Notes to the Financial Statements

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

1. Institutional Nature of the Bank – The Argentine Economic Context and its Impact on the Bank's Economic and Financial Position – Basis for the Presentation of the Financial Statements

Institutional Nature of the Bank

Banco de la Provincia de Buenos Aires (BPBA or the Bank) is a self-administered public institution, the origin, guaranties and privileges of which are set forth in the Preamble and Sections 31 and 104 of the National Constitution, presently ratified by Sections 31 and 121 of the National Constitution as amended in 1994.

Section 7 of the national union pact dated November 11, 1859 (*San José de Flores Treaty*) established that the Province of Buenos Aires reserved for itself the exclusive rights, among others, to govern its Provincial State Bank and to pass the necessary laws to that effect.

For that reason, article 4 of the Bank's Charter – Decree Law No. 9437/79, as amended, provides that the Bank, its assets, acts and doings, contracts and transactions, as well as the rights arising therefrom in its favor, shall be exempted from any liens, taxes, charges or contributions of any nature whatsoever.

The Argentine Economic Context and its Impact on the Bank's Economic and Financial Position

Throughout 2013, the Argentine economy showed a significant improvement mainly characterized by the rise in the volume of agricultural crops and the increased activity in the automobile and construction industries. However, expectations are moderate taking into account less favorable external prospects for emerging economies and greater local difficulties to stimulate domestic growth.

In the external scenario, 2013 was an inflection point year for global economy since the effects of the international crisis that had started 5 years ago gradually began to diminish. According to the information provided by the World Bank, expansion stood at about 2.4%, slightly below the 2.5% growth rate of 2012. Once the Eurozone financial crisis was overcome and the United States and Japan fiscal uncertainties were removed, developed economies resumed their growing trend during last year. Many countries, especially the United States, began to discontinue their monetary stimulus policies leading to an increase in the international interest rate and a reduction of global liquidity that mainly affect emerging economies after several years of highly expansionary financial conditions. Developing countries grew at about 4.8% p.a. in 2013, a rate similar to that of 2012 but lower than the level recorded before the international crisis. Emerging economies growth depends mainly on sustained domestic demand and increased consumption and investment. Among emerging countries, China showed a sustained growth within an expansive model address towards consumption. During the year, Brazilian economy performed below expectations and attained an approximate 2.3% expansion rate. This was due to the need to implement a more restrictive monetary policy as a consequence of strong capital outflows and inflation rise. Prospects of increasing capital outflows to developed economies as a result of the restricted monetary stimulus and rising rates would worsen the scenario.

In this context, Argentina's external conditions for the current year would be favorable in historical terms but less conducive to economic growth than in the previous year. This is due to the expectations of a reduced expansion of the Brazilian economy that will highly impact on Argentine exports, which will also be affected by the elimination of fiscal incentives to automobile sales, the main Argentine export to that country. Moreover, the increase in interest rates and the appreciation of the US dollar will have an adverse effect on the price of raw materials. World trade will show a more expansive performance with a sustained demand from advanced economies.

According to the INDEC (National Statistics Institute), the Argentine economy grew about 5% in 2013. In terms of supply, goods production rose approximately 3% thus reversing the previous year fall. Improvements were mainly the result of the performance of the agricultural and industrial sectors, which accounted for over 90% of the expansion in goods production, with significant rises in agricultural and construction activities. Service-producing sectors recorded an approximate 6% annual increase, about 2 p.p. above 2012. Financial brokerage stood as the most dynamic sector, followed by wholesale and retail trade, repairs, transport, storage and communications.

The contracted external demand and the considerable difficulties to promote economic growth forecast a productive scenario without major changes throughout 2014 as compared with the previous year.

As a result of our restrictive integration with the rest of the world, internal factors are essential for the evolution of the financial system. During last years, the external and public sectors significantly contributed to expand the monetary base. However, in 2013, increased transfers to the treasury were not enough to compensate the lower external sector improvement, resulting in a considerable deceleration of the monetary supply as against previous years. In this context, total peso deposits grew 26% in 2013 due to increases in both private and public placements.

Loans in pesos to the private sector slightly fell (though less than deposits) and showed a 34.7% y/y expansion. The family consumption segment (consumer loans and credit cards) performed better than in the previous year and increased 36.1%, mainly boosted by a greater use of credit cards. In contrast, after a considerable increase in 2012, corporate loans decelerated and rose just 36%, more than 14 p.p. below the figure of last year, mainly due to the restricted approval of checking account overdrafts. The growth pace of mortgage and pledge loans was somewhat above the level of the previous year fueled by the credit lines promoted by the Government and the increased demand for car loans.

The rise of loans over deposits caused a reduction in financial institutions' liquidity and an increase in borrowing interest rates. This situation was stressed by the reform in the monetary policy introduced in early 2014 and it is expected to continue in the next months in order to stabilize the demand for pesos, though negatively affecting the growth rate of financial brokerage amounts.

After the meteorological phenomenon occurred on April 1 and 2, 2013 in the City of La Plata, the Autonomous City of Buenos Aires and other cities of the Province of Buenos Aires, the Bank, assuming its role of public bank and supplementing the actions taken by the Provincial and National Administrations, immediately launched a credit facility for social assistance at a 9.9% annual fixed interest rate with a 48-month repayment term.

In order to grant assistance to the greatest possible number of victims and mitigate the reallocation of the Bank's resources, Banco de la Nación Argentina was requested to offer an interbank loan facility repayable at a similar fixed rate. At December 31, 2013, loans granted by Banco Provincia amounted to $477,704 and the facility received from Banco Nación de la República Argentina totaled $256,000.

1.a. Refinancing of Mortgage Debts

Within the framework of Laws Nos. 25563 and 25589 which declared a state of productive and credit emergency as a result of the Argentine crisis and suspended mortgage foreclosures on certain debts related to homes and/or productive businesses, during November 2003 a Mortgage Refinancing System was created through Law No. 25798. The objective of such system is to implement refinancing mechanisms for mortgage loans delinquent from January 1, 2001 until September 11, 2003, amounting up to $100 for the purchase, improvement, construction and/or enlargement of houses or for the settlement of loans for consumption (or mutuums) originally granted for any of those purposes. To that effect, a Mortgage Refinancing Trust was also created for the payment of expired debts to lenders and the rescheduling of the remaining debt amount to debtors, with Banco de la Nación Argentina (BNA) acting as trustee.

The Bank made known its intention of adhering to the Mortgage Refinancing System, Law No. 25798, by submitting to Banco de la Nación Argentina, in its character as trustee, 2,195 loans selected to be transferred to the "Mortgage Refinancing Trust – Law No.25798, according to the provisions of BCRA's Communication "A" 4117 dated March 16, 2004. This system allowed financial institutions to release up to 65% of the provisions made, in relation to such loans.

So far, the BCRA has received payment for 930 loans, selected and authorized by Resolution of the Board of Directors No.1376/05 dated October 13, 2005, and 72 loans under phase II authorized by Resolution No. 126/10 dated February 4, 2010.

To date, the acceptance by Banco de la Nación Argentina of 392 loans under phase II is still pending. The Board of Directors of the Bank authorized the Legal Affairs Area to accept their possible inclusion in those cases where the system had been or will be perfected, applying the same collection procedures established in Resolution No.779/07.

1.b. Amounts Paid under Injunctions

In accordance with Communication "A" 3916, any differences arising from compliance with judicial orders under legal actions brought by natural and artificial persons against the National Government and/or financial institutions, regarding the conversion into pesos and rescheduling of foreign currency deposits decided by the National Executive Branch, are informed under the "Intangible Assets - Organization and Development Expenses" caption, and will be amortized in 60 months.

Therefore, at December 31, 2013 and 2012, the Bank registered under the "Intangible Assets – Organization and Development Expenses" caption the original value of the difference between the amount paid under the court order and the amount entered according to the rules in force at the payment date for $990,555 and $979,377, respectively; and $950,125 and $928,724 corresponding to the accumulated amortization.

In compliance with Communication "A" 4439, the Bank has decided to defer, since December 2005, the recording of losses on exchange differences capitalized in the Financial Statements for an amount equivalent to 50% of new commercial loans for terms averaging not less than 2 years with certain restrictions; this amount could not exceed 10% of the adjusted net worth for the second prior month.

Up to the date of issuance of these Financial Statements, the amount of deposits refunded by the Bank under judicial orders totals $2,633,412 approximately.

Even though the Bank has complied with the provisions of the above Communication, it has not resigned its claims for recovering such amounts.

The Argentine Association of Public and Private Banks (*Asociación de Bancos Públicos y Privados de la República Argentina* - ABAPPRA), of which the Bank is a member, has initiated various administrative and legal proceedings to protect the interests of its member institutions.

At the date of these Financial Statements, the Bank has continued its review on the remaining balance of rescheduled deposits, improved its strategy for complying with court orders and established a centralized control of payments which allows their follow-up. These changes reduce any inherent risks.

1.c. Position of the Bank

The Bank has a considerable exposure to the Argentine public sector, through rights, government bonds, loans and other assets, recorded in the Financial Statements and Annexes for approximately $23,662,151 and $16,357,000 at December 31, 2013 and 2012, respectively. Such exposure results mainly from debt restructuring by the Argentine Government, and compensation of the effect of devaluation and asymmetric conversion into pesos, and financial assistance to the Government of the Province of Buenos Aires, as stated in Sections 9 and 11 of the Bank's Charter and other facilities granted.

Through Executive Orders Nos. 1620, 2094 and 2190 dated December 28, 2012, the Provincial Executive Branch approved the issue of bonds for the cancellation of advances of pension contributions to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel (*Caja de Jubilaciones, Subsidios y Pensiones del Personal del Banco de la Provincia de Buenos Aires*) and the consolidation of debts between the Province and the Bank. (See Note 18.3).

The Bank continued developing commercial actions to maintain its competitiveness within the market and comply with its role as a state-owned bank. To that effect, it not only granted financing in accordance with section 24 s) of its Charter -which stipulates that the Board of Directors shall be authorized to grant loans to artificial persons from the private sector for an amount not exceeding three per cent (3%) of the Bank's Net Worth, or up to twenty million United States Dollars (US$20,000) when the credit transaction is destined to finance exports- but also offered a wide range of lending alternatives under favorable terms so as to foster investment, production and employment, particularly in small and medium enterprises, and other various facilities for the acquisition of durable consumer goods and personal spending.

The provision of foreign trade services gradually intensified within the market. This resulted not only from the implementation of a new system in early 2009 but also from a more effective administration of transactions. Data standardization and centralization also provide a more efficient internal control system for monitoring foreign exchange transactions. Moreover, the structural modification whereby overseas branches are now under the supervision of the Foreign Trade Management makes the resolution of commercial and administrative issues more dynamic.
Finally, the Bank is directing its efforts towards several projects with direct impact on its activity, the consolidation of its IT systems and the upgrade of technological resources in line with innovation.

