

4Q18 EARNINGS RELEASE

Buenos Aires, Argentina, February 27, 2019

Banco Patagonia S.A. (ByMA: BPAT; B3: BPAT33) reports on the consolidated income of 4th quarter (4Q18) for financial year 2018.

OUTSTANDING DATA

The present Earnings Report was prepared based on consolidated financial information and in accordance with new accounting framework based on the International Financial Reporting Standards (IFRS) established by BCRA with validity as from January 1, 2018 and, therefore, the comparative accounting information has been reworked for the fiscal periods/years required by the BCRA. The adoption of the aforementioned standards comprises changes in the valuation and presentation of asset entries and earnings, as well as on the estimation of ratios and other related information.

Banco Patagonia ended 2018 with Assets of ARS 154,495.0 million, Loans (net of provisions for loan losses) of ARS 82,549.2 million, Deposits of ARS 109,117.0 million, and a Shareholders equity of ARS 18,293.2 million.

The net income of the quarter was of ARS 1,863.3 million, an increase of 38.0% compared with 3Q18 (ARS 1,349.8 million) and of 241.1 % compared with 4Q17 (ARS 546.3 million) determining a ROE of 38.2% and an ROA of 4.8%. The 2018's net income amounted to ARS 5,350.7 million with an increase of 71.6% compared to the previous year (ARS 3,117.8 million).

Loans granted to non-financial private sector amounted to ARS 82,527.5 million, an increase of 6.8% compared with 3Q18 (ARS 77,277,2 million). Total deposits amounted to ARS 109,117.0 million, an increase of 9.5% compared with 3Q18 (ARS 99,620.4 million).

With reference to portfolio quality ratios, the non-performing portfolio as a percentage of total funding was of 2.1% and the coverage of provisions as a percentage of non-performing portfolio was 207.2%.

Liquidity ratio (liquid assets on deposits) was of 53.9 %. Likewise, the integration of minimum capital shows a surplus of ARS 4,899.7 million as compared to the BCRA's requirements.

As of December 31 2018, the Entity employs a staff of 3,407 people and owns a wide network of 209 service points nationwide, distributed among the main province capitals and major cities.

RELEVANT ISSUES

On January 22, 2019, Banco Patagonia S.A. had accepted an offer of acquisition of 51% of its shareholding interest in Prisma Medios de Pago S.A. carried out by AI ZENITH (Netherlands) B.V. (company related to Advent International Corporation), equivalent to 1.153.706 common book entry shares with nominal value of ARS 1 each and one vote per share.

The price offered for such shares amounted US\$ 38.520.752 payable: (i) 60% at the time of the transfer of the shares and (ii) 40% within a period of 5 (five) years from the date of the transfer. The transfer was settled in February 1°, 2019.

As present, the Entity retained ownership of 1.108.462 shares of Prisma Medios de Pago S.A. representative of 2.6822% of its share capital.

FINANCIAL REPORTING

For the preparation of the present report, Banco Patagonia S.A. consolidated line by line its statement of financial position and income, with the financial statements of its subsidiaries companies: Patagonia Valores S.A., Patagonia Inversora S.A. Sociedad Gerente de Fondos Comunes de Inversión, Banco Patagonia (Uruguay) S.A.I.F.E. y GPAT Compañía Financiera S.A.U.

The consolidated financial statements have been prepared in accordance with the Central Bank of Republic of Argentina (BCRA, for its acronym in Spanish) regulations which establish that the Entities under its supervision must submit financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), except by the transitional derogation in the application of the section 5.5 "Value Impairment" of the IFRS 9 "Financial instruments", applicable to impairment of financial assets which will be implemented from January 1, 2020 onwards. On the other hand, given the validity the Communication "A" 3921 of the BCRA, the Entity has not applied the International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies".

Likewise, on February 22, 2019, the BCRA has issued the communication "A" 6651 establishing that the Financial Entities shall apply the inflation adjustment to its Financial Statements as from 1 January, 2020.

The existence of an inflationary context affects the equity situation, income and cash flows, and, by extension, the impact of inflation should be taken into consideration in the interpretation of this report and the entity's financial statements.

As a result of the adoption of the new regulatory accounting framework for the fiscal year initiated on January 1, 2018, the present information was prepared using those regulations on the basis of the nine month period ended on December 31, 2018 and reassessing the comparative information for the periods / fiscal years specifically required by the BCRA that, therefore, differs from the earnings reports presented for those prior periods.

4Q18 GAINS (LOSSES)

Condensed Consolidated Statements of Income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Net interest income	5,033.4	3,203.0	2,566.8	57.1%	96.1%
Net fee income	1,063.3	919.3	751.8	15.7%	41.4%
Gains on financial assets measured at fair value through profit or loss	217.5	727.9	144.2	-70.1%	50.8%
Net exchange gains	463.3	216.0	2.7	114.5%	-
Other operative income	466.9	488.0	287.4	-4.3%	62.5%
Net impairment loss on financial assets	-1,017.6	-621.8	-323.2	63.7%	214.9%
Net operating income	6,226.8	4,932.4	3,429.7	26.2%	81.6%
Employee benefits	-1,306.8	-1,142.8	-961.5	14.4%	35.9%
Administrative expenses	-972.3	-861.4	-647.4	12.9%	50.2%
Depreciation	-54.6	-51.6	-42.5	5.8%	28.5%
Other operating expenses	-1,033.1	-1,045.1	-579.1	-1.1%	78.4%
Operating income	2,860.0	1,831.5	1,199.2	56.2%	138.5%
Net income of associates and joint ventures	114.2	73.2	68.2	56.0%	67.4%
Income before tax	2,974.2	1,904.7	1,267.4	56.2%	134.7%
Income tax expense	-1,110.9	-554.9	-721.1	100.2%	54.1%
Net income for the period	1,863.3	1,349.8	546.3	38.0%	241.1%
Other comprehensive income	2,161.5	61.3	221.8	3,426.1%	874.5%
Total comprehensive income	4,024.8	1,411.1	768.1	185.2%	424.0%

The net income of the 4Q18 was of ARS 1,863.3 million, an increase of 38.0% (ARS 513.5 million) compared with 3Q18 (ARS 1,349.8 million) and 241.1% (ARS 1,317.0 million) compared with 4Q17 (ARS 546.3 million).

