

**BANCO DE LA PROVINCIA
DE BUENOS AIRES**

Banco Provincia



Banco Provincia



2015 Annual report





TABLE OF CONTENTS

1	Macroeconomic context	1.1	International Context
		1.2	Local Context
2	Balance Sheet and Microeconomic Activity	2.1	Balance Sheet
		2.2.	Lending Products
		2.2.1	Agricultural Loans
		2.2.2	Loans for SMEs
		2.2.3	Corporate Loans
		2.2.4	Microcredits
		2.2.5	Consumer Loans
		2.2.6	Mortgage Loans
		2.2.7	Import and Export Financing
		2.3	Composition of the Loan Portfolio
		2.4	Borrowing Products
		2.5	Net Worth
		2.6	Budgetary Policy
		2.7	Statement of Income
		2.8	Portfolio Quality Indicator and Coverage Ratio
3	Other Management Data	3.1	Capital Markets
		3.2	Financial Businesses
		3.3	Marketing Channels
		3.3.1	Locations
		3.3.2	Virtual Banking Services
		3.4	Systems and Technology
		3.5	Recovery of Loans
		3.6	Relationship with the Provincial Public Sector
		3.7	Risk Management
		3.8	Organization Development
		3.9	Maintenance and Equipment
4	Grupo Bapro		
5	Corporate Communication		
6	Institutional Governance		
7	2016 Scenario and Strategies		



1

**Macroeconomic
context**

1 Macroeconomic context

1.1 International Context

The international economic cycle that had started with the international crisis prevailing at the end of the last decade ended in 2015. Particularly, the incipient rise of the Fed interest rates put an end to a long period characterized by high global liquidity, historically high levels of raw material international prices and expansion of emerging economies over the average level, mainly headed by Asian economies. The normalization of interest rates is expected to establish a new global growth pattern, mainly in developed economies. Anyway, a relatively favorable scenario for emerging and developing economies is likely to continue in the following years.

Estimates from the International Monetary Fund (IMF) indicate that global economy ended 2015 with an annual 3.1 % growth, slightly below the previous year. The deceleration was mainly due to the slowdown in emerging economies performance, which in 2015 recorded the smallest increase since the 2008-09 crisis. On the contrary, a modest improvement in developed economies, mainly in the United States, and the end of the Euro zone recession were evidenced. There were many reasons for the reduced expansion of emerging economies: the downward trend in China economy, the lower prices in general and energy raw materials and the outflow of capital funds, which reduced overall economies' income and weakened their currencies.

Developed economies slightly grew as against the previous year due to the acceleration of the US expansion rate, which evidenced an improvement of the labor and housing markets and was essential for the Fed's decision to start tightening its monetary policy after almost seven years of 0% interest rates. The Euro zone managed to increase its level of activity, thus consolidating the expansion recorded in the previous year as a consequence of the strengthening of private consumption and the lower deleveraging of families. The performance of some of the largest economies of the region, such as France, Italy and Spain, stood out. At the same time, the Japan economy recorded a minor increase, thus reversing the stagnation of the previous year.

The drop in energy and raw material prices, and the outflow of capital caused a slowdown in emerging and developing economies for a second consecutive year. The deterioration was partly due to the reduced expansion of China, where the transition process from investment towards an economy based on consumption and provision of services translated into a loss of dynamism. Some important economies such as Russia and Brazil were also negatively affected. They entered into recession and their activity level fell over 3.6%, situation which would continue during the following year. The Middle East kept a moderate upward trend due to the impetus given by exported volumes.

At a regional level, Latin America and the Caribbean slightly deteriorated, thus reversing the positive variation sign recorded in 2014. The decrease in raw material prices and the capital outflow negatively affected the income levels of Latin-American economies. In the region, some differences were evidenced in the growing pace: Mexico accelerated its expansion rate, accompanying the United States growth in demand; while Brazil recorded a marked drop in its level of activity, affected by the tightening of the monetary policy and the reduction in investment and consumption, in a context of inflationary pressure and significant increase in fiscal deficit.

Global trade expanded 2.6% in 2015, a percentage lower than the previous year (3.4%), due to the drop in purchases of emerging economies, while purchases of advanced economies showed an upward trend. Prices of energy raw materials declined almost 50%, mainly due to the OPEC decision to maintain the production levels so as to keep the global share despite generating an excess global offer. Likewise, this situation negatively affected the prices of non energy raw materials, which also dropped as a consequence of the lower international demand and the high offer levels after several years of good harvest results.

1.2 Local Context

In the context of the slow growth of the world trade turnover, the drop in international prices of raw materials, the increase in reference interest rates of the US Federal Reserve and the serious economic crisis affecting Brazil (main trade partner), the external scenario for Argentina continues showing difficulties in the short term. However, during 2015, the Argentine economy showed a modest increase in the levels of activity due to the active participation of local demand, boosted by investment and public consumption. On the contrary, exports continued falling. Mention should be made of the favorable performance evidenced during the first half of the year, which declined in the second half as a consequence of the increasing uncertainty derived from a long electoral process. Production of goods showed a heterogeneous performance by sectors. It is worth noting the increase in the level of agricultural production, as a result of the rise in crops and cultivated areas, and the dynamism in construction driven by public works. On the other hand, the manufacturing industry performed contractively, affected by the important deterioration of the automobile production and its related chains, which adversely affected the whole sector. Among service-producing sectors, financial brokerage continued boosting growth, while transportation and communication activity levels contracted.

In the second quarter of the year, the unemployment rate fell to 6.6% of the economically active population (EAP), accounting for an almost 1 p.p. decrease as against the same period of 2014. According to the main employment indicators, in the last few months of the year, the unemployment rate grew as a result of the virtual stagnation of the economic activity, which translated into a drop in labor demand. This took place within a framework of increasing real wages, mainly in the Public Administration sector.

Domestic prices decelerated slightly with respect to the high levels attained in 2014, even though they still showed historically substantial levels with variations of about 30% p.a. and the consequent distortion in the scale of relative prices. The adoption by the Central Bank of a loose monetary policy facilitated an inflationary process. The monetary base issue recorded almost 40% y/y increases before the new authorities took office. Among the factors that fueled such monetary base expansion, mention

should be made of the public sector financial assistance granted through temporary advances and the transfer of profits necessary to balance public finance. The Consumer Price Index rose in December as a consequence of the seasonal increase in the prices of certain goods and services, but mainly of speculative price adjustments, in a context of several announcements and a set of measures implemented by the new economic authorities.

The lower variation of the exchange rate strongly affected the competitiveness of tradable goods in terms of prices. This, together with the sharp drop in the value of commodities, derived in a significant shrinkage in exported volumes. At the same time, the weaker dynamism of domestic economic activity in a context of lack of foreign currency and obstacles to the import of goods and services, made foreign purchases also perform contractively. Therefore, foreign trade decreased again in 2015, in line with the downward trend recorded since 2012. When measured at current prices, the trade/GDP ratio

(value of exports and imports of goods and services divided by GDP) stood at 19.8%, the lowest figure since 2002. The trade balance recorded a US\$3,035 million deficit and accounted for the first trade balance contraction of the last sixteen years.

In fiscal terms, the greater relative increase in expenses over revenues significantly sharpened the public sector deficit, which surpassed 6% of GDP, disregarding BCRA profit transfers and income from the National Social Security Administration (Administración Nacional de Seguridad Social – ANSeS). Such deficit recorded the maximum peak of the last twenty seven years. An unfavorable factor was the historically high levels of tax burden, which largely surpassed the average figures of emerging markets.

With respect to the financial system and in line with those measures implemented in the previous year, during 2015 the Argentine Central Bank (BCRA) continued taking actions on integral supervision and regulatory measures, mainly desig-



ned to reduce volatility in the exchange and monetary markets, boost credits oriented to the productive sector and encourage savings in local currency. In fact, the monetary authority provided for an increase in minimum interest rates, both for natural and artificial persons, so as to support money demand, favoring deposits at longer terms. Financial brokerage levels recovered and deposits performed better than credits. In this context, international reserves reduced by US\$5,880 million, reaching US\$25,563 million, the lowest level in the last fifteen years. This situation was mainly due to net sales of foreign currency by the BCRA and payments to international institutions.

Mention should be made that after the change of authorities on December 10, the monetary policy profile was drastically modified by the BCRA. Among its goals, to attain the stability of prices in the Argentine economy is a priority. So as to achieve the foreign exchange and monetary normalization, a set of measures was implemented with a view to the unification of the foreign exchange market, normalization of over-the-counter transactions and regularization of the balance sheet. A single exchange rate was fixed for all type of transactions and restrictions on the purchase of foreign currency were eliminated for the acquisition of foreign assets. Moreover, in order to create a sounder position to implement the managed float policy in the foreign exchange market, the partial conversion of Yuans under the currency swap between the BCRA and the Central Bank of the People's Republic of China was agreed. Other implemented measures were the elimination of limits for borrowing and lending interest rates and the modification of over-the-counter operations.



2

Balance Sheet and Microeconomic Activity

2

Balance Sheet and Microeconomic Activity

2.1 Balance Sheet

	In thousands of \$			
	Dec-14	Dec-15	Absolut Variation	Relative Variation
ASSETS	107,330,484	138,400,487	31,070,003	28,9%
Cash and Due from Banks	14,557,017	19,919,702	5,362,685	36,8%
Government and Corporate Securities	19,008,945	17,121,765	(1,887,180)	(9,9%)
Loans	59,177,956	85,626,200	26,448,244	44,7%
Other Receivables from Financial Brokerage	8,993,581	10,320,136	1,326,555	14,8%
Receivables from Financial Leases	85,540	46,653	(38,887)	(45,5%)
Interests in Other Companies	965,026	472,747	(492,279)	(51,0%)
Miscellaneous Receivables	3,335,209	3,336,265	1,056	0,0%
Other Assets and IPP	1,207,210	1,557,019	349,809	29,0%
LIABILITIES	99,439,297	129,296,465	29,857,168	30,0%
Deposits	90,985,447	122,045,624	31,060,177	34,1%
Other Liabilities from Financial Brokerage	6,984,725	5,623,708	(1,361,017)	(19,5%)
Miscellaneous Liabilities	495,963	914,748	418,785	84,4%
Provisions	942,396	686,462	(255,934)	(27,2%)
Items Pending Allocation	30,766	25,923	(4,843)	(15,7%)
NET WORTH	7,891,187	9,104,022	1,212,835	(15,4%)

2.2 Lending Products

In 2015, the consolidated figures with the Bank's foreign branches showed a 28.9% y/y growth in Assets equivalent to \$31,070 million mainly due to the following:

- Cash and Due from Banks grew 36.8% y/y, equivalent to \$5,363 million.
- The Loans caption, net of the uncollectibility allowance, improved by 44.7% y/y (\$26,448 million) mainly on account of loans to the private sector, particularly consumer loans, notes and credit cards, while loans to the public sector recorded a 28.2% y/y growth (\$2,457 million).
- Government and Corporate Securities fell by 9.9% y/y (\$1,887 million), mainly as a result of the sale and amortization of Guaranteed Bonds (NF18).

- Other Receivables from Financial Brokerage rose by 14.8% y/y (\$1,327 million), mainly due to the registration of the Bonds to be Received under Executive Order Nos. 1679/14-2100/15 and 1954/15 of the provincial Ministry of Economy (\$3,678 million) and to the decrease in repo transactions involving instruments issued by the BCRA (\$2,554 million).



- Interests in Other Companies fell by 51.0% y/y (\$492 million). This was mainly the result of the Bank's decision to book, in the case of Provincia ART and Provincia Seguros, the differences arising between the BCRA rules and the regulations issued by the regulatory authorities of the related and controlled companies (National Insurance Superintendency – (Superintendencia de Seguros de la Nación) – SSN), when determining the value of guaranteed loans, the recoverability of nonperforming loans and the charge for increased losses arising from judicial claims and mediations. Thus, total decrease amounted to \$733 million, reducing the positive impact of Grupo Banco Provincia' genuine income (\$170 million).
- The remaining assets showed a slight comparative change.

2.2.1 Agricultural Loans

In 2015, the Bank kept on providing financial assistance to small and medium agricultural companies of the Province of Buenos Aires through a variety of products, in a joint effort with the Provincial Ministry of Agricultural Affairs and the National Ministry of Agriculture, Livestock and Fisheries. Loans to this sector amounted to \$21,490 million and accounted for a 57% y/y increase.

