

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

AT DECEMBER 31, 2015 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 the Technical Resolution 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, 2015 and 2014 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.	
	Financial and Investment Transactions		Service-related Transactions		Financial and Technical Assistance to Investors	
Period / Comparative Period	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Principal Line of Business						
Number of Shares	379,875	379,875	15,200,000	10,071,777	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	291,974	854,861	55,695	26,746	6,306	5,572

There follows a summary of the balance sheet and statements of income of the above-mentioned Companies at December 31, 2015 and comparative period:

Issuing Company	Grupo Banco Provincia S.A.		Provincia Microempresas S.A.		BA Desarrollo S.A.	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
ASSETS	14,153,109	9,004,183	70,349	35,763	23,977	19,283
LIABILITIES	13,836,092	8,209,410	16,131	8,099	12,454	8,139
STOCKHOLDERS' EQUITY	317,017	794,773	54,218	27,664	11,523	11,144
Period / Comparative Period	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
INCOME(LOSS)	(477,757)	274,077	29,711	19,522	379	(375)

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, 2015 of Grupo Banco Provincia S.A., Provincia Microempresas S.A. and BA Desarrollo S.A. were used for consolidation purposes.

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

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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, 2015 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 1, 2015 were used for the remaining Companies.

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

Information at December 31, 2014 derives from the Financial Statements at that date, issued on February 19, 2015.

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	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
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.	97.092	98.630	1.745	0.822
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 (%)	
	12/31/2015	12/31/2014

Provincia Seguros S.A. has equity interests in:

- Provincia Aseguradora de Riesgos del Trabajo S.A.	2.908	1.370
- Provincia Seguros de Vida S.A.	15.000	15.000

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Issuing Company	Equity Interest and Votes (%)	
	12/31/2015	12/31/2014

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, 2015 and 2014 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 April 21, 2014, the Regular Meeting of Shareholders of Provincia Microempresas S.A. resolved to absorb accumulated losses with irrevocable contributions for \$ 2,200.

On March 18, 2015, the Regular Meeting of Shareholders of Provincia Microempresas S.A. resolved to increase its Capital Stock by \$5,398 with prior year retained earnings, without changes in the shareholders' equity holdings. As a result, the new Capital Stock amounted to \$16,000.

On December 5, 2015, such capital stock increase was filed with the Supervisory Board of Companies (*Inspección General de Justicia* - IGJ).

The meeting decided to absorb accumulated losses for \$2,460, according to sections 68 and 71 of Law No. 19550. Profits were distributed in cash among shareholders for \$3,000. A Legal Reserve equivalent to 20% of the increased capital stock was set up for \$3,200. The Optional Reserve amounted for \$5,307.

h) 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 \$33,282,672 and \$29,017,277 at December 31, 2015 and 2014, respectively. Such exposure mainly resulted from debt restructuring by the Argentine Government, the offset of effects derived from devaluation and asymmetric conversion into pesos, and financial assistance to the government of the Province of Buenos Aires, in line with the provisions of Sections 9 and 11 of the Bank's Charter and other facilities granted. At December 31, 2015 and 2014, the Bank's investments in securities issued by the BCRA amounts to \$10,317,878 and 8,567,046, respectively.

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.

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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:

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 according to unaudited balances of financial statements.

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.

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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, 2015 and 2014, 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 amount of \$32,796 and \$19,590, 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.

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 3.14 to the Bank's Financial Statements at December 31, 2015 and 2014, this caption includes the allowances and provisions of the Companies directly or indirectly controlled by the Bank, as detailed below:

2.f.1 - ALLOWANCES	12/31/2015	12/31/2014
<u>Investments – For Loss of Value</u>		
This allowance is set up by Provincia ART S.A. at December 31, 2015 to reflect loss of value of investments and by Provincia Bursátil S.A. at December 31, 2014 to reflect the loss of value of shares of Mercado de Valores de Buenos Aires S.A. calculated at the proportional Equity Value.	3,000	3,431
<u>Other Receivables from Financial Brokerage – For Uncollectibility Risk</u>		
This allowance is set up by Provincia Seguros de Vida S.A. on the basis of the analysis of possible loan losses, according to the assessments and procedures established by each subsidiary.	2,107	-
<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.	12,559	9,536
<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.	4,238	5,556

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<u>Miscellaneous Receivables – For Uncollectibility Risk</u>	277,075	159,072
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.		
<u>Miscellaneous Assets – For Depreciation of Assets</u>	187	187
This allowance is set up by Provincia Leasing S.A. taking into account any possible depreciation of assets.		

2.f.2 - PROVISIONS	12/31/2015	12/31/2014
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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.	55,521	68,284
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At December 31 2015, this caption includes provisions of Grupo Banco Provincia S.A. for \$19,828 set up on the basis of estimates by the Board of Directors and previous experience in similar circumstances.

2.g. Miscellaneous Liabilities

Provincia Seguros S.A.

- Provisions 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.
- 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 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, 2015 and 2014, 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 \$277,647 and \$186,074, respectively.

- Automobile insurance

Automobile pending claims at 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 definitive valuation is obtained. With regard to third-party administrative claims, their assessment takes into account the amount claimed and the pertinent technical reports.

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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, 2015 and 2014, 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 \$417,413 and \$363,223, respectively.

The reserve for losses incurred but not reported is certified by an independent actuary.

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

On July 3, 2015, the Company submitted to the SSN the alternative method for calculating exceptional claims to assess the IBNR for personal liability insurance in the automobile segment. The supervising authority approved said method on July 24, 2015.

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.

Claims under litigation and mediation are also included. Lawsuits are assessed according to the information provided by legal counsel and the guidelines of Resolution No. 30733 issued by the SSN.

As at June 30, 2015, the Company decided to differ the charge against income for the increase in liabilities arising from losses related to lawsuits or mediations according to the provisions of sections 1 and 4 of the SSN Resolution No.39214. Therefore, such charge would be amortized in 14 quarters as of September 30, 2015. At December 31, 2015, the balance to be amortized on such account amounts to \$671,886

According to the requirements of item 33.4.1.6.1.6 of the General Rules for Insurance Activity (*Reglamento General de la Actividad Aseguradora – RGAA*), there follows the information regarding the assessment of the Company's liabilities arising from lawsuits at December 31, 2015:.

- Judicial claims according to procedure	\$ 3,941,270
- Total liabilities on account of judicial claims	\$ 2,873,957
- Number of pending lawsuits without partial payments	\$ 5,103
- Number of pending lawsuits with partial payments	\$ 36,609
- Total partial payments on account of pending lawsuits	\$ 1,449,691

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. Debts with insureds, except for premiums charged in advance, have been certified by an independent actuary.

Provincia Seguros de Vida S.A.

Pending claims at year end are included. They are valued at the capital sum assured plus yield, deductions and reimbursements, if any, according to paragraph No. 39.6 of the RGAA.

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 and the guidelines stated in the above mentioned paragraph.

This caption also includes surrenders payable, the amounts of which have been settled but not yet paid at the

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closing date of the period.

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.

Reserve for losses:

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, 2015 and 2014 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 is equivalent to 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.

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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 from the Professional Accounting Standards and the accounting standards of the BCRA. The regularization

made by the Bank included:

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 No. 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 No. 471/02, net of the 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, 2015, Promissory Notes 2019 received in exchange for Secured Loans and Promissory Notes 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 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, according to the provisions set forth in Communication No. 3517 of the S.S.N.