On the other hand, "Other comprehensive income" increased 874.5% (ARS 1,939.7 million), amounting ARS 2,161.5 million at December 31, 2018, in comparison with ARS 61.3 million of 3Q18 as a result of the revaluation made on the real estate of the Group.

On the other hand, the total comprehensive income of 4Q18 amounted to ARS 4,024.8 million, an increase of 185.2% (ARS 2,613.7 million) compared to 3Q18 (ARS 1,411.1 million) and 424.0% (ARS 3,256.7 million) in comparison with 4Q17 (ARS 768.1 million).

a) Earnings per Share

Earnings per Share (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Net Income for the Quarter	1,863.3	1,349.8	546.3	38.0%	241.1%
Quarterly Average Number of Outstanding Shares	719	719	719	0.0%	0.0%
Shares Issued at quarter-end	719	719	719	0.0%	0.0%
Earnings per Share – Amounts in pesos	2.591	1.877	0.760	38.0%	241.1%
Earnings per BDR (*) – Amounts in pesos	51.82	37.54	15.19	38.0%	241.1%

(*) Each BDR is equivalent to 20 common shares.

b) Net Interest Income

Net Interest Income (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Interest Income	10,223.2	6,154.3	4,078.0	66.1%	150.7%
Interest Expenses	-5,189.8	-2,951.3	-1,511.2	75.8%	243.4%
Total	5,033.4	3,203.0	2,566.8	57.1%	96.1%

Net Interest Income of the 4Q18 amounted to ARS 5,033.4 million an increase of 57.1% (ARS 1,830.4 million) compared with 3Q18 (ARS 3,203.0 million), as follows:

Interest income

Interest income In Millions of Pesos	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Financial assets measured at fair value through other comprehensive income	3,337.1	863.5	769.5	286.5%	333.7%
Documents	1,752.6	1,235.3	694.1	41.9%	152.5%
Overdrafts	1,588.6	1,244.3	484.1	27.7%	228.2%
Personal loans	996.3	910.9	782.2	9.4%	27.4%
Credit cards	922.2	653.2	435.3	41.2%	111.9%
Other loans	408.6	405.8	262.4	0.7%	55.7%
Secured loans	325.3	339.0	289.7	-4.0%	12.3%
Loans to Financial Sector	312.1	178.3	94.9	75.0%	228.9%
Other	580.4	324.0	265.8	79.1%	118.4%
Total	10,223.2	6,154.3	4,078.0	66.1%	150.7%

Interest income of the 4Q18 amounted to ARS 10,223.2 million, an increase of 66.1% (ARS 4,068.9 million) in comparison with 3Q18 (ARS 6,154.3 million) and 150.7% (ARS 6,145.2 million) in comparison with 4Q17 (ARS 4,078.0 million).

The main variation regards to the financial assets measured at fair value through other comprehensive income which totaled ARS 3,337.1 million increasing 286.5% (ARS 2,473.6 million) with regard to the 3Q18 (ARS 863.5 million), as a result of the yield of instruments issued by BCRA (Leliq) due to a significant increase of the rates according to the policy conducted by that authority and the increase of the Bank's holding.

The main variation is given by interest on loans granted to the non-financial private sector, which amounted ARS 6,078.1 million, with an increase of 24.8% (ARS 1,206.6 million) compared to the 3Q18 (ARS 4,871.5 million). It highlights the increase of interest generated by documents of 41.9% (ARS 517.3 million) and by overdrafts of 27.7% (ARS 344.3 million).

On the other hand, in the consumer portfolio, it highlights the interest generated by credit cards with an increase of 41.2% (ARS 269.0 million) from of ARS 653.2 million on 3Q18 to ARS 922.2 million in the 4Q18.

In the same way, the average portfolio's accrual rate shows an increase of 600 basis points from 28.3% nominal annual rate in september 2018 to 34.3% nominal annual rate in december 2018.

Interest expenses

Interest expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Time Deposits	3,924.8	2,070.3	1,055.1	89.6%	272.0%
Deposits in Savings Accounts	471.7	285.1	114.1	65.5%	313.4%
Corporate Bonds	186.1	190.7	140.1	-2.4%	32.8%
Financing facilities received from Financial Entities	128.5	97.4	66.5	31.9%	93.2%
Premiums of passive swaps to the financial sector	63.1	72.2	54.2	-12.6%	16.4%
Other financing facilities received from Financial Entities	30.7	26.2	21.5	17.2%	42.8%
Other	384.9	209.4	59.7	83.8%	544.7%
Total	5,189.8	2,951.3	1,511.2	75.8%	243.4%

Interest expenses in 4Q18 reached \$ 5,189.8 million, increasing 75.8% (ARS 2,238.5 million) compared to 3Q18 (ARS 2,951.3 million) and 243.4% (ARS 3,678.6 million) compared to 4Q17 (ARS 1,511.2 million).