Among the most outstanding products of the year, the following financing programs stood out: Production of Cattle and Meat (investment and associated working capital), Working Capital for the Production of Meat and Dairy Products (working capital for the cattle sector), Financing for the Dairy Sector (investment and working capital) and the Fuerza Productiva Program - Tranche III (investment for the acquisition of agricultural machinery manufactured in the Province of Buenos Aires). These programs and facilities offered subsidized rates, making access to financing easier for producers.



| Agricultural

More than 470 special agreements subscribed under the Procampo card with input suppliers allowed producers to benefit, in many cases, from 0% rates and terms of up to 360 days. Loans for \$3,529 million were granted through the Procampo card, accounting for a 67% y/y growth and a 108% increase in fees collected (over \$450 million).

Improvements in service quality included: e-statements subscriptions, checking of statements through the Visa Home web page, extended information in card statements, availability of the LaPos web platform and the Procampo mobile application.

2.2.2 Loans for SMEs

SME Banking, created to offer products and services to companies with annual turnovers between \$40 million and \$300 million, granted loans for \$14,000 million to 960 companies in 2015, thus accounting for a 77% y/y increase. Moreover, the Bank opened 4,400 salary accounts and issued 2,400 Visa credit cards.

A new banking service unit called "Espacio Provincia" has been specially developed for businesses located at small and medium industrial clusters. It includes two customer service desks, one ATM and one terminal to operate through the internet banking platform. During the year, three "Espacio Provincia" units were inaugurated in Ramallo, General Rodriguez and Moreno.

2.2.3 Corporate Loans

In line with the constant demand for corporate loans, the Bank disbursed \$17,552 million, surpassing by 50% the previous year figure and accounting for over 27% of total transactions in the corporate segment. This was the result of an effective commercial strategy, an improved offer of services and the implementation of a customized advisory model. Corporate Banking has a commercial team focused on generating businesses with the employees of the managed companies. In 2015, 5,156 salary accounts were opened and 2,782 credit cards were issued.



2.2.4 Microcredits

Through the creation of Provincia Microempresas S.A. by mid-2008, the Bank adhered to the Central Bank's regulations on micro-credits envisaging the inclusion of people under informal labor conditions who have restricted access to the credit and service banking system.

Since the launching of the microfinance program (PROME S.A.) in early 2009, a total of 123,809 loans for \$2,037.9 million have been granted. In 2015, 23,346 loans were granted for \$671.8 million, accounting for a 40.5% y/y rise. The program has already been implemented in 65 branches with the participation of 302 professionals especially trained to assist such segment.

The company recorded a surplus and consolidated its position in the microcredit market by the end of 2015.

2.2.5 Consumer Loans

The strategy implemented by the Bank to strengthen its lending activity introduced a range of diversified commercial products. During the year, consumer loans totaled \$17,518 million and accounted for a 64.3% y/y increase (\$6,858 million). This positive performance was the result of certain actions addressed to: I) flexibilize the lending policy in the case of non-prerequisite consumer loans for municipal, provincial and national civil servants, increasing to \$500,000 the maximum amount granted under this facility, and incorporating permanent staff, hired employees and officers of public banks as potential beneficiaries; II) foster the use of the BIP platform by reducing interest rates, offering discounts on 12-installment purchases and consolidating the electronic channels' use; III) extend the availability of consumer loans to people affected by meteorological phenomena and flexibilize the pertinent interest rates, terms and amounts in order to meet the provincial social needs.

Credit card financing amounted to \$30,245 million during the year, accounting for a 53% y/y increase. Active accounts grew by 60,000 and totaled 878,000, mainly due to the optimization of the BIP platform, the raising of financing limits, the incorporation of new benefits, etc.

2.2.6 Mortgage Loans

The Bank continued working to ease the financing terms and conditions of mortgage loans. Under the flexibilization strategy devised for this kind of loans, financing terms were extended and the universe of potential beneficiaries was enlarged in strict compliance with the BCRA rules. In 2015, loans were granted for \$178.8 million, accounting for a 10.8% y/y increase.



Mortgage loans

2.2.7 Import and Export Financing

In a context of a slowdown in foreign trade during the year, the Bank succeeded in meeting the medium and long term goals regarding its consolidation in the provincial trade activity, the expansion of its share in the financial system and the increase in income from services. Such goals could be fulfilled thanks to the following actions: training of Business Units' managers, survey of the operative processes for the development of a new and comprehensive foreign trade management system, improvement in financing and transaction volumes oriented to provincial SMEs, and increase in the Sao Paulo and Montevideo branches' loan portfolios.

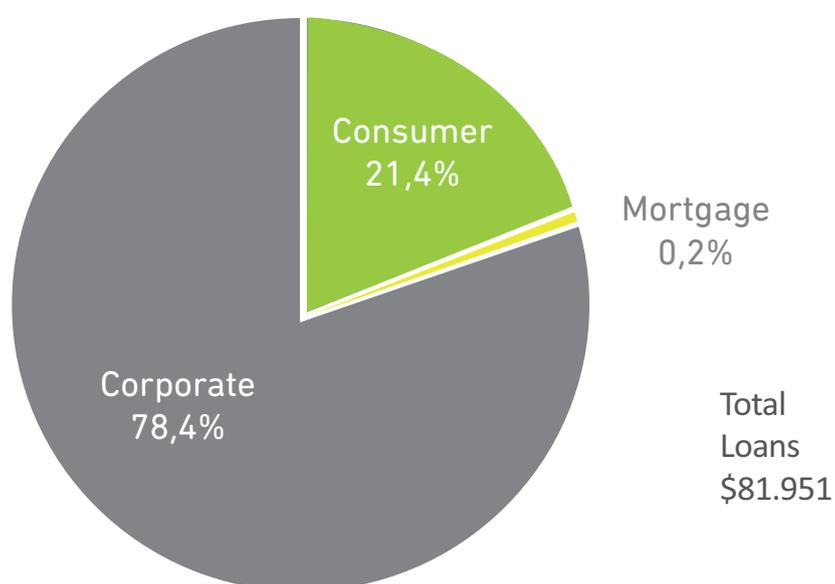
The Bank granted loans for US\$404.25 million under import and export financing facilities, a 4% drop as against 2014. A total of US\$371.55 million was granted through 567 export financing transactions; pre-export financing amounted to US\$ 252.04 million (422 transactions). Under import credit financing, US\$32.70 million was granted through 704 transactions, out of which 670 were agreed in pesos for an amount equivalent to US\$30.02 million. As a result of the above, income from services on account of fees grew almost 40% y/y.

2.3 Composition of the Loan Portfolio

At the end of the year, the loan portfolio balance amounted to \$74,506 million, a 48% annual increase in line with the projected figures and 10 p.p. over the system. Therefore, the Bank's market share in loans grew up to 9.1% with respect to the whole financial system. This favorable evolution was boosted by credit cards, consumer loans and discount of documents.

Loans totaled \$81,951 million, above 50% over 2014. Corporate, consumer and mortgage loans were granted for \$64,254 million (78.4%), \$17,518 million (21.4%) and \$179 million (0.2%), respectively.

Loans to the Non-financial Private Sector In millions of \$ and %



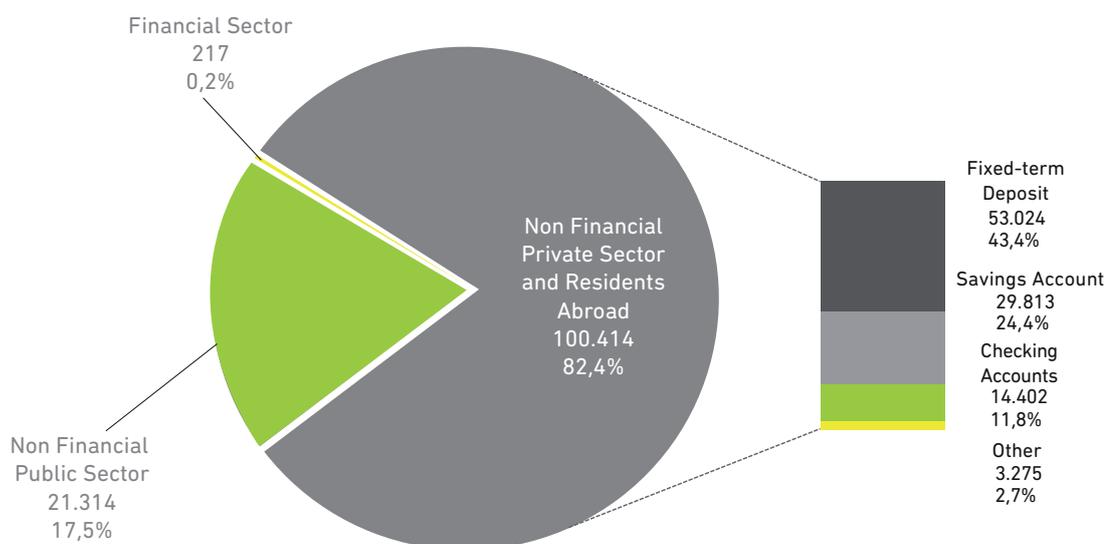
2.4 Borrowing Products

In 2015, the Bank continued its financial strategy aimed at raising funds to support the strong credit activity and optimizing the financial margin in a context of regulatory changes.

In October 2014, the Argentine Central Bank set minimum rates for fixed term retail deposits of up to \$350,000, which resulted in an increase in the funding cost and the generation of distortions related to interest rates paid to companies and wholesale customers. Therefore, the Bank decided to pay the rates determined by the BCRA to all individuals regardless of the deposited amounts. In July, the Central Bank decided to apply these minimum rates to all fixed term deposits of up to \$1,000,000. Therefore, the impact on borrowing interest rates was stronger, resulting in a reduction in the spread with respect to the lending average rates which had also been affected by certain regulatory restrictions.

Consolidated figures with the Bank's foreign branches showed a 30% increase in Liabilities equivalent to \$29,857 million, totaling \$129,296 million. Deposits, its major caption, rose by 34.14% (\$31,060 million) amounting to \$122,046 million mainly due to the expansion of non financial private sector placements (\$33,202 million), especially fixed-term deposit (\$20,070 million).

Consolidated total deposits
In millions of \$ and %



Other Liabilities from Financial Brokerage fell by 19.49% y/y, accounting for \$1,361 million. This situation derived from the significant reduction of \$2,691 million in Repo Transactions with other Banks, partially off-set by the increase in the financing of purchases and other items.

In 2015, the Bank's total deposits (both, in pesos and US dollars) showed lesser dynamism than those of the financial system. Public sector deposits contracted, while private sector deposits grew at a higher pace than the System's placements. This performance caused a reduction from 9.24% to 8.95% in the Bank's market share in total deposits and an expansion from 9.36% to 9.69% in peso private sector deposits.

In November, the Bank maintained its 2nd and 3rd ranks in total deposits and private sector deposits, respectively, and the 2nd place in savings accounts and fixed-term deposits and investments. On the contrary, its checking accounts position downgraded from 6th to 7th.

2.5 Net Worth

In 2015, Net Worth increased \$1,213 million with respect to the previous year, totaling \$9,104 million as against \$7,891 million in 2014, as a consequence of a \$1,229 million positive result, net of a \$16 million charge for Prior Year Adjustments.

2.6 Budgetary Policy

The Expenditure and Revenue Budget is a perfect tool for reaching the Bank's development targets, exercising a strict control on expenses and enhancing the use of resources.

Personnel-related expenditure was budgeted on the basis of 10,597 employees, which has been approved by the Province of Buenos Aires's Legislature.

Investment decisions were oriented towards the development of plans aimed at the refurbishment and maintenance of buildings, the preservation of premises, furniture and vehicles, the modernization of building facilities, etc. The Bank also continued the enhancement of its electronic channel solutions, particularly Internet and Mobile Banking, and the development of tools for business intelligence support.

Other expenses were incurred for goods and services, such as armored transportation, security, preservation and repair of buildings and premises, and software maintenance.

The Bank's Expenditure for the 2015 fiscal year broke down as follows: Personnel Expenses, \$9,145.67 million; Consumer Goods, \$135.53 million; Non-personal Services, \$1,666.76 million; Bank Premises and Equipment, \$581.53 million; Transfers, \$83.90 million; and Financial Assets, \$4.90 million. This was balanced by Revenue estimates consisting of Income from Financial Transactions, Other, Foreign Branches Services and Transactions for an amount of \$11,618.29 million.