According to the Professional Accounting Standards, Secured Loans and Promissory Notes are valued at the value of the initial appraisal, plus accrued portion of the internal rate of return, as determined at initial appraisal, net of any collections.

At December 31, 2015, the Bank decided to record the differences between the BCRA and the SSN rules as follows:

- In Provincia ART S.A., \$9,736
- In Provincia Seguros S.A., (\$21,524)

At December 31, 2015, Provincia ART S.A. decided to defer the charge for the increase in liabilities derived from losses related to legal proceedings and mediations. The Bank resolved to record the charge according to the BCRA rules. Therefore, the charge to be allocated to the net income/loss for the year ended December 31, 2015 amounted to \$671,886.

3.2. Valuation difference of delinquent loans to be recovered:

The Professional Accounting Standards require the analysis of delinquent loans to be recovered, based on the assessment of the pertinent cash flows. The Bank adjusted the credit balance with the Government of the Province of Buenos Aires at December 31, 2015, as follows:

- In Provincia ART S.A., \$139,449
- In Provincia Seguros S.A., \$72,921

See our report dated
February 18, 2016
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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General Accountant

Marcelo H. García
General Manager

Juan E. Curutchet
President

C.P.C.E.P.B.A. Vº 1 Fº 33 Folder 33
Teresita M. Amor
Public Accountant (U.B.A.)
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**Notes to the Consolidated Financial Statements with
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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. Accounting for Income Tax through the application of the Deferred Tax Method

According to Note 3.16 to the Stand-alone Financial Statements, the Bank is exempted from any liens, taxes, charges or duties of any nature whatsoever. Nevertheless, Controlled Companies have recognized Income Tax charge by the Deferred Tax Method. This method is not admitted by the BCRA Accounting Standards.

Pursuant to the current Professional Accounting Standards of the Province of Buenos Aires, the Income Tax charge must be recognized using such method. Therefore, the pertinent assets and liabilities must be calculated considering the applicable temporary differences. Tax losses and unused tax credits deductible from future taxable profits, if probable, should be recognized as deferred assets.

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.	1.163
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, 2015 and 2014, the breakdown of this caption, classified according to the line of business of the consolidated companies, is the following:

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

AT DECEMBER 31, 2015 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Line of Business	Description	Book Value		Net Realizable Value	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Insurance					
	- Holdings booked at market value	1,143,628	582,435	1,143,628	582,435
	- Holdings booked at cost plus yield	794,544	334,364	794,544	334,364
	- Securities issued by the BCRA	1,423,892	6,211	1,423,892	6,211
	- Investments in listed corporate securities	2,989,118	2,009,994	2,989,118	2,009,994
	- Allowances	(3,000)	(1,606)	(3,000)	(1,606)
	Subtotal	6,348,182	2,931,398	6,348,182	2,931,398
Banking and other Financial Services					
	- Holdings booked at market value	1,016,960	1,626,710	1,016,960	1,626,710
	- Holdings booked at cost plus yield	6,984,308	8,819,109	6,700,255	7,761,382
	- Securities issued by the BCRA	8,893,986	8,567,046	8,893,986	8,567,046
	- Investments in listed corporate securities	404,923	133,604	404,923	133,604
	- Allowances	(179)	(176)	(179)	(176)
	Subtotal	17,299,998	19,146,293	17,015,945	18,088,566
Brokerage					
	- Holdings booked at market value	3,266	-	3,266	-
	- Holdings booked at cost plus yield	3,341	3,802	3,341	3,802
	- Investments in listed corporate securities	26,236	16,957	26,236	16,957
	- Allowances	-	(1,825)	-	(1,825)
	Subtotal	32,843	18,934	32,843	18,934
Services					
	- Investments in listed corporate securities	7,371	14,324	7,371	14,324
	Subtotal	7,371	14,324	7,371	14,324
	TOTAL	23,688,394	22,110,949	23,404,341	21,150,191
Total					
	- Holdings booked at market value	2,163,854	2,209,145	2,163,854	2,209,145
	- Holdings booked at cost plus yield	7,782,193	9,157,275	7,498,140	8,099,548
	- Securities issued by the BCRA	10,317,878	8,573,257	10,317,878	8,573,257
	- Investments in listed corporate securities	3,427,648	2,174,879	3,427,648	2,271,848
	- Allowances	(3,179)	(3,607)	(3,179)	(3,607)
	TOTAL	23,688,394	22,110,949	23,404,341	21,150,191

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**Notes to the Consolidated Financial Statements with
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AT DECEMBER 31, 2015 AND COMPARATIVE PERIODS
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Note 6 - Other Receivables from Financial Brokerage

At December 31, 2015 and 2014, the breakdown of this caption, classified according to the line of business of the consolidated companies, is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Insurance			
	- Other receivables not included in the Debtors' Classification Rules	1,906,635	1,167,321
	- Accrued interest and adjustments receivable not included in the Debtors' Classification Rules	97,391	45,142
	- Allowances	<u>(2,108)</u>	<u>-</u>
	Subtotal	2,001,918	1,212,463
Banking and other Financial Services			
	- Argentine Central Bank	1,470,159	1,242,433
	- Amounts receivable for spot and forward sales to be settled	673,924	3,438,927
	- Securities receivable under spot and forward purchases to be settled	2,244	64,397
	- Other receivables not included in the Debtors' Classification Rules	389,748	202,870
	- Unlisted negotiable bonds	105,278	86,013
	- Balances pending settlement of forward transactions without delivery of the underlying asset	8,481	122
	- Other receivables included in the Debtors' Classification Rules	7,685,129	3,969,560
	- Accrued interest and adjustments receivable included in the Debtors' Classification Rules	493	331
	- (Allowances)	<u>(13,646)</u>	<u>(11,773)</u>
	Subtotal	10,321,810	8,992,880
Brokerage			
	- Other receivables not included in the Debtors' Classification Rules	2,885	2,427
	Subtotal	2,885	2,427
Services			
	- Other receivables not included in the Debtors' Classification Rules	477	3,474
	Subtotal	477	3,474
	TOTAL	12,327,090	10,211,244

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

AT DECEMBER 31, 2015 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Note 7 - Interests in Other Companies

At December 31, 2015 and 2014, the breakdown of this caption for each non-consolidated company is the following:

Issuing Company	Number of Shares		Equity Interest and Votes (%)		Book Value Net of Allowances	
	2015	2014	2015	2014	2015	2014

IN OTHER NON-CONTROLLED COMPANIES

- Argentina

Banco de la Provincia de Buenos Aires in:

					12,726	7,824
Provincanaje S.A.	600,000	600,000	8.33	8.33	600	600
Prisma Medios de Pago S.A.	1,364,994	1,364,994	9.93	9.93	3,409	3,409
Mercado Abierto Electrónico S.A.	1	1	0.45	0.45	4	4
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.	15,168,361	956,250	12.75	12.75	7,028	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)		-	-	-	35	38

Grupo Banco Provincia S.A. in:

Internacional Cía. de Seguros de Vida S.A.	21,709,977	21,709,977	37.77	37.77	38,678	44,770
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Provincia Bursátil Sociedad de Bolsa S.A. in:

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

Provincia Seguros S.A. in:

Fogaba S.A.	10,000	10,000	0.24	0.24	1,422	1,150
Internacional Cía. de Seguros de Vida S.A.	1,730,335	1,730,335	3.01	3.01	2,005	3,835
TOTAL IN ARGENTINA					58,270	61,018

- Abroad

Banco de la Provincia de Buenos Aires in:

BLADDEX S.A.	884,461	884,461	2.43	2.43	104,443	68,681
Swift S.A.	8	8	0.01	0.01	14	10
Bolsa Electrónica de Val. del Uruguay S.A.	1	1	3.84	3.84	116	94
Telebrás	217,928	217,928	0.01	0.01	25	25

TOTAL ABROAD

TOTAL

104,598 **68,810**

104,598 **68,810**

162,868 **129,828**

Note 8 – Loans under Financial Leases

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

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

AT DECEMBER 31, 2015 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Banking and other Financial Services			
	- Machinery and equipment under financial lease	661,266	458,566
	- Matured charges receivable	21,726	18,815
	- Premises under financial lease	1,471	1,568
	- Machinery and equipment to be recovered	1,182	1,503
	- Other	55,282	95,608
	- Accrued interest and adjustments receivable	19,203	13,049
	- (Allowances)	(14,985)	(12,273)
	TOTAL	745,145	576,836

Note 9 - Miscellaneous Receivables

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Insurance			
	- Minimum notional income tax	32,730	25,255
	- Premiums receivable	1,476,948	1,327,737
	- Expense advances	178	328
	- Other	1,767,040	1,493,670
	- (Allowances)	(267,593)	(140,384)
	Subtotal	3,009,303	2,706,606
Banking and other Financial Services			
	- Debtors for sale of assets	46	58
	- Minimum notional income tax	14,042	5,209
	- Debtors for services	79,397	53,534
	- Deferred tax	1,562	2,694
	- Other accrued interest receivable	8,571	9,660
	- Other	3,708,940	3,718,450
	- (Allowances)	(140,466)	(135,555)
	Subtotal	3,672,092	3,654,050
Brokerage			
	- Minimum notional income tax	2,816	3,005
	- Debtors for brokerage transactions	318	2,862
	- Other	15,398	9,302
	- (Allowances)	(56)	(28)
	Subtotal	18,476	15,141
Services			
	- Minimum notional income tax	8,021	3,547
	- Deferred tax	20,927	10,912
	- Other	7,048	4,005
	Subtotal	35,996	18,464
	TOTAL	6,735,867	6,394,261

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

AT DECEMBER 31, 2015 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Total			
	- Debtors for sale of assets	46	58
	- Minimum notional income tax	57,609	37,016
	- Other	7,077,756	6,623,494
	- Expense advances	178	328
	- Deferred tax	22,489	13,606
	- Debtors for services	79,397	53,534
	- Debtors for brokerage transactions	318	2,862
	- Premiums receivable	1,476,948	1,327,737
	- Other	5,498,426	5,225,427
	- Other accrued interest receivable	8,571	9,660
	Subtotal	7,143,982	6,670,228
	- (Allowances)	(408,115)	(275,967)
	TOTAL	6,735,867	6,394,261

Note 10 – Miscellaneous Liabilities

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Insurance			
	- Dividends payable	-	2,041
	- Fees	5,192	1,551
	- Debts with the insured, reinsurers and co-insurers	9,078,251	5,640,970
	- Debts with brokers	245,984	147,744
	- Other	1,012,145	485,245
	Subtotal	10,341,572	6,277,551
Banking and other Financial Services			
	- Fees	20,791	16,236
	- Suppliers	87,716	77,164
	- Advances from customers	26,380	25,264
	- Other	1,065,142	622,903
	Subtotal	1,200,029	741,567
Brokerage			
	- Fees	8,261	4,729
	- Suppliers	724	784
	- Other	10,238	4,633
	Subtotal	19,223	10,146
Services			
	- Fees	323	377
	- Suppliers	159	304
	- Other	36,098	20,242
	Subtotal	36,580	20,923
	TOTAL	11,597,405	7,050,187

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

AT DECEMBER 31, 2015 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Note 11 - Provisions

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Insurance			
	- For other contingencies	31,794	42,720
	Subtotal	31,794	42,720
Banking and other Financial Services			
	- For contingent liabilities	211	1,963
	- For other contingencies	690,780	943,982
	Subtotal	690,991	945,945
Services			
	- For other contingencies	19,198	22,015
	Subtotal	19,198	22,015
	TOTAL	741,983	1,010,680

Note 12 – Other Liabilities

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Insurance			
	- Contingencies and loss ratio variance	540,236	152,374
	- Mathematical Reserves	3,277	-
	- Mathematical Reserves for Individual Lifetime Annuities	271,452	189,394
	- Current Risk and Unearned Premiums and Charges	375,090	277,290
	- Other	692,994	14,197
	Subtotal	1,883,049	633,255
Banking and Other Financial Services			
	- Other	(27,415)	484,490
	Subtotal	(27,415)	484,490
	TOTAL	1,855,634	1,117,745

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

At December 31, 2015 and 2014, the breakdown of these captions according to the line of business of the consolidated companies is the following:

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AT DECEMBER 31, 2015 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Income from Services – Other

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
<i>Insurance</i>			
	- Premiums and surcharges for insurance policies	12,328,935	8,290,853
	- Income from technical structure	87,297	41,064
	Subtotal	12,416,232	8,331,917
<i>Banking and other Financial Services</i>			
	- Income from services	5,719,624	3,896,445
	- Trust administration	42,360	29,353
	Subtotal	5,761,984	3,925,798
<i>Brokerage</i>			
	- Income from services	32,662	14,483
	- Income from brokerage transactions	13,045	11,404
	Subtotal	45,707	25,887
	TOTAL	18,223,922	12,283,602

Expenditure for Services – Other

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
<i>Insurance</i>			
	- Accrued claims	9,373,642	6,112,451
	- Insurance policy surrenders and accrued temporary annuities	27,451	4,044
	- Expenditures on technical structure	836,656	300,242
	Subtotal	10,237,749	6,416,737
<i>Banking and other Financial Services</i>			
	- Other	2,161,661	1,467,504
	Subtotal	2,161,661	1,467,504
	TOTAL	12,399,410	7,884,241

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

AT DECEMBER 31, 2015 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Note 14 – Administrative Expenses

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Insurance			
	- Personnel expenses	729,643	498,905
	- Directors' and syndics' fees	23,938	5,697
	- Other Fees	134,786	88,643
	- Advertising and publicity	313,009	188,630
	- Taxes	473,343	282,914
	- Depreciation of bank premises and equipment	6,609	4,728
	- Amortization of organization and development expenses	14,705	9,499
	- Other operating expenses	1,017,998	636,698
	- Other	46,293	483
	Subtotal	2,760,324	1,716,197
Banking and other Financial Services			
	- Personnel expenses	8,982,780	6,468,560
	- Directors' and syndics' fees	48,242	37,864
	- Other fees	158,618	113,536
	- Advertising and publicity	223,270	174,934
	- Taxes	86,439	37,049
	- Depreciation of bank premises and equipment	242,082	166,885
	- Amortization of organization and development expenses	60,618	56,216
	- Other operating expenses	1,167,550	806,043
	- Other	308,633	165,889
	Subtotal	11,278,232	8,026,976
Brokerage			
	- Personnel expenses	22,453	16,190
	- Directors' and syndics' fees	8,261	4,728
	- Other fees	2,384	1,736
	- Advertising and publicity	115	26
	- Taxes	195	2,006
	- Depreciation of bank premises and equipment	160	140
	- Amortization of organization and development expenses	200	188
	- Other operating expenses	10,394	5,426
	- Other	-	445
	Subtotal	44,162	30,885
Services			
	- Personnel expenses	220,204	145,094
	- Directors' and syndics' fees	16,208	12,255
	- Other fees	9,417	7,312
	- Advertising and publicity	5,419	3,240
	- Taxes	19,006	13,901
	- Depreciation of bank premises and equipment	1,254	447

