Banco CMF S.A.

Consolidated financial statements as of December 31, 2018, jointly with the Independent Auditors' Report and the Statutory Audit Committee's Report

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CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

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JOSÉ A. BENEGAS LYNCH
Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

ASSETS	Notes	12/31/2018	12/31/2017	12/31/2016
Cash and deposits with banks		**5,383,105**	**3,097,956**	**2,854,891**
– Cash		62,842	34,864	33,746
– Financial institutions and correspondents		5,320,263	3,063,092	2,821,145
- Central Bank of Argentina (BCRA)		2,211,640	1,177,268	980,549
- Other Local and Foreign Entities		3,108,623	1,885,824	1,840,596
Debt securities at fair value through profit or loss		644,034	657,622	303,796
Derivative Financial Instruments	8	196,903	77,256	12,290
Repo transactions	4	291,622	153,094	-
Other financial assets		564,738	1,451,510	635,501
Loans and other financing		5,430,456	4,885,340	3,699,181
– BCRA		-	-	-
– Other financial institutions		124,710	87,284	150,459
– Non Financial Private Sector and Foreign Residents		5,305,746	4,798,056	3,548,722
Subtotal Debt securities		**2,742,097**	**915,439**	**298,312**
Financial assets delivered as guarantee	**5**	**118,513**	**179,179**	**335,901**
Current income tax assets	**14**	**481**	**32,637**	**23,453**
Investments in equity instruments		**463**	**2,029**	**37,351**
Investments in subsidiaries		**5,282**	**2,278**	**1,787**
Property, Plant and Equipment	**10**	**329,417**	**327,188**	**332,633**
Intangible Assets		**740**	**1,199**	**1,946**
Deferred Income Tax Assets	**14**	**-**	**-**	**-**
Other Non financial Assets		**114,961**	**100,857**	**103,822**
TOTAL ASSETS		**15,822,812**	**11,883,584**	**8,640,864**

JOSÉ A. BENEGAS LYNCH
Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

LIABILITIES	Notes	12/31/2018	12/31/2017	12/31/2016
Deposits		**10,176,082**	**6,215,835**	**4,117,568**
– Non Financial Public Sector		-	-	-
– Financial Sector		672	970	1,194
– Non Financial Private Sector and Foreign Residents		10,175,410	6,214,865	4,116,374
Liabilities at fair value through profit or loss		**115,585**	**452,981**	**686,034**
Derivative Financial Instruments	**8**	**37,112**	**8,261**	**2,423**
Repo transactions	**4**	**-**	**370,545**	**559,704**
Other financial liabilities		**809,337**	**1,358,752**	**436,613**
Financing received from financial institutions		**1,534,235**	**1,140,275**	**520,718**
Corporate bonds issued	**30**	**602,833**	**756,955**	**770,733**
Current income tax liabilities	**14**	**116,473**	**15,149**	**1,561**
Deferred income tax liabilities, net	**14**	**20,672**	**36,951**	**65,644**
Other nonfinancial liabilities		**236,368**	**138,672**	**147,279**
TOTAL LIABILITIES		**13,648,697**	**10,494,376**	**7,308,277**
SHAREHOLDERS' EQUITY				
Capital stock	**22**	323,900	323,900	323,900
Earnings Reserved		758,659	617,911	239,401
Unappropriated Retained Earnings		150,289	235,285	254,639
Other accumulated comprehensive income		613,545	80,717	-
Net Income for the fiscal year		315,849	124,758	509,150
Net Shareholders’ Equity attributable to the owners of parent company		**2,162,242**	**1,382,571**	**1,327,090**
Net Shareholders’ Equity attributable to non-controlling interests		**11,873**	**6,637**	**5,497**
TOTAL SHAREHOLDERS’ EQUITY		**2,174,115**	**1,389,208**	**1,332,587**

The accompanying notes 1 through 36 and exhibits A, B, C, D, F, H, I, L, P, Q and R are an integral part of these consolidated financial statements.

JOSÉ A. BENEGAS LYNCH
Chairman

CONSOLIDATED STATEMENTS OF INCOME
FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2018 AND 2017

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

STATEMENTS OF INCOME	**Notes**	**Accumulated as of 12/31/18**	**Accumulated as of 12/31/17**
Interest income		2,707,885	1,080,053
Interest expense		(1,457,144)	(557,486)
Interest income, net		**1,250,741**	**522,567**
Commission income		130,770	130,340
Commission expense		(1,485)	(2,523)
Commission income, net		**129,285**	**127,817**
Net gain on financial instruments at fair value through profit or loss		220,857	75,372
Foreign exchange difference	**15**	(176,928)	(12,474)
Other operating profit	**16**	116,540	73,615
Loan loss provision		(213,592)	(79,927)
Net operating profit		**1,326,903**	**706,970**
Employee benefits	**11**	(351,989)	(248,353)
Administrative expenses	**17**	(303,038)	(217,956)
Depreciation and amortization of assets		(20,646)	(13,678)
Other operating expenses	**18**	(201,185)	(101,108)
Operating profit		**450,045**	**125,875**
Gain on investments in associates and joint ventures		694	178
Profit from continuing operations before income tax		**450,739**	**126,053**
Income tax on continuing operations		(134,393)	(653)
NET PROFIT FOR THE YEAR		**316,346**	**125,400**
Net profit for the year attributable to the parent company's owners		315,849	124,758
Net profit for the year attributable to non controlling interest		497	642

The accompanying notes 1 through 36 and exhibits A, B, C, D, F, H, I, L, P, Q and R are an integral part of these consolidated financial statements.

JOSÉ A. BENEGAS LYNCH
Chairman

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 AND 2017

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

STATEMENTS OF OTHER COMPREHENSIVE INCOME	Retained earnings as of 12/31/2018	Retained earnings as of 12/31/2017
Net profit for the year	**316,346**	**125,400**
Foreign exchange differences on conversion of financial statements	538,210	81,532
Total other comprehensive income	**538,210**	**81,532**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**854,556**	**206,932**
Total comprehensive income attributable to the parent company's owners	848,677	205,475
Total comprehensive income attributable to non controlling interests	5,879	1,457

The accompanying notes 1 through 36 and exhibits A, B, C, D, F, H, I, L, P, Q and R are an integral part of these consolidated financial statements.

JOSÉ A. BENEGAS LYNCH
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	Capital stock	Other comprehensive income	Appropriated retained earnings					
Changes	**Acciones en circulación**	**Foreign exchange differences on conversion of financial statements**	**Legal reserve**	**Other reserve**	**Unappropriated retained earnings (accumulated losses)**	**Shareholders' equity of controlling interests as of 12/31/2018**	**Shareholders' Equity of non controlling interests as of 12/31/2018**	**Shareholders' Equity as of 12/31/2018**
Amount at the beginning of the fiscal year	**323,900**	**80,717**	**294,175**	**323,736**	**360,043**	**1,382,571**	**6,637**	**1,389,208**
– Distribution of unappropriated retained earnings approved by the Shareholders' Meeting of April 24, 2018								
- Reserves	-	-	41,950	98,798	(140,748)	-	-	-
- Cash dividends (1) (2)	-	-	-	-	(69,000)	(69,000)	(650)	(69,650)
– Net profit for the year	-	-	-	-	315,849	315,849	497	316,346
– Other comprehensive income	-	532,828	-	-	-	532,828	5,382	538,210
– Other changes	-	-	-	-	(6)	(6)	7	1
Amount at the end of the fiscal year	**323,900**	**613,545**	**336,125**	**422,534**	**466,138**	**2,162,242**	**11,873**	**2,174,115**

(1) On April 24, 2018, the Regular and Special Shareholders' Meeting approved the allocation of 69,000 to the payment of cash dividends. The BCRA authorized the distribution through a note dated July 6, 2018. On the same date, the Board of Directors decided to make them available to the shareholders.

(2) At the Regular and Special Shareholders' Meeting held on April 24, 2018, Metrocorp Valores approved the distribution of cash dividends for 65,000, which were paid on May 16, 2018.

The accompanying notes 1 through 36 and exhibits A, B, C, D, F, H, I, L, P, Q and R are an integral part of these consolidated financial statements.

JOSÉ A. BENEGAS LYNCH
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	Capital stock	Other comprehensive income	Appropriated retained earnings					
Changes	**Outstanding shares**	**Foreign exchange differences on conversion of financial statements**	**Legal reserve**	**Other reserve**	**Unappropriated retained earnings (accumulated losses)**	**Shareholders' Equity of controlling interests as of 12/31/2017**	**Shareholders' Equity of non controlling interests as of 12/31/2017**	**Shareholders' Equity as of 12/31/2017**
Amount at the beginning of the fiscal year	**323,900**	**-**	**239,401**	**-**	**763,789**	**1,327,090**	**5,497**	**1,332,587**
– Distribution of unappropriated retained earnings approved by the Shareholders' Meeting of April 04, 2017								
- Reserves	-	-	54,774	323,736	(378,510)	-	-	-
- Cash dividends (1) (2)	-	-	-	-	(150,000)	(150,000)	(310)	(150,310)
– Net profit for the year	-	-	-	-	124,758	124,758	642	125,400
– Other comprehensive income	-	80,717	-	-	-	80,717	815	81,532
– Other changes	-	-	-	-	6	6	(7)	(1)
Amount at the end of the fiscal year	**323,900**	**80,717**	**294,175**	**323,736**	**360,043**	**1,382,571**	**6,637**	**1,389,208**

(1) At the Regular and Special Shareholders' Meeting held on April 4, 2017, Metrocorp Valores approved the distribution of cash dividends for 31,000, which were paid on June 7, 2017.
(2) Through the Regular and Special Shareholders' Meeting held on April 4, 2017, BANCO CMF S.A. appointed 150,000 for a cash dividend distribution. El BCRA mediante nota de fecha 18 de julio de 2017, autorizó su distribución. The Board of Directors Meeting held on 19.07.17, decided to make these dividends available for shareholders on that date.

The accompanying notes 1 through 36 and exhibits A, B, C, D, F, H, I, L, P, Q and R are an integral part of these consolidated financial statements.

JOSÉ A. BENEGAS LYNCH
Chairman

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FISCAL YEARS ENDED AS OF DECEMBER 31, 2018, AND 2017

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	12/31/2018	**12/31/2017**
Profit for the year before income tax	**450,739**	**126,053**
Adjustments to determine cash flows provided by operating activities:		
Amortization, depreciation and impairment in value	20,646	13,678
Loan loss provision	213,592	79,927
Other adjustments	(679,761)	(218,517)
Increases/decreases from operating assets, net:		
Debt securities at fair value through profit or loss	462,599	(249,164)
Derivatives	233,079	(417,692)
Repo transactions	(121,332)	(22,492)
Loans and other financing		
Other financial institutions	(36,999)	63,419
Nonfinancial private sector and residents abroad	1,302,568	(230,537)
Subtotal debt securities	(1,257,958)	(839,560)
Financial assets delivered in guarantee	347,311	156,720
Investments in equity instruments	1,566	35,322
Other assets	363,331	(162,330)
Increases/decreases from operating liabilities, net:		
Deposits		
Non financial Public Sector	-	-
Financial Sector	(298)	(224)
Non financial Private Sector and Foreign Residents	3,020,694	1,822,260
Liabilities at fair value through profit or loss	(337,396)	(233,053)
Derivative Financial Instruments	28,851	5,838
Repo transactions	(484,705)	(280,058)
Other liabilities	(1,302,800)	356,515
Income tax payments	**(49,348)**	**(15,758)**
Total operating activities (A)	**2,174,379**	**(9,653)**

JOSÉ A. BENEGAS LYNCH
Chairman

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FISCAL YEARS ENDED AS OF DECEMBER 31, 2018 AND 2017 (contd.)

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	12/31/2018	12/31/2017
Cash flows provided by investing activities		
Payments:		
Purchase of property and bank premises, intangible assets and other assets	**(9,952)**	**(207,350)**
Purchase of liability or equity instruments issued by other institutions	**(3,004)**	**(491)**
Obtainment of control in subsidiaries or other businesses	**533,025**	**80,253**
Other payments related to investing activities	**15**	**108,320**
Total investing activities (B)	**520,084**	**(19,268)**
Cash flows provided by financing activities		
Payments:		
Dividends	(69,000)	(150,000)
Unsubordinated corporate bonds	**(447,612)**	**(126,916)**
Paid-in guarantees	**35**	**-**
Financing received from financial institutions in Argentina	**284,191**	**561,376**
Total financing activities (C)	**(232,386)**	**284,460**
Effect of changes in the exchange rate (D)	**(176,928)**	**(12,474)**
Total changes in cash flows		
Increase in cash and cash equivalents, net (A+B+C+D)	**2,285,149**	**243,065**
Cash and cash equivalents at beginning of year (Note 22)	**3,097,956**	**2,854,891**
Cash and cash equivalents at end of year (Note 22)	**5,383,105**	**3,097,956**

The accompanying notes 1 through 36 and exhibits A, B, C, D, F, H, I, L, P, Q and R are an integral part of these consolidated financial statements.

JOSÉ A. BENEGAS LYNCH
Chairman

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

1. GENERAL INFORMATION - BANCO CMF AND ITS SUBSIDIARIES

Banco CMF S.A. (the "Company") is a sociedad anónima (Argentine business association type akin to a stock corporation) duly organized under Argentine laws on June 21, 1978. Its duration term is 99 (ninety-nine) years, expiring in 2077 and may be extended. The current shareholders purchased the Bank in 1990. Subsequently, on April 10, 1996, through Resolution No. 208/96, and on May 5, 1996, through Communiqué "B" No. 6,010, the BCRA approved its transformation into a commercial bank. Finally, on March 23, 1999, through Communiqué "B", the BCRA approved the corporate name change and the adoption of the current corporate name, Banco CMF S.A.

Since it is a financial entity governed by Financial Institutions Law No. 21,526, it should meet BCRA provisions because it is its regulatory agency.

These financial statements comprise Banco CMF and its subsidiaries, which are made up of the following companies:

I. Metrocorp Valores S.A. is a company registered with the CNV (Argentine Securities Commission) as a comprehensive settlement, clearing and trading agent (ALyC y AN - Integral), and mutual funds placement and distribution agent (ACyDI FCI). This company engages in trading securities in Bolsas y Mercados Argentinos S.A. (BYMA) and Mercado a Término de Rosario (ROFEX), rendering services to the Bank and its customers, broadening the portfolio of products.

II. CMF Asset Management S.A.U. is a mutual fund managing companies registered with the CNV as a managing agent in charge of mutual funds collective investment products. It manages four mutual funds. These mutual funds are traded exclusively through the Bank, which, in turn, operates as a custodial agent of collective investment products.

III. Eurobanco Bank Ltd. is a financial entity located in Bahamas registered under a "Banking and Trust Business" license granted by the Ministry of Finance of The Commonwealth of the Bahamas and overseen by the Central Bank of Bahamas. Banco CMF S.A. controls 99% of the company. Its transactions mainly comprise the provision of treasury services to customers, corporate credits, credits secured by securities listed on international markets, order execution on account of customers for the purchase and sale of sovereign and corporate securities on the international market and the purchase and sale of sovereign and corporate securities on the international market with proprietary capital to make short-term investments for its own position, and custodial agent services. The source of financing is its own capital and deposit-taking. In addition, Eurobanco Bank Ltd. keeps a record with the Security Commission of The Bahamas (according to "Section 22 of Security Industry Act, 1999) as a Broker Dealer Class II (see exhibit IV(3)) to purchase and sell securities.

On March 8, 2019, the Board of Directors of Banco CMF S.A. approved the issuance of the accompanying consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS

Basis for preparation

Accounting standards applied

On February 12, 2014, the BCRA issued Communiqué "A" 5541 establishing the general guidelines for the process of convergence with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board), for preparing financial statements of the banks under its supervision for the fiscal years beginning on or after January 1, 2018, as well as the related interim periods.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Moreover, through BCRA Communiqué "A" No. 6114, the BCRA established specific guidelines within this convergence process, among which it was defined: (i) the temporary exception to the application of section 5.5 "Impairment in value" of IFRS 9 "Financial Instruments" (points 5(1) through B5.5.55) for fiscal years until those beginning as from January 1, 2020, and (ii) that in order to calculate the effective deposit and lending rates required for measurement purposes pursuant to IFRS 9, the effective interest rate of a group of financial assets or liabilities with similar application may be calculated globally. As of the date of the Bank's accompanying consolidated financial statements, the Bank is quantifying the effect of the application of section 5.5 "Impairment in value" mentioned in point (i) above. Finally, BCRA Communiqué "A" Nos. 6323 and 6324, as amended and supplemented, defined the minimum chart of accounts and the provisions applicable to the preparation and presentation of the financial statements of the financial institutions beginning on January 1, 2018, respectively.

As of December 31, 2018, the conditions for adjusting for inflation the Bank's consolidated financial statements for the year then ended according to IAS 29 "Financial Reporting in Hyperinflationary Economies" were met. However, due to reasons detailed under "Measuring unit" herein, banks cannot apply this standard temporarily.

These consolidated financial statements were prepared in accordance with the accounting framework established by the BCRA based on IFRS (BCRA Communiqué "A" 6114 and supplementary), subject to the exceptions mentioned in the previous paragraph. Considering these exceptions, the accounting framework comprises the standards and interpretations adopted by the IASB, which are:

- IFRS,
- International Accounting Standards (IAS) and
- the interpretations originated by the IFRS Interpretations Committee (IFRIC) or the former Standard Interpretations Committee (SIC).

In preparing these consolidated financial statements, the Bank and its subsidiaries considered the exceptions and exemptions provided for by IFRS 1 "First-time adoption of IFRS", and those which were applied are described in the section "First-time adoption of IFRS", in accordance with BCRA Communiqué "A" No. 6114 under note 3.

Until the fiscal year ended December 31, 2017, the Bank and its subsidiaries prepared their consolidated financial statements in accordance with the standards issued by the BCRA. The financial information on prior years, included in these consolidated financial statements for comparative purposes, has been modified and is presented in accordance with the basis described in the previous paragraphs. The effects of changes between professional accounting standards applied until the year ended December 31, 2017, and IFRS adopted by the BCRA through Communiqué "A" 6114 are explained in the reconciliations disclosed in note 3 "First-time adoption of IFRS" in accordance with BCRA Communiqué "A" No. 6114 under this note.

These accounting policies comply with the IFRS that are currently approved and applied in preparing the first IFRS annual consolidated financial statements in agreement with the IFRS adopted by the BCRA according to Communiqué "A" No. 6114, as amended and supplemented. In general, the BCRA does not allow for the early adoption of any IFRS, unless otherwise specified.

Figures stated in thousands of Argentine pesos

These consolidated financial statements disclose figures stated in thousands of Argentine pesos and are rounded up to the nearest amount in Argentine pesos, except when otherwise noted.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Presentation of the consolidated statement of financial position

The Bank files the consolidated statement of financial position in order of liquidity pursuant to the model established in BCRA Communiqué "A" 6324. The analysis referring to the recovery of assets and settlement of liabilities within the 12 months subsequent to the reporting date and over 12 months subsequent to the reporting date is disclosed in note 12.

Financial assets and liabilities are usually informed using gross amounts in the consolidated statement of financial position. These amounts are only offset and reported in net form when holding the legal and unconditional right to offset them and Management intends to settle those amounts on a net basis or to realize assets and settle liabilities simultaneously.

The accompanying consolidated financial statements were prepared on the basis of their historical amounts, except for the assets disclosed in note 19, which were valued at fair value.

Comparative information

These consolidated financial statements are presented comparatively with those of the prior fiscal year-end.

In addition, by application of IFRS 1 "First-Time Adoption of International Financial Reporting Standards", and considering that the accompanying financial statements are the first to be prepared under IFRS, the opening statement of financial position as of the transition date (December 31, 2016) is also included.

Measuring unit

IFRS require the restatement in functional currency of an entity's financial statements when the functional currency used is that of a hyperinflationary economy. To ensure consistency in identifying such an economic context, IAS 29 establishes (i) certain nonexclusive qualitative indicators, such as analyzing the behavior of the population, prices, interest rates and salaries considering the changes in the price indexes and the loss in the purchasing power of the currency, and (ii) a quantitative indicator –which is the condition mostly used in actual facts–, which consists in checking whether the cumulative inflation rate over three years approaches or exceeds 100%. Even though the general level of prices increased over the last few years in Argentina, the inflation rate accumulated over a three-year period remained below such percentage. However, due to different macroeconomic factors, the three-year inflation rate stood above 100% in 2018. Moreover, the Argentine government targets and other available projections show that this trend will not be reversed in the short term.

Consequently, the Argentine economy is currently considered hyperinflationary and the entities under the BCRA's control, which are required to apply the IFRS adopted through Communiqué "A" 6114 and which functional currency is the Argentine peso, should restate their financial statements. This restatement should be made as if the economy had always been hyperinflationary using a general price index that reflects the changes in the purchasing power of the currency. To make such restatement, a series of indexes prepared and published monthly by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences) will be used, which combine the Argentine consumer price index published by the INDEC (Argentine Institute of Statistics and Censuses) as from January 2018 (base month: December 2016) with the wholesale domestic price index published by the INDEC until that date, computing the changes in the consumer price index for the City of Buenos Aires for November and December 2015 since the INDEC published no information concerning the domestic wholesale price index for these months.

Considering this index, inflation stood at 47.64% and 24.79% for the years ended December 31, 2018, and 2017, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

However, as established in BCRA Communiqué "A" 6651, banks should start adopting the method for restating the financial statements into constant currency, as provided for by IAS 29, as from the years beginning January 1, 2020.

The lack of recognition of the changes in the general purchasing power of the currency in a hyperinflationary economy may distort the accounting information; therefore, this situation should be considered upon interpreting the information disclosed by the Bank in the financial statements on the financial position, results of operations and cash flows.

Below is a description of the main potential effects from implementing IAS 29:

(a) The financial statements should be adjusted to consider the changes in the purchasing power of the currency so that they are restated into the current measuring unit as of the end of the reporting period.

(b) In brief, the general restatement mechanism established in IAS 29 is the following:

(i) Monetary items (those with a fixed nominal value in local currency) will not be restated, as they are no longer stated in the constant currency as of the end of the reporting period. In an inflationary period, maintaining monetary assets will lose purchasing power and maintaining monetary liabilities will gain purchasing power, provided that these items are not subject to an adjustment mechanism that somehow offsets these effects. Net monetary gains or losses will be included in profit (loss) for the reporting period.

(ii) The assets and liabilities subject to adjustment based on specific agreements will be adjusted based on such arrangements.

(iii) Nonmonetary items measured at their current values as of the end of the reporting period will not be restated to be filed in the statement of financial position, but the adjustment process should be completed to determine the profit (loss) generated by holding these nonmonetary items in constant pesos.

(iv) The nonmonetary items measured at a historical cost or current cost of a date prior to the end of the reporting period will be restated by coefficients that reflect the changes in the general level of prices from the date of acquisition or revaluation until the closing date, and the restated amounts of these assets will then be compared to the recoverable values. The charges to profit for the period for the depreciation of property and bank premises and the amortization of intangible assets or any other consumption of nonmonetary assets will be determined based on the new restated amounts.

(v) When finance costs are capitalized under nonmonetary assets, the portion of these costs used to offset the creditor for inflation purposes will not be capitalized.

(vi) The restatement of nonmonetary assets in the current unit of measure as of the end of the reporting period with no equivalent adjustment for tax purposes gives rise to a taxable temporary difference and the recognition of a deferred tax liability which contra account is recognized in profit (loss) for the period. If, in addition to the restatement, nonmonetary assets are restated, the deferred tax amount related to the restatement is recognized in profit (loss) for the period and the deferred tax amount related to the revaluation (excess of value restated over the restated value) is recognized in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(vii) Expenses and revenues are restated as from their booking, except for (1) the statements of profit and loss accounts that reflect or include in their assessment the consumption of assets measured in the currency of purchasing power of a date prior to booking the consumption, which will be restated based on the date of origin of the asset related to the item, and (2) profit (loss) that arises from comparing two measurements stated in the currency of purchasing power of different dates, which requires identifying the amounts compared, restating them and comparing them separately using the restated amounts.

(viii) At the beginning of the first year of application of the restatement of the financial statements into constant currency, the components of equity, except for retained earnings (accumulated losses) are restated pursuant to IAS 29 and retained earnings (accumulated losses) are determined by difference once the remaining equity components are restated.

As of the date of issuance of these consolidated financial statements, the Bank has not quantified the potential effects of applying IAS 29, but it estimates that they will be material.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2018.

Subsidiaries are defined as any entity over which the Bank has control, which is evidenced by the simultaneous occurrence of the following elements:

- power over the subsidiary, which is related to the rights that give it the ability to direct the relevant activities, i.e., the activities that significantly affect the subsidiary's returns;
- Exposure, or rights, to variable returns from its involvement with the subsidiary, and
- Ability to use its power over the subsidiary to affect the amount of the subsidiary’s return.

This is generally evidenced by an equity interest involving more than half of the shares with voting rights.