1.d. BCRA Reporting Systems

On January 10, 2013, the Bank's Board of Directors approved the 2013-2018 Strategic Plan that was submitted to the BCRA on January 15, 2013 to redefine the Compliance Schedule, which was originally approved by Resolution No. 92 issued by the control authority on March 04, 2011. The Bank requests the maintenance of certain exemptions contemplated in such Resolution, additional exemptions, and an extension of the provisions of the above Resolution until the earlier of December, 2018 or the date of final compliance due to the Bank's failure to meet the Minimum Capital Requirements. As a result of the events occurred mainly in the city of La Plata and certain adjustments and/or clarifications that have to be made according to meetings held with the BCRA, on April 30, 2013 the Bank delivered a note to the regulatory body requesting its authorization to redefine the 2013-2018 Strategic Plan considering the current situation, and to submit it on May 31, 2013, including provisional figures which are being analyzed by the BCRA. These Financial Statements have been prepared contemplating the exemptions granted by the BCRA pursuant to Resolution 92/11.

Communication "A" 4093 set the maximum limit for the Immobilized Assets ratio at 100% of the Bank's Adjusted Net Worth. Taking into account the provisions stated in Resolution No. 92/11, the Bank complies with the regulations in force and has duly submitted the pertinent information at and including December 2013. See Note 16.

Communication "A" 4912 of the BCRA reestablished, as of February 2009, the effectiveness of the Net Overall Position in Foreign Currency reporting system.
By Communication "A" 4350, the BCRA suspended as of May 1, 2005 the application of the positive limit of the Net Overall Position in Foreign Currency. At the date of these Financial Statements, the Bank has submitted the information until and including December 2013 and has reported a positive Net Overall Position in Foreign Currency. See Note 8.

Communication "A" 4363 issued by the BCRA established that, since June 16, 2005, the maximum limit of the General Exchange Position cannot exceed 15% of the Adjusted Net Worth at the end of the month immediately preceding the last month in which presentation to the BCRA shall have expired, increasing such percentage by 5% of the Institution's total foreign currency purchase and sale transactions with customers during the calendar month immediately preceding the previous month and by 2% of all domestic demand and term deposits in foreign currency. The Bank is in compliance with the stipulated limits.

Communication "A" 4546 of the BCRA provided that, effective July 1, 2007, the overall monthly assistance to the national, provincial and municipal non-financial public sector shall not exceed 35% of total assets as of the last day of the preceding month. Whenever such limit is exceeded, 100% of the excess shall imply an equal increase in the minimum capital requirement. Likewise, limits were set for assistance to the municipal and provincial public sector. The Bank's records show excesses in these limits. However, by Resolution No. 92/11, the BCRA decided to accept for Minimum Capital requirement purposes, any shortfalls recorded until the earlier of December 2013 or the date of final compliance. See Note 16.

(In thousands of pesos)

Additionally, the Bank also shows excesses in the limits imposed by the current regulations of the BCRA on the diversification of the credit risk involving the non-financial public sector. Such excess amounts result in a higher minimum capital requirement. However, as mentioned above, by Resolution No. 92/11, the BCRA decided to accept for minimum capital requirement purposes, any shortfalls recorded until the earlier of December 2013 or the date of final compliance. The Bank has not exceeded these limits in relation to the private sector. See Note 16.

By Communication "A" 5272 and effective as of February 1, 2012, the BCRA introduced amendments to the text regarding minimum capital requirements for financial institutions. One of the amendments relates to the minimum capital requirement for operational risk, which is part of the minimum capital requirement that financial institutions should comply with on the last day of each month. Such minimum capital requirement for operational risk shall be calculated monthly taking into account 15% of the average positive gross income of the last three years.

Likewise, such Communication provides that both market and operational risks form part of the minimum capital requirement that financial institutions should comply with on the last day of each month. In order to assess the soundness mentioned in item 2.2. of article 2 of the rules on "Distribution of Earnings", financial institutions shall include in such recalculation the amount of the requirement taking into account a ratio equal to 1.

It should also be mentioned that, by virtue of Resolutions of its Board of Directors, the Bank's financial assistance granted to the Provincial Government until December 31, 2013 and 2012 amounted to $3,941,770 and $2,195,984, respectively under the terms of article 9, paragraph B of the Bank's Charter - Decree Law No. 9437/79.

Resolutions of Board of Directors	**Amounts**
Resolution of Board of Directors No. 300/13	US$22,265,625
Resolution of Board of Directors No. 342/13	US$61,687,500
Resolution of Board of Directors No. 454/13	US$47,287,623
Resolution of Board of Directors No. 454/13	EURO19,152,641
Resolution of Board of Directors No. 467/13	US$19,250,000
Resolution of Board of Directors No. 569/13	US$636,995
Resolution of Board of Directors No. 569/13	EURO5,722,613
Resolution of Board of Directors No. 664/13	US$9,768,559
Resolution of Board of Directors No. 664/13	EURO11,541,960
Resolution of Board of Directors No. 712/13	US$52,487,494
Resolution of Board of Directors No. 1077/13	US$40,781,250
Resolution of Board of Directors No. 1152/13	US$208,694,120
Resolution of Board of Directors No. 1350/13	US$22,265,625
Resolution of Board of Directors No. 1687/13	US$636,995
Resolution of Board of Directors No. 1687/13	EURO5,722,613
Resolution of Board of Directors No. 1770/13	US$9,768,559
Resolution of Board of Directors No. 1770/13	EURO11,541,960

Accrued interest receivable for the financial assistance above mentioned totaled $435,061 at December 31, 2013.

At December 31, 2012, as approved under Resolutions of its Board of Directors, and in line with the terms of article 11 of the Bank's Charter – Decree Law No. 9437/79, the Bank also granted financing for $50,021 to the Provincial Government. At the date of issuance of these Financial Statements, the financial assistance

Notes to the Financial Statements

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

was settled.

Likewise, at December 31, 2013 and 2012, the Bank has granted other financial facilities for $139,147 and $1,507,280, respectively.

ACCOUNTS IN COMPLIANCE WITH MINIMUM CASH REQUIREMENTS

According to the regulations of the BCRA, Banco de la Provincia de Buenos Aires has computed the following items for minimum cash requirements at December 31, 2013.

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

Description	12/31/2013
Minimum Cash Requirement	
Credit balances in demand checking accounts opened with the BCRA	5,293,781
Credit balances in special escrow accounts opened with the BCRA	1,056,818
Credit balances in special accounts opened with the BCRA related to the payment of pension benefits	1
Total Minimum Cash Requirement	**6,350,600**

Minimum Cash – Balances at the end of the fiscal year – Foreign Currency (US Dollars)

Description	12/31/2013
Minimum Cash Requirement	
Credit balances in demand checking accounts opened with the BCRA	5,196,686
Total Minimum Cash Requirement	**5,196,686**

2. Basis for Presentation of the Financial Statements

2.1. Application of Accounting Standards

Banco de la Provincia de Buenos Aires follows the Accounting Standards issued by the Argentine Central Bank. Likewise, as an institution of the Province of Buenos Aires, the Bank is subject to audits by the General Accounting Office and the Auditing Office of the Province of Buenos Aires for budgetary performance purposes.

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

The Financial Statements are in agreement with the disclosure policies established by the BCRA and Technical Resolution No. 8 issued by the Argentine Federation of Professional Councils in Economic Sciences *(Federación Argentina de Consejos Profesionales en Ciencias Económicas)*.

The Financial Statements include the account balances corresponding to the transactions carried out by the Bank in Argentina and in its branches abroad. They have been prepared pursuant to the standards of the Argentine Central Bank and include the assets, liabilities and results of operations of the Bank's overseas branches derived from their Financial Statements, as especially adjusted following the valuation and disclosure criteria set by the BCRA and the Professional Accounting Standards.

The following procedures were applied to translate the Financial Statements of overseas branches into pesos:

- Assets and Liabilities were converted into pesos using the BCRA reference exchange rate for foreign currency transfers, effective at the end of each year.
- The allotted capital was calculated on the basis of the amounts actually disbursed, as restated according to changes in the currency purchasing power until August 31, 1995, when adjustments for inflation were discontinued. Subsequent allocations originating in the stability period were expressed in the currency effective at December 31, 2001 and their balances were restated at February 28, 2003.
- Retained Earnings were determined as the difference among Assets, Liabilities and allotted Capital, as restated at February 28, 2003.
- Net Income for the fiscal year was determined as the difference between retained earnings at the beginning of the period, as restated, and retained earnings at closing.
- Items arising from transactions between domestic and foreign branches not involving third parties were removed from the Balance Sheet and the Statement of Income.
- Exchange differences arising from currency translation were allocated to “Financial Income – Other” or “Financial Expenditure – Other” captions in the Statement of Income, as appropriate.

According to National Executive Order No. 664/03 and BCRA Communication "A" 3921 dated April 8, 2003, the Bank decided to discontinue the restatement of accounting information in uniform currency; therefore, the accounts did not reflect the effects of changes in currency purchasing power dating from March 1, 2003.

2.2. Differences between Professional Accounting Standards and the Accounting Standards Set by the Argentine Central Bank

The Professional Council in Economic Sciences of the Province of Buenos Aires (*Consejo Profesional de Ciencias Económicas de la Provincia de Buenos Aires*) approved Technical Resolutions Nos. 16 through 37, which are in force at the date of issuance of these Financial Statements.

Moreover, the Central Bank has not yet adopted all the above standards. Therefore, the Bank has prepared these Financial Statements without considering the new valuation and disclosure criteria included in the Professional Accounting Standards in force in the Province of Buenos Aires.

There follows a detail of the main differences between the current Professional Accounting Standards and the standards set by the Argentine Central Bank:

Restructured Loans and Deposits

The Bank has assessed the loans and deposits affected by the actions taken by the National Government according to the rules and regulations issued by the National Government and the BCRA.

Under the new Professional Accounting Standards, a change in the original terms of Loans and Deposits would imply a replacement of instruments; the new Assets and Liabilities should then be recorded on the basis of the best estimate of the amounts receivable and payable, as discounted at the market rate reflecting the market evaluation of the time value of money and the specific risks of such assets or liabilities at the moment of restructuring.

The Bank has not quantified the effects that the implementation of the above standards might bring about if they were to be considered by the regulations of the BCRA.

Non-Financial Public Sector - Allowances

The current regulations on allowances issued by the BCRA establish that receivables from the Public Sector are not subject to allowances for uncollectibility risks. Pursuant to the Professional Accounting Standards, such allowances must be estimated according to the recoverability risk of assets.

Valuation of Assets with the Non-Financial Public Sector

- **Secured Loans and Guaranteed Bonds**

As stated in Note 3.19, during the fiscal year ended December 31, 2001, the Bank exchanged National Government Securities, Provincial Government Securities and Provincial Loans with the National Government for a nominal value of US$4,302,344, the book value of which amounted to $4,201,349 at November 6, 2001, and received Secured Loans in exchange for the National Government Securities and Guaranteed Bonds 2018 in exchange for the Provincial Government Securities and Provincial Loans.

At December 31, 2013 and 2012, the above assets have been measured at the exchange value set by the Ministry of Economy at November 6, 2001, plus the corresponding interest accrued until the end of the period/fiscal year, converted into pesos at the exchange rate of $1.40 and updated by the CER index, net of the balance of adjustment accounts (see Note 3.19).