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(In thousands of Pesos)

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
	- Amortization of organization and development expenses	78	105
	- Other operating expenses	16,107	11,503
	- Other	26,789	19,292
	Subtotal	314,482	213,149
TOTAL		14,397,200	9,987,207

Note 15 - Miscellaneous Income

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Insurance			
	- Net income on long-term investments	-	2,350
	- Other	430,514	91,161
	Subtotal	430,514	93,511
Banking and other Financial Services			
	- Net income on long-term investments	-	44,250
	- Penalty Interest	48,104	18,254
	- Adjustment from application of the CER index	8	8
	- Receivables Recovered and provisions reversed	897,164	745,336
	- Other	33,180	139,780
	Subtotal	978,456	947,628
Brokerage			
	- Net income on long-term investments	-	348
	- Other	3,665	1,752
	Subtotal	3,665	2,100
Services			
	- Net income on long-term investments	-	25,596
	- Other	-	35
	Subtotal	-	25,631
TOTAL		1,412,635	1,068,870

Note 16 - Miscellaneous Losses

At December 31, 2015 and 2014, the breakdown of this caption according to the line of business of the consolidated companies is the following:

Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Insurance			
	- Charges for miscellaneous receivables and other items written-off	936,720	78,875
	- Other	309,599	189,363
	Subtotal	1,246,319	268,238

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Line of Business	Description	Amounts	
		12/31/2015	12/31/2014
Banking and other Financial Services			
	- Charges for miscellaneous receivables and other items written-off	351,316	190,500
	- Amortization of differences from court orders	18,159	18,107
	- Penalty interest and charges in favor of the BCRA	21	15
	- Depreciation and losses of miscellaneous assets	1,755	1,635
	- Other	244,229	1,108,393
	Subtotal	615,480	1,318,650
Brokerage			
	- Other	265	354
	- Charge on bad loans	28	-
	Subtotal	293	354
		1,862,092	1,587,242

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	12/31/2015	12/31/2014
<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 payment of amounts owed to Banco de la Provincia de Buenos Aires.	31	26
At December 31, 2015, \$346 was registered under the "Cash and Due from Banks" caption. The "Investment" caption included: a) \$7,011 accounting for quota shares of the "1822 Raíces Pesos Fondo Común de Dinero" mutual fund, and b) \$1,500 representing the share of Mercado de Valores de Buenos Aires in compliance with the requirement of General Resolution No. 622 issued by the CNV.	346	219
<u>Provincia Leasing S.A.</u>		
Contracts pledged as collateral of the obligations assumed with Banco de Inversión y Comercio Exterior (BICE) S.A.	4,047	9,196
<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.	308	211
<u>Provincia Seguros S.A.</u>		
At December 31, 2015 and 2014, court deposits levied under legal proceedings, included in the Provision for Pending Claims or claims not related to insurance activities.	104,594	26,589
At December 31, 2015 and 2014, 100,000 quota shares of Firma Ahorro Pesos Clase C mutual fund; and 81,201 and 61,992 quota shares of Firma Ahorro Plus mutual fund, levied for the same reason.	1,182	902

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Company	12/31/2015	12/31/2014
Term deposits in Banco de la Provincia de Buenos Aires to guarantee the payment of amounts owed to the Bank. At December 31, 2015, fixed term deposits subject to attachment are held for \$552.	1,421	989
<u>Bapro Mandatos y Negocios S.A.</u>		
-Fixed term deposit to guarantee the payment of amounts owed to Banco de la Provincia de Buenos Aires.	92	93
-Fixed term deposit in compliance with the requirement of General Resolution No. 622 issued by the CNV.	3,192	3,233
<u>Bapro Medios de Pago S.A.</u>		
Fixed term deposit to guarantee the payment of amounts owed to Banco de la Provincia de Buenos Aires.	1,441	895
-At December 31, 2015, the "Investment" caption included a fixed term deposit to guarantee the payment of amounts owed to Banco Industrial y Comercial de China (ICBC)	527	3,233

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, 2015, 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 arising 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 June 8, 2015, the original court rendered judgment declaring the issue to be without reason. Said judgment was grounded in the opinion rendered by the Legal and Control Departments applicable to all financial statements of the Company prepared after such date as well as in the analysis of the financial statements which revealed no uncertainty about the substantive issue. Therefore, the Company doesn't need to set up the Trust Fund for Occupational Diseases corresponding to the Government of the Province of Buenos Aires (as insured) as regards the coverage granted until December 31, 2006.

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

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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 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 December 31, 2006, termination date of the agreement, the fund 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 those 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 such obligations in due time. At December 31, 2015 and 2014, \$598,534 and \$899,495, respectively, were recorded by the Company under the "Other Receivables" caption.

At December 31, 2015 and 2014, the amounts to be received by the Company on account of self-insurance management were \$91,372 and \$35,949, respectively.

At December 31, 2015 and 2014, the balance not yet due and payable to be collected by the Company on account of advances in checking accounts for claim payments amounted to \$547 and \$2,258, respectively, and fees for self-insurance management totaled \$6,496 and \$5,869, respectively, as disclosed under the "Other Receivables" caption of the Consolidated Financial Statements of Grupo Banco Provincia S.A.

By Executive Order No. 1296, dated December 30, 2013, the Government of the Province of Buenos Aires provided for the issuance of "Bonds for the settlement of provincial debts", with maturity date on December 27, 2017, to partially settle the amount owed to the Company. The main features of such instruments are: a) 24-month grace period for the payment of principal, b) amortization in 24 equal and consecutive installments as from January 27, 2016; c) Private Banks BADLAR rate for fixed-term deposits over \$1,000 at 35-day term, as informed by BCRA, and d) grace period for the payment of interest from the issuance date up to December 27, 2015, when accrued interest will be capitalized.

At the date of the Financial Statements of Provincia ART S.A., the Government of the Province of Buenos Aires has not issued such bonds since the National Economy Ministry's approval is still pending.

In July, August, September and November 2014 and, on January 9 and 14, April 27 and August 31, 2015, the Government of the Province of Buenos Aires made partial payments for \$72,187, \$5,171, \$97,363, \$35,382, \$80,240, \$198,365, \$235,756 and \$73,988, respectively, on account of partial settlement of debt.

a.2. Trust Fund for Occupational Diseases

SSN's resolution No. 29323 of June 27, 2003 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. 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, 2015 and 2014, the Company 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 had 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 expenditure are subject to a specific accounting record, separate from the other transactions. At December 31, 2015 and 2014, cash and due from banks and investments of such fund

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amounted to \$181,002 and \$139,127, 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, which decisions 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 monthly payments; compensation 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 its reserves, technical commitments, cash and due from banks and investments at September 7, 2004 (date of the first declaration of unconstitutionality) and submitted such information to the SSN.

- Issuance of National Executive Order No. 1694

On November 6, 2009, the National 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 included:

- Increase over 50% in the additional lump-sum monetary compensation for partial permanent disability declared to be definite. The additional lump-sum compensations to be paid in case of total permanent disability declared to be definite and the worker's death were 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.
- 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.
- Increase in the monthly amount to be paid in case of severe disability.

