

2Q19 EARNINGS RELEASE

Buenos Aires, Argentina, August 9, 2019

Banco Patagonia S.A. (ByMA: BPAT; B3: BPAT33) reports on the consolidated income of 2nd quarter (2Q19) for financial year 2019.

OUTSTANDING DATA

The present Earnings Release 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.

Banco Patagonia ended the second quarter of 2019 with Assets of ARS 177,344.5 million, Loans (net of provisions for loan losses) of ARS 79,311.3 million, Deposits of ARS 122,580.9 million, and a Shareholders equity of ARS 22,638.6 million.

The net income of the quarter was of ARS 4,418.6 million, an increase of 68.8% compared with 1Q19 (ARS 2,617.0 million) and of 285.1 % compared with 2Q18 (ARS 1,147.4 million) determining a ROE of 57.5% and an ROA of 6.8%.

Loans granted to non-financial private sector amounted to ARS 80,878.7 million, increasing 1.0% compared with 1Q19 (ARS 80,043.0 million) and 17.9% with respect to 2Q18 (ARS 68,602.5 million). Total deposits amounted to ARS 122,580.9 million, an increase of 0.7% compared with 1Q19 (ARS 121,762.1 million) and 48.4% with respect to 2Q18 (ARS 82,576.5 million).

With reference to portfolio quality ratios, the non-performing portfolio as a percentage of total funding was of 3.3% and the coverage of provisions as a percentage of non-performing portfolio was 177.6%.

Liquidity ratio (liquid assets on deposits) was of 68.7%. Likewise, the integration of minimum capital shows a surplus of ARS 10,773.9 million as compared to the BCRA's requirements and the capitalization ratio was 16.4%.

On June 30, 2019, Banco Patagonia S.A. employs a staff of 3,384 people and owns a wide network of 210 service points nationwide, distributed among the main province capitals and major cities.

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 for the following exceptions:

- Application of the section 5.5 “Value Impairment” of IFRS 9 “Financial instruments”, applicable to Provisions for Loan Losses, which will be implemented from January 1, 2020. (See note 2.1 a) in Condensed Interim Financial Statements at June 30, 2019).
- Application of the International Accounting Standard 29 (IAS 29) “Financial Reporting in Hyperinflationary Economies”, which will be implemented from January 1, 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 (See note 3 in Condensed Interim Financial Statements at June 30, 2019).
- The valuation of the shareholding interest in Prisma Medios de Pago S.A., in accordance with BCRA rules, constituting a deviation from the terms of IFRS 9 “Financial instruments”. (See note 2.1 c) in Condensed Interim Financial Statements at June 30, 2019).

2Q19 GAINS (LOSSES)

Condensed Consolidated Statements of Income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Net interest income	7,493.3	5,509.5	2,865.6	36.0%	161.5%
Net fee income	1,108.1	1,049.5	890.0	5.6%	24.5%
Gains on financial assets measured at fair value through profit or loss	700.5	51.3	86.4	1.265.5%	710.8%
Net exchange gains	523.3	441.7	378.9	18.5%	38.1%
Other operative income	558.3	1,876.7	386.7	-70.3%	44.4%
Net impairment loss on financial assets	-534.4	-1,658.9	-549.4	-67.8%	-2.7%
Net operating income	9,849.1	7,269.8	4,058.2	35.5%	142.7%
Employee benefits	-1,655.0	-1,501.1	-1,151.0	10.3%	43.8%
Administrative expenses	-1,014.5	-944.8	-777.1	7.4%	30.5%
Depreciation	-114.1	-114.8	-47.8	-0.6%	138.7%
Other operating expenses	-773.7	-914.2	-560.9	-15.4%	37.9%
Operating income	6,291.8	3,794.9	1,521.4	65.8%	313.6%
Net income of associates and joint ventures	405.9	40.8	136.9	894.9%	196.5%
Income before tax	6,697.7	3,835.7	1,658.3	74.6%	303.9%
Income tax expense	-2,279.1	-1,218.7	-510.9	87.0%	346.1%
Net income for the period	4,418.6	2,617.0	1,147.4	68.8%	285.1%
Other comprehensive income	-132.8	117.9	57.8	-212.6%	-329.8%
Total comprehensive income	4,285.8	2,734.9	1,205.2	56.7%	255.6%

The net income of the 2Q19 was of ARS 4,418.6 million, an increase of 68.8% (ARS 1,801.6 million) compared with 1Q19 (ARS 2,617.0 million) and 285.1% (ARS 3,271.2 million) compared with 2Q18 (ARS 1,147.4 million).

On the other hand, the "Other comprehensive income" in the 2Q19 was negative by ARS 132.8 million compared to a gain of ARS 117.9 million in the 1Q19, mainly due to the lower operating results in Financial instruments measured at fair value through OCI.

