

3Q19 EARNINGS RELEASE

Buenos Aires, Argentina, November 8, 2019

Banco Patagonia S.A. (ByMA: BPAT) reports on the consolidated income of 3rd quarter (3Q19) for financial year 2019.

OUTSTANDING DATA

The present Earnings Release was prepared based on consolidated financial information and in accordance with accounting framework based on the International Financial Reporting Standards (IFRS) established by BCRA with validity as from January 1, 2018.

Banco Patagonia ended the third quarter of 2019 with Assets of ARS 182,823.3 million, Loans (net of provisions for loan losses) of ARS 84,620.4 million, Deposits of ARS 114,504.4 million, and a Shareholders equity of ARS 26,283.8 million.

The net income of the quarter was of ARS 5,643.8 million, an increase of 27.7% compared with 2Q19 (ARS 4,418.6 million) and of 318.1 % compared with 3Q18 (ARS 1,349.8 million) determining a ROE interannual of 70.6% and an ROA interannual of 8.7%.

Likewise, the total comprehensive income in the 3Q19 was of ARS 4,087.6 million, a decrease of 4.6% (ARS 198.2 million) when compared to 2Q19 (ARS 4.285,8 million), and an increase of 189.7% (ARS 2,676.5 million) with regard to 3Q18 (ARS 1,411.1 million).

Loans granted to non-financial private sector amounted to ARS 85,946.2 million, increasing 6.3% compared with 2Q19 (ARS 80,878.7 million) and 11.2% with respect to 3Q18 (ARS 77,277.2 million). Total deposits amounted to ARS 114,504.4 million, and decreased 6.6% compared with 2Q19 (ARS 122,580.9 million) and increasing 14.9% with respect to 3Q18 (ARS 99,620.4 million).

With reference to portfolio quality ratios, the non-performing portfolio as a percentage of total funding was of 2.6% and the coverage of provisions as a percentage of non-performing portfolio was 193.6%.

Liquidity ratio (liquid assets on deposits) was of 70.7%. Likewise, the integration of minimum capital shows a surplus of ARS 9,261.4 million as compared to the BCRA's requirements and the capitalization ratio was 14.6%.

On September 30, 2019, Banco Patagonia S.A. employs a staff of 3,341 people and owns a wide network of 210 service points nationwide, distributed among the main province capitals and major cities.

Finally, we inform that, on October 18, 2019, the Brazilian Securities Commission (CVM, for its acronym in Spanish) approved the definitive cancellation of the BDRs' Program, as well as the cancellation of the registration of Banco Patagonia S.A. as a foreign issuer registered before the CVM as open company, meeting the latter's requirement for the bank's withdrawal from Brazilian's capital market.

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 September 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 September 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 September 30, 2019).

3Q19 GAINS (LOSSES)

Condensed Consolidated Statements of Income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Net interest income	8,665.2	7,493.3	3,203.0	15.6%	170.5%
Net fee income	1,171.4	1,108.1	909.7	5.7%	28.8%
Gains on financial assets measured at fair value through profit or loss	274.7	700.5	727.9	-60.8%	-62.3%
Net exchange gains	940.8	523.3	216.0	79.8%	335.6%
Other operative income	516.2	558.3	294.4	-7.5%	75.3%
Net impairment loss on financial assets	-389.5	-534.4	-621.8	-27.1%	-37.4%
Net operating income	11,178.8	9,849.1	4,729.2	13.5%	136.4%
Employee benefits	-1,914.3	-1,655.0	-1,142.8	15.7%	67.5%
Administrative expenses	-1,181.1	-1,014.5	-861.4	16.4%	37.1%
Depreciation	-118.2	-114.1	-51.6	3.6%	129.1%
Other operating expenses	-1,834.5	-773.7	-842.0	137.1%	117.9%
Operating income	6,130.7	6,291.8	1,831.4	-2.6%	234.8%
Net income of associates and joint ventures	48.1	405.9	73.2	-88.1%	-34.3%
Income before tax	6,178.8	6,697.7	1,904.6	-7.7%	224.4%
Income tax expense	-535.0	-2,279.1	-554.8	-76.5%	-3.6%
Net income for the period	5,643.8	4,418.6	1,349.8	27.7%	318.1%
Other comprehensive income	-1,556.2	-132.8	61.3	1,071.8%	-2,638.7%
Total comprehensive income	4,087.6	4,285.8	1,411.1	-4.6%	189.7%

The net income of the 3Q19 was of ARS 5,643.8 million, an increase of 27.7% (ARS 1,225.2 million) compared with 2Q19 (ARS 4,418.6 million) and 318.1% (ARS 1,349.8 million) compared with 3Q18 (ARS 1,349.8 million).

On the other hand, the "Other comprehensive income" on the 3Q19 registered a loss of ARS 1,556.2 million, compared to a loss of ARS 132.8 million on the 2Q19, as result of the drop in the stock price of financial instruments affected by the Decree N° 596/2019 of August 28, 2019, which reschedule their maturity dates.

