

Tarjeta Naranja S.A.

Financial Statements

For the year commenced January 1, 2016 and ended December 31, 2016,
presented on a comparative basis.

(Free Translation from the Original in Spanish for Publication in Argentina)

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2016 Annual Report

2016 ANNUAL REPORT

In compliance with legal provisions and the by-laws, Tarjeta Naranja S.A. submits this Annual Report, together with the Balance Sheet, Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the corresponding notes, for the 22nd year of the Company, ended December 31, 2016.

FINANCIAL CONDITION

In 2016, Tarjeta Naranja S.A. kept its leadership position in the credit card market in Argentina, being the main issuer of credit cards nationwide and the leading brand in the interior of the country.

This year open accounts exceeded 2,920,000, which, along with additional Cardholders, entail a total of 4,197,379 customers for the Company. Meanwhile, the number of authorized cards is 8,767,942, including Tarjeta Naranja, Tarjeta Naranja Visa, Tarjeta Naranja Mastercard and Tarjeta Naranja American Express. In turn, transactions increased by 14% and average consumption by open account increased by 34%, as compared to the prior year.

At year-end, net operating profit amounted to AR\$ 7,714,513,000, representing a 36% increase, as compared to 2015, and consolidating the positive trend in generating profit. Such profit is explained by the 23% increase in net services profit and the 66% increase in net financing profit.

The provision for impairment represented 9.8% of operating profit, increasing 3.5% of operating profit, as compared to the prior year.

Operating expenses increased by 39%, as compared to the prior year, mainly due to the rise in labor costs modified by trade union agreements, the increase in tax disbursements and rates, and the increases in other operating expenses.

As a result, net profit increased by 15%, as compared to 2015, and amounted to AR\$ 1,445,086,185.

The equity at year-end amounted to AR\$ 4,681,431,294 and the distribution of dividends approved at the Ordinary Shareholders' Meeting held on April 15, 2016 amounted to AR\$ 300,000,000.

SOURCES OF FINANCING

Tarjeta Naranja carried out the following transactions regarding debt issuance and sources of financing.

Banks and Financial Loans. New loans were obtained from several banks in the aggregate amount of AR\$ 550,000,000 and bank overdrafts in the amount of AR\$ 671,000,000. In addition, loans and bank overdrafts were extended in the amount of AR\$ 781,000,000 and principal and interest payments were made in the amount of AR\$ 512,068,191.

Finance Leases. Finance lease payments due were made in the amount of AR\$ 104,379,289.

Notes (“*Obligaciones Negociables*”). Within the framework of the Global Program for the Issuance of Notes (“*Obligaciones Negociables*”), Class XXXII, XXXIII, XXXIV, XXXV and XXXVI Notes were placed for AR\$ 3,207,791,142. Principal and interest on Notes were paid in the amount of AR\$ 2,762,301,836, including the second principal payment of International Class XIII Note for USD 66,660,000 and interest for USD 9,000,900.

Derivative Transactions. At year-end, the Company has forward transactions to hedge cash flow risks of foreign currency-denominated debt (the due date of which was January 28, 2017). Derivative instruments signed were agreed by the Company’s Management for the risk management of financial variables arising from the volatility of exchange rates and its impact on the related cash flows.

Other Available Sources. The Company has several credit lines available, related to commitments signed with different banks that have not been used.

SIGNIFICANT EVENTS

¡DEJEMOS HUELLAS! (LET’S LEAVE FOOTPRINTS!) THE MOTIVATION FOR 2016 AND THE FUTURE

To embark on the year, we chose *¡Dejemos Huellas!* (Let’s Leave Footprints) as slogan to symbolize the footprints of the way Naranja is, and its culture based on the quality with warmth, respect, comradeship and friendship. Almost like a ritual, a very deep commitment, such as Casa Naranja, which begins leaving its first footprints in Córdoba, where Tarjeta Naranja was born and chose to continue growing.

ALEJANDRO ASRIN TOOK OVER AS PRESIDENT OF TARJETA NARANJA S.A.

Alejandro Asrin took over as President of Tarjeta Naranja S.A. as from April 15, 2016, whereas David Ruda began acting as Honorary Chairman. Alejandro Asrin committed to facing major challenges, such as the development of a digital proposal for the new customer generations, and, from an in-house standpoint, the management of policies and practices tailored to its employees in order to continue consolidating Tarjeta Naranja among the best places to work in the country.

CASA NARANJA, EVERYONE'S HOUSE

The “Casa Naranja, Everyone's House” concept came true in 2016 with the opening of its doors to the community through an agenda of free activities related to the creativity and the artistic expressions in all their versions.

Casa Naranja has become an active, dynamic and friendly environment due to its programs: during 2016 more than 10,000 people visited it and it hosted 40 events.

The most outstanding agenda program includes the space for thinking opened on May 5 with a memorable talk of the former president of Uruguay, Pepe Mujica, which was followed by the presentations of the historian Daniel Balmaceda, journalists Alfredo and Diego Leuco and the artist Marcos López with a view of the creative process.

The “Ensayos de entrecasa” (Home Rehearsals) program was organized around the support to social inclusion projects through music. From April to November, 12 community choirs and orchestras made up of over 300 children and young people shared the stage with outstanding directors of musical bands as mentors.

The “Acústicos en Casa - Gamba Sessions” cycle took place for the first time in November, which consisted in a private concert of the singer-song-writer Coti Sorokin.

Casa Naranja also became the host of visual arts exhibitions of renowned national and local artists. From June to September, over 4,000 persons visited the Rogelio Polesello's Sensible Geometry exhibition, which included guided visits for the general public and an interactive proposal for 24 public schools. A selection of works of the fine artist and photographer Marcos López was exhibited from late November to February 2017.

Casa Naranja also hosted talks made with strategic partners, reinforcing the purpose of creating an open space for the community always with free activities. Twelve conferences were held together with Google, Facebook, Globant, Mercado Libre, IAE, IARSE, Banco Galicia, Fundación Manos Abiertas and Banco de Alimentos Córdoba, among others.

NARANJA CONSOLIDATED ITS NATIONWIDE PRESENCE

To meet Cardholders' needs with quality and warmth and facilitate the commercial management, Tarjeta Naranja has 207 branches and service centers throughout the country at year-end.

Under the framework of the business strategy defined for Buenos Aires, the major milestones were:

- **The opening of two branches in the City of Buenos Aires.** The new Casas Naranja in **Florida and Palermo** opened their doors in December. These are two emblematic places for the purpose of continue growing in the City of Buenos Aires.
- **The stores in Quilmes, Laferrere, Moreno and Caballito were moved to** fully renewed branches with a better location to continue promoting the best service to Cardholders.
- **Some of the service centers were migrated to more strategic places.** Accordingly, Casa Naranja in Villa Devoto, La Paternal, Villa del Parque and Mataderos closed, reallocating their human capital to other branches.

Argentina's provinces: The stores in South Rosario and Viedma were moved. In Córdoba, the historical Casa Naranja Subte was remodeled in line with Casa Naranja's architecture and the project to move the store on Route 20 is in progress.

STORES AND POINTS OF CONTACT BY PROVINCE	
BUENOS AIRES	42
AUTONOMOUS CITY OF BUENOS AIRES	8
CATAMARCA	5
CHACO	4
CHUBUT	4
CÓRDOBA	48
CORRIENTES	7
ENTRE RÍOS	9
FORMOSA	3
JUJUY	5
LA PAMPA	2
LA RIOJA	5
MISIONES	6
NEUQUEN	5
RIO NEGRO	8
SALTA	8
SAN LUIS	3
SANTA CRUZ	2
SANTA FE	18
SANTIAGO DEL ESTERO	5
TIERRA DEL FUEGO	2
TUCUMÁN	8
Total	207
133 Stores 25 MUN Stores 1 Virtual Store 48 Points of Sale	

Branches' Modernization and Accessibility

Five projects to move existing stores in several parts of the country are in progress. All of them feature access ramps and public restrooms suitable for persons with reduced mobility (PMR, as per its initials in Spanish), which is an improvement to the original situation. In addition, three new branches were finished in December 2016, which considered these concepts since the very conception of their original designs.