Finally, total comprehensive income of the 2Q19 was of ARS 4,285.8 million increasing 56.7% (ARS 1,550.9 million) in comparison with the 1Q19 (ARS 2,734.9 million) and 255.6% (ARS 3,080.6 million) compared to 2Q18 (ARS 1,205.2 million).

a) Earnings per Share

Earnings per Share (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Net Income for the Quarter	4,418.6	2,617.0	1,147.4	68.8%	285.1%
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	6.145	3.639	1.596	68.8%	285.1%
Earnings per BDR (*) – Amounts in pesos	122.89	72.79	31.91	68.8%	285.1%

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

b) Net Interest Income

Net Interest Income (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Interest Income	14,142.4	10,328.7	4,883.0	36.9%	189.6%
Interest Expenses	-6,649.1	-4,819.2	-2,017.4	38.0%	229.6%
Total	7,493.3	5,509.5	2,865.6	36.0%	161.5%

Net Interest Income of the 2Q19 amounted to ARS 7,493.3 million an increase of 36,0% (ARS 1,983.8 million) compared with 1Q19 (ARS 5,509.5 million) and 161.5% compared to 2Q18 (ARS 2,865.6 million), in accordance with the following detail:

Interest income

Interest income In Millions of Pesos	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Financial assets measured at fair value through other comprehensive income	8,048.2	4,244.9	822.7	89.6%	878.3%
Documents	1,395.0	1,605.9	904.7	-13.1%	54.2%
Overdrafts	1,080.9	964.9	715.6	12.0%	51.0%
Personal loans	1,092.5	1,041.7	892.2	4.9%	22.5%
Credit cards	1,013.5	1,001.9	486.3	1.2%	108.4%
Secured loans	285.8	290.9	351.3	-1.8%	-18.6%
Other loans	224.4	400.0	362.6	-43.9%	-38.1%
Loans to Financial Sector	154.0	225.6	102.5	-31.7%	50.2%
Other	848.1	552.9	245.1	53.4%	246.0%
Total	14,142.4	10,328.7	4,883.0	36.9%	189.6%

Interest income of the 2Q19 amounted to ARS 14,142.4 million, an increase of 36.9% (ARS 3,813.7 million) in comparison with 1Q19 (ARS 10,328.7 million) and 189.6% (ARS 9,259.4 million) in comparison with 2Q18 (ARS 4,883.0 million).

The main variation is given by the result of the Financial assets measured at fair value through OCI which amounted ARS 8,048.2 million, with an increase of 89.6% (ARS 3,803.3 million) in comparison with the 1Q19 (ARS 4,244.9 million) and 878.3% when compared with the 2Q18 (ARS 822.7 million), due principally to an increase in interest rates of instruments issued by BCRA and the growth of Banco Patagonia's holding.

The interest on loans granted to the non-financial private sector amounted to ARS 5,156.2 million, in similar values than the 1Q19 (ARS 5,380.3 million) and with an increase of 36.1% (ARS 1,367.8 million) compared to 2Q18 (ARS 3,788.4 million).

Interest expenses

Interest expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Time Deposits	5,554.2	3,765.3	1,512.3	47.5%	267.3%
Premiums of passive swaps to the financial sector	370.6	166.2	50.4	123.0%	635.3%
Financing facilities received from Financial Entities	292.0	176.3	81.4	65.6%	258.7%
Deposits in Savings Accounts	190.8	207.3	61.3	-8.0%	211.3%
Corporate Bonds	162.9	144.2	189.4	13.0%	-14.0%
Other financing facilities received from Financial Entities	28.2	27.9	20.4	1.1%	38.2%
Other	50.4	332.0	102.2	-84.8%	-50.7%
Total	6,649.1	4,819.2	2,017.4	38.0%	229.6%

Interest expenses in 2Q19 amounted ARS 6,649.1 million, increasing 38.0% (ARS 1,829.9 million) compared to 1Q19 (ARS 4,819.2 million) and 229.6% (ARS 4,631.7 million) compared to 2Q18 (ARS 2,017.4 million).

In the 2Q19, the interest of time deposits portfolio increased 47.5% (ARS 1,788.9 million) as result of the increase in the average rate of deposits in pesos from 31.9% nominal annual rate in March 2019 to 42.9% nominal annual rate in June 2019. With regard to the time deposits stock, in similar values than the previous quarter, amounted to ARS 54,682.9 million compared to ARS 54,437.2 million in the 1Q19.

c) Net fee income

Net fee income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Credit and Debit Cards	397.7	369.6	323.2	7.6%	23.1%
Deposits	349.6	410.8	339.4	-14.9%	3.0%
Bundles of Products	262.1	221.3	177.0	18.4%	48.1%
Insurances	243.7	209.2	170.9	16.5%	42.6%
Collection Services	130.7	119.9	75.5	9.0%	73.1%
Foreign Trade	81.7	63.9	48.1	27.9%	69.9%
Loans	24.7	10.2	12.2	142.2%	102.5%
Private Securities	18.7	17.6	14.2	6.2%	31.7%
Other	20.3	18.5	15.4	9.7%	31.8%
Fee income	1,529.2	1,441.0	1,175.9	6.1%	30.0%
Fee expenses	-421.1	-391.5	-285.9	7.6%	47.3%
Total	1,108.1	1,049.5	890.0	5.6%	24.5%

In 2Q19, the net fee income amounted ARS 1,108.1 million, increasing 5.6% (ARS 58.6 million) with regard to the 1Q19 (ARS 1,049.5 million), and 24.5% (ARS 218.1 million) compared to 2Q18 (ARS 890.0 million).