In the fiscal year, total expenditure accounted for 99.5% (\$11,612.61 million) of the budgeted figures (\$11,618.29 million).

2.7 Statement of Income

Total income reached \$1,229 million, accounting for a 59.6% y/y decrease, equivalent to \$1,813 million.

The Gross Financial Brokerage Margin totaled \$8,563 million, 0.5% higher than in 2014. The rise in interest collected (consumer loans, notes and credit cards), and the valuation and yield of BCRA instruments in US\$, were partially neutralized by the increase in rates and fixed-term deposits and the impact of the CER index adjustment on guaranteed bonds and the exchange difference resulting from the 2014 depreciation.

The net contribution of income from services grew by 41% y/y, amounting to \$4,225 million, boosted by higher commissions from Procampo and Visa credit cards, debit cards, loans and commissions related to Provincia Seguros. This favorable performance was mainly due to moderate fee adjustments and data processing improvements, which enabled the Bank to minimize costs. Commissions from Visa credit cards kept on being the main funding source since they accounted for almost 60% of the y/y growth, followed by debit and Procampo credit cards (20%) and loans (10%). Checking and savings accounts, defined as significant and purely transactional products, performed more modestly in the fiscal year.

Likewise, direct marketing investments grew, and rewards campaigns of customer loyalty programs improved.

Administrative Expenses totaled \$10,843 million, accounting for a 40.0% y/y increase (\$3,096 million).

The Net Income/(Loss) on miscellaneous income and losses was -\$3.6 million, mainly caused by a reduction in income from long-term investments, a provision for payments to the National Social Security Administration (ANSES) – Deceased Beneficiaries, compensated by lower expenses for lawsuits brought against the Bank.

Statement of Income

	In thousands of \$			
	Dec-14	Dec-15	Absolute Variation	Relative Variation
Financial Income	17.255.634	20.966.407	3.710.773	21,5%
Financial Expenditure	8.739.114	12.403.733	3.664.619	41,9%
Gross Financial Brokerage Margin	8.516.520	8.562.674	46.154	0,5%
Provision for Loan Losses	677.798	711.683	33.885	5,0%
Income from Services	4.031.413	5.885.033	1.853.620	46,0%
Expenditure for Services	1.035.446	1.659.957	624.511	60,3%
Administrative Expenses	7.747.789	10.843.646	3.095.857	40,0%
Net Income / (Loss) on Financial Brokerage	3.086.900	1.232.421	(1.854.479)	(60,1%)
Miscellaneous Income	1.219.873	1.090.904	(128.969)	(10,6%)
Miscellaneous Losses	1.264.848	1.094.491	(170.357)	(13,5%)
NET INCOME FOR THE YEAR	3.041.925	1.228.834	(1.813.091)	(59,6%)

2.8 Portfolio Quality Indicator and Coverage Ratio

Non-performing loans reduced from 2.0% in 2014 to 1.6% in 2015. In the previous year, the coverage ratio was 130.2%, while in 2015 it fell to 122.7%.



3 | Other management data

3

Other management data

3.1 Capital Markets

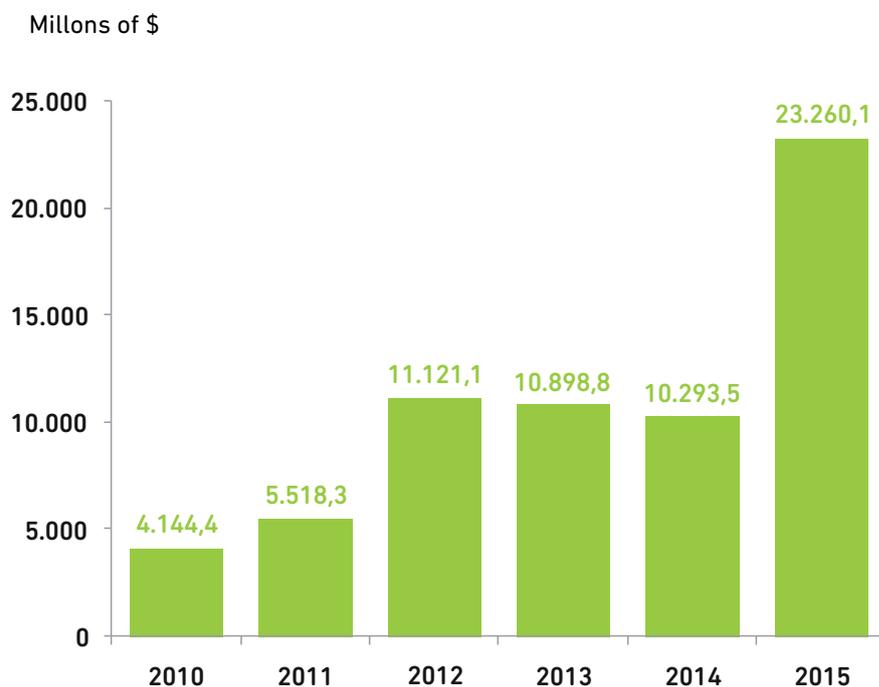
During the year, the Bank acted as the lead arranger and manager of the Provincial Public Sector debt, arranging placements for \$22,577 million, an increase of 123% as against 2014.

The Bank led the issuance of Treasury Bills of the Province of Buenos Aires for \$19,628 million, and also acted as lead arranger and manager of Debt Securities issued by the Province of Buenos Aires under the Program of Public Debt Issuance in the local market for an amount of \$2,800 million. Likewise, it acted as lead arranger and manager of Debt Securities issued by the Province of Mendoza under the Debt Issuance and Treasury Bills Programs for \$149 million and \$655 million, respectively.

The Bank participated as co-manager of the Province of Buenos Aires in the international placement of the Buenos Aires bond maturing on June 9, 2021, at an annual rate of 9.95%, for US\$500 million and in the swap transaction of the Buenos Aires bond maturing on October 5, 2015, at an annual rate of 11.75%, for US\$399.5 million.

With respect to private sector issues, the Bank acted as co-arranger and co-manager in the issuance of Negotiable Bonds, Class "A", of Central Térmica Loma de La Lata for NV\$282.4 million and Negotiable Bonds, Classes I and II, of Electroingeniería S.A. for NV\$400 million.

Evolution of placements in the local market



The Bank provides portfolio management services to institutional customers and wealthy individuals. Within a framework of integral financial assistance for these qualified customers, the Bank intends to enhance the return on managed funds, facilitate the processing of transactions, analyze the economic situation so as to take right decisions, and report on the tax impact of each transaction. In 2015, managed capital increased 51% y/y, exceeding the amount of \$2,100 million.

Likewise, the Bank took actions to analyze and manage its global portfolio of government securities, optimizing the risk-yield ratio and adjusting its profile to the current regulations.

The commercial relation with the financial sector was strengthened through the creation of the Relations with the Financial Sector Department that reports to Investment Banking. This area develops business relations with international and national financial entities and coordinates actions with Grupo Banco Provincia and other related companies with the purpose of improving reciprocity with the financial market.

A digital file was implemented so as to enhance operating efficiency. This method enables the Bank to protect, in digital format, documents related to its products and services, to automate the pertinent controls, and to make inquiries Bank-wide.

3.2 Financial Businesses

During this year, several financial businesses were generated, including broad and planned strategies, offering a wide variety of market products through the activities developed by the Investment Unit as well as the Securities, Money and Forex Trading Desks.

The Investment Unit and the Money Trading Desk collectively manage portfolios for more than 6,000 institutional, wholesale and retail customers from the private and public sectors, involving approximately \$46,000 million.

The Investment Unit also monitors the funding evolution of the Bank's Business Units and advises them on the performance of the different market variables.



It provides personalized assistance from 9:00 a.m. to 7:00 p.m. This Unit designs financial investment plans for customers according to their needs. The use of Skype has fostered and strengthened customers relationships in a more simple, universal and efficient way.

In order to offer an integral financial service to our customers, the Bank has created and developed IT tools, such as the Investment Unit application. This is a mobile platform oriented to attract young people who need to use financial data in a dynamic, safe and accessible way and in real time so as to take decisions. Another tool known as MIFI (My Finances) is a clearly innovative project that has no precedent in the local market. It is aimed at managing overall personal finances, and is available at the Bank's web page (BIP) and the mobile banking platform (BIP móvil). The main target is to provide our customers with an instrument which easily displays graphical and detailed information on their monthly income and expenses, in order to optimize the expenses distribution according to their needs and preferences.

Marketing campaigns were made to increase the volume of transactions related to the pool of products managed by the Financial Business area, from simple fixed-term deposits to more complex products, such as shares, bonds and mutual funds. The Bank also offers its products through other channels, participating in several fairs and business meetings, and visiting different companies.

During 2015, the Bank implemented a successful product called Plazo Fijo Preapctado (Fixed-term Deposit at Pre-agreed Rate) specifically designed for wholesale investors.

Other operating areas have also participated in these activities, for example the Securities Trading Desk which has to satisfy the growing demand and requirements of customers, regardless of their experience in the market. The Direct Market Access (DMA) service is offered in order to upgrade the operational capacity in case of instructions received from the digital channel. Likewise, a Module was incorporated to submit on-line bids in the primary market.

Mention should be made that training actions for business units' staff were carried out, including on-site activities, video conferences and training courses on economic and financial issues.

3.3 Marketing Channels

3.3.1 Locations

During 2015, substantial improvements resulting from the implementation of several measures were observed.

Within the framework of the Plan for Streamlining Banking Devices, prevailing since early 2015, a continuous monitoring was made on the network performance. This enabled the detection of poorly used devices so as to place them in new locations characterized by a greater demand, optimizing network performance and upgrading service quality.



Moreover, ATMs located inside premises or in unsuitable places were moved to open lobbies accessible 24 hours a day, every day of the week. This strategy enabled the Bank to provide the required equipment for new electronic banking services. Almost 210 ATMs exclusively for customers were installed in 170 branches.

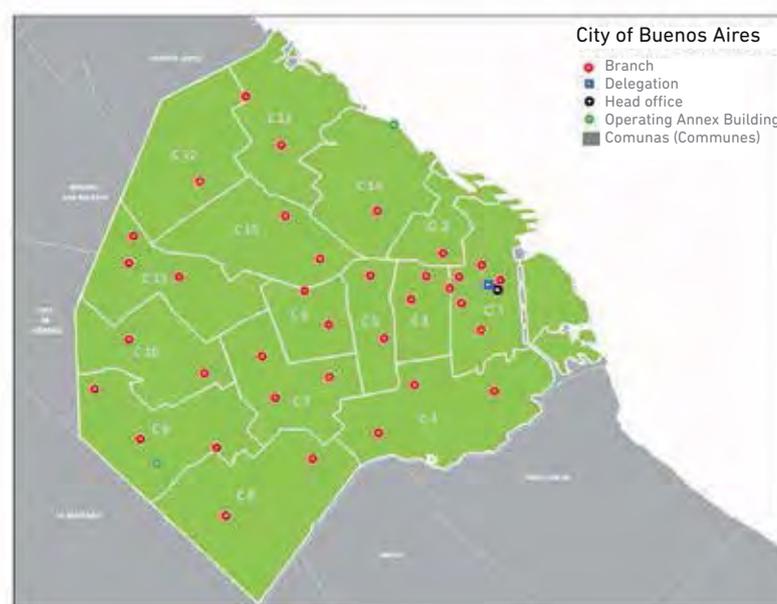
Based on the "Summer Campaign" data, the Bank identified places where the institutional presence had to be strengthened through incorporations or relocations of ATMs. For this purpose, five mobile banking units were acquired. At the end of the "Summer Campaign", the mobile banking units were destined to regional centers of the interior of the province of Buenos Aires to satisfy the high demand.

The new "Espacio Provincia" channel, was launched in order to meet the needs of the SMEs located in industrial clusters. Through this channel, banking services may be offered to medium size industrial parks at lower operative costs and shorter implementation time than through a traditional branch. By operating in the same cluster, SMEs benefit from greater security and smaller distance.