VALUE PROPOSAL FOR CUSTOMERS

“Lindos, pero también por dentro” (Nice, but also from Inside) was the creative concept chosen this year to communicate promotions and discounts along with the values focused on the organizational culture. The traditional “Smartes” promotion with discounts of up to 30% on the best brands continued and special promotions for inactive customers or with low consumption level were stimulated.

Throughout the year, Naranja offered ongoing promotions with discounts and zero-interest installment plans in all sectors. Several actions with first-class national brands stood out, such as Claro, LAN, DirecTV, Dexter, Falabella, Phillips, Disco, Musimundo, Garbarino, Frávega, Wal-Mart, ADT, Libertad, Jumbo, Personal, Bridgestone, Megatone and Cetrogar. In different regions of the country special promotions were carried out with main brands and stores in each location, offering interest-free three-, six-, twelve- and eighteenth-installment plans, discounts of up to 20% and benefits such as discounts on installments.

***Verano Sabor Naranja* (Naranja-flavored Summer)**

“Verano Sabor Naranja” was the Company’s proposal for the 2016 summer campaign inviting to free shows in Mar del Plata and Carlos Paz. On the Atlantic Coast, the classic music and fireworks show featured Kevin Johansen and Liniers performing in front of an audience of over 20.000 people. Meanwhile, Carlos Paz offered the ludic experience “Cubo Naranja” (Naranja’s Cube). The proposal was completed with discounts of up to 25%, and special interest-free installment plans at restaurants, entertainment and clothes stores, focusing mainly on tourist centers of the country.

Along with Argentina’s National Soccer Team

As official sponsor and throughout 2016, Naranja offered cardholders the exclusive presale of tickets and kept strong brand presence at stadiums. In March, it opened the doors of its new headquarters for the press conference of the coach Gerardo Martino and for the 200th America’s Cup Anniversary it launched a communication campaign strengthening its commitment towards the social program *Un Gol, Un Potrero* (One Goal, One Soccer Field) whereby it reconditioned 300 sports areas.

Leadership on Social Networks

With the commitment to providing prompt customer services with quality and warmth, talking to its community and sharing exclusive benefits, performance on social networks was improved during 2016. The result was that followers in different communities **grew by 13%**, confirming the firm leadership on digital platforms, as well as Naranja’s commitment to giving answers by the means the future requires.

Followers on Social Networks	2016
Facebook	1,632,857
YouTube	11,683
LinkedIn	16,703
Instagram	57,095
Twitter	148,557
	1,866,895

Naranja Online: New Services for the Virtual Store

During 2016, the functionality of this self-service channel was broadened for users to be able to perform the same transactions as at any store. The Automatic Debits addition and deletion services were introduced as well as the possibility to report cards in case of theft or loss. The double identity validation was also developed for transactions requiring greater security, such as online loans.

The performance for the year marked a significant increase in the activity, with the presence of **543,961 active users (113,000 more than in 2015) and 3.2 million monthly visits.**

Sixty per cent of visits were made from mobile devices. This encouraged the analysis of Mobile usability and experience so that the site improvement may accompany the trend noted.

The Subscription to the Digital Account Statement Increased

With communications to customers on digital media and prize awards for those who subscribed thereto, during the year there were **778,673 subscriptions** to the system, reaching **21% of total account statements issued in digital format as of December.**

Naranja on Your Cell Phone

This service allows Cardholders to receive text messaging with information about their transactions. It has grown on a sustained basis over the last few years. At the end of the period, **1,669,936 customers had the service, which meant a 14.36% increase in the activity, as compared to the prior year.**

Tienda Naranja Consolidates as an Online E-commerce Site

Tienda Naranja (Naranja Store) has shown a sustained growth since 2014 and consolidates as an online e-commerce site, with significant promotions for Cardholders and an increase in sales through this channel of Merchants ("*Comercios Amigos*").

During 2016, new functionalities improved the users' experience. Through the implementation of technological integrations with logistics companies, customers may follow up their orders online throughout the purchase process.

The site recorded:

- **Sales for AR\$ 241,500,000. 67% more than in 2015.**
- **44,107 transactions performed. 15% more than in the prior year.**
- **An average ticket of AR\$ 5,478.**

Tienda Naranja took part in the most important e-commerce events of the year: **Hot Sale** and **Cyber Monday**. Discounts of up to 40% and 25 interest-free installments were part of the 2016 experience.

EVOLUTION OF PRODUCTS AND SERVICES

Cell Phone Top-ups

Throughout the year, Cardholders recharged credit to their cell phones through Naranja Online. They did so from the computer, mobile device and at self-inquiry terminals at Tarjeta Naranja's stores without cash. The amount of recharges paid with the Account Statement reached **149 million pesos of credit (18% more than in 2015) and a number of 3,039,085 transactions.**

Personal Loans

Personal loans **increased by 40% inter-annually**, reaching **AR\$ 3,279 million lent in 676,913 transactions.**

At year-end, we were working on the development of loans with deposit in the Cardholder's bank account, both for those requested through Naranja Online and those granted at the store, providing customers with increased security.

Insurance

Insurance continued being an important product that showed significant results, reaching a **stock of 2,735,666 policies** in 2016 (Home 64,833; Life 2,220,577; Other Property Policies 419,147; and Assistance 31,109).

Collection at Third Parties

Several process improvements were implemented: Online collection at Rapipago and addition of more institutions for collections without account statements: Cobro Express, Ripsa and Provincia Net, reaching **53.74%** of customers who pay at third-party institutions.

***CONVIVIMOS*, the Magazine with the Largest Circulation in the Country**

With more than **625,000** monthly **issues** in circulation, *Convivimos* consolidated itself as a leader among subscription publications in Argentina, reaching more than **2 million readers in 6,000 districts** with contents of general interest to the whole family.

In 2016, distinguished celebrities, such as Julio Bocca, Liniers, Gonzalo Bonadeo and Natalia Oreiro, appeared on *Convivimos'* cover, joining other renowned columnists who left their mark issue after issue, such as Osvaldo Whebe, Enrique Orchardsky, Guillermo Jaim Etcheverry and Santiago Giorgini.

Alliance with *LA NACIÓN* Group of Magazines

The relationship with *La Nación* group of magazines continued strengthening. Naranja offers its customers the subscription to the magazines Ohlalá, Susana, Rolling Stone, Living, and Disney Junior, Princesas and Avengers published by Marvel for the little ones. All the benefits of the “*Club La Nación*” (La Nación Club) program are added to these excellent titles. The **2016 subscriptions** reached **89,421**, i.e., **68.79% more than in 2015**.

IMPROVEMENTS IN THE CUSTOMER’S EXPERIENCE

As in prior years, a better service to Cardholders was given priority through multiple initiatives.

Creation of the Customer’s Experience Division

The Customer’s Experience Division was created in February 2016 in order to combine the customers’ experiences and needs with those of employees, and design more efficient processes that have a positive impact on the service.

Process and System Improvements

Throughout 2016, there were improvements in the services provided at all branches and in internal communications.