According to the new Professional Accounting Standards, a change in the original terms of the Loans would imply a replacement of instruments; the new Assets should then be booked on the basis of the best estimate of the amounts receivable, as discounted at the market rate in force when making the initial appraisal.

- **Compensation according to sections 28 and 29 of National Executive Order No. 905/02**

At December 31, 2013 and 2012, the Bank has recorded at their technical value under the "Government Securities at Cost plus Yield", "Other Receivables from Financial Brokerage - Other Receivables not included in the Debtors' Classification Rules" and "Miscellaneous Receivables" captions the Government Securities received (Bogar 2018) on account of the compensation established in sections 28 and 29 of the National Executive Order No. 905/02.

In accordance with current Professional Accounting Standards, the above assets must be measured at their market value.

At December 31, 2013 and 2012 the book value of such assets amounted to $234,021 and $243,205, respectively, whereas if valued at their market quotation on the same date, they amounted to $184,970 and $199,259, respectively.

- **Payments ordered by injunctions**

As stated in Note 1.b, the Bank has recorded under the "Intangible Assets" caption $40,430 and $50.653 at December 31, 2013 and 2012, respectively, on account of exchange differences resulting from compliance with Communications "A" 3916 and "A" 4439 of the BCRA. However, professional accounting standards' valuation and disclosure criteria require reducing the book value of any excess amounts paid by the Bank to their recoverable value.

- **Provincial Bonds**

In 2009, the Bank purchased Bonds of the Province of Buenos Aires 2018, 2028 and 2035, recorded under the "Government Securities at Cost plus Yield" caption for a nominal value of US$225,104, and maintained its holdings at December 31, 2012.
At the date of issuance of these Financial Statements, the Bank's holdings of Bonds of the Province of Buenos Aires 2018 amounted to a nominal value of US$76,874.
According to the Argentine Central Bank's Resolution No. 92/11, such securities were valued at their market quotation at September 30, 2010 plus accrual at the internal rate of return.
Current Professional Accounting Standards establish that such assets should be valued at their purchase price plus accrual at their internal rate of return.

Accounting for Instruments issued by the BCRA and other Government Securities at Cost plus Yield

At December 31, 2013 and 2012, Bills issued by the BCRA and other Government Securities have been measured at cost using the effective interest method (based on their internal rate of return) in accordance with Communication “A” 5180. This accounting policy differs from current Professional Accounting Standards, which require the measurement of such instruments at their net realizable value. The Bank has not quantified the effects that the application of current Professional Accounting Standards might have on the valuation of such transactions.

Accounting for Derivative Financial Instruments

At December 31, 2013 and 2012, the Bank holds Put Options Written regarding the “Exchange II plan” for deposits within the financial system, Forward Transactions without delivery of the underlying asset and Forward Transactions with delivery of the underlying asset, which are valued according to BCRA's regulations, as described in Note 14.

The Bank has not quantified the effects that the application of current Professional Accounting Standards might have on the valuation of such transactions.

Conversion of Financial Statements

The conversion into pesos of the Financial Statements of Overseas Branches for their consolidation with the Financial Statements of the Bank does not follow current Professional Accounting Standards (Technical Resolution No. 18), which require that: (a) the amounts that in the Financial Statements to be converted are stated in year-end foreign currency (current values, recoverable values) shall be converted at the exchange rate prevailing on the date of the Financial Statements; and (b) the amounts that in the Financial Statements to be converted are stated in foreign currency at a date prior to the closing date (for example, those representing historical costs, income, expenditures) shall be converted at the pertinent historical rates of exchange, as restated in year-end currency, when so required by the provisions of Technical Resolution No. 17.
Exchange differences arising from the conversion of Financial Statements shall be considered as financial income or financial costs, as applicable.

The use of this criterion in lieu of that mentioned in Note 2.1 does not significantly affect the disclosure of the Bank’s Financial Statements.

The main valuation and restatement criteria that were followed for the preparation of these Financial Statements are described below:

3. Valuation Criteria

3.1. Statement of Cash Flows

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

3.2. Valuation of Assets and Liabilities in Foreign Currency

At December 31, 2013 and 2012, Assets and Liabilities denominated in US dollars were valued at the BCRA reference exchange rate for US dollars, prevailing at the close of business on the last business day of the year ($6.5180 and $4.9173, respectively). Likewise, Assets and Liabilities denominated in other foreign currencies were converted at the rates informed by the foreign exchange department of the Argentine Central Bank. Any exchange differences were charged to income/(loss) of each period/fiscal year.

Foreign exchange regulations in force at December 31, 2013 are set forth in BCRA’s Communiqué No. 50346.

3.3. Valuation of Government and Corporate Securities

Government Securities

At December 31, 2013 and 2012, they have been valued in conformity with the provisions on "Valuation of non-financial public sector debt instruments and BCRA monetary regulation instruments" established in Communication "A" 5180.

a. Securities booked at fair market value

They are recorded at their market or present value, as appropriate. These securities have been valued at the market price prevailing on the Buenos Aires Stock Exchange or other pertinent foreign stock exchanges on the last business day of the fiscal year.

According to Communication "A" 5180, financial institutions will be able to capitalize losses that might arise as of March 1, 2011 from the application of the valuation criteria set by this Communication. At December 31, 2013, the sum capitalized by the Bank amounts to $5,378.

It also recorded at such date the Discount Bonds received in exchange for defaulted public debt securities (Executive Order No. 1735/04) valued at NV$9,216 pursuant to regulations in force.

b. Holdings recorded at cost plus yield

They are valued at their acquisition cost, increased on a monthly basis by the internal rate of return, according to the applicable accrual criterion, except for:

Guaranteed Bonds under Executive Order No. 1579/02 – Bogar 2018 (NV$5,186 million) measured at their technical value until final amortization, pursuant to Resolution No. 92/11 issued by the BCRA, as mentioned in Note 3.19.

Bonds of the Province of Buenos Aires valued at their market price at September 30, 2010 plus accrual at the internal rate of return, according to Resolution No. 92/11 of the BCRA as described in Note 16.

Securities received in exchange for defaulted public debt securities (Executive Order No. 1735/04) for NV$1,482.

At December 31, 2012, the Bank recorded the BMLP Bond – Law No. 13137 for the amount of $1,352 under the "Government Securities at Cost plus Yield" caption for the debt acknowledged by the Municipality in connection with the taking over by the Bank of certain Assets and Liabilities of Banco Municipal de La Plata, in April 2003 and according to the "BMLP Trust Debt Security Reduction Agreement" dated June 15, 2004.
At the date of these Financial Statements, such bond is no longer recorded under this caption.

3.4. Interest Accrual and Adjustment Methods

Interest accruals have been mainly calculated on an exponential basis for both Loans and Deposits. The straight-line method has been used for interest accruals on Foreign Trade Transactions and transactions carried out by Foreign Branches.

As provided for by Executive Order No. 214/02, as supplemented, and the corresponding Resolutions issued by the BCRA, certain Assets and Liabilities originally denominated in foreign currency were adjusted by the CER Index.

3.5. Securities to Be Received and Delivered under Spot and Forward Transactions

As stated in Note 3.19, securities to be received are recorded at their technical value while securities to be delivered are valued at the pertinent market quotation prevailing at the closing date of each fiscal year.

3.6. Amounts to Be Collected and Paid under Spot and Forward Transactions

They were valued according to the prices agreed upon for each transaction, plus the relevant premiums accrued at the closing date of each fiscal year.

3.7. Valuation of Assets under Financial Leases

They were measured at the discount value of aggregate minimum lease installments and any non-secured residual value.

3.8. Valuation of Interests in Other Companies

They have been valued as follows:

Unlisted Controlled Companies:

- In pesos: At their equity value, according to the Financial Statements at December 31, 2013 and comparative periods.

Unlisted Non-Controlled Companies:

- In pesos: At their acquisition cost, restated at August 31, 1995 and then, as stated in Note 2.1, from January 1, 2002 until February 28, 2003; interests included subsequent to that date, at their acquisition cost not restated for inflation and not in excess of the lower of their equity value or their known realizable value.
- In foreign currency: At their original cost in foreign currency translated into pesos according to the procedure mentioned in paragraph 3.2. above and not in excess of the lower of their equity value or their known realizable value.

3.9. Valuation of Bank Premises and Equipment and Miscellaneous Assets, including methods used for the calculation of depreciation

Assets corresponding to branches located in Argentina have been valued at their acquisition cost plus the highest value for technical revaluations during previous years, restated in constant currency at February 28, 2003, as mentioned in Note 2.1, less the applicable accumulated depreciation. Furthermore, assets of branches located abroad have been basically valued at their acquisition cost in foreign currency, net of the applicable accumulated depreciation, translated at the exchange rates in effect at the end of each fiscal year.

Depreciation of these assets is calculated on the basis of their useful life expressed in months, recognizing full-month depreciation in the first month of ownership.

The net residual values of these assets, taken as a whole, do not exceed their use value.

3.10. Valuation of Other Miscellaneous Assets

Investments in works in progress and advances for the purchase of assets, including imports not cleared through customs and investments in works of art have been valued at their acquisition cost, restated for inflation according to Note 2.1.

Their net book values do not exceed the corresponding use values.

3.11. Valuation of Intangible Assets

Intangible Assets have been valued at their acquisition cost, restated for inflation, less the applicable accumulated depreciation.

This caption includes Organization and Development Expenses of the Head Office in Argentina and the Sao Paulo and Montevideo Branches.

It also includes differences arising from compliance with judicial resolutions, which were recorded by the Bank pursuant to the provisions of Communications “A” 3916 and 4439 of the Argentine Central Bank as mentioned in Note 1.b.

Amortization charges are computed under the straight-line method over a maximum 60-month term as of the month of acquisition.

As stated in Note 3.3.a), at December 31, 2013, the loss arising from the valuation of securities according to Communication “A” 5180 still persists. Such loss is amortized in 36 equal, consecutive and monthly installments starting in April 2011 and the annual amortized amount must account for, at least, 1% of the adjusted net worth at December 31, 2010.

3.12. Valuation of Options

At December 31, 2012, put options written have been recorded as provided in Note 14.
At the date of these Financial Statements, the Bank has not recorded this kind of transactions.

3.13. Valuation of Loans, Other Receivables, Deposits and Other Government Security Debts

They have been valued at the pertinent market price of the securities lent or received in deposit prevailing on the Buenos Aires Stock Exchange and other foreign stock exchanges on the last business day of the fiscal year, except for forward purchases/sales for Repo/Reverse Repo transactions carried out with unlisted Government Securities and instruments issued by the BCRA, which have been valued pursuant to Notes 3.3 and 3.19.

3.14. Accounting Treatment of Assets Purchased under Financial Leases

At December 31, 2013 and 2012, the Bank has no third-party lease contracts under which the purchase option has been exercised.

3.15. Allowance for Uncollectibility Risk and Provision for Contingent Liabilities

They have been set up on the basis of the estimated uncollectibility risk of the Bank’s credit assistance taking mainly into account the analysis of the debtors’ future repayment capacity, through the assessment of their degree of compliance, economic and financial condition and the guarantees supporting the pertinent transactions according to the provisions set forth by the BCRA.