- Enactment of Law No. 26773

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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 system. The most important changes were:

- Introduction of an “either/or” option under which an injured employee will have to choose between, either 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.
- 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 settled amount or the amount determined by court. If the amount of the judicial decision is less than the amount deposited, the difference shall be deposited in a guarantee fund.
- Compensation amounts will be updated semiannually in accordance with the worker’s average taxable remuneration index (RIPTE).
- 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 for 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 fee 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.

- *Issuance of National Executive Order No. 472*

On April 1, 2014, the National Executive Branch issued Order No.472, which regulated Law No.26773, authorizing the SSN to lay down supplementary rules, if necessary. The regulatory decree included provisions to:

- Regulate the extension of the temporary labor disability period.
- Determine the calculation basis for ascertaining some compensation amounts.
- Establish operative criteria related to the obligation and terms of payment related to monetary compensations.
- Authorize competent agencies to set technical parameters for adjusting the benefits and amounts included in the compensation scheme.
- Confirm that the marketing or intermediation expenses of any nature whatsoever shall not exceed 5% of the participation fee. This percentage does not include the value added tax. Moreover, as prevention costs are considered benefit expenses, they are not included in administrative expenditures and other non-benefit expenses.

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The authorities of Provincia ART S.A. understand that the Company's reserves at December 31, 2015 include all significant known effects derived from the regulatory changes described above as well as the different application methods under each jurisdiction. However, at the reporting date of the Financial Statements of Provincia ART S.A., the final effect of these changes on the loss ratio estimated by the Company could not be determined.

a.4. Claim against the National Government

On November 21, 2000, the Argentine Supreme Court of Justice upheld 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 ART S.A. c/ Estado Nacional – Decreto N° 863/98 s/Amparo – Incidente de ejecución de sentencia".

In this case, the Company claimed \$1,289 on account of the recovery of fees withheld for the 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 ruled in favor of 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 requested by the Judge on July 5, 2011 and decided to refer the case to the Clerk's Office No. 2 of Court No. 1. Once the case was remanded and notice to the Parties was 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.

At December 31, 2015 and 2014, the Company recorded \$1,946 under the "Other Receivables" caption for the amounts pending collection, and it expects to recover the remaining amount upon execution of the judgment rendered by the Argentine Supreme Court.

a.5. Minimum capital and meeting of liabilities with insureds

At December 31, 2015 and 2014, Provincia ART S.A. recorded \$2,033,665 and \$1,548,275 deficits in minimum capital requirements, respectively, and \$860,167 and \$807,317 deficits in the calculation of coverage of debts to insureds, respectively.

On December 4, 2013, the SSN, by 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, commercial and other measures for the regularization of such deficits, a capitalization program stating the dates and amounts of contributions to be made, and future actions aimed at securing surpluses in both technical ratios. Likewise, the Company was required to comply with the prevailing regulations on coverage and minimum capital requirements, disregarding the alternative criteria that it had adopted until September 30, 2013. On December 19, 2013, the Company submitted the required information to the control authority.

On April 22, 2014, the Company submitted to the SSN a regularization and reorganization plan related to its coverage and minimum capital requirement deficits. It included economic/financial projections derived from a set of operative, administrative and financial measures, and was intended to be implemented before December 31, 2015.

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On May 22, 2014, the SSN approved the mentioned plan and further instructed the Company to: a) comply with the gradual reduction of its minimum capital requirement deficit, b) reduce, semi-annually, its coverage deficit according to section 35 in the same proportion as the Company projects to reduce its minimum capital requirement deficit, and c) make capital contributions, if technical ratio deficits (coverage and minimum capital requirements) higher than those disclosed in the regularization and reorganization plan be recorded at the closing of any fiscal year.

Such plan envisaged the partial collection in kind of the amounts owed to the Company as a result of self-insurance transactions with the Government of the Province of Buenos Aires through the receipt of debt settlement bonds.

Therefore, the Company required the SSN's special authorization to compute in its technical ratios the unlisted securities issued by the Government of the Province of Buenos Aires for a total of \$850,000. On June 5, 2015, the SSN rendered a favorable decision on the above request.

The implementation of SSN Resolution No. 39214 affected the fulfillment of the goals set in the Regularization and Reorganization Plan related to coverage and capital requirement deficits. Therefore, Provincia ART S.A. requested an amendment to the above plan on October 27, 2015. The Company was notified by the SSN of the approval timely requested. Thus, the compliance term was extended until December 31, 2016, inclusive, and semiannual deficit reduction goals were set.

The Company's authorities are continuously assessing the effects of these issues on the mentioned deficit regularization and reorganization plan and are drafting a new deficit reduction schedule to be submitted to the SSN.

a.6. *Distribution of Profits*

On December 19, 2013, and in order to comply with the SSN's regulations in force, the Special Meeting of Shareholders of Provincia ART S.A. approved a \$95,000 capital increase 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. Such increase would have to be paid as stipulated in the Companies' Law. At December 31, 2014, Grupo Banco Provincia S.A. recorded a liability of \$95,000 on account of the contribution to be paid-in.

On September 14, 2015, the Special Meeting of Shareholders decided to cancel such capital increase since the integration of that capital contribution was not included in the Regularization and Reorganization Plan timely approved by the SSN.

The Regular Meeting of Shareholders of Provincia ART S.A. held on September 23, 2014, which analyzed the Financial Statements as of June 30, 2014, decided to allocate results as follows: a) Legal Reserve \$1,407 and b) Optional Reserve \$26,735.

b. Provincia Leasing S.A.

On December 2, 2014, the Special Meeting of Shareholders approved an increase of \$15,000 in capital stock to be applied to the ordinary course of business and optimize the company's financing structure. On December 5 and 23, 2014, Grupo Banco Provincia S.A., Provincia Bursátil S.A. and Bapro Mandatos y Negocios S.A. paid \$14,550, \$44 and \$407, respectively, totaling their capital contribution according to their equity holdings. On October 5, 2015, such increase was registered with the Supervisory Board of Companies (*Inspección General de Justicia*).

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.

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At December 31, 2015 and 2014, contracts managed by the Company amounted to \$47,628 and \$86,958 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. The plaintiff filed an appeal that was dismissed by the Argentine Supreme Court of Justice, which upheld the judgment rendered by the Court of Appeals. Since Provincia Leasing S.A. and Grupo Banco Provincia S.A. were exempted from liability, the case was considered closed.

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. On July 16, 2015, after confirmation of the settlement amount claimed by the plaintiff, the Company paid the judgment amount plus legal fees, out of the previously attached amount and reversed the relevant provisions.

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 as of 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.

In line with 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 September 11, 2014 considered and approved profits for the period ended June 30, 2014 for \$19,892. Such meeting resolved to allocate the profits as follows: a) 5% to increase the Legal Reserve account for \$995; b) to distribute cash dividends for \$5,669 payable to shareholders according to their equity holdings: \$2,551 to Grupo Banco Provincia S.A., \$2,268 to CNP Assurances Brasil Holding Ltda., and \$850 to Provincia Seguros S.A.; c) to allocate the remaining amount of \$13,228 to increase the "Reserve for Expected Increase in Production and Claim Contingencies". On September 23, 2014, Grupo Banco Provincia S.A. collected in full the amount corresponding to such distribution of dividends.

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d. Bapro Mandatos y Negocios S.A.

d.1 *Distribution of Profits*

On December 23, 2014, the Special Meeting of Shareholders approved an increase of \$5,670 in capital stock, through the issuance of 5,670 non endorsable registered common shares of nominal value one Peso, entitled to cast one vote each. Such increase is aimed at partially financing the purchase of Unit No. 10 (Floor 8) of the corporate building of Grupo Banco Provincia S.A. At December 31, 2014, Grupo Banco Provincia S.A. recorded a liability for \$5,500 on account of the contribution to be paid-in.

