special Shareholders' Meeting, approved the amendment to the by-laws, adjusting it to the provisions of Law N. 26831, Executive Order No. 1023/13 and the consolidated text of the CNV. Such by-laws, together with the information required by the CNV, was submitted on December 19, 2013 to the regulatory body so as to begin the Company's registration process in the pertinent registry.

The Directors and Managers of the Company are analyzing and monitoring the potential effects of the rule stated above in order to assess the potential impact that they may have on the activities of the Company and on the accounting valuation of its assets and liabilities, if any.

g. Provincia Seguros S.A.

g.1. *Distribution of Profits*

On October 2, 2012, the Regular Meeting of Shareholders of Provincia Seguros S.A. discussed and approved the Financial Statements for the period ended June 30, 2012, which showed income for \$30,249, and resolved to allocate: a) 5% to increase the Legal Reserve account (\$1,512) and b) \$28,736 to increase the Technical Reserve destined to working capital.

g.2 *Minimum Capital Requirements*

On July 19, 2013, the Company requested the National Insurance Superintendency to approve a special treatment to cover its deficit in minimum capital requirements. The request was intended to defer the impact of claim costs derived from the extraordinary floods that affected the cities of La Plata and Buenos Aires on April 2 and 3, 2013. On August 14, 2013, and in view of SSN Resolution No. 118,090, the Company informed in its Financial Statements about the approval received from the SSN to compute the claim cost resulting from such floods when calculating the minimum capital requirement, up to an amount of \$60,000, according to the following schedule:

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(Partner)

Fernando L. Arriola
General Accountant

Marcelo H. García
General Manager

Gustavo M. Marangoni
President

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Teresita M. Amor
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Taxpayer Registration Code
27 - 13802361 - 9

Notes to the Consolidated Financial Statements with Controlled Companies (Law No. 19550 – Section 33)

AT DECEMBER 31, 2013 AND COMPARATIVE PERIODS

(in thousands of pesos)

- I) At June 30, 2013, the Company may compute \$60,000;
- II) At September 30, 2013, the Company may compute \$45,000;
- III) At December 31, 2013, the Company may compute \$30,000;
- IV) At March 31, 2014, the Company may compute \$15,000;
- V) At June 30, 2014, the Company may compute \$0.

Therefore, at December 31, 2013 and as the result of the deferral of claim costs for \$30,000, Provincia Seguros S.A. showed a \$1,379 surplus.

g.3. Deficit in claims coverage

At December 31, 2013, the Company had a \$235,743 deficit in the coverage of debts to insureds, calculated according to the SSN rules. On September 5, 2013, the Company submitted a report to the control authority stating the reasons for such deficit at June 30, 2013, which was mainly grounded on the adverse effects of the floods mentioned in Note 18.g.2) above. The Company, in its capacity as sole insurer of the properties owned by the Province of Buenos Aires, accepted the rescheduling of past-due debts.

So, the Company requested a special authorization from the SSN to compute as an asset, for purposes of coverage calculation, the amounts owed to the Provincial State for insurance policies taken out at June 30, 2013, since this relates to an item that, due to its specific features, shall not be considered uncollectible. At the date of these Financial Statements, Provincia Seguros S.A. received no reply from the control body.

h. Grupo Banco Provincia S.A.

h.1. Companies under liquidation proceedings

At December 31, 2013 and 2012, the Financial Statements of Mercado Regional de Capitales S.A. (in liquidation) show zero balance.

Provincia Servicios de Salud S.A. (in liquidation), controlled by Grupo Banco Provincia S.A., has losses that exceed the book value of Grupo Banco Provincia S.A.'s investment. It has zero value because the controlling Company will no longer finance its activities and is not bound to provide such financing. The net and accumulated losses of Provincia Servicios de Salud S.A. (in liquidation) in proportion to Grupo Banco Provincia S.A.'s equity holding, and not recognized by the Company at December 31, 2013 and 2012, amount to \$1,566 and \$984, respectively. Balances corresponding to the current year come from unaudited financial statements.

The Extraordinary Meeting of Shareholders of Provincia Servicios de Salud S.A. held on December 30, 2011, unanimously approved the early dissolution and liquidation of Provincia Servicios de Salud S.A., considering December 31, 2011 as the liquidation date.

The values so obtained, net of the related provisions, do not exceed their pertinent recoverable values estimated at the end of the year/period, as applicable.

h.2. Distribution of cash dividends by Grupo Banco Provincia S.A.