However, under specific circumstances, the Bank can still exert control with less than 50% of its equity or may not exert control with more than 50% of a subsidiary’s shares. Upon assessing whether it has control over a subsidiary and, hence, controls its variable returns, the Bank considers all the important facts and circumstances, including:

- The purpose and design of the subsidiary.
- The significant activities, how decisions are made concerning these activities and whether the Bank may manage these activities.
- Contractual arrangements, such as purchase, sale and settlement rights.
- If the Bank is exposed to, or has rights over, variable returns of its equity in the subsidiary and it has the power to exert an influence over these returns.

Subsidiaries become wholly consolidated as from the date on which the effective control thereof is transferred to the Bank, and they are no longer consolidated as from the date on which such control ends. The consolidated statements include the assets, liabilities and profit (loss) of Banco CMF S.A. and its subsidiaries. The transactions between related entities are fully eliminated.

Profit (loss) and each component of the statement of comprehensive income are attributed to the parent company and to noncontrolling interests, even if the latter have negative balances as a result.

(Figures stated in thousands of Argentine pesos)

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The subsidiaries' financial statements were prepared as of the same dates and for the same accounting years as those of Banco CMF S.A, consistently using accounting policies similar to those used by the latter. If needed, the subsidiaries' financial statements are adjusted so that their accounting policies are consistent.

The Bank and its subsidiaries Metrocorp Valores S.A. and CMF Asset Management S.A.U., consider the Argentine peso as its functional and disclosure currency. To such end, before the consolidation, the financial statements of its subsidiary Eurobanco Bank Limited, originally issued in US dollars, were converted into Argentine pesos (disclosure currency) using the following method:

- The assets and liabilities were converted at the BCRA's benchmark interest rate effective for such foreign currency at the closing of operations of the last business day of the reporting period.
- Profits for the reporting period were converted into Argentine pesos every month using the BCRA’s average benchmark exchange rate.
- The resulting foreign exchange differences are booked as a separate component in shareholders’ equity in the statement of comprehensive income as “Foreign exchange differences on conversion of financial statements”.

Furthermore, noncontrolling interests are the portion of profit (loss) and shareholders’ equity that does not belong, either directly or indirectly, to the Bank. They are disclosed in these financial statements in a separate line in the statements of financial position, profit and loss, other comprehensive income and changes in shareholders’ equity.

As of December 31, 2018, 2017 and 2016, the Bank consolidated its financial statements with those of the following companies:

	Shares		% to		
Company	**Class**	**Number**	**Capital stock**	**Votes**	**Activity**
Metrocorp Valores S.A.	Common	6,491,430	99%	99%	Comprehensive settlement and clearing agent and trading agent, and mutual funds placement and distribution agent.
Eurobanco Bank Ltd.	Common	2,970,000	99%	99%	Financial institution
CMF Asset Management S.A.U.	Common	5,000,000	100%	100%	Managing agents in charge of collective investment products

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(Figures stated in thousands of Argentine pesos)

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The total amounts related to the assets, liabilities, shareholders' equity and profit (loss) of Banco CMF S.A and each of its subsidiaries as of December 31, 2018, are disclosed below:

As of 12/31/2018	Banco CMF	Metrocorp Valores	Eurobanco	CMF Asset	Deletions	Consolidated
Assets	12,824,882	561,828	3,825,052	46,714	(1,435,664)	15,822,812
Liabilities	(10,662,640)	(449,440)	(2,750,292)	(13,150)	226,825	(13,648,697)
Shareholders' equity attributable to the parent company's owners	2,162,242	111,264	1,064,011	33,564	(1,208,839)	2,162,242
Shareholders' equity attributable to noncontrolling interests	-	1,124	10,749	-	-	11,873
Net profit (loss) for the period	315,849	43,560	6,677	27,194	(76,934)	316,346
Total other comprehensive income (loss)	532,828	-	538,210	-	(532,828)	538,210
Total comprehensive income attributable to the parent company's owners	848,677	43,130	539,438	27,194	(609,762)	848,677
Total comprehensive income attributable to noncontrolling interests	-	430	5,449	-	-	5,879

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2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

As of 12/31/2017	Banco CMF	Metrocorp Valores	Eurobanco	CMF Asset	Deletions	Consolidated
Assets	9,234,690	436,790	3,162,769	8,813	(959,478)	11,883,584
Liabilities	(7,852,119)	(302,958)	(2,632,896)	(2,443)	296,040	(10,494,376)
Shareholders' equity attributable to the parent company's owners	1,382,571	132,494	524,574	6,370	(663,438)	1,382,571
Shareholders' equity attributable to non controlling interests	-	1,338	5,299	-	-	6,637
Net profit (loss) for the period	124,758	41,594	22,622	1,370	(64,944)	125,400
Total other comprehensive income (loss)	80,717	-	81,532	-	(80,717)	81,532
Total comprehensive income attributable to the parent company's owners	205,475	41,178	103,112	1,370	(145,661)	205,475
Total comprehensive income attributable to noncontrolling interests	-	416	1,042	-	-	1,457

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2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

As of 12/31/16	Banco CMF	Metrocorp Valores	Eurobanco	CMF Asset	Deletions	Consolidated
Assets	6,285,262	352,562	2,606,925	5,323	(609,208)	8,640,864
Liabilities	(4,958,171)	(228,543)	(2,181,207)	(323)	59,967	(7,308,277)
Shareholders' equity attributable to the parent company's owners	1,327,091	122,778	421,462	5,000	(549,241)	1,327,090
Shareholders' equity attributable to noncontrolling interests	-	1,241	4,256	-	-	5,497

The Bank's Management considers that there are no other entities or structured entities that should be included in the consolidated financial statements as of December 31, 2018, 2017 and 2016.

Summary of significant accounting policies

Below are disclosed the main valuation and disclosure methods followed in the preparation of these consolidated financial statements as of December 31, 2018, and 2017, were.

Assets and liabilities in foreign currency

The Bank and its subsidiaries consider the Argentine peso as its functional and disclosure currency. Assets and liabilities denominated in foreign currency, basically in US dollars, have been valued at BCRA's benchmark exchange rate effective for the US dollar at the closing of operations of the last business day of each fiscal year.

In addition, assets and liabilities denominated in other foreign currencies were converted at the exchange rates published by the BCRA. Foreign exchange differences were charged to profit (loss) for each year under "Differences in quoted prices of gold and foreign currency".

Financial instruments

Initial recognition and measurement

The Bank recognizes a financial instrument when it becomes a party to its contractual clauses.

Purchases or sales of financial assets requiring the delivery of assets within the term generally established by regulations or market conditions are booked on the transaction negotiation date, i.e. on the date when the Bank and its subsidiaries agree to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

In the initial recognition, financial assets or liabilities were recorded at their fair values. Those financial assets or liabilities that are not booked at fair value through profit or loss were booked at fair value adjusted by the transaction costs that were directly attributable to their purchase or issuance.

Upon initial recognition, the fair value of a financial instrument is normally the transaction price. However, if part of the consideration delivered or received is related to something other than the financial instrument, the Bank and its subsidiaries estimate the fair value of the financial instrument. If this fair value is based on valuation techniques that uses only observable market data, any amounts additional to the consideration will be a lower profit or expense, unless they meet the requirements to be recognized as any other asset type ("day 1" results). Should the fair value be based on a valuation technique that uses nonobservable market data, the Bank will recognize this deferred difference through profit or loss only insofar as it arises from a change in a factor (including time) that the market participants would consider upon determining the price of the asset or liability, or when the instrument is derecognized.

<u>Subsequent measurement</u>

Business model:

The Bank and its subsidiaries establish three categories for classifying and measuring its debt instruments based on a business model for managing them, and the characteristics of the contractual flows thereof:

- Amortized cost: the business purpose is to obtain the contractual cash flows of the financial asset.
- Fair values through other comprehensive income: the business purpose is to obtain the contractual cash flows of the financial asset and those arising from the sale thereof.
- Fair value through profit or loss: the business purpose is to generate profit from the purchase and sale of financial assets.

Consequently, the Bank and its subsidiaries measure their financial assets at fair value, except for those that meet these two conditions and are therefore valued at amortized cost:

- They are held within a business model which aim is to maintain assets to obtain contractual cash flows.
- Contractual conditions of financial assets give rise, in specific dates, to cash flows that are only payments of principal and interest on the outstanding principal.

The Bank and its subsidiaries define its business model at the level that best shows how it manages the groups of financial assets to reach a specific business purpose.

The business model is not assessed by instrument, but a higher level of aggregated portfolios, and it is based on observable factors, such as:

- The method for assessing the performance of the business model and the financial assets held within such business model, and the reporting method to key personnel in the Bank and its subsidiaries.
- The risks affecting the performance of the business model (and the financial assets held within such business model) and, in particular, the way of managing these risks.
- The method for compensating key personnel in the Bank and its subsidiaries (for example, if compensation is based on the fair value of the assets managed or collected contractual cash flows).
- The expected frequency, timing and reasons for sales are also important factors.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The assessment of the business model is based on reasonably expected scenarios, without taking into consideration the "worst case" or "stress case" scenarios. If subsequent to initial recognition cash flows are realized in a manner other than that originally expected by the Bank and its subsidiaries, they do not change the classification of the remaining financial assets held within such business model, but rather consider the information to assess the recent purchases or origination.

Test of payments of principal and interest only:

As part of the classification process, the Bank assessed the contractual terms of its financial assets to identify whether they originate cash flows at certain dates only consisting in repayments of principal and interest on the outstanding principal.

For the purpose of this assessment, “principal” was defined as the fair value of the financial asset upon initial recognition, which may be modified throughout the life of the instrument; for example, if there are any reimbursements of principal, amortization of a premium or discount.

The main components of interest in a loan agreement usually are: time value of money and credit risk.

To perform the characteristics test, the Bank and its subsidiaries use their own judgment and consider relevant factors, such as the currency in which the financial asset is stated and the term for which the interest rate was set.

On the contrary, the contractual terms introducing an exposure higher than the minimum to risk or volatility in the contractual cash flows not related to a basic loan agreement do not give rise to contractual cash flows only consisting of repayments of principal and interest on the outstanding amount. In such cases, it is required that financial assets be measured at fair value through profit or loss.

Therefore, financial assets were classified on the basis of the considerations made in the preceding paragraphs under "Financial assets measured at fair value through profit or loss", "Financial assets measured at fair value through other comprehensive income" or “Financial assets at amortized cost”. Such classification is disclosed in Exhibit P “Classification of financial assets and liabilities”.

Financial assets and liabilities measured at fair value through profit or loss:

This category is divided into two subcategories: financial assets and liabilities held for trading, and financial assets and liabilities designated at fair value from their initial recognition by Management in accordance with IFRS 9, paragraph 6(7)1.

The Bank and its subsidiaries classify financial assets or liabilities as held for trading when they have been purchased or issued mainly for obtaining short-term benefits through negotiation activities, or when they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The Board designates an instrument at fair value when one of the following conditions are met: (i) the designation eliminates or reduces significantly the inconsistent treatment that, otherwise, arises from measuring assets or liabilities, or recognizing profit or losses generated by them on a different basis; (ii) assets and liabilities are part of a group of financial assets, which are managed and assessed on a fair value basis in accordance with a documented risk management or investment strategy; or (iii) liabilities include one or more embedded derivatives, unless they do not significantly modify cash flows. Such designation is made on an instrument-by-instrument basis.

Financial assets and liabilities measured at fair value through profit or loss are booked in the statement of financial position at fair value. Changes in fair value are recognized in the statement of profit or loss under “Net gain (loss) on financial instruments at fair value through profit or loss”, except for the changes in fair value of the liabilities designated at fair value through profit or loss due to changes in own credit risk. Such changes in fair value would be booked under other comprehensive income and would not be reclassified through profit or loss. Interest income and expenses, as well as dividends, are charged to “Net gain (loss) on financial instruments at fair value through profit or loss” under the terms of the agreement or when the payment right has been established.

The fair value of these instruments, classified as level 1, was calculated using the listed prices as of each year-end on active markets, if representative. The main market on which the Bank operates is the Mercado Abierto Electrónico (over-the-counter electronic market). In addition, in the case of dividends, both the MAE and the Mercado a Término de Rosario S.A. (ROFEX) are considered active markets.

If there was no active market, the instruments are classified as L2 instruments and valuation techniques were used, including the use of market transactions performed under mutually independence conditions between duly informed and interested parties, provided that they are available, as well as references to the current fair value of another instrument that is substantially similar or the analysis of discounted cash flows. The fair value estimate is further explained in section "Accounting judgments, estimates and assumptions” under this note.

Financial assets measured at amortized cost – Effective interest method:

They represent financial assets held to obtain contractual cash flows and the contractual conditions of which give rise, on specific dates, to cash flows only consisting in repayments of principal and interest on the outstanding principal.

Subsequent to initial recognition, these financial assets are booked in the statement of financial position at amortized cost using the effective interest rate method, less the loan loss provision, if applicable.

Interest income and impairment are disclosed in the statement of profit or loss in "Interest income" and "Loan loss provision", respectively. The changes in the provision is disclosed in Exhibit R “Adjustment due to losses – Loan loss provision”.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The effective interest rate method uses the rate that allows discounting future cash flows estimated to be paid or received over the life of the instrument or a shorter period, if appropriate, equal to the net carrying amount of this instrument. By applying such method, the Bank identifies the incremental costs that are an integral part of the effective interest rate. To such purpose, interest is defined as the consideration for the time value of money and the credit risk associated to the outstanding principal amount over a specified period.

Cash and deposits with banks

They were measured at nominal value, plus accrued interest as of each year-end, if appropriate. Accrued interest was charged to the related statement of profit or loss for each year under "Interest income", if applicable.

Repo transactions (purchases and sales with repurchase agreements):

The purchases (sales) of financial instruments with the nonoptional repurchase commitment at a determined price (repos) are booked in the consolidated statement of financial position as a financing granted (received) under “Repo transactions”.

The difference between the purchase and sale prices of those instruments is recorded as interest, which is accrued over the effective term of transactions using the effective interest rate method and charged to the statement of profit or loss under “Interest income” and “Interest expense”, as the case may be.

Loans and other financing:

They are financial assets other than a derivative held by the Bank in a business model aimed at obtaining contractual cash flows and the contractual conditions of which give rise, on specific dates, to cash flows only consisting in repayments of principal and interest on the outstanding principal.

Loans and other financing are booked when funds are disbursed to customers. Subsequent to initial recognition, loans and other financing are valued at amortized cost using the effective interest rate method, less the allowance for loan losses. Amortized cost is calculated considering any discount or premium incurred upon origination or acquisition, and origination fees, which are part of the effective interest rate. Interest income are allocated to the statement of profit or loss under "Interest income". Impairment losses are included in the consolidated statement of profit or loss under “Loan loss provision” and the changes thereof are disclosed in Exhibit R “Adjustment due to losses – Loan loss provision”. The impairment estimate is further explained in section "Accounting judgments, estimates and assumptions” under this note.

The guarantees provided and contingent obligations are disclosed in the notes to the financial statements (off-balance sheet) when the documents supporting these credit facilities are issued and are initially recognized at the fair value of the commission received in "Other financial liabilities" in the statement of financial position. After the legal recognition, the liability for each guarantee is booked at the highest value between the commission amortized and the best expense estimate required to settle any financial obligation arising from the financial guarantee.

Any increase in the liability related to a financial guarantee is booked in profit or loss. The commission received is recognized in “Commission income” in the statement of profit or loss based on its amortization using the straight-line method during the term of the financial guarantee offered.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Financial liabilities:

After initial recognition, all the financial liabilities are valued at amortized cost using the effective interest method, except for derivative financial instruments and financial liabilities held for trading or designated at fair value. Interest is charged to profit under “Interest expense”.

Such classification is disclosed in Exhibit P “Classification of financial assets and liabilities”.

Derivatives:

Forward transactions without delivery of the underlying asset:

They include forward purchases and sales of foreign currency without delivery of the underlying asset traded, which are not designated as hedge relationships but are aimed at reducing the exchange rate risk for expected purchases and sales. Transactions are measured at the fair value of agreements and are performed by the Bank for the purpose of intermediation for its own account. The Bank mainly operates on the Mercado a Término de Rosario S.A. (ROFEX). The fair value estimate is further explained in section "Accounting judgments, estimates and assumptions” under this note. The resulting profit (loss) is charged to profit (loss) for the year under “Net profit (loss) from financial instruments at fair value through profit or loss”.

Reclassification of financial assets and liabilities:

The Bank does not reclassify its financial assets after initial recognition, except under exceptional circumstances, when it changes its business model to manage financial assets as a result of significant external or internal changes to the Bank's operations. Financial liabilities are never reclassified. As of December 31, 2018, 2017 and 2016, the Bank and its subsidiaries made no reclassifications.

Finance leases:

The Bank grants borrowings through finance leases, recognizing the current value of lease payments as an asset, which are booked as “Loans and other financing” in the statement of financial position. The difference between the total value receivable and the present value of the financing is recognized as interest to be earned. This revenue is recognized over the lease term using the effective interest rate method, which shows a constant rate of return and charged to income under "Interest income". Impairment losses are included in the statement of profit or loss under “Loan loss provision” and the changes thereof are disclosed in Exhibit R “Adjustment due to losses – Loan loss provision”.

Property, Plant and Equipment

The Bank and its subsidiaries chose the cost model for all the assets included in this account, considering the comments made in “First-time adoption of IFRS according to BCRA Communiqué 6,114” of note 3 for the real estate item owned by the Bank and its subsidiaries. These assets are recorded at their historical acquisition cost based on the considerations included in note 3, less the related accumulated depreciation and impairment in value, if applicable. The historical acquisition cost includes expenses directly attributable to the acquisition of assets. Maintenance and repair costs are booked in the statement of profit or loss. Any material improvement and renovation is capitalized solely when it is probable that there will be future economic benefits exceeding the return originally evaluated for the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Depreciation was calculated based proportionately to the estimated months of useful life. The assets were fully depreciated in the month of addition, but were not depreciated in the month of retirement. Additionally, at least as of each year-end, the estimated useful lives of the assets are reviewed to detect significant changes therein, which, upon occurrence, will be adjusted through the related adjustment to the depreciation charge. The depreciation charge is recognized in "Depreciation and impairment in value of assets".

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

Intangible assets

Intangible assets purchased separately are initially valued at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization (if finite useful lives are assigned) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

The intangible assets included in the financial statements of the subsidiary CMF Asset Management S.A.U. have finite lives; therefore, they are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting fiscal year. Changes in the expected useful life or the expected pattern of consumption of the asset is accounted for by changing the amortization period or method, as appropriate, and are treated prospectively as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in "Depreciation and impairment in value of assets".

Below is a summary of the accounting policies applied to the Bank's intangible assets:

	Development costs
Useful lives (in months)	36
Amortization method	Straight-line
Internally generated or acquired	Acquired

CMF Asset Management started operating as a managing agent in charge of mutual funds collective investment products on August 1, 2017; to such end, it invested in software for managing operations, which was capitalized. As of December 31, 2018, and 2017, the amount stood at 740 and 1,199, respectively.

Impairment in value of nonfinancial assets:

At least as of each year-end, the Bank and its subsidiaries evaluate whether there are events or changes in circumstances that indicate that the value of nonfinancial assets can be impaired or whether there are hints that a nonfinancial asset can be impaired. If there is any hint or when an annual impairment test is required for an asset, the Bank estimates the recoverable value thereof. If the carrying amount of an asset (or cash generating unit) exceeds its recoverable value, the asset (or cash generating unit) is considered impaired and the amount decreases to the recoverable value of the asset.

As of the date of presentation of the financial statements, nonfinancial assets are evaluated as to whether there are any hints that the loss for impairment in value previously recognized may no longer exist or may have decreased. A loss for impairment in value previously recognized is reversed solely if there has been a change in the estimates used to determine the recoverable value of the asset from the recognition of the latter loss for impairment in value. In such a case, the carrying amount of the asset increases to its recoverable value.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Since the Bank has assessed and concluded that there are indications of impairment, it estimated the recoverable value of assets (value in use), which exceeds their carrying amount; therefore, it does not have to recognize any adjustment whatsoever for impairment in value.

Provisions:

The Bank and its subsidiaries recognize a provision when and only when: (a) the Bank has a current obligation, as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources will be required by the Bank and its subsidiaries to settle the obligation; and (c) a reliable estimate can be made of the amount of the related payable.

In order to assess the provisions, the existing risks and uncertainties were considered taking into account the opinion of the Bank's external and internal legal counsel. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When the discount is recognized, the increase in the provision as time elapses is recognized in "Interest expense" in the statement of comprehensive income.

The provisions booked by the Bank and its subsidiaries are reviewed as of each year-end and adjusted to reflect the best estimate available at all times. Additionally, provisions are allocated to a specific item in order to be used only to cover the disbursements for which they were originally recognized.

In the event that: (a) it is a possible obligation, (b) it is probable that a disbursement of resources will be required to settle the obligation, or (c) its present value can be reliably estimated, the contingent liability is not recognized and it is disclosed in the notes. However, when the disbursement requirement is considered to be remote, no disclosure is made.

As of December 31, 2018, 2017 and 2016, the Bank and its subsidiaries estimated that no disbursements are likely to be needed to settle other current obligations for these items.

Recognition of income and expenses:

Interest income and expense:

Interest income and expense are accounted for based on their accrual period, applying the effective interest method, which is explained in "Financial assets measured at amortized cost – Effective interest method".

Interest income includes yields on fixed-income investments and securities, as well as the discount and premium on financial instruments.

Dividends are recognized when they are reported.

Borrowing commissions:

Commissions collected and direct incremental costs related to financing granted are deferred and recognized adjusting the effective interest rate thereof.

Commissions on services:

These profits are recognized when (or as) the Bank and its subsidiaries fulfill each performance obligation through the transfer of the services committed in exchange for an amount reflecting the consideration to which the Bank and its subsidiaries expect to be entitled in exchange for such services.

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2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

At the beginning of each agreement, the Bank and its subsidiaries assess the services committed and identify as a performance obligation each commitment to transfer a different service or a series of different services that are substantially the same and share the same transfer pattern.

Nonfinancial income and expense:

They are booked based on the recognition conditions established in the conceptual framework, such as the requirement that profit (losses) be accrued.

Income tax and minimum presumed income tax:

Income tax

Income tax is calculated based on the stand-alone financial statements of Banco CMF S.A. and each of its subsidiaries.

The income tax charge comprises current and deferred income tax. Income tax is recognized in the statement of profit or loss, except for items to be recognized directly in other comprehensive income. In this case, each item is disclosed before calculating its income tax impact, which is detailed in the related item.

The current income tax charge is related to the addition of charges of the different Group companies, which were determined by applying the tax rate over taxable income pursuant to Income Tax Law, or an equivalent regulation, of the countries in which any subsidiary operates.

Deferred income tax reflects the effects of temporary differences between book and tax amounts of assets and liabilities. Assets and liabilities are measured using the tax rate expected to be applied to taxable profit in the years when these differences are recovered or eliminated. The measurement of deferred assets and liabilities reflects the tax consequences derived from the way in which the Bank and its subsidiaries expect to recover or calculate the value of their assets and liabilities as of each year-end.

Deferred income tax assets and liabilities are measured by their nominal amounts without discounting, at the tax rates expected to be applied during the year in which the asset is realized or the liability is settled.

Deferred assets are recognized when future tax benefits sufficient for the deferred asset to be applied are likely to exist.

Minimum presumed income tax

In fiscal year 1998, Law No. 25,063 established minimum presumed income tax for a ten-year term. At present, after several extensions and considering the provisions of Law No. 27,260, the abovementioned tax is in effect for the fiscal years ending until December 31, 2018. This tax is supplementary to income tax because, while the latter is levied on taxable profit for the year, minimum presumed income tax is a minimum levy determined by applying the current 1% rate on the potential income of certain productive assets. Therefore, each Bank’s tax obligation will be equal to the higher of the two taxes. For the case of institutions governed by Financial Institutions Law, Law No. 25,063 provides that they shall consider a tax base equivalent to 20% of the assets that would be taxable under general regulations, after deducting those assets defined as noncomputable.

However, if minimum presumed income tax exceeds income tax in a given tax year, such excess may be computed as a payment on account of any income tax in excess of minimum presumed income tax that may occur in any of the following ten years, once NOLs have been used.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

As of December 31, 2018, 2017 and 2016, the Bank and its subsidiaries booked current income tax assets for 481, 32,637 and 23,453, respectively, and current income tax liabilities for 116,473, 15,149 and 1,561, respectively. As of December 2018, and 2016, the income tax charge was higher than the minimum presumed income tax. As of December 31, 2017, the Bank assessed an ARS 4,965 minimum presumed income tax.

Current and deferred income tax amounts are disclosed in note 14.

a) Tax reform

On December 29, 2017, Tax Reform Law No. 27,430 was enacted through Administrative Order No. 1112/2017, which had been passed by the Argentine Congress on December 27, 2017. The law was published in the Official Bulletin on the same date it was passed. The outstanding elements of this reform are summarized below:

i. Reduction of the income tax corporate rate and additional tax on the distribution of dividends:

The 35% corporate income tax rate remains effective through the year ended December 31, 2017, which will be reduced to 30% during the two tax years beginning as from January 1, 2018, and to 25% during the tax years beginning as from January 1, 2020.