Finally, total comprehensive income of the 3Q19 was of ARS 4,087.6 million decreasing 4.6% (ARS 198.2 million) in comparison with the 2Q19 (ARS 4,285.8 million) and increasing 189.7% (ARS 2,676.5 million) compared to 3Q18 (ARS 1,411.1 million).

a) Earnings per Share

Earnings per Share (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Net Income for the Quarter	5,643.8	4,418.6	1,349.8	27.7%	318.1%
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	7.850	6.145	1.877	27.7%	318.1%

b) Net Interest Income

Net Interest Income (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Interest Income	15,350.8	14,142.4	6,154.3	8.5%	149.4%
Interest Expenses	-6,685.6	-6,649.1	-2,951.3	0.5%	126.5%
Net Interest Income – (NII)	8,665.2	7,493.3	3,203.0	15.6%	170.5%

Net Interest Income of the 3Q19 amounted to ARS 8,665.2 million an increase of 15,6% (ARS 1,171.9 million) compared with 2Q19 (ARS 7,493.3 million) and 170.5% compared to 3Q18 (ARS 3,203.0 million), in accordance with the following detail:

Interest income

Interest income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Financial assets measured at fair value through other comprehensive income	8,343.5	8,048.2	863.5	3.7%	866.2%
Documents	1,572.0	1,395.0	1,235.3	12.7%	27.3%
Overdrafts	1,503.7	1,080.9	1,244.4	39.1%	20.8%
Personal loans	1,106.2	1,092.5	910.9	1.3%	21.4%
Credit cards	1,017.9	1,013.5	653.2	0.4%	55.8%
Secured loans	406.2	224.4	405.6	81.0%	0.1%
Other loans	300.8	285.8	339.0	5.2%	-11.3%
Loans to Financial Sector	252.1	154.0	178.3	63.7%	41.4%
Other	848.4	848.1	324.1	0.0%	161.8%
Total	15,350.8	14,142.4	6,154.3	8.5%	149.4%

Interest income of the 3Q19 amounted to ARS 15,350.8 million, an increase of 8.5% (ARS 1,208.4 million) in comparison with 2Q19 (ARS 14,142.4 million) and 149.4% (ARS 9,196.5 million) in comparison with 3Q18 (ARS 6,154.3 million).

The interest on loans granted to the non-financial private sector amounted to ARS 5,964.6 million, with an increase of 15.7% (ARS 808.4 million) in comparison with the 2Q19 (ARS 5,156.2 million) and 22.4% (ARS 1,093.2 million) when compared with the 3Q18 (ARS 4,871.4 million). In the commercial portfolio, the increases in the line of overdrafts by 39.1% (ARS 422.8 million) and other loans (mainly for loans granted to the GMA dealers networking) by 81.0% (ARS 181.8 million) and documents for 12.7% (ARS 177.0 million).

The main variation is given by the result of the Financial assets measured at fair value through OCI which amounted ARS 8,343.5 million, with an increase of 3.7% (ARS 295.3 million) in comparison with the 2Q19 (ARS 8,048.2 million) and 866.2% when compared with the 3Q18 (ARS 863.5 million), due principally to an increase in interest rates of instruments issued by BCRA and the growth of Banco Patagonia's holding.

Interest expenses

Interest expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Time Deposits	5,678.8	5,387.2	2,070.3	5.4%	174.3%
Premiums of passive swaps to the financial sector	239.5	292.0	97.4	-18.0%	145.9%
Financing facilities received from Financial Entities	224.7	190.8	285.2	17.8%	-21.2%
Deposits in Savings Accounts	145.2	162.9	190.7	-10.9%	-23.9%
Corporate Bonds	100.2	370.6	72.2	-73.0%	38.8%
Other financing facilities received from Financial Entities	31.7	28.2	26.2	12.4%	21.0%
Other	265.5	217.4	209.3	22.1%	26.9%
Total	6,685.6	6,649.1	2,951.3	0.5%	126.5%

Interest expenses in 3Q19 amounted ARS 6,685.6 million, similar to that registered in the 2Q19 (ARS 6,649.1 million) and increasing 126.5% (ARS 3,734.3 million) compared to 3Q18 (ARS 2,951.3 million).