Gross fee income totaled ARS 1,529.2 million in the 2Q19, with an increase of 6.1% (ARS 88.2 million) in comparison with 1Q19 (ARS 1,441.0 million) and 30.0% (ARS 353.3 million) in comparison with 2Q18, due mainly to fees associated with bundles of products (ARS 40.8 million), insurances (ARS 34.5 million) and credit and debit cards (ARS 28.1 million).

In the same way, the reduction of fees associated with deposits (ARS 61.2 million) was a result of the BCRA rule that established that the entities are not allowed to charge commissions for cash deposits carried out by companies classified as Micro-SMEs.

d) Other operative income

Other operative income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Commissions with Safe deposit box rentals	66.5	58.9	51.7	12.9%	28.6%
Associated with other commissions	49.4	53.9	30.0	-8.3%	64.7%
Recovered credits	43.7	75.4	29.5	-42.0%	48.1%
Punitive interests	31.9	30.3	16.1	5.3%	98.1%
Sales revenue of property, plant and equipment	2.8	52.9	77.9	-94.7%	-96.4%
Sale result of non-current assets held for sale	-24.4	1,434.1	-	-101.7%	-
Other	388.4	171.2	181.5	126.9%	114.0%
Total	558.3	1.876.7	386.7	-70.3%	44.4%

Other operative income amounted, in the 2Q19, to ARS 558.3 million, decreasing 70.3% (ARS 1,318.4 million) regarding the 1Q19 (ARS 1,876.7 million) and 44.4% (ARS 171.6 million) compared to 2Q18.

The main variation is related to the sale of 51% of Banco Patagonia's shareholding interest in Prisma Medios de Pago S.A. that amounted to ARS 1,434.1 million charged in 1Q19.

e) Net impairment loss on financial assets

Net impairment loss on financial assets (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Net impairment loss on financial assets	534.4	1,658.9	549.4	-67.8%	-2.7%
Total	534.4	1,658.9	549.4	-67.8%	-2.7%

Net impairment loss on financial assets in the 2Q19 was of ARS 534.4 million, with a decrease of 67.8% in comparison with 1Q19 (ARS 1,658.9 million) and 2.7% in comparison with 2Q18 (ARS 549.4 million). During the second quarter, the variation in comparison with 1Q19 is generated by the regulatory provisions of ARS 549.4 million over the payable portion (40% of the total transaction) of the sale of the shareholding interest in Prisma Medios de Pago S.A. The rest of the variation is due to the constitution of additional provisions than the minimum required by the BCRA.

Regarding the portfolio quality ratios at 2Q19, the non-performing portfolio on funding ratio was of 3.3% and the coverage of provisions as a percentage of non-performing portfolio was of 177.6%.

f) Administrative expenses

Administrative expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Employee benefits	1,655.0	1,501.1	1,151.0	10.3%	43.8%
Administrative expenses (operative)	1,014.5	944.8	777.1	7.4%	30.5%
Expenditures of maintenance, conservation and reparations	191.4	204.5	133.6	-6.4%	43.3%
Taxes	193.1	175.3	145.9	10.2%	32.4%
Fees	150.0	63.6	82.7	135.8%	81.4%
Electricity and communications	85.1	73.2	56.6	16.3%	50.4%
Carriage of different values	77.1	73.3	54.7	5.2%	41.0%
Security services	68.8	64.4	50.3	6.8%	36.8%
Rentals	15.0	12.8	56.6	17.2%	-73.5%
Other	234.0	277.7	196.7	-15.7%	19.0%
Depreciation	114.1	114.8	47.8	-0.6%	138.7%
Total	2,783.6	2,560.7	1,975.9	8.7%	40.9%

The administrative expenses (including Employee benefits and Depreciation) amounted to ARS 2,783.6 million in 2Q19, increasing 8.7% (ARS 222.9 million) compared to 1Q19 and 40.9% (ARS 807.7 million) compared to 2Q18.

The employee benefits were ARS 1,655.0 million, with an increase of 10,3% (ARS 153,9 million) in comparison with 1Q19 (ARS 1.501,1 million) and 43,8% (ARS 504,0 million) compared to 2Q18, according to the wage increases in the banking sector.