The corporate income tax rate reduction is supplemented by the application of a tax on the distribution of dividends of local individuals and foreign beneficiaries, which shall be withheld and pay to tax authorities by the Bank as a single and final payment upon the payment of dividends.

This additional tax shall account for 7% or 13%, depending on whether the dividends distributed refer to income earned during a tax year in which the Bank was subject to a 30% or 25% rate, respectively. For this purpose, it is irrefutably considered that the dividends made available refer, first of all, to the retained earnings with more aging.

ii. Equalization tax

According to Law No. 25,063, the payment of dividends exceeding retained tax earnings at the end of the year that is immediately prior to the date of such payment gives rise to the obligation to withhold 35% income tax on such surplus as a single and final payment. Such withholding shall not apply to dividends related to income accrued for the tax years beginning as from January 1, 2018.

iii. Adjustment for inflation

In order to assess net taxable income for the years beginning as from January 1, 2018, the adjustment for inflation obtained from the application of specific regulations contained in sections 95 to 98, Income Tax Law, may be deducted from or added to taxable income for the year assessed. This adjustment will apply only if the variation in the general consumer price index provided by the INDEC pursuant to the tables created for that purpose by the AFIP (Federal Public Revenue Agency), calculated as from the beginning until each year-end, exceeds 55% (fifty-five percent), 30% (thirty percent) and 15% (fifteen percent) for the first, second and third year of application, respectively (Law No. 27,468 published in the Official Bulletin on December 4, 2018).

If this condition for the tax adjustment for inflation is not met, a specific adjustment shall apply to certain assets, as mentioned in the following section.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

iv. Adjustment of acquisitions and investments made in the tax years beginning as from January 1, 2018:

The following adjustments shall apply to the acquisitions or investments made in the tax years beginning as from January 1, 2018, which are based on percentage variations in the domestic wholesale price index provided by the INDEC in accordance with the tables furnished by the AFIP for that purpose:

1. In the sale of depreciable personal property, real property not qualifying as inventories, intangible assets, shares, membership interests or equity interests (including mutual fund shares), the cost considered in assessing gross income shall be adjusted by the abovementioned index from the date of the acquisition or investment to the date of sale, and shall be reduced, as applicable, by any appropriate depreciation/amortization calculated over the adjusted value.

2. Deductible depreciation related to buildings and other construction works over real property used for activities or investments, other than inventories, and to other assets used to produce taxable income shall be calculated by applying the abovementioned adjustment index to the ordinary depreciation fees as of the date of acquisition or construction indicated in the table prepared by the AFIP.

v. Tax revaluation

Law No. 27,430 allows for a one-time revaluation for tax purposes of certain assets owned by the taxpayer and existing at the end of the first tax year closed after December 29, 2017, the effective date of the law, and then adjusting the revalued assets to the percentage variations in the domestic wholesale price index provided by the INDEC in accordance with the tables furnished by the AFIP for that purpose. Exercising this option results in the payment of a special tax on all revalued assets, pursuant to the rates set for each type of asset, and grants the right of deducting from the income tax assessment a depreciation amount including the fee related to the revaluation amount.

Those opting to revalue their assets in accordance with Law No. 27,430 shall (i) waive the filing of any court or administrative proceeding to claim, for tax purposes, the application of adjustment procedures of any kind until the end of the first year elapsed after the effective date of such law, and (ii) abandon all the actions and rights invoked in proceedings filed in relation to tax years closed previously. In addition, calculating the amortization of the revaluation amount or its inclusion as a disposal cost in assessing income tax shall imply, for the tax year in which such calculation is made, a waiver of all adjustment claims.

The Board of the Bank and its subsidiaries will assess the final provisions in this regard established through the administrative order issued by the Argentine Executive to decide whether to opt for the tax revaluation.

vi. Employer contributions

A progressive reduction of the 21% rate is set for employer contributions accrued as from February 1, 2018. According to the reduction schedule, the rate shall be 20.70% in 2018, 20.40% in 2019, 20.10% in 2020, and 19.80% in 2021, and will be stabilized at 19.50% for the employer contributions accruing as from January 1, 2022.

In addition, a threshold will be deducted from the tax base to which the abovementioned rates were to be applied; such threshold will be progressively applied: ARS 2,400 in 2018, ARS 4,800 in 2019, ARS 7,200 in 2020, ARS 9,600 in 2021, and ARS 12,000 from January 1, 2022. Such threshold shall be adjusted from as from January 2019, based on the consumer price index provided by the INDEC.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Segment reporting

The Bank considers as a business segment the group of assets and transactions committed in providing services subject to risks and returns that are different from those of other business segments. For those segments there is separate financial information, which is periodically evaluated by those in charge of making the main operating decisions related to the resource assignment and performance evaluation. The information by segments is disclosed in note 13.

Investment management and trust activities

The Bank and its subsidiaries provide custody, administration, investment management and advisory services to third parties that give rise to the holding or placement of assets in their name. These assets and profit (losses) therefrom are not included in these financial statements because they are not the Bank's and subsidiaries' assets. Fees arising from these activities are included in the account "Commission income" in the statement of profit or loss.

Going concern

The Bank assessed its capacity to continue as a going concern and it has the resources to continue in business in the foreseeable future. As of the date of these financial statements, there are no uncertainties related to events or circumstances that may cast doubt on whether the Bank will continue operating as a going concern. Therefore, these financial statements were prepared on a going concern basis.

Significant judgments, estimates and assumptions

Preparing the financial statements in accordance with IFRS requires that the Management of the Bank and its subsidiaries make and consider the significant opinions, estimates and assumptions that affect the reported figures for assets and liabilities, revenues and expenses, as well as the assessment and disclosure of contingent assets and liabilities as of the end of the reporting period. The bookings made by the Company are based on the best estimate of the likelihood of different future events occurring. In this sense, the uncertainties related to estimates and assumptions adopted could give rise in the future to final results that could differ from those estimates and require significant adjustments to reported balances of assets and liabilities affected.

The most significant estimates included in the accompanying financial statements are related to the loan loss provision, the measurement of financial instruments at fair value, the provisions, the estimated useful life of fixed assets, the expected recovery amount at the end of its useful life and the income tax charge.

In certain cases, the financial statements prepared in agreement with BCRA Communiqué "A" 6114 require that the assets or liabilities be booked and/or presented at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties at arm's length between market participants on the principal (or most advantageous) market in an orderly and current transaction. When market prices on active markets are available, they were used as valuation basis. When the market prices on active markets are not available, the Bank and its subsidiaries estimate these values as values based on the best information available, including the use of models and other assessment techniques.

Fair value measurement of financial instruments

In the cases when the fair value of the financial assets and liabilities booked in the statement of financial position cannot be measured based on the market prices of these assets, the fair value is assessed by using valuation techniques that include a discounted cash flow model.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

When possible, the input data used by these models are taken from observable markets; otherwise, discretional judgment is required to determine the fair value. Such judgment includes considering input data such as liquidity risk, credit risk and volatility.

The changes in the assumptions related to these factors could affect the fair value of the financial instruments.

The fair value assessment method is explained in detail in note 19.

Loan loss provision and provision for contingent commitments

The loan loss provision was booked based on the estimated uncollectibility risk of the Bank's credit assistance, which results from assessing borrowers' compliance and the guarantees supporting the related transactions in conformity with BCRA Communiqué "A" 2,950, as supplemented, and the Bank's provision-setting policies.

In the case of loans with specific allowances that are settled or generate the reversal of allowances booked this year, and if the allowances booked in prior years exceeded those deemed necessary, the surplus in the allowance will be reversed with an impact on profit (loss) for the current year.

Impairment losses are included in the statement of profit or loss and the reversals are disclosed in "Other operating profit". The changes in these losses are disclosed in Exhibit R "Adjustment due to losses – Loan loss provision".

As of December 31, 2018, 2017 and 2016, the Bank has no provisions for contingent commitments.

3. FIRST-TIME ADOPTION OF IFRS IN ACCORDANCE WITH BCRA COMMUNIQUÉ "A" 6114

As required by BCRA Communiqué "A" 6324, as supplemented, the main adjustments of the transition to IFRS are explained further ahead, and the following reconciliations related to such transition are presented:

- Between consolidated equity assessed pursuant to BCRA's regulations and consolidated equity assessed pursuant to the BCRA's new accounting framework under IFRS as of December 31, 2016, (date of transition to IFRS), and as of December 31, 2017.

- Between consolidated net equity assessed pursuant to BCRA standards for the year ended December 31, 2017, and the consolidated total comprehensive income assessed pursuant to the BCRA's new accounting framework as of the same date.

In preparing these reconciliations, the Bank's Management has considered the currently approved IFRS that are applicable in the preparation of these separate financial statements, which are the first annual financial statements presented according to the BCRA's new accounting framework under IFRS, but giving effect to the exceptions and exemptions provided in IFRS 1 described below.

(Figures stated in thousands of Argentine pesos)

3. FIRST-TIME ADOPTION OF IFRS IN ACCORDANCE WITH BCRA COMMUNIQUÉ "A" 6114 (Contd.)

- Use of deemed cost for property and bank premises:

The real property not classified as investment properties were measured in the opening statement of financial position as of December 31, 2016 (date of transition to IFRS) at fair value, which amounts to 317,400, determined on the basis of technical valuations made as of that date by an independent expert appraiser. Hence, the total adjustment to the carrying amount according to former BCRA regulations amounts to ARS 296,691. The Bank opted for using this value as the deemed cost of these assets as of the date of the related valuations, since it was considered that these values were substantially comparable to the fair values of these assets as of those valuation dates, or with its cost or the depreciated cost thereof according to IFRS, adjusted in this case to reflect the changes in a general price index as of those same dates. Subsequent to the date of the related (technical and accounting) valuations, property and bank premises was measured in accordance with IAS 16 (Property, Plant and Equipment). To this end, the Bank decided to make use of the cost model provided for by this regulation.

- Accumulated currency conversion differences:

The Bank decided to consider accumulated currency conversion differences null as of December 31, 2016 (date of transition to IFRS) related to the foreign subsidiary Eurobanco Bank Ltd.

The Bank did not use other exemptions or exceptions available in IFRS 1.

<u>Reconciliations required:</u>

– Reconciliation of consolidated equity as of December 31, 2016 (date of transition to IFRS)

	Previous BCRA standards	Transition adjustments and reclassifications	IFRS
Total assets	8,633,877	6,987	8,640,864
Total liabilities + third-party equity interests	(7,542,069)	233,792	(7,308,277)
Shareholders' equity	**1,091,808**	**240,779**	**1,332,587**

(Figures stated in thousands of Argentine pesos)

3. FIRST-TIME ADOPTION OF IFRS IN ACCORDANCE WITH BCRA COMMUNIQUÉ "A" 6114 (Contd.)

Amount as of 12/31/16	Shareholders' equity
As per previous BCRA standards	**1,091,808**
Loans and other financing	(15,882)
Financial instruments	36,280
Property and bank premises	302,807
Deferred tax	(77,514)
Accrual for employee benefits	(11,439)
Minority interest	5,497
Other adjustments	1,030
Total adjustments and reclassifications	**240,779**
Amounts as 12/31/16, under IFRS	**1,332,587**

– Reconciliation of consolidated equity as of December 31, 2017

	Previous BCRA standards	Transition adjustments and reclassifications	IFRS
Total assets	12,975,931	(1,092,347)	11,883,584
Total liabilities + third-party equity interests	(11,824,375)	1,329,999	(10,494,376)
Shareholders' equity	**1,151,556**	**237,652**	**1,389,208**

Amount as of 12/31/2017	Shareholders' equity
As per previous BCRA standards	**1,151,556**
Loans and other financing	(15,045)
Financial instruments	12
Property and bank premises	301,205
Deferred tax	(36,941)
Accrual for employee benefits	(18,216)
Minority interest	6,637
Total adjustments and reclassifications	**237,652**
Amounts as 12/31/2017, under IFRS	**1,389,208**

3. FIRST-TIME ADOPTION OF IFRS IN ACCORDANCE WITH BCRA COMMUNIQUÉ "A" 6114 (Contd.)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

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– Reconciliation between profit (loss) and total consolidated comprehensive income as of December 31, 2017:

	Net profit for the year as of 12/31/2017	Other comprehensive income	Total profit for the year as of 12/31/2017
As per previous BCRA standards	**209,745**	-	**209,745**
Reclassification - Other comprehensive income	(80,717)	80,717	**-**
Effective rate	823	-	**823**
Financial instruments	(36,783)	-	**(36,783)**
Property and bank premises and intangible assets	8,954	-	**8,954**
Accrual for employee benefits	(6,769)	-	**(6,769)**
Deferred tax	29,505	-	**29,505**
Minority interest	642	815	**1457**
According to IFRS	**125,400**	**81,532**	**206,932**

Explanatory notes to IFRS transition adjustments

Below is a brief summary of the main adjustments arising from the transition to IFRS affecting shareholders' equity as of December 31, 2016 (transition date to IFRS) and as of December 31, 2017, and the statement of profit or loss and the statement of comprehensive income for the fiscal year ended December 31, 2017, which arise from comparing the accounting standards applied by the Bank in preparing the financial statements until the prior year-end, December 31, 2017, (BCRA) and the accounting policies applied by the Bank in preparing financial statements as from the year beginning 1 January 2018 (new IFRS-based accounting framework).

Debt securities

The adjustments to this account mainly arise when the valuation set for each business model in which the holdings were classified differs from the valuation established under BCRA regulations.

In addition, reverse repo transactions were carried out, the underlying securities of which should be recognized as Ban's assets under BCRA standards. Under IFRS, these securities received from third parties do not meet the requirements for the recognition thereof.

In addition, financial trust debt securities formerly included under "Other assets (liabilities) from financial intermediation" were valued in accordance with a business model whereby the purpose of these holdings is to obtain contractual cash flows; therefore, they were valued at amortized cost by using the effective interest rate method. Under BCRA standards, these instruments were also valued at amortized cost.

Loans and other financing

The loan portfolio held by the Bank was generated within a business model structure which main purpose is to obtain contractual cash flows (made up by principal and interest). Under IFRS 9, the loan portfolio should be valued at amortized cost using the effective interest rate method, which implies that commission income and direct incremental costs arising from granting financing are deferred and recognized over the financing term.

3. FIRST-TIME ADOPTION OF IFRS IN ACCORDANCE WITH BCRA COMMUNIQUÉ "A" 6114 (Contd.)

Under BCRA standards, interest was accrued according to exponential distribution over the fiscal years in which they were earned or accrued, and commission income and direct costs were recognized in the moment in which they were generated.

Furthermore, the loan portfolio purchased by the Bank was valued according to such IFRS and was recognized at fair value upon the purchase. Under BCRA regulations, these transactions were stated at contractual value.

Investments in other companies

Foreign subsidiary: (i) assets and liabilities were converted at the exchange rate effective as of the end of the quarter; (ii) income was converted at the average exchange rate of each month, and (iii) the difference was charged to other comprehensive income.

Local subsidiaries: Interests in investment companies were adjusted at fair value considering the recoverable value thereof. The Bank also adjusted the intangible assets not allowed by IFRS.

Other companies: They were stated at fair value.

Financial assets

The assets related to purchases (sales) of financial instruments with the nonoptional repurchase commitment at a determined price (repos) are booked in the reconciliation as financing granted (received) based on the nature of the related debtor (creditor) in "Financing received from financial institutions."

The difference between the purchase and sale prices of these instruments is booked as interest, which is accrued during the term of the transactions using the effective interest rate method.

Property and bank premises

In determining the book balances as of the transition date, the exemption mentioned in the section "Optional exemptions" was used, which entailed using this fair value as the deemed cost. To determine the fair value of all assets, the Bank used appraisals.

Given that the Bank opted for the cost model, the new deemed cost under IFRS entailed an increase in depreciation charges.

Intangible assets

Intangible assets comprise the costs of acquiring and implementing systems development projects in a local subsidiary and are adjusted to IFRS in case of inconsistency.

Corporate bonds issued

The Bank issued subordinated and unsubordinated corporate bonds, which were valued at amortized cost in accordance to IFRS 9 using the effective interest rate method, which implied booking the direct placement costs as a lower liability. Under BCRA standards, they were valued in accordance with the outstanding amount of principal and accrued interest, and the expenses were charged to profit or loss for the year.

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3. FIRST-TIME ADOPTION OF IFRS IN ACCORDANCE WITH BCRA COMMUNIQUÉ "A" 6114 (Contd.)

Deferred income tax assets and liabilities

Under IAS 12 "Income tax", the amount to be booked is (i) the portion related to the current tax expected to be paid or recovered and (ii) the deferred tax is defined as that expected to be calculated or recovered in connection with income tax as a result of accumulated NOLs and the temporary differences that may arise from the tax bases of assets and liabilities and their carrying amounts. Under BCRA standards, the Bank assessed income tax by applying the effective rate to the estimated taxable income disregarding the effect of differences between book and taxable income.

Other nonfinancial assets

Under IFRS 15, revenues from ordinary activities were recognized in a way that they represent the transfer of goods and services under a contract with customers, in exchange for an amount reflecting the consideration to which an entity expects to be entitled in exchange for such goods or services. In addition, pursuant to IAS 19 "Employee Benefits", vacation is considered as accumulated irrevocable compensated absences, and will be measured at the expected cost of such absences as the additional amount that the entity expects to pay as a result of the unused days accrued by the employees at the end of the reporting period. Under BCRA standards, vacation charges were booked when the personnel used them; that is to say, when they were paid.

Other guarantees granted, on agreements on checking account

Assets and liabilities items were adjusted, as the case may be, to reflect the fair value of the commission earned.

Explanations on material adjustments to the cash flow statement

The direct method is adopted except for the presentation of operating activities, for which the indirect method is used. As regards cash-equivalent securities, based on the policy established by the Bank, they should be issued by the Argentine government or the BCRA, and the lapse between the purchase or sales date and the maturity of the security should not exceed 90 days, whereas under BCRA standards, the requirements were as follows: they had to be exposed to immaterial changes and the lapse between the purchase or sales date should not exceed 90 days.

New resolutions

As established in BCRA Communiqué "A" 6114, as the new IFRS measures are approved, either by amending or repealing former ones, and once all these changes are adopted through the adoption circulars published by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences, the BCRA will issue an opinion regarding its approval for financial institutions. In general, the early adoption of IFRS will not be allowed, unless it is specifically mentioned upon adoption.

As from the year beginning January 1, 2019, the Bank will adopt IFRS 16 "Leases". This standard removes the dual accounting model for leases, which distinguishes between finance leases booked in the financial statements and operating leases which future lease installments recognition is not required. Instead, a single model is designed, similar to current finance leases. Current practice is maintained for lessors; that is, lessors will continue classifying leases as finance and operating leases. The Bank believes that the impact of implementing this standard will be immaterial for the purposes of these financial statements.

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4. REPO TRANSACTIONS

In the regular course of business, the Bank entered into repo transactions. Under IFRS 9, the securities involved in repo and reverse repo transactions received from and delivered to third parties, respectively, do not meet the requirements for recognition or derecognition, respectively.

As of December 31, 2018, the Bank does not have any repo transactions. As of December 31, 2017, 2017, and 2016, the Bank has entered into repo transactions involving government securities and BCRA bills standing at ARS 370,545 and 559,704, respectively, the expiration dates of which were the immediately following business day of each fiscal year. In addition, as of the same dates, the securities delivered guaranteeing repo transactions stand at 414,603 and 636,812, respectively, and they were booked under “Other financial assets” and “Financial assets delivered in guarantee”, respectively.

Moreover, as of December 31, 2018, and 2017, the Bank and its subsidiaries have entered into reverse repo transactions involving government securities and BCRA bills standing at ARS 291,622 and 153,094, respectively, the expiration dates of which were the immediately following business day of each fiscal year. As of the same dates, the securities received which guarantee reverse repo transactions stand at 311,574 and 170,386. The assets received in guarantee are booked under off-balance items.

The profit generated by the Bank as a result of the repo transactions carried out over the fiscal years ended December 31, 2018, and 2017, stand at 17,196 and 19,928, respectively, and they are booked under "Interest income". Moreover, the losses generated by the Bank and its subsidiaries as a result of the repo transactions carried out over the fiscal years ended December 31, 2018, and 2017, stand at 114,152 and 89,687, respectively, and they are booked under "Interest expense".

5. FINANCIAL ASSETS DELIVERED IN GUARANTEE AND RESTRICTED ASSETS

As of December 31, 2018, 2017, and 2016, the Bank delivered the following financial assets in guarantee:

Description	Carrying amount		
	12/31/2018	**12/31/2017**	**12/31/2016**
For transactions carried out with the BCRA	106.770	44.977	33.159
For transactions carried out on the MAE	11.176	5.844	554
For transactions carried out on the ROFEX	567	400	-
For repo transactions – government securities and monetary regulation instruments at fair value	-	127.958	302.188
Total	**118.513**	**179.179**	**335.901**
For repo transactions – government securities and monetary regulation instruments at fair value in foreign currency (*)	**-**	**286.645**	**336.624**
Total	**-**	**286.645**	**336.624**

(*) Booked under BCRA provisions in “Other financial assets”.

5. FINANCIAL ASSETS DELIVERED IN GUARANTEE AND RESTRICTED ASSETS (Contd.)

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Concerning the transaction with the MAE, as of December 31, 2018, the Bank has Treasury bills in US dollars for 364 days maturing on April 26, 2019 (L2DA9) in its account No. 273 for 5,719 and dollar-linked Argentine government bonds in US dollars at 8.75% maturing in 2024 (AY24D) for 4,323 in guarantee for futures in foreign currency carried out with the BCRA on such market, effective as of year-end, and 1,134 as initial guarantee to operate in the segment of currency futures trading with central counterparty clearing on the MAE, trading session CPC2.

The Bank's subsidiary Metrocorp Valores S.A. carries 567 in custody account No. 16170 on Mercado a Término de Rosario S.A. (ROFEX). This guarantee was created as an initial guarantee to operate on the market and for future transactions.

Besides, as of December 31, 2018, the Bank has in custody account No. 33,976 opened by Banco CMF S.A. on Mercado a Término de Rosario S.A. (ROFEX) booked in "Debt securities at fair value through profit or loss" (i) Treasury bills in US dollars for 247,262; (ii) dollar-linked Argentine government bonds in US dollars at 8.75% maturing in 2024 (AY24) for 2,236, and (iii) Argentine government bonds maturing on January 26, 2022, for 13,154 created as an initial guarantee to operate on such market and in guarantee for futures transactions in US dollars carried out on such market effective as of year-end.

In the same account, as of December 31, 2018, the Bank has in account No. 273 on MAE dollar-linked Argentine government bonds in US dollars at 8.25% maturing in 2024 (AY24D) for 15,036 in guarantee for transactions to operate on the MAE effective as of year-end, trading session CPC1.

In addition, as of December 31, 2018, its subsidiary Metrocorp Valores S.A., has in account No. 9080, principal No. 2001, held by the Bank at Caja de Valores S.A., debt securities of the Province of Buenos Aires in Argentine pesos maturing on April 12, 2025 (PBA25) for 9,018 as surety bonds with BYMA (Bolsas y Mercados Argentinos S.A.), effective as of year-end.

5. FINANCIAL ASSETS DELIVERED IN GUARANTEE AND RESTRICTED ASSETS (Contd.)

"Loans and other financing" includes restricted assets standing at 120,000 and 16,778 for contributions made as the protecting partner to Garantizar S.G.R. and Acindar Pymes S.G.R. risk funds, respectively, by Banco CMF S.A., and 25,355 for contributions made by Metrocorp Valores S.A. to Acindar Pymes S.G.R.

The Bank's Management believes that there will be no losses for the restrictions on the abovementioned assets.

6. ADJUSTMENT DUE TO LOSSES. PROVISION FOR LOSSES FROM LOANS AND OTHER FINANCING FACILITIES

The changes in this provision during the years ended December 31, 2018 and 2017 are disclosed in Exhibit R "Adjustment due to losses – Loan loss provision".
The net loan losses arising from loans and other financing break down below:

	12/31/2018	12/31/2017
Loan loss provision	213.592	79.927
Provisions reversed and receivables recovered (Other operating profit)	(15.496)	(20.346)
Loan losses from loans and other financing, net of recoverable amounts	**198.096**	**59.581**

The method for assessing the loan loss provision related to loans and other financing is explained in note 2 ("Accounting opinions, estimates and assumptions").

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7. CONTINGENT TRANSACTIONS

To meet customers' specific financial needs, the credit policy adopted by the Bank and its subsidiaries also includes granting sureties, guarantees, letters of credit and documentary credits. Although these transactions are not recognized in the statement of financial position because they entail an additional responsibility for the Bank and its subsidiaries, they expose it to credit risks additional to those recognized in the statement of financial position and therefore, they are an integral part of the total risk assumed by the Bank and its subsidiaries.

As of December 31, 2018, 2017, and 2016, the contingent transactions carried out by the Bank and its subsidiaries are as follows:

	12/31/2018	**12/31/2017**	**12/31/2016**
Guarantees provided	393.506	367.501	339.100
Obligations arising from for foreign-trade transactions – Letters of credit	136.929	253.853	74.852
Total	**530.435**	**621.354**	**413.952**

7. CONTINGENT TRANSACTIONS (Contd.)

These credit facilities are initially recognized at the fair value of the proportion received in "Other financial liabilities". The risks related to the aforementioned contingent transactions are valuated and monitored under the Bank's and its subsidiaries' credit risk policy mentioned in note 33.