In the 3Q19, the interest of time deposits portfolio increased 5.4% (ARS 291.6 million) as result of the increase in the average rate of deposits in pesos from 42.9% nominal annual rate in June 2019 to 44.9% nominal annual rate in September 2019. Such increase has been partially compensated by the reduction in premiums of reverse Repo to the financial sector of 73.0% (ARS 270.4 million).

c) Net fee income

Net fee income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Credit and Debit Cards	453.9	397.7	322.7	14.1%	40.7%
Deposits	348.2	349.6	364.5	-0.4%	-4.5%
Bundles of Products	266.7	262.1	191.9	1.8%	39.0%
Insurances	264.9	243.7	181.1	8.7%	46.3%
Collection Services	157.3	130.7	96.5	20.4%	63.0%
Foreign Trade	89.8	81.7	63.4	9.9%	41.6%
Private Securities	23.7	18.7	16.7	26.7%	41.9%
Other	41.4	45.0	20.1	-8.0%	106.0%
Fee income	1,645.9	1,529.2	1,256.9	7.6%	30.9%
Fee expenses	-474.5	-421.1	-347.2	12.7%	36.7%
Total	1,171.4	1,108.1	909.7	5.7%	28.8%

In 3Q19, the net fee income amounted ARS 1,171.4 million, increasing 5.7% (ARS 63.3 million) with regard to the 2Q19 (ARS 1,108.1 million), and 28.8% (ARS 261.7 million) compared to 3Q18 (ARS 909.7 million).

Gross fee income totaled ARS 1,645.9 million in the 3Q19, with an increase of 7.6% (ARS 116.7 million) in comparison with 2Q19 (ARS 1,529.2 million), due mainly to credit and debit card fees (ARS 56.2 million), collection services (ARS 26.6 million) and insurances (ARS 21.2 million).

d) Other operative income

Other operative income (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Recovered credits	122.8	43.7	53.5	181.0%	129.5%
Commissions with Safe deposit box rentals	69.7	66.5	53.0	4.8%	31.5%
Associated with other commissions	43.6	49.4	29.1	-11.7%	49.8%
Punitive interests	24.9	31.9	19.4	-21.9%	28.4%
Other	255.2	366.8	139.4	-30.4%	83.1%
Total	516.2	558.3	294.4	-7.5%	75.3%

Other operative income amounted to ARS 516.2 million in the 3Q19 decreasing 7.5% (ARS 42.1 million) compared to 2Q19 (ARS 558.3) and increasing 75.3% (ARS 221.8 million) compared to 3Q18 (ARS 294.4 million).

e) Net impairment loss on financial assets

Net impairment loss on financial assets (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Net impairment loss on financial assets	389.5	534.4	621.8	-27.1%	-37.4%
Total	389.5	534.4	621.8	-27.1%	-37.4%

Net impairment loss on financial assets in the 3Q19 was of ARS 389.5 million, with a decrease of 27.1% in comparison with 2Q19 (ARS 534.4 million) and 37.4% in comparison with 3Q18 (ARS 621.8 million).

Regarding the portfolio quality ratios at 2Q19, the non-performing portfolio on funding ratio was of 2.6% and the coverage of provisions as a percentage of non-performing portfolio was of 193.6%.

f) Administrative expenses

Administrative expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Employee benefits	1,914.3	1,655.0	1,142.8	15.7%	67.5%
Administrative expenses (operative)	1,181.1	1,014.5	861.4	16.4%	37.1%
Expenditures of maintenance, conservation and reparations	241.8	191.4	157.1	26.3%	53.9%
Taxes	189.0	193.1	134.0	-2.1%	41.0%
Fees	129.2	150.0	71.6	-13.9%	80.4%
Electricity and communications	103.9	85.1	61.3	22.1%	69.5%
Carriage of different values	120.5	77.1	98.4	56.3%	22.5%
Security services	86.7	68.8	65.4	26.0%	32.6%
Rentals	18.8	15.0	63.5	25.3%	-70.4%
Other	291.2	234.0	210.1	24.4%	38.6%
Depreciation	118.2	114.1	51.6	3.6%	129.1%
Total	3,213.6	2,783.6	2,055.8	15.4%	56.3%

The administrative expenses (including Employee benefits and Depreciation) amounted to ARS 3,213.6 million in 3Q19, increasing 15.4% (ARS 430.0 million) compared to 2Q19 and 56.3% (ARS 1,157.8 million) compared to 3Q18.

The employee benefits were ARS 1,914.3 million, with an increase of 15,7% (ARS 259,3 million) in comparison with 2Q19 and 67,5% (ARS 771,5 million) compared to 3Q18, due to the wage increase in the banking sector.

Administrative expenses (operative) had an increase of 16.4% (ARS 166.6 million) in comparison with 2Q19, the main variation is due to expenditures of maintenance (ARS 50.4 million), carriage of different values (ARS 43.4 million) and electricity and communications (ARS 18.8 million). The variation in comparison with 3Q18 was of 37.1% (ARS 319.7 million).