Administrative expenses (operative) have an increase of 7.4% (ARS 69.7 million) in comparison with 1Q19, the main variation is due to professional fees (ARS 86.4 million). The variation in comparison with 2Q18 was of 30.5% (ARS 237.4 million).

As of June 30, 2019, the net fee income on administrative expenses coverage ratio increased to 39.6% and the efficiency ratio, measured as the percentage between administrative expenses and net total income, was of 35.4%.

g) Other operating expenses

Other operating expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	2Q19	1Q19	2Q18	1Q19	2Q18
Gross Income tax expense	555.1	618.7	405.7	-10.3%	36.8%
Associated with other commissions	95.1	81.3	62.8	17.0%	51.4%
Contribution to the deposit guarantee fund	50.9	47.4	29.2	7.4%	74.3%
Charge for another provisions	18.7	23.6	9.0	-20.8%	107.8%
Other	53.9	143.2	54.2	-62.4%	-0.6%
Total	773.7	914.2	560.9	-15.4%	37.9%

Other operative expenses amounted ARS 773.7 million, with a decrease of 15.4% (ARS 140.5 million) in comparison with 1Q19, due mainly to a reduction of the gross income tax expense (ARS 63.6 million). Such variation is related to the higher tax generated by the sale of the shareholding interest in Prisma Medios de Pago S.A. in the 1Q19.

RELEVANT FINANCIAL INFORMATION
a) Loans Portfolio

Loans (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%) as of	
	2Q19	1Q19	2Q18	1Q19	2Q18
To the non-financial public sector	279.3	106.8	431.6	161.5%	-35.3%
Other Financial entities	3,102.6	3,270.1	2,126.8	-5.1%	45.9%
To the non-financial private sector net of provisions	75,929.4	75,282.9	66,058.2	0.9%	14.9%
To the non-financial private sector	80,878.7	80,043.0	68,602.5	1.0%	17.9%
Overdrafts	9,076.3	9,041.1	8,080.5	0.4%	12.3%
Documents	30,660.6	29,518.3	18,286.8	3.9%	67.7%
Mortgage loans	1,096.5	1,006.6	608.2	8.9%	80.3%
Car loans	3,633.9	3,956.9	4,882.8	-8.2%	-25.6%
Personals	9,730.0	9,821.4	9,791.3	-0.9%	-0.6%
Credit cards	12,243.6	12,452.6	11,465.2	-1.7%	6.8%
Other	14,437.8	14,246.1	15,487.7	1.3%	-6.8%
(Provisions for loan losses)	-4,949.3	-4,760.1	-2,544.3	4.0%	94.5%
Total	79,311.3	78,659.8	68,616.6	0.8%	15.6%

As of June 30, 2019, loans granted to non-financial private sector portfolio amounted to ARS 80,878.7 million, increasing 1.0% (ARS 835.7 million) in comparison with 1Q19 and 17.9% (ARS 12,276.2 million) when compared to 2Q18.

The portfolio remains in similar values than the previous quarter. In the commercial portfolio, the line with highest growth was documents with ARS 1,142.3 million (3.9%). In the consumer portfolio, the main variation is given by the reduction of the car loans granted by GPAT of ARS 323.0 million (8.2%), as result of the broad-based decline in the of the automotive industry's sales.

b) Exposure to the Public Sector

Exposure to the Public Sector (In million pesos)	Banco Patagonia Consolidated			Change (%) as of	
	2Q19	1Q19	2Q18	1Q19	2Q18
Government Securities (*)	8,593.0	8,147.1	4,750.1	5.5%	80.9%
Loans to the Public Sector	279.3	106.8	431.6	161.5%	-35.3%
Exposure to the Public Sector	8,872.3	8,253.9	5,181.7	7.5%	71.2%
Share on Total Assets	5.0%	4.7%	4.5%	5.7%	11.7%

(*) 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 June 30, 2019, the exposure in assets to the public sector amounted to ARS 8,872.3 million with an increase of 7.5% (ARS 618.4 million) with regard to the 1Q19 and 71.2% (ARS 3,690.6 million) in comparison with the 2Q18.

The public sector assets represent 5.0% over the Bank's total assets.

c) Portfolio Quality

Portfolio Quality (In million pesos)	Banco Patagonia Consolidated			Change (%) as of	
	2Q19	1Q19	2Q18	1Q19	2Q18
Total fundings	85,613.0	84,867.2	73,429.0	0.9%	15.6%
Non-performing portfolio	2,808.7	2,607.2	1,280.9	7.7%	103.5%
Provisions for loan losses	4,989.2	4,780.2	2,549.9	4.4%	87.5%
Non-performing portfolio as a % of total funding	3.3%	3.1%	1.7%	6.8%	76.1%
Provisions as a % of non-performing portfolio	177.6%	183.3%	199.1%	-3.1%	-7.9%

In June 30, 2019 the index of the non-performing portfolio as a percentage of total funding ratio amounted to 3.3%. The coverage of provisions as a percentage of non-performing portfolio amounted to 177.6% in the 2Q19 and 183.3 % in 1Q19.