- More ticket-punching machines at Naranja’s branches throughout the country to improve collection proceedings and the rounding up in the collection of the account statement to expedite the process.
- A new circuit to manage Ongoing Improvement opportunities, and the “GESTIOM” system supporting the process.
- In the core system of the Collections business, which allows offering different financing products to the Customer, the first product that allows the customer in arrears to finance debt in U.S. dollars prior to being sent to attorneys was implemented.
- The alternative of delivery of cards to customers at a domicile other than their home was enabled.
- New functionalities were added to digital channels “Naranja Online” and “Self-inquiry Terminals” (TAC as per its initials in Spanish), improving the web-based service.
- The “Naranja’s Network”, the collaborative network, was improved in order to make employees get closer and foster integration, communication and share experiences.

In addition, the following are being developed as of December 2016:

- Improvements in the Customers' orders and claims processes in order to solve more typologies in the first contact.
- The availability of a platform that enables loading and controlling promotions with Merchants ("*Comercios Amigos*").
- The implementation of an APP for Customers.
- New functionalities on digital channels for Merchants ("*Comercios Amigos*").
- The development of an APP for salespeople in order to expedite the addition of Customers.

Solution to Requests and Claims

Naranja is committed to improving and complying with the due dates compromised in order to solve problems. We are working on a project that will allow increasing solutions to claims in the first contact.

La Voz del Cliente (The Customer's Voice)

The experience of Tarjeta Naranja's Customers is managed under the renowned NPS® methodology implemented at the Company with the name "*La Voz del Cliente*". This tool enables listening simply and directly about what Customers value and expect from the Company and allows identifying improvement actions.

As part of the September / December 2016 measurement, **76,514 customers were surveyed**. The outcome **was 47% of Net Fanatic customers** (61% promoters, 26% neutral and 13% detractors).

COMMITMENT WITH EMPLOYEES

At year-end, Naranja has a headcount of **3,371 employees**, out of which **66%** is made up of **women** and **34% of men**. **Ninety-six per cent (96%) is covered by a collective bargaining agreement**.

Commitment with employees is expressed in promoting their ongoing development, participation and teamwork. In 2016, we redoubled the effort in managing employees to place the Company among the best companies to work for in Argentina.

Naranja among the Two Best Companies to Work for in Argentina

Naranja hopes that its employees feel that being part of the Company is much more than a job. Consequently, it has implemented policies that encourage this feeling of belonging.

The **internal climate is annually diagnosed** - through Naranja's Survey in which all employees are invited to take part of - to know the perception of employees about working environment. This is useful to identify strengths and improvement opportunities, considering that the good climate is part of Naranja's essence.

Additionally, in 2016, the **GREAT PLACE TO WORK** survey was applied to complement the analysis, to deepen leadership improvement opportunities and compare itself with the best companies in the country. **2,523 employees (74.80%) took part, from which a general note of 87% and a trust average of 81% resulted.**

The results of the ranking were also worthy of pride! **Tarjeta Naranja was ranked second, being at the top within the category Companies with over 1,000 employees.** In addition, it received a Special Mention under the THANK concept for the manner in which leaders reward the employees' performance and efforts.

This important prize is a reward to the ongoing management to achieve an environment of joy and open doors, with respect and growth opportunities.

Benefits and Motivation

The employees' welfare is critical to Naranja. Therefore, it chooses to be present at important times throughout the year. This interest translates into special benefits consisting in wage and non-wage benefits in order to support and favor the balance between personal and work life.

During the year, the following actions were developed:

- **EXPECTANT MOTHERS:** All expectant mothers may reduce their workday progressively without reducing their salary.
- **Additional BREASTFEEDING hour:** Upon returning from the leave, mothers have an additional hour off per day until the new born is 9 months old.
- **WILD-CARD vacation:** If during an employee's vacation period there is a national holiday in the middle, the employee may use it as wild card to take the day off when preferred.
- **Birthday of EMPLOYEES' CHILDREN!:** To enjoy special family moments, parents may take two hours off for their children's birthday.
- **PACK OF HOURS FOR STUDY!:** **For more Naranja's graduates:** A specially-thought system of grants for those employees who need time to study. Since 2013, three types of packs of hours have been granted: For those who need extra time to devote to their career, for those who are about to finish studies and for postgraduate students.

- **EXTRA paternity days!:** Naranja's fathers have five business leave days since the baby's birth and one hour off per day during the first month.
- **ADOPTION leave:** Naranja's mothers who adopt a child will have 60 consecutive days of leave since the adoption. In the case of fathers, they will have five business leave days since adoption and one hour off per day during the first month.
- **Assistance in tax matters for free.**
- **Free Saturdays:** All the country's stores (except for those that operate at shopping malls) open their doors only one Saturday per month on the date of collection. As from 2017, stores will definitively close on Saturdays.

In addition, other instances of recognition were fulfilled through wage awards: performance (twice a year), distribution of profits, Christmas gift and award to semiannual work attendance.

Promotion, and Internal and External Job Postings

In 2016, Naranja increased the internal turnover to fill vacancies. There were **754 job applicants and 154 internal job postings were made**, which meant that **69% of positions were filled with relocation for promotions and internal transfers**.

Ongoing Development

The ongoing development of employees allows keeping a sustained leadership and growth, and the solid Naranja's Culture that distinguishes the Company. With that idea in mind, in 2016, **1,025 training actions were carried out**, both web-based and face-to-face, investing **97,201 hours** in the process – **equal to an average of 29 hours per employee – 9 hours more than in 2015**.

Furthermore, annual training plans and special support and training programs were carried out for different positions. Specifically, **36,257 training hours were invested** for the **development of technical skills**, in which **3,489 employees took part**.

The Company also trains its employees through different centers of studies when it is necessary that they gain any specific knowledge, by attending courses, university qualifications or postgraduate courses.

Naranja's Network: Improvements to the Digital and Collaborative Space

February 2016 marked the beginning of a strategic initiative with specific focus on Naranja's Network integration to the Company's spaces and programs to continue exploiting its potential.

Communications migrated into a digital format and employees' participation was mainly concentrated on this space. Virtual work groups and microsites were enabled for specific matters, which shows a trend towards communications decentralization and horizontalization.

New Health Plan

Throughout 2016, all employees were offered the possibility of joining Swiss Medical at the Company's expense for them and their primary family group. As of December, **1,412 employees joined the service.**

STRATEGY AND GROWTH

In 2016, Tarjeta Naranja deepened the management that focuses on four long-term strategic core points as mainstays where each organization level contributes to achieving goals. These mainstays are as follows: **WORK ENVIRONMENT, CUSTOMER'S EXPERIENCE, GROWTH AND EFFICIENCY.**

Risk Management and Recovery

In line with the effective credit risk management system, we continued working to improve the customers' profiles by applying scoring models for the generation of new accounts, the credit limit management, the access to certain products and the treatment to arrears in order to improve protection and mitigate the impact of uncollectibility.

As regards the procedures for collection of amounts in early arrears, there were changes to Customers' segmentation and, therefore, to collection rules and strategies to adjust them to the risk evolution of portfolios. Moreover, we continued focusing on the performance of actions associated with each strategy, increasing debtor contact quality and levels.

The model of procedures for collection of amounts in late arrears contributed dynamism, increasing on a sustained basis the speed of recovery and concentrating the portfolio on the group of collection managers who showed the best performance. This allowed reallocating collection managers based on their satisfactory performance for the out-of-court and court portfolio management.

In terms of processes, the focus was placed on achieving increased efficiency, based on the application of better collection management practices, obtaining improvements in productivity indicators and optimizing operating costs.

Management through Processes

This management model allows reducing errors to a minimum. From the internal standpoint, employees are provided with methodology and predictability to perform the work. From the external standpoint, it translates into increased trust by Cardholders, Merchants ("*Comercios Amigos*"), Suppliers and other audiences. Naranja has **26 processes certified by ISO 9001:2008**. In **2016 an audit of maintenance of such certification was conducted** with the same business assurance, **DNV-GL**.