As of september 30, 2019, the net fee income on administrative expenses coverage ratio increased to 37.3% and the efficiency ratio, measured as the percentage between administrative expenses and net total income, was of 34.4%.

g) Other operating expenses

Other operating expenses (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Gross Income tax expense	700.4	555.1	512.6	26.2%	36.6%
Associated with other commissions	123.2	95.1	65.5	29.5%	88.1%
Contribution to the deposit guarantee fund	54.4	50.9	34.5	6.9%	57.7%
Charge for another provisions	856.0	18.7	172.9	4,477.5%	395.1%
Other	100.5	53.9	56.5	86.5%	77.9%
Total	1,834.5	773.7	842.0	137.1%	117.9%

Other operative expenses amounted ARS 1,834.5 million, with a increase of 137.1% (ARS 1,060.8 million) in comparison with 2Q19 (ARS 773.7 million), due mainly to the issuance of provisions related with certain class action lawsuits for ARS 849.5 million.

h) Income tax

Income Tax (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Earnings before tax	6,178.8	6,697.7	1,904.6	-7.7%	224.4%
Income tax	-535.0	-2,279.1	-554.8	-76.5%	-3.6%
Net income in the period	5,643.8	4,418.6	1,349.8	27.7%	318.1%

The charge for income tax corresponding to 3Q19 was of ARS 535.0 million, when compared to ARS 2,279.1 million of the 2Q19. Such reduction corresponds to the application, in the 3Q19, of the tax inflation adjustment established by the Law 27.468, because, by September 30, 2019, the requirements for its implementation had been met. (See note 15, of the Consolidated Condensed Interim Financial Statements as of September 30, 2019).

RELEVANT FINANCIAL INFORMATION

a) Loans Portfolio

Loans (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
To the non-financial public sector	95.6	279.3	303.9	-65.8%	-68.5%
Other Financial entities	3,047.0	3,102.6	3,289.7	-1.8%	-7.4%
To the non-financial private sector net of provisions	81,477.8	75,929.4	74,145.9	7.3%	9.9%
To the non-financial private sector	85,946.2	80,878.7	77,277.2	6.3%	11.2%
Overdrafts	14,065.4	9,076.3	10,296.0	55.0%	36.6%
Documents	32,982.6	30,660.6	27,450.7	7.6%	20.2%
Mortgage loans	1,154.5	1,096.5	766.4	5.3%	50.6%
Car loans	3,558.5	3,633.9	4,836.6	-2.1%	-26.4%
Personal	9,062.1	9,730.0	9,925.2	-6.9%	-8.7%
Credit cards	13,087.4	12,243.6	11,558.3	6.9%	13.2%
Other	12,035.7	14,437.8	12,444.0	-16.6%	-3.3%
(Provisions for loan losses)	-4,468.4	-4,949.3	-3,131.3	-9.7%	42.7%
Total	84,620.4	79,311.3	77,739.5	6.7%	8.9%

As of September 30, 2019, loans granted to non-financial private sector portfolio amounted to ARS 85,946.2 million, increasing 6.3% (ARS 5,067.5 million) in comparison with 2Q19 and 11.2% (ARS 8,669.0 million) when compared to 3Q18.

In the commercial portfolio, the items with the largest growth were advances with ARS 4,989.1 million (55.0%) and documents with ARS 2,322.0 million (7.6%), which were partially offset by the decrease of other loans by ARS 2,402.1 million (16.6%), originated mainly by the cancellation of export financing.

In the consumer portfolio, the main variation is related to an increase of credit cards by ARS 843.8 million (6.9%) partially offset by the decrease of personal loans for ARS 667.9 million (6.9%).

b) Exposure to the Public Sector

Exposure to the Public Sector (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Government Securities (*)	8,919.1	8,593.0	6,950.9	3.8%	28.3%
Loans to the Public Sector	95.6	279.3	303.9	-65.8%	-68.5%
Exposure to the Public Sector	9,014.7	8,872.3	7,254.8	1.6%	24.3%
Share on Total Assets	4.9%	5.0%	5.4%	-2.0%	-9.3%

(*) 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 September 30, 2019, the exposure in assets to the public sector amounted to ARS 9,014.7 million with an increase of 1.6% (ARS 142.5 million) with regard to the 2Q19 and 24.3% (ARS 1,759.9 million) in comparison with the 3Q18.

With reference to government securities, by means of Decree N° 596/2019 of August 28, 2019, the Argentinian government established, immediately and gradually, the roll-over of maturities of payments from short-term securities, such as Treasury Bills denominated in US dollars (LETES, for its acronym in Spanish), Capitalizable Treasury Bills peso-denominated (LECAPS, for its acronym in Spanish), Treasury Bills Linked to US dollars (LELINKS, for its acronym in Spanish) and Treasury Bills denominated in Argentine pesos adjustable by CER (LECER, for its acronym in Spanish), without affecting the remaining conditions agreed in each case.

On September 30 of 2019, the Entity has a total of national bonds of ARS 4,012.1 million reached by the roll-over of maturities.

At the end of 3Q19, assets to the public sector represent 4.9% over the Bank's total assets.

c) Portfolio Quality

Portfolio Quality (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Total fundings	90,754.5	85,613.0	82,606.0	6.0%	9.9%
Non-performing portfolio	2,327.4	2,808.7	1,590.0	-17.1%	46.4%
Provisions for loan losses	4,505.5	4,989.2	3,165.0	-9.7%	42.4%
Non-performing portfolio as a % of total funding	2.6%	3.3%	1.9%	-21.8%	33.2%
Provisions as a % of non-performing portfolio	193.6%	177.6%	199.1%	9.0%	-2.7%

In September 30, 2019 the index of the non-performing portfolio as a percentage of total funding ratio amounted to 2.6%. The coverage of provisions as a percentage of non-performing portfolio amounted to 193.6% in the 3Q19.