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	
	2Q19	1Q19	2Q18	1Q19	2Q18
Non-Financial Public Sector	11,551.7	10,892.4	7,535.2	6.1%	53.3%
Checking Accounts	3,814.4	2,327.3	3,024.0	63.9%	26.1%
Time deposits	7,737.3	8,565.1	4,511.2	-9.7%	71.5%
Financial Sector	43.0	43.6	58.6	-1.4%	-26.6%
Non-Financial Private Sector	110,986.2	110,826.1	74,982.7	0.1%	48.0%
Checking Accounts	11,130.2	10,353.3	8,848.8	7.5%	25.8%
Savings accounts	46,358.9	48,719.0	33,106.6	-4.8%	40.0%
Time deposits	46,945.6	45,872.1	29,130.0	2.3%	61.2%
Other	5,126.1	4,672.5	3,333.6	9.7%	53.8%
Interests and Adjustments	1,425.4	1,209.2	563.7	17.9%	152.9%
Total	122,580.9	121,762.1	82,576.5	0.7%	48.4%

The total deposits amounted to ARS 122,580.9 million, an increase of 0.7% (ARS 818.8 million), compared to 1Q19 and 48.4% (ARS 40,004.9 million), compared to 2Q18.

The deposits of the non-financial private sector were ARS 110,986.2 million, in similar values than the 1Q19 (ARS 110,826.1 million) and with an increase of 48.0% (ARS 36,003.5 million) in comparison with 2Q18.

However, it was observed a change in the portfolio composition in favour of the interest-bearing deposits, in this sense, the time deposits had an increase of ARS 1,073.5 million compensating the variations in the rest of the non- interest-bearing portfolio.

Total deposits at the closing of 2Q19 represent 79.2% of total liabilities and the time deposits represent 44.6% of total deposits.

e) Other sources of funding

Other Sources of funding (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%) as of	
	2Q19	1Q19	2Q18	1Q19	2Q18
Financing facilities received from BCRA and other financial institutions	13,607.6	11,541.7	4,963.7	17.9%	174.1%
Corporate bonds	1,544.4	1,663.8	2,794.8	-7.2%	-44.7%
Total	15,152.0	13,205.5	7,758.5	14.7%	95.3%

Other sources of funding, in 2Q19, amounted ARS 15,152.0 million, with an increase of 14.7% (ARS 1,946.5 million) compared to 1Q19 (ARS 13,205.5 million) and 95.3% (ARS 7,393.5 million) compared to 2Q18 (ARS 7,758.5 million).

Financing facilities received from BCRA and other financial institutions grew 17.9% (ARS 2,065.9 million) mainly linked to foreign trade operations.

f) Liquidity

Liquidity (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%) as of	
	2Q19	1Q19	2Q18	1Q19	2Q18
Cash and deposits in Banks	35,884.4	36,643.3	19,735.4	-2.1%	81.8%
Financial assets measured at fair value and investment in equity instruments	48,374.3	46,012.2	18,237.7	5.1%	165.2%
Liquid assets	84,258.7	82,655.5	37,973.1	1.9%	121.9%
Deposits	122,580.9	121,762.1	82,576.5	0.7%	48.4%
Liquid assets over total deposits	68.7%	67.9%	46.0%	1.3%	49.5%

Banco Patagonia holds liquid assets of ARS 84,258.7 million, with an increase of 1.9% (ARS 1,603.2 million), in comparison with the 1Q19, and 121.9% (ARS 46,285.6 million), with regard to the 2Q18.

In the closing of the 2Q19, the ratio that relates liquid assets with total deposits was of 68.7%.

g) Capitalization

Capitalization (In million pesos)	Banco Patagonia Consolidated			Change (%) as of	
	2Q19	1Q19	2Q18	1Q19	2Q18
Minimum Capital Requirement (A)	10,707.7	10,068.8	8,182.5	6.3%	30.9%
Credit Risk	7,860.0	7,599.0	6,338.9	3.4%	24.0%
Market Risk - Securities	64.2	73.3	69.1	-12.4%	-7.1%
Market Risk - Currencies	191.2	157.8	115.1	21.2%	66.1%
Operational Risk	2,592.3	2,238.7	1,659.4	15.8%	56.2%
Composition (B)	21,481.6	18,973.5	11,783.6	13.2%	82.3%
Common Capital - Level 1	22,404.0	18,756.5	12,215.0	19.4%	83.4%
Deductible items CO _n 1	(1,712.7)	(604.2)	(1,116.1)	183.5%	53.5%
Deductible items - Level 1 (C)	20,691.3	18,152.3	11,098.9	14.0%	86.4%
Common Capital - Level 2	790.3	821.2	684.7	-3.8%	15.4%
Difference (B) - (A)	10,773.9	8,904.7	3,601.1	21.0%	199.2%
Risk-weighted assets - APR (D)	130,984.9	123,093.9	99,973.3	6.4%	31.0%
TIER I ratio (C) / (D)	15.8%	14.7%	11.1%	7.1%	42.3%
Capitalization ratio (B) / (D)	16.4%	15.4%	11.8%	6.4%	39.1%

As of June 30, 2019, the Entity shows a surplus of consolidated minimum capital of ARS 10,773.9 million with the requested by Argentine Central Bank, an increase of 21.0% (ARS 1,869.2 million) compared to 1Q19 and 199.2% (ARS 7,172.8 million) compared to 2Q18.