Efficiency Improvements

We worked on the **sustainability of the LEAN philosophy at the organization** through internal quality audits and two initiatives: one alternative was aimed at designing a circuit for the Ongoing Improvement that flows at the organization, and another one consisted in providing management spaces and tools to directors in charge of area heads.

Sustainable Suppliers and Risk Control Management

The Sustainability Plan defined by Naranja includes the supply chain management. Continuing with the work performed in 2014 and 2015, during 2016, an interdisciplinary team led by the Purchases area, with the involvement of the Social Responsibility area, began developing a "**Suppliers Assessment and Management Model**", with an external consulting firm's support.

INTEGRITY AND TRANSPARENCY

Naranja has clear guidelines to conduct businesses ethically and transparently based on Honesty, Proactivity, Responsibility, Security, Information Confidentiality, Respect for the Law and Business Loyalty. These principles are included in the Company's Code of Ethics and Internal Regulations.

To step forward and undertake an individual commitment in the defense of the rules it chooses to work, we worked, jointly with Grupo Galicia, to implement as from January 1, 2017 an **Ethical Line**: an anonymous and strictly confidential communication channel to be able to contact and report, and describe any undue behavior that is contrary to its Values and Code of Ethics.

This line is fully managed by the consulting firm KPMG.

Process Control

Naranja supports the internal control process with the composition of operating processes and how they are managed and controlled, the degree of compliance with policies and fulfillment of goals and objectives. The system is permanently assessed by the Internal Audit area. In 2016, we continued with the SOX review (U.S. Sarbanes Oxley Act), as established by the Securities and Exchange Commission (SEC). All the controls subject to this rule were verified by Internal and External Audit.

Changes to Comply with New Regulations

The ongoing changes in the regulatory framework and the fast ability to adapt thereto were priority aspects to which special attention was given during the year:

- We analyzed the business implications of the changes made to Consumer Defense Law (Law No. 24240). Consequently, we reviewed the standard agreement form to adjust it.
- A link that opens the text of the agreement was included in the web site.
- The necessary adjustments to comply with the following Argentine Central Bank's regulations were also implemented:
 - Communiqué "A5886 – Information to Customers by Electronic Means".
 - Communiqué "A5905 – Interest Rates in Credit Transactions".
 - Communiqué "A5928 – Protection of Financial Service Users: Debit-balance Life Insurance and Increase in Commissions and Charges".
 - Communiqué "A5948 – Inquiries and Claims Reporting System".
 - Communiqué "A5993 – Transparency Reporting System".
 - Communiqué "A5009 – Transparency Reporting System - Chapter II- Commissions, Charges and Rates for Financial Service Users".
 - Communiqué "B11353, as amended – Protection of Financial Service Users".
 - Communiqué "A6078 – Transparency Reporting System - Chapter II- Commissions, Charges and Rates for Service Users".
 - Our Security Cameras were registered in the DNPBD.

Prevention of Financial Crimes

Since 2014, Naranja has been using a pack of tools, which allows obtaining a full understanding of customers and detecting unusual and irregular transactions on a timely basis. In the face of these situations, the Company performs controls, requests supporting documentation and proceeds according to effective regulations.

The **2016 Compliance Program** was prepared and is being currently executed, which contemplates policies, measures, procedures and other activities related to the Prevention of Asset Laundering and Funding of Terrorist Activities, in addition to:

- Complying with the provisions of different regulations inherent to credit card operators.
- Establishing internal policies and procedures that allow having objective and technical criteria as regards the Prevention of Asset Laundering and Funding of Terrorist Activities.
- Verifying compliance with the procedures considering Tarjeta Naranja S.A.'s Procedures Manual as reference and specific documentation related to the different control processes.

This allowed complying with the different regulations issued by the Financial Information Unit (UIF, as per its initials in Spanish). In addition, technological improvements were made by the Prevention of Asset Laundering and Funding of Terrorist Activities Committee, which provide information for a greater understanding of the Customer.

The training for personnel in prevention and early detection continued in order to update and deepen all employees' knowledge of the effective laws related to Asset Laundering Prevention and Funding of Terrorist Activities as regards credit card operators, as well as the information about techniques and methods to prevent and detect suspicious transactions and their application to Tarjeta Naranja S.A.

Additionally, Naranja redesigned the current training course by means of implementing e-learning. Also, the Committee members, the Anti-Laundering Unit and Internal Audit took part in different refresher training courses regarding Prevention of Asset Laundering and Funding of Terrorist Activities. In 2016, **6 courses were dictated, with 6,830 training hours invested in the training of 3,431 employees** (Entry Levels 2,932; Middle Levels 361; Head Levels 100 and Management Levels 38).

RESPONSIBLE MANAGEMENT

2015 Sustainability Report

For the third consecutive year, Tarjeta Naranja reported on a comprehensive basis on the transparency of its economic, social and environmental management under the International Guidelines of the Global Reporting Initiative (GRI). The report was prepared following the guidelines to achieve the maximum application level posed by GRI in its comprehensive level version G4. The main indicators and focal points reported included the policy on quality, market presence, work environment, social investment and community participation, and environmental impact management. Thus, Naranja reinforced its commitment towards the communities where it is present reasserting its sustainable conduct.

Community Programs

Volunteering

Tarjeta Naranja's volunteering program has already celebrated 13 years. In 2016, **560 Naranja volunteers (17% of employees)** participated in multiple initiatives that were carried out by the Social Responsibility area. They moved to start up each program, transfer knowledge, help and share with institutions with which proposals are formulated.

Community Programs

The Company understands that the long-term growth should be supported with a sustainable management that considers and includes the community and the neediest groups. Employees, Customers and Merchants ("*Comercios Amigos*") actively took part in the multiple initiatives developed in 2016. Some of the most outstanding are:

- **Débito solidario (Solidarity Debit):** For 20 years Tarjeta Naranja has been collecting the contributions Cardholders donate through automatic credit card debit to be fully delivered to different non-profit organizations. During the **year, AR\$ 110,511,351 (45% more than in the prior year) was collected, earmarked for 380 organizations.**
- **Apadrinando escuelas (Support for Schools):** In order to foster equal opportunities for public primary school students throughout the country, a joint work with Sponsor Merchants ("*Comercios Amigos*"), which also make an economic contribution to meet children's and institutions' needs, has been conducted since 1999. The year ends with the participation of **504 Merchants ("*Comercios Amigos*") and a contribution of AR\$ 1,135,140 to 372 schools (99,290 students).**

- **Apadrinando comedores (Support for Community Kitchens):** Through the work of volunteers, the Company helps with food, education, clothing and recreation of children at community or soup kitchens from different districts of the country. In 2016, **186 volunteers made it possible to reach 3,732 boys and girls from 42 community kitchens. Also, 6,867 school kits were donated.**
- **2016 Internships:** Naranja has received interns from secondary schools for 12 years so that they may have their first contact with the working world. Throughout the year, it received **167 students from 42 secondary schools, who gained their experience in 32 areas of the Company.**
- **Scholarships for Primary and Secondary School Students:** With the idea of enabling outstanding children and young people to continue studying, we launched the Scholarship Program, in alliance with FONBEC and Fundación Liga Solidaria. **The number of scholarship holders was 115 students at both levels.**

“Un gol, un potrero” (One Goal, One Soccer Field)

Since 2011, Naranja has been the Official Sponsor of Argentina’s National Soccer Team and this program arises under this framework. For each goal scored by Argentina’s National Soccer Team, the Company conditions a gaming area of a public school, neighborhood club or community center, and provides the necessary equipment to carry out sports practices. **So far, 300 organizations throughout the country have benefited from this program.**

Environmental Care

Naranja has proposed itself to carry out a long-term sustainable business that minimizes the environmental impact of the operation, thinking about its legacy to future generations.