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 (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Non-Financial Public Sector	11,198.8	11,551.7	10,157.5	-3.1%	10.3%
Checking Accounts	4,271.1	3,814.4	2,710.0	12.0%	57.6%
Time deposits	6,927.7	7,737.3	7,447.5	-10.5%	-7.0%
Financial Sector	227.1	43.0	72.7	428.1%	212.4%
Non-Financial Private Sector	103,078.5	110,986.2	89,390.2	-7.1%	15.3%
Checking Accounts	13,411.9	11,130.2	9,049.2	20.5%	48.2%
Savings accounts	42,376.7	46,358.9	40,817.9	-8.6%	3.8%
Time deposits	38,417.2	46,945.6	34,133.4	-18.2%	12.6%
Other	7,598.7	5,126.1	4,531.0	48.2%	67.7%
Interests and Adjustments	1,274.0	1,425.4	858.7	-10.6%	48.4%
Total	114,504.4	122,580.9	99,620.4	-6.6%	14.9%

The total deposits amounted to ARS 114,504.4 million in 3Q19, decreasing of 6.6% (ARS 8,076.5 million), compared to 2Q19 and increasing 14.9% (ARS 14,884.0 million), compared to 3Q18.

The deposits of the non-financial private sector were ARS 103,078.5 million, decreasing 7.1% (ARS 7,907.7 million) compared to 2Q19 (ARS 110,986.2 million) and increasing 15.3% (ARS 13,688.3 million) in comparison with 3Q18.

With regard to its composition, time deposits and saving accounts decreased ARS 8,528.4 (18.2%) and ARS 3,982.2 million (8.6%), respectively, mainly those linked to deposits constituted in foreign currency. On the other hand, an increase has been observed in current accounts of ARS 2,281.7 (20.5%).

Total deposits at the closing of 3Q19 represent 73.1% of total liabilities and the time deposits represent 39.6% of total deposits.

e) Other sources of funding

Other Sources of funding (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Financing facilities received from BCRA and other financial institutions	20,746.2	13,734.0	5,442.9	51.1%	281.2%
Corporate bonds	1,376.5	1,544.4	2,352.2	-10.9%	-41.5%
Total	22,122.7	15,278.4	7,795.1	44.8%	183.8%

Other sources of funding, in 3Q19, amounted ARS 22,122.7 million, with an increase of 44.8% (ARS 6,844.3 million) compared to 2Q19 (ARS 15,278.4 million) and 183.8% (ARS 14,327.6 million) compared to 3Q18 (ARS 7,795.1 million).

Financing facilities received from BCRA and other financial institutions grew ARS 6,961.3 million as result of an increase in foreign funding lines and foreign currency rate.

f) Liquidity

Liquidity (In Millions of Pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Cash and deposits in Banks	40,772.2	35,884.4	30,435.6	13.6%	34.0%
Financial assets measured at fair value and investment in equity instruments	40,175.1	48,004.7	16,862.2	-16.3%	138.3%
Liquid assets	80,947.3	83,889.1	47,297.8	-3.5%	71.1%
Deposits	114,504.4	122,580.9	99,620.4	-6.6%	14.9%
Liquid assets over total deposits	70.7%	68.4%	47.5%	3.3%	48.9%

Banco Patagonia holds liquid assets of ARS 80,947.3 million, with a decrease of 3.5% (ARS 2,941.8 million), in comparison with the 2Q19 (ARS 83,889.1 million), and increasing 71.7% (ARS 33,649.5 million), with regard to the 3Q18 (ARS 47,297.8 million).

In the closing of the 3Q19, the ratio that relates liquid assets with total deposits was of 70.7%.

g) Capitalization

Capitalization (In million pesos)	Banco Patagonia Consolidated			Change (%)	
	3Q19	2Q19	3Q18	2Q19	3Q18
Minimum Capital Requirement (A)	11,810.2	10,707.7	9,243.7	10.3%	27.8%
Credit Risk	8,545.6	7,860.0	7,207.9	8.7%	18.6%
Market Risk - Securities	57.8	64.2	98.1	-10.0%	-41.1%
Market Risk - Currencies	280.0	191.2	148.5	46.4%	88.6%
Operational Risk	2,926.8	2,592.3	1,789.2	12.9%	63.6%
Composition (B)	21,071.6	21,481.6	12,865.4	-1.9%	63.8%
Common Capital - Level 1	22,833.7	22,404.0	13,429.7	1.9%	70.0%
Deductible items CO _n 1	(2,611.3)	(1,712.7)	(1,339.1)	52.5%	95.0%
Deductible items - Level 1 (C)	20,222.4	20,691.3	12,090.6	-2.3%	67.3%
Common Capital - Level 2	849.2	790.3	774.8	7.5%	9.6%
Difference (B) - (A)	9,261.4	10,773.9	3,621.7	-14.0%	155.7%
Risk-weighted assets - APR (D)	144,517.2	130,984.9	112,922.8	10.3%	28.0%
TIER I ratio (C) / (D)	14.0%	15.8%	10.7%	-11.4%	30.7%
Capitalization ratio (B) / (D)	14.6%	16.4%	11.4%	-11.1%	28.0%