In 4Q18, the interest of time deposits increased 89.6% (ARS 1,854.5 million) as a result of the increase in its amount of 10.5% (ARS 45,929.2 million in comparison with ARS 41,580.9 million in the preceding quarter) and the increase of the average interest rate, from 26.3% nominal annual rate in september 2018 to 46.8% nominal annual rate in december 2018 (the corresponding rates refers to deposits in pesos).

On the other hand, the interest earned by deposits in savings accounts increased by 65.5% in the 4Q18 (ARS 186.6 million), mainly by the larger amount of the interest-bearing accounts.

c) Net fee income

Net fee income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Deposits	390.5	364.5	276.0	7.1%	41.5%
Credit and Debit Cards	325.5	278.7	269.5	16.8%	20.8%
Bundles of Products	226.4	191.9	157.0	18.0%	44.2%
Collection Services	107.8	96.5	66.7	11.7%	61.6%
Foreign Trade	70.4	63.5	39.8	10.9%	76.9%
Insurances	40.0	31.5	24.3	27.0%	64.6%
Private Securities	20.2	16.7	10.5	21.0%	92.4%
Loans	4.3	4.0	3.7	7.5%	16.2%
Other	16.1	16.1	4.8	0.0%	235.4%
Fee income	1,201.2	1,063.4	852.3	13.0%	40.9%
Fee expenses	-137.9	-144.1	-100.5	-4.3%	37.2%
Total	1,063.3	919.3	751.8	15.7%	41.4%

On the 4Q18, the net fee income reached ARS 1,063.3 million with an increase of 15.7% (ARS 144.0 million) compared to the 3Q18 (ARS 919.3 million) and 41.4% (ARS 311.5 million) regarding the 4Q17 (ARS 751.8 million).

The fee income reached ARS 1,201.2 million in the 4Q18, with an increase of 13.0% (ARS 137.8 million) compared to the 3Q18 (ARS 1,063.4 million) and 40.9% (ARS 348.9 million) regarding the 4Q17 (ARS 852.3 million).

In the 4Q18, the increases in the charges associated with credit and debit cards of 16.8% (ARS 46.8 million), Bundles of Products 18.0% (ARS 34.5 million), deposits 7.1% (ARS 26.0 million) and collection services with a variation of 11.7% (ARS 11.3 million), respectively.

On the other hand, the fee expenses during the 4Q18 reached ARS 137.9 million, decreasing of 4.3% (ARS 6.2 million) compared to 3Q18 (ARS 144.1 million) and 37.2% (ARS 37.4 million) regarding to the 4Q17 (ARS 100.5 million).

d) Other operative income

Other operative income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Associated with other commissions	279.3	199.6	245.2	39.9%	13.9%
Commissions with Safe deposit box rentals	55.8	53.0	46.3	5.3%	20.5%
Recovered credits	33.3	53.4	24.3	-37.6%	37.0%
Punitive interests	27.7	19.5	11.0	42.1%	151.8%
Sales revenue of property, plant and equipment	2.8	0.7	0.1	300.0%	2,700.0%
Other	68.0	161.8	-39.5	-58.0%	-272.2%
Total	466.9	488.0	287.4	-4.3%	62.5%

Other operative income amounted, in the 4Q18, to ARS 466.9 million, decreasing 4.3% (ARS 21.1 million) regarding the 3Q18 (ARS 488.0 million) increasing 62.5% (ARS 179.5 million) compared to 4Q17. (ARS 287.4 million)

The main variation is related to other commissions (ARS 279.3 million) increasing 39.9% (ARS 79.7 million) compared to 3Q18 (ARS 199.6 million). It highlights the increase in the income associated to the maintenance charges of credit and debit cards with a variation of ARS 42.9 million and with insurance costs by ARS 35.4 million.

e) Net impairment loss on financial assets

Net impairment loss on financial assets (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Net impairment loss on funding	1,017.5	619.4	321.0	64.3%	217.0%
Net impairment loss on other credits	0.1	2.4	2.2	-95.8%	-95.5%
Total	1,017.6	621.8	323.2	63.7%	214.9%

Net impairment loss on financial assets amounted to ARS 1,017.6 million in the 4Q18, with an increase of 63.7% with regard to the 3Q18 (ARS 621.8 million) and 214.9% to the 4Q17 (ARS 323.2 million), due to an increase in loans portfolio, a slight increase in impairment rate and additional provisions than the minimum required by the BCRA.

Regarding the portfolio quality ratios at 4Q18, the non-performing portfolio on funding ratio was of 2.1% and the of coverage of provisions as a percentage of non-performing portfolio was of 207.2%.

f) Administrative expenses

Administrative expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Employee benefits	1,306.8	1,142.8	961.5	14.4%	35.9%
Administrative expenses (operative)	972.3	861.4	647.4	12.9%	50.2%
Expenditures of maintenance, conservation and reparations	234.6	157.1	106.9	49.3%	119.5%
Taxes	152.9	134.0	109.3	14.1%	39.9%
Advertising and publicity	91.6	59.3	25.1	54.5%	264.9%
Fees	81.2	71.4	61.0	13.7%	33.1%
Electricity and communications	75.5	61.3	38.5	23.2%	96.1%
Rentals	65.2	63.4	51.3	2.8%	27.1%
Carriage of different values	63.6	98.4	58.4	-35.4%	8.9%
Security services	49.3	65.4	68.5	-24.6%	-28.0%
Other	158.4	151.1	128.4	4.8%	23.4%
Depreciation	54.6	51.6	42.5	5.8%	28.5%
Total	2,333.7	2,055.8	1,651.4	13.5%	41.3%

The administrative expenses (including Employee benefits and Depreciation) amounted to ARS 2,333.7 million in 4Q18, increasing 13.5% (ARS 277.9 million) compared to 3Q18 and 41.3% (ARS 682.3 million) compared to 4Q17.