3.16. Provisions for Other Contingencies

They include the estimated amount held by the Bank to meet probable risks, such as settlement of pending labor and commercial lawsuits, credit card users' uncollectibility, claims for rescheduled deposits, illicit activities against the Bank and other possible contingencies for $1,379,749.

Pursuant to Communication "A" 4686 issued by the BCRA on July 4, 2007, the Bank has set up provisions for any difference between the equivalent value in pesos of court-ordered deposits originally in foreign currency and the book value of these foreign currency deposits that, on January 5, 2002, fell within the provisions of Law No. 25561 and Executive Order No. 214/02. At December 31, 2013 and 2012, such provisions amounted to $44,760 and $46,401, respectively.

3.17. Income Tax

By virtue of the Bank's institutional nature, Article 4 of its Charter -Executive Order No. 9434/79, as amended, provides that the Bank, its assets, acts and doings, agreements, contracts and transactions, as well as all rights arising therefrom in the Bank's favor, are exempt from any liens, taxes, charges or duties of any nature whatsoever, by which reason no provision is required for income tax on the transactions conducted by the Bank's Home Office or local branches.

3.18. Severance Pay

Severance payments are charged to income/(loss) in the month when the dismissal occurs.

3.19. Secured Loans and Guaranteed Bonds - Executive Orders Nos. 1387/01 and 1579/02

National Exchange

As a result of the exchange of national public debt securities for new financing instruments called "Secured Loans" (Executive Order No. 1387/01), the Bank holds $403,450 and $347,538 under the "Loans" caption at December 31, 2013 and 2012, respectively. They account for the Secured Loans received in exchange for its own holdings from the repayment of loans valued at the lower of their Technical Value or their Present Value, according to Communication "A" 3911, as amended .

Such "Secured Loans" were recorded at the Technical Value of the securities delivered, i.e. US$243,414 (which value is in accordance with the terms and conditions of issuance plus interest accrued at November 6, 2001). As required by the BCRA, the positive difference between this value and the book value is recorded in a Secured Loans contra- asset account as unrealized valuation difference, and is monthly charged to income/(loss) according to the term of the loans.

The Professional Accounting Standards would have required Secured Loans to be included in the Bank's Assets at the market price of the exchanged Government Securities. At the exchange date, such market price amounted to approximately US$107,241.

In its Communication "A" 4898, the BCRA set forth the guidelines for a new securities exchange designed to ease the government's financial burden in the short term. Under this exchange, bonds may be valued using another methodology so as to alleviate the potential impact of the financial crisis on the balance sheets of financial institutions. On January 23, 2009, the Bank exchanged Global 2008 Secured Loans at fixed rate for ONV US$143,755.

Provincial Exchange

(In thousands of pesos)

The Bank has submitted provincial government securities and other provincial receivables to be exchanged as provided for by Executive Orders Nos. 1387/01 and 1579/02. Under the latter Executive Order, the Exchange would be implemented through Guaranteed Bonds 2018 issued by the Trust Fund for Provincial Development, secured by part of the funds corresponding to the Provinces from the Federal Revenue Sharing of Taxes and, subsidiarily, by the National Government through the automatic allocation of resources derived from the Tax on Debits and Credits in Bank Checking Accounts and from the federal share in the secondary distribution of shared taxes.

At December 31, 2013 and 2012, the Guaranteed Bonds 2018 are informed under the “Government Securities at Cost plus Yield”, “Other Receivables from Financial Brokerage – Other Receivables not included in the Debtor’s Classification Rules” and “Miscellaneous Receivables” captions for $8,689,636 and $9,030,437, respectively.

In accordance with Resolution No. 92/11, the BCRA decided not to raise objections to the Bank maintaining Guaranteed Bonds under Executive Order No. 1579/02 - Bogar 2018 (NV$5,186 million) at their technical value until final amortization. Therefore, the Bank holds $408,000 under the “Memorandum Debit Accounts – Contingent” and “Memorandum Credit Accounts – Contingent” captions on account of the creation and refund of the Fund for Maintaining the Value of Guaranteed Bonds issued by the Trust Fund for Provincial Development until the effectiveness of Laws Nos. 13225 and 13238.

The market value of the Guaranteed Bonds 2018 at December 31, 2013 is of $7,053,080.

4. Changes in Valuation Criteria with respect to Those Applied during the Previous Fiscal Year

At December 31, 2013 and comparative periods, no amendments were made to the valuation criteria applied in previous years, except for those mentioned in these notes.

5. Prior Year Adjustment

The Financial Statements at December 31, 2012 include negative adjustments to the “Prior Year Adjustments” caption for $ 2,059 and, at December 31, 2013, they include positive adjustments to the “Prior Year Adjustments” caption for $8,345 that account for the income/(loss) derived from the correction of certain processing errors.

6. Restricted Assets

The Bank holds the following Restricted Assets:

Assets	Caption	Original Nominal Value		Pesos		Description
		12.31.2013	12.31.2012	12.31.2013	12.31.2012	
National Treasury Bills and Financial Treasury Bills	Sao Paulo Branch	2,387	3,830	38,865	50,108	Collateral for transactions with BM&F
Guaranteed Bonds	Other Receivables from Financial Brokerage	3,133	-	5,391	-	Collateral for transactions with the BCRA through the MAE

See our report dated
February 20, 2014
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Fernando L. Arriola
General Accountant

Marcelo H. García
General Manager

Gustavo M. Marangoni
President

C.P.C.E.P.B.A. Vº 1 Fº 33 Folder 33
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27 - 13802361 - 9

Notes to the Financial Statements

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

Assets	Caption	Original Nominal Value		Pesos		Description
		12.31.2013	12.31.2012	12.31.2013	12.31.2012	
Guaranteed Bonds	Other Receivables from Financial Brokerage	154,000	-	192,223	-	Collateral for repo transactions with local financial institutions
Guaranteed Bonds	Other Receivables from Financial Brokerage	-	-	72,963	-	Valuation difference for Repo transactions with local financial institutions
Guaranteed Bonds	Other Receivables from Financial Brokerage – Miscellaneous Receivables	-	125,000	-	223,522	Collateral for repo transactions with foreign financial institutions
GLOBAL 2017	Other Receivables from Financial Brokerage – Miscellaneous Receivables	-	58,200	-	354,438	Collateral for repo transactions with foreign financial institutions
BODEN 2015	Other Receivables from Financial Brokerage – Miscellaneous Receivables	-	36,270	-	223,242	Collateral for repo transactions with foreign financial institutions
GDP-linked Securities in US Dollars	Other Receivables from Financial Brokerage – Miscellaneous Receivables	-	91,819	-	46,139	Collateral for repo transactions with foreign financial institutions
Treasury Bond	Other Receivables from Financial Brokerage – Miscellaneous Receivables	-	12,462	-	61,881	Collateral for repo transactions with foreign financial institutions
Guaranteed Bonds	Other Receivables from Financial Brokerage	201,465	142,544	346,652	254,894	Collateral for transactions with the BCRA under the Bicentennial Project
Cash	Miscellaneous Receivables	-	-	-	178,990	Deposits held as collateral for repo transactions with the BCRA
Cash	Other Receivables from Financial Brokerage	-	-	1,082,889	776,101	BCRA collateral deposits

7. Contingencies

On October 11, 2002, the Users and Consumers Union *(Unión de Usuarios y Consumidores)* filed a summary complaint in the National Court of First Instance in Commercial Matters No. 18, Clerk's Office No. 35, requesting the suspension of the monthly charge for ATM robbery insurance covering the robbery of cash withdrawn by account holders from their savings or checking accounts or through Bapro Electron cards, and the reimbursement of all amounts so debited and the rendering of such service free of charge.

The lower court decision was passed on September 8, 2004 and ordered the Bank to pay back the amounts debited, plus interest, to those account holders who had not expressly requested, taken out or accepted such insurance, with costs charged to the Bank, but dismissed the request for the provision of such service free of charge.

After several appeals, on May 23, 2006, the Bank filed a claim before the Argentine Supreme Court of Justice, which was dismissed on March 6, 2007. Upon such dismissal, the case was remanded to the lower court for execution of judgment. At the date of these Financial Statements, the Bank reviewed the settlement amount determined by plaintiff and at the execution stage it was decided to credit those customers still holding accounts with the Bank. In the case of former customers (closed accounts) notices have been published so that within a 180 day-term, they may appear at those branches where they held their accounts to collect such funds. After such period, the allocation of such funds amounting to $29,911 will be resolved.

On February 10, 2005, the Users and Consumers Union filed a summary complaint in the National Court of First Instance in Commercial Matters No. 21, Clerk's Office No. 41, regarding mischarged fees for inter-branch transfers. Final and adverse judgment was entered in this case. Expert reports detailing the amounts to be returned to customers have been submitted. Upon approval of such reports, the Bank will abide by the ruling.

Moreover, the Association for the Defense of Consumers *(Asociación de Defensa de los Consumidores-ADECUA)* brought class action against the Bank for the collection of group life insurance premiums on loans. To date, the case has gone to trial.

On November 22, 2012, the Bank was served notice of a complaint filed by Citibank for disagreement with future dollar sale transactions made before 2001. The Bank answered the complaint on December 19, 2012 and entered motion to dismiss.

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

Except for the situations described above and in Note 1 to these Financial Statements and the statement in Note 16 regarding the adjustment agreement with the Argentine Central Bank, there are no significant contingencies at the close of year for which adequate provisions have not been set up.

With respect to the criminal event in its Belgrano Branch that came to the Bank's knowledge on January 3, 2011, no estimates can be made for future contingencies from potential claims. To date, no complaint from damaged customers has been served on the Bank. Mention should be made that some of the claims made to the Bank have been settled, while others are under negotiation and the pertinent supporting documents are being reviewed.

However, notice has been served on the Bank of a class action filed by a consumer association on behalf of those customers whose safety deposit boxes had not been forced on such occasion. At the date of these Financial Statements, the Bank has answered the complaint. Since the Bank considers unlikely that these claims be successful, no provisions have been set up.

8. Events Subsequent to Year-End

At the date of these Financial Statements, the BCRA reference exchange rate, prevailing at the close of operations on the last previous business day was $7.7745/US$1, recording a 19.28% rise at December 31, 2013.

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Notes to the Financial Statements

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

By Communication "A" 5536 of February 4, 2014, the BCRA decided to modify the requirements on “Foreign Currency Net Global Position” as from the position of February 2014.

In this context, until April 30, 2014 the lesser of: a proportion of the difference between cash net overall position in foreign currency for January 2014 and the 30% of the Adjusted Net Worth for December 2013 or the institutions’ own liquid assets for such month shall not be considered a breach to the general limit of positive net overall position in foreign currency. Such amount may be increased by the improvement in foreign credit facilities recorded through the Single Free Exchange Market with respect to January 2014. A 10% limit on the Adjusted Net Worth was established for forward transactions in foreign currency.

The proportion to be applied from February to April, 2014 will be of 75%, 50% and 25%, respectively over the above mentioned difference corresponding to January. At the date of these Financial Statements, the Bank is taking all the necessary steps to comply with such requirements.