To date, 98% of the main supplies (paper, plastics, toner cartridges and IT equipment) are recyclable and most of them are covered by the Company’s recycling programs. In addition, the Company has been buying paper certified by the FSC (Forest Stewardship Council) for 8 years.

In 2016, we proceeded as follows:

- The final disposal of **24,125 Kg. of electronic waste (RAEEs)**, which was delivered to certified companies to be **recycled**. Also, **70 pieces of equipment** in good conditions (Pcs, printers, notebooks, cell phones, etc.) were donated to different organizations.
- We reached **86% of the replacement of printers** by more **eco-efficient ones, which use less toner. The trend is to reach 100% in the next periods.**

- We decided on the **safe destruction of 5,566 kg. of out-of-use cards**. All cards that are printed with errors or are not withdrawn by customers are sent to be destroyed in a pyrolytic oven of clean combustion, protecting Customers' data and minimizing the environmental impact.
- During the year, **60,686 kg. of out-of-use paper were recycled**, the product of which was earmarked for social development programs.

As from November 2016's edition, *Convivimos* magazine (625,000 issues distributed during the year) began being printed with paper certified with the PEFC seal and as from February 2017 it will be printed with paper with the FSC seal. Both certify that paper for printing derives from a responsible use of forests.

The complete information about the programs is available at <http://www.tarjetanaranja.com/advf/documentos/57320131441e7.pdf>

2016 AWARDS AND DISTINCTIONS

The Company stands out in the first nationwide customer's experience study conducted by the consulting firm Bain. Naranja occupies the **sixth place in the ranking of companies with the most loyal consumers**, based on the percentages of detractors and promoters, and the first place in the credit card sector.

Furthermore, **Naranja was ranked 17th among the 100 corporate companies with the best reputation in the country in the Annual Ranking of Companies made by the consulting firm MERCO** (Monitor Empresarial de Reputación Corporativa – Corporate Reputation Monitor). **And for the second consecutive year it occupied the 1st place in the Sector Ranking**. The Company participated for the first time in 2010 reaching position No. 71 and in only 6 years it climbed 50 positions.

In the **Merco Talento** (Merco Talent) ranking that evaluates the **most attractive companies to work for** in Argentina, Tarjeta Naranja was ranked **12th, climbing 19 positions since 2015**.

As regards Institutional Communication, Naranja received **EIKON Awards** for the "Candies", "Naranja View" and "Casa Naranja, Everyone's House" campaigns in the categories Social Media Campaign, Digital Campaign and Relationships with the Press.

Naranja was also distinguished by the **2016 Facebook Awards** in the category Best Integrated Campaign with its **"Caramelos, cada uno cuenta"** (Candies, each one Counts) commercial.

The brand also entered the Marketing Hall of Fame in Argentina. This is the highest distinction in the recognition of companies that have achieved a sustained success in their markets over time.

In turn, its founder, David Ruda, was distinguished as the Model Entrepreneur of the Year at the 2016 Annual Endeavor Gala.

OUTLOOK FOR 2017

Naranja begins 2017 sharing the “**Somos así. Queremos más gente así!**” (**We Are like this. We Want more People like this!**) motto chosen by its founder David Ruda based on the idea that “*Tarjeta Naranja is a force in motion, a drive, a combination of emotions. We are a company with happy people and we want more people like this*”.

With these characteristics, the Company is getting ready for a demanding year.

Regarding growth, it expects to increase the number of account statements by 4% and the managed portfolio by 30%.

According to the events happened in the last quarter of 2016, an increase in the regulations governing the Company's main activity is expected for 2017. These circumstances may have an impact on the activity volume and the profit level. To mitigate these circumstances, Naranja will continue working on the achievement of efficiencies and the improvement of collections.

The focus will continue being placed on Organizational Culture, Growth, Customer's Experience and Efficiency aspects.

The role of the digital development will have a strong influence in the coming years with impact on all the strategic focuses. In this regard, it will continue encouraging its customers to self-service through Naranja Online and web-based means. The implementation of an App for customers will add new functionalities and will improve the experience.

Naranja intends to be an increasingly dynamic and ever-changing company, with a sustained spirit of customer-focused vision and based on the employees' support.

In the words of its chairman, Alejandro Asrin, “*This Naranja's essence, its DNA, is reflected in the joy of team work, with clear and motivating goals for employees to be happy and for them to be able to provide services that help people be happy*”.

Schedule: Report on the Degree of Compliance with the Code on Corporate Governance

	Compliance		Noncompliance	Report or Explain
	Total	Partial		
<u>PRINCIPLE I. MAKE THE RELATIONSHIP TRANSPARENT AMONG THE ISSUER, THE GROUP HEADED THEREBY AND/OR OF WHICH IT IS A MEMBER AND ITS RELATED PARTIES</u>				
<u>Recommendation I.1:</u> Ensure the disclosure by the Management Body of the applicable policies to the Issuer’s relationship with the group headed thereby and/or of which it is a member and its related parties.	X			<p>From a business viewpoint, Tarjeta Naranja S.A. is controlled by Tarjetas Regionales S.A., a member of Grupo Financiero Galicia S.A. This structure allows taking advantage of significant synergies. All business relationships with group companies, whether permanent or occasional in nature, are built under normal and usual market conditions. In accordance with professional accounting standards and as suggested by the best practices, the Company reports related party transactions in notes to the financial statements. The information disclosed includes the significant transactions performed with shareholders and managers under usual market conditions.</p> <p>Pursuant to the Company’s Code of Ethics, Tarjeta Naranja considers the transparency of information as the basic principle that shall govern its relationship with shareholders, thus ensuring that the information reported to them, to the appropriate markets and to said markets’ regulatory bodies, is true and complete. Said information shall accurately reflect the Company’s financial condition and results of its operations, and shall be reported within the terms specified and in compliance with the other requirements set forth in the applicable standards and general principles of market operations as well as those related to good corporate governance assumed by the Company.</p>
<u>Recommendation I.2:</u> Ensure the existence of mechanisms that would prevent conflicts of interests.	X			<p>Tarjeta Naranja has a Code of Ethics, which establishes the patterns of behavior related to business objectivity and the identification of possible conflicts of interests. In addition, the Company’s Code of Ethics sets forth the duty to avoid acting on behalf of the Company in those situations that pose any type of personal interest or where either the person involved or his/her close relatives may personally benefit from a business opportunity in which the Company may be involved. Neither is it allowed to perform business or professional activities at the same time than those carried out for the Company, which in any way may compete with any of the Company’s businesses.</p> <p>In the event any conflict of interest arises due to employment reasons or of any other kind, the facts shall be reported with no delay to the appropriate Manager.</p>

				<p>Additionally, those who may have any influence on Tarjeta Naranja's business decisions (or any of their close relatives) may not have a significant financial interest; for example, as a shareholder or administrator, in any of Tarjeta Naranja S.A.'s suppliers, without the prior written consent by Tarjeta Naranja S.A.'s Board of Directors.</p>
<p><u>Recommendation I.3:</u> Prevent the misuse of inside information.</p>	X			<p>Pursuant to the Code of Ethics and the Confidentiality Agreement signed by any member of the organization upon joining the Company, such member agrees not to state, disseminate, disclose or report to third parties the information he/she may obtain or be provided to perform his/her duties and not to use it for his/her own benefit. Tarjeta Naranja's employees or those contracted thereby, such as in the cases of external audits or consulting firms, shall refrain from using confidential information for their own benefit and/or for the benefit of third parties (by virtue of the provisions set out in the Code of Ethics and, generally, in the contracts executed therewith). This includes the fact that the employees shall refrain from transferring confidential information to another person who then trades Tarjeta Naranja S.A.'s securities, including call or put options on such securities, as well as from trading securities of any other Company whose value could be affected by Tarjeta Naranja's decisions that have not been released to the public yet, as well as call or put options on such securities.</p>
<p><u>PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER</u></p>				
<p><u>Recommendation II. 1:</u> Ensure that the Management Body assumes the management and supervision of the Issuer and its strategic orientation.</p>				
<p>II.1.1.1 Approved strategic plan, management goals and annual budgets approved by the Management Body.</p>	X			<p>The Board of Directors annually reviews, submits for discussion and approves the strategic plan from which the management goals arise, as well as it approves the annual budget. This is entered into the Minutes of the Board of Directors' meetings. The Committee for Information Integrity monthly follows up the approved plans and, if appropriate, the Board of Directors determines the necessary adjustments.</p>