The employee benefits were ARS 1,306.8 million, increasing 14.4% (ARS 164,0 million) regarding the 3Q18 (ARS 1,142.8 million) and 35.9% (ARS 345.3 million) with regard to the 4Q17.

Administrative expenses (operative) had an increase of 12.9% (ARS 110.9 million) compared to the 3Q18 mainly due to the increase in expenditures of maintenance, conservation and reparations (ARS 77.5 million) and Advertising and publicity (ARS 32.3 million).

As of december 31, 2018, the net fee income on administrative expenses coverage ratio increased to 44.1% and the efficiency ratio, measured as the percentage between administrative expenses and net total income, was of 47.0%.

g) Other operating expenses

Other operating expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	4Q18	3Q18	4Q17	3Q18	4Q17
Gross Income tax expense	644.8	512.6	320.8	25.8%	101.0%
Associated with other commissions	249.3	244.9	223.1	1.8%	11.7%
Contribution to the deposit guarantee fund	41.3	34.5	25.8	19.7%	60.1%
Charge for another provisions	13.9	172.9	65.0	-92.0%	-78.6%
Other	83.8	80.2	-55.6	4.5%	-250.7%
Total	1,033.1	1,045.1	579.1	-1.1%	78.4%

Other operating expenses reached ARS 1,033.1 million, decreasing 1.1% (ARS 12.0 million) with regard to the 3Q18, due mainly to a reduction of the charge for another provisions (ARS 159.0 million) partially offset by an increase of the gross income tax expense (ARS 132.2 million) as a counterpart for the higher revenues from interests and commissions.

RELEVANT FINANCIAL INFORMATION
a) Loans Portfolio

Loans (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%) as of	
	4Q18	3Q18	4Q17	3Q18	4Q17
To the non-financial public sector	221.8	303.9	450.7	-27.0%	-50.8%
Other Financial entities	3,617.2	3,289.7	2,139.3	10.0%	69.1%
To the Financial sector	78,710.2	74,145.9	59,033.9	6.2%	33.3%
To the non-financial private sector net of provisions	82,527.5	77,277.2	60,944.9	6.8%	35.4%
Overdrafts	11,167.5	10,296.0	7,311.8	8.5%	52.7%
Documents	29,572.8	27,450.7	18,758.2	7.7%	57.7%
Mortgage loans	950.1	766.4	163.7	24.0%	480.4%
Car loans	4,495.5	4,836.6	5,147.3	-7.1%	-12.7%
Personals	9,829.3	9,925.2	8,731.1	-1.0%	12.6%
Credit cards	12,766.5	11,558.3	10,553.2	10.5%	21.0%
Other	13,745.8	12,444.0	10,279.6	10.5%	33.7%
(Provisions for loan losses)	-3,817.3	-3,131.3	-1,911.0	21.9%	99.8%
Total	82,549.2	77,739.5	61,623.9	6.2%	34.0%

As of December 31, 2018, loans granted to non-financial private sector portfolio amounted to ARS 82,527.5 million, an increase of 6.8% (ARS 5,250.3 million) in comparison with 3Q18 and 35.4% (ARS 21,582.6 million) when compared to 4Q17.

In the commercial portfolio, it was highlighted an increase in documents of 7.7% (ARS 2,122.1 million) and 57.7% (ARS 10,814.6 million) in comparison with the 3Q18 and 4Q17, respectively and overdrafts of 8.5% (ARS 871.5 million) and 52.7% (ARS 3,855.7 million) compared to 4Q18 and 3Q17, respectively. On the item Other, the main variation was loans granted to the GMA dealers networking of ARS 1,450.0 million on the 4Q18.

In the consumer portfolio it was highlighted the Credit cards increase of 10.5% (ARS 1,208.2 million) compared to the 3Q18 and 21.0% (ARS 2,213.3 million) regarding the 4Q17 and Mortgage loans 24.0% (ARS 183.7 million) and 480.4% (ARS 786.4 million) when compared to 3Q18 and 4Q17, respectively.

b) Exposure to the Public Sector

Exposure to the Public Sector (In million pesos)	Banco Patagonia Consolidated			Change (%) as of	
	4Q18	3Q18	4Q17	3Q18	4Q17
Government Securities (*)	6,263.1	6,471.9	2,626.4	-3.2%	138.5%
Loans to the Public Sector	221.8	303.9	450.7	-27.0%	-50.8%
Exposure to the Public Sector	6,484.9	6,775.8	3,077.1	-4.3%	110.7%
Share on Total Assets	4.2%	7.0%	3.7%	-39.7%	14.9%

(*) Includes "Holdings" plus "Loans" and "Spot Purchases to be Settled and Forward Purchases" less "Deposits" and "Spot Sales to be settled and Forward Sales".