The Regular Meeting of Shareholders held on April 26, 2012 resolved to allocate the profits for the year ended December 31, 2011 amounting to \$59,240 as follows: \$2,962 to the Legal Reserve account and \$56,278 to distribute cash dividends. On June 1, 2012 and December 18, 2012, Grupo Banco Provincia S.A. transferred \$4,255 and \$651 to Banco de la Provincia de Buenos Aires corresponding to Negotiable Obligations and certificates of participation in the General Pueyrredón Financial Trust, respectively. On December 28, 2012, Banco de la Provincia de Buenos Aires received \$36,555. Likewise, on June 1 and December 28, 2012, Grupo Banco Provincia S.A. transferred \$1 and \$16, respectively, to Fundación del Banco de la Provincia de Buenos Aires thus paying in full the dividends owed to the minority shareholder. Consequently, at December 31, 2012, the liabilities on such account owed to Banco de la Provincia de Buenos Aires amounted to \$15,000. Finally, on May 8, 2013, the total amount due was fully settled.

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(in thousands of pesos)

The Regular Meeting of Shareholders held on April 12, 2013 resolved to allocate the profits for the year ended December 31, 2012 as follows: to distribute 50% of profits and allocate the remaining 50% to the Optional Reserve account for financing the Company's investment activities, after deducting the Legal Reserve.

On December 13, 2013, the Special Meeting of Shareholders decided to waive its right to collect the above mentioned dividends and earmark such amount to set up the Optional Reserve, which was specifically allocated to comply with the required capital integration in Provincia A.R.T. S.A., due to the deficit recorded by that Company at September 30, 2013, as detailed in Note 18.a.6 above.

h.3. *Agreement with Hope Funds S.A.*

On April 8, 2009, Grupo Banco Provincia S.A. and Hope Funds S.A. entered into an agreement for the purchase and sale of shares, as amended on May 19, June 24 and June 30, 2009, whereby the Company transferred the capital stock of Emrendimientos Recoleta S.A. for a total amount of \$17,600.

Additionally, the parties agreed the payment of a conditional amount of US\$1,000 subject to the condition that the Government of the City of Buenos Aires, as grantor, specifically extends the current concession contract in favor of Emrendimientos Recoleta S.A. for an additional period of at least 10 years as from the next maturity date occurring in November 2013. Should such extension be granted for a period lower than 10 years, Hope Funds S.A. will have to pay, as a conditional price, a proportional amount taking into account the number of years and the amount in pesos equivalent to US\$1,000.

Even though the Government of the City of Buenos Aires fails to issue the administrative permit extending the concession, the above condition precedent would be deemed fully satisfied -entitling Grupo Banco Provincia S.A. to collect 100% of the conditional price- if Emrendimientos Recoleta S.A. would have continued performing activities for at least five years as from the maturity date of the current concession contract. The conditional price would be paid in cash as follows: 50% within a 90-day period and the remaining 50% within 180 days from (i) the date of the specific permit extending the concession or (ii) if no permit were issued, the date of the fifth anniversary of Emrendimientos Recoleta S.A.'s operation after expiration of the original concession contract.

The concession contract was finally extended in favor of Emrendimientos Recoleta S.A. for a 5-year term as stipulated under Decree No. 867/10 of the Government of the City of Buenos Aires. The condition precedent was thus fulfilled entitling Grupo Banco Provincia S.A. to receive an amount in pesos equivalent to US\$500. On September 19 and 27, October 2, 3, 10 and 11, 2012, the Company collected \$500, \$500, \$500, \$300, \$300 and \$260 respectively.

h.4. *Legal Contingencies of Grupo Banco Provincia S.A.*

Grupo Banco Provincia S.A. set up provisions for any contingencies that may arise from disputes and claims under the ordinary course of business as well as for any eventual liabilities and contingencies that its subsidiary, Mercado Regional de Capitales S.A. (in liquidation), may have to face in its liquidation process, which were assumed by Grupo Banco Provincia S.A. pursuant to a Board of Directors' Resolution dated February 14, 2003.

The Board of Directors of Grupo Banco Provincia S.A. has knowledge of legal and other actions taken against the Company and its subsidiary, Provincia Servicios de Salud S.A. (in liquidation), regarding controversies over the rendering of health services transferred to CEFRAN. On February 8, 2012, the Board of Directors of the Company consented to subrogation proceedings with respect to all claims involving Provincia Servicios de Salud S.A. (in liquidation), entrusting the Legal Affairs Management with the completion all necessary formalities to such effect. At the date of these Financial Statements, all documents supporting the subrogation request have been duly filed.