9. Restrictions on Profit Distributions

At December 31, 2012, according to the stipulations of article 17 of the Bank’s Charter and through Resolution No. 163/13, the Board of Directors distributed total 2012 Retained Earnings to increase Legal Reserve for $131,492 and Optional Reserve for $525,968.

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

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

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

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

According to the stipulations of the Bank’s Charter and the above mentioned BCRA rules, the Board of Directors has decided to distribute total 2013 Retained Earnings to increase Legal Reserve for $290,119 and Optional Reserve for $1,160,478.

10. Intercompany Transactions (Law No. 19550, section 33)

The Bank's interests in its related and controlled companies are detailed below:

10.1. Interests in Equity and Non-Capitalized Contributions

10.1.1. Controlled Companies

Provincia Microempresas S.A. is a company created on July 27, 2009 for the purpose of identifying, selecting and pre-qualifying micro-businesses for loans. Grupo Banco Provincia S.A. and Banco de la Provincia de Buenos Aires are its shareholders with a 5% and 95% share, respectively.

At December 31, 2013 and 2012, the Capital Stock of Provincia Microempresas S.A. totals $10,602 and

(In thousands of pesos)

$74,300, respectively. At the date of these Financial Statements, the capital stock is totally paid in.
By Resolutions No.102/13 (January 30, 2013), No. 199/13 (February 28, 2013), No. 343/13 (March 21, 2013), No. 619/13 (April 25, 2013), No. 840/13 (May 30, 2013), No. 971/13 (June 27, 2013), No. 1150/13 (July 25, 2013), No. 1333/13 (August 29, 2013), No.1517/13 (September 26, 2013) and No. 2026/13 (December 19, 2013), the Board of Directors of Banco de la Provincia de Buenos Aires approved irrevocable contributions of $4,200, $3,250, $1,550, $2,400, $2,600, $3,900, $4,000, $1,800, $700 and $1,500, respectively, to Provincia Empresas S.A. in order to absorb accumulated losses. At the date of these Financial Statements, these contributions have been fully made.

At the Regular Meeting, held on May 10, 2013, the Shareholders resolved to offset total accumulated losses ($86,418) with irrevocable contributions for $22,720. Moreover, on the same date the Special Meeting of Shareholders decided to reduce Capital Stock by $63,698, pursuant to Law 19550, section 206, and to modify section 4 of the by-laws.

On December 18, 2013, such reduction was filed with the General Inspectorate of Companies.

On March 10, 2011, by Resolution No.312/11, BA Desarrollo S.A. (successor of Agencia Invierta Buenos Aires S.A.) was created, a company designed to offer technical and financial assistance for investment projects aimed at fostering the productive development of the Province. Grupo Banco Provincia S.A. and Banco de la Provincia de Buenos Aires are its shareholders with a 50% share each. At December 31, 2013, the subscribed Capital Stock amounts to $20,000.

Issuing Company Company	Shares Common Shares held by BPBA		Equity Interests and Votes (%)		Line of Business	Book Value Net of Allowances	
	12/31/13	12/31/12	12/31/13	12/31/12		12/31/13	12/31/12
Grupo Banco Provincia S.A.	379,875	379,875	99.97	99.97	Financial and Investment Transactions	568,144	616,199
Provincia Microempresas S.A.	10,071,777	70,585,000	95.00	95.00	Financial Transactions	7,734	1,545
Provincia Bursátil S.A.	640,000	640,000	4.00	4.00	Brokerage House	1,144	1,099
BA Desarrollo S.A.	10,000	10,000	50.00	50.00	Financial and Investment Transactions	5,765	7,965

10.1.2. Non-Controlled Related Companies

Issuing Company Emisora	Common Shares		Equity Interests (%)		Line of Business	Book Value Net of Allowances	
	12/31/13	12/31/12	12/31/13	12/31/12		12/31/13	12/31/12
A.C.H. S.A.	188,500	188,500	29.00	29.00	Clearing House	189	189

(*) in liquidation

Moreover, Grupo Banco Provincia S.A. has equity interests in its controlled companies as follows:

Issuing Company	Common Shares (number)	Equity Interests and Votes %	Line of Business
Provincia Seguros S.A.	53,024,289	60.00	General Insurance
Provincia Bursátil S.A.	15,200,000	95.00	Brokerage House
Provincia Seguros de Vida S.A.	13,068,932	45.00	Life Insurance
Provincia ART S.A.	1,771,400	98.63	Workers' Compensation Insurance

(In thousands of pesos)

Issuing Company	Common Shares (number)	Equity Interests and Votes %	Line of Business
Provincia Leasing SA	120,909	97.00	Leasing
Bapro Mandatos y Negocios S.A.	7,335,458	97.00	Business Promotion, Management and Representation
Bapro Medios de Pago S.A.	28,426,757	97.00	Means of Payment and/or Credit and Systems Management

10.2 Closing Balances of Transactions with Related and Controlled Companies

ITEM	12/31/13	12/31/12
Assets	**142,830**	**95,337**
Loans	134,005	77,728
Other Receivables from Financial Brokerage	8,825	2,609
Miscellaneous Receivables	-	15,000
Liabilities	**379,246**	**401,296**
Deposits	379,246	401,296

10.3 Income/(Loss) from Transactions with Controlled and Related Companies

ITEM	12/31/13	12/31/12
Financial Income/(Loss)	**(29,091)**	**(44,685)**
Income	17,122	12,057
Expenditure	(46,213)	(56,742)
Income/(Loss) from Services	**(38,640)**	**(18,535)**
Income	92,888	61,456
Expenditure	(131,528)	(79,991)
Miscellaneous Income	**3,305**	**71,377**
Income on investments	-	68,905
Other	3,305	2,472
Administrative Expenses	**(35,880)**	**(22,091)**
Miscellaneous Losses	**(82,508)**	**(12,994)**
Income on investments	(79,300)	-
Other	(3,208)	(12,994)
Total	**(182,814)**	**(26,928)**

11. Deposit Guarantee Insurance

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

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

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

12. Fiduciary Activities

By Resolution No. 207 dated February 1, 2001, the Board of Directors approved the wording of the trust agreement under the terms of Provincial Law No. 12511 to be entered into by the Bank, as trustee, the Ministry of Public Works and Services of the Province of Buenos Aires, as enforcement authority of the liens created by Decree Laws Nos. 7290/67 and 9038/78 and Law No. 8474, the Province of Buenos Aires housing institute (Instituto Provincial de la Vivienda), as the entity in charge of collecting the proceeds from the national housing fund (Fondo Nacional de la Vivienda), and the Board of Directors of the Trust Fund for the Development of the Provincial Infrastructure Plan (Fondo Fiduciario para el Desarrollo del Plan de Infraestructura Provincial) whereby the Province of Buenos Aires acts as trustor under this trust agreement. The Bank signed the agreement on February 26, 2001.The purpose of the trust is to act as guarantor and/or favor of the works carried out under Law No. 12511. At December 31, 2013 and 2012, total Assets held in trust amounted to $835,474 and $587,962, respectively.

On February 28, 2007, the Bank, in its capacity as trustee, and the Social Security Fund for Surveyors, Architects, Engineers and Technicians of the Province of Buenos Aires *(Caja de Previsión Social para Agrimensores, Arquitectos, Ingenieros y Técnicos de la Provincia de Buenos Aires)*, in its capacity as trustor and beneficiary, have agreed on the creation of a trust for the administration of the funds corresponding to the capitalization system, according to the provisions of section 64 of Law No. 12490. At December 31, 2013 and 2012, total assets held in trust by the Bank amount to $1,049,788 and $621,196, respectively.

By Resolution No. 177/13 dated February 21, 2013, the Board of Directors approved the trust agreement of the Province of Buenos Aires Trust Fund for Transport Infrastructure System, to be subscribed between the Bank, as trustee, and the Ministry of Infrastructure of the Province of Buenos Ares, as trustor. The purpose of the agreement is to finance, according to the method instructed by the Executive Branch, plans and projects destined to the construction of roads of the main and secondary road networks of the Province of Buenos Aires, as well as those works and actions to maintain them. At December 31, 2013, total assets held in trust by the Bank amount to $365,703.

13. Issue of Negotiable Bonds

At December 31, 2013 and 2012, the Bank has no programs for Negotiable Bonds.

14. Derivative Instruments

- Put Options Written

Under the “Exchange II Plan” for deposits within the financial system, the Bank holds in the memorandum accounts the balances of the contingent obligations assumed by it and derived from put options written on coupons of the National Government Bonds provided for in Executive Orders Nos. 905/02 and 1836/02, as supplemented, the holders of which requested such option.

At December 31, 2013, the Bank shows no holdings under the “Memorandum Credit Accounts – Derivatives” caption.

At December 31, 2012, they were recorded at the exchange value of Bonds for a total of $20,313. Likewise, they are shown under the “Memorandum Credit Accounts – Derivatives” corresponding to put options written on coupons of BODEN at LIBOR due 2013.

(In thousands of pesos)

- Forward transactions without delivery of the underlying asset

Likewise, at December 31, 2013, the Bank has entered under the “Memorandum Debit Accounts – Derivatives" caption $195,705 representing balances from obligations under forward transactions without delivery of the pertinent underlying asset, as established in BCRA’s Communication “A” 4,454: “Compensated Forward Transactions - Open Electronic Market (OCT-MAE)”.

At December 31, 2012, the Bank showed no holdings in the “Memorandum Debit Accounts – Derivatives” caption.

- Forward transactions with delivery of the underlying asset

At December 31, 2013 and 2012, the Bank has recorded $395,973 and $666,802, respectively, accounting for swaps valued as stated in Notes 3.5 and 3.6, and $88,656 and $126,841, respectively for amounts receivable for spot and forward sales to be settled.

Moreover, at December 31, 2013, forward transactions are recorded by the Bank for $80,553, while at December 31, 2012, no transactions were recorded.

15. Compliance with the Requirements of the Argentine Securities Commission (*Comisión Nacional de Valores* - CNV)

At December 31, 2013 and 2012, the Bank's net worth surpassed the level required by this regulatory entity to act as Over-the-Counter Broker.

The Bank is the depositary institution of the following Mutual Funds, the net assets of which at December 31, 2013 and 2012 are detailed below:

	12/31/13	12/31/12
1822-Raíces Valores Negociables	16,485	9,839
1822-Raíces Renta Pesos	14,496	10,759
1822-Raíces Renta Global	42,131	15,060
1822-Raíces Pesos Fondo Común de Dinero	508,080	404,937
Provincia Dólares Fondo Común de Dinero	458	731
1822- Raíces Inversión	25,045	-
1822 Raíces Valores Fiduciarios	93,278	97,734

These Mutual Funds are recorded by the Bank in the “Memorandum Accounts - Items in Safekeeping” caption.

16. Regularization and Reorganization Plans

On March 4, 2011, the BCRA issued Resolution No. 92 restating the Regularization and Reorganization Plan according to the provisions of section 34 of the Law of Financial Institutions and granting new facilities and exemptions since those approved under Resolution No. 81 dated 28 March 2001 could never be implemented or became inappropriate due to the events subsequent to that date.