In December 31, 2018, the exposure in assets to the public sector amounted to ARS 6,484.9 million with an decrease of 4.3% (ARS 290.9 million) with regard to the 3Q18 and increasing 110.7% (ARS 3,407.8 million) in comparison with the 4Q17, due to an increase in the exchange rate during 2018, reassessing the foreign currency portfolio and the issuance of government bonds to cover the minimum cash requirements admitted by the BCRA. The public sector assets represent 4.2% over the Bank's total assets.

c) Portfolio Quality

Portfolio Quality (In million pesos)	Banco Patagonia Consolidated			Change (%) as of	
	4Q18	3Q18	4Q17	3Q18	4Q17
Total fundings	84,635	82,606	60,252	2.5%	37.1%
Non-performing portfolio	1,781.1	1,590.0	758.2	12.0%	109.7%
Provisions for loan losses	3,691.3	3,165.0	1,801.8	16.6%	75.7%
Non-performing portfolio as a % of total funding	2.1%	1.9%	1.3%	9.3%	53.0%
Provisions as a % of non-performing portfolio	207.2%	199.1%	237.7%	4.1%	-16.2%

On December 31, 2018 the index of the non-performing portfolio as a percentage of total funding ratio amounted to 2.1%, compared to 1.9% and 1.3% of the 3Q18 and 4Q17, respectively. The coverage of provisions as a percentage of non-performing portfolio amounted to 207.2% in the 4Q18 and the 199.1% and 237.7% in the 3Q18 and 4Q17, respectively.

Changes on ratios related to the portfolio are monitored on a permanent basis by the Bank's Management in order to take the corresponding steps in each scenario.

d) Deposits

Deposits (In million pesos)	Banco Patagonia Consolidated			Change (%) as of	
	4Q18	3Q18	4Q17	3Q18	4Q17
Non-Financial Public Sector	11,995.4	10,157.5	4,666.9	18.1%	157.0%
Checking Accounts	4,002.6	2,710.0	2,436.9	47.7%	64.2%
Time deposits	7,992.8	7,447.5	2,230.0	7.3%	258.4%
Financial Sector	38.3	72.7	13.2	-47.3%	190.2%
Non-Financial Private Sector	97,083.3	89,390.2	64,382.5	8.6%	50.8%
Checking Accounts	10,149.2	9,049.2	9,178.6	12.2%	10.6%
Savings accounts	44,273.4	40,817.9	30,054.5	8.5%	47.3%
Time deposits	37,936.4	34,133.4	22,519.6	11.1%	68.5%
Other	3,418.7	4,531.0	2,150.8	-24.5%	59.0%
Interests and Adjustments	1,305.6	858.7	479.0	52.0%	172.6%
Total	109,117.0	99,620.4	69,062.6	9.5%	58.0%

On the 4Q18, the total deposits amounted to ARS 109,117.0 million, an increase of 9.5% (ARS 9,496.6 million), compared to 3Q18 and 58.0% (ARS 40,054.4 million), compared to 4Q17.

Deposits from non-financial public sector amounted to ARS 11,995.4 million, with an increase of 18.1% (ARS 1,837.9 million) compared to 3Q18 and 157.0% (ARS 7,328.5 million) to 4Q17, due mainly to the increase on Checking Accounts of 47.7%, (ARS 1,292.6 million) compared to 3Q18 and 64.2% to 4Q17 (ARS 1,565.7 million).

Deposits from non-financial private sector amounted ARS 97,083.3 million, with an increase of 8.6% (ARS 7,693.1 million) compared to 3Q18 and 50.8% (ARS 32,700.8 million) to 4Q17.

The main variation was observed in time deposits of 11.1% (ARS 3,803.0 million) with regard to the 3Q18 and 68.5% (ARS 15,416.8 million) with regard to the 4Q17. In the same way, the increase of deposits in savings account was of 8.5% (ARS 3,455.5 million) regarding the 3Q18 and 47.3% (ARS 14,218.9 million) with regard to the 4Q17 mainly linked to the interest-bearing accounts operations.

Total deposits at the closing of 4Q18 represent 80.1% of total liabilities. The time deposits represent 43.3% of total deposits.

e) Other sources of funding

Other Sources of funding (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%) as of	
	4Q18	3Q18	4Q17	3Q18	4Q17
Financing facilities received from BCRA and other financial institutions	9,358.0	5,409.5	2,372.8	73.0%	294.4%
Corporate bonds	1,678.1	2,352.2	2,231.0	-28.7%	-24.8%
Total	11,036.1	7,761.7	4,603.8	42.2%	139.7%

Other sources of funding on the 4Q18, amounted ARS 11,036.1 million, increasing 42.2% (ARS 3,274.4 million) compared to the 3Q18 (ARS 7,761.7 million) and 139.7% (ARS 6,432.3 million) with regard to the 4Q17 (ARS 4,603.8 million).

Financing facilities received from the BCRA and other financial institutions improved 73.0% (ARS 3,948.5 million) mainly due to a funding granted by the BID, whereas corporate bonds issued entirely by GPAT, decreased 28.7% (ARS 674.1 million), mainly due to the amortization of Series XXVII, XXVIII and XXX.

f) Liquidity

Liquidity (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%) as of	
	4Q18	3Q18	4Q17	3Q18	4Q17
Cash and deposits in Banks	34,940.6	30,435.6	14,422.4	14.8%	142.3%
Financial assets measured at fair value and investment in equity instruments	23,838.3	16,168.6	13,636.4	47.4%	74.8%
Liquid assets	58,778.9	46,604.2	28,058.8	26.1%	109.5%
Deposits	109,117.0	99,620.4	69,062.6	9.5%	58.0%
Liquid assets over total deposits	53.9%	46.8%	40.6%	15.1%	32.6%

Banco Patagonia holds, as of 4Q18, liquid assets of ARS 58,778.9 million, with an increase of 26.1% (ARS 12,174.7 million) compared to the 3Q18 and 109.5% (ARS 30,720.1 million) to the 4Q17. This increase is, mainly, due to increase in the exchange rate in the quarter and the issuance of government bonds to cover the minimum cash requirements admitted by the BCRA.