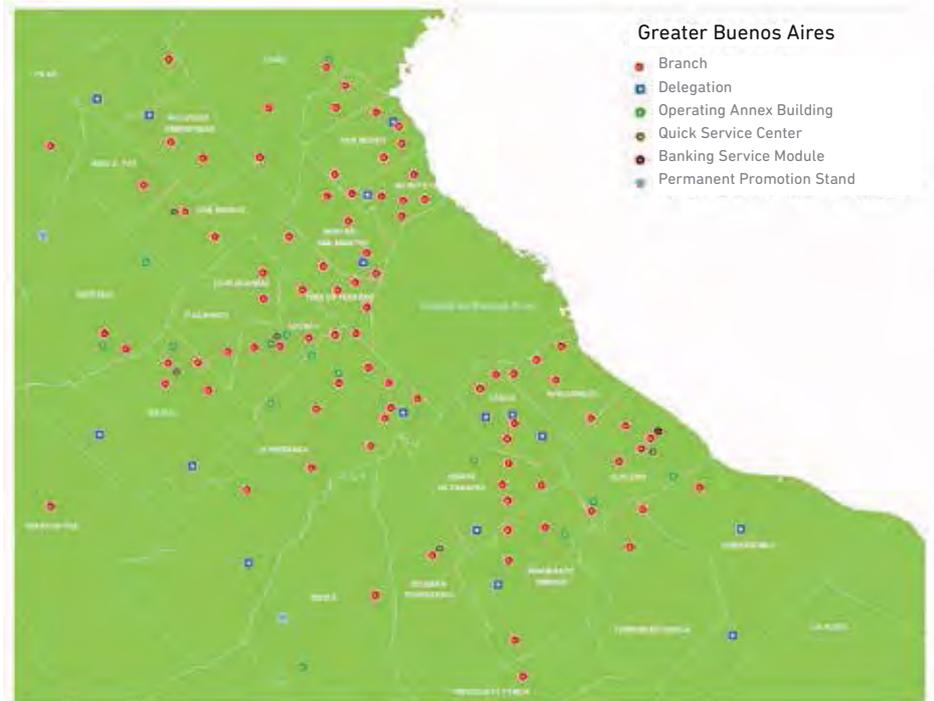
The Bank continued its expansion policy with respect to its safe deposit boxes in line with the needs of its branches. Through the inclusion of 2,200 security boxes and 27 vaults, this service was improved in five business units and offered, for the first time, in seven business units.

The Territorial Expansion and Branch Remodeling Plans enabled the Bank to participate in commercially attractive areas and adjust the business capacities of some service units to their current environment in terms of value creation and market share. This Plan facilitated the identification of significant trade potential zones, including productive centers and promotion and industrial areas. They represent opportunities for the Bank to offer services through new business units.

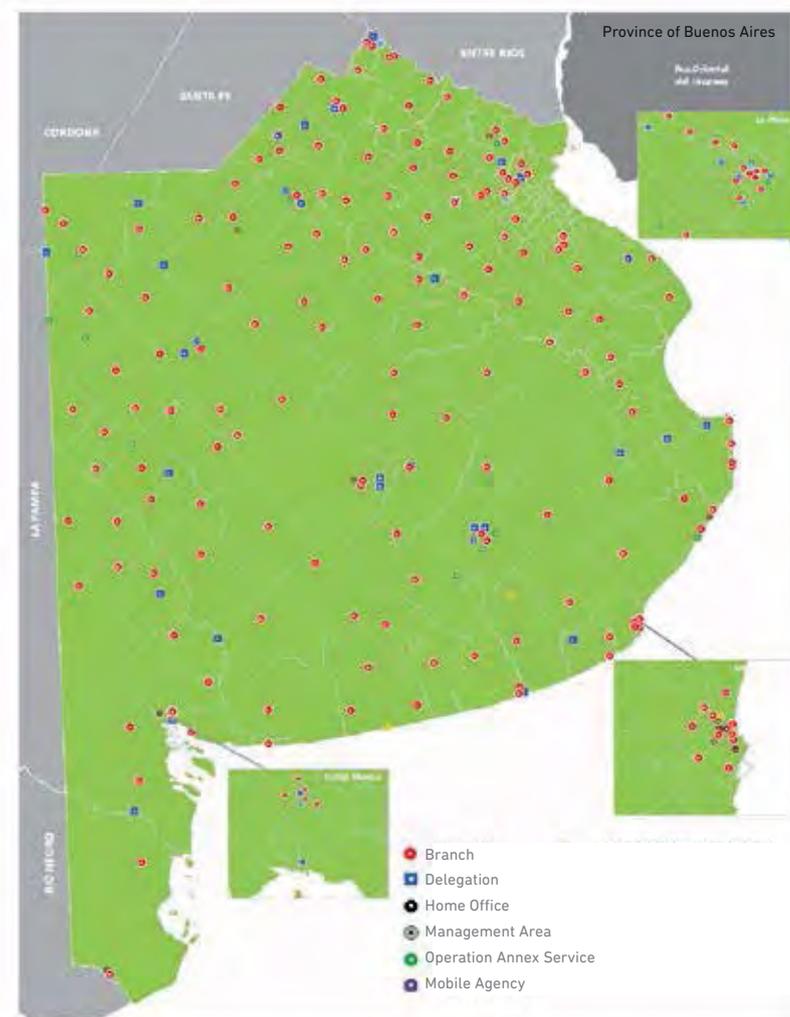
Branch Network Autonomous City of Buenos Aires (C.A.B.A.)



Branch Network Greater Buenos Aires



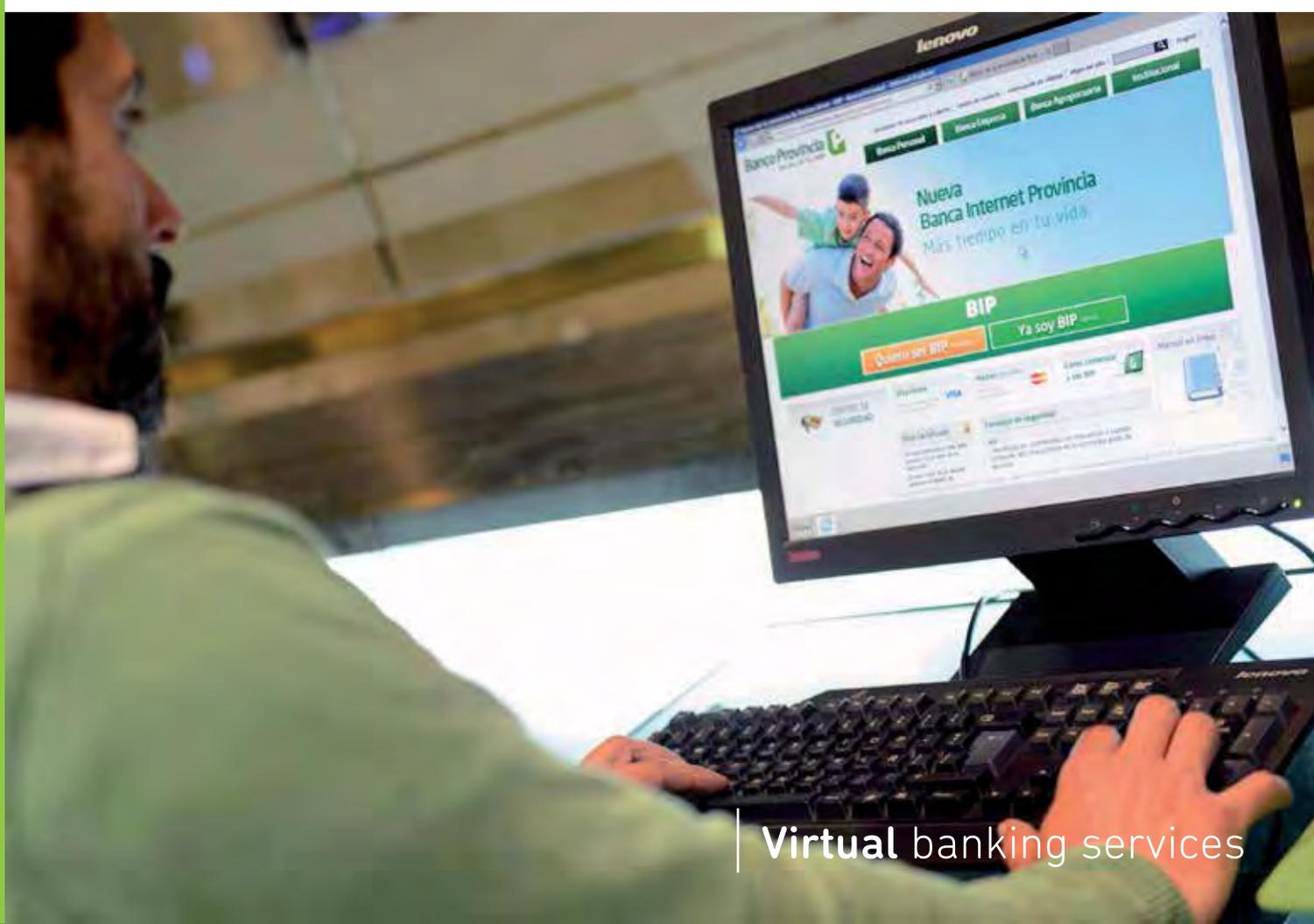
Interior of the Province of Buenos Aires



3.3.2 Virtual Banking services

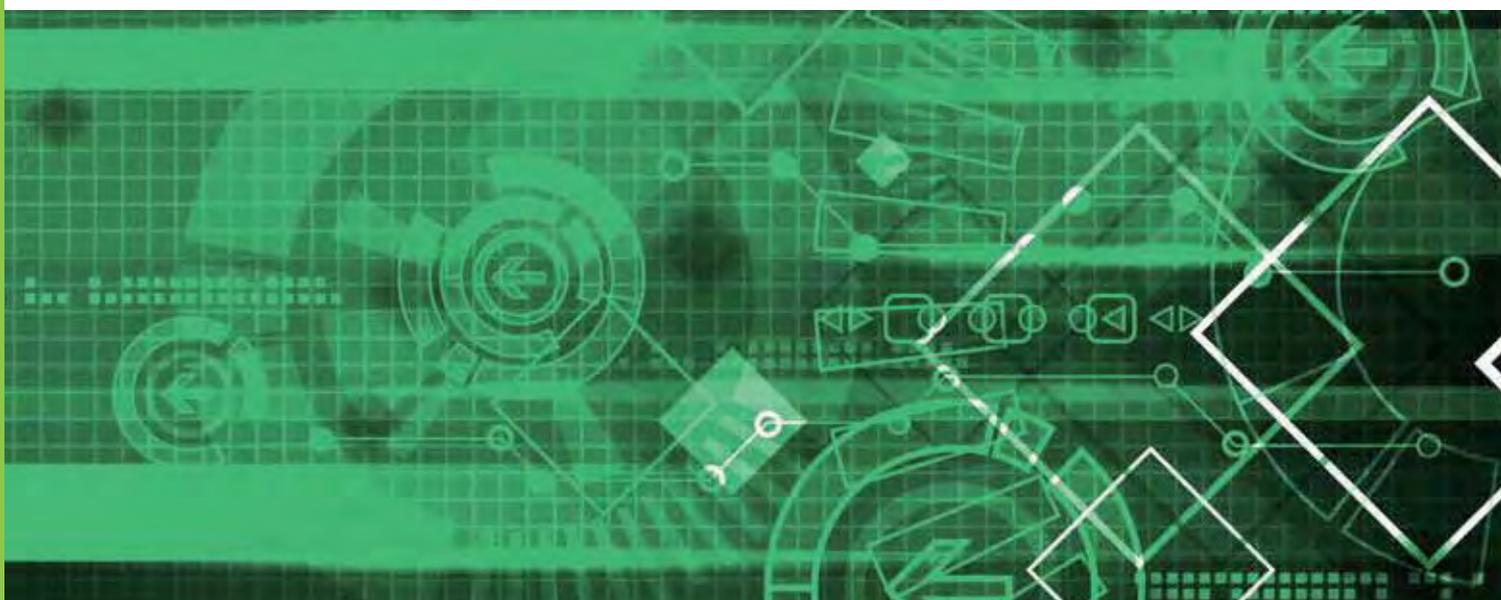
The Banca Internet Provincia (BIP) platform became the core of the Bank's business strategy. The process of adding value to both e-banking and web platforms led to the following remarkable results: increase in the number of transactions shifting from physical to electronic channels with the ensuing cost saving; improvement in the portfolio of products and services tradable from these platforms with consequent generation of additional income; incorporation of reluctant market segments to the electronic banking system which resulted in a dynamic integration process; and expansion of the electronic users' share as against the overall customer base.