Management understands that the resolution of these contingencies will not significantly affect the Company's operations or financial condition.

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Notes to the Consolidated Financial Statements with Controlled Companies (Law No. 19550 – Section 33)

AT DECEMBER 31, 2013 AND COMPARATIVE PERIODS
(in thousands of pesos)

h.5. Release of Reserves from the Subsidiaries' Liabilities

At December 31, 2013 and 2012, the Other Reserves caption disclosed under the Stockholders' Equity heading in the Financial Statements of Grupo Banco Provincia S.A. amounted to \$2,629 and accounted for the proportional amount of Grupo Banco Provincia S.A. in the reserves for contingencies and loss ratio variances released by Provincia A.R.T. S.A. from its Stockholders' Equity.

The amounts released by Provincia A.R.T. S.A. were credited to the Reserved Profits – Other Reserves account according to Section 3 of SSN Resolution No. 26793.

i. Other Subsidiaries

i.1. Internacional Compañía de Seguros de Vida S.A.

On September 17, 2012, the Regular Meeting of Shareholders of Internacional Compañía Seguros de Vida S.A. resolved to allocate total profits in cash for \$35,670 corresponding to the period ended June 30, 2012; thus, Grupo Banco Provincia S.A. and Provincia Seguros S.A. were entitled to receive \$13,472 and \$1,074, respectively, in proportion to their equity interests in such company. At September 26 and 27, 2012, Provincia Seguros S.A. y Grupo Banco Provincia S.A. had fully collected the above mentioned balance.

On September 9, 2013, and ad referendum to approval by the National Insurance Superintendency, the Regular Meeting of Shareholders of Internacional Compañía Seguros de Vida S.A. resolved to allocate profits for \$37,817 corresponding to the period ended June 30, 2013 as follows: a) \$27,500 to distribute cash dividends and b) \$10,317 to increase the Legal Reserve account. On September 10, 2013, Provincia Seguros S.A. and Grupo Banco Provincia S.A. received \$828 and \$10,387 on such account, respectively.

i.2. Exchange of National Public Debt - Subsidiaries

There follows a breakdown of the holding of Secured Loans acquired under Executive Order No. 1387/01 and thereafter and of the Promissory Notes of the Argentine Republic, maturing in 2019, received in exchange for defaulted debt in compliance with a Joint Resolution of the Treasury Secretariat and Finance Secretariat:

| Subsidiary | 12/31/2013 | | | |
|---|----------------|--|--|--|
| | Secured Loans | | Promissory Note of the Argentine Republic 2019 | |
| | \$ | Proportional share according to Grupo Banco Provincia S.A.'s interest in the Company | \$ | Proportional share according to Grupo Banco Provincia S.A.'s interest in the Company |
| Provincia Seguros S.A. | 101,254 | 60,752 | 203,997 | 122,398 |
| Provincia ART. S.A. | 84,086 | 83,625 | 100,929 | 100,376 |
| Provincia Seguros de Vida S.A. | - | - | 4,989 | 2,694 |
| Internacional Cía. Seguros de Vida S.A. (*) | n/a | n/a | n/a | n/a |
| Total | 185,340 | 144,377 | 309,915 | 225,468 |

(*) At the date of these Financial Statements, the appropriate information is not available.

Note 19 – Supplementary Information on the Various Activities Carried out by the Controlled Companies

The table below shows an activity-based classification of the consolidated income/(loss) of Banco de la Provincia de Buenos Aires and its subsidiaries:

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Controlled Companies (Law No. 19550 – Section 33)**
AT DECEMBER 31, 2013 AND COMPARATIVE PERIODS
(in thousands of pesos)

| Activity | Companies |
|--|--|
| - Insurance | Provincia Seguros S.A. Provincia Seguros de Vida S.A. Provincia ART. S.A. |
| - Banking and other Financial Services | Banco de la Provincia de Buenos Aires Provincia Leasing S.A. Bapro Medios de Pago S.A. Bapro Mandatos y Negocios S.A. BA Desarrollo S.A. |
| - Brokerage | Provincia Bursátil S.A. |
| - Services | Grupo Banco Provincia S.A. Provincia Microempresas S.A. Provincia Servicio de Salud S.A. (*) |