The exemptions and facilities contained in the Resolution relate to prudential regulations on minimum capital requirements, exemptions on frozen assets, credit risk diversification (including limits on Public Sector Financing), setting up of minimum cash requirements through judicial deposits, valuation of guaranteed bonds at their technical value till maturity, agreement for provincial bonds to be valued at their listed price at September 30, 2010 plus accrual at the internal rate of return. The BCRA also requested the Bank to submit, within 180 days after being notified, a proposal stating a deadline for adjusting interests in related companies in accordance with the regulations in force.

As previously mentioned and in order to ease the fulfillment of the Regularization and Reorganization Plan, Resolution No. 92/11 provides for certain facilities and exemptions approved by the BCRA. It also states that in case of significant diversions affecting the estimated projections or in case of events preventing the Bank from complying with the expected technical ratios, the Bank shall submit a new proposal to solve such diversions. Should such measures not be enough to correct them within the stipulated period, the whole plan will be deemed unfulfilled.

As stated in this Resolution, paragraph 3, since September 1, 2011, the Bank sent, on a quarterly basis, to the BCRA the report covering the periods from September 30, 2011 to June 30, 2012. On September 1, 2011 the Bank also submitted a letter related to compliance of provisions set forth in paragraph 9, informing that it is currently analyzing the prospects of the related companies detailed in such Resolution and that the Province of Buenos Aires' authorities have not yet taken a decision regarding the transfer of ownership of Provincia ART. Likewise, on August 31, 2011, the BCRA received the report required in paragraph 8 of the above mentioned Resolution.

According to BCRA Communication "A" 5272, on September 29, 2012 Banco Provincia submitted its 2012-2014 Business Plan to the Argentine Central Bank. On October 31, 2012 the Bank requested the BCRA's approval to submit in mid-December 2012 the restatement of the projections included in the Regularization and Reorganization Plan based on the Province of Buenos Aires' financial needs stated in the 2013 Budget.

On November 9, 2012, the BCRA issued Communication "A" 5369 in force as from January 1, 2013, which significantly modifies regulations on minimum capital requirements and integration for Financial Institutions and the risk-weight table. Taking into account the option specified by Basel II rules that allows to mitigate the weighting of exposure to the public sector, it was decided that such exposures, both direct or through a trust, denominated or funded in pesos, will be weighted at 0%. Foreign currency-denominated loans to the public sector will continue being weighted at 100%. Likewise, loans to individuals and micro and small and medium enterprises, as well as mortgage loans for the purchase of a sole family house will be weighted at 75% and 35%, respectively, subject to certain conditions. Under the new rule, the weighting factors are lower than those currently in force (100% and 50%, respectively).

It also includes supplementary amendments for determining the adjusted net worth that will be in force as from February 1, 2013.

At the same time, rules on minimum capital requirements related to interest rate risk pursuant to BCRA's regulations become ineffective, but financial institutions shall continue managing this risk.

On January 10, 2013, the Bank's Board of Directors approved the 2013-2018 Strategic Plan including these changes. This Plan was submitted to the BCRA on January 15, 2013 to redefine the Compliance Schedule, which was originally approved by Resolution No. 92 of the control authority dated March 4, 2011. The Bank requests the maintenance of certain exemptions contemplated in such Resolution, additional exemptions, and an extension of the provisions of the above Resolution until the earlier of December, 2018 or the date of final compliance due to the Bank's failure to meet the Minimum Capital Requirements. As a result of the events occurred mainly in the city of La Plata and certain adjustments and/or clarifications that have to be made according to meetings held with the BCRA, on April 13, 2013, the Bank delivered a note to the regulatory body requesting its authorization to redefine the 2013-2018 Strategic Plan considering the current situation and to submit it on May 31, 2013, including provisional figures which are being analyzed by the BCRA. The regulatory body has recently requested the Bank to update the projects taking into account the time elapsed of the current year and the impact of the new rules on the results planned for next year.
Since at December 31, 2013, the Bank has not complied with all the commitments undertaken through Resolution 92/11 and so as to complement the actions taken, on January 27, 2014, the Bank submitted a note to the Central Bank requesting to maintain such exemptions in full force and effect until the resolution of the current situation, and allowing to contemplate the impact of regulatory and legal changes both on the Bank's Charter and on the requirements of the Fiscal Responsibility Act and enabling to continue with the actions taken in 2013. At the date of issuance of these Financial Statements, no reply has been received.

(In thousands of pesos)

These Financial Statements have been prepared taking into account the exemptions granted by the BCRA pursuant to Resolution 92/11. Therefore, they must be read in the light of these circumstances.

17. Publication of Financial Statements

In accordance with the provisions of Communication "A" 760, the BCRA's prior approval is not required to publish these Financial Statements.

18. Other

18.1. Items Pending Allocation

This caption, appearing in both Assets and Liabilities, includes the following peso and foreign currency items:

	12/31/13 Assets	Liabilities	12/31/12 Assets	Liabilities
. Funds pertaining to the Bank	12,838	4,423	12,656	5,799
. Third-party Funds	516	2,905	35	1,627
. Other	28,632	16,610	37,052	18,679
Total	**41,986**	**23,938**	**49,743**	**26,105**

These items are monitored and cleared by the Bank, carrying out a regular follow-up of their breakdowns and control over different items. This has enabled the Bank to reduce the number of unresolved cases. Therefore, at December 31, 2013, there appears no significant balance inconsistent with the regular transactions usually carried out by the Bank.

18.2. Contributions to Health and Social Services and Social Security

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

Retirement and pension contributions are made to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel governed by Provincial Law No. 11761 in force until November 2008 and by Provincial Law No. 13873 effective since December 1, 2008. Therefore, the Bank is not required to contribute to any other retirement and pension fund system.

At December 31, 2013, the Bank has recorded $1,599,163 under the "Miscellaneous Receivables" caption on account of advances of pension contributions granted to such body.

18.3 Issuance of Government Bonds by the Province of Buenos Aires

On July 31, 2013, the Bank was informed that the Provincial Executive Branch, through Executive Order No. 1620 dated December 28, 2012, provided for the issuance of a Government Bond for $350,000 to partially settle debts arising from advances made by the Bank to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel to cover any deficit recorded in 2012, in line with the provisions of section 56 of the Provincial Budgetary Law Nº 14331.

On such date, the Bank was also informed that, through Executive Order No. 2094 of December 28, 2012, the Provincial Executive Branch approved a “Debt Consolidation Agreement" form between the Provincial Ministry of Economy and the Bank which provides for the reciprocal offsetting of claims, as identified and approved by the parties involved. As a result, after signing the pertinent agreement, a claim for $3,435,991 resulted in favor of the Bank which shall be settled by the Province through the delivery of a Bond, at its nominal value up to the total contractual amount, repayable at 6 years from issuance date (December 28, 2012).

At the date of issuance of these Financial Statements, the Ministry of Economy is taking all necessary steps and completing all formalities required to issue the mentioned Bonds as provided under Provincial Executive Order No. 2190. However, the Bank has recorded the commitment undertaken by the Province under the “Other Receivables from Financial Brokerage” caption.

18.4. Participation in the Private Financial Trust of Secured Loans

Resolution of the Board of Directors No. 481, dated March 27, 2002, approved the participation of the Bank in the granting of a liquidity facility to Banco de Galicia y Buenos Aires S.A. by means of the subscription of Debt Securities for up to $81,000. Resolution No. 576 issued by the Board of Directors on April 18, 2002 approved the Financial Trust of Secured Loans dated April 16, 2002 under Resolution No. 481/02, the main terms of which are:

- Trustor: Banco de Galicia y Buenos Aires S.A.
- Trustee: Bapro Mandatos y Negocios S.A.
- Assets held in Trust: National Secured Loans resulting from the exchange under Executive Order No. 1387/01 of Fixed Rate - Global Bonds 2008.
- Nominal Value: $81,000
- Subscription Price: 100% of Nominal Value

The pertinent debt instruments were issued on May 6, 2002, with income accruing from that date.

On January 23, 2009, Bapro Mandatos y Negocios S.A. exchanged NV US$72,853 in Secured Loans at fixed rate-Global 2008 for a Promissory Note 2014 Badlar BP + 275, out of Debt Securities for NV $157,355 held by the Bank in the Galicia Financial Trust.

At December 31, 2013 and 2012, those instruments are recorded under the “Other Receivables from Financial Brokerage” caption for $77,679 and $98,577, respectively.

18.5. Debt Structuring Agreement - Commodity Credit Corporation

On June 30, 2005, by Resolution No. 830/05, the Bank's Board of Directors approved the restructuring of the US$112,629 debt held by the Bank with Commodity Credit Corporation. An amount of US$34,200 was paid in cash while the outstanding aggregate principal amount of the Restructured Loan in US dollars shall be reimbursed in 11 consecutive semiannual installments, with the first installment falling due on January 1, 2009. The restructuring agreement includes clauses stating the affirmative and negative covenants assumed by the Bank, certain restrictions and compliance with certain ratios related mainly to net worth and credit issues with respect to which the Bank has requested exemptions to the BCRA. Such exemptions have been analyzed and approved by the regulatory body under its Resolution No. 92/11.

According to the repayment terms, on January 2 and July 1, 2009, January 4 and July 1, 2010, January 3 and July 1, 2011, January 3 and July 1, 2012, January 2, July 1 and December 30, 2013, the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh installments were paid for US$5,542, US$7,356, US$10,368, US$10,367, US$10,088, US$9,972, US$9,647, US$9,270, US$8,925, US$8,553 and US$8,212 on account of principal and interest, respectively.

On February 17, 2011, the Bank's Board of Directors resolved, by Resolution No. 207/11, to approve the early repayment of the aggregate debt held by the Bank with Commodity Credit Corporation and authorized its Grand Cayman Branch to make the necessary arrangements to that effect.

At December 31, 2012, the above debt is recorded under the "Other Liabilities from Financial Brokerage" caption for $77,132. At the date of the issuance of these Financial Statements, the debt was totally settled.

18.6. Branches Abroad

On March 19, 2009, by Resolution No. 324/09, the Bank's Board of Directors decided the closing of its Grand Cayman Branch and informed by letter to the Cayman Islands Monetary Authority accordingly.

Annex to the Closing Action Plan includes the External Auditors' Report at July 31, 2010, stating that "no new accounts have been opened and no new deposits have been taken since May 31, date from which the branch is no longer operative; no loans have been written-off and there have been no purchase of investments nor new financings. On July 14, 2010, the Provincial Bonds were transferred to the Bank's Home Office, as duly authorized."

Therefore, the activities of the branch are limited to collections and payments under residual transactions.

Moreover, in view of the necessity to rebuild the capital structure of its Montevideo Branch, affected by the transfer of the deposit portfolio and other assets from the Grand Cayman Branch, on January 27, 2011, the Bank's Board of Directors issued Resolution No. 107/11 and resolved to increase the Montevideo Branch's authorized capital to US$40,000 and to capitalize such branch by about US$24,000. At the date of issuance of these Financial Statements, such capitalization is still pending due to the existing restrictions on foreign currency transfers.

18.7. Risk Management Polices

The Bank is implementing a comprehensive risk management policy according to the guidelines on risk management in financial institutions laid down by the BCRA. The strict guidelines are intended to align local processes with the best international practices in force.