The other channel, BIP Móvil, is also showing a steady increase. In 2013, the Bank began to develop its own mobile banking platform, a self-managed alternative solution intended to enlarge the offering of channels originally initiated with the internet banking platform. Thus, in late 2014, the new BIP Móvil application was launched in the market, offering functional improvements as against the old Red Link platform. BIP Móvil is an application downloadable from different app stores, also accessible from the Internet for customers without smartphones. Platforms available for smartphones and tablets include: Android, Blackberry Appworld, IOS (Iphone), Windows Phone, IPAD, Tablet Android, Tablet Windows and others (Web Site). One year after launching, the goal of attaining 150,000 users by late 2015 was exceeded. This figure accounts for 20% of all Internet banking users and shows a strong popular support over competitors since, in quantitative terms, it stands well above the market average due to the different commercial actions timely undertaken.



3.4 Systems and Technology

In order to streamline the allocation of resources so as to render enhanced customer services and make transactions more secure, new developments, deployments and improvements were made in 2015 through a set of IT tools. Within the framework of the 2015 IT Operative Plan, the Bank realized the following projects: i) printing of debit cards in branches; ii) reengineering of individual and corporate credit cards; iii) improvements in the Payment System; iv) Accounting Inventories (BCRA Memorandum No. 317); v) Dependencies Single Database; vi) (Legally bound) Reporting Party and FATCA (Foreign Account Tax Compliance Act); vii) Increase in Credit Card Limits through BIP; viii) enhancement of the "560 Garantías" product; ix) reengineering of the PROME system; x) implementation of a Convergence Plan towards the International Financial Reporting Standards (IFRS) and xi) Digital Customer.



3.5 Recovery of Loans

In 2015, the Bank actively pursued its out-of-court recovery program for loans exceeding their early delinquency stage. For the purpose of increasing the number of regularizations, the actions involved in each phase of loan recovery management were intensified. Different loan recovery programs remained in place. Priority was given to the settlement of debts and, secondarily, to their refinancing in the shortest possible term.

Under the out-of-court recovery program for loans exceeding their early delinquency period, 12,193 cases were settled during the year for a total amount of \$306 million.

3.6 Relationship with the Provincial Public Sector

During 2015, the Bank continued supporting provincial municipalities, satisfying their specific financial needs and advising them on the products and services offered by the Bank that may help them improve collection and/or better manage their own resources.

The Bank went on working with the entities created under the provincial Constitution to incorporate provincial public agencies' accounts in the Treasury Single Account (TSA), thus improving fund management.

In order to reduce crowd flow to treasury offices and provide better customer services, the Bank intensified the migration of manual transactions to alternative channels.

As regards collection services, provincial municipalities and private sector entities were invited to implement alternative collection channels such as Link Pagos, Pago Directo and direct debit through credit cards. In a joint planning with Provincia Net and other areas of the Bank, exclusive locations were opened for collection purposes which are intended to reduce Business Units' workload. With respect to payment services, 45 new agreements were concluded aimed at favoring the use of electronic means of payment over checks. To further reduce operative workload, an experience was made in Florencia Varela destined to pay social plan beneficiaries in out-of-branch locations.

The bancarization process and the adjustments to systemic and operating controls continued with respect to payments of retirement and pension benefits, family allowances and social plans so as to provide an efficient service and reduce treasury transactions. Out of the 870,000 retirement and pension beneficiaries, 95% hold an account and a debit card to collect their benefits; and out of the 1,000,000 social plan beneficiaries, 97% have migrated to alternative payment channels either through the use of the ATM network or the implementation of reloadable cards to purchase food.



3.7 Risk Management

The Bank kept on moving towards the implementation initiated in 2012 aimed at adopting the best practices stipulated by the BCRA and the Basel Committee on Banking Supervision regarding the identification, evaluation, monitoring and mitigation of the main risks faced by the Bank.

During the year, the following actions have been taken: i) submission to the BCRA of the second Annual Report on Capital Self-Assessment, showing significant advances with respect to the previous one; ii) better use of the information available in the Bank's datawarehouse and datamart databases, ensuring greater efficiency in both tasks and processing times; iii) design and updating of methodologies and processes and development of new indicators to follow up/monitor risks; implementation of tools, updating of regulatory frameworks, procedure manuals, etc.; iv) compliance with the task schedule agreed in 2014 with Grupo Provincia aimed at ensuring a comprehensive risk management; v) annual and quarterly updating of the "Market Discipline – Minimum Disclosure Requirements" report, properly disclosing to the general public information on risk management and exposure at the Bank's web site; and vi) pursuit of the goal of making specific contributions to the Bank's overall risk management.



3.8 Organization Development

During 2015 and in line with the actions taken in previous years, priority was given to business units' needs for staff, maintaining the zero-vacancy goal and optimizing the distribution of human resources among business units. For attaining this goal, it was necessary to address in full the different staff problems bank-wide. Actions have been taken to fill the positions required by the different programs, such as business officers for the "Espacio Provincia" program and trainees for the "Banco Grande y Tecnológico" project.

Training

Almost 25,121 training actions were implemented aimed at developing staff potential. Under the Staff Development Model, 492 employees attended the seven workshops for different levels organized by the Bank. Under the mentioned model, the Universidad Nacional de la Matanza (UNLAM) was incorporated as a new academic proposal with 151 enrollments.

The Campus Provincia e-learning platform continued expanding. It got 65,814 visitors, and 18,618 self-managed tests were approved regarding induction, banking career and other specific courses. Under this methodology, 6,501 employees were trained in capital market compliance issues and 5,241 in customer relationship management (CRM application). At the same time, extracurricular training courses were intensified in order to constantly refresh specific technical data (IFRS, amendments to the Argentine Civil Code, money laundering regulations, etc.).

A total of 116 employees attended the exclusive program designed for the Treasury sector; a course for candidates to fill in Operative Deputy Manager positions was also offered.

A motivational leadership course was given to all Zone Managers and Heads of Regional Centers in order to provide them tools for managing scenarios of uncertainty, mainly focusing on leadership and teamwork.

In order to introduce and update tools for maximizing agro businesses, 127 managers of Business Units and employees from the Agricultural Banking and Credit Assessment managements have participated in the program developed with the Asociación Argentina de Consorcios Regionales de Exportación – AACREA (Argentine Association of Regional Consortia for Agricultural Exports). Similarly, 151 officers attended different local and international congresses and seminars, postgraduate courses and executive programs. At the same time, 54 department managers and deputy department managers attended oratory workshops to improve their public speaking skills.

Communication

In-house communication was oriented towards encouraging integration and promoting information self-management. The GPs/Human Resources website consolidated as a tool for getting access to handy, useful and clear information on issues regarding the relationship between the Bank and its members. The self-managed "Mi Espacio" portal accounted for 68.5% of the over 130,000 visits to the GPS website. This resulted in a significant reduction in face-to-face, phone and e-mail inquiries.

Actions to optimize message channels and their efficiency continued, applying selective criteria for both transmission and reception. The monthly digital newsletter "El Pulso del Provincia" was published in over 60 editions, providing qualified and business-oriented information bank-wide.

Labor conditions

In May 2015, an Organizational Climate survey was conducted with the voluntary participation of 62% of the Bank's staff. The campaign was launched by the Internal Communication area with the purpose of encouraging participation, raising employees' awareness about the value of other people's opinions, and revealing the most remarkable characteristics from the results.

The health area kept on taking preventive measures so as to detect risk factors at work, focusing specially on determining the incidence of cardiovascular diseases. The idea was not only evaluating general health conditions but also making the ergonomic corrections necessary. A total of 191 employees have participated in this action.

The Program for Detecting Driving-Impairing Substances continued, and employees from the Junín and Bahía Blanca Automobile Parks were properly tested. A total of 570 employees from 21 branches has received Cardiopulmonary Resuscitation (CPR) training.

To facilitate the necessary support to staff members retiring from the Bank, eight workshops were organized with the attendance of 40 employees.

Actions have been taken to provide advice and support to the families and co-workers of the 18 employees who died in harness during 2015; 90 visits were paid to branches staffed with people with different capabilities and employees with special pathologies which were prescribed a new workload (in order to recover human resources). During 2015, 16 new employees with different capabilities were recruited as stipulated by Law No. 10592.

In September, the process for paying wages, compensations, taxes and family allowances involving Banco de la Provincia de Buenos Aires Personnel was awarded the ISO 9001:2008 certification, which resulted in a strong commitment by the working team towards the fulfillment of the Bank's Sustainability and Quality Policy.

3.9 Maintenance and Equipment

Under the Bicentennial Works Plan, prospects for 2022 include the value enhancement of all the Bank's buildings, whether branches or main buildings. In this framework, 80 Business Units (86,052 m²) were inaugurated during 2015 for a total amount of \$494 million. The so-called "Edificio Esquina", the Head Office building and the Guanahani premises were remodeled accounting for 14,163 m² of works and a total investment amount of \$76.6 million. The main purpose of these works is to improve service quality and customers' satisfaction.





4

Grupo
Bapro

4

Grupo Bapro

Grupo Banco Provincia S.A. (Grupo Provincia or GP) is an organization majority controlled by Banco de la Provincia de Buenos Aires (BPBA) in charge of managing a group of companies aligned through synergy generation and innovation in an efficient and profitable manner.

Its purpose is to offer high quality and accessible non-banking financial services and/or other services supplementary to the financial activity as well as to provide support for the development of families, entrepreneurs, companies, and local governments.

At December 31, 2015, GP held permanent (direct and indirect) equity interests in the following 12 companies, out of which 9 are controlled by GP.

GRUPO PROVINCIA			
COMPANY	Direct Equity Interest	Indirect Equity Interest	Total Equity Interest
INSURANCE			
Provincia Seguros S.A.	60,000%	0,000%	60,000%
Provincia Aseguradora de Riesgos del Trabajo S.A.	98,630%	0,822%	99,452%
Provincia Seguros de Vida S.A.	45,000%	9,000%	54,000%
Internacional Compañía de Seguros de Vida S.A.	37,769%	1,806%	39,575%
SERVICES			
Provincia Microempresas S.A.	5,000%	0,000%	5,000%
Buenos Aires Desarrollo S.A.	50,000%	0,000%	50,000%
Provincia Servicios de Salud S.A. (*)	96,375%	3,620%	99,995%
FINANCE			
Provincia Leasing S.A.	97,000%	2,981%	99,981%
Bapro Medios de Pago S.A.	97,000%	2,996%	99,996%
Bapro Mandatos y Negocios S.A.	97,000%	2,850%	99,850%
BROKERAGE			
Provincia Bursátil S.A. Sociedad de Bolsa	95,000%	0,000%	95,000%
Provinfondos S.A. Sociedad Gerente de FCI	0,000%	85,500%	85,500%

(*) Due to the lack of business activity, the liquidation process of Provincia Servicios de Salud S.A. was initiated in December 2011 (still pending).

a) Provincia Seguros S.A.- Property Insurance

The Company, which participates in the market of General Insurance (property and group life insurance), recorded operations for \$4,554 million in 2015, out of which \$4,297 million was accrued during the year.

From a commercial viewpoint, Provincia Seguros has increased 150% during the last three years, consolidating its market share and taking on the challenge to improve its production by 40% by the end of the 2015/2016 period. For this purpose, actions have been oriented to consolidate a relationship model based on the sales force. The production increase is the result of an "Action Plan". Its strategic purposes are based on the National Plan for Linking Organizers, Insurance Agents/Producers and Brokers; the Territorial Expansion Plan; the Business Network Loyalty Plan; the Process Improvement Plan; the Plan for the Development of Specific Portfolios; the Direct Sale Channel Restructuring Plan; the Producers' Service Center project as well as on a variety of products offered under the "Línea Joven" program (especially designed for young people), such as the musical instruments insurance coverage.

The Company worked on operational, regulatory and technical aspects such as: rate/-condition adjustments related to several types of insurance policies, incorporation of the motorcycle insurance coverage and adjustments to the amounts insured. Likewise, adjustments have been made to the insurance plans currently in force.

SSN's Resolution No. 38052 was implemented in 2015. It provided for the termination of the role of the Insurance Agent (individual) and the creation of an Insurance Agents' Registry (legal entities). Only legal entities may apply for registration in the Agents' Registry. After being informed about the contents of such resolution, the Company held a meeting with the authorities of the Asociación Civil de Agentes Institorios de Provincia Seguros – ADAIPRO (Civil Association of Provincia Seguros' Insurance Agents) in order to assess the impact of its implementation. After getting their licenses, all agents were immediately assisted by the Administration Management so as to ensure a quick adjustment to the regulatory framework. After having obtained the pertinent authorization from the SSN, agents were recategorized as producers and were allowed to send the complementary registration documents at a later date. Provincia Seguros decided to bear the costs of the distance courses taken by 140 agents and collaborated with them in the presentation of the pertinent documents, certifications and registrations. As a result, 100% approval rate was achieved in both distance courses and those taken at the National Insurance Superintendency.