(*) See Note 18.h.1 to these Financial Statements

| Activity - based classification of income / (loss) | | | | | | | |
|--|-------------|--------------------------------------|-----------|-----------|-------------|--------------|--------------|
| Headings | Insurance | Banking and other Financial Services | Services | Brokerage | Subtotal | Eliminations | Consolidated |
| ▪ Financial Income | | | | | | | |
| | 611,555 | 10,510,620 | 6,045 | 10,857 | 11,139,077 | (95,959) | 11,043,118 |
| ▪ Financial Expenditure | | | | | | | |
| | - | (4,688,715) | (78) | - | (4,688,793) | 63,758 | (4,625,035) |
| ▪ Charge on Bad Loans | | | | | | | |
| | - | (400,264) | - | - | (400,264) | - | (400,264) |
| ▪ Income from Services | | | | | | | |
| | 5,166,957 | 3,962,271 | 144,630 | 14,959 | 9,288,817 | (347,920) | 8,940,897 |
| ▪ Expenditure for Services | | | | | | | |
| | (4,691,647) | (1,333,765) | - | (371) | (6,025,783) | 215,778 | (5,810,005) |
| ▪ Administrative Expenses | | | | | | | |
| | (1,098,655) | (5,860,912) | (172,801) | (21,961) | (7,154,329) | 154,138 | (7,000,191) |
| ▪ Minority Interest | | | | | | | |
| | - | - | - | (281) | (281) | (4,290) | (4,571) |
| ▪ Miscellaneous Income | | | | | | | |
| | 65,570 | 367,114 | 523 | 1,298 | 434,505 | 44,144 | 478,649 |
| ▪ Miscellaneous Losses | | | | | | | |
| | (130,848) | (1,077,360) | (5) | - | (1,208,213) | 46,429 | (1,161,784) |
| ▪ Income Tax | | | | | | | |
| | 1,600 | (15,478) | (2,537) | (2,147) | (18,562) | - | (18,562) |
| Net Income/ (Loss) | (75,468) | 1,463,511 | (24,223) | 2,354 | 1,366,174 | 76,078 | 1,442,252 |

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Note 20 – Income Tax and Notional Minimum Income Tax

As mentioned in Note 3.17 to the Bank's 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 or its domestic branches.

As of December 31, 2013 and 2012, no taxes are due by Grupo Banco Provincia S.A. under the applicable law.

The minimum notional income tax, created by Law No. 25063, is levied at a 1% rate on the potential income from certain profitable assets. This tax is complementary to the Income tax, so that the tax liability will coincide with the higher of the two taxes. However, if in a given year, the minimum notional income tax exceeds the income tax, such excess may be computed as prepayment of the income tax that may be generated in the next ten years.

As of December 31, 2013 and 2012, the "Miscellaneous Receivables" caption included \$17,550 and \$9,495 respectively, which stand for the payments made on account of the minimum notional income tax'.

Note 21 – Restrictions on the Distribution of Profits

According to the Companies' Law of Argentina (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.

Note 22 – Trust Agreements

At December 31, 2013, Bapro Mandatos y Negocios S.A. entered into the following Trust Agreements:

Guarantee Trusts: Trust agreements whereby beneficiaries are guaranteed a credit transaction or the fulfillment of an obligation and/or agreement with the assets held in trust. At December 31, 2013, Bapro Mandatos y Negocios S.A. acted as Trustee for 48 Guarantee Trusts.

Management Trust: Trust agreements whereby trustees manage assets held in trust in favor of beneficiaries. At December 31, 2013, Bapro Mandatos y Negocios S.A. acted as Trustee for 16 Management Trusts; total equity held in trust amounted to \$2,342,241.

Financial Trust: Trust agreements whereby the trustee is entrusted with the administration of the trust property for the benefit of holders of participation certificates in the assets transferred or holders of debt certificates. At December 31, 2013, Bapro Mandatos y Negocios S.A. acted as Trustee for 5 Financial Trusts; total asset held in trust amounted to \$326,992.

Financial Trusts publicly offered: Trust agreements whereby the trustee is entrusted with the administration of the trust property for the benefit of holders of participation certificates in the assets transferred or holders of debt certificates publicly offered, the beneficiaries of which are the holders of Debt Instruments and/or Participation Certificates. At December 31, 2013, Bapro Mandatos y Negocios S.A. acted as Trustee for 25 Financial Trusts; total asset held in trust amounted to \$737,546.

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