Risk Management—Structure and organization, approval and exceptions to existing limits

In accordance with Communication "A" 5203 issued by the BCRA, in early 2012, the Board of Directors approved the structure necessary to perform a comprehensive risk management in terms of magnitude, economic importance, nature and complexity of the transactions carried out by the Bank. For that purpose, the Bank created the Risk Administration Department Management consisting of the following deputy department managements: "Financial Risk", which measures the market, interest rate, liquidity and strategic risks; "Operational Risk", in charge of monitoring reputational risk; and "Credit Risk", which carries out the follow-up of concentration, country, counterparty and residual risks. Moreover, the Risk Committee was created to give an institutional treatment to policies, strategies and procedures for risk management pursuant to the prevailing regulations and best practices, ensuring their correct implementation and compliance.

Scope and nature of risk reporting and risk measurement systems

Since the effective date of Communication "A" No. 4793 in 2008, the Bank has developed an operational risk management scheme for its products, activities, procedures and systems through corporate tools that allow identification, measurement, monitoring and mitigation of the operational risk.

At present, these tools use internal data under the procedures implemented according to the operational risk management framework. They allow the systematic recording of frequency, severity, categories and other relevant aspects through the self assessment of risks, recover/loss event reports related to operational risk and key risk indicators. In line with the information obtained, reports on the results and the relevant reasonability of the assessed risks are sent to the pertinent areas. At the same time, risks maps are drawn up to show classification risks according to product/service.

An Early Warning Risk Indicator System was created in order to ensure a comprehensive management of the risks to which the Bank is exposed. This system identifies, assesses, follows up, controls and mitigates significant risks, subject to the Board of Director's guidelines and prevailing regulations. It works as a balanced scorecard method, including a set of key risk indicators for each significant risk. Contingencies and management limits are established for financial and credit risks.

With respect to credit risk, the Risk Committee is monthly informed about the Bank's portfolios, their composition, exposure, lines of business and nonperforming levels in comparison with the System. Likewise, significant macroeconomic and financial variables are monitored to avoid potential negative effects on customers' behavior.

Market risk is managed through the daily follow -up of the Bank's financial asset position. A daily assessment is performed in order to monitor compliance with the imposed management and contingency limits using the “Value at Risk” calculation method with a 99% confidence level. This methodology is used for calculating regulatory capital requirements and estimating economic capital for market risk. Additionally, the Bank makes an ongoing follow-up of the conditions of the local and international financial and monetary markets, with emphasis on the monitoring of the different market risk factors (interest rates, prices of government securities, exchange rates, etc.).

Liquidity risk is managed through the daily monitoring of a wide range of indicators. Management and contingency limits were set for the most outstanding indicators in terms of the Bank's risk profile. Particularly, liquidity risk follow-up is made by monitoring the following variables, among others: liquidity ratios (basic and broad, in pesos and foreign currency), deposits (evolution, average terms, demand deposits against term deposits, share of retail and wholesale deposits, etc.), loans (growth pace of deposits, average terms and rates, etc.) and borrowing rates (of the Bank and the average rate of the financial system for the retail and wholesale segments).

Moreover, through the development of a liquidity GAP assessment tool, the Bank manages the inflows and outflows of funds for different time periods. The liquidity GAP tool helps calculate asset-liability mismatches at a certain date and for accumulated periods (in the contractual and current GAP methods that include some hypothesis on the assets and liabilities behavior).

Interest rate risk is managed through the following approaches: financial margin and economic value. The financial margin estimates the impact of an increased interest rate on the expected net financial income for the next twelve months. Economic value also calculates the variation in the Bank's economic value in case of an increase in interest rate.

Risk coverage and mitigation policies, and procedures to test coverage efficiency.

With relation to credit risk, the Probability of Default for the loan portfolios was monitored during the year. At the same time, a methodology was developed mainly focused on family portfolio. Furthermore, in order to analyze risk coverage, the Expected Loss for the different loan portfolios was measured and subsequently matched against allowances. The necessary economic capital was calculated to protect the Bank against unexpected losses.

A method was developed with the purpose of monitoring country risk and quantifying the effect on the Economic Capital.

With respect to market risk, a daily control is made on the position and the value at risk of each financial asset exposed to such risk. Its mitigation is achieved through the sale of long positions or the matching of short positions, thus resulting in an effective risk reduction.

Bank carries out a conservative strategy for the coverage of liquidity risk, taking into account that deposits are its main source of funding. Liquidity risk is daily managed through a large set of indicators. The determination of certain levels (threshold, management and contingency limits), together with an early warning detection methodology, allows an ongoing monitoring of the liquidity risk.

The interest rate risk is one of the most complex financial risks to be covered. Liabilities with an average life shorter than assets constitute a distinctive feature of commercial banks, and the interest rate is the main risk. In this case, mitigation measures include risk analysis of new products, taking into account, among others, credit facilities terms, type of interest rate (fixed, variable or mixed) and amortization system (German, French etc.).

Mention should be made of certain actions taken to spread the operational risk culture bank-wide through workshops, training courses and Incentive Programs during the year.

With relation to the information technology and security processes, the Bank endeavors to have in place an adequate risk management process through the IT Risk Management and Analysis Methodology, involving procedures for the identification of risks and processes and the establishment of internal controls to ensure security in operations.

Finally, operational risk management was implemented in all risks derived from outsourced activities and services rendered by suppliers.

18.8. Transparency Policy on Corporate Governance

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

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

Structure of the Board of Directors

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

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

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

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

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

Notes to the Financial Statements

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

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

Structure of the General Management

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

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

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

Commissions and Committees

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

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

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

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

The Bank provides for the operation of the following Commissions and Committees, the purpose, composition and meeting frequency of which are detailed in the Institutional Governance Code:
- Auditing Committee
- Administration Committee
- Assets and Liabilities Management Committee
- Loans Committee
- Anti-Money Laundering Committee
- Internal Affairs Commission
- Legal Affairs and Delinquency Commission
- Human Resources and Branch Network Commission
- IT and Operations Committee
- Marketing and Credit Policy Commission
- Finance Commission
- Risk Committee
- Institutional Governance, Ethics and Compliance Committee
- Sustainability and Quality Management Commission
- Business Units Commission

Organizational Structure

At December 31, 2013, the Bank has 10,500 employees and a network for the distribution of products and services consisting of 294 branches, 48 delegations and 33 annex buildings throughout the Province of Buenos Aires and the Autonomous City of Buenos Aires.

The following officers and units report to the Board of Directors/Chairman:
- Advisory Counsel to the Board of Directors
- Assistant Advisory Counsel to the Board of Directors
- Chairman's Advisory Board
- General Advisor on Financial Policies and Capital Markets
- Minutes Secretary
- Internal Affairs
- Internal Audit Unit
- Management Control, Risk Administration and Economic Research Unit
- Corporate Communication Unit
- Anti-Money Laundering
- Chairman's Secretary's Office
- Dr. Arturo Jauretche Study and Research Center
- C.I.S.B.A. (Socioeconomic Research Center - Buenos Aires)
- Special Projects and Business Development Unit

The following areas shall report to the General Manager:
- Deputy General Management – Finance
- Deputy General Management – Marketing and Loans
- Deputy General Management – Legal Affairs
- Deputy General Management – Administration
- Deputy General Management – Processes and Technology
- Security
- Credit Assessment
- Human Resources
- Administrative and Professional Support Unit

Information on economic incentives to staff members

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

Likewise, according to the Bank's Administrative Manual, the Human Resources Management together with the Human Resources and Branch Network Commission is responsible for implementing incentive programs.

The Human Resources and Branch Network Commission shall:
- Develop recruitment, training and retirement policies as well as policies related to staff salaries.
- Review and promote policies on economic incentives to staff ensuring their consistency with the culture, goals, long-term businesses, strategy and condition of the Bank.
- Submit to the Board of Directors, with the pertinent opinion, staff-related internal rules of procedure and those specifically dealing with in-house selection of personnel, job creation and modification or creation of organizational structures.
- Propose updates on the classification of business units and actions destined to improve integrated commercial activities and customer service quality.
- Identify training needs on commercial matters (products, special campaigns, customer service and its quality).

The pattern of salaries is of a universal nature. It is based on the pay scale applicable to the whole banking industry with certain extra payments according to employee's specific rank within the bank, unfavorable working areas, business units located far from urban zones or certain operative offices.
With respect to staff performing duties in overseas branches, salaries are proposed by the Foreign Trade Management taking into account the status of the branch and the remuneration level paid in the pertinent local market.

The Bank assesses staff performance by means of an annual performance assessment and management system and a semiannual follow-up report. This tool has neither direct nor immediate impact on staff remuneration but affects promotion expectations since the corresponding result is taken into account when analyzing future promotions or job changes.
The model in use assesses employees' capabilities, as previously described for the different positions to be filled.

It is worth mentioning that in case of adverse individual performance indicators, the Bank takes measures which are not related to the remuneration level (for example: educational or training actions).

Likewise, the measurement of business goals in certain positions results in additional payments which are closely linked to the duties actually performed.

Finally, variable remuneration is not provided.

Business Conduct Policy and/or Ethics Code, and Applicable Governance Policy or Structure

The Bank has established that its employees, irrespective of their type of labor relationship, must avoid any situation that may give rise to a conflict of interest, whether private or personal, capable of compromising the impartiality and objectivity required for the performance of their duties

Private or personal interests shall mean any benefit in favor of the employee, his/her family members or close friends and/or any third party.

Under the Bank's Bylaws and Disciplinary Rules of Procedures, employees are obliged to decline any participation in an issue in which their involvement may be considered partial or morally incompatible; they must also report to the pertinent senior authorities any action or procedure that may prove detrimental to the Bank or constitute a crime or administrative offence.

Such Bylaws provide that, notwithstanding any civil or criminal liabilities arising therefrom, infringements by employees may be subject to the following disciplinary measures:

- Reprimand
- Warning
- Conditional suspension
- Suspension
- Promotion postponement
- Demotion
- Layoff
- Dismissal

The scope and effect of these disciplinary measures, as well as the authority empowered to impose them upon administrative investigation, are defined in the pertinent regulations.

The Bank's Role as Financial Agent of the Non-financial Public Sector

As stated in the Charter, the Bank is the financial agent for the Government of the Province of Buenos Aires. It enjoys full autonomy and shall be exclusively administered by its Board of Directors.

The relationship between the Bank and the Provincial Executive Branch shall be held through the Ministry of Economy of the Province of Buenos Aires.

Conflicts of Interest Policies

The Bank laid out the guidelines to refrain from taking certain decisions that might involve conflicts of interest with respect to the activities and commitments of the members of the Board of Directors and the General Management with other organizations.

As stated in its Institutional Governance Code, and in order to encourage good institutional governance, the Bank seeks to properly disclose the information intended for depositors, investors and general public. For that purpose, it publishes in its web page www.bancoprovincia.com the following information:

a) Structure of the Board of Directors and General Management
b) Charter, Organizational Structure
c) Institutional Governance Code
d) Ethics Code and Best Banking Practices
e) Transparency Policy
f) Role as Financial Agent of the Provincial Public Sector
g) Policy on Conflicts of Interest
h) Risk Management. Transparency Report
i) Annual Report and Financial Statements together with their notes, exhibits and external auditor's report.