As of September 30, 2019, the Entity shows a surplus of consolidated minimum capital of ARS 9,261.4 million in comparison to the requested by Argentine Central Bank.

Finally, the capitalization ratio (TIER I + TIER II) was 14.6% and the TIER I ratio reached 14.0%.

MAIN RATIOS

Banco Patagonia Consolidated	As of September 30		
	2019	2018	2017
Profitability Ratios			
Return on average assets (1)	8.7%	4.2%	4.6%
Return on average shareholders' equity (2)	70.6%	35.8%	34.2%
Ratios on Financial Margin and by Service			
Net interest margin (net interest income / average assets)	16.6%	10.7%	10.8%
Margin on net services (total fee income / average assets) (3)	2.4%	3.1%	3.8%
Total margin (net total income / average assets) (4)	19.0%	13.8%	14.6%
Net fee income on net total income (3) (4)	12.8%	22.6%	25.8%
Shareholders' Equity Ratios			
Shareholders' equity on total assets	14.4%	10.6%	13.9%
Financial standing (shareholders' equity on total liabilities)	16.8%	11.8%	16.1%
Total liabilities as a multiple of shareholders' equity	5.96	8.44	6.20
RPC on risk-weighted assets (5)	14.6%	11.4%	13.1%
Portfolio Quality Ratios			
Non-performing portfolio on funding (before provisions) (6)	2.6%	1.9%	1.4%
Provisions on non-performing portfolio (6)	193.6%	199.1%	224.8%
Cost of Risk (7)	4.1%	2.9%	1.4%
Efficiency Ratios			
Administrative expenses on net total income	34.4%	51.7%	54.4%
Net fee income on administrative expenses	37.3%	43.8%	47.4%
Liquidity Ratios			
Liquid Assets on deposits (8)	70.7%	47.5%	44.1%
Loans (net of provisions) on assets	46.3%	57.7%	61.5%
Deposits on liabilities	73.1%	82.7%	81.9%
Loans on deposits	73.9%	78.0%	87.2%
Fixed assets (9)	22.7%	18.2%	22.7%

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 +/- pass operations 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 September 30					
	2019	%	2018	%	2017	%
Assets						
Cash and deposits in Banks	40,772.2	22.3%	30,435.6	22.6%	11,994.7	14.2%
Financial assets measured at fair value through profit or loss	118.0	0.1%	116.0	0.1%	7,837.2	9.3%
Derivative financial instruments	180.1	0.1%	400.6	0.3%	55.3	0.1%
Repurchase agreements assets	802.3	0.4%	877.2	0.7%	1,016.2	1.2%
Other receivables	1,776.5	1.0%	2,284.4	1.7%	1,017.1	1.2%
Loans and other funding	84,620.4	46.3%	77,739.5	57.7%	51,801.5	61.5%
Non-financial public sector	95.6	0.1%	303.9	0.2%	364.4	0.4%
Other Financial Entities	3,047.0	1.7%	3,289.7	2.4%	1,736.6	2.1%
Non-financial private sector	85,946.2	47.0%	77,277.2	57.4%	51,296.3	60.9%
Provisions for loan losses	-4,468.4	-2.4%	-3,131.3	-2.3%	-1,595.8	-1.9%
Other financial assets	42,632.2	23.3%	16,045.3	11.9%	5,781.5	6.9%
Financial assets given as collateral	3,441.2	1.9%	3,127.6	2.3%	1,519.6	1.8%
Current Income tax assets	44.1	0.0%	40.7	0.0%	0.9	0.0%
Investments in equity instruments	843.9	0.5%	7.3	0.0%	1.5	0.0%
Investment in subsidiaries, associates and joint ventures	182.8	0.1%	108.8	0.1%	120.5	0.1%
Property and equipment	5,812.5	3.2%	2,529.8	1.9%	2,623.2	3.1%
Intangible assets	140.9	0.1%	67.3	0.0%	36.6	0.0%
Deferred tax assets	948.2	0.5%	510.1	0.4%	159.6	0.2%
Other non-financial assets	508.0	0.3%	316.0	0.2%	262.1	0.3%
Non-current Assets Held for Sale	-	0.0%	136.1	0.1%	-	0.0%
Total Assets	182,823.3	100.0%	134,742.3	100.0%	84,227.5	100.0%

a) Consolidated Financial Position (continues)