On January 6 and 14, 2015, Grupo Banco Provincia S.A. and Provincia Bursátil S.A. paid \$5,500 and \$170, respectively, totaling their capital contribution according to their equity holdings. On September 26, 2015, such increase was registered with the Supervisory Board of Companies.

On December 4, 2015, the General Meeting of Shareholders approved the capitalization of irrevocable contributions to increase its capital stock by \$1,900 to settle the amount owed for the purchase of the Floor 8 of the Corporate Building. On November 13 and 30, 2015, Grupo Banco Provincia S.A. and Provincia Bursátil S.A. paid in \$1,843 and \$57, respectively. At the date of issuance of the Financial Statements of Bapro Mandatos y Negocios S.A., such increase is under registration process in the Supervisory Board of Companies.

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.

With respect to this trust, on November 25, 2009, the Court No. 11, Clerk's Office No. 21 declared the opening of the reorganization proceedings of the Social Welfare Entity for Bank Employees (*Obra Social Bancaria Argentina - OSBA*) recorded in the National Registry of Social Welfare Entities on January 8, 1997 under No. 1-2630-4, the bylaws of which are registered in Volume I, Folio 77 of the Bylaws Book of the National Registry of Social Welfare Entities. OSBA is the trustor of the Solidaridad Trust. In this regard, through injunction issued on November 25, 2009 on the Solidaridad Trust by the Judge hearing the case, in charge of the National Court of First Instance in Commercial Matters No. 11, it was ordered to suspend the payment of claims mentioned in the irrevocable payment orders (OPIGs), issued by the insolvent party on account of obligations prior to the date of petition for reorganization (September 9, 2009), until creditors have their claims proved. Therefore, the holders of OPIGs -issued according to the terms of such trust agreement prior to the date of petition for OSBA reorganization- submitted their complaints to the Company through registered letters.

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 OSBA 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 business until judgment be pronounced. Such decision was appealed by Bapro Mandatos y Negocios S.A., but such appeal was dismissed by the Court hearing the case on July 30, 2012. Therefore, the injunction is still in force. On May 5, 2015, the Court resolved to stay the judgment until a criminal court renders its final decision in the cases entitled "Lorenzo, Nestor Osvaldo y otros s/ tráfico de mercaderías peligrosas para la salud" and "Zanola, Juan José y otros s/ asociación ilícita".

The Company duly brought an action for refunding those cash flows corresponding to contributions collected by the Argentine Internal Revenue Service (*Administración Federal de Ingresos Públicos – AFIP*) and the National Social Security Administration (*Administración Nacional de Seguridad Social - ANSES*). On

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February 22, 2011, the First Instance Judge decided to accept the request. The measure was appealed by OSBA by means of a motion for revocation of judgment with supplementary appeal. The revocation was rejected and, on October 13, 2011, the National Court of Appeals in Commercial Matters, Division D remanded the case to obtain a new first instance resolution which considers the effects of termination of the Solidaridad Trust agreement by OSBA Temporary Trustee.

After the case was remanded to the lower court, the Company submitted again the reimbursement request on November 9, 2011. However, the injunction approved by the First Instance Judge on December 15, 2011 related to the above mentioned case has become inappropriate. On September 15, 2011, OSBA notified the Company (by registered letter) its decision to unilaterally terminate the Solidaridad Trust agreement, making reservation of rights related to the annulment request, ratified by Registered Letter dated October 19, 2011, which quotes the Resolution No. 615 of the Health Services Superintendence of July 5, 2011. The Company answered the first Registered Letter on September 28, 2011, requiring the application of Article 9, paragraph 9.01 of the Trust agreement, which provides for the early termination by decision of any of the parties, and stating that it has acted in good faith and in a diligent way during the life of such trust, thus avoiding any type of responsibility derived from eventual illegal acts directly or indirectly related to the trust, making the express reservation to demand OSBA for damages. By Registered Letter of November 11, 2011, the Company ratified before the Trustor the application of said clause to terminate the Trust agreement.

With regard to the case entitled “Obra Social Bancaria s/Incidente de Apelación por Art. 250 CPGCC”, 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 issued under obligations prior to that date. The Company filed an appeal in the above case which has been dismissed by the Court. Bapro Mandatos y Negocios S.A. was then instructed to pay 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 payments made after November 9, 2009 and declared invalid, the Company be compelled to reimburse the amounts paid under penalty of law. 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 \$3,027 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. At the date of the Financial Statements of Bapro Mandatos y Negocios S.A., OPIG holders have not yet been served notice of the claim made by OSBA.

According to the legal opinions of Murray/Anguillesi/Guyot/Rossi & Sirito of Zavalía Abogados law firm, acting

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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 issuance 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 plus interest. 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. The proceedings are in the trial of the case.

Likewise, on September 16, 2014, the Company was notified of a complaint for dismissal filed by the former Commercial Manager, Rafael Torres Vidal, for the amount of \$1,198 plus interest on account of differences in the severance pay already paid. The legal action has been filed with the National Court of First Instance in Labor Matters No. 4. On September 30, 2014, the Company answered the complaint and, on March 16, 2015, a hearing (Section 80) was held but the parties did not reach a settlement. The proceedings are in the trial of the case. Mention should be made that the Company is co-defendant with Provincia Leasing S.A., since the plaintiff was the Commercial Manager of such company for 30 months and of Bapro Mandatos y Negocios S.A. for 7 months. The differences claimed are based on an alleged previous labor relationship with Banco de la Provincia de Buenos Aires .

On October 28, 2015, the Company was notified of a labor complaint filed with the National Court of First Instance in Labor Matters No. 42, by Victoria Angeles Facio, former Chief Department of Legal Affairs, for an amount of \$721 plus interest.

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 Martin Todolfo c/Bapro Mandatos y Negocios S.A. y otros s/Cumplimiento 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 a 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 Court of First Instance in Civil and Commercial Matters No. 5, San Isidro Legal Department. In the last two proceedings, plaintiffs filed several claims applying for an injunction against the trust, which was issued by the first instance court, appealed by the Company and ratified by the pertinent courts of appeal. Said injunction 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*. The proceedings are in the trial of the case.

With regard to "Samaagro" Administration and Guarantee Trust, in September 2014 the Company was served notice of an action brought against it before the Buenos Aires Stock Exchange Arbitration Tribunal in the case entitled "Reich, Rolando Martín c/Bapro Mandatos y Negocios s/daños y perjuicios" requesting the reimbursement of the invested amount (US\$30,000) plus other items for undetermined amounts. The Company answered the complaint, alleging that, according to the agreement terms, the investment was risky due to the ups and downs of the agricultural market and that Mr. Reich did not consider the campaign losses,

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neither the operator's responsibility, against whom the Trustee had filed a claim and a criminal complaint as well as actions aimed at improving the equity held in trust.

The Company has also answered complaints in similar terms to those of the "Reich" case, filed before the Buenos Aires Stock Exchange Arbitration Tribunal related to the following proceedings: a) "Noceti, Héctor Antonio c/ Bapro Mandatos y Negocios S.A. s/ daños y perjuicios" requesting the reimbursement of the invested amount (US\$22,000) plus other items for undetermined amounts; b) "Romero, Emilio y otros c Bapro Mandatos y Negocios S.A. s/Daños y perjuicios" claiming for US\$40 plus other item for an undetermined amount; and c) "Gasparutti, Gustavo Germán c/Bapro Mandatos y Negocios S/daños y perjuicios" claiming for US\$67 plus \$200 and other items for undetermined amounts.