18.9. Market Discipline

As required by Communication "A" 5394, the "Institutional" tab of the Bank's web page (**www.bancoprovincia.com.ar**) contains a document entitled "Market Discipline – Minimum Reporting Requirements" which provides data regarding its structure, capital adequacy, risk exposure and general management.

18.10. Settlement of debts with National Public Debt Bonds.

National Executive Order No. 469/02 dated March 6, 2002 regulated the procedure for settling debts with the Financial System provided for by Executive Order No. 1387/01, sections 30 a) and 39, as amended and supplemented by Executive Orders Nos.1524/01 and 1570/01.

By Communication "A" 3398, the BCRA established the pertinent regulations for the settlement with National Public Debt Bonds in the case of debtors classified under categories 1, 2, 3, 4 and 5 at August 2001 and conditioned settlements by debtors in categories 1 to 3 to the prior approval of such Institution.

Under the above procedure, 327 debtors paid off principal and interest debts for $102,749 between February 14, 2002 and May 15, 2002.

Government securities received in settlement of the above debts were included in the Bank's net worth at the higher of the price of the Bonds and the book value of the loan paid off, net of allowances. Such government securities were delivered to the National Government in compliance with the Exchange for Secured Loans established by Executive Order No. 1387/01.

In addition, there are 276 debtors that were classified under categories 1 to 3 at August 2001, who brought legal actions against the Bank to protect their rights (*amparos*) because the above method was not accepted to pay off their debts. As a consequence, precautionary measures that prohibit changing a customer's situation until final judgment is rendered were issued in favor of debtors, thus preventing any legal action against them. The Bank has been legally defending its rights and has analyzed if its pending actions are similar to the case seeking declaration of unconstitutionality entitled "Agüero Máximo José y Ovejero Cornejo de Agüero, Teresa c/ Banco de la Nación Argentina s/ Acción Declarativa de inconstitucionalidad" where judgment has been rendered by the Argentine Supreme Court. The analysis reveals an 80% similarity in allegations of facts.

At the date of these Financial Statements, the Bank may assure that 34% out of all pending trials will not have adverse effects on it; that is, even though the trial is in process, the alleged claim is already settled.

With the intention of terminating court actions, various petitions defending the Bank's interests have been filed; however, the favorable decisions obtained could not yet be executed because of the delay in Federal Courts attributable to their high volume of cases dealing with *"corralito"* matters.

Mention should also be made that 60% of such actions are pending in the jurisdiction of La Plata, where the above ruling by the Argentine Supreme Court has been adhered to by all instances.

Therefore, the Bank estimates that the remaining cases would not significantly impact on its net worth since, although trials are in process, they have no negative bearing on the provisions it has set up.

18.11. Situation of the Capital and Financial Market

The Capital Markets Law No. 26831, enacted on December 27, 2012, provides for a comprehensive reform of the public offering regime created by Law No. 17811.

This law refers to certain matters affecting business activities such as the increase of the National Government's regulatory powers on public offering to be exercised through the Argentine Securities Commission which shall have authorization, supervision and control powers as well as disciplinary jurisdiction and shall set rules to govern all capital market players. Moreover, it is no longer required to be a shareholder to trade in the market as intermediary agent, thus allowing other participants to enter the market and delegating on the CNV the authorization, registration and regulation of different categories of agents.

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 market. To engage in each activity regulated thereunder, agents are required to be registered with such Registry at or before March 1, 2014.

On November 29, 2013, an online appointment request was submitted before the Registry of Agents at the National Securities Commission's web page. The date for submission of documents was scheduled for February 21, 2014.

Resolution of the Board of Directors No.2/14 dated January 2, 2014 provided for the registration of the Bank with the Registry of Agents as Settlement and Clearing Agent, Trading Agent and Escrow, Registration and Paying Agent. The General Manager was also entrusted with the coordination tasks to be performed by the participating department managements in order to attain the mentioned goal.

At the date of these Financial Statements, such request is pending approval by the National Securities Commission.

18.12 Compliance with the provisions to act in the different categories of Agents defined by the CNV

In view of the operations currently performed by the Bank and considering the different categories of agents defined in CNV General Resolution No.622 (see Note 18.10), the Bank has filed a registration request before the control authority to act as: Settlement and Clearing Agent, Trading Agent and Escrow, Registration and Paying Agent.

It is also informed that the Bank's net worth surpasses the minimum net worth required by said rule, which amounts to $22,500,000.- as well as the minimum required counterpart contribution of $10,500,000 that, if applicable, will be covered with assets held in accounts opened with the BCRA.

19. Breakdown of "Miscellaneous" or "Other" Items with balances exceeding 20% of the Total for the Relevant Caption

Notes to the Financial Statements

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

There follows a breakdown of the "Miscellaneous" and "Other" items in the Financial Statements for the fiscal year ended December 31, 2013 and comparative figures:

ITEM	12/31/13	12/31/12
1. Interests in Other Companies – Other		
. In Grupo Banco Provincia S.A.	568,144	616,199
. In Provincia Microempresas	7,734	1,545
. In BA Desarrollo S.A.	5,765	7,965
. In Visa Argentina S.A.	3,409	3,472
. In Red Link S.A.	2,123	2,123
. Other	3,415	3,350
TOTAL	**590,590**	**634,654**
2. Miscellaneous Receivables – Other		
. Advance payments	1,627,858	664,820
. Peso loans to staff	157,948	250,441
. Guarantee Fund – Visa Argentina	153,725	43,320
. Compensations and Balances to Be Recovered from Claims	34,580	30,301
. Funds for Financing Own Users' Purchases Abroad – Visa Arg. S.A.	32,074	67,420
. Debtors related to Summary Proceedings pending Resolution	12,955	16,329
. Receivables and Goods to Be Received in lieu of Payment	9,250	9,250
. Deposits Held as Collateral for Repo Transactions	-	396,765
. Miscellaneous Receivables – Former BMLP	-	462
. Other	39,852	87,238
TOTAL	**2,148,317**	**1,670,984**
3. Other Liabilities from Financial Brokerage - Other		
. Liabilities from Financing of Purchases	696,653	544,412
. Miscellaneous Liabilities not subject to Minimum Cash Requirements	197,081	384,176
. Collections and Other Transactions on behalf of Third Parties	133,177	68,247
. Update of Tax Withholdings and Collections	100,349	75,301
. Foreign Exchange Transfers pending Payment	99,038	111,531
. Gross Income – Collection Procedures	45,059	53,465
. Pension Payment Orders pending Settlement	27,840	31,343
. Taxes on Bank Debits and Credits	18,656	3,637
. Not Applied Proceeds – Debtors under Memorandum Accounts	13,437	15,171
. Export Collections pending Settlement	7,310	7,446
. Principal – Credit Lyonnais Liabilities – Res. No. 1697	-	72,339
. Other	123,535	39,923
TOTAL	**1,462,134**	**1,406,991**

4. Miscellaneous Liabilities – Other

See our report dated
February 20, 2014
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Fernando L. Arriola General Accountant	Marcelo H. García General Manager	Gustavo M. Marangoni President	C.P.C.E.P.B.A. Vº 1 Fº 33 Folder 33 Teresita M. Amor Public Accountant (U.B.A.) C.P.C.E.B.A. Volume 139 – Folio 61 Folder No. 35,957/2 Taxpayer Registration Code 27 - 13802361 - 9

Banco Provincia

Notes to the Financial Statements

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

ITEM	12/31/13	12/31/12
. Taxes Payable	144,861	72,924
. Other Withholdings Payable	97,696	52,970
. Sundry Creditors	62,301	61,077
. Payroll and Social Security Taxes Payable	45,324	41,800
. Advances for Sales of Assets	1,050	4,019
. Advance Collections	3	42
. Other	3,803	7,149
TOTAL	**355,038**	**239,981**

5. Memorandum Accounts – Control – Debit

. Items in safekeeping	9,081,591	6,959,383
. Patacones - Currency Unification Program	2,760,523	2,760,523
. Items to Be Debited	624,739	765,085
. Total Overdrafts in Pesos	522,091	390,571
. Cash in Safekeeping on behalf of the BCRA	475,814	-
. Items for Collection	91,257	106,767
. Loans for PYMES (small and medium size enterprises) and microenterprises	7,140	10,834
. Other	1,351,368	1,778,147
TOTAL	**14,914,523**	**12,771,310**

6. Income from Services – Other

. Commission for Credit Card Services	1,399,092	996,255
. Commissions on Consumer Loans -Individuals	196,329	188,249
. Maintenance Fee – Private Sector Savings Accounts	104,171	85,526
. Safe Deposit Box Rental	99,525	55,894
. Commissions – ATM Network	89,215	63,957
. Commissions from Grupo Banco Provincia S.A. Companies	83,864	56,735
. Commissions from Clearing Services	43,240	32,093
. Commissions from Inter-branch Cash Transactions	30,352	28,632
. Commissions from Drafts and Transfers	23,922	17,322
. Commissions from Direct Payment System	23,463	21,980
. Income from Services – Other – Mortgage Loans	17,175	25,421
. Commissions from Salary and Wage Payments	10,841	12,764
. Commission from Pre-allocation System	708	2,411
. Other	136,872	110,391
TOTAL	**2,258,796**	**1,697,630**

7. Expenditure for Services – Other

. Expenditure for Direct Marketing Actions	92,257	79,910
. Charges for Credit Card Processing	86,508	76,027
. Advising Payment to Provincia Microempresas - Board Resolution No. 203/10	79,037	36,892
. Visa International Royalties	53,015	18,513
. Miscellaneous Operating Services	36,888	27,735
. Services to ATM Users – Insurance	11,226	5,173
. Collection Services on Credit Card Debts	4,081	3,448
. COBINPRO Peso Commissions	3,910	3,189

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February 20, 2014
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Fernando L. Arriola
General Accountant

Marcelo H. García
General Manager

Gustavo M. Marangoni
President

C.P.C.E.P.B.A. Vº 1 Fº 33 Folder 33
Teresita M. Amor
Public Accountant (U.B.A.)
C.P.C.E.B.A. Volume 139 – Folio 61
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27 - 13802361 - 9

(In thousands of pesos)

. Delinquent Portfolio Recovery Services	3,396	3,285
. BAPRO Customer Loyalty Program	2,979	-
. Swift System Communication Services	74	48
. Other	8,516	14,514
TOTAL	**441,105**	**314,094**

8. Miscellaneous Income

. Adjustments and Interest on Miscellaneous Receivables	35,601	52,515
. Gains on Transactions with Bank Premises and Equipment and Miscellaneous Assets	19,500	11,521
. Cash Overage	10,387	11,231
. Recovery of Costs and Fees Payable	7,240	2,572
. Trust Management Fees	6,815	4,449
. Fines and Charges for Breach of Contracts	3,258	1,269
. Gains on Clearing and Adjustment of Balances	2,259	1,633
. Funds for Losses	33	-
. Other	14,028	7,676
TOTAL	**99,121**	**92,866**