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank and its subsidiaries enter into derivative transactions for trading purposes.

At the beginning, derivatives only imply a mutual exchange of promises and little or no investments. However, these instruments usually entail high leverage and they are highly volatile. A relatively small change in the value of the underlying asset may have a significant impact on profit (loss). Likewise, over-the-counter derivatives may expose the Bank and its subsidiaries to risks associated to the lack of an exchange market where an open position may be closed. The exposure of the Bank and its subsidiaries resulting from derivative agreements is regularly monitored as part of its general risk framework. The information on the Bank's and subsidiaries' objectives and credit risk management policies is included in note 33.

The chart below shows the notional values of these instruments stated in thousands at the currency of origin. Notional values state the volume of outstanding transactions at year-end and they are not indicative of the market risk or the credit risk, and they are booked as off-balance items. It also includes the fair value consisting in the value in Argentine pesos of the underlying asset (US dollar). The "Derivatives" account in the statement of financial position discloses the amounts pending settlement arising from the related derivatives. The changes in fair values were charged to profit or loss; a breakdown is provided in note 15.

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8. DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

Derivatives financial assets (amounts in thousands of ARS)	12/31/2018		12/31/2017		12/31/2016	
	Notional value	Fair value	Notional value	Fair value	Notional value	Fair value
Forward foreign currency purchase transactions without delivery of the underlying asset - MAE	100	3.781	-	-	31.500	499.281
Forward foreign currency purchase transactions without delivery of the underlying asset - Private	-	-	5.600	105.136	11.085	175.699
Forward foreign currency purchase transactions without delivery of the underlying asset - ROFEX	38.094	1.440.269	24.488	459.743	3.000	47.551
Forward foreign currency sales transactions without delivery of the underlying asset - MAE	-	-	-	-	(7.000)	(110.951)
Forward foreign currency sale transactions without delivery of the underlying asset - Private	(9.400)	(355.398)	(4.300)	(80.729)	(37.500)	(594.382)
Forward foreign currency sale transactions without delivery of the underlying asset - ROFEX	-	-	(1.829)	(34.338)	-	-
Total derivatives	**28.794**	**1.088.652**	**23.959**	**449.812**	**1.085**	**17.198**

In the case of the Bank and its subsidiaries, forwards and futures are defined as contractual agreements for buying or selling a specific financial instrument at a specific price on a certain future date. Forward contracts are customized agreements traded at an over-the-counter market. Futures contracts are related to transactions involving standardized amounts and performed on a regulated market with central counterparty clearing (secured). The Bank and its subsidiaries, in general, are subject to daily cash margin requirements and guarantees for the transactions conducted through the Mercado Abierto Electrónico (MAE) and Mercado a término de Rosario (ROFEX). The main differences in the risks associated to forward and future contracts are credit risk and liquidity risk. Forward contracts carry counterparty risk; the Bank has credit exposure to the counterparties of the contracts entered into privately and those carried out on the MAE. Credit risk related to futures contracts is considered to be lower because the cash margin requirements and guarantees help guarantee that these contracts are always honored. In addition, forward contracts entered into on the MAE involve daily price differences. Private contracts have higher liquidity risk and expose the Bank to market risk, but the Bank and its subsidiaries are subject to credit risk.

The derivatives held by the Bank are futures or forwards conducted at the MAE and/or ROFEX and are generally related to natural hedges of borrowing positions with foreign financing lines and international institutions. The Bank does not apply hedge accounting because transactions carried out on local markets do not involve terms that meet with the Bank's needs. Moreover, the Bank and its subsidiaries maintain positions related to the products offered to their customers. The Bank and its subsidiaries only operate with forward currency derivatives without the delivery of the underlying asset within internal and regulatory limits.

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9. RELATED PARTIES

A related party is any person or entity that is related to the entity:

- has control or joint control over the entity;
- has significant influence over the entity;
- is a member of the key management personnel of the entity or of a parent of the entity;
- is a member of the same group.
- is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The Bank regards the members of the Board of Directors, top management and management as key personnel under IAS 24.

As of December 31, 2018, 2017, and 2016, the transactions performed with related parties break down as follows:

	Amount as of 12/31/2018	Amount as of 12/31/2017	Amount as of 12/31/2016
Loans	**230,333**	**135,096**	**185,384**
Notes	229,653	64,430	119,261
Overdrafts	-	8,591	8,021
Personal loans	180	-	-
Government securities loaned	-	61,575	57,602
Guarantees provided	500	500	500
Deposits	**332,287**	**77,210**	**34,250**

As of December 31, 2018, 2017 and 2016, loans to Management key employees, including those granted to managers, stand at 1,371, 540 and 782, respectively.

Loans granted to and deposits with related parties are in line with market conditions for other customers.

The Group has granted no share-backed loans to directors or other key management personnel.

The compensation of key management personnel comprising salaries, wages and bonuses, stands at ARS 58,100, 58,036 and 39,012 as of December 31, 2018 and 2017. It should be noted that there are no other benefits available to key management personnel.

In addition, as required by Law No. 19,550, as of December 31, 2018, 2017 and 2016, the equity amounts related to the transactions performed with companies under section 33 of the abovementioned law are as follows:

	12/31/2018	12/31/2017	12/31/2016
Assets - Loans			
Metrocorp Valores S.A.	-	18	-
Assets - Other receivables from financial intermediation			
Metrocorp Valores S.A.	46.787	163.390	1.301
Liabilities - Deposits			
CMF Asset Management S.A.U.	21	5	-
Metrocorp Valores S.A.	60.861	89.622	19.298
Liabilities - Other liabilities from financial intermediation			
Metrocorp Valores S.A.	51.858	94.210	-

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9. RELATED PARTIES (Contd.)

In addition, profit (loss) arising from the fiscal years ended as of December 31, 2018, 2017, and 2016, regarding the transactions carried out with these companies are as follows:

	12/31/2018	12/31/2017	12/31/2016
Finance income			
Metrocorp Valores S.A.	73	15	69
Financial expense			
Metrocorp Valores S.A.	9.940	20.267	489
Service-charge income			
Metrocorp Valores S.A.	770	660	660
CMF Asset Management S.A.U.	660	333	-
Service-charge expenses			
Metrocorp Valores S.A.	132	-	-
Other profit			
Metrocorp Valores S.A.	60	29	18
CMF Asset Management S.A.U.	63	30	10

As regards off-balance items, the amounts are related to transactions carried out with Metrocorp Valores S.A. As of December 31, 2018, 2017, and 2016, the amounts stand at 462, 314 and 1,089, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

The account includes the tangible assets owned by the Bank, used for its specific activity.

The changes in these assets as of December 31, 2018, 2017, and 2016, are disclosed under Exhibit F "Changes in property and bank premises".

11. EMPLOYEE BENEFITS

The following chart summarizes the items making up the net expenses related to employee benefits recognized in the statement of profit or loss.

<u>Short-term benefits</u>

	12/31/2018	12/31/2017
Salaries & wages, annual statutory bonus and payroll taxes:	331.076	227.655
Vacation accrual	5.425	6.769
Severance pay, bonuses and other employee benefits	15.488	13.929
	351.989	**248.353**

12. ANALYSIS OF FINANCIAL ASSETS TO BE RECOVERED AND FINANCIAL LIABILITIES TO BE SETTLED

The Bank presented the statement of financial position based on the degree of liquidity under BCRA Communiqué “A” 6324, as it provides more significant information according to the nature of its activities.

The following tables show an analysis of the amounts of financial assets and liabilities which are expected to be recovered and settled as of December 31, 2018, 2017, and 2016:

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12. ANALYSIS OF FINANCIAL ASSETS TO BE RECOVERED AND FINANCIAL LIABILITIES TO BE SETTLED (Contd.)

		Reduction in assets and liabilities as of 12/31/2018					
Item	**Without due date**	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**Over 12 months**	**Total**
ASSETS							
Cash and deposits with banks	5,383,105	-	-	-	-	-	5,383,105
Debt securities at fair value through profit or loss	644,034	-	-	-	-	-	644,034
Derivatives	-	180,976	15,927	-	-	-	196,903
Repo transactions	-	291,622	-	-	-	-	291,622
Other financial assets	2,011	562,727	-	-	-	-	564,738
Loans and other financing	109,010	2,653,062	1,019,376	683,599	343,832	621,577	5,430,456
Other debt securities	-	1,572,887	444,927	344,379	164,195	215,709	2,742,097
Financial assets delivered in guarantee	118,513	-	-	-	-	-	118,513
Investments in equity instruments	463	-	-	-	-	-	463
TOTAL	**6,257,136**	**5,261,274**	**1,480,230**	**1,027,978**	**508,027**	**837,286**	**15,371,931**
LIABILITIES							
Deposits	8,996,050	1,056,333	123,699	-	-	-	10,176,082
Liabilities at fair value through profit or loss	-	93,990	21,595	-	-	-	115,585
Derivatives	-	31,164	5,948	-	-	-	37,112
Other financial liabilities	-	703,144	13,911	873	18,285	73,124	809,337
Financing received from the BCRA and other financial institutions	-	125,155	146,317	70,014	961,527	231,222	1,534,235
Corporate bonds issued	-	-	256,697	-	231,229	114,907	602,833
TOTAL	**8,996,050**	**2,009,786**	**568,167**	**70,887**	**1,211,041**	**419,253**	**13,275,184**

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12. ANALYSIS OF FINANCIAL ASSETS TO BE RECOVERED AND FINANCIAL LIABILITIES TO BE SETTLED (Contd.)

		Reduction in assets and liabilities as of 12/31/17					
Item	**Without due date**	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**Over 12 months**	**Total**
ASSETS							
Cash and deposits with banks	3,097,956	-	-	-	-	-	3,097,656
Debt securities at fair value through profit or loss	657,622	-	-	-	-	-	657,622
Derivatives	-	76,056	533	667	-	-	77,256
Repo transactions	-	153,094	-	-	-	-	153,094
Other financial assets	-	1,451,510	-	-	-	-	1,451,510
Loans and other financing	-	1,677,382	1,175,377	912,882	523,596	596,103	4,885,340
Other debt securities	-	121,968	157,660	219,457	352,551	63,803	915,439
Financial assets delivered in guarantee	179,179	-	-	-	-	-	179,179
Investments in equity instruments	2,029	-	-	-	-	-	2,029
TOTAL	**3,936,786**	**3,480,010**	**1,333,570**	**1,133,006**	**876,147**	**659,906**	**11,419,425**
LIABILITIES							
Deposits	4,089,991	1,762,951	28,138	334,725	-	30	6,215,835
Liabilities at fair value through profit or loss	-	452,981	-	-	-	-	452,981
Derivatives	-	8,261	-	-	-	-	8,261
Repo transactions	-	370,545	-	-	-	-	370,545
Other financial liabilities	-	1,248,668	-	407	18,271	91,406	1,358,752
Financing received from the BCRA and other financial institutions	-	250,675	337,945	227,042	294,508	30,105	1,140,275
Corporate bonds issued	-	-	190,455	250,000	-	316,500	756,955
TOTAL	**4,089,991**	**4,094,081**	**556,538**	**812,174**	**312,779**	**438,041**	**10,303,604**

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12. ANALYSIS OF FINANCIAL ASSETS TO BE RECOVERED AND FINANCIAL LIABILITIES TO BE SETTLED (Contd.)

		Reduction in assets and liabilities as of 12/31/16					
Item	**Without due date**	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**Over 12 months**	**Total**
ASSETS							
Cash and deposits with banks	2,854,891	-	-	-	-	-	2,854,891
Debt securities at fair value through profit or loss	303,796	-	-	-	-	-	303,796
Derivatives	-	9,009	3,281	-	-	-	12,290
Other financial assets	-	635,501	-	-	-	-	635,501
Loans and other financing	-	1,122,213	782,806	721,409	654,725	418,028	3,699,181
Other debt securities	-	238,097	15,947	17,867	21,097	5,304	298,312
Financial assets delivered in guarantee	335,901	-	-	-	-	-	335,901
Investments in equity instruments	37,351	-	-	-	-	-	37,351
TOTAL	**3,531,939**	**2,004,820**	**802,034**	**739,276**	**675,822**	**423,332**	**8,177,223**
LIABILITIES							
Deposits	3,071,297	534,731	477,755	33,759	-	26	4,117,568
Liabilities at fair value through profit or loss	-	686,034	-	-	-	-	686,034
Derivatives	-	2,423	-	-	-	-	2,423
Repo transactions	-	559,704	-	-	-	-	559,704
Other financial liabilities	-	436,613	-	-	-	-	436,613
Financing received from the BCRA and other financial institutions	-	137,182	59,596	247,403	76,537	-	520,718
Corporate bonds issued	-	158,538	12,193	-	150,000	450,000	770,731
TOTAL	**3,071,297**	**2,515,225**	**549,544**	**281,162**	**226,537**	**450,026**	**7,093,791**

13. SEGMENT REPORTING

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For management purposes, the management of the Bank and its subsidiaries determined that it has only one segment related to the banking business. In this regard, management oversees the profit (loss) of the segment to make decisions in connection with resource allocation and performance assessment, which is measured based on the profits or losses arising from the financial statements.

14. INCOME TAX

Income tax

Income tax should be booked by the liability method, which consists in recognizing (as receivable or payable) the tax effect of temporary differences between the book and tax valuation of assets and liabilities, and in subsequently charging them to profit or loss for the year in which such differences are reversed, having duly considered the likelihood of using NOLs in the future.

The deferred tax assets and liabilities in the statement of financial position are as follows:

	12/31/2018	12/31/2017	12/31/2016
Deferred tax assets:			
Other financial assets	427	-	-
Loans and other financing	63,820	34,207	42,282
Other liabilities	6,827	8,609	4,004
Total deferred assets (a)	**71,074**	**42,816**	**46,286**
Deferred tax liabilities:			
Securities	2,389	143	12,414
Debt securities	9,331	1,909	2,596
Other financial assets	5,397	2,779	3,272
Property and bank premises	74,629	74,936	93,648
Total deferred liabilities (b)	**91,746**	**79,767**	**111,930**
Deferred tax liabilities, net (a-b)	**(20.672)**	**(36.951)**	**(65.644)**

As of December 31, 2018, the Bank and its subsidiaries carry no NOLs.

(Figures stated in thousands of Argentine pesos)

14. INCOME TAX (Contd.)

Changes in deferred tax liabilities, net, for the year ended December 31, 2018, and December 31, 2017, respectively, are summarized as follows:

	12/31/2018	12/31/2017
Deferred tax liabilities at beginning of year, net	(36,951)	(65,644)
Decrease in deferred taxes recognized through profit or loss	16,279	28,693
Deferred tax liabilities at end of year, net	**(20,672)**	**(36,951)**

The income tax charge disclosed in the statement of profit or loss differs from the income tax charge that would result if the current tax rate had been applied on all profits.

The following table shows a reconciliation between the income tax charge and the amounts arising from the effective tax rate in Argentina to taxable profit.

	12/31/2018	12/31/2017
Accounting profit before income tax	450,739	126,053
Statutory income tax rate	30%	35%
Tax on accounting profit	135,222	44,119
Net long-term differences and other tax effects	(829)	(43,466)
Total income tax	**134,393**	**653**

The effective income tax rate is 29.82% and 0.52% as of December 31, 2018, and 2017, respectively.

The Bank and its subsidiaries current book income tax assets for 481, 32,637 and 23,453 as of December 31, 2018, 2017, and 2016, respectively. The Bank and its subsidiaries book current income tax liabilities for 116,473, 15,149 and 1,561, as of December 31, 2018, 2017, and 2016, respectively.

In the consolidated financial statements, the tax asset (current and deferred) of a Group entity may not be offset with the tax liability (current and deferred) of another Group entity because they are related by income tax borne by different taxpayers who do not hold the legal right before tax authorities to pay or receive any amounts to settle the net position.

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15. FOREIGN EXCHANGE DIFFERENCE

	12/31/2018	12/31/2017
Foreign exchange difference arising from assets and liabilities in foreign currency	(611,713)	(85,243)
Gain from forward purchases and sales of foreign currency	195,194	46,944
Gain from the purchase and sale of foreign currency	239,591	25,825
	(176,928)	**(12,474)**

16. OTHER OPERATING PROFIT

	12/31/2018	12/31/2017
Commission on investments in mutual guarantee companies	56,459	8,468
Commissions on services	39,626	37,112
Provisions reversed and receivables recovered	15,496	20,346
Rentals	3,461	2,365
Profit from investment properties and other nonfinancial assets	115	4,972
Punitive interest	1,383	352
	116,540	**73,615**

17. ADMINISTRATIVE EXPENSES

	12/31/2018	12/31/2017
Other fees	81,717	58,589
Directors' and statutory auditor's fees	60,433	54,162
Administrative services hired	35,556	23,595
Taxes	30,956	23,256
Maintenance, conservation and repair expenses	14,690	8,404
Security services	7,851	6,521
Electric power and communications	6,317	3,923
Entertainment, traveling and living expenses	6,255	4,581
Stationery and office supplies	2,253	1,364
Advertising	1,382	151
Insurance	1,267	605
Rentals	582	435
Other	53,779	32,370
	303,038	**217,956**

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18. OTHER OPERATING EXPENSES

	12/31/2018	12/31/2017
Turnover tax	179,178	83,743
For-profit agreement charges	6,894	5,238
Market fees	7,097	3,833
Contribution to the deposit guarantee fund	6,658	3,924
Donations	357	2,680
Other	1,001	1,690
	201,185	**101,108**

19. QUANTITATIVE AND QUALITATIVE INFORMATION ON FAIR VALUES AND CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The fair value is defined as the amount for which an asset could be exchanged or a liability settled under mutually independence conditions between participants to the principal (or most advantageous) market, adequately informed and willing to do so in an orderly and current transaction, as of the measurement date under current market conditions, regardless if the price is directly observable or estimated using a valuation technique, under the assumption that the Bank is a going concern.

When a financial instrument is sold on a liquid and active market, its price on the market in an actual transaction provides the best evidence of its fair value. However, when there is no agreed-upon price on the market or it cannot indicate the fair value of the instrument, to determine such fair value the market value of another instrument of similar characteristics, the analysis of discounted flows or other applicable techniques can be used, which may be significantly affected by the assumptions used.

Although Management has used its best judgment in estimating the fair values of its financial instruments, any technique to make such estimate implies certain inherent fragility.

Fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Observable listed (unadjusted) prices on active markets, to which the Bank accesses as of the measurement date, for identical assets or liabilities.

19. QUANTITATIVE AND QUALITATIVE INFORMATION ON FAIR VALUES AND CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES (Contd.)

- Level 2: valuation techniques for which data and variables which have a significant effect on the recorded or disclosed fair value are observable, either directly or indirectly. These data include listed prices for similar assets or liabilities on active markets, listed prices for identical instruments on inactive markets and observable data other than listed prices.

- Level 3: valuation techniques for which the data and variables that have a significant effect on the recorded or disclosed fair value are not based on observable market data.

Exhibit P, "Categories of financial assets and liabilities" shows the fair value hierarchy for financial assets and liabilities measured at fair value in the statement of financial position.

Description of the measurement process

The fair value of these instruments classified as level 1 was calculated using the listed prices as of year-end on active markets, if representative. At present, the two main markets on which the bank operates for government and private securities are the BYMA and the MAE. Furthermore, both the MAE and the ROFEX are considered active markets for derivatives.

In addition, for certain instruments classified as L2 that do not have an active market, certain valuation techniques were used, including the use of market transactions performed under mutually independence conditions between duly informed and interested parties, provided that they are available, as well as references to the current fair value of another instrument that is substantially similar or the analysis of discounted cash flows.

Moreover, certain assets and liabilities included in this classification were valued using the listed prices identified for identical instruments on "less active markets".

As of December 31, 2018, 2017 and 2016, the Bank did not change the techniques adopted or assumptions used in estimating the fair values of the financial instruments.

Changes in fair value levels

The Bank monitors the availability of market information to assess the classification of the different fair value hierarchies of the financial instruments and the subsequent assessment of transfers between L1, 2 and 3 as of each year-end.

As of December 31, 2018, and 2017, the Bank has booked no transfers between L1, L2 or L3.

Financial assets and liabilities not booked at fair value in the statement of financial position

Below is a description of the methodologies and assumptions used in determining the fair value of the financial instruments not booked at fair value in the accompanying financial statements.

- **Assets which fair value is similar to the carrying amount:** For financial assets and liabilities that are liquid or have short-term maturities (less than three months), it is considered that the carrying amount is similar to the fair value. It also applies to deposits in savings and checking accounts.

(Figures stated in thousands of Argentine pesos)

19. QUANTITATIVE AND QUALITATIVE INFORMATION ON FAIR VALUES AND CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES (Contd.)

- **Financial Instruments:** The fair value of financial assets was determined by discounting future cash flows at the current market rates offered for each year for financial instruments of similar characteristics and no estimates on the future variable component were made. The estimated fair value of fixed-interest rate deposits was determined discounting future cash flows by using market interest rates for deposits with similar maturities to those of the Bank's portfolio.

- **Other financial instruments:** In the case of financial assets and liabilities that are liquid and with short-term maturity, it is estimated that their fair value is similar to their carrying amount. It also applies to deposits in savings and checking accounts, among others.

The following tables show a comparison between the carrying amount and the fair value of financial instruments not booked at fair value as of December 31, 2018, 2017, and 2016:

	12/31/2018 (*)				
	Carrying amount	Fair value			
Financial assets		**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Other financial assets	564,738	564,738	-	-	564,738
Loans and other financing (1)	5,430,456	-	-	5,184,673	5,184,673
Other debt securities	2,742,097	-	2,742,097		2,742,097
TOTAL ASSETS	**8,737,291**	**564,738**	**2,742,097**	**5,184,673**	**8,491,508**
Financial liabilities					
Deposits	10,176,082	-	10,166,911	-	10,166,911
Other financial liabilities	809,337	-	715,650	-	715,650
Financing received from financial institutions	1,534,235	-	1,434,910	-	1,434,910
Corporate bonds issued	602,833	-	531,857	-	531,857
TOTAL LIABILITIES	**13,122,487**	**-**	**12,849,328**	**-**	**12,849,328**

(*) The "Property and bank premises" account includes real property items which, if reappraised, would entail an 292,851 increase in shareholders' equity.

19. QUANTITATIVE AND QUALITATIVE INFORMATION ON FAIR VALUES AND CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES (Contd.)

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	12/31/2017				
Financial assets	**Carrying amount**	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total fair value**
Reverse repo transactions	153,094	153,094	-	-	153,094
Other financial assets	1,164,865	1,164,865	-	-	1,164,865
Loans and other financing (1)	4,812,336	-	-	4,444,934	4,444,934
Other debt securities	915,439	-	915,439	-	915,439
Financial assets delivered in guarantee	51,221	51,221	-	-	51,221
TOTAL ASSETS	**7,096,955**	**1,369,180**	**915,439**	**4,444,934**	**6,729,553**

	12/31/2017				
Financial liabilities	**Carrying amount**	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total fair value**
Deposits	6,215,835	-	6,134,116	-	6,134,116
Repo transactions	370,545	362,017	-	-	362,017
Other financial liabilities	1,358,752	-	1,355,540	-	1,355,540
Financing received from financial institutions	1,140,275	-	1,039,207	-	1,039,207
Corporate bonds issued	756,955	-	729,783	-	729,783
TOTAL LIABILITIES	**9,842,362**	**362,017**	**9,258,646**	**-**	**9,620,663**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

19. QUANTITATIVE AND QUALITATIVE INFORMATION ON FAIR VALUES AND CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES (Contd.)

	12/31/2016				
		Fair value			
Financial assets	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Other financial assets	298,877	298,877	-	-	298,877
Loans and other financing (1)	3,573,782	-	-	3,299,860	3,299,860
Other debt securities	298,312	-	298,312		298,312
Financial assets delivered in guarantee	33,713	33,713	-	-	33,713
TOTAL ASSETS	**4,204,684**	**332,590**	**298,312**	**3,299,860**	**3,930,762**

	12/31/2016				
		Fair value			
Financial liabilities	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Deposits	4,117,568	-	4,119,843	-	4,119,843
Repo transactions	559,704	548,611	-	-	548,611
Other financial liabilities	436,613	-	428,287	-	428,287
Financing received from financial institutions	520,718	-	501,438	-	501,438
Corporate bonds issued	770,733	-	716,080	-	716,080
TOTAL LIABILITIES	**6,405,336**	**548,611**	**5,765,648**	**-**	**6,314,259**

(1) The Bank's Management has not identified any further indicators of impairment in value of its financial assets as a result of differences in their fair value.

20. LEASES

The Company, in its capacity as lessor, entered into finance lease agreements under the usual characteristics for this type of transactions, and there are no differences from the general agreements signed on the Argentine financial market. Effective lease agreements do not account for significant amounts of all the financing granted to the Bank.

20. LEASES (Contd.)

As of December 31, 2018, 2017, and 2016, finance lease agreements amounted to 111,367, 101,709 and 30,348 respectively.