In accordance with the legal opinion of Savransky, Manes & Vibes law firm, acting on behalf of the Company in all cases related to the Samaagro Trust, the legal actions have reasonable prospects of success, so the sentence would be applicable to the Company, provided that Bapro Mandatos y Negocios S.A. had acted with gross negligence in the management of funds contributed by beneficiaries and in the proper control of Samaagro's performance.

Two other cases have been brought before National Courts in Commercial Matters: 1) "Klar, Juana Mercedes c/ Bapro Mandatos y Negocios S.A. y otros (Samaagro) s/ Daños y perjuicios" (Court No. 16 – Clerk's Office No. 31) with a judgment favorable to the motion to dismiss for lack of jurisdiction filed by the Company; currently an appeal was submitted by the plaintiff which is pending resolution; and 2) "Barocchi, Miguel Angel c/ Mandatos y Negocios S.A. s/Medidas precautorias" (Court No. 7 – Clerk's Office No. 14), in which a group of beneficiaries requested information related to the trust. The Company filed the motion to dismiss alleging lack of jurisdiction relying upon the arbitration clause of the Trust Agreement. This was accepted by the Judge hearing the case. This group of beneficiaries filed a claim before the Buenos Aires Stock Exchange Arbitration Tribunal under the case entitled "Fideicomiso Agrícola de Administracion y garantías Samaagro c/ Bapro Mandatos y Negocios S.A. s/ Convocatoria a asamblea".

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*

The Special Meeting of Shareholders of Bapro Medios de Pago S.A., held on March 12, 2015, approved an increase of \$10,000 in capital stock in order to improve its working capital and make the relevant investments to: i) complete the Data Center capacity, expanding its structure to carry out the business plan of the IT unit; ii) develop and implement the Company's internationalization project; iii) consolidate the brand positioning; and iv) open new Service Centers, as required by Banco de la Provincia de Buenos Aires, in strategic locations previously defined according to the needs of branches, as well as new customer service agencies in small and sparsely populated towns .

On June 8 and 15, 2015, Grupo Banco Provincia S.A. and Bapro Mandatos y Negocios S.A. paid in \$4,850 and \$300, respectively, in proportion to their equity interests in the Company.

Accordingly, at December 31, 2015, the Company recorded a liability for \$4,850 on account of the

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contribution to be paid in. On November 13, 2015, this capital stock increase was registered with the Supervisory Board of Companies.

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 to 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.

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 the 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. In September 2013, the Company decided to extend the term of the agreement for 3 years according to the conditions set forth therein.

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 any 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 and 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 detailed therein.

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f. Provincia Bursátil S.A.

- Capital Markets Law

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.

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 National Government through the National Securities Commission (*Comisión Nacional de Valores-CNV*) which was entrusted with authorization, supervision and control powers as well as with the regulatory and disciplinary authority over all capital markets 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 shall be met: maintain a minimum net worth (at least 50% shall 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 Agents 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 Integral Trading Agent, which was approved by the Argentine Securities Commission on September 19, 2014.

By such rules, the powers conferred on settlement, clearing and integral trading agents to carry out transactions involving the free availability and use of their principal's balances were restricted. They are banned from using said funds or negotiable securities without prior authorization of their clients. Any liquid balances available at the end of the day shall only be invested in assets as instructed by clients, with income always accruing in their favor.

Therefore, at December 31, 2015 and 2014, the custody of third-party funds was booked in memorandum accounts.

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 No. 26831, Executive Order No. 1023/13 and the new consolidated text of the National Securities Commission.

The Company's Board of Directors considers that Law No. 26831 affects its activities since Banco de la Provincia de Buenos Aires is unable to act as broker. Therefore, transactions carried out by order and on account of the Bank's customers are directly channeled through said company.

g. Provincia Seguros S.A.

g.1. *Distribution of Profits*

On September 9, 2014, the Regular Meeting of Shareholders of Provincia Seguros S.A. discussed the

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Financial Statements at June 30, 2014 and decided to set up a Legal Reserve for \$133,387.

According to section 70 of the Companies' Law, 5% of the net profits for the year ended June 30, 2014 would have been allocated to the Legal Reserve account, up to 20% of its pertinent Capital Stock. Consequently, retained earnings would have been restricted to \$2,266. This omission shall be settled by Provincia Seguros S.A. in the next Meeting of Shareholders.

g.2. Minimum Capital Requirements

At December 31, 2015 and 2014, the Company had \$54,005 and \$21,953 surpluses, respectively. For the purposes of calculating the assessable capital stock, the Company included the difference between the booked IBNR reserve and the amount resulting after applying an average rate between the borrowing rate of BCRA's Communication No. 14290 and the lending rate, in order to segregate the financial components implied in the matrix of paid claims, as required by paragraph 30.6 of the General Rules for Insurance Activity. The 15% limit on the minimum capital must be considered. There follows the difference between both calculation methods, as applied to the calculation of the assessable capital stock:

	12/31/2015
Assessable IBNR	\$538,438
IBNR (paragraph 30.6, General Rules for Insurance Activity)	<u>\$444,604</u>
Difference	\$93,834

At December 31, 2014, and in order to comply with the minimum capital requirement, the Company computed \$70,211 according to the above mentioned calculation methods. It also included interest accrued on Bonds for the settlement of provincial debts as mentioned in Note 18.g.3 below.

g.3. Deficit in claims coverage

At December 31, 2015 and 2014, the Company had deficits in the coverage of debts to insureds that amounted to \$98,572 and \$488,767, respectively, calculated according to SSN rules. Therefore, the Company is in compliance with the provisions stipulated in paragraph 35.12.1 of the General Rules for Insurance Activity of the SSN.

On April 16, 2015, the Company submitted to the SSN a deficit regularization plan including management, economic and financial measures. This plan is aimed at reorienting the selection of risks to be covered, adjusting premiums and amounts insured, and selecting less volatile instruments on the understanding that they offer more security in the future thus, prioritizing stability and profitability. The Company is engaged in the improvement of the collection processes in order to increase collection levels and reduce, up to a maximum of 60 days, the collection terms. With respect to the settlement of the debt owed by the Province of Buenos Aires, actions are being carried out in order to collect such funds.

Therefore, the Company required the SSN a special authorization to compute in its technical ratios securities issued by the Provincial Government, such as domestic bonds and bills not listed in secondary markets, for a maximum amount of \$750,000. On May 20, 2015, the SSN granted the Company the pertinent authorization.

Likewise, the Control Authority defined a term in order to settle said situation, establishing maximum amounts of deficit in the coverage of debts to insureds for quarterly and/or annual periods, according to the following schedule:

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Juan E. Curutchet
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<u>Closing date</u>	<u>Allowed Maximum Deficit</u>
03/31/2015	\$490,033
06/30/2015	\$455,076
09/30/2015	\$343,019
12/31/2015	\$230,211
03/31/2016	\$219,292
06/30/2016	\$167,437
09/30/2016	\$84,160
12/31/2016	-

Moreover, the SSN provided that, if the coverage deficit surpasses the maximum amount defined at the closing date of any of the above period/fiscal years, the Company's shareholders shall make the necessary capital contributions. During the effective term of the plan and until the regularization of the coverage deficit as stated in the RGAA, the Company shall not distribute dividends. In case of failure to comply with these conditions, the regularization plan shall become null and void.