Finally, the capitalization ratio (TIER I + TIER II) was 16.4% and the TIER I ratio reached 15.8%.

MAIN RATIOS

Banco Patagonia Consolidated	As of June 30:		
	2019	2018	2017
Profitability Ratios			
Return on average assets (1)	6.8%	3.7%	4.6%
Return on average shareholders' equity (2)	57.5%	32.8%	31.4%
Ratios on Financial Margin and by Service			
Net interest margin (net interest income / average assets)	15.5%	10.9%	11.3%
Margin on net services (total fee income / average assets)	2.5%	3.3%	3.7%
Total margin (net total income / average assets) (3)	18.1%	14.2%	15.0%
Net fee income on net total income (4)	14.0%	23.4%	24.4%
Shareholders' Equity Ratios			
Shareholders' equity on total assets	12.8%	11.1%	13.3%
Financial standing (shareholders' equity on total liabilities)	14.6%	12.5%	15.3%
Total liabilities as a multiple of shareholders' equity	6.8	8.0	6.5
RPC on risk-weighted assets (5)	16.4%	11.8%	12.9%
Portfolio Quality Ratios			
Non-performing portfolio on funding (before provisions) (6)	3.3%	1.7%	1.3%
Provisions on non-performing portfolio (6)	177.6%	199.1%	239.7%
Cost of Risk (7)	5.6%	2.2%	1.3%
Efficiency Ratios			
Administrative expenses on net total income	35.4%	52.4%	52.5%
Net fee income on administrative expenses	39.6%	44.7%	46.6%
Liquidity Ratios			
Liquid Assets on deposits (8)	68.7%	46.0%	29.7%
Loans (net of provisions) on assets	44.7%	59.3%	59.0%
Deposits on liabilities	79.2%	80.3%	80.0%
Loans on deposits	64.7%	83.1%	85.2%
Fixed assets (9)	26.1%	20.0%	24.6%

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 June 30					
	2019	%	2018	%	2017	%
Assets						
Cash and deposits in Banks	35,884.4	20.2%	19,735.4	17.1%	11,547.5	14.2%
Financial assets measured at fair value through profit or loss	194.1	0.1%	482.2	0.4%	1,130.1	1.4%
Derivative financial instruments	526.3	0.3%	6.6	0.0%	80.3	0.1%
Repurchase agreements assets	1,246.2	0.7%	139.7	0.1%	10,872.8	13.3%
Other receivables	2,540.0	1.4%	2,664.8	2.3%	994.6	1.2%
Loans and other funding	79,311.3	44.7%	68,616.6	59.3%	48,104.6	59.1%
Non-financial public sector	279.3	0.2%	431.6	0.4%	410.3	0.5%
Other Financial Entities	3,102.6	1.7%	2,126.8	1.8%	1,484.7	1.8%
Non-financial private sector	80,878.7	45.6%	68,602.5	59.3%	47,805.4	58.7%
Provisions for loan losses	-4,949.3	-2.8%	-2,544.3	-2.2%	1,595.8	-2.0%
Other financial assets	47,336.3	26.7%	17,747.2	15.3%	4,085.5	5.0%
Financial assets given as collateral	2,926.5	1.7%	2,809.0	2.4%	1,514.6	1.9%
Current Income tax assets	39.6	0.0%	28.8	0.0%	0.7	0.0%
Investments in equity instruments	843.9	0.5%	8.3	0.0%	1.4	0.0%
Investment in subsidiaries, associates and joint ventures	134.6	0.1%	62.0	0.1%	120.5	0.1%
Property and equipment	5,771.0	3.3%	2,509.2	2.2%	2,629.2	3.2%
Intangible assets	148.6	0.1%	56.4	0.0%	38.8	0.0%
Deferred tax assets	84.8	0.0%	354.1	0.3%	120.5	0.1%
Other non-financial assets	356.9	0.2%	336.2	0.3%	226.3	0.3%
Non-current Assets Held for Sale	-	0.0%	109.6	0.1%	-	0.0%
Total Assets	177,344.5	100.0%	115,666.1	100.0%	81,453.7	100.0%

a) Consolidated Financial Position (continues)