The development of the SINIWEB tool enables Provincia Seguros' agents to report automobile loss claims via Internet. Such system also allows for the delivery of orders for the provision of glasses and wheels. Likewise, the Company is currently engaged in the creation of a Virtual Office for managing hail and integral insurance coverage. With respect to life insurance, a system for reporting losses via e-mail was developed for the Bank's employees.

A new institutional campaign was launched in June stressing the concept of support and tranquility that Provincia Seguros may offer. The Company kept on reinforcing its brand and corporate image, linking them to the Government of the Province of Buenos Aires, and developing institutional actions in favor of the community through local campaigns for social commitment, environmental protection and sports promotion through famous personalities. During the period, the goal of developing a communication plan destined to improve Provincia Seguros' positioning in the insurance market was fully achieved.

On April 16, 2015, the Company submitted to the SSN a plan to regularize the deficit in the coverage of debts to insureds which incorporates economic, financial and management measures. Those measures include redirecting the selection of risks to be covered adjusting the premiums and amounts insured, and selecting less-volatile instruments on the understanding that they offer more security in the future, thus prioritizing stability and profitability. The Company is engaged in the improvement of the collection management processes in order to increase collection levels and reduce, up to a maximum of 60 days, the collection terms. On May 20, 2015, the SSN authorized the Company to compute in its technical ratios the securities issued by the Provincial Government, such as domestic bonds and bills not listed in secondary markets, for a maximum amount of \$750 million. At December 31, 2015, the Company was in compliance with the terms included in the plan designed by the regulatory body.

b) Provincia ART S.A. - Workers' Compensation Insurance

The Company participates in the workers' compensation insurance market according to Law No. 24557/95. Through Order No. 2038/12, the National Executive Branch enacted Law No. 26773 on "Rules on injuries derived from labor accidents and occupational diseases", which amends Labor Risk Law (LRL). This new regulation, providing for compensation in cash and in kind, came into force on October 26, 2012. The new LRL unsuccessfully tried to reduce the so-called "trial industry". In the last year, legal actions against the insurance market and Provincia ART continued increasing (21% and 46%, respectively) due to a sustained portfolio growth during the last four years.



Worker's
Compensation Insurance

The Company carried out its activities under a regularization and reorganization plan related to its coverage and minimum capital requirements deficits approved by the SSN on May 22, 2014. Such plan included economic/financial projections derived from a set of operative, administrative and financial measures and was intended to be implemented before December 31, 2015. The SSN further instructed the Company to: a) comply with the gradual reduction of its minimum capital requirement deficit, b) reduce, semi-annually, its coverage deficit according to section 35 in the same proportion as the Company projects to reduce its minimum capital requirement deficit, and c) make capital contributions, if technical ratio deficits (coverage and minimum capital requirements) higher than those disclosed in the regularization and reorganization plan be recorded at the closing of any fiscal year. Such plan envisaged the partial collection in kind of the amounts owed to the Company as a result of self-insurance transactions with the Government of the Province of Buenos Aires through the receipt of debt settlement bonds. On June 5, 2015, the SSN authorized the Company to compute in its technical ratios the unlisted securities issued by the Government of the Province of Buenos Aires for a total of \$850 million.

The implementation of SSN Resolution No. 39214 affected the fulfillment of the goals set in the Regularization and Reorganization Plan related to coverage and capital requirement deficits. Therefore, the Company requested an amendment to the above plan which was approved by the SSN. Thus, the compliance term was extended until December 31, 2016, inclusive, and semiannual deficit reduction goals were set. The Company is continuously assessing the effects of these issues on the mentioned deficit regularization and reorganization plan and is drafting a new deficit reduction schedule to be submitted to the SSN.

Like in the previous year, 2015 corporate actions were oriented to achieve the goals set in the Regularization Plan. The goals related to prices and rates adjustments were successfully attained. Within the workers' compensation insurance market, the Company ranked 2nd at the national level and 1st in the Province of Buenos Aires, City of Buenos Aires, Mendoza and Tierra del Fuego.

During 2015, the Company issued premiums and surcharges for \$7,942 million, a 54% increase with respect to the previous year; the investment portfolio recorded a 103% annual growth (\$6,653 million). At December 31, 2015, it had 1.4 million policyholders which accounted for an 11% annual expansion.

c) Provincia Seguros de Vida S.A.- Life Insurance

The Company is devoted to the production of individual life insurance targeted to middle income consumers highly prone to protection and saving. Its retail shareholder is CNP Assurances Brasil Holding Ltda. with 40% of the capital stock. It operates under the insurance banking marketing model since products are offered through Banco de la Provincia de Buenos Aires' branches.

During 2015, its production amounted to \$238.91 million (80.15% over 2014), thus recording a 122% increase in the last two years. Policyholders totaled 428,000, a 18.70% rise as against the previous year, thus Provincia Seguros de Vida S.A. stood as the insurance company with the highest number of insureds.

As of September 2015, in terms of life insurance premiums, it still ranked 7th, with a 5.28% market share as against the 4.01% recorded in 2014. Moreover, in the individual life insurance market, Provincia Vida placed 5th in the ranking. Mention should be made that Provincia Seguros de Vida S.A. was recognized by the life insurance sector and awarded with the Prestigio Seguros 2015 Prize (Banks and Insurance in November 2015).

d) Internacional Seguros de Vida Previsional S.A. – Life and Disability Insurance

Due to the enactment of Law No. 26222 and its related regulations abolishing the obligation of the Retirement and Pension Fund Administrators (Administradoras de Fondos de Jubilaciones y Pensiones - AFJPs) to contract a life and disability insurance, since January 1, 2008, the Company had to discontinue its production and keeps administrating pre-existing policies. Therefore, no new policies were issued and its operations became limited to the collection of premiums of insurance policies effective at June 30, 2007 and to the payment of the relevant claims. This situation significantly reduced the Company's managed investment portfolio.

Consequently, the Company adjusted its management structure for the best combination of expenses and income. In 2015, it recorded profits for \$57 million, supported by a diversified investment policy and optimization of the risk/return ratio. The Company paid GP a dividend of \$20.6 million, charged against the income/(loss) of the 2014 and 2015 fiscal years.



| **Life** insurance

e) Provincia Leasing S.A. – Leasing Transactions

Grupo Provincia participates in the market of leasing transactions through Provincia Leasing S.A., whose primary line of business is to provide leases with purchase option of personal or real property, acquired or owned by the Company for leasing purposes. Grupo Banco Provincia S.A. holds 97% of Provincia Leasing S.A.'s equity, while the minority equity is made up of other GP subsidiaries: 2.71% belongs to Provincia Mandatos y Negocios S.A. and the remaining 0.29% to Provincia Bursátil S.A.

Provincia Leasing S.A. ranked among the top ten leasing providers, achieving a leading position in the public sector due to its ongoing support to municipalities and provincial agencies, while the private sector customer portfolio is mainly distributed in the Province of Buenos Aires and the rest in the national territory. It offers an ideal financial instrument for the technological updating and modernization of SMEs engaged in different productive activities, through the equipment or installation of machinery or industrial plants for both agricultural and industrial production.

During 2015, the Company achieved its business target by implementing different actions that allowed the 100% fulfillment of the goals timely set. Once again, the actions were based on strengthening and maximizing several factors such as the BPBA's support and the continuous assistance to the public sector. Talks were conducted in different branches, industrial parks and cities of the province of Buenos Aires. The Company also had an active participation in several fairs and events and interacted with potential customers and suppliers, thus contributing to achieve such target.

Consistent with the "leasing" promotion and training talks, meetings were held with customers selected by the Bank's managers, center heads and managerial assistants, and jointly actions were taken with other companies of Grupo Provincia. This generated greater synergy among them and consequently business channeled through the Bank accounted for 32% of the Company's portfolio.

The average value of approved transactions amounted to \$1,116,897 with a high-level participation of the public sector. The breakdown by segment was the following: Public sector: \$282.9 million; SMEs: \$152 million; Personnel: \$36.9 million and "Working" Staff: \$18.4 million. According to the distribution among the different productive sectors, the proportion of transactions was the following: Transport and Logistics (38.92%), followed by Machinery for Construction (29.36%), Industrial Equipment (14.56%), Automobiles (11.56%), Technology and Telecommunications (4.96%) and Agricultural Machinery (0.44%).

f) Bapro Mandatos y Negocios S.A. – Fiduciary Activities

Bapro Mandatos y Negocios S.A. is a company specialized in the structuring and management of trusts, with an active participation in the market. During fiscal year 2015, and in line with the profile defined by the Board of Directors as regards the business direction of Provincia Mandatos, the Company tried to consolidate its relationship with municipal and provincial public agencies, both in trusts already created and in new projects under analysis and assessment. The convenience of the tool offered and managed by the Company was taken into account, in light of the results obtained in those trusts already created.

In 2015, the following trusts were structured and developed:

- Fideicomiso Olivícola (Olive-related Trust): it is designed to provide a tool for financing the olive crop expenses during the campaign, through contributions from local producers and public entities, guaranteed by purchase/sale agreements entered into with oil and exporting companies;
- Fideicomiso FIDBA Distribuidoras (FIDBA Distributors Trust): it is oriented to finance and promote investments in energy distribution, thus channeling the National Government contributions under the Energy Convergence Plan;
- Fondo Fiduciario Salar del Hombre Muerto ("Salar del Hombre Muerto" Trust Fund): it derives from an agreement between the Province of Catamarca and a mining company, through which contributions made by this company are channeled to basic infrastructure works in the area where the mining project has been implemented;
- Fideicomiso Zona Franca (Free Trade Zone Trust): it derives from a provincial Order providing for contributions to infrastructure works in La Plata Free Trade Zone; and
- Fideicomiso Cordón Andino ("Cordón Andino" Trust Fund): it is designed to raise funds from the sale of the production of a winery consortium under a project of joint and direct marketing from producer to consumer.

At a municipal level, those trusts implemented together with the Municipality of Moreno continued successfully, and the Company actively worked on new projects, mainly related to municipal infrastructure and the required financing.

Taking into account the projections timely made and considering the Company's needs and possibilities, the acquisition of Provincia Mandatos' offices was completed.

Like in previous years, the Company did not resort to external financing and carried out its activities with own funds. The investment of financial excesses became an additional funding source which accounted for 4.58% of total income in 2014.

g) Bapro Medios de Pagos S.A.

Bapro Medios de Pago S.A. (Provincia NET) is the technology company of Grupo Banco Provincia, designed to provide specific solutions to the public and private sectors through three business units: Collection System, Technology and Networks and Call Center.

The strategy was oriented towards the brand installation in the technological market and the strengthening of Non-banking Collection and Call Center segments. In this regard, a key structure of strategic alliances with significant international IT players was consolidated. To that end, important and comprehensive agreements were entered into with top tech companies such as Oracle, SAP, Microsoft, British Telecom, Cisco and Algar Tech, among others. With respect to investment and development, as from April, the Company started the implementation of a project to unify and change the collection system (Punta de Caja). The project is intended to simplify cash desk operations under a unique and common solution for all entities, thus sharing the business conception without taking into account the payment channel used by customers (cash, web, mobile phone, etc.).

During 2015, the Company recorded a turnover of \$1,137.2 million (an annual 29% increase). Despite the allocation of funds for capital investments, financial income amounted to \$66.3 million, 26% over 2014. At year end, Bapro Medios de Pago S.A. recorded a net income/(loss) before taxes of \$2.71 million.

The main contract in the technology sector (agreement with the Provincial Institute of Lotteries and Casinos – Instituto de Loterías y Casinos de la Provincia de Buenos Aires) provided for the annual and gradual reduction of the amount received to finance the technological unit start up and those projects oriented to strengthen the provincial government in critical areas. This measure would derive in a fall in income from this service.



Banking
collection

Non-banking Collection System

In line with a reorganization business plan, during 2015 the Company took actions to improve the model margins on the basis of three pillars: 1. Increase in the collection network; 2. Negotiation of rates with the public sector (provincial and municipal taxes); and 3. Optimization of direct operational costs: armored transportation, security, human resources, inputs and logistics.