In the closing of the 4Q18, the ratio that relates liquid assets with total deposits was of 53.9%.

g) Capitalization

Capitalization (In million pesos)	Banco Patagonia Consolidated			Change (%) as of	
	4Q18	3Q18	4Q17	3Q18	4Q17
Minimum Capital Requirement (A)	9,266.0	9,243.7	6,566.1	0.2%	41.1%
Credit Risk	7,331.0	7,207.9	5,146.2	1.7%	42.5%
Market Risk - Securities	16.0	98.1	17.3	-83.7%	-7.6%
Market Risk - Currencies	35.0	148.5	21.7	-76.4%	61.0%
Operational Risk	1,884.0	1,789.2	1,380.9	5.3%	36.4%
Composition (B)	14,165.7	12,865.4	9,782.5	10.1%	44.8%
Common Capital - Level 1	16,110.7	13,429.7	10,640.1	20.0%	51.4%
Deductible items COn1	(2,723.0)	(1,339.1)	(1,423.6)	103.3%	91.3%
Deductible items - Level 1 (C)	13,387.7	12,090.6	9,216.5	10.7%	45.3%
Common Capital - Level 2	778.0	774.8	566.0	0.4%	37.5%
Difference (B) - (A)	4,899.7	3,621.7	3,216.4	35.3%	52.3%
Risk-weighted assets - APR (D)	113,140.0	112,922.8	80,202.9	0.2%	41.1%
TIER I ratio (C) / (D)	11.8%	10.7%	11.5%	10.5%	3.0%
Capitalization ratio (B) / (D)	12.5%	11.4%	12.2%	9.9%	2.7%

As of December 31, 2018, the Entity shows a surplus of consolidated minimum capital of ARS 4,899.7 million with the requested by Argentine Central Bank, an increase of 35.3% (ARS 1,278.0 million) compared to 3Q18 and 52.3% (ARS 1,683.3 million) compared to 4Q17.

Finally, the capitalization ratio (TIER I + TIER II) was 12.5% and the TIER I ratio reached 11.8%.

MAIN RATIOS

Banco Patagonia Consolidated	As of December 31:	
	2018	2017
Profitability Ratios		
Return on average assets (1)	4.8%	3.7%
Return on average shareholders' equity (2)	38.2%	26.9%
Ratios on Financial Margin and by Service		
Net interest margin (net interest income / average assets)	11.7%	10.2%
Margin on net services (total fee income / average assets)	3.1%	3.4%
Total margin (net total income / average assets) (3)	14.8%	13.6%
Net fee income on net total income (4)	20.7%	25.1%
Shareholders' Equity Ratios		
Shareholders' equity on total assets	11.8%	12.8%
Financial standing (shareholders' equity on total liabilities)	13.4%	14.7%
Total liabilities as a multiple of shareholders' equity	7.4	6.8
RPC on risk-weighted assets (5)	12.5%	12.2%
Portfolio Quality Ratios		
Non-performing portfolio on funding (before provisions) (6)	2.1%	1.2%
Provisions on non-performing portfolio (6)	207.2%	237.7%
Cost of Risk (7)	3.2%	1.3%
Efficiency Ratios		
Administrative expenses on net total income	47.0%	52.9%
Net fee income on administrative expenses	44.1%	47.5%
Liquidity Ratios		
Liquid Assets on deposits (8)	53.9%	40.6%
Loans (net of provisions) on assets	53.4%	63.3%
Deposits on liabilities	80.1%	81.4%
Loans on deposits	75.7%	89.2%
Fixed assets (9)	30.4%	21.2%

References:

- (1) Defined as the quotient between net income for the year / annualized period and average assets.
- (2) Defined as the quotient between net income for the year and average shareholders' equity.
- (3) Total fee income defined as the Net fee income plus the fee income included in other operating income and other operating expenses.
- (4) Net total income defined as the sum of the net interest income and the total fee income.
- (5) RPC means accountable corporate liability.
- (6) Non-performing portfolio defined as loans classified as stage 3 - 4 - 5 and 6, in accordance with to BCRA rule.
- (7) Defined as the quotient between Net impairment loss on financial assets and average loan portfolio before provisions.
- (8) Defined as the sum of cash and deposits in Banks, financial assets measured at fair value and investments in equity instruments divided by the total deposits.
- (9) Defined as the ratio between the sum of Property and equipment and intangible assets over and shareholders' equity.

SUMMARIZED ACCOUNTING INFORMATION
a) Consolidated Financial Position

Banco Patagonia Consolidated (In Millions Pesos)	Statement of Financial Position as of December 31			
	2018	%	2017	%
Assets				
Cash and deposits in Banks	34,940.6	22.6%	14,422.4	14.8%
Financial assets measured at fair value through profit or loss	182.9	0.1%	438.1	0.5%
Derivative financial instruments	149.0	0.1%	34.2	0.0%
Repurchase agreements assets	663.4	0.4%	952.9	1.0%
Other receivables	3,158.1	2.0%	1,725.1	1.8%
Loans and other funding	82,549.2	53.4%	61,623.9	63.3%
Non-financial public sector	221.8	0.1%	450.7	0.5%
Other Financial Entities	3,617.2	2.3%	2,139.3	2.2%
Non-financial private sector	82,527.5	53.4%	60,944.9	62.6%
Provisions for loan losses	-3,817.3	-2.5%	-1,911.0	-2.0%
Other financial assets	23,649.1	15.3%	13,184.6	13.5%
Financial assets given as collateral	2,797.7	1.8%	1,736.6	1.8%
Current Income tax assets	40.4	0.0%	0.2	0.0%
Investments in equity instruments	6.3	0.0%	13.7	0.0%
Investment in subsidiaries, associates and joint ventures	146.9	0.1%	188.7	0.2%
Property and equipment	5,494.1	3.6%	2,595.4	2.7%
Intangible assets	62.6	0.0%	46.8	0.0%
Deferred tax assets	72.6	0.0%	60.3	0.1%
Other non-financial assets	347.2	0.2%	262.9	0.3%
Non-current Assets Held for Sale	234.9	0.2%	34.4	0.0%
Total Assets	154,495.0	100.0%	97,320.2	100.0%

a) Consolidated Financial Position (continues)