Banco Patagonia Consolidated (In Millions Pesos)	Statement of Financial Position as of June 30					
	2019	%	2018	%	2017	%
Liabilities						
Deposits	122,580.9	69.1%	82,576.5	71.4%	56,477.8	69.3%
Non-financial public sector	11,551.7	6.5%	7,535.2	6.5%	4,502.6	5.5%
Financial sector	43.0	0.0%	58.6	0.1%	8.5	0.0%
Non-financial private sector and foreign results	110,986.2	62.6%	74,982.7	64.8%	51,966.7	63.8%
Financial liabilities measured at fair value through profit or loss	34.4	0.0%	22.3	0.0%	17.1	0.0%
Derivative financial instruments	96.4	0.1%	273.5	0.2%	28.2	0.0%
Repurchase agreements liabilities	1,615.8	0.9%	1,294.8	1.1%	759.9	0.9%
Other financial liabilities	8,422.7	4.7%	7,286.7	6.3%	3,913.7	4.8%
Financing facilities received from BCRA and other financial institutions	13,607.6	7.7%	4,963.7	4.3%	3,116.8	3.8%
Corporate bonds	1,544.4	0.9%	2,794.8	2.4%	1,924.6	2.4%
Current Income tax liabilities	2,898.2	1.6%	773.4	0.7%	1,067.7	1.3%
Provisions	378.1	0.2%	224.1	0.2%	144.9	0.2%
Deferred tax liabilities	43.6	0.0%	-	0.0%	-	0.0%
Other non-financial liabilities	3,483.8	2.0%	2,598.9	2.2%	3,170.1	3.9%
Total liabilities	154,705.9	87.2%	102,808.7	88.9%	70,620.8	86.7%
Shareholders' equity	22,638.6	12.8%	12,857.4	11.1%	10,832.9	13.3%
Total Liabilities + Shareholders' equity	177,344.5	100.0%	115,666.1	100.0%	81,453.7	100.0%

b) Consolidated income structure

Banco Patagonia Consolidated (In Millions Pesos)	Statement of Income		
	2Q19	2Q18	2Q17
Net interest income	7,493.3	2,865.6	2,283.8
Net fee income	1,108.1	890.0	658.2
Gains on financial instruments measured at fair value through profit or loss	700.5	86.4	95.0
Net exchange gains	523.3	378.9	147.1
Other operating income	558.3	386.7	452.5
Net impairment loss on financial assets	-534.4	-549.4	-178.3
Net operating income	9,849.1	4,058.2	3,458.3
Employee benefits	-1,655.0	-1,151.0	-884.4
Administrative expenses	-1,014.5	-777.1	-599.0
Depreciation	-114.1	-47.8	-41.7
Other operating expenses	-773.7	-560.9	-581.3
Operating income	6,291.8	1,521.4	1,351.9
Net income of associates and joint ventures	405.9	136.9	79.1
Income before tax	6,697.7	1,658.3	1,431.0
Income tax expense	-2,279.1	-510.9	-519.0
Net income for the period	4,418.6	1,147.4	912.0
Other comprehensive income	-132.8	57.8	-3.0
Total comprehensive income	4,285.8	1,205.2	909.0

c) Consolidated foreign currency's position

Banco Patagonia Consolidated (In Millions of Pesos)	2Q19	2Q18	2Q17
Cash and deposits in Banks	18,964.9	10,840.6	4,428.9
Financial assets measured at fair value through profit or loss	35.7	31.8	548.7
Other receivables	169.7	287.4	7.2
Loans and other funding	31,605.1	17,693.4	9,484.6
Other financial assets	2,996.1	2,471.7	978.5
Financial assets given as collateral	1,432.3	263.1	17.4
Investments in equity instruments	4.6	3.7	0.3
Total assets	55,208.4	31,591.7	15,465.6
Deposits	38,692.4	23,371.4	11,994.7
Repurchase agreements liabilities	0.0	4.5	0.0
Other financial liabilities	3,351.1	2,907.1	1,019.8
Financing facilities received from BCRA and other financial institutions	12,277.8	3,446.0	1,569.0
Other non-financial liabilities	25.9	17.3	7.7
Total liabilities	54,347.2	29,746.3	14,591.2
Position of foreign currency in pesos	861.2	1,845.4	874.4
Reference exchange rate	42.4483	28.8617	16.5985
Position of foreign currency in dollars	20.3	63.9	52.7