As a result of these actions, this business unit recorded income for \$305 million and gross profits for \$11 million. More than 76 million of vouchers were transacted via Provincia Net under the different methods offered: conventional payments (68 million); debit card payments (3.6 million), payment without invoice (2.8 million), cash withdrawal (1 million) and payment gateway (1 million).

As from the agreement signed with Prisma Medios de Pago S.A. (Visa Argentina), the debit payment service was optimized, thus enlarging the available banking institutions for Visa customers. Provincia NET, through the opening of more than 300 agencies and 12 Service Centers, has managed to consolidate as a referent in the market, creating competitive advantages in terms of collection methods and exclusivity in public sector's vouchers. Likewise, it continued automatizing collection in delegations and municipal buildings of the Province of Buenos Aires. With 176 collection agencies located throughout 46 municipalities and the collection agreements with 130 municipalities, the Company received a total of \$2,900 million on account of collection services, thus stressing the network importance in the sector. In relation to the expansion plan of collection agencies, twelve Service Centers were opened in key areas. To fulfill the social role assumed together with the Bank, new social plans began to be paid in Florencia Varela model center, as a pilot testing.

A rate renegotiation plan was launched. This included the rates paid by Banco Provincia, with the purpose of facing the increase in costs recorded by the business segment. Annual turnover grew by 30% while the average income per transaction rose by 38%.

Bapro Medios de Pago S.A. was designated as the centralized collection entity for the Office of Vital Records, so it managed and centralized funds for \$861.4 million. To optimize collection and offer a dynamic and safe service during 24 hours a day, 365 days a year, an agreement was entered into with the Argentine Migration Office to receive reciprocity fee payments with credit card and via the web page of Provincia Net.

Call Center

This business segment recorded income for more than \$73 million, 40% over 2014. With respect to gross profits, it exceeded five times 2014 figures, totaling \$5 million. This situation derived from a plan to update rates (which also included those rates paid by Banco Provincia) and from increases in salaries resulting from employers and employees agreements.

To strengthen the synergy among Grupo Provincia companies, solutions to Provincia Seguros, Provincia ART and Provincia Leasing as well as to Provincia Microempresas and the Bank have been provided. Teleoperation services have been rendered to other customers such as Sony, Nación Servicios, ATOS, SACIT-BA, Podios and Best Sale. Mention should be made that all such services have been awarded ISO certifications.

Likewise, the following actions have been taken: creation of the Quality, Training and Workforce areas; implementation of coaching plans, manuals and reports to track goals; investment in technological upgrades; improvements in measurement procedures; staffing processes; training investments and incentive programs.

Technological Projects

Even though this segment is under the startup process, it shows a continuous growth and, during 2015, this Business Unit posted profits for \$189 million, 26% over 2014.

In addition to the services rendered to the Institute of Lotteries and Casinos regarding the management, integration, administration and operation of a system to capture data online, and in real-time, during 2015 a Business Intelligence solution which provides significant information on business management was sold to such institute. Moreover, a platform was developed to run the "streaming" system through the "on demand" application. Such platform allows the visualization of the audiovisual content included in the company's Web site (www.netlivetv.com). Those videos may be displayed in computers, tablets and mobile phones, thus offering a user-friendly experience in different devices.



**Technological
Projects**

h) Buenos Aires Desarrollo S.A.

During 2015, BA Desarrollo S.A. continued showing a dynamic participation in Grupo Provincia companies, providing macroeconomic advisory services and offering risk analysis to both individuals and companies seeking financing through Provincia Leasing S.A. It had a permanent presence in the Risk Committee.

At the same time, the Company continued performing the tasks entrusted by the Board of Directors of Grupo Provincia S.A. in its role as trader of products and services for Provincia Seguros, Provincia ART, Provincia Leasing, Provincia Vida and Provincia Pagos-NET. It coordinated and managed the commercial offices located in the interior of the country, introducing and consolidating the institutional image and sale points, defining business policies and tracking commercial targets. Moreover, a commercial representatives' network of Buenos Aires Desarrollo S.A was implemented in most of the offices located in the interior of the country. They are in charge of coordinating commercial actions with the representatives of Provincia Seguros and Provincia ART, positioning the companies and carrying out transactions for Provincia Leasing and Provincia Vida, through the adoption of specific actions in each market, also providing pre and post-sale services.

As executing body, the Company performed different activities. It continued performing tasks in order to launch different investment projects. Likewise, the Company entered into an agreement with Provincia ART S.A. to manage infrastructure. Provincia ART appointed BA Desarrollo to carry out the direction and administration of infrastructure works in the offices located in the interior of the country and the Province of Buenos Aires. In this context, an office of 500 square meters in the city of Mendoza was remodeled. BA Desarrollo S.A. was designated as trustee of the FITBA II Trust Fund (Fondo Fiduciario para la Inversión en Transmisión en la Provincia de Buenos Aires II). In the FITBA II trust agreement, this company was appointed as trustee. Under the agreement, external financing from the Brazil Development Bank will be obtained, subject to the fulfillment of certain conditions.

i) Provincia Bursátil S.A. - Brokerage House

The Company's main activity is to perform brokerage transactions (offer/demand) involving fixed-income/equity securities and financial derivatives and to carry out the other transactions specified in Law No. 26831, Executive Order No. 1020/2013, the 2013 consolidated text of the CNV General Resolutions and rules, the By-laws, the Internal and Operative Regulations and other communications issued by the Mercado de Valores de Buenos Aires S.A. The Company acts on behalf of principals (natural, artificial persons and governmental agencies, whether national, provincial or municipal). It carries out its brokerage activities with own funds, under the same operative mechanisms. Transactions are carried out at the concurrence market (electronic and floor trading) and also in the Bilateral Negotiation Segment.

The Company's equity structure is the following: Grupo Banco Provincia S.A. (company controlled by Banco de la Provincia de Buenos Aires), 95%; Banco de la Provincia de Buenos Aires, 4%; and Retirement and Pension Fund for Banco de la Provincia de Buenos Aires, 1%.

During 2015, the lack of tradable products in the stock exchange sector continued. This situation together with the absence of tax incentives for investing in capital stock assets entailed a clear lack of interest in tradable assets by both local and international investment vehicles. There was a significant increase in the issuance of the so called "inciso k" securities (productive investments) as well as of public sector issuances with low or null return for trading agents.

During 2015, the CNV continued implementing the regulation of the new law and some requirements were extended. This entailed the interconnection of a federal market so as to achieve a fluid information exchange, greater openness, participation and inclusion, higher transparency under the control, regulation and supervision of the national Securities Commission, thus encouraging the adoption of corporate government guidelines for market intermediaries, eliminating self-regulation procedures and implementing the demutualization process and a new registry of companies with new categories of agents. Such implementation involved a change in the economic and financial equation of intermediaries, temporarily modifying the structure of income/-cost, (mainly those of a regulatory nature), which must be offset in the medium term with a greater volume of transactions.

The new strategy adopted by the Company has demanded more professionalism from its members, adapting the existing structures to the new regulatory requirements imposed by the control authority. This meant a greater effort in terms of customer attraction through the IT tools developed by Banco de la Provincia de Buenos Aires (BIP system). Among them, the remote opening of custody accounts, the advice offered through the BIP platform, the channeling of orders and, in a future stage, the direct debit to the account held with the Bank for further credit to the Company's account must be stressed. Likewise, it provides on-line daily information to principals and weekly and monthly advice and supervision on their accounts.

From a business viewpoint, the Company continued building its strategy in the search of alternative segments, mainly focusing on the primary placement of financial trusts, Suppliers' Bonds and Bonds under Provincial Law No. 14315. Together with the Bank's Investment Unit and the Provincial Ministry of Economy, the Company devoted specially to the placement of the Treasury Bill Program launched by the Province of Buenos Aires.

The relationship with institutional customers intensified, particularly with social security funds for professionals of Buenos Aires and other provinces. This situation resulted in the diversification and increase of the transactions entrusted to the Company. New individual customers and mutual fund managing companies with a non-bank depository institution were also added. Due to changes in primary placements from the public and private sectors, a reduction was observed in income from fees.

Through Provinfondos S.A., collective investment products included in the mutual funds segment kept on expanding, adjusting the offer of instruments to the real demand of assets by customers, mainly institutional ones.

j) Provinfondos S.A. - Manager of Collective Investment Products (former Mutual Fund Managing Company).

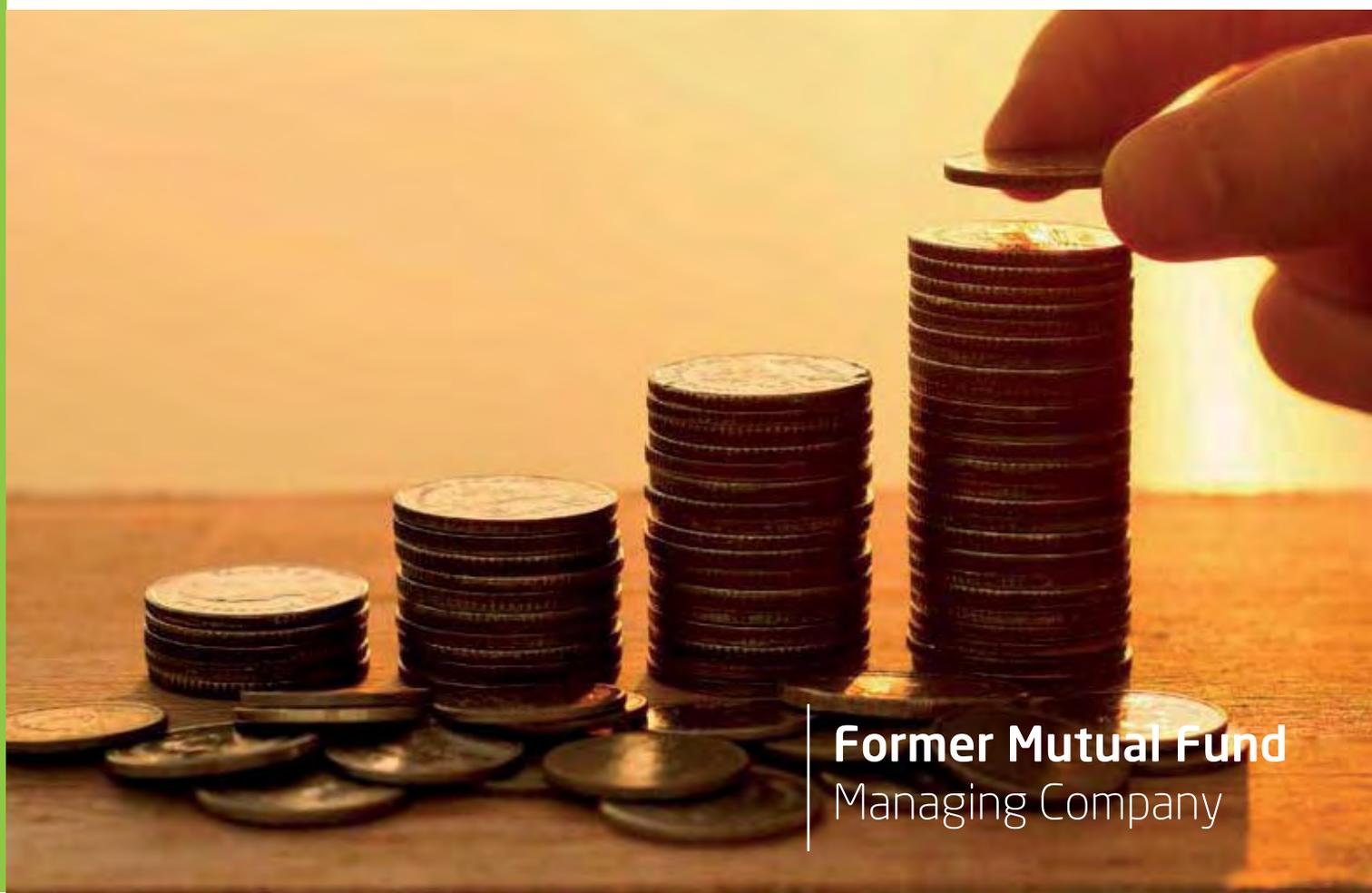
The Company's main activity is to manage the portfolio of mutual funds, acting as Manager of Collective Investment Product (former Mutual Fund Managing Company). Banco de la Provincia de Buenos Aires acts as Custodian of Collective Investment Products (former Mutual Fund Depository Company) pursuant to Law No. 24083.