II.1.1.2 Policy on investments and financing approved by the Management Body.	X			There is a policy on investments and financing approved by the Board of Directors.
II.1.1.3 Policy on corporate governance approved by the Management Body.	X			Tarjeta Naranja has a Code on Corporate Governance approved by the Board of Directors.
II.1.1.4. Policy to select, evaluate and compensate first-class managers approved by the Management Body.	X			<p>The Human Resources Department sets policies on selection to fill vacancies at all organization levels, according to each position description. Internal contests, evaluations of potentials and external recruitments through specialized consulting firms are carried out to evaluate candidates and select them. Evaluations consider compliance with goals and qualitative aspects of each one's performance based on the required skills and corporate values.</p> <p>Compensation is established based on salary bands defined according to the responsibilities assigned to each of the positions.</p> <p>All these policies are approved by the Board of Directors.</p>
II.1.1.5. Policy to assign responsibilities to first-class managers approved by the Management Body.	X			<p>The issuer has position descriptions for all organization levels. The necessary skills for the performance in each position are described in such position descriptions, as well as the responsibilities assigned thereto.</p> <p>According to the position levels, descriptions are approved by each division and, in the case of descriptions of first-class manager positions, they are approved by the Management Body.</p>
II.1.1.6 Supervision of succession plans of first-class managers approved by the Management Body.	X			<p>With the information about the evaluation process and an evaluation of potential performed by first-class human resources consulting firms, the Human Resources Division annually prepares a map of talents, identifying risk areas (as to positions and persons) to be covered and the most suitable successors for each case, as well as the potential of each of Tarjeta Naranja's Managers. With the successors identified, the skills required for each position defined by the Board of Directors and Senior Management and the results of evaluations, development plans are prepared in order to ensure that Tarjeta Naranja always has the necessary talents to guarantee the success of its management. The outcome of the process described above is finally submitted to and approved by the Board of Directors and translates into specific and personalized action plans.</p>
II.1.1.7. Policy on Corporate Social Responsibility approved by the	X			The policy on Corporate Social Responsibility is reviewed by the Board of Directors, which approves the actions to be performed in each year. It follows up the actions through the Sustainability Report annually

Management Body.				<p>submitted by the Social Responsibility area.</p> <p>The policies implemented are mainly focused on the following aspects:</p> <ul style="list-style-type: none"> • Our community: <i>Apadrinando escuelas</i> (Support for Schools); <i>Apadrinando comedores</i> (Support for Community Kitchens); Missions; <i>Débito solidario</i> (Solidarity Debit); <i>Un gol, un potrero</i> (One Goal, One Soccer Field); actions carried out from the branches in the communities where we are; cultural actions. Scholarships for primary and secondary school students. Schoolwork transition program for six-year students of marginal schools; Internship program for secondary schools: Donation of technological equipment. • Environment: Sale of out-of-use paper to be recycled (eco-efficient paper); ecological bags; remanufactured toners and safe destruction of casings; recycling and final disposal of technological waste; campaign of bottle caps; cans for work (sculpture built with cans of food that are then donated to non-profit organizations). • Our Employees: Training; the Best Place to Work; work environment; personnel selection; honors and recognitions; hiring of people with different abilities. • Our Customers: Assured quality; means of contact and communication with our customers.
II.1.1.8 Policy on comprehensive risk management and internal control and fraud prevention approved by the Management Body.	X			<p>Tarjetas Regionales, the controlling company, has a specific area for the risk analysis that supplements the analyses performed by the Issuer.</p> <p>Tarjeta Naranja has several committees reporting to the Board of Directors, such as the Audit Committee, the Control and Prevention of Money Laundering Committee and the Committee for Information Integrity. All these Committees ensure that financial internal control systems are sufficient, adequate and efficient, as well as the proper operation of the controls related to fraud detection, prevention of money laundering and the transparency of the entity's information. Thus, the Audit Committee quarterly supervises the progress of the annual audit plan, which, along with the Committee for Information Integrity, is intended to identify critical risks. During each meeting, the Audit Committee receives information from the internal audit department about the most significant events and the recommendations arising from its work, as well as the status of the recommendations issued in prior years, always for the sake of helping create an adequate control environment.</p> <p>In addition, the Prevention of Money Laundering and Funding of Terrorist Activities Committee meets every two months to show the results of controls and prevention of asset laundering, funding of terrorist</p>

				activities and other illegal activities, in accordance with effective legal and administrative rules, in order to reduce and eliminate civil, criminal or commercial-type responsibilities for the organization.
II.1.1.9 Policy on ongoing training for the members of the Management Body and first-class managers.	X			The Company's Directors and Managers are trained enough to perform duties in their positions. The training plans managed by Human Resources aimed thereat include subjects related to strategy, management, trends, among others. Additionally, if the position requires so, the necessary technical training courses are added for the several positions.
II.1.2 Other significant policies approved by the Management Body				N/A
II.1.3 Policy intended for ensuring the availability of material information for the Management Body and a direct consultation way for managerial personnel symmetrically for executive, external and independent members and in advance.	X			<p>The Board of Directors meets at least once per month and by request of any of the directors, and it is in charge of Tarjeta Naranja S.A.'s general management and makes all the necessary decisions to fulfill said task. The members of the Board of Directors also take part, to a higher or lesser extent, in the committees created. Therefore, they are continuously informed about the entity's course of business and become aware of the decisions made by such bodies, which are transcribed into minutes.</p> <p>Additionally, the Board of Directors receives a monthly report prepared by the Chief Executive Officer, prepared by the Management Control area, the purpose of which is to report the material issues and events addressed at the different meetings held between him and Senior Management. The Board of Directors becomes aware of such reports, evidencing so in minutes.</p>
II.1.4 Matters submitted for the Management Body's approval, accompanied by risk analyses and acceptable risk level.	X			<p>The different production processes have scorecards, whose indicators allow the different management divisions to monitor the Company's activity and risk. A compliance parameter, a slight excess range and an undesired excess range have been defined for each indicator. The last two have contingency plans associated therewith, which specify the actions to be taken upon excesses. The indicators that are included within an unacceptable range are reported to Management, together with the remediation plan to be followed to redress the situation.</p> <p>The management information is monthly submitted to the Committee for Information Integrity and the Board of Directors.</p> <p>Tarjetas Regionales, the controlling company, has a specific area for the risk analysis that supplements the analyses performed by the Issuer.</p>

<u>Recommendation</u> II.2: Ensure an effective business management control.				
II.2.1 The Management Body verifies compliance with the annual budget and business plan.	X			Compliance with the annual budget and business plan is verified during the Board of Directors' meetings held monthly by analyzing the management control report submitted by the Chief Executive Officer. The matters approved, as well as the changes introduced in planning, are entered into minutes.
II.2.2 The Management Body verifies first-class managers' performance.	X			The Management Body generally verifies the first-class managers' performance upon assessing compliance with the year's strategic plan. It individually validates the goals assigned to each of them and the qualitative aspects of the individual performance based on the required skills and corporate values.
<u>Recommendation</u> II.3: Report the Management Body's performance evaluation process and the related impact.				
II.3.1 Each member of the Management Body complies with the Corporate Bylaws and, as the case may be, with the Regulations governing the Management Body's operation. Specify the main guidelines set out in the Regulations. State the degree of compliance with the Corporate Bylaws and Regulations.	X			The Bylaws regulate the frequency of meetings, the appointment of the Chairman, the term of office, the scheme of valid sessions and guarantees granted by Directors. Each Director fully meets the provisions set out in the Company's Bylaws. At the Company, there are no Special Regulations governing the Management Body's operation, other than the provisions set out in the Corporate Bylaws.