Banco Patagonia Consolidated (In Millions Pesos)	Statement of Financial Position as of December 31			
	2018	%	2017	%
Liabilities				
Deposits	109,117.0	70.6%	69,062.6	71.0%
Non-financial public sector	11,995.4	7.8%	4,666.9	4.8%
Financial sector	38.3	0.0%	13.2	0.0%
Non-financial private sector and foreign results	97,083.3	62.8%	64,382.5	66.2%
Financial liabilities measured at fair value through profit or loss	-	0.0%	124.9	0.1%
Derivative financial instruments	74.3	0.0%	14.1	0.0%
Repurchase agreements liabilities	916.0	0.6%	1,857.1	1.9%
Other financial liabilities	9,321.7	6.0%	6,020.1	6.2%
Financing facilities received from BCRA and other financial institutions	9,358.0	6.1%	2,372.8	2.4%
Corporate bonds	1,678.1	1.1%	2,231.0	2.3%
Current Income tax liabilities	1,757.9	1.1%	871.4	0.9%
Provisions	402.1	0.3%	214.1	0.2%
Deferred tax liabilities	185.0	0.1%	-	0.0%
Other non-financial liabilities	3,391.7	2.2%	2,088.8	2.1%
Total liabilities	136,201.8	88.2%	84,856.9	87.2%
Shareholders' equity	18,293.2	11.8%	12,463.3	12.8%
Total Liabilities + Shareholders' equity	154,495.0	100.0%	97,320.2	100.0%

b) Consolidated income structure

Banco Patagonia Consolidated (In Millions Pesos)	Statement of Income		
	4Q18	4Q17	Change %
Net interest income	5,033.4	2,566.8	96.1%
Net fee income	1,063.3	751.8	41.4%
Gains on financial instruments measured at fair value through profit or loss	217.5	144.2	50.8%
Net exchange gains	463.3	2.7	17.059.3%
Other operating income	466.9	287.4	62.5%
Net impairment loss on financial assets	-1,017.6	-323.2	214.9%
Net operating income	6,226.8	3,429.7	81.6%
Employee benefits	-1,306.8	-961.5	35.9%
Administrative expenses	-972.3	-647.4	50.2%
Depreciation	-54.6	-42.5	28.5%
Other operating expenses	-1,033.1	-579.1	78.4%
Operating income	2,860.0	1,199.2	138.5%
Net income of associates and joint ventures	114.2	68.2	67.4%
Income before tax	2,974.2	1,267.4	134.7%
Income tax expense	-1,110.9	-721.1	54.1%
Net income for the period	1,863.3	546.3	241.1%
Other comprehensive income	2,161.5	221.8	874.5%
Total comprehensive income	4,024.8	768.1	424.0%

c) Consolidated foreign currency's position

Banco Patagonia Consolidated (In Millions of Pesos)	4Q18	4Q17	Change
Cash and deposits in Banks	16,957.0	6,112.1	10,844.9
Financial assets measured at fair value through profit or loss	116.6	8.9	107.7
Other receivables	37.1	167.1	-130.0
Loans and other funding	25,696.5	10,714.1	14,979.4
Other financial assets	2,361.7	2,128.9	232.8
Financial assets given as collateral	1,302.3	25.4	1,276.9
Investments in equity instruments	3.4	0.4	3.0
Total assets	46,474.6	19,156.9	27,314.7
Deposits	34,433.8	15,793.4	18,640.4
Repurchase agreements liabilities	-	4.5	-4.5
Other financial liabilities	3,687.8	1,585.7	2,102.1
Financing facilities received from BCRA and other financial institutions	8,329.0	1,185.7	7,143.3
Other non-financial liabilities	56.4	77.0	-20.6
Total liabilities	46,507.0	18,646.3	27,860.7
Position of foreign currency in pesos	-32.4	513.6	-546.0
Reference exchange rate	37.8083	18.7742	19.0341
Position of foreign currency in dollars	-0.9	27.4	-28.2

d) Separate Financial Position

Banco Patagonia Separate (In Millions of Pesos)	Statement of Financial Position as of December 31			
	2018	%	2017	%
ASSETS				
Cash and deposits in Banks	34,377.3	22.7%	14,134.3	15.1%
Financial assets measured at fair value through profit or loss	186.6	0.1%	469.5	0.5%
Derivative financial instruments	154.4	0.1%	34.2	0.0%
Repurchase agreements assets	663.4	0.4%	952.9	1.0%
Other receivables	2,836.3	1.9%	1,488.1	1.6%
Loans and other funding	79,592.1	52.6%	57,650.2	61.5%
Non-financial public sector	221.8	0.1%	450.7	0.5%
Other Financial Entities	5,316.6	3.5%	3,235.9	3.5%
Non-financial private sector	77,710.6	51.3%	55,740.6	59.5%
Provisions for loan losses	-3,656.9	-2.4%	-1,777.0	-1.2%
Other financial assets	23,069.8	15.2%	12,748.1	13.6%
Financial assets given as collateral	2,778.8	1.8%	1,727.2	1.8%
Investments in equity instruments	4.5	0.0%	1.3	0.0%
Investment in subsidiaries, associates and joint ventures	1,572.6	1.0%	1,621.9	1.7%
Property and equipment	5,473.6	3.6%	2,584.5	2.8%
Intangible assets	62.6	0.0%	46.8	0.0%
Other non-financial assets	347.0	0.2%	259.0	0.3%
Non-current Assets Held for Sale	235.1	0.2%	-	0.0%
Total assets	151,354.1	100.0%	93,718.0	100.0%

d) Separate Financial Position (continued)