The equity structure of Provinfondos is the following: Provincia Bursátil S.A. 90% and Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel 10%.

The equity of mutual funds managed by Provincia Fondos dropped 1.8% during 2015. As of December, such equity totaled \$1,207 million, while in the same month of 2014 it had amounted to \$1,229 million.

With respect to mutual fund marketing activities, a training round for the different points of sale and working meetings with branch and regional managers were held. Likewise, those centers and branches with higher yields were recognized.

In 2015, Mutual Funds transactions continued migrating towards electronic banking, amounting to \$1,587 million in subscriptions and redemptions, while in 2014, such amount had totaled 467 million.



Former Mutual Fund
Managing Company



5

**Corporate
communication**

5 | Corporate communication

Corporate identity guides the strategic decisions and reflects the Bank's foundational values. Within this framework, the activities carried out by the Corporate Communication Unit help bringing the Bank closer to both existing and potential customers.

Together with other Bank's areas, the Corporate Communication Unit maintained an active institutional, advertising and commercial presence in important exhibitions, fairs and congresses held in different cultural and productive sectors of the province and city of Buenos Aires.

In 2015, the Bank participated in different business meetings with existing and potential customers. This allowed the Bank's repositioning in the new investment scenario and strengthened its lending role in industrial provincial areas. These meetings were aimed at offering the Bank's products and services and their pertinent updating to provincial entrepreneurs/customers. In this sense, the Bank convened different areas, local managers and heads from Regional Centers to participate and share their experience.

Several institutional events took place, such as the "Journalist's Day" celebration, the employee award ceremony and the Network Management Meeting. The Bank organized the "Banco Provincia Golf Trophy". It also ratified its institutional presence by participating in over 106 celebrations, popular festivals, cultural/sports events, fairs and auction sales carried out throughout the province. Loyalty campaigns were launched, standing out: Mother's Day, Points Exchange Stands in shopping malls; VIP tickets for football and rugby matches at the Estadio Único de La Plata Stadium; tickets for Luciano Pereyra and Buena Vista Social Club concerts and for Violeta Live Show at Tecnópolis theme park.



Advertising Presence, Press and Social Networks

Advertising campaigns have focused on credit and debit card benefits, new functionalities offered by the BIP service, BIP Móvil and Consumer Loans.

Tasks inherent in institutional and advertising activities have been intensified through Twitter and Facebook accounts with the clear goal of building customer loyalty.

In 2015, the Bank had an active presence in the media through different advertising campaigns, involving: consumer, productive investment and working capital loans, branch refurbishing, BIP and BIP Móvil platforms. Promotional campaigns were also launched related to the Procampo card, The Magi, Summer 2015, Saint Valentine's Day, Women's Day, Father's Day, Children's Day, Mother's Day, Friend's Day, Expoagro (agricultural exhibition), Holy Week, Book Fair; Banco Provincia's Anniversary, Christmas/ New Year and Long Weekends.



Corporate Social Responsibility

The Bank has participated in solidarity actions with TECHO (non-profit organization). It has financed 15 emergency housing for families in extreme poverty. Almost 90 employees voluntarily participated in the construction of such houses.

A credit card e-statement service for customers was implemented in order to save paper and conserve the environment.





6 | **Institutional
Governance**

6 | Institutional Governance

By Resolution No. 1334/12 issued by the Bank's Board of Directors, the Institutional Governance Code was created pursuant to the guidelines on Corporate Governance for Financial Institutions. Said Code is regularly reviewed and updated. Through Resolution No. 370/15 dated March 19, 2015, the Board of Directors approved the latest updating. Thus, Banco Provincia is in line with good governance practices, involving all its staff members, disclosing the way in which the Board of Directors and the General Management perform their duties and business activities and designing an organizational structure in proportion to the size, complexity, economic importance and risk profile of the Bank and its group of companies.

The Institutional Governance, Ethics and Compliance Committee, which was created through Board of Director's Resolution No. 819/12, is in charge of reviewing and recommending the approval of institutional governance, ethics and compliance policies and of the systems that ensure that the Bank has the adequate tools for appropriate decision-making and compliance with regulations. In its 2015 meeting, this Committee asserted that the Institutional Governance Code implemented by the Bank fits its profile, complexity and importance.

In light of the foregoing and according to the Bank's Transparency Policy, the Institutional Governance Code is publicly available on the Bank's website: www.bancoprovincia.com.ar/institucional.



7 | **2016 Scenario
and Strategies**

7

2016 Scenario and Strategies

A small improvement and a greater global expansion are forecasted for the international scenario in a context in which the different prospects for advanced and emerging economies are maintained. Particularly, emerging economies shall face new challenges within a framework of rising global interest rates and falling raw materials prices. This may cause a new adjustment of relative prices and an expansion smaller than expected. Brazil, our main trade partner, would face deterioration in its activity level for a second consecutive year.

In this scenario, the market consensus expects no growth in the 2016 activity level since the decline in the Gross Domestic Product (GDP) for the first half of the year will be almost neutralized by the forecasted recovery in the second half of 2016. Likewise, monetary and fiscal austerity policies to be adopted by the new Government, would fuel a 3.3% growth in 2017 with a slow improvement in investment due to the recovery of investors' confidence.

In this renewed context, the Bank will seek to meet both producers' and customer's needs, without changing its comprehensive lending policy. This strategy will satisfy families' needs and provide financial assistance to the whole productive sector, focusing mainly on MiSMEs.

Capital improvement is still one of the major challenges faced by the Bank. At the end of 2015, the netted capital/assets ratio was 6.7%. As a result, the Bank ranked 3rd and 6th in terms of Assets and Net Worth, respectively. In August 2015, the Bank submitted to the BCRA a Compliance Schedule for the 2015-2018 period aimed at achieving self-capitalization through the generation of earnings and its inclusion in the prudential regulations in force. The maintenance of the exemptions contemplated in Resolution No. 92/11 and additional exemptions were also requested. The plan envisaged the receipt of bonds for the settlement of debts pursuant to an agreement signed by the Province of Buenos Aires and the Bank in 2012 and Bonds of the Province of Buenos Aires for the settlement of advances made by the Bank to the Retirement and Pension Fund for Banco de la Provincia Personnel in September and October 2015.

Due to the failure to receipt the above bonds and taking into account the impact on the Bank's Balance Sheet, on December 3, 2015, the BCRA requested the Bank to justify any deviations and submit a new plan including them. The Bank explained such deviations and informed that, after taking office the new authorities, it would submit a new projection. It is really prudent to wait for the decision of the Legislature on the debt owed by the Province of Buenos Aires to the Bank. Upon such resolution, the Bank will prepare a new Plan in order to avoid significant deviations in the short term.

Expenditure estimates were calculated according to the established policies on the rendering of services and incorporation of assets, ensuring the Bank's self-financing and capitalization and assuming a permanent and temporary staff of 9,913 and 684 employees, respectively. The Bank's Expenditure and Revenue Budget for the 2016 fiscal year, included in the Provincial General Budget Law No. 14807, was fixed at \$16,477.77 million.

Therefore, there follow 2016 main targets:

- Through the Agricultural Banking channel, new agreements are expected to be signed with the Province and the National Ministry of Agro-industry. New functionalities will be developed as regards the Procampo card so as to offer better benefits to the Bank's customers and improve its positioning and business profitability. At the same time, electronic channels and software applications will be enhanced to promote the availability of products and services.
- In relation to SMEs, the proposed lines of action forecast a 40% growth in terms of loans, totaling \$20,000 million the amount to be granted; 12 "Espacio Provincia" premises will be opened.
- In the corporate segment, synergies with the different Business Units and Regional Centers are expected. The Bank will keep an active policy to attract new customers and improve value chains located in the Province. This action is aimed at financing productive projects to sectors requiring labor force and generating added value.
- New financial products specially designed for low income sectors will be offered to Micro-companies, thus allowing their financial inclusion. Provincia Microempresas plans to open 10 new branches. This will foster the inclusion of micro-entrepreneurs in different location of the Province.
- With respect to credit facilities, the Bank will review its lending guidelines so as to offer new mortgage loans considering the expected regulatory changes. For that purpose, the Bank will create a competitive product with flexible components (interest rate and terms) to facilitate access and satisfy housing needs. Moreover, it will launch investment facilities destined to specific productive sectors featured with pro-cyclical and/or counter-cyclical components, as may be required. The Bank will also consider the potential changes in regulations, economic policies, competition and niches which, in line with the upcoming changes, are likely to offer more profitability. To improve income from services, priority will be given to those commercial tools with low implementation costs and high profitability margins. The Bank will seek to make all its products more profitable. The scheme to build customer loyalty will ease the continuous offering of diversified products with the joint support of Grupo Provincia's companies. A constant use of debit/credit cards and other devices is expected, thus reducing the use of cash. The projected commercial policy will allow the Bank to migrate to a virtual environment so as to compete with the other banking institutions.
- The Bank will work together with the Housing Institute (Instituto de la Vivienda) and the Profide trust fund to provide financial assistance to Municipalities included in the "Buenos Aires Hogar" Program through mortgage loans for the purchase of sole family houses of permanent occupancy.
- With respect to the public sector, the social plan payment process will be improved through alternative instruments designed to promote social inclusion. At the same time, plans to reduce the collection of taxes and services at cash desks will be intensified, stimulating customers to make use of electronic tools.

- The 2016 challenge is to keep on increasing Internet Banking transactions through promotional actions to consolidate BIP Móvil so as to increase the number of users by 50% p.a. Thus 10% of BIP transactions would be made through this channel. In 2016, the number of BIP users is expected to reach one million, including individuals, companies, etc.
- To consolidate the Bank's position among the top 10 financial institutions in terms of imports and exports is the major foreign trade goal. For that purpose, a new integral management and administration system will be implemented, a Foreign Trade Web Module will be developed and the regionalization and marketing of foreign trade services will be promoted.
- The Bank's plan envisages relocations mainly in districts of the Greater Buenos Aires with large population and significant demand for financial services. Moreover, a new customer service channel focused on treasury services will be created. This channel will be destined to those business segments with huge operative workload and limited possibilities of commercial development. Almost, 140 new ATMs will be installed and about 1,000 additional safe security boxes will be offered.
- The 2016 business plan has been designed considering the expected growth in the private sector balances in local currency, in terms of deposits and loans. The plan is intended to improve broad liquidity levels so as to support the Bank's lending policy, optimizing funding cost to increase profitability.
- One of the Bank's main objectives for 2016 is to continue developing the Investment Banking, acting as arranger and manager of public and private sector debt issues at national and international levels. At the same time, it will work on an own Global Program for the issuance of debt securities in the domestic capital markets. This will enable the Bank to diversify funding sources, obtain medium and long term financing and broaden the supply of financial products to its customers. Quality Management Systems (SGC) will be implemented, as required by the ISO 9001:2015 Regulation, in processes related to the Bank's role as Custodian of Collective Investment Products (AC PIC). The Bank will encourage the purchase and sale of securities through electronic channels and the updating of the system to be used for the custody of Securities and Collective Investment Products (PIC).
- In terms of financial businesses, the process of recruiting financial officers in Regional Centers will be completed. The Bank will continue introducing contents and functionalities to the Investment Unit application and participating in the preparation of debt instruments of different municipalities and other provinces.
- With respect to the human resources policy, the Bank will develop and implement the Staff Recruiting Plan, maintaining training actions oriented to optimize customer service quality.
- The 2016-2019 IT strategic guidelines are oriented to: i) focus the business model on costumers, ii) manage information as a competitive advantage, iii) intensify channel strategy, iv) simplify operative models, and v) migrate towards digital banking, moving forward to an omnichannel strategy.

- The Bank will continue complying with the prevailing regulations and conducting a proper risk management. Moreover, it intends to consolidate the Risk Datamart system by collecting more information through the Datawarehouse, obtain a performance score for the consumer portfolio and develop a rating for the commercial portfolio.
- In terms of maintenance and equipment, Banco Provincia will continue with the integral refurbishment plan of its branches, Head Office, Annex buildings, Home Office (La Plata) and Mar del Plata Department Management according to the Bicentennial Works Plan. The remodeling rate (30 Business Units/year) is expected to be increased.
- The 2016 corporate communication actions will be addressed to improve the Bank's profitability through the promotion of several commercial products. Likewise, communications will be intensified through the use of new technologies, and institutional social actions will be deepened.