21. ADDITIONAL INFORMATION ABOUT THE STATEMENT OF CASH FLOWS

The statement of cash flows shows the changes in cash and cash equivalents arising from operating, investing and financing activities over the fiscal year. In preparing this statement, the Bank used the indirect method in the case of operating activities, and the direct method for investing and financing activities.

The Bank considers cash and cash equivalents as part of the "Cash and deposits with banks" account. In preparing the statement of cash flows, the following items are considered:

– Operating activities: They are related to the normal activities conducted by the Bank and its subsidiaries, as well as other activities that may not be classified as investing or financing activities.
– Investing activities: They are related to the acquisition, sale or disposal by other means of long-terms assets and other investments not included in cash and cash equivalents.
– Financing activities: They are related to the activities that bring about changes in the size and breakdown of shareholders' equity and the liabilities that do not comprise operating or investing activities.

22. CAPITAL STOCK

The Bank's issued, registered and paid-in capital stock as of December 31, 2018, 2017, and 2016 stands at 323,900 shares of common stock with 5 votes each.

23. DEPOSIT GUARANTEE INSURANCE

Law No. 24,485 and Presidential Decree No. 540/1995 created a limited and mandatory Deposit Guarantee Insurance System for valuable consideration designed to provide coverage for risks inherent in bank deposits, as a subsidiary and supplementary protection to the one offered by the system of bank deposit privileges and protection created by Financial Institutions Law.

Such law created the company "Seguro de Depósitos Sociedad Anónima" (SEDESA) for the exclusive purpose of managing the deposit guarantee fund, the shareholders of which, as amended by Presidential Decree No. 1,292/96, shall be the BCRA with at least one share, and the trustees of the trust agreement created by financial institutions in the proportion established by the BCRA based on their contributions to the deposit guarantee fund. Such company was organized in August 1985, where the Bank holds 0.1720% equity interest in agreement with the percentages disclosed by BCRA Communiqué "B" No. 11,681 on March 20, 2018.

This system will comprise the deposits made in Argentine pesos and foreign currency with the institutions involved in checking accounts, savings accounts, certificates of deposit or other types determined by the BCRA, and meeting the requirements of Presidential Decree No. 540/1995 and further requirements established by the enforcement authority.

23. DEPOSIT GUARANTEE INSURANCE (Contd.)

The system will not include: a) financial institutions' deposits with other intermediaries, including the certificates of deposit acquired through secondary negotiation; b) deposits made by persons related, either directly or indirectly, to the Bank, according to BCRA current or future regulations; c) time deposits of securities, acceptances or guarantees; d) deposits made after July 1, 1995, for which the interest rate agreed upon exceeded by two annual percentage points the BCRA deposit rate for equivalent certificates of deposit, effective on the date before the day the deposit was made. The BCRA may change the benchmark rate established in this section, and e) other deposits to be excluded by applicable authorities.

24. TRUST BUSINESS

On July 6, 2017, through Resolution No. 18,837, the CNV established the Bank's registration as financial trustee No. 64 in the registry kept by the former regulated by section 7, Chapter IV, Title V of CNV standards (as revised in 2013, as amended).

The Bank acted as trust agent for financial trust "Agrocap I" by virtue of the trust agreement dated June 30, 2017, which is the date when the formalities for authorizing the public offering system with the CNV began. On April 25, 2018, the CNV approved the public offer of the trust securities and made the related bidding and issuance on May 23, 2018, and May 29, 2018, respectively.

On August 21, 2018, the Bank settled 100% of its debt securities and certificates of participation in the trust. Moreover, on that same date, Alianza Semillas S.A., as the single holder of the remaining class of the trust securities issued, asserted the right granted by section 2(1)14 "Early settlement of the trust" of the trust agreement and requested its early settlement. Consequently, according to the agreement signed, the final settlement process began on September 6, 2018.

Besides, the Bank acts as the financial agent for financial trust "Agrocap II" by virtue of the trust agreement dated July 26, 2018, which is the date when the formalities for authorizing the public offering system with the CNV began. On December 27, 2018, the CNV approved the public offer of the trust securities and made the related bidding and issuance on January 10, 2019, and January 14, 2019, respectively.

In no case shall the trustee be liable with its own assets or for an obligation deriving from the performance as trustee. Such obligations do not imply any type of indebtedness or commitment for the trustee and they will be fulfilled only through trust assets. Asimismo, el fiduciario no podrá gravar los activos fideicomitidos o disponer de éstos, más allá de los límites establecidos en los respectivos contratos de Fideicomisos. The commissions earned by the Bank due to its performance as trust agent are calculated under the terms and conditions of the related agreements.

Corpus assets are: (a) receivables, (b) the amounts of money for the collection of receivables, and (c) the proceeds from investments in liquids funds available. Assets under custody were booked in off-balance items and amounted to 373,464 for "Agrocap II" as of December 31, 2018, and to 132,000 for "Agrocap I" as of December 131, 2017.

The Bank also acts as the trust agent for the private financial trust "Sáenz Tarjetas I", batch 1 and 2, in conformity with the trust agreement dated September 24, 2018. Corpus assets are the receivables derived from using the Visa and Mastercard credit cards issued by Banco Sáenz. The assets managed by the Bank amount to 259,396 as of December 31, 2018.

(Figures stated in thousands of Argentine pesos)

24. TRUST BUSINESS (Contd.)

Besides, Eurobanco Bank Ltd. acts as trust agent by placing funds received from third parties. According to each trust agreement, such parties appoint the Bank as their trust agent and instruct it to deliver and pay the related amounts to money related to the deposits made to the lender. They also require such delivery and payments to be made to the lender or that the Bank place funds in its own name but on the exclusive account of depositors at their own risk.

As of December 31, 2018, 2017 and 2016, Eurobanco Bank Ltd. conducted trust transactions for USD 567,000, USD 896,000 and USD 20,656,000, respectively.

Furthermore, Eurobanco Bank Ltd. acts as intermediary in loan transactions ("Participation Agreement") with third parties, including top banks and their customers. According to the agreements for such transactions, the Bank collects the funs related to financing and transfers them to the related beneficiaries, based on the agreed-upon terms. The risks of loss related to the amounts involved in such transactions are fully assumed by the end beneficiaries of the loans.

As of December 31, 2016, Eurobanco Bank Ltd. held items in custody for the transactions mentioned above for USD 20,022,000.

25. MUTUAL FUNDS

On May 24, 2017, through Resolution No. 18,707, the CNV established the Bank's registration in the registry kept by the former as a custody agent of mutual funds collective investment products (AC PIC FCI) No. 25 .

On August 1, 2017, the Fundcorp Performance and Fundcorp Performance Plus funds started to operate, and the Bank acts as the custody agent of mutual funds collective investment products. In addition, on April 20, 2018, two new funds, Fundcorp Long Performance and Fundcorp Long Performance Plus, started operating.

As of December 31, 2018, the Bank, in its capacity as depositary company, held membership interests of the Performance, Performance Plus, Long Performance and Long Performance Plus funds in custody as per the following breakdown:

Fund	Shareholders' equity	Number of mutual fund shares
Fundcorp Performance	678.101	459.133
Fundcorp Performance Plus	3.604.757	99.071
Fundcorp Long Performance	59.911	51.080
Fundcorp Long Performance Plus	194.450	6.736

Through the Board of Directors' Meetings Minutes dated January 28, 2019, the Bank decided to create two additional open-end mutual funds, Fundcorp Liquidez and Fundcorp Liquidez Plus. They are pending approval by the CNV.

26. COMPLIANCE WITH CNV REGULATIONS

In compliance with the provisions to act in the different agent categories defined by the CNV:

For the transactions conducted by Banco CMF S.A.

i) Clearing agent and comprehensive negotiation agent (ALYC – Integral)

On September 19, 2014, the CNV ordered Banco CMF S.A.'s inclusion in the registry kept by such organization as a comprehensive settlement and clearing agent and negotiation agent No. 63 (ALyC y AN – Integral) regulated by Chapter II in Title VII of the Regulations (as revised in 2013). In this regard, as provided in items 4 and 5 of Exhibit I, Chapter I, Title VI and sections 20 and 22 of Chapter II, Title VII of CNV regulations (as revised in 2013), it is reported that the Bank's equity exceeds the minimum shareholders' equity required by such regulation, which amounts to 15,000, as well as the minimum statutory guarantee, which stands at 7,500.

ii) Financial trustee

On July 6, 2017, it was approved by the CNV under such category, which requires a total minimum shareholders' equity of 6,000. Since it is also registered as a settlement and clearing agent, comprehensive category, and custody agent of mutual funds collective investment products, the Bank should have a minimum shareholders' equity equal to the amount resulting from adding to the minimum shareholders' equity required for the highest category 50% of each of the remainder minimum shareholders' equity required for the other categories. In turn, the agent should have an amount equal to the addition of all the minimum statutory guarantees required for the categories requested.

As of the date of issuance of these financial statements, the Bank should maintain an additional minimum shareholders' equity for the trust activity performed of 3,000 and an additional minimum statutory guarantee of 3,000.

iii) Custody agent of collective investment products

On May 24, 2017, the Bank is registered as a custody agent of mutual funds collective investment products; therefore, it is required to have a minimum shareholders' equity of 1,000 plus 500 for each fund under its custody. Since it is also registered as a settlement and clearing agent, comprehensive category, and custody agent of mutual funds collective investment products, the Bank should have a minimum shareholders' equity equal to the amount resulting from adding to the minimum shareholders' equity required for the highest category 50% of each of the remainder minimum shareholders' equity required for the other categories. In turn, the agent should have an amount equal to the addition of all the minimum statutory guarantees required for the categories requested. The Company is also required to have an additional minimum statutory guarantee of 500.

The abovementioned minimum statutory guarantees are made up with assets available in BCRA account No. 319 in Argentine pesos for 11,500 booked under "Financial institutions and BCRA correspondents - Checking account denominated in Argentine pesos".

For the transactions conducted by Metrocorp Valores S.A.

i) Settlement and Clearing Agent and Comprehensive Negotiation Agent (ALYC y AN – Integral)

On September 19, 2014, the CNV ordered its inclusion in the registry kept by such organization as "Settlement and clearing agent and Negotiation agent – Comprehensive" No. 55 ALyC and AN – Comprehensive, regulated by Chapter II in Title VII of the Regulations (as revised in 2013). It has a minimum capital of 15,000 and a liquid contra account of 7,500 to conduct such activity.

26. COMPLIANCE WITH CNV REGULATIONS (Contd.)

ii) Mutual fund placement and distribution agent

On November 2, 2017, the Company was registered as a mutual fund placement and distribution agent in CNV Registry No. 40. It has a minimum capital of 3,000 and a liquid contra account of 1,500 to conduct such activity.

For the transactions carried out by CMF Asset Management

i) Managing agent in charge of collective investment products

Through Board of Directors' Meeting minutes dated November 14, 2016, the Bank was registered with the registry of managing agents in charge of collective investment products with the CNV, and the creation of two open-end mutual funds. The Company was registered with the CNV on May 4, 2017, under Resolution No. 18,645.

As established in section 2, Chapter I, Title V of CNV regulations, as revised in 2013, the Company should have the minimum shareholders' equity required to act as managing agent in charge of mutual funds collective investment products standing at 500,000 plus 100,000 per each additional fund managed by investing at least 50% of the minimum shareholders' equity amount required in eligible assets mentioned in Exhibit I, Chapter I "Market" of Title VI.

As of the date of these financial statements, CMF Asset Management S.A.U. has a shareholders' equity that exceeds the minimum shareholders' equity required by the abovementioned regulation. Moreover, the Company has a liquid contra account that exceeds the account required by CNV regulations, which is made up of membership interests in the mutual funds "Fundcorp Performance" and "Fundcorp Performance Plus".

27. SAFEKEEPING OF DOCUMENTATION, ISSUER COMPANIES - CNV GENERAL RESOLUTION NO. 629/2014 AND CNV GENERAL RESOLUTION NO. 632/2014

On August 14, 2014, and September 18, 2014, the CNV issued General Resolutions No. 629/14 and 632/14 (the "Resolutions"), respectively, which establish that issuer companies should archive the documentary support for their management and accounting transactions in appropriate spaces ensuring their preservation and inalterability.

The Bank's criterion is to deliver to third parties for safekeeping certain documentary support regarding its management and accounting transactions of a certain age, understood to be of dates prior to the last completed fiscal year. A los fines de cumplir con las exigencias establecidas en las Resoluciones, la Entidad le encomienda el depósito de la documentación mencionada en el párrafo precedente a Iron Mountain S.A., con domicilio legal en la calle Av. Amancio Alcorta 2482, de la Ciudad Autónoma de Buenos Aires. Based on the information provided by the hired company, the documentation received was deposited in its warehouses located in: (I) Parque Patricios plant: (Avenue Amancio Alcorta 2482, Buenos Aires City), (II) Barracas plant: (Azara 1245, Buenos Aires City), and (III) Ezeiza plant: (San Miguel de Tucumán 601 – Ezeiza).

Furthermore, the Bank entrusts the archiving of certain management and accounting records and documents of a certain age, as indicated previously, to ADDOC Administración de Documentos S.A., domiciled at Avenue Del Libertador 5.936, Piso 5° "B", Buenos Aires City, which has a warehouse located in Avenue Luis Lagomarsino 1750 (former RN 8 Km 51,200), Pilar, Buenos Aires Province.

The Bank keeps the documentation given for safekeeping to the abovementioned companies available to the CNV at all times and in its registered place of business.

(Figures stated in thousands of Argentine pesos)

28. ACCOUNTS THAT IDENTIFY COMPLIANCE WITH MINIMUM CASH AND CAPITAL REQUIREMENTS

Minimum cash

The items computable by Banco CMF S.A. (the requirement is only for the Argentine financial institution under BCRA requirements) to fulfill the minimum cash requirement in effect for December 2018 are broken down below; the closing amounts of the related accounts are as follows:

Item	BANCO CMF S.A.	
	In Argentine pesos	In foreign currency
Cash:		
Amounts held in BCRA accounts	820,000	1,391,640
Other debt securities		
Argentine treasury bills in Argentine pesos maturing in 2020 (TN20)	166,452	-
BCRA liquidity bills	99,266	-
Other receivables from financial intermediation:		
BCRA special guarantee accounts	71,230	35,540

Minimum capital requirement

Below is a summary of the minimum capital requirements broken down by credit risk, market risk and operational risk measured on consolidated basis together with the payment thereof (computable equity) in accordance with BCRA applicable standards for December 2018.

Item	Banco CMF and subsidiaries
Computable equity	2,097,715
Minimum capital requirement	
Market risk	114,172
Operational risk	84,149
Credit risk	665,792
Total requirement	**864,113**

29. PENALTIES APPLIED TO THE FINANCIAL INSTITUTION AND SUMMARY PROCEEDINGS INITIATED BY THE BCRA

On January 8, 2015, the BCRA issued Communiqué "A" 5689 requesting that a note to the financial statement should detail all administrative and/or disciplinary penalties and all criminal penalties ordered by a trial court ruling that were imposed or initiated by the BCRA, the UFI (Financial Information Unit), the CNV and the SSN (Argentine insurance regulatory agency), as well as provide information on the summary proceedings initiated by the BCRA, regardless of its significance.

29. PENALTIES APPLIED TO THE FINANCIAL INSTITUTION AND SUMMARY PROCEEDINGS INITIATED BY THE BCRA

To date, the Bank and its subsidiaries do not have administrative and/or disciplinary penalties or criminal penalties ordered by a trial court.

30. CORPORATE BONDS ISSUANCE

On September 1, 2012, the Bank's Special General Shareholders' Meeting approved a global program for the issuance of nonconvertible corporate bonds pursuant to Law No. 23,576, as supplemented, and the CNV regulations for a maximum outstanding amount at any time of up to a face value of ARS 500,000,000 or its equivalent in other currencies.

On September 28, 2012, through Resolution No. 16,923, the CNV authorized the Bank to join the public offering system and create a program to list publicly nonconvertible corporate bonds, the main terms and conditions of which are included in the Program's offering circular dated October 3, 2012. Its summarized version was published in the Daily Bulletin of the Buenos Aires Stock Exchange on the same date.

As part of the abovementioned program, the Bank issued corporate bond classes No. 1 through 13. As of the date of these financial statements, the principal and interest related to classes No. 1 through 9 were repaid in full, in accordance with the issuance terms thereof.

On September 8, 2015, the Bank's Special General Shareholders Meeting approved the increase in the amount for the global program for the issuance of short-, medium- or long-term, subordinated or unsubordinated, secured or unsecured corporate bonds nonconvertible into shares and denominated in Argentine pesos for a maximum outstanding amount of ARS 500,000,000 (or its equivalent in other currencies) to ARS 1 billion (or its equivalent in other currencies), and the extension of the term of the program for five more years or the longer term provided for by applicable regulations.

On November 5, 2015, through Resolution No. 17,868, the CNV authorized this increase in the amount and the term of the global program, the main terms and conditions of which are included in the program's offering circular dated November 26, 2015. Its summarized version was published in the daily bulletin of the Buenos Aires Stock Exchange on the same date.

On April 24, 2018, the Bank's Special General Shareholders' Meeting approved the adjustment of the prospectus and the increase in the global program amounts for the issuance of short-, medium- or long-term, subordinated or unsubordinated, secured or unsecured corporate bonds denominated in Argentine pesos for a maximum outstanding amount of ARS 1 billion (or its equivalent in other currencies) up to ARS 3 billion (or its equivalent in other currencies), or any other amount as determined by the Bank's Board of Directors.

The Board of Directors, at its meeting held on June 8, 2018, decided to increase the program maximum amount up to an additional amount of ARS 500,000,000; therefore, the total program outstanding amount will be ARS 1.5 billion (or its equivalent in other currencies) at all times. On September 11, 2018, the CNV authorized this increase.

30. CORPORATE BONDS ISSUANCE (Contd.)

On December 15, 2017, the CNV approved the pricing supplement of classes Nos. 10 and 11 (class No. 11 was not issued) of simple corporate bonds (not convertible into shares) with a variable rate (simple mathematical average of the interest rate for certificates of deposit equal to or higher than ARS 20 million for periods ranging between 30 and 35 days for Argentine private banks published by the BCRA during the period that begins on the seventh business day prior to the beginning of each interest accrual period and ends on the seventh business day prior to the date of payment of the related interest, including the first day but excluding the last) plus a cutoff margin of 3.50%, annual base; however, it was established that in the first interest accrual period, the interest rate to be paid shall not be lower than the minimum interest rate of 28.80%) for a total face value of up to ARS 250,000,000. The issuance of Class No. 10 was made effective on December 22, 2017, for a total face value of ARS 316,500,000, maturing on June 24, 2019, and with interest payable quarterly in arrears as from the issuance date. The abovementioned funds, net of issuance expenses, were used to grant loans pursuant to BCRA regulations. The terms and conditions of the corporate bonds were approved by the Special Shareholders' Meeting on December 7, 2016, and by the Board of Directors in its meeting held on November 21, 2017. The corporate bond supplement was published in the Buenos Aires stock exchange bulletin on December 15, 2017.

On February 8, 2018, the CNV approved the pricing supplement of classes Nos. 12 and 13 of simple corporate bonds (not convertible into shares) with a variable rate (simple mathematical average of the interest rate for certificates of deposit equal to or higher than ARS 20 million for periods ranging between 30 and 35 days for Argentine private banks published by the BCRA during the period that begins on the seventh business day prior to the beginning of each interest accrual period and ends on the seventh business day prior to the date of payment of the related interest, including the first day but excluding the last) plus a cutoff margin of 3.00% and 3.50%, annual base, for Class No. 12 and No. 13, respectively; however, it was established that in the first interest accrual period, the interest rate to be paid for both classes shall not be lower than the minimum interest rate of 26.75%) for a total face value of up to ARS 400,000,000. The issuance of Class No. 12 was made effective on February 19, 2018, for a total face value of ARS 250,000,000, maturing on August 19, 2019, and with interest payable quarterly in arrears as from the issuance date. In addition, the issuance of Class No. 13 was made effective on February 19, 2018, for a total face value of ARS 150,000,000, maturing on February 19, 2021, and with interest payable quarterly in arrears as from the issuance date. The abovementioned funds, net of issuance expenses, were used to grant loans pursuant to BCRA regulations. The terms and conditions of the corporate bonds were approved by the Special Shareholders' Meeting on December 7, 2016, and by the Board of Directors in its meeting held on January 9, 2018. The corporate bond supplement was published in the Buenos Aires stock exchange bulletin on February 8, 2018. After year-end, on February 19, 2019, the fourth period of interest for classes 12 and 13 were paid for 33,147 and 20,075, respectively.

As of December 31, 2018, 2017, and 2016, the principal amount of the unsubordinated corporate bonds issued totaled 716,500, 746,500 and 750,000, respectively, and interest totaled 27,625, 10,455 and 20,733, respectively. Additionally, the Bank repurchased 136,500 of 716,500 unsubordinated corporate bonds as of December 31, 2018.

(Figures stated in thousands of Argentine pesos)

31. OFF-BALANCE SHEET AMOUNTS

In addition to the comments made in note 8 and the amounts disclosed in Exhibit B, the Bank books different transactions involving off-balance accounts in accordance with the regulations issued by the BCRA.

The main off-balance accounts are made up as follows:

	12/31/2018	12/31/2017	12/31/2016
Custody of government securities and other assets owned by third parties	22,861,618	16,511,271	7,920,870
Checks to be debited	256,264	117,001	38,979
Certificates of deposit involving government securities and monetary regulation instruments	389,965	1,000,777	787,737
Preferred guarantees received from customers	662,440	365,512	363,646
Reverse repo transactions involving government securities and monetary regulation instruments	311,574	170,387	-

32. RESTRICTION ON DISTRIBUTION OF EARNINGS

For the transactions conducted by Banco CMF S.A.

– According to BCRA provisions, 20% of earnings for the year plus/minus prior-year profit (loss) adjustments and minus accumulated losses as of the end of the prior year, if any, shall be allocated to the legal reserve. Consequently, the following Shareholders' Meeting shall allocate 63,170 of unappropriated retained earnings to that reserve.

– Under Law No. 25,063, dividends to be distributed, in cash or in kind, in excess of taxable income accumulated as of the end of the fiscal year immediately preceding the payment or distribution date shall be subject to a 35% income tax withholding as a single and final payment. To such end, the earnings to be considered in each fiscal year will result from adding to the earnings assessed on the basis of general Income Tax Law provisions the dividends or earnings from other stock corporations not computed upon determining such earnings in the same tax period(s), and deducting the tax paid for the tax period(s) giving rise to the earnings being distributed or the related proportional portion. This withholding will not be applied to the distributions of profits accrued for tax years beginning as from January 1, 2018.

– Through Communiqué "A" 6464, the BCRA established the general procedure to distribute earnings. This procedure establishes that earnings may only be distributed provided that certain situations take place, such as requesting financial aid from such agency related to illiquidity, presenting outstanding amounts related to capital or minimum cash requirements and being subject to the provisions of sections 34 and 35 bis of Financial Institutions Law (sections related to plans for redressing, remediating and restructuring the Bank), among other conditions detailed in the communiqué that should be met. The distribution of earnings approved by the Bank's Shareholders' Meeting may only be carried out once authorized by BCRA Financial Institutions and Foreign Exchange Regulatory Agency.

In addition, earnings may only be distributed provided that there is income after deducting on a nonaccounting basis from the unappropriated retained earnings and from the optional reserve for future distribution of earnings; the amounts related to the legal, statutory and/or special reserves that should be set; the net positive difference between the book amount and the market value or present value reported by the BCRA, as the case may be, of the BCRA's government debt instruments not valued at market price, and the amounts capitalized in connection with court claims related to deposits, among other items.

32. RESTRICTION ON DISTRIBUTION OF EARNINGS (Contd.)

In addition, the maximum amount to be distributed may not exceed the minimum capital requirement recalculated considering, exclusively for this purpose, the position so as to consider the abovementioned effects, among other concepts, and 100% of the capital requirement for operating risk.

Finally, through Communiqué “A” No. 6464, the BCRA establishes that financial institutions may not distribute earnings with profits arising from the first-time application of IFRS and should create a special reserve that may only be reserved for its conversion into equity or to absorb potential accumulated losses.

For the transactions conducted by Metrocorp Valores S.A. and CMF Asset Management S.A.U.

– Under Law No. 25,063, dividends to be distributed generated through December 31, 2018, in cash or in kind, in excess of taxable profits accumulated as of the end of the fiscal year immediately preceding the payment or distribution date shall be subject to a 35% income tax withholding as a single and final payment. To such end, the earnings to be considered in each fiscal year will result from adding to the earnings assessed on the basis of general Income Tax Law provisions the dividends or earnings from other stock corporations not computed upon determining such earnings in the same tax period(s), and deducting the tax paid for the tax period(s) giving rise to the earnings being distributed or the related proportional portion.

– According to IGJ General Resolution No. 7/2015, the Shareholders’ Meeting in charge of analyzing the annual financial statements will be required to establish a specific use for the Bank’s retained earnings, whether through the actual distribution of dividends, their capitalization through the delivery of bonus shares, the creation of voluntary reserves apart from the legal reserve or a combination of any of these applications.