d) Separate Financial Position

Banco Patagonia Separate (In Millions of Pesos)	Statement of Financial Position as of June 30					
	2019	%	2018	%	2017	%
ASSETS						
Cash and deposits in Banks	35,556.6	20.4%	19,146.4	17.3%	11,248.6	14.5%
Financial assets measured at fair value through profit or loss	194.1	0.1%	533.3	0.5%	713.3	0.9%
Derivative financial instruments	526.3	0.3%	6.6	0.0%	80.2	0.1%
Repurchase agreements assets	1,246.2	0.7%	139.7	0.1%	10,872.8	14.0%
Other receivables	2,151.5	1.2%	2,374.2	2.1%	1,108.4	1.4%
Loans and other funding	76,054.2	43.7%	64,123.4	57.8%	43,740.1	56.4%
Non-financial public sector	279.3	0.2%	431.6	0.4%	410.3	0.5%
Other Financial Entities	4,548.1	2.6%	2,672.9	2.4%	2,022.1	2.6%
Non-financial private sector	35,556.6	20.4%	19,146.4	17.3%	42,774.0	55.1%
Provisions for loan losses	-4,822.6	-2.8%	-2,346.6	-1.3%	-1,466.3	-1.8%
Other financial assets	46,701.4	26.8%	17,182.6	15.5%	4,085.5	5.3%
Financial assets given as collateral	2,905.2	1.7%	2,794.6	2.5%	1,506.3	1.9%
Investments in equity instruments	841.0	0.5%	4.5	0.0%	1.4	0.0%
Investment in subsidiaries, associates and joint ventures	1,677.5	1.0%	1,371.8	1.2%	1,413.7	1.8%
Property and equipment	5,749.3	3.3%	2,492.6	2.2%	2,578.9	3.3%
Intangible assets	148.6	0.1%	56.4	0.1%	38.8	0.0%
Deferred tax assets	-	0.0%	287.2	0.3%	38.9	0.1%
Other non-financial assets	352.0	0.2%	320.2	0.3%	226.1	0.3%
Non-current Assets Held for Sale	-	0.0%	109.7	0.1%	-	0.0%
Total assets	174,103.9	100.0%	110,943.2	100.0%	77,653.0	100.0%

d) Separate Financial Position (continued)

Banco Patagonia Separate (In Millions of Pesos)	Statement of Financial Position as of June 30					
	2019	%	2018	%	2017	%
LIABILITIES						
Deposits	121,421.5	69.7%	81,596.6	73.5%	55,870.2	71.9%
Non-financial public sector	11,551.7	6.6%	7,535.2	6.8%	4,502.6	5.8%
Financial sector	69.4	0.0%	80.3	0.1%	19.9	0.0%
Non-financial private sector and foreign results	109,800.4	63.1%	73,981.2	66.7%	51,347.7	66.1%
Financial liabilities measured at fair value through profit or loss	34.4	0.0%	22.3	0.0%	17.1	0.0%
Derivative financial instruments	96.4	0.1%	290.9	0.3%	39.4	0.1%
Repurchase agreements liabilities	1,615.8	0.9%	1,294.8	1.2%	759.9	1.0%
Other financial liabilities	8,055.8	4.6%	6,933.2	6.2%	3,584.5	4.6%
Financing facilities received from BCRA and other financial institutions	13,607.6	7.8%	4,497.5	4.1%	2,330.5	3.0%
Current income tax liabilities	2,842.8	1.6%	738.9	0.7%	941.9	1.2%
Provisions	374.7	0.2%	222.0	0.2%	139.6	0.2%
Deferred tax liabilities	43.6	0.0%	-	0.0%	-	0.0%
Other non-financial liabilities	3,372.7	1.9%	2,489.6	2.2%	3,136.9	4.0%
Total liabilities	151,465.3	87.0%	98,085.8	88.4%	66,820.0	86.0%
Shareholders' equity	22,638.6	13.0%	12,857.4	11.6%	10,833.0	14.0%
Total Liabilities + Shareholders' equity	174,103.9	100.0%	110,943.2	100.0%	77,653.0	100.0%

e) Separate Results Structure

Banco Patagonia Separate (In Millions of Pesos)	Statement of Income		
	2Q19	2Q18	2Q17
Net interest income	7,415.7	2,734.8	2,046.8
Net fee income	1,109.2	886.7	656.2
Gains on financial instruments measured at fair value through profit or loss	696.7	63.7	83.7
Net Exchange gains	523.3	378.3	127.4
Other operating income	450.1	295.3	364.1
Net impairment loss on financial assets	-531.4	-531.7	-150.5
Net operating income	9,663.6	3,827.1	3,127.7
Employee benefits	-1,621.9	-1,115.8	-863.0
Administrative expenses	-979.6	-748.7	-578.0
Depreciation	-113.7	-47.5	-41.2
Other operating expenses	-725.5	-520.7	-536.4
Operating income	6,222.9	1,394.4	1,109.1
Net income of associates and joint ventures	456.3	235.6	232.2
Income before tax	6,679.2	1,630.0	1,341.3
Income tax expense	-2,260.6	-482.6	-429.3
Net income for the period	4,418.6	1,147.4	912.0
Other comprehensive income	-132.8	57.8	-3.0
Total comprehensive income	4,285.8	1,205.2	909.0

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 2Q19 on August 12, 2019 at 12:00 p.m. (Buenos Aires Time). 11.00 a.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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