Banco Patagonia Consolidated (In Millions Pesos)	Statement of Financial Position as of September 30					
	2019	%	2018	%	2017	%
Liabilities						
Deposits	114,504.4	62.6%	99,620.4	73.9%	59,382.2	70.5%
Non-financial public sector	11,198.8	6.1%	10,157.5	7.5%	5,051.2	6.0%
Financial sector	227.1	0.1%	72.7	0.1%	17.6	0.0%
Non-financial private sector and foreign results	103,078.5	56.4%	89,390.2	66.3%	54,313.4	64.5%
Financial liabilities measured at fair value through profit or loss	-	0.0%	172.5	0.1%	77.3	0.1%
Derivative financial instruments	860.4	0.5%	1,113.9	0.8%	2.2	0.0%
Repurchase agreements liabilities	4,221.3	2.3%	183.6	0.1%	424.0	0.5%
Other financial liabilities	6,585.8	3.6%	7,210.3	5.4%	4,734.6	5.6%
Financing facilities received from BCRA and other financial institutions	20,746.2	11.3%	5,442.9	4.0%	3,218.7	3.8%
Corporate bonds	1,376.5	0.8%	2,352.2	1.7%	1,887.8	2.2%
Current Income tax liabilities	3,032.3	1.7%	1,027.8	0.8%	1,061.8	1.3%
Provisions	1,237.7	0.7%	393.6	0.3%	158.4	0.2%
Deferred tax liabilities	-	0.0%	-	0.0%	-	0.0%
Other non-financial liabilities	3,974.9	2.2%	2,956.7	2.2%	1,585.3	1.9%
Total liabilities	156,539.5	85.6%	120,473.9	89.4%	72,532.3	86.1%
Shareholders' equity	26,283.8	14.4%	14,268.4	10.6%	11,695.2	13.9%
Total Liabilities + Shareholders' equity	182,823.3	100.0%	134,742.3	100.0%	84,227.5	100.0%

b) Consolidated income structure

Banco Patagonia Consolidated (In Millions Pesos)	Statement of Income		
	3Q19	3Q18	3Q17
Net interest income	8,665.2	3,203.0	1,790.7
Net fee income	1,171.4	909.7	728.5
Gains on financial instruments measured at fair value through profit or loss	274.7	727.9	554.3
Net exchange gains	940.8	216.0	69.7
Other operating income	516.2	294.4	422.8
Net impairment loss on financial assets	-389.5	-621.8	-168.9
Net operating income	11,178.8	4,729.2	3,397.1
Employee benefits	-1,914.3	-1,142.8	-836.9
Administrative expenses	-1,181.1	-861.4	-601.1
Depreciation	-118.2	-51.6	-42.6
Other operating expenses	-1,834.5	-842.0	-672.3
Operating income	6,130.7	1,831.4	1,244.2
Net income of associates and joint ventures	48.1	73.2	14.2
Income before tax	6,178.8	1,904.6	1,258.4
Income tax expense	-535.0	-554.8	-405.1
Net income for the period	5,643.8	1,349.8	853.3
Other comprehensive income	-1,556.2	61.3	9.0
Total comprehensive income	4,087.6	1,411.1	862.3

c) Consolidated foreign currency's position

Banco Patagonia Consolidated (In Millions Pesos)	As of September 30		
	2019	2018	2017
Cash and deposits in Banks	24,527.6	16,233.8	5,166.4
Financial assets measured at fair value through profit or loss	110.9	109.2	598.6
Other receivables	164.4	104.3	48.6
Loans and other funding	31,659.2	24,726.2	9,607.1
Other financial assets	2,550.0	3,019.4	866.2
Financial assets given as collateral	1,437.5	812.8	19.1
Investments in equity instruments	6.0	4.4	0.4
Total assets	60,455.6	45,010.1	16,306.4
Deposits	37,923.9	36,585.1	13,819.4
Repurchase agreements liabilities	0.0	4.5	0.0
Other financial liabilities	2,083.0	3,432.9	1,032.5
Financing facilities received from BCRA and other financial institutions	19,249.3	4,254.3	1,264.5
Other non-financial liabilities	44.3	30.7	8.3
Total liabilities	59,300.5	44,307.5	16,124.7
Position of foreign currency in pesos	1,155.1	702.6	181.7
Reference exchange rate	57.5583	40.8967	17.3183
Position of foreign currency in dollars	20.1	17.2	10.5