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE

Risks are inherent in the Bank’s and its subsidiaries’ activities and are managed through a process for the continuous identification, measurement and control thereof, subject to limits and other risk controls. This risk management process is critical for the Bank's profitability.

The Board of Directors is made up of four members, as set forth by the Shareholders’ Regular Meeting, who are chosen for three-year periods with the possibility of being reelected. This number of directors is proportional to the Bank’s size, complexity, economic importance and risk profile. They promote and guarantee an objective and independent judgment for making decisions in the Bank’s and its subsidiaries’ financial institution’s best interest and in line with corporate objectives, avoiding and preventing potential conflicts of interest or decisions contrary to the Bank’s interests.

Individuals falling under the disqualifications and incompatibilities set forth in Law No. 19,550 on Argentine Business Associations and in Law No. 21,526 on Financial Institutions may not form part of the Board of Directors either. The background information of the selected Directors is submitted to the BCRA for its respective approval.

The Board of Directors is in charge of performing management functions in the Bank and making the related decisions. It is also responsible for implementing the decisions reached by shareholders’ meetings, conducting the tasks especially delegated by shareholders and adopting the business strategy to approve the general and specific policies to ensure proper business management. Its objectives are, among others, coordinating and supervising that the operating performance is consistent with institutional objectives, facilitating the performance of business with efficiency, control and productivity, for the purpose of generating permanent improvement in administrative and commercial processes.

33. RISK MANAGEMENT AND CORPORATE GOVERNMENT (Contd.)

Risk management structure:

Additionally, the Bank has structured its risk control based on the Board of Directors' supervision. The Board of Directors is in charge of approving the Bank's effective strategies and policies, provides the general risk management principles and approves the risk control policies for specific areas such as operating, market, liquidity and credit risk. The Board of Director's involvement in the issues addressed by the different committees entail a decrease in the risks that may arise in the course of business.

The abovementioned structure comprises different separate and independent committees. A breakdown of the committees and the functions is included below:

- Audit Committee: Its role is to support the Board of Director's management in implementing and supervising the Bank's and its subsidiaries' internal control. It has its own set of regulations which form part of the Bank's Corporate Governance System.

- Information Asset Protection Committee: This is a multidisciplinary formal body for the protection of information assets, with the purpose of establishing mechanisms to be used by the Information Assets Protection Department's management and control with a comprehensive approach of the security required (physical and logical) and appropriate for each technological environment and information resources. Its mission is to determine the procedure for addressing incidents, policy exceptions and promote awareness and training throughout the organization, pursuant to the guidelines set forth in BCRA Communiqué "A" 4,609, as supplemented.

- IT and Systems Committee: This formal body makes decisions on the different issues that contribute towards the support behind the Bank's and its subsidiaries' business regarding IT, in accordance with the guidelines established by BCRA Communiqué "A" 4609, as supplemented (IT risks.).

- Human Resources and Ethics Committee: It plans and consolidates the potential development of human resources, assesses the evolution and adjustment of the structure in terms of its strategic plans, analyzes the promotion of its human resources, its compensation policy and accompanies the organization through hits change processes.

- Corporate Governance and Compliance Committee: It ensures the actions of its administrators and personnel abide by and are in compliance with the management strategies duly approved by the Board of Directors. It also makes sure the Bank and its subsidiaries have the proper means with which to comply with internal and external regulations.

- Financial Committee: Its purpose is to be the formal decision-making body regarding financial matters and on the different supporting issues of the Bank and its subsidiaries.

- Credit Committee: This is the formal decision-making body regarding credit policies.

- Money Laundering and Terrorism Financing Control and Prevention Committee: It is aimed at supporting the Compliance Officer in adopting the policies and procedures required for the proper operation of the money laundering and terrorism financing prevention system.

- Comprehensive Risk Management Committee: This committee focuses on the comprehensive management process of all significant risks and ensures that current policies and strategies on this matter which have been approved and set by the Board of Directors are complied with.

33. RISK MANAGEMENT AND CORPORATE GOVERNMENT (Contd.)

- Foreign Trade and Exchange Committee: This is the formal body for defining the policies and guidelines for foreign trade processes under BCRA regulations. It controls and reviews SWIFT code submission requests to and from other countries.

The Bank has implemented an overall risk management process pursuant to Communiqué “A” 5398 as amended, which is also in line with the good banking practices recommended by the Basel Committee.

Comprehensive Risk Management is in charge of the comprehensive management of the risks faced by the Bank and its subsidiaries, acting independently from the business areas.

It is mainly in charge of following up risks, assisting in designing and enforcing policies and procedures, and advising the Comprehensive Risk Management Committee or the liable parties of the risks that may require additional controls. It also gathers information related to the level of exposure of the different types of risks and reports to General Management and the Comprehensive Risk Management Committee, proposing and monitoring related actions plans. It also conducts annual stress tests according to the methodology formally approved and documents the contingency plants to cover the risks that exceed the caps defined by the Board. It also issues the Capital Self-Assessment Report every year.

The main goal of the Comprehensive Risk Management Committee is to propose to the Board the strategy for managing market, rate, liquidity and credit risks, among others, as well as the global limits of exposure to these risks. Also, learning about each risk position and compliance with the policies set. The scope of its functions comprises the Bank and its subsidiaries.

The Bank’s risk management function is undergoing an adaptation process to the regulatory requirements set by Basel III and by the BCRA. Based on these guiding principles, a series of procedures and processes that allow identifying, measuring and valuing the risks to which the Bank is exposed have been defined, always seeking consistency with the Bank’s business model.

Risk management processes are communicated to the whole entity. They are in line with the guidelines set by the Board of Directors and top management of the Bank and its subsidiaries, which, through various committees, define the general objectives expressed in goals and limits to the business units in charge of managing risks.

The risk management information system entitled “Risk Management Panel” provides the Board of Directors and top management with relevant information on the risk profile and the capital requirements of the Bank and its subsidiaries in a clear, accurate and timely manner. This information includes the exposure to all risks, including those arising from off-balance sheet transactions; that is to say, transactions not booked in the statement of financial position. In addition, the management function includes the assumptions and limits inherent in specific risk measures.

Based on the previous paragraph, the main aspects of the Bank’s and its subsidiaries’ risk management process are:

- Updating credit risk management frameworks and processes (including securitization risk, country risk, counterparty risk and residual risk), liquidity risk, market risk, operational risk, interest rate risk, foreign exchange settlement risk, concentration risk, strategic risk and reputational risk.

- Reviewing the existing risk tolerance limits based on the assessment of the main risks faced by the Bank and its subsidiaries. The limits are monitored periodically and the results are informed to the Bank’s and its subsidiaries’ Comprehensive Risk Management Committee and Board of Directors.

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (Contd.)

- Generating periodic reports (Risk Management Panel) to identify, measure, monitor and mitigate the most significant risks assumed by the Bank, and reporting the results to the Bank's Board of Directors and top management.

- Preparing a capital self-assessment report using methods in line with the guidelines set out by Basel III to estimate the economic capital required by the Bank and its subsidiaries for each of the significant risks identified.

- Preparing and executing stress tests to measure scenarios of various degrees of severity, for the purpose of assessing the potential impact of stress situations and preparing contingency actions to manage the various risks.

Risk measurement and reporting systems:

Risks are supervised and controlled primarily based on the limits established by the Bank. These limits reflect the Bank's business strategy and market environment, as well as the risk level the Bank is ready to accept, with further focus on the industries selected. In addition, the Bank and its subsidiaries control and measure the full risk it bears as regards the full risk exposure as to all types of risks and activities.

The different committees document their meetings in formal minutes transcribed into officially-stamped books that are submitted to the Board according to the frequency established, including the significant risk identified, if applicable.

The Bank and its subsidiaries actively use guarantees to mitigate its credit risk.

Excessive risk concentration:

To avoid excessive risk concentrations, the Bank's and its subsidiaries' policies and procedures include specific guidelines to focus on keeping a diversified portfolio. The identified credit risk concentrations are controlled and managed accordingly. The selective coverage is used at the Bank and its subsidiaries to manage risk concentrations both in terms of relationships and industry.

In addition, it should be noted that the Bank complies with the provisions established by the BCRA regarding the maximum limits to the financing granted to specific debtor groups in order to atomize the portfolio, thus reducing credit risk concentration.

The policies and processes for identifying, assessing, controlling and mitigating the main risks are described below:

Credit risk

The credit risk is the existing risk regarding the possibility for the Bank and its subsidiaries to incur a loss because one or several customers or counterparties fail to meet their contractual obligations.

To manage and control credit risk, the Bank and its subsidiaries establish limits on the risk amount it is willing to accept in order to monitor the related indicators.

In addition, the Board of Directors approves the Bank's and its subsidiaries' credit policy and credit assessment in order to provide a framework for the creation of businesses to attain an adequate relationship between the risk assumed and profitability. The Bank and its subsidiaries have procedure manuals containing guidelines in the matter in compliance with current regulations and the limits established. Below are the objectives of those manuals:

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (Contd.)

- Achieving proper portfolio segmentation by type of client and economic sector.

- Boosting the use of the risk analysis and assessment tools that best adjust to the customer's profile.

- Setting consistent standards for granting loans, following conservative parameters based on the customer's solvency, cash flows and profitability.

- Setting limits to individual powers for granting loans depending on the amount, promoting the existence of specific committees that, according to their sphere of competence, will be in charge of defining assistance levels.

- Optimizing the quality of risks assumed, having appropriate guarantees according to the loan term and the level for the risk involved.

- Monitoring the loan portfolio and the level of customers' compliance permanently.

Credit risk is monitored by the Risk Management area. Such area is in charge of reviewing and managing credit risk, including environmental and social risks for all types of counterparties. The Bank employs specialized analysts who base their work on tools, such as credit risk systems, policies, processes and reports.

To evaluate the credit risk, based on the credit analysis and proposal prepared by the business officer, the Bank has established a credit quality review process aimed at the early identification of potential changes in the debtors' credit solvency. Debtors' limits are established using a credit risk classification method, which assigns a risk classification to each of them. Such classifications are subject to periodic reviews.

Based on the above, the area in charge analyzes the customer's credit and repayment capacity and issues a report in which, among other aspects, mentions the main risks to which the company is exposed and that may affect its payment capacity and findings regarding any litigation deriving from the legal regulations of the financial system or from commercial activities, such as disqualifications, requests for bankruptcy, and litigation in progress. The purpose of the credit quality review process is to allow the Bank and its subsidiaries to evaluate the potential loss resulting from the risks to which it is exposed and to take corrective measures.

Based on the risk report, the business officer prepares a customer credit rating proposal, including the analysis of loans, other receivables, contingent obligations and guarantees granted, which is sent to the Credit Committee in charge of analyzing and approving the related financing.

The Bank does not generate consumer credit portfolios directly; instead, it purchases consumer portfolios to leading companies in the retail sector. At the negotiation stage of the transaction, in addition to the general conditions related to the rate, amount, duration, guarantees, total term and types of credits to be assigned (among others), the specific conditions of the credits are defined to reduce its level of risk: relationship between installments and profits, payment method, review against the database of documents challenged, comparison to the debtor classification on the financial system, number of installments paid, maximum and minimum age and country, among others.

Based on these parameters, a credit scoring is performed to choose the credits to be acquired. The assignor's risk is also analyzed. All the information is submitted to the Credit Risk Committee for its analysis and approval. The classification is related to the customers' quality and BCRA provisions on debtor classification and minimum provisions for loan losses.

It is noteworthy that the Bank and its subsidiaries use the request for guarantees for its financing facilities to mitigate the credit risk. The main guarantees received are works certificates, joint and several sureties, bills of exchange and invoices. The Bank has the obligation to return the guarantees received to their holders at the end of the guaranteed financing.

33. RISK MANAGEMENT AND CORPORATE GOVERNMENT (Contd.)

The Bank's Operations Management monitors the market value of guarantees and requests appraisal revaluations frequently.

The classification and periodical monitoring of customers permit to protect the quality of assets and to take corrective actions in advance in order to maintain the Bank's and its subsidiaries' equity.

The main considerations to assess the impairment in value of loans include if there are principal or interest payments past due over 90 days or if there is any known difficulty in the counterparties' cash flows, reduced credit ratings or breach of the original terms of the agreement. The Bank assesses the impairment in value in two areas: allowances individually evaluated and allowances collectively evaluated.

The guarantees granted, letters of credit and obligations for foreign trade transactions are assessed and an allowance is booked in the same manner as that of the loan portfolio. The credit risk in these transactions is defined as the likelihood of occurrence of a loss because one of the parties to a contingent transaction does not comply with the terms set out in the agreement. The risk for credit losses is represented by the amounts established in the respective instrument agreements.

The financing facilities granted to the nonfinancial government sector and financing facilities with a term of less than 30 days granted to financial sector customers are excluded from the analyses of allowances.

The Bank and its subsidiaries classify all its financing facilities into five risk categories, depending on the degree of the risk of default in payment of each loan.

The following are the classes used by the Bank and its subsidiaries, specifying the appropriate characteristics of each of them:

Debtor classification, loan provisions, other financing and contingent commitments.

The classification of the Bank's debtors is made up of six categories which entail different provision levels, also considering the guarantees supporting the various transactions. Such classifications are established by the Bank based on objective or subjective assessments, depending on the portfolio where each debtor is placed.

The criterion used in classifying debtors related to the portfolio of consumer loans and commercial loans similar to consumer loans is based on an objective assessment on the debtor's current compliance based on the days in arrears according to the BCRA's objective segmentation defined in section 7(2) of the regulations on the classification of debtors of the consumer and home-mortgage portfolio, as revised.

As required by BCRA in section 6(5) of the regulations on debtor classification of the commercial portfolio, as revised, the classification is based on a subjective assessment that analyzes the debtor's current and future equity and financial position by conducting a comprehensive analysis of its cash flows, financial statements, post-balance sales and compliance with the BCRA and other financial institutions, among others.

The percentages per debtor classification level for each type of portfolio are disclosed below on a consolidated basis according to BCRA regulations as of December 31, 2018:

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33. RISK MANAGEMENT AND CORPORATE GOVERNMENT (Contd.)

Portfolio/Status	1-Normal	2-Low risk	3-Moderate risk	4-High risk	5-Irrecoverable	6-Irrecoverable by virtue of a technical provision	Total
Commercial	95,85%	3,94%	0,0%	0,21%	0,0%	0,0%	**100%**
Commercial similar to consumer loans	97,82%	0,32%	0,03%	1,65%	0,18%	0,0%	**100%**
Consumer	80,19%	12,85%	4,57%	2,3%	0,07%	0,02%	**100%**

The percentages per debtor classification level for each type of portfolio are disclosed below on a separate basis according to BCRA regulations as of December 31, 2018:

Portfolio/ Status	1-Normal	2-Low risk	3-Moderate risk	4-High risk	5-Irrecoverable	6-Irrecoverable by virtue of a technical provision	Total
Commercial	95,35%	4,41%	0,0%	0,24%	0,0%	0,0%	**100%**
Commercial similar to consumer loans	97,82%	0,32%	0,03%	1,65%	0,18%	0,0%	**100%**
Consumer	79,38%	13,36%	4,75%	2,4%	0,08%	0,03%	**100%**

Management is confident about its capacity to continue controlling and maintaining minimum credit risk exposure as a result of its portfolio of credits and financial assets because 99.2% of its loan portfolios are classified in the two higher levels of the internal classification system.

The Bank decided to create additional provisions to the minimum provisions required by the BCRA to be able to bear potential deterioration of the portfolio.

The changes in the global provision are based on the disclosures made in point 5(2)4(iii) of the Bank’s policy for classifying debtors and setting up provisions. This limit is monitored by the Board. This policy should consider in advance the potential future deterioration in solvency levels and changes in the economic variables that may affect the Bank’s credit portfolio. The Bank should frequently review its risk assets to ensure proper management, especially when the economic conditions or variables get worse, including the possibility of absorbing these provisions to reflect the potential deterioration of the portfolio.

The Bank is undergoing the transition to expected loss criteria (IFRS), although these criteria have not yet been applied to the provisions disclosed in these financial statements pursuant to the temporary exception provided by BCRA Communiqué “A” 6114.

The qualitative information on expected credit loss models was submitted to the BCRA in agreement with BCRA Communiqué “A” 6590. Thus, an engagement team was organized made up of the Credit Risk Manager, the Accounting and Reporting System Manager, the General Manager and the Comprehensive Risk Management Head to comply with the requirements under IFRS concerning expected credit losses, as well as BCRA definitions. Furthermore, external auditors were hired to assist in the methodological support and quality control of the tasks performed and the decisions made. New calculations are underway in agreement with current BCRA regulations established in Communiqué “A” 6590.

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33. RISK MANAGEMENT AND CORPORATE GOVERNMENT (Contd.)

Credit risk management in investments in financial assets:

The Bank and its subsidiaries assess credit risk by identifying each financial asset invested and the credit rating defined by the credit rating agency. These financial instruments are mainly concentrated on the amounts deposited in first-level financial institutions, government securities granted by the Argentine government and BCRA bills.

The carrying amount of financial assets is the best way of representing the gross maximum exposure to credit risk. As of December 31, 2018, risk is concentrated in Argentina or in countries rated in investment grades.

The maximum credit risk assessment arising from the Bank's financial assets is broken down below:

Banco CMF S.A. Consolidated basis	Gross maximum exposure as of 12/31/2018	Net maximum exposure as of 12/31/2018	Gross maximum exposure as of 12/31/17	Net maximum exposure as of 12/31/17
Financial assets valued at fair value	$ 6,437,737	$ 6,437,737	$ 4,245,214	$ 4,245,214
Financial assets measured at amortized cost	$ 3,306,835	$ 3,306,835	$ 2,284,619	$ 2,284,619
Derivatives	$ 196,903	$ 196,903	$ 77,256	$ 77,256
Loans and other financing	$ 5,430,456	$ 541,130	$ 4,812,336	$ 2,401,436
TOTAL	**$ 15,371,931**	**$ 10,482,605**	**$ 11,419,425**	**$ 9,008,525**

Banco CMF S,A, Individual basis	Gross maximum exposure as of 12/31/2018	Net maximum exposure as of 12/31/2018	Gross maximum exposure as of 12/31/17	Net maximum exposure as of 12/31/17
Financial assets valued at fair value	$ 3,223,555	$ 3,223,555	$ 1,896,095	$ 1,896,095
Financial assets measured at amortized cost	$ 2,915,811	$ 2,915,811	$ 1,748,651	$ 1,748,651
Derivatives	$ 240,231	$ 240,231	$ 77,256	$ 77,256
Loans and other financing	$ 4,806,041	$ 189,267	$ 4,393,718	$ 2,163,334
TOTAL	**$ 11,185,638**	**$ 6,568,864**	**$ 8,115,720**	**$ 5,885,336**

Collateral and other credit enhancements

The amount and type of guarantee required for financing facilities granted depend on an assessment of the counterparty's credit risk. The guidelines are implemented according to the capacity of acceptance of the types of guarantee and valuation metrics.

In addition, the Bank and its subsidiaries disclose in exhibit B "Classification of loans and other financing facilities and guarantees received" herein the breakdown of loans and other financing facilities per status and guarantees received.

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33. RISK MANAGEMENT AND CORPORATE GOVERNMENT (Contd.)

Below are the types of guarantees received on a consolidated and individual basis:

Types of guarantee – Consolidated basis	Fair value as of 12/31/2018	Fair value as of 12/31/2017	Fair value as of 12/31/2016
Pledges on certificates of deposit	15,993	24,993	7,011
Postdated checks	847,097	817,588	722,125
Mortgages on real property	95,941	30,721	179,647
Pledges on vehicles and machines	118,336	113,048	23,490
Pledges over other assets	810,807	531,559	420,361
Other items	3,001,152	892,992	592,106
Total	**4,889,326**	**2,410,901**	**1,944,740**

Types of guarantee – Individual basis	Fair value as of 12/31/2018	Fair value as of 12/31/17	Fair value as of 12/31/16
Pledges on certificates of deposit	15,993	24,993	7,011
Postdated checks	847,097	817,588	722,125
Hipotecas sobre inmuebles	95,941	30,721	179,647
Prendas sobre vehículos y maquinarias	118,336	113,048	23,490
Prendas sobre otros bienes	538,255	351,043	355,311
Other items	3,001,152	892,992	512,469
Total	**4,616,774**	**2,230,384**	**1,800,053**

Below we analyze the Bank's financial assets per activity branch (considering BRCA classification of economic activities) before and after considering the guarantees received, on a consolidated basis:

Activity branch/year	Gross exposure as of 12/31/2018	Gross exposure as of 12/31/2018	Gross exposure as of 12/31/17	Gross exposure as of 12/31/17
C-Manufacturing industry	36,2%	24,8%	26,7%	22,9%
K-Financial intermediation and insurance services	20,6%	27,4%	19,2%	9,4%
G-Wholesale and retail; repair or motor vehicles and motorcycles	18,2%	20,1%	13,6%	16,4%
F-Construction	9,4%	6,7%	13,2%	8,6%
B-Mine and quarry exploitation	2,2%	1,4%	1,6%	2,8%
A-Agriculture, hunting, forestry and fishing	1,9%	3,6%	2,1%	3,8%
D-Supply of power, gas, heating and cooling	1,2%	2,2%	0,1%	0,0%
Natural persons	7,4%	12,2%	20,3%	33,0%
Other	2,9%	1,6%	3,2%	3,1%

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Activity branch/year	Gross exposure as of 12/31/2018	Gross exposure as of 12/31/2018	Gross exposure as of 12/31/17	Gross exposure as of 12/31/17
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**

NOTES:

- The activity branches that do not exceed individually 1% of the portfolio are disclosed under "Other".
- "NET exposure" is the amounts of guarantees received net of "GROSS exposure".

Below we analyze the Bank's financial assets per activity branch (considering BRCA classification of economic activities) before and after considering the guarantees received, on an individual basis:

Activity branch/year	Gross exposure as of 12/31/2018	Gross exposure as of 12/31/2018	Gross exposure as of 12/31/17	Gross exposure as of 12/31/17
C-Manufacturing industry	38,5%	25,6%	27,9%	23,3%
G-Wholesale and retail; repair or motor vehicles and motorcycles	19,4%	20,7%	14,1%	16,6%
K-Financial intermediation and insurance services	16,3%	26,1%	18,4%	8,7%

Activity branch/year	Gross exposure as of 12/31/2018	Gross exposure as of 12/31/2018	Gross exposure as of 12/31/17	Gross exposure as of 12/31/17
F-Construction	10,0%	6,9%	13,7%	8,8%
A-Agriculture, hunting, forestry and fishing	2,1%	3,7%	2,2%	3,9%
B-Mine and quarry exploitation	1,7%	0,2%	1,3%	2,2%
D-Supply of power, gas, heating and cooling	1,3%	2,2%	0,1%	0,0%
R-Artistic, cultural, sport and leisure services	1,0%	0,0%	0,4%	0,0%
Natural persons	7,6%	12,6%	18,9%	33,5%
Other	2,1%	2,0%	3,0%	3,0%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (contd.)

Liquidity risk

The liquidity risk is the risk that the Bank and its subsidiaries will not be able to meet its payment obligations efficiently at maturity under regular and stress circumstances without affecting its daily transactions or its financial position. To limit this risk, the Board of Directors has agreed on the diversity of financing sources. Apart from its deposits base, Management manages assets considering liquidity and it controls expected cash flows and the availability of first guarantees which could be used to secure additional financing, if necessary.

The Bank and its subsidiaries have liquidity policies in place, the purpose of which is managing such liquidity effectively, optimizing costs and diversifying funding sources, in addition to maximizing the return on placements by managing liquidity in a prudent manner, ensuring sufficient funds for business continuity and complying with effective regulations.

The Bank's funds have historically been made up of deposits and, to a lesser extent, repo transactions and interbank loans, as well as funds from correspondents and multilateral financial institutions.

Although the deposits made by natural persons involve significant amounts, the most important sources of financing are corporate and institutional deposits.

The Bank has a sundry assets portfolio with high level of sale that are readily available should flows be interrupted suddenly. Also, the Bank obtained credit lines to which it accesses to meet its liquidity needs.

Concentration is inherent in the type of business conducted by the Bank and its subsidiaries, which is mitigated with the increase in the portion of resources allocated to liquid assets and the short-term collection of its assets. In addition, as from 2012, the Bank started issuing corporate bonds to diversify and stabilize its sources of financing.

The Bank uses the liquidity gap tool to monitor the maturities of its performing and nonperforming portfolio. The liquidity gap is a method consisting of projecting and allocating funds to assets, liabilities, equity accounts –such as dividends– and off-balance sheet transactions –such as derivatives– to various horizons or time bands. On the basis of that projection, the fund flow gap between the various assets, liabilities and off-balance sheet accounts may be determined for each band. El análisis de descalces entre los flujos entrantes y salientes en las distintas bandas temporales, permite determinar el monto de fondeo requerido en cada ejercicio. To such end, the gap to be analyzed may be a single gap, that is, that related to a specific band, or the accumulated gap, which considers the aggregate of the previous gaps, whether positive or negative. It is calculated by significant currency; in this case, in Argentine pesos and US dollars.