Banco Patagonia Separate (In Millions of Pesos)	Statement of Financial Position as of December 31			
	2018	%	2017	%
LIABILITIES				
Deposits	108,183.8	71.5%	68,685.4	73.3%
Non-financial public sector	11,995.4	7.9%	4,666.9	5.0%
Financial sector	54.5	0.0%	46.6	0.0%
Non-financial private sector and foreign results	96,133.9	63.5%	63,971.9	68.3%
Financial liabilities measured at fair value through profit or loss	-	0.0%	124.9	0.1%
Derivative financial instruments	78.3	0.1%	31.3	0.0%
Repurchase agreements liabilities	916.0	0.6%	1,857.1	2.0%
Other financial liabilities	8,945.6	5.9%	5,582.0	6.0%
Financing facilities received from BCRA and other financial institutions	9,358.0	6.2%	1,999.5	2.1%
Current income tax liabilities	1,714.9	1.1%	759.3	0.8%
Provisions	399.1	0.3%	208.5	0.2%
Deferred tax liabilities	185.0	0.1%	19.2	0.0%
Other non-financial liabilities	3,280.2	2.2%	1,987.5	2.1%
Total liabilities	133,060.9	87.9%	81,254.7	86.7%
Shareholders' equity	18,293.2	12.1%	12,463.3	13.3%
Total Liabilities + Shareholders' equity	151,354.1	100.0%	93,718.0	100.0%

e) Separate Results Structure

Banco Patagonia Separate (In Millions of Pesos)	Statement of Income		
	4Q18	4Q17	Change %
Net interest income	5,018.1	2,461.3	103.9%
Net fee income	1,049.5	742.4	41.4%
Gains on financial instruments measured at fair value through profit or loss	217.3	136.3	59.4%
Net Exchange gains	463.2	-12.0	-3.960.0%
Other operating income	409.0	203.2	101.3%
Net impairment loss on financial assets	-1,029.9	-304.0	238.8%
Net operating income	6,127.2	3,227.2	89.9%
Employee benefits	-1,278.4	-940.9	35.9%
Administrative expenses	-941.0	-619.2	52.0%
Depreciation	-54.2	-41.7	30.0%
Other operating expenses	-991.1	-524.7	88.9%
Operating income	2,862.5	1,100.7	160.1%
Net income of associates and joint ventures	112.7	128.6	-12.4%
Income before tax	2,975.2	1,229.3	142.0%
Income tax expense	-1,111.9	-683.0	62.8%
Net income for the period	1,863.3	546.3	241.1%
Other comprehensive income	2,161.5	221.8	874.5%
Total comprehensive income	4,024.8	768.1	424.0%

NOTE

This report might include forward-looking statements. If included, these statements are mainly based on the current opinions, expectations and projections by the Bank and its management about future events and operating and financial trends that will affect the Bank's business. There are many important factors that could cause the Bank's actual results to differ substantially from those results anticipated in our forward-looking statements, such as, but not limited to: inflation, changes in interest rates and the costs of deposits, Argentine government regulations affecting the Bank's operations, adverse judicial or administrative decisions, general credit risks, such as increases in defaults by borrowers, unexpected increases in financing or other costs, fluctuation or depreciation of the value of the Argentine public debt held in treasury by the Bank, competition in the banking or financial market or in other related Argentine markets, withdrawal of deposits by Bank's clients, deterioration in the regional, national and international business and economic conditions, and fluctuations in the Argentine peso exchange rate.

The words "it is considered", "might", "would", "estimate", "continue", "anticipate", "intend", "expect", "forecast" and similar terms are intended to identify forward-looking statements. Such statements include information concerning results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, effects of future regulations and effects of competition that possibly or supposedly may happen in the future. These statements are valid only as of the date they were made, and the Bank assumes no obligation to publicly update or to revise any of the forward-looking statements after the distribution of this report as a result of new information, future events or other factors. These expectations and projections are subject to material risks and uncertainties and may not be accurate or may change significantly. In light of these risks and uncertainties, the future events and circumstances discussed in this report are not to be taken as guarantees of future performance.

This report is a summary analysis of the results of Banco Patagonia and its subsidiaries. For a proper interpretation, this report must be read in conjunction with any other material periodically filed with the Comisión Nacional de Valores (www.cnv.gov.ar), Comissão de Valores Mobiliários (www.cvm.gov.br), Bolsa de Comercio de Buenos Aires (www.bolsar.com.ar), and B3 (www.b3.com.br). In addition, the Argentine Central Bank (www.bcra.gov.ar) may publish information related to Banco Patagonia as of a date subsequent to the last date for which the Bank has published information.

CONFERENCE CALL

Banco Patagonia S.A. will hold a conference call to discuss the profit, loss corresponding to 4Q18 on March 01, 2019 at 12:00 p.m. (Buenos Aires Time). 10.00 p.m. (US Eastern Time). To participate, please dial:
Participant Dial in: +54 (11) 3984-5677
Participant International Dial In: +1 (412) 317-6371

Please tell the operator you are calling to participate in the Banco Patagonia's Conference Call.

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