<p>II.3.2 The Management Body discloses the results of its performance considering the goals set at the beginning of the period, so that the shareholders may assess the degree of compliance with such goals, which contemplate both financial and non-financial aspects. Furthermore, the Management Body submits a diagnosis about the degree of compliance with the policies mentioned in Recommendation II, points II.1.1. and II.1.2.</p>	X			<p>As established by the Companies Law, the results of the Board of Directors' performance are approved by the shareholders at the Ordinary Shareholders' Meeting, along with the approval of the financial statements.</p> <p>The Board of Directors provides thorough explanations in its Annual Report and answers all the questions asked at the Shareholders' Meeting, but it refrains from expressing an opinion on its performance, by virtue of legal restrictions. The assessment is conducted by the shareholders at the Shareholders' Meeting, taking as well into consideration the informed opinion of the Supervisory Committee.</p>
<p><u>Recommendation II.4:</u> That the number of external and independent members represents a significant proportion in the Management Body.</p>				
<p>II.4.1 The proportion of executive, external and independent members (the latter defined by the regulations of this Commission) of the Management Body corresponds with the Issuer's capital structure. Specify.</p>	X			<p>Tarjeta Naranja S.A.'s Board of Directors is the highest management body of the Company. It is made up of eight non-independent Directors and five non-independent alternate Directors, who should have the necessary knowledge and skills to clearly understand their corporate governance responsibilities and duties, and act as faithfully and diligently as a good businessperson does.</p> <p>Tarjeta Naranja S.A. complies with the appropriate standards regarding the total number of directors. Its Bylaws also provide for the flexibility necessary to adapt the number of directors to the possible changes in the conditions in which the entity carries out its activities, from five to nine directors. As Tarjeta Naranja S.A. does not publicly offer its shares, but debt securities, it is not required to have a given number of independent directors.</p> <p>The General Shareholders' Meeting has the power to establish the number of directors and appoint them.</p> <p>The policy on the appointment of directors is the responsibility of the Shareholders' Meeting. Tarjeta</p>

				Naranja S.A.'s Board of Directors does not take part in such decisions as its members have no decision-making power at the Shareholders' Meeting.
II.4.2. During the current year, through a General Shareholders' Meeting, the shareholders agreed on a policy aimed at having a proportion of at least 20% of independent members of total members of the Management Body.			X	Taking into account the information provided in the preceding point, over the last few years, the Shareholders' Meeting has not set a policy regarding the proportion of independent directors. Neither are there shareholders' agreements aimed at appointing members of the Management Body. During the year elapsed, the independence of the members of the Board of Directors has not been challenged and there have been no abstentions due to conflict of interests.
<u>Recommendation II.5:</u> Agree on the existence of standards and procedures inherent to the selection and proposal of members of the Management Body and first-class managers.		X		The members of the Board of Directors are appointed by the Shareholders' Meeting, pursuant to effective laws. As regards first-class managers, the Company deems it appropriate for the Board of Directors to appoint them. Tarjeta Naranja S.A.'s policy (reflected in its Code of Ethics) requires first-class executives to be people who qualify therefor by virtue of their appropriate education and experience, and who perform their duties professionally, ethically and responsibly.
II.5.1 The Issuer has an Appointment Committee			X	The Company does not currently have an Appointment Committee, because it considers the procedures currently followed to appoint first-class managers to be adequate and effective. For the time being, the Company considers that the introduction of such committee may become excessively bureaucratic for the current structure. However, it does not disregard the possibility of implementing it in the future, if deemed advisable.
II.5.1.1				N/A
II.5.1.2				N/A
II.5.1.3				N/A
II.5.1.4				N/A
II.5.1.5				N/A
II.5.2				N/A
II.5.2.1.				N/A
II.5.2.2				N/A
II.5.2.3				N/A
II.5.2.4				N/A
II.5.2.5				N/A
II.5.2.6				N/A
II.5.2.7				N/A
II.5.3				N/A
				N/A
				N/A

				N/A
				N/A
<u>Recommendation II.6:</u> Assess whether it is advisable for members of the Management Body and/or members of the Supervisory Committee and/or members of the Oversight Committee to perform duties at several Issuers.	X			<p>Most of Tarjeta Naranja S.A.'s directors are employees of the Company itself, of the controlling company or of group companies. Directors manage and monitor the tasks related to Tarjeta Naranja S.A.'s areas and the Board of Directors, as a body itself, approves the related guidelines and strategies. There is no limitation as regards the fact that directors can perform their duties at other entities that are not part of the group, but the shareholders select directors and Supervisory Committee members in such a way that they always perform duties at similar companies. As regards Supervisory Committee members, whereas Argentine laws provide them a legality control function, Tarjeta Naranja S.A. considers there are no impediments for these members to take part in different Supervisory Committees. Moreover, if that happens in companies related by control relationships, it is deemed a considerable advantage when analyzing businesses or activities that are common between them and their interaction in the bodies.</p>
<u>Recommendation II.7:</u> Ensure the training and development of members of the Management Body and first-class managers of the Issuer.	X			
II.7.1 The Issuer has ongoing Training Programs related to the existing needs of the Issuer for the members of the Management Body and first-class managers, which include matters about their roles and responsibilities, the comprehensive business risk management, specific business knowledge and the related regulations, the dynamics of corporate governance and corporate social responsibility	X			<p>As regards Senior Management's training, Tarjeta Naranja has training and development programs, designed on a personalized basis, which include courses in information security and internal and external frauds, as well as refresher courses in technical, leadership and management matters. With respect to training in prevention of money laundering and funding of terrorist activities, and SOX (Sarbanes-Oxley) matters, Tarjeta Naranja S.A. has managed such training for those persons directly engaged in the matter.</p>

matters. In the case of the members of the Audit Committee, international accounting, auditing and internal control standards, as well as specific capital market regulations.				
II.7.2 The Issuer, through other means not mentioned in II.7.1, encourages the Management Body and first-class managers to be constantly trained so as to supplement their education level thus adding value to the Issuer. State how this is done.		X		The members of the Board of Directors and Senior Management are free and supported by the Company to carry out the training courses deemed advisable.
<u>PRINCIPLE III. GUARANTEE AN EFFECTIVE POLICY TO IDENTIFY, ASSESS, MANAGE AND DISCLOSE THE BUSINESS RISK</u>				
<u>Recommendation III:</u> The Management Body shall have a policy on the comprehensive business risk management and monitors its appropriate implementation.				