In addition, liquid cash levels with respect to total deposits, the volatility and concentration of deposits and leverage levels are analyzed based on the following caps defined by the Bank's Board:

- Cash + overnight + LEBAC + listed government and private securities over total deposits Lower limit: 20%. Threshold: 10%.
- Cash over total deposits. Lower limit: 15%. Threshold: 10%.
- Deposit concentration: Ten first depositors over total deposits. Cap: 65%. Threshold 5%.
- Leverage. Cap: 7,50%. Threshold: 20%.
- Leverage coefficient. Lower limit: 3%.
- Three-year cumulative GAP. Limit: +/- computable equity * 1.5.

(Figures stated in thousands of Argentine pesos)

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (contd.)

The changes in the liquidity ratio (cash + overnight + LEBAC + listed government and private securities over total deposits) over the past few years are disclosed below:

	2018	2017	2016
12/31	73%	62%	69%
Average	68%	68%	61%
Maximum	83%	77%	76%
Minimum	46%	55%	47%

The Financial Committee makes liquidity decisions pursuant to the guidelines defined by the Board of the Bank and its subsidiaries.

To closely follow up the strategy, Finance Management uses reports prepared by Management Control based on proprietary and third-party information used to implement the portfolio and fund management decisions made by the Financial Committee, making adjustment, if needed, depending on the context or business. Management Control prepares a monthly management report that includes the due dates and an analysis of the residual term and rate breakdown.

Liquidity risk is followed up by the Comprehensive Risk Management Unit reporting to the Bank’s General Management, which gathers and handles objective information and prepares indicators to be subsequently submitted to the Comprehensive Risk Management Committee at least every month.

Liquidity risk is managed through the centralized IBS (Interbanksys) tool; the Risk Management Panel is prepared every month based on the information stored in such application.

Liquidity risk management is a mature discipline within the structure of the Bank and its subsidiaries.

In the event of a liquidity crisis, the Bank contemplates the following mitigation measures within its contingency plan:

- Low level of leverage with respect to the Argentine financial system.

- The Bank’s assets are structured in products which terms (which assets fall due within 90 days) are sufficient to settle a considerable portion of the payable and its deposits.

- Financing structure included in the corporate bond program, which the Bank has added to its sources of financing over the past few years.

- To a lesser extent, the Bank and its subsidiaries obtain financing from repo and call transactions conducted on the market at competitive rates, which are generally underused.

- Position of government securities and Argentine Treasury bills with high liquidity on the market, which are available as a liquidity cushion.

- Contingent line of international institutions.

- Paid-in capital surplus with respect to BCRA minimum capital requirement.

The Bank discloses its financial assets and liabilities broken down by due dates in exhibit D “Breakdown by terms of loans and other financing” and exhibit I “Breakdown of financial liabilities by remaining terms”, respectively.

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (contd.)

Concentration risk of funding sources

As regards liabilities concentration, the concentration of the Bank's depositors and their financing sources could also adversely affect the Bank's liquidity in the event of a trust crisis related to the financial system which may give rise to a bank run or a lack of credit.

We believe that the concentration of deposits and financing mainly affects the Bank's and its subsidiaries' liquidity. Deposit concentration is a characteristic inherent of Banco CMF S.A.'s business and of the wholesale financial institutions having similar characteristics, so it was included in the "Liquidity risk management framework". Both CMF S.A.'s Board of Directors and Management has always closely assessed or controlled the concentration risk by developing and implementing permanent mitigation strategies.

The Bank analyzes the concentration of deposits per customer with respect to total deposits, as well as with respect to total liabilities. Furthermore, concentration is analyzed per type of product or instrument in relation to total financing and total liabilities. Finally, the Bank analyzes the breakdown of assets and liabilities per significant currency to identify whether the Bank is able to bear a potential reimbursement of financings concentrated in certain currency.

In this regard, the main mitigating factor for returning deposits when and as due in the event that customers decided to make a significant withdrawal is the type of guaranteed assets. Banco CMF S.A. creates performing portfolios over very-short periods with identified and mostly self-liquidating flows.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments on or off the balance sheet fluctuate owing to changes in market variables related to interest rates, exchange rates and the prices of bonds and shares. The Bank and its subsidiaries have a framework for managing and mitigating this risk.
As part of market risk, the foreign exchange risk is the risk that the value of a financial instrument will fluctuate owing to changes in the foreign currency exchange rate. The Board of Directors established limits on the currency's position. Positions are controlled on a daily basis by Finance Management and the natural hedging strategy (match of loans and deposits) guarantee that the positions are maintained within the limits established.

These risks arise from the size of the Bank's net positions and/or the volatility of the risk factors involved in each financial instrument.

The Bank and its subsidiaries defined a policy and process for managing the trading portfolio. The trading portfolio management was designed based on the profile of risk, dimension, economic relevance and the nature and complexity of the related transactions.

The trading portfolio is made up of positions in financial instruments that are part of the Bank's and its subsidiaries' equity for the purpose of trading them or hedging other items in that portfolio.

A financial instrument may be charged to the trading portfolio if its trading is not subject to any restriction or if it is possible to obtain a full hedging of the instrument.

The trading portfolio is managed actively by the Bank's Financial Management in agreement with the Financial Committee's guidelines and the investment strategy defined annually by the Board in the business plan approved by such management body.

The different positions are valued on a daily basis with proper accuracy at fair market values.

(Figures stated in thousands of Argentine pesos)

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (contd.)

As a general principle, all the financial instruments acquired will be added to the trading portfolio.

The Board has defined that it is not possible to transfer risks from the trading portfolio to the investment portfolio. Besides, risk transfers from the investment portfolio to the trading portfolio should be treated as exceptions (for example, due to changes in market conditions or the structure of the Bank's financial statements) by the Financial Committee, which should disclose the reasons for such decision and be challenged by the Board in the next meeting.

In line with the principles defined, the Bank and its subsidiaries assume a global risk strategy adequate to its specific business structure. The Bank and its subsidiaries keep a conservative policy within its global risk strategy, with proper efficiency levels recorded on a historical basis. It has a low debt-to-capital ratio, maintains good liquidity indicators, a good performance and appropriate profitability levels.

The main tool used by the Bank and its subsidiaries to calculate market risk capital (mainly resulting from its position in foreign currency and securities, in case of having position) is VaR (value at risk). VaR is defined as the maximum change that may be expected statistically in a specific term given a certain level of trust. The parameters used to calculate VaR are: trust level of 99% and 5 days to earmarking capital for the credit rather than investing in BCRA instruments. VaR is also used for comparison purposes with the minimum computable capital requirement.

Below is the VaR as of the related cut-off dates:

VaR of trading portfolio	12/31/2018	12/31/2017	12/31/2016
Portfolio VaR/computable equity	4,36%	4,27%	6,83%
Securities trading portfolio VaR/computable equity	1,08%	1,05%	3,09%
Foreign currency portfolio VaR/computable equity	3,28%	3,22%	3,74%

Market risk management is a mature discipline within the structure of the Bank and its subsidiaries.

Sensitivity to interest rate changes:

The interest rate risk is defined as the potential occurrence of changes in the Bank's and its subsidiaries' financial condition as a result of interest rate fluctuations with adverse consequences in net financial income and its economic value. The Board of Directors established limits on the exchange rate gaps for the periods considered. Positions are monitored on a daily basis.

The Bank and its subsidiaries have a framework and process for determining the controls to be adopted to follow up interest rate risk.

As from 2013, the minimum capital requirement related to the interest rate risk is no longer considered for the calculation of the minimum cash requirements, in accordance with Communiqué "A" 5,369. However, Banco CMF S.A. keeps calculating the capital requirement for this type of risk, and also keeps managing it in accordance with the policy, framework and process approved by the Board of Directors.

The minimum capital requirement related to interest rate risk decreased drastically due to the issuance of corporate bonds and other funding sources, positively increasing the accumulated gaps to one year and changing the funding terms and structure. Moreover, this situation improved coverage of the liquidity gap between assets and liabilities, decreasing the minimum capital requirement related to the interest rate risk.

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (contd.)

The BCRA updated the guidelines for managing risks in financial institutions. This was based on the resolutions disclosed through Communiqué "A" 6397 (which replaced section 5 on interest rate risk management in investment portfolios and adjusted section 1 on the process for managing risks), Communiqué "A" 6459 (which added new sections to point 1(3)2 “Assessment” and incorporated considerations related to point 1(3)3 "Simplified methodology") and Communiqué "A" 6475 (which established the terms for enforcing these regulations, among other points). These regulations set forth that for measuring the interest rate risk in investment portfolios based on the economic value, financial institutions should use the standardized methodology described in point 5(4) (ΔEVE).

Under this regulation, the Bank calculates such risk pursuant to the standardized framework described in point 5(4) “Guidelines for managing risks in financial institutions”, as revised.

The following six cases of perturbation of interest rates are used to capture parallel and nonparallel gap risk in the EVE:

- Parallel upward movement
- Parallel downward movement
- Slope steepening; decrease in short-term interest rates and increase in long-term interest rates
- Slope flattening; increase in short-term interest rates and decrease in long-term interest rates
- Increase in short-term rates
- Decrease in short-term rates

The maximum loss obtained comparing all these cases is EVE risk calculated based on its economic value.

In addition, atypical financial institutions are those which EVE risk exceeds 15% of Tier 1 capital calculated pursuant to the standardized framework of interest rate risk of the investment portfolio. Banco CMF is not an atypical financial institution.

In addition, Banco CMF S.A. makes its own capital requirement calculation related to the interest rate risk based on the impact that a change in this calculation may have on the Entity’s equity.

The main risk indicators are based on the assessment of interest rate gaps, which is a simple and basic method focused on the impact analysis of the potential changes in market interest rate levels on net finance income and expense for one year. The impact of interest rate changes (considering +/- 200 basis points) on the Bank’s economic assets (assets less liabilities subject to interest rate changes) may also be analyzed. This analysis is performed by significant currency; in this case, in Argentine pesos and US dollars.

The capital related to interest rate risk is calculated by a management area (Accounting and Reporting System Management) other than that where risks arise (Financial Management). Such amount is calculated and reported monthly to the BCRA although it does not comprise minimum capital requirements.

Formal monitoring is conducted by the Comprehensive Risk Management Unit reporting to the Bank’s General Management, which compiles objective information and manages it submitting it in the form of indicators to the Comprehensive Risk Management Committee at the Risk Management Panel.

The Bank understands that in the process for settling foreign exchange transactions there is an inherent risk in the method chosen for their delivery.

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (contd.)

The Bank, due to the volumes traded on the market, carries out most transactions by delivering a currency and receiving another one without simultaneity. Therefore, when it delivers a currency before receiving the other currency, it assumes a settlement risk that is accepted and monitored by the Board through the related management areas.

Financial Management, upon carrying out transactions under this method, verifies the quality of the counter party, whether it is a costumer or market, and the amounts involved, and conducts the transaction if it meets the normal, habitual and approved management parameters. Otherwise, the transaction is contingent upon the special Board's approval.

The Bank adopts different processes for settling foreign exchange transactions involving a payment exchange to ensure the proper reimbursement and reception of the currencies involved.

Foreign currency exchange rate risk:

To carry out these transactions, the Bank checks whether the counter party is authorized to perform the related transaction, and that the amount is contemplated in the credit rating.

The related settlements are made following the instructions received by customers or counter parties and there is a reconciliation process to ensure that abnormalities or differences, if any, are detected and redressed immediately.

The Bank and its subsidiaries consider the risk factors in the system for measuring foreign exchange settlement risk arising from:

- Principal risk
- Replacement cost risk
- Liquidity risk
- Operational risk
- Legal risk

The larger proportion of assets and liabilities kept are related to US dollars.

Operational risk

Operational risk is the loss risk resulting from failures in internal processes, human error or errors in the information systems or external events. This definition includes the legal risk but excludes strategic and reputational risks. Within this framework, legal risk –which may be verified at the Bank both endogenously and exogenously– covers, among other aspects, exposure to fines, penalties or other economic and other consequences based on the failure to comply with regulations and meet contractual obligations.

On the other hand, the Bank and its subsidiaries have implemented an operational risk management system adjusting to BCRA guidelines established in Communiqué "A" 5398, as amended, and Communiqué "A" 5272 established minimum capital requirements under this provision effective February 1, 2012.

When controls fail, operational risks may have legal or regulatory impacts or lead to a financial loss. The Bank and its subsidiaries cannot expect to eliminate all operational risks but rather to be in a position to manage risks through a risk identification and control framework and to respond to those possible risks through the appropriate mitigating factors. Controls include effective function segregation, reconciliation procedures, appropriate authorization and access, staff evaluation and training procedures, including the involvement of the internal audit sector. Identification is based on process self-evaluation tasks, in which the individuals in charge evaluating the different activities contemplate their likelihood of generating losses.

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (Contd.)

The risk associated with information systems, information technology and the related resources is part of the operational IT risk whereby the Risk Management plan will be part of the Comprehensive Operational Risk Management plan.

Additionally, in compliance with BCRA requirements, the Bank reported the “Operational risk events database” and carried out tasks related to the follow-up of mitigation plans.

The risk is inherent to the Bank’s and its subsidiaries’ activities but it is manager through an identification, measurement, and control process in progress subject to risk limits and other controls. This risk management process is fundamental for the Bank’s ongoing profitability and each of the persons working at the Bank and its subsidiaries is accountable for mitigating the risks related to their functions.

Operational risk indicators were defined for aspects related to IT, accounting, laundering of assets, audit, customer care and HR.

Operational risk management, including monitoring the risk on a monthly basis, is managed by the Comprehensive Risk Management Unit reporting to the Bank’s General Management. The Bank’s process risks self-assessment is carried out on an annual basis, as well as the compilation, analysis, and reporting of the operations risk event base. The Comprehensive Risk Management Unit compiles objective information and manages it submitting it in the form of indicators to the Comprehensive Risk Management Committee at the Risk Management Panel.

Operational risk management is a mature discipline within the structure of Banco CMF S.A. regarding risks which are strictly operational. Based on the incorporation of operational risk management as a function of the Comprehensive Risk Management Unit, the Bank assessed and updated the management of such risk. During 2014, the Bank developed and implemented a new methodology for managing technological risk based on IT assets management and its subsequent integration with operational risk whereby the residual risk of assets is transferred the business processes it supports. Both methodologies are periodically updated in order to reflect enforcement agency suggestions and process maturity aspects.

The operational risk management system is made up by the following aspects:

a) Organizational structure: the Bank and its subsidiaries have a staff area within General Management in charge of comprehensively managing all risks, including operational and IT risk, and a Comprehensive Risk Management Committee formed by 3 Directors, the General Manager, the Head of the Comprehensive Risk Management Unit, the Credit Risk Manager, the Finance Manager, the Accounting and Information System Manager, the Commercial Manager, the Operations Manager and the Financial Institutions Manager.

b) Frameworks and processes of the Bank and its subsidiaries: Operational Risk Management Framework and Process and Operational Risk Management Methodology approved by the Board of Directors and defining the main concepts, roles and responsibilities of the Board of Directors, the Comprehensive Risk Management Committee of the Comprehensive Risk Management Unit and of all the areas involved in managing such risk. Similar documentation was prepared to manage IT risk.

c) Loss events booking: the Bank has in place a procedure to report loss events setting forth the guidelines for the booking thereof based on opening specific accounts thus allowing automatically incorporating the operational losses booked in such account in the related database.

The Bank also has a procedure establishing the guidelines to prepare risk self-assessments and in the cases of risks exceeding the admitted tolerance levels, guidelines to establish risk indicators and action plans.

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (Contd.)

d) IT systems: the Bank has a comprehensive system to manage all the tasks involved in risk management, risk self-assessments and action plans as well as the administration of the operational losses database. It also has a technological risk management tool.

e) Database: the Bank has an operational events database prepared in conformity with the guidelines under Communiqué "A" 4904 as supplemented.

Especially regarding IT risk management, the IT Risk Management Methodology developed by Banco CMF was boosted, reviewed and approved by Management, which has demanded the joint involvement of the Comprehensive Risk Management Unit, the IT Management and the Information Asset Protection sector to obtain the diagnosis (or IT systems risk situations) and the subsequent analysis thereof and it is formally the party in charge of making decisions on the treatment of the risks identified to protect Banco CMF's business goals compliance.

IT Risks Management Methodology considers the concepts defines in the MAGERIT methodology adapting to the actual status of the Bank.

MAGERIT considers the risk as the "estimate of the degree of exposure to a threat that may occur on one or more assets causing damage to the Organization." Risk analysis is "a systematic process for estimating the magnitude of the risks to which an organization is exposed." And, finally, the management process per se will focus on resolving the risks identified. The structure of the methodology developed by Banco CMF is made up by two stages: Risk Diagnosis, and Simulation and Mitigation Plans. The technological risk assessment process is developed by the Comprehensive Risk Management Unit.

Corporate governance transparency policy

The Bank and its subsidiaries understand that transparency is a pillar for good corporate governance and good management; therefore, it clearly, accurately, completely and sufficiently shares the information on policies, decisions, and activities for which it is accountable, including any known and probable impacts on society.

This policy is based on the following principles:

- Maximum access to information: aiming at maximizing access to all the information it generates or keeps, and which is key to the decisions made by the shareholders, the Board, Top Management, customers, and third parties in general. It provides the adequate means to establish a conversation between the interested parties, and the Bank and its subsidiaries.

- Simple and wide access to information: enable access to information through the use of different dissemination channels (web site, notes to the financial statements, letter to the shareholders, intranet, etc.). The published information should be presented clearly and objectively.

- Clear and justified exceptions: Any dissemination exceptions will be based on applicable legal and contractual restrictions that are duly justified.

33. RISK MANAGEMENT AND CORPORATE GOVERNANCE (Contd.)

- Accountability and good corporate governance: it proposes strengthening its responsibility in the light of the shareholders, the Board of Directors, Top Management, customers and third parties in general, as well as applying specific standards in order to achieve good corporate governance and adequate risk management.

- Professionalism: it is indispensable to treat confidential information professionally in order to avoid any potential conflicts of interest.

The Bank and its subsidiaries shall provide access to any information deemed key for decision making and which may guarantee the transparency while conducting its operations.

The process whereby the Bank and its subsidiaries will release information will be carried out observing information confidentiality and criticality levels, and in order to grant access to information to the following parties:

- Shareholders and authorities
- Investors
- Enforcement agencies
- Clients
- Suppliers
- Employees
- the public in general

It shall use the channels allowing all market participants mentioned above to access the necessary information in conformity with the role they have in connection with the Bank and its subsidiaries.

The main channels to disseminate information will be:

- Website (www.bancocmf.com.ar)
- Intranet;
- Notes to the annual financial statements
- Letter to the shareholders

The dissemination of information, as well as the channels whereby it is published will be managed by the Corporate Governance and Compliance Committee and will be approved by the Board of Directors of the Bank and its subsidiaries.

34. CHANGES IN THE ARGENTINE MACROECONOMIC ENVIRONMENT, AND THE SITUATIONS OF THE FINANCIAL AND CAPITAL SYSTEM

The international and local macroeconomic context generates a certain degree of uncertainty regarding its future progress as a result of the financial assets and foreign exchange market volatility, and, additionally, of political events and economic growth levels, among other issues. Particularly at a federal level there is also an increase in the prices of other relevant economic variables, such as salary costs, foreign exchange, interest rates and the prices of the main raw materials.

34. CHANGES IN THE ARGENTINE MACROECONOMIC ENVIRONMENT, AND THE SITUATIONS OF THE FINANCIAL AND CAPITAL SYSTEM (Contd.)

Therefore, the Bank's Management permanently monitors the change of the abovementioned situations in international markets and at the local level, to determine the possible actions to adopt and to identify the possible impacts on its financial situation that may need to be reflected in the financial statements for future periods.

35. EVENTS SUBSEQUENT TO REPORTING YEAR-END

No events took place between the fiscal year-end and the date of issuance of the present financial statements that could materially affect the financial position or results of operations of the fiscal year which have not been disclosed in the notes to the abovementioned financial statements.

36. ACCOUNTING PRINCIPLES – EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

These consolidate financial statements were prepared in conformity with the accounting standards established by the BCRA. Certain accounting practices applied by the Bank may not conform to accounting principles generally accepted in other countries.

EXHIBIT "A"

**DETAIL OF GOVERNMENT AND PRIVATE SECURITIES
AS OF DECEMBER 31, 2018, 2017 AND 2016**

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

		HOLDINGS			POSITION		
Item	Identification	Fair value	Fair value level	Carrying amount as of 12/31/18	Position without options	Options	Final Position (1)
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS							
In Argentina							
Government securities							
Treasury bills in USD maturing on 06/28/2019 – (L2DJ9)	5,276	-	1	186,693	186,693	-	186,693
Argentine government bonds in USD 8% maturing on 2020 (AO20)	5,468	-	1	142,292	142,292	-	142,292
Treasury bills in USD maturing on 05/10/2019 – (L2DY9)	5,272	-	1	113,466	113,466	-	113,466
Argentine government bonds in USD 8.75 % maturing in 2024 (AY24)	5,458	-	1	74,105	56,833	-	56,833
Bonds of the province of Buenos Aires 6.50% maturing on 2023	92,050	-	1	31,457	31,457	-	31,457
Debt securities of the province of Buenos Aires maturing 04/12/2025 (PBA25)	42,013	-	1	31,348	31,348	-	31,348
Argentine government bonds in USD 5.625% maturing on 2022 (A2E2)	92,583	-	1	13,154	-	-	-
Treasury bills in USD maturing 01/31/2019 (LTPE9)	5,265	-	1	10,368	10,368	-	10,368
International Bonds of the Argentine Republic in USD 6.2875% maturing 2021	92,582	-	1	8,670	8,670	-	8,670
Bonds of the province of Salta REGS. 9.125% maturing 07/07/2024	90,739	-	1	6,201	6,201	-	6,201
Bonds of the province of Buenos Aires REGS 5,75% maturing 06/15/19	91,715	-	1	5,250	5,250	-	5,250
Treasury bills in USD maturing 01/11/2018 (LTDE9)	5,248	-	1	2,128	24,773	-	24,773
International Bonds of the Argentine Republic in USD 6.25% maturing 2019	91,662	-	1	1,921	1,921	-	1,921
Bills convertible into equity in Argentine pesos (L2PF9)	5,273	-	1	1,057	1,057	-	1,057
Bond of the city of Buenos Aires maturing 12/20/19	32,304	-	1	940	940	-	940
Debt securities of the city of Buenos Aires (BDC28)	32,976	-	1	459	459	-	459
Treasury bills in USD maturing on 04/26/2019 - (L2DA9)	5,255	-	1	276	5,995	-	5,995
Bonds of the Argentine Republic in USD 4.625% (A2E3)	92,663	-	1	154	154	-	154
Treasury bills in USD maturing on 01/25/2019 (L2DE9)	5,249	-	1	93	93	-	93
Treasury bills in USD maturing on 06/14/2019 (LTDJ9)	5,275	-	1	7	7	-	7

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "A"
(contd.)

DETAIL OF GOVERNMENT AND PRIVATE SECURITIES
AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

		HOLDINGS			POSITION		
Item	**Identification**	**Fair value**	**Fair value level**	**Carrying amount as of 12/31/18**	**Position without options**	**Options**	**Final position (1)**
Corporate bonds							
Cía. Gral. de combustibles 9.50% 2021	6,304	-	1	6,033	6,033	-	6,033
GENNEIA SA 8,75% USD (GNNEI 0122)	91,476	-	1	1,789	1,789	-	1,789
AES GENER S.A. 7,75% 02/02/2024 (AES 0224)	91,479	-	1	1,600	1,600		1,600
Private securities							
Intesa Sanpaolo S.A. 6,50% Vto. 24/02/2021			1	3,963	3,963	-	3,963
Standard & Poors Depositary			1	472	472	-	472
Citigroup INC.			1	138	138	-	138
TOTAL DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				**644,034**	**641,972**	**-**	**641,972**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "A"
(contd.)