d) Separate Financial Position

Banco Patagonia Separate (In Millions of Pesos)	Statement of Financial Position as of September 30					
	2019	%	2018	%	2017	%
ASSETS						
Cash and deposits in Banks	40,408.4	22.7%	29,152.8	22.4%	11,710.1	14.6%
Financial assets measured at fair value through profit or loss	60.4	0.0%	166.9	0.1%	7,412.3	9.3%
Derivative financial instruments	180.1	0.1%	400.6	0.3%	55.3	0.1%
Repurchase agreements assets	802.3	0.4%	877.2	0.7%	1,016.2	1.3%
Other receivables	1,345.1	0.8%	2,007.4	1.5%	798.2	1.0%
Loans and other funding	80,208.6	45.0%	73,871.8	56.9%	47,287.3	59.1%
Non-financial public sector	95.6	0.1%	303.9	0.2%	364.4	0.5%
Other Financial Entities	4,481.0	2.5%	4,392.3	3.4%	2,528.9	3.2%
Non-financial private sector	79,988.9	44.9%	72,130.9	55.5%	45,945.6	57.4%
Provisions for loan losses	-4,356.9	-2.4%	-2,955.3	-1.7%	-1,551.6	-1.2%
Other financial assets	42,083.2	23.6%	15,234.0	11.7%	5,752.1	7.2%
Financial assets given as collateral	3,412.5	1.9%	3,107.2	2.4%	1,511.0	1.9%
Investments in equity instruments	842.4	0.5%	5.2	0.0%	1.5	0.0%
Investment in subsidiaries, associates and joint ventures	1,744.9	1.0%	1,595.1	1.2%	1,498.3	1.9%
Property and equipment	5,781.2	3.2%	2,508.0	1.9%	2,573.0	3.2%
Intangible assets	140.9	0.1%	67.3	0.1%	36.6	0.0%
Deferred tax assets	832.5	0.5%	449.5	0.3%	81.2	0.1%
Other non-financial assets	504.4	0.3%	307.3	0.2%	261.5	0.3%
Non-current Assets Held for Sale	-	0.0%	136.1	0.1%	0.1	0.0%
Total assets	178,346.9	100.0%	129,886.4	100.0%	79,994.7	100.0%

d) Separate Financial Position (continued)

Banco Patagonia Separate (In Millions of Pesos)	Statement of Financial Position as of September 30					
	2019	%	2018	%	2017	%
LIABILITIES						
Deposits	111,935.6	62.8%	97,749.0	75.3%	58,645.9	73.4%
Non-financial public sector	11,198.8	6.3%	10,157.5	7.8%	5,051.2	6.5%
Financial sector	252.2	0.1%	100.2	0.1%	39.2	0.0%
Non-financial private sector and foreign results	100,484.6	56.3%	87,491.3	67.4%	53,555.5	66.9%
Financial liabilities measured at fair value through profit or loss	-	0.0%	172.5	0.1%	77.3	0.1%
Derivative financial instruments	860.4	0.5%	1,125.1	0.9%	18.7	0.0%
Repurchase agreements liabilities	4,221.3	2.4%	183.6	0.1%	424.0	0.5%
Other financial liabilities	6,198.8	3.5%	6,833.7	5.3%	4,332.8	5.4%
Financing facilities received from BCRA and other financial institutions	20,796.3	11.7%	5,342.2	4.1%	2,168.5	2.7%
Current income tax liabilities	2,982.4	1.7%	983.5	0.8%	941.2	1.2%
Provisions	1,232.7	0.7%	391.8	0.3%	153.0	0.2%
Deferred tax liabilities	-	0.0%	-	0.0%	-	-
Other non-financial liabilities	3,835.6	2.2%	2,836.6	2.2%	1,538.1	1.9%
Total liabilities	152,063.1	85.3%	115,618.0	89.0%	68,299.5	85.4%
Shareholders' equity	26,283.8	14.7%	14,268.4	11.0%	11,695.2	14.6%
Total Liabilities + Shareholders' equity	178,346.9	100.0%	129,886.4	100.0%	79,994.7	100.0%

e) Separate Results Structure

Banco Patagonia Separate (In Millions of Pesos)	Statement of Income		
	3Q19	3Q18	3Q17
Net interest income	8,518.1	3,103.9	1,640.4
Net fee income	1,169.2	906.7	727.4
Gains on financial instruments measured at fair value through profit or loss	260.4	717.9	546.2
Net Exchange gains	930.1	215.3	58.6
Other operating income	428.0	229.8	346.9
Net impairment loss on financial assets	-377.4	-624.3	-149.9
Net operating income	10,928.4	4,549.3	3,169.6
Employee benefits	-1,875.6	-1,116.8	-815.5
Administrative expenses	-1,136.6	-832.3	-576.1
Depreciation	-117.6	-51.2	-42.2
Other operating expenses	-1,776.4	-804.1	-627.9
Operating income	6,022.2	1,744.9	1,107.9
Net income of associates and joint ventures	196.5	134.3	97.8
Income before tax	6,218.7	1,879.2	1,205.7
Income tax expense	-574.9	-529.4	-352.4
Net income for the period	5,643.8	1,349.8	853.3
Other comprehensive income	-1,556.2	61.3	9.0
Total comprehensive income	4,087.6	1,411.1	962.3

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 3Q19 on November 11, 2019 at 12:00 p.m. (Buenos Aires Time). 10.00 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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