III.1 The Issuer has policies on comprehensive business risk (on compliance with strategic, operating, financial, accounting reporting, laws and regulations goals, among others). Describe the most significant aspects thereof.	X			<p>The nature of the Company's operations and the characteristics of its customer base expose it to several risks, primarily related to market risks (including the effects of changes in exchange rates and interest rates) and capital, credit and liquidity risks. In order to manage the volatility related to these exposures, Management carries out an ongoing risk monitoring, measurement and identification process. In addition to the analyses performed by the Board of Directors and Management, risk analyses have been performed by the controlling company through a specific area created to such end.</p> <p>As regards the credit risk management related to cash, cash equivalents and deposits with banks and financial institutions, the Company has an investment and credit assessment policy from the financial institution. In connection with the risk associated with its customers' credit positions, the Company has a Credit Risk Committee that actively monitors the credit reliability of its customers in order to mitigate the credit risk. Furthermore, Tarjeta Naranja S.A. has a strong policy to address customers' payment in arrears.</p> <p>The Company has a liquidity policy that is monitored through annual, monthly and daily cash estimates, analyzing the needs and/or surpluses generated, evaluating the availability of cash and the available financing alternatives.</p> <p>Also, the credit lines borrowed are strengthened by executing commitment agreements that allow having cash immediately, both in normal financial context and in market liquidity contraction situations.</p> <p>The operations performed by the Company and its subsidiaries are potentially exposed to foreign currency exchange rate fluctuations mainly due to amounts outstanding of notes ("<i>Obligaciones Negociables</i>") denominated in U.S. dollars. As the policy of the Company and its subsidiaries is based on mitigating the exchange rate risk related to its business and operations, a series of hedging transactions were performed with respect to the foreign currency-denominated debt in order to hedge the exchange rate risk to which they would be otherwise exposed. The Company is exposed to interest rate risks due to financings obtained through the issuance of notes ("<i>Obligaciones Negociables</i>") and borrowing of finance leases and loans at variable rate. In all cases of loans and notes ("<i>Obligaciones Negociables</i>") with variable rate, the applicable rate is private Badlar.</p>
III.2 There is a Risk Management Committee inside the Management Body or General Division. Report on		X		<p>One of Tarjeta Naranja S.A.'s responsibilities is to implement a sensible risk management. Therefore, risk management has been assigned to different divisions, which deal with the management of credit, financial, fraud and asset laundering risks, among others. The following are the goals of these areas:</p>

<p>the existence of manuals of procedures and detail the main risk factors that are specific to the Issuer or its activity and the mitigation actions implemented. If there is not such a Committee, the risk management supervision role performed by the Audit Committee shall be described. Also, specify the degree of interaction between the Management Body or its committees with the Issuer's General Division in relation to the comprehensive business risk management.</p>				<ul style="list-style-type: none"> • Actively and comprehensively manage and monitor the several risks taken, ensuring compliance with internal policies and regulations in force. • Ensure that the Board of Directors understands the risks to which it is exposed, proposing how to cover them. • Help strengthen the risk culture. • Design and suggest policies and procedures to mitigate and control risks. • Escalate risk exceptions to the General Division.
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III.3 There is an independent function within the Issuer's General Division that implements the comprehensive risk management policies (Risk Management Officer function or equivalent one). Specify.		X		In addition to the considerations disclosed in the preceding recommendation, for this duty there is a specific area at the controlling company.
III.4 Comprehensive risk management policies are permanently updated according to authoritative recommendations and methodologies in the field. State which.	X			<p>We have aligned the internal control system for the financial information, following the criteria set out in the "Internal Control Framework" issued by COSO (Committee of Sponsoring Organizations of the Treadway Commission), with the requirements set forth by Section 404 of US Sarbanes-Oxley Act, a process that is monitored by the Audit Committee. These regulations require submitting, along with the annual audit, a report on the Company's management in connection with the design and maintenance, as well as a periodic assessment, of the internal control system for financial reporting, together with our external auditor's report.</p> <p>The internal audit area has planned to certify the internal audit activity under International Standards for the Professional Practice of Internal Auditing, issued by The Institute of Internal Auditors based in USA. With this we seek to determine whether the audit activity is performed in conformity with the standards defined in the International Framework for the Professional Practice of Internal Auditing, under the Standards issued by The Institute of Internal Auditors based in USA.</p>
III.5 The Management Body reports the results of monitoring risk management performed jointly with the General Division in the financial statements and the Annual Report. Specify the main aspects of the above disclosures.	X			The outcome of risk management is reported to the Board of Directors and is disclosed in notes to the financial statements, specifically in Note 4, which refers to the financial risk management and where the credit, liquidity, market and capital management risks are analyzed. Such financial statements are submitted for the approval of the Shareholders' Meeting.
PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION WITH INDEPENDENT AUDITS				
<u>Recommendation IV:</u> Ensure the independence and transparency of the duties the Audit				

Committee and the External Auditor are entrusted with.				
IV.1 The Management Body, when appointing the members of the Audit Committee, considering that most of them shall be independent, assesses whether it is advisable to be chaired by an independent member.			X	As shown above, TN is not required to have independent directors since it does not publicly offer its shares, but debt securities. Therefore, the members of the Audit Committee are dependent directors. Moreover, directors meet the principles defined in Tarjeta Naranja S.A.'s Code of Ethics.
IV.2 There is an internal audit function that reports to the Audit Committee or the Management Body's Chairperson and that is responsible for assessing the internal control system. State whether the Audit Committee or the Management Body annually assesses the performance of the internal audit area and the degree of independence of its professional work, understanding as such that the professionals in charge of such function are independent from the other operating areas and meet independence requirements with respect to the controlling shareholders or related entities that have a material influence on the Issuer. Also specify whether	X			<p>Tarjeta Naranja S.A. has an internal control system implemented by the Board of Directors and Senior Management. Internal and External Audit independently monitor such system, with unrestricted access to the entity's sectors and information. The Issuer has an Internal Audit area fully independent from the other operating areas, as well as from the controlling company, whose mission is to assess and monitor the effectiveness of the internal control system with the purpose of ensuring compliance with applicable laws and regulations. Furthermore, the Audit Committee monitors such compliance. All Tarjeta Naranja's employees are responsible for complying with the internal control, the internal and external regulations and corporate governance rules. Internal Audit is responsible for assessing and monitoring the effectiveness of the internal control system in order to provide reasonable assurance about whether the following goals are attained:</p> <ul style="list-style-type: none"> • Effectiveness and efficiency of operations • Reliability of the accounting information • Compliance with applicable laws and regulations <p>The area complies with an annual work plan, the planning and scope of which are based on identifying and assessing the entity's risks.</p> <p>It periodically issues reports on the progress of follow-ups on findings, and the plans or actions to redress the situation. These reports are submitted to the Audit Committee to be addressed at such body's meeting.</p> <p>The area is working on a project to be certified by the Institute of Internal Auditors in Argentina.</p>

the internal audit function performs its work in conformity with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors (IIA).				
IV.3 The members of the Audit Committee annually assess the suitability, independence and performance of the External Auditors appointed by the Shareholders' Meeting. Describe the significant aspects of the procedures used to perform the assessment.	X			The Audit Committee has a close relationship with the external auditors, which allows it to thoroughly analyze the significant aspects of the audit of financial statements and obtain detailed information about work planning and progress. The Audit Committee also assesses the services rendered by our external auditors, determines whether their independence condition is met, as required by applicable laws, and monitors their performance in order to ensure that it is satisfactory.
IV.4 The Issuer has a policy on the turnover of the members of the Supervisory Committee and/or the External Auditor, and, in the case of the latter, if turnover includes the external audit firm or only natural persons.	X			Regarding the turnover of the members of the External Audit, Tarjeta Naranja is governed by the policies defined by its controlling company. In this respect, given the particular characteristics of the business, the turnover of the audit firm is deemed inadequate, mainly due to the complexity of the businesses to be controlled and audited and the lengthy period of time it would take a person who is completely unfamiliar with the function to start to understand such businesses. However, the turnover of the signing partner, who turns over every a five-year period, is deemed adequate.

PRINCIPLE V. RESPECT THE SHAREHOLDERS' RIGHTS

<u>Recommendation V.1:</u> Ensure that the shareholders have access to the Issuer's information.				
V.1.1 The Management Body fosters periodic informative meetings with the shareholders, which	X			The interim financial statements are addressed at Board of Directors' meetings. In Tarjeta Naranja S.A.'s case, the Board of Directors is made up of executives from the controlling company