DETAIL OF GOVERNMENT AND PRIVATE SECURITIES
AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

		HOLDINGS			POSITION		
Item	**Identification**	**Fair value**	**Fair value level**	**Carrying amount as of 12/31/18**	**Position without options**	**Options**	**Final position (1)**
OTHER DEBT SECURITIES							
In Argentina							
Government securities							
Argentine treasury bills in Argentine pesos maturing in 2020 (TN20)	5,330	-	-	171,777	90,941	-	90,941
BCRA liquidity bills							
Liquidity bills maturing on 01/02/2019 (Y02E9)	13,308	-	-	89,714	89,714	-	89,714
Liquidity bills maturing on 01/04/2019 (Y04E9)	13,310	-	-	844,560	844,560	-	844,560
Liquidity bills maturing on 01/07/2019 (Y07E9)	13,311	-	-	118,656	118,656	-	118,656
Liquidity bills maturing on 01/08/2019 (Y08E9)	13,312	-	-	375,152	375,152	-	375,152
Private securities							
Financial Trusts of the Saenz Group	-	-	-	751,296	751,296	-	751,296
Fiduciary debt value of the private financial trust Sáenz Tarjeta I	-	-	-	73,459	73,459	-	73,459
Fiduciary debt value of the private financial trust Sáenz Tarjeta I-Share 2	-	-	-	122,188	122,188	-	122,188
Agrocap II financial trust	10,500			78,502	78,502	-	78,502
Garbarino financial trust (G144B)	53,575	-	-	67,578	67,578	-	67,578
Banco Bica S.A. corporate bond (FD53A)	53,733	-	-	12,822	12,822	-	12,822
Banco Sáenz corporate bond (BZS90)	52,603	-	-	15,916	15,916	-	15,916
Compañía Financiera XXVIII corporate bond Class B	52,584	-	-	3,985	3,985	-	3,985
Petroagro CL1 corporate bond maturing on 01/27/2020 (OPAG1)	53,495	-	-	17,645	17,645	-	17,645
Celulosa Campana corporate bond	-	-	-	8	8	-	8
Allowances and provisions	-	-	-	(1,161)	(1,161)	-	(1,161)
TOTAL OTHER DEBT SECURITIES				**2,742,097**	**2,661,261**	**-**	**2,661,261**

JOSÉ A. BENEGAS LYNCH
Chairman

**EXHIBIT "A"
(contd.)**

DETAIL OF GOVERNMENT AND PRIVATE SECURITIES
AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

		HOLDINGS			POSITION		
Item	**Identification**	**Fair value**	**Fair value level**	**Carrying amount as of 12/31/18**	**Position without options**	**Options**	**Final Position (1)**
EQUITY INSTRUMENTS							
Measured at fair value through profit or loss							
In Argentina							
Mercado Abierto Electrónico S.A.	1133628189159	-	2	425	425	-	425
Olivares de Cuyo S.A.	1130656685790	-	2	36	36	-	36
SEDESA	1130682415513	-	2	2	2	-	2
Mercado a Término de Buenos Aires S.A.	1130525698412	-	2	-	-	-	-
TOTAL EQUITY INSTRUMENTS		**-**		**463**	**463**	**-**	**463**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "A"
(contd.)

DETAIL OF GOVERNMENT AND PRIVATE SECURITIES
AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

(1) Consolidated holding for comparative purposes:

	12/31/2017	12/31/2016
Government securities at fair value through profit or loss	239,370	138,670
BCRA bills at fair value through profit or loss	183,729	59,031
Private securities and corporate bonds at fair value through profit or loss	207,769	104,319
Private securities at fair value through profit or loss	26,754	1,776
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**657,622**	**303,796**
Government securities at amortized cost	9,101	206,985
BCRA bills at amortized cost	-	3,035
Private securities and corporate bonds at amortized cost	4,049	15,262
Private securities and financial trusts debt securities at amortized cost	902,289	-
Private securities and other at amortized cost	-	67,726
Private securities and corporate bonds at amortized cost	-	5,304
OTHER DEBT SECURITIES	**915,439**	**298,312**
Private securities and shares of other unrelated companies at fair value through profit or loss	2,029	37,351
INVESTMENTS IN EQUITY INSTRUMENTS	**2,029**	**37,351**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "B"

CONSOLIDATED CLASSIFICATION OF LOANS AND OTHER FINANCING BY SITUATION AND COLLATERAL RECEIVED AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	12/31/2018	12/31/2017	12/31/2016
CORPORATE PORTFOLIO			
Performing	**5,480,089**	**4,540,877**	**2,981,762**
With "A" preferred guarantees and counter-guarantees	319,176	218,991	155,170
With "B" preferred guarantees and counter-guarantees	164,759	132,195	198,806
Without preferred guarantees or counter-guarantees	4,996,154	4,189,691	2,627,786
Subject to special monitoring	**215,444**	**16,864**	**36,215**
In observation	**215,444**	**16,864**	**14,772**
With "A" preferred guarantees and counter-guarantees	132,331	1,514	1,387
With "B" preferred guarantees and counter-guarantees	-	-	-
Without preferred guarantees or counter-guarantees	83,113	15,350	13,385
In negotiation or under refinancing agreements	**-**	**-**	**21,443**
With "A" preferred guarantees and counter-guarantees	-	-	2,421
With "B" preferred guarantees and counter-guarantees	-	-	-
Without preferred guarantees or counter-guarantees	-	-	19,022
Troubled	**-**	**-**	**-**
With "A" preferred guarantees and counter-guarantees	-	-	-
With "B" preferred guarantees and counter-guarantees	-	-	-
Without preferred guarantees or counter-guarantees	-	-	-
With high risk of insolvency	**11,849**	**-**	**-**
With "A" preferred guarantees and counter-guarantees	-	-	-
With "B" preferred guarantees and counter-guarantees	11,503	-	-
Without preferred guarantees or counter-guarantees	346	-	-
Irrecoverable	**-**	**39,159**	**-**
With "A" preferred guarantees and counter-guarantees	-	-	
With "B" preferred guarantees and counter-guarantees	-	4,870	-
Without preferred guarantees or counter-guarantees	-	34,289	-
Irrecoverable according to BCRA regulations	**-**	**-**	**-**
With "A" preferred guarantees and counter-guarantees	-	-	-
With "B" preferred guarantees and counter-guarantees	-	-	-
Without preferred guarantees or counter-guarantees	-	-	-
TOTAL	**5,707,382**	**4,596,900**	**3,017,977**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "B"
(contd.)

CONSOLIDATED CLASSIFICATION OF LOANS AND OTHER FINANCING BY SITUATION AND COLLATERAL RECEIVED AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	12/31/2018	12/31/2017	12/31/2016
CONSUMER AND HOME-MORTGAGE PORTFOLIO			
Performing	**812,487**	**923,699**	**1,090,448**
With "A" preferred guarantees and counter-guarantees	1,529	1,247	1,532
With "B" preferred guarantees and counter-guarantees	32,376	6,530	3,572
Without preferred guarantees or counter-guarantees	778,582	915,922	1,085,344
Low risk	**62,162**	**175,867**	**91,451**
With "A" preferred guarantees and counter-guarantees	-	-	-
With "B" preferred guarantees and counter-guarantees	-	165	689
Without preferred guarantees or counter-guarantees	62,162	175,702	90,762
Medium risk	**21,716**	**13,192**	**52,626**
With "A" preferred guarantees and counter-guarantees	-	-	-
With "B" preferred guarantees and counter-guarantees	-	-	-
Without preferred guarantees or counter-guarantees	21,716	13,192	52,626
High risk	**18,357**	**8,751**	**5,222**
With "A" preferred guarantees and counter-guarantees	-	-	-
With "B" preferred guarantees and counter-guarantees	-	-	69
Without preferred guarantees or counter-guarantees	18,357	8,751	5,153
Irrecoverable	**1,183**	**58**	**270**
With "A" preferred guarantees and counter-guarantees	-	-	-
With "B" preferred guarantees and counter-guarantees	766	-	-
Without preferred guarantees or counter-guarantees	417	58	270
Irrecoverable according to BCRA regulations	**116**	**100**	**106**
With "A" preferred guarantees and counter-guarantees	-	-	-
With "B" preferred guarantees and counter-guarantees	-	-	-
Without preferred guarantees or counter-guarantees	116	100	106
TOTAL	**916,021**	**1,121,667**	**1,240,123**
GRAND TOTAL (1)	**6,623,403**	**5,718,567**	**4,258,100**

(1) This exhibit discloses the contractual amounts in accordance with BCRA regulations. The reconciliation with the consolidated statement of financial position is broken down below:

– Loans and other financing	5,430,456	4,885,340	3,699,191
– Allowances and provisions	261,112	154,616	110,247
– Adjustment to IFRS	9,297	14,519	14,054
– Corporate bonds and debt securities from financial trusts at amortized cost	392,103	42,738	20,656
– Contingent - Other guarantees provided	393,506	367,501	339,100
– Contingent - Other covered by debtor classification standards	136,929	253,853	74,852
	6,623,403	**5,718,567**	**4,,258,100**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "C"

CONSOLIDATED CONCENTRATION OF LOANS AND FINANCING FACILITIES AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	2018		2017		2016	
Number of customers	**Outstanding balance**	**% of total portfolio**	**Outstanding balance**	**% of total portfolio**	**Outstanding balance**	**% of total portfolio**
10 largest customers	1,496,061	23%	926,310	16%	852,034	20%
50 next largest customers	2,940,753	44%	2,050,134	36%	1,361,152	32%
100 next largest customers	1,527,862	23%	1,313,091	24%	728,824	17%
Rest of customers	658,727	10%	1,429,032	24%	1,316,090	31%
Total (1)	**6,623,403**	**100%**	**5,718,567**	**100%**	**4,258,100**	**100%**

(1) See (1) in exhibit B.

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "D"

CONSOLIDATED BREAKDOWN OF LOANS AND OTHER FINANCING BY TERM AS OF DECEMBER 31, 2018

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

		Terms remaining to maturity						
Item	**Matured**	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**From 12 to 24 months**	**Over 24 months**	**Total as of 12/31/18**
Financial sector	-	51,538	45,703	25,494	9,536	5,485	1,660	139,416
Nonfinancial private sector and residents abroad (1)	136,450	3,159,739	1,254,499	1,064,856	699,001	621,482	502,878	7,438,905
TOTAL	**136,450**	**3,211,277**	**1,300,202**	**1,090,350**	**708,537**	**626,967**	**504,538**	**7,578,321**

		Terms remaining to maturity						
Item	**Matured**	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**From 12 to 24 months**	**Over 24 months**	**Total as of 12/31/17**
Financial sector	-	36,417	9,162	14,887	19,847	17,338	3,497	101,148
Nonfinancial private sector and foreign residents	72,196	1,795,705	1,204,733	1,005,734	632,734	868,971	-	5,580,073
TOTAL	**72,196**	**1,832,122**	**1,213,895**	**1,020,621**	**652,581**	**886,309**	**3,497**	**5,681,221**
Contingent obligations	-	139,398	129,944	74,477	194,259	80,711	2,565	621,354

		Terms remaining to maturity						
Item	**Matured**	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**From 12 to 24 months**	**Over 24 months**	**Total as of 12/31/2016**
Financial sector	-	83,080	12,960	19,056	29,849	24,151	1,240	170,336
Nonfinancial private sector and foreign residents	35,416	1,163,233	803,480	798,576	795,023	621,620	197,945	4,415,293
TOTAL	**35,416**	**1,246,313**	**816,440**	**817,632**	**824,872**	**645,771**	**199,185**	**4,585,629**
Contingent obligations	-	100,511	34,578	26,428	160,808	91,588	40	413,953

(1) Including contingent obligations.
This exhibit discloses the reduction in certain contractual flows, including interest and related charges to be accrued upon the maturity thereof.

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "F"

CONSOLIDATED CHANGE OF PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

Item	Residual value at beginning of year 12/31/2017	Additions	Retire ments	Depreciation for the year: Years of useful life assigned	Depreciation for the year: Residual value at the end of the useful life	Depreciation for the year: Amount	Residual value at end of year 12/31/2018
Real property	313,045	6,434	-	59	83,425	(3,983)	315,496
Furniture and fixtures	25	18	-	10	-	(26)	17
Machinery and equipment	14,118	4,821	-	5	-	(5,035)	13,904
Total	**327,188**	**11,273**	**-**	**-**	**-**	**(9,044)**	**329,417**

Item	Residual value at beginning of year 12/31/16	Additions	Retire ments	Depreciation for the year: Years of useful life assigned	Depreciation for the year: Residual value at the end of the useful life	Depreciation for the year: Amount	Residual value at end of year 12/31/17
Real property (1)	317,004	-	-	59	83,425	(3,959)	313,045
Machinery and equipment	15,629	3,949	(1,076)	10	-	(4,359)	14,143
Total	**332,633**	**3,949**	**(1,076)**	**-**	**-**	**(8,318)**	**327,188**

(1) As of December 31, 2016, the deemed cost of the Bank's real property stands at 317,004, and the related adjustment amounted to 296,691.

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "H"

CONSOLIDATED DEPOSIT CONCENTRATION AS OF DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	12/31/2018		12/31/2017		12/31/2016	
Number of customers	**Outstanding balance**	**% over total portfolio**	**Outstanding balance**	**% over total portfolio**	**Outstanding balance**	**% over total portfolio**
10 largest customers	4,435,391	44%	3,360,758	54%	1,686,404	41%
50 next largest customers	3,227,355	32%	1,862,704	30%	1,480,795	36%
100 next largest customers	1,576,089	15%	607,733	10%	599,895	15%
Rest of customers	937,247	9%	384,640	6%	350,474	9%
Total	**10,176,082**	**100%**	**6,215,835**	**100%**	**4,117,568**	**100%**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "I"

CONSOLIDATED BREAKDOWN OF FINANCIAL LIABILITIES FOR RESIDUAL TERMS AS OF DECEMBER 31, 2018 2017, AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

	Terms remaining to maturity						
Item	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**From 12 to 24 months**	**Over 24 months**	**Total as of 12/31/18**
Deposits	**10,109,518**	**129,504**	**-**	**-**	**-**	**-**	**10,239,022**
- Financial sector	672	-	-	-	-	-	672
- Nonfinancial private sector	10,108,846	129,504	-	-	-	-	10,238,350
Liabilities at fair value through profit or loss	93,996	21,622	-	-	-	-	115,618
Derivatives	31,164	5,948	-	-	-	-	37,112
Repo transactions	-	-	-	-	-	-	-
Other financial liabilities	710,090	28,816	32,649	59,889	47,499	86,196	965,139
Financing received from the BCRA and other financial institutions	125,155	146,318	70,014	961,527	216,965	14,258	1,534,237
Corporate bonds issued	-	78,638	314,405	296,415	48,789	147,763	886,010
TOTAL	**11,069,923**	**410,846**	**417,068**	**1,317,831**	**313,253**	**248,217**	**13,777,138**

	Terms remaining to maturity						
Item	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**From 12 to 24 months**	**Over 24 months**	**Total as of 12/31/17**
Deposits	**5,903,939**	**9,082**	**310,369**	**51,134**	**21,822**	**-**	**6,296,346**
- Financial sector	970	-	-	-	-	-	970
- Nonfinancial private sector	5,902,969	9,082	310,369	51,134	21,822	-	6,295,376
Liabilities at fair value through profit or loss	452,981	-	-	-	-	-	452,981
Derivatives	8,261	-	-	-	-	-	8,261
Repo transactions	370,545	-	-	-	-	-	370,545
Other financial liabilities	1,248,668	914	13,520	32,665	42,189	120,995	1,458,951
Financing received from the BCRA and other financial institutions	251,888	336,080	235,369	291,594	52,978	-	1,167,909
Corporate bonds issued	-	231,408	289,182	44,921	359,740	-	925,251
TOTAL	**8,236,282**	**577,484**	**848,440**	**420,314**	**476,729**	**120,995**	**10,680,244**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "I"
(contd.)

CONSOLIDATED BREAKDOWN OF FINANCIAL LIABILITIES FOR RESIDUAL TERMS AS OF DECEMBER 31, 2018, 2017, AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

Item	Terms remaining to maturity: Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 to 24 months	Over 24 months	Total as of 12/31/2016
Deposits	**3,733,125**	**420,832**	**37,932**	**-**	**-**	**-**	**4,191,889**
- Financial sector	1,194	-	-	-	-	-	1,194
- Nonfinancial private sector	3,731,931	420,832	37,932	-	-	-	4,190,695
Liabilities at fair value through profit or loss	**686,034**	**-**	**-**	**-**	**-**	**-**	**686,034**
Derivatives	**2,423**	**-**	**-**	**-**	**-**	**-**	**2,423**
Repo transactions	**559,704**	**-**	**-**	**-**	**-**	**-**	**559,704**
Other financial liabilities	**436,613**	**-**	**-**	**-**	**-**	**-**	**436,613**
Financing received from the BCRA and other financial institutions	**137,183**	**59,596**	**247,403**	**76,537**	**-**	**-**	**520,719**
Corporate bonds issued	**171,681**	**35,647**	**26,400**	**221,310**	**491,495**	**-**	**946,533**
TOTAL	**5,726,763**	**516,075**	**311,735**	**297,847**	**491,495**	**-**	**7,343,915**

This exhibit discloses the reduction in contractual flows, including interest and related charges to be accrued upon the maturity thereof.

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "L"

CONSOLIDATED FOREIGN CURRENCY AMOUNTS
AS OF DECEMBER 31, 2018, 2017, AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

ITEMS	Head Office	Total as of 12/31/18	US dollar	Euro	Other	Total as of 12/31/17	Total as of 12/31/2016
ASSETS							
Cash and deposits with banks	**4,538,614**	**4,538,614**	**4,537,057**	**1,315**	**242**	**2,590,343**	**2,571,694**
Debt securities at fair value through profit or loss	**600,802**	**600,802**	**600,802**	**-**	**-**	**446,804**	**240,451**
Derivatives	170,138	170,138	170,138	-	-	75,097	7,925
Repo transactions	21,237	21,237	21,237	-	-	-	
Other financial assets	151,757	151,757	151,757	-	-	1,042,284	653,249
Loans and other financing	1,808,526	1,808,526	1,801,178	7,348	-	1,156,347	855,985
Other debt securities	96,147	96,147	96,147	-	-	65,443	62,393
Financial assets delivered in guarantee	47,283	47,283	47,283	-	-	6,571	72,512
Receivables from finance leases	-	-	-	-	-	-	
Investments in associates and joint ventures	5,282	5,282	5,282	-	-	2,278	1,787
Total assets	**7,439,786**	**7,439,786**	**7,430,881**	**8,663**	**242**	**5,385,167**	**4,465,996**
LIABILITIES							
Deposits	5,762,558	5,762,558	5,762,558	-	-	3,304,601	2,533,151
Liabilities at fair value through profit or loss	34,749	34,749	34,749	-	-	349,019	572,411
Other financial liabilities	179,487	179,487	179,469	18	-	764,544	341,899
Financing received by the BCRA and other financial institutions	1,464,098	1,454,098	1,456,773	7,325	-	861,986	392,461
Other nonfinancial liabilities	10,400	10,400	10,400	-	-	1,449	3,013
Total liabilities	**7,451,292**	**7,451,292**	**7,443,949**	**7,343**	**-**	**5,281,599**	**3,842,935**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "P"

CONSOLIDATED CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2018

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

		Fair value through profit or loss		Fair value rank		
Items	Amortized cost	Initially measured at fair value or subsequently under IFRS 9, point 6(7)1	Mandatory measurement	Level 1	Level 2	Level 3
FINANCIAL ASSETS						
Cash and deposits with banks	**-**	**5,383,105**	**-**	**5,383,105**	**-**	**-**
Cash	-	62,842	-	62,842	-	-
Financial institutions and correspondents	-	5,320,263	-	5,320,263	-	-
Debt securities at fair value through profit or loss	**-**	**644,034**	**-**	**644,034**	**-**	**-**
Derivatives	**-**	**196,903**	**-**	**196,903**	**-**	**-**
Repo transactions	**-**	**291,622**	**-**	**291,622**	**-**	**-**
BCRA	-	221,335	-	221,335	-	-
Other financial institutions	-	70,287	-	70,287	-	-
Other financial assets	**564,738**	**-**	**-**	**-**	**-**	**-**
Loans and other financing	**5,430,456**	**-**	**-**	**-**	**-**	**-**
Other financial institutions	124,710	-	-	-	-	-
Overdrafts	978,752	-	-	-	-	-
Notes	1,948,261	-	-	-	-	-
Mortgage loans	102,932	-	-	-	-	-
Collateral loans	33,857	-	-	-	-	-
Personal loans	405,670	-	-	-	-	-
Finance leases	2,140	-	-	-	-	-
Other	1,834,134	-	-	-	-	-
Subtotal debt securities	**2,742,097**	**-**	**-**	**-**	**-**	**-**
Financial assets delivered in guarantee	**-**	**118,513**	**-**	**118,513**	**-**	**-**
Investments in equity instruments	**-**	**463**	**-**	**-**	**463**	**-**
Total financial assets	**8,737,291**	**6,634,640**	**-**	**6,634,177**	**463**	**-**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "P"
(contd.)

CONSOLIDATED CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2018

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

Items	Amortized cost	Fair value through profit or loss: Initially measured at fair value or subsequently under IFRS 9, point 6(7)1	Fair value through profit or loss: Mandatory measurement	Fair value rank: Level 1	Fair value rank: Level 2	Fair value rank: Level 3
FINANCIAL LIABILITIES						
Deposits	**10,176,082**	**-**	**-**	**-**	**-**	**-**
Financial sector	**672**	**-**	**-**	**-**	**-**	**-**
Non financial Private Sector and Foreign Residents						
Checking accounts	1,554,336	-	-	-	-	-
Savings accounts	6,013,387	-	-	-	-	-
Certificates of deposit and term investments	2,607,349	-	-	-	-	-
Other	338	-	-	-	-	-
Liabilities at fair value through profit or loss	**-**	**115,585**	**-**	**115,585**	**-**	**-**
Derivatives	**-**	**37,112**	**-**	**37,112**	**-**	**-**
Other financial liabilities	**809,337**	**-**	**-**	**-**	**-**	**-**
Financing received by the BCRA and other financial institutions	**1,534,235**	**-**	**-**	**-**	**-**	**-**
Corporate bonds issued	**602,833**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**13,122,487**	**152,697**	**-**	**152,697**	**-**	**-**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT “Q”

CONSOLIDATED BREAKDOWN OF STATEMENT OF INCOME AS OF DECEMBER 31, 2018 AND 2017

(Translation of separate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

Items	12/31/2018	12/31/2017
Interest and adjustment from application of the effective interest rate on financial assets measured at amortized cost		
Interest income		
From government securities	239,608	63,321
From private securities	500,540	5,695
From loans and other financing		
Financial sector	44,432	186
Personal loans	125,024	-
Overdrafts	597,700	167,962
Notes	937,287	691,226
Mortgage loans	17,929	25,397
Collateral loans	12,605	3,780
Other	153,710	41,688
Finance leases	39,111	12,017
From repo transactions	17,196	19,928
Other	22,743	48,853
Total	**2,707,885**	**1,080,053**
Interest expense		
From deposits		
Checking accounts	(550,533)	(125,337)
Savings accounts	(39,268)	(9,082)
Certificates of deposit and term investments	(350,050)	(141,812)
From repo transactions	(114,152)	(89,687)
Other financial institutions	(109,734)	(58,181)
Other financial liabilities	(27)	(9)
From corporate bonds	(293,380)	(133,378)
Total	**(1,457,144)**	**(557,486)**
Total interest and adjustments by application of rate measured at amortized cost	**1,250,741**	**522,567**
Arising from the measurement of financial instruments at fair value through profit or loss		
Gain (loss) on derivatives	479	27
From investments in equity instruments	3,958	(458)
Profit from the sale or deletion of financial assets at fair value	1,986	34,432
Profit from private securities	14,733	35,743
Profit from government securities	199,701	5,628
Total arising from the measurement at fair value through profit or loss	**220,857**	**75,372**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "Q"
(contd.)

CONSOLIDATED BREAKDOWN OF STATEMENT OF INCOME AS OF DECEMBER 31, 2018, AND 2017

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

Items	12/31/2018	12/31/2017
Commission income		
Commissions related to negotiable securities	61,728	2,166
Commission related to receivables	19,430	60,739
Commission for guarantees granted	12,731	18,799
Commissions for collection management services	14,438	12,690
Commissions related to liabilities	11,728	31,466
Commissions for foreign exchange transactions	10,715	4,480
Total commission income	**130,770**	**130,340**

JOSÉ A. BENEGAS LYNCH
Chairman

EXHIBIT "R"

VALUE ADJUSTMENT FOR CREDIT LOSSES – CONSOLIDATED ALLOWANCES FOR UNCOLLECTIBILITY RISK DECEMBER 31, 2018, 2017 AND 2016

(Translation of consolidate financial statements originally issued in Spanish – see note 36)
(Figures stated in thousands of Argentine pesos)

Items	Cash at beginning of year	Increases (1)	Decreases		12/31/2018	12/31/2017	12/31/2016
			Reversals	Uses			
Loans and other financing	153,595	238,116	10,229	122,525	258,957	153,595	109,913
Other financial institutions	1,697	4,297	-	-	5,994	1,697	2,242
Nonfinancial private sector and residents abroad	151,898	233,819	10,229	122,525	252,963	151,898	107,671
Overdrafts	23,501	25,703	-	-	49,204	23,501	11,345
Notes	66,639	157,862	1,766	117,004	105,731	66,639	25,812
Mortgage loans	4,967	2,202	-	2,483	4,686	4,967	4,631
Collateral loans	695	165	210	-	650	695	-
Personal loans	36,036	8,940	8,253	3,038	33,685	36,036	49,692
Other	20,060	38,947	-	-	59,007	20,060	16,191
Finance leases	1,021	1,134	-	-	2,155	1,021	334
Private securities	-	1,161	-	-	1,161	-	-
TOTAL ALLOWANCES AND PROVISIONS	**154,616**	**240,411**	**10,229**	**122,525**	**262,273**	**154,616**	**110,247**

(1) Including the loss from the revaluation of the loan loss provision related to the financing portfolio in US dollars, which is disclosed under "Foreign exchange difference".

JOSÉ A. BENEGAS LYNCH
Chairman

JOSÉ A. BENEGAS LYNCH
Chairman