At December 31, 2015, Provincia Seguros S.A. is compliance with above mentioned plan.

At December 31, 2015 and 2014, the Company recorded credits for premiums owed by the Government of the Province of Buenos Aires for \$369,800 and \$507,381, respectively. During 2013, the loss ratio of the above mentioned insured increased as a consequence of the weather event specified in Note 18.g.1) to these Financial Statements. The Company, in its capacity as sole insurer of the properties owned by the Province of Buenos Aires, accepted the rescheduling of past-due claims.

By Executive Order No.1296, dated December 30, 2013, the Government of the Province of Buenos Aires provided for the issuance of "Bonds for the settlement of provincial debts", with maturity date on December 27, 2017. Some of these bonds would be used to partially settle such debts. At the date of issuance of the Financial Statements of Provincia Seguros S.A., the Government of the Province of Buenos Aires has not issued such bonds since the National Economy Ministry's approval is still pending.

During 2015, the Provincial Government made cash payments for \$347,046 to partially settle said debts. After the closing date, such insured made additional payments for \$9,035. The Company considered that this situation would be completely settled and no information related to these bonds was included in its Financial Statements.

In 2015, Provincia Seguros S.A. adjusted rates of the insurance policies taken out by the Provincial Government and agencies. There follows detailed information related to such adjustment:

Ministry of Security of the Province of Buenos Aires	153,947
General Directorate of Culture and Education of the Province of Buenos Aires	43,815
Government of the Province of Buenos Aires	23,902
Ministry of Health of the Province of Buenos Aires	13,368
Ministry of Infrastructure of the Province of Buenos Aires	4,108
Other government agencies	10,136
Total	249,276

At the date of issuance of the Financial Statements of Provincia Seguros S.A., the Company has sent all debit notes to the public agencies, without receiving any objections from them.

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h. Grupo Banco Provincia S.A.

h.1. *Companies under liquidation proceedings*

On May 11, 2015, the Regular Meeting of Shareholders of Mercado Regional de Capitales S.A. was held as required by the Provincial Directorate of Artificial Persons (*Dirección de Personas Jurídicas de la Provincia de Buenos Aires*) to conclude the Company's winding up, liquidation and closing process.

On July 22, 2015, through Resolution No 5128, the Provincial Director of the Provincial Directorate of Artificial Persons approved the Company's dissolution. On July 23, 2015, such dissolution was recorded in folio No.117446.

Provincia Servicios de Salud (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, 2015 and 2014, amount to \$2,317 and \$1,616, respectively.

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

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

In view of the \$48,071 loss recorded during the year ended December 31, 2013, the Regular Meeting of Shareholders held on May 9, 2014 resolved to make adjustments to the Company's Stockholders Equity.

The Regular Meeting of Shareholders held on May 8, 2015 resolved to allocate the profits for the year ended December 31, 2014 as follows: 1) to absorb accumulated losses for \$48,071; 2) to allocate \$13,825 to the Legal Reserve and; 3) to allocate \$214,608 to the Optional Reserve to finance the Company's investment activities.

h.3. *Legal Contingencies of Grupo Banco Provincia S.A.*

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 duly transferred to CEFRA. 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 of all necessary formalities to such effect. At the date of these Financial Statements, all documents supporting the subrogation request have been duly filed.

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

h.4. *Release of Reserves from the Subsidiaries' Liabilities*

At December 31, 2015 and 2014, 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 Resolution No. 26793 issued by the SSN.

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i. Other Subsidiaries

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

On September 22, 2014, the Regular Meeting of Shareholders of Internacional Compañía Seguros de Vida S.A. resolved to distribute cash dividends for \$53,669 on total profits recorded in the period ended June 30, 2014, plus \$1,331 corresponding to the Optional Reserve balance. On September 25, 2014, Provincia Seguros S.A. and Grupo Banco Provincia S.A. received \$1,656 and \$20,773 on such account, respectively.

On September 10, 2015, the Regular Meeting of Shareholders resolved to distribute cash dividends for \$35,903 on total profits recorded in the period ended June 30, 2015, plus \$22,097 corresponding to Optional Reserve Fund. On September 16, 2015, Grupo Banco Provincia S.A. collected \$21,907 on such account.

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	12/31/2015			
	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.	130,439	78,263	206,254	123,752
Provincia ART. S.A.	120,264	118,866	107,660	106,408
Provincia Seguros de Vida S.A.	-	-	5,042	2,723
Internacional Cía. Seguros de Vida S.A.	n/a	n/a	n/a	n/a
Total	250,703	197,129	318,956	232,883

(*) 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:

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.

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Activity	Companies
- Brokerage	Provincia Bursátil S.A.
- Services	Grupo Banco Provincia S.A. Provincia Microempresas S.A. Provincia Servicios de Salud S.A. (*)

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

<i>Activity - based classification of income / (loss)</i>							
Headings	Insurance	Banking and other Financial Services	Services	Brokerage	<i>Subtotal</i>	Eliminations	<i>Consolidated</i>
Financial Income							
	1,933,596	21,213,320	11,144	13,477	23,171,537	(217,890)	22,953,647
Financial Expenditure							
	-	(12,495,826)	(53)	-	(12,495,879)	300,933	(12,194,946)
Charge on Bad Loans							
	-	(711,683)	-	-	(711,683)	-	(711,683)
Income from Services							
	12,468,208	7,320,468	305,657	46,443	20,140,776	(667,854)	19,472,922
Expenditure for Services							
	(11,170,825)	(2,755,907)	-	-	(13,926,732)	542,742	(13,383,990)
Administrative Expenses							
	(2,895,486)	(11,394,076)	(317,342)	(47,281)	(14,654,185)	256,985	(14,397,200)
Minority Interest							
	-	-	-	(1,144)	(1,144)	(110,496)	(111,640)
Miscellaneous Income							
	441,417	1,182,444	192,526	3,928	1,820,315	(356,499)	1,463,816
Miscellaneous Losses							
	(1,246,318)	(1,106,786)	-	(293)	(2,353,397)	491,305	(1,862,092)
Income Tax							
	(7,770)	(11,677)	10,015	(6,108)	-	-	-
Net Income/ (Loss)	(461,638)	1,240,277	201,947	9,022	989,608	239,226	1,228,834

Note 20 – Income Tax and Minimum Notional Income Tax

As mentioned in Note 3.16 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, 2015 and 2014, 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

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from certain profitable assets. This tax is supplementary 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.

At December 31, 2015 and 2014, the "Miscellaneous Receivables" caption included \$45,348 and \$31,586 respectively, which stand for the payments made on account of the minimum notional income tax due for such years.

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, 2015, Bapro Mandatos y Negocios SA entered into the following Trust Agreements:

Guarantee Trusts: Trusts 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, 2015, Bapro Mandatos y Negocios S.A. acted as Trustee for 41 Guarantee Trusts.

Management Trust: Trust agreements whereby trustees manage assets held in trust in favor of beneficiaries. At December 31, 2015, Bapro Mandatos y Negocios S.A. acted as Trustee for 25 Management Trusts; total equity held in trust amounted to \$4,827,743.

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, 2015, Bapro Mandatos y Negocios S.A. acted as Trustee for 4 Financial Trusts; total asset held in trust amounted to \$52,437.

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, 2015, Bapro Mandatos y Negocios S.A. acted as Trustee for 6 Financial Trusts; total asset held in trust amounted to \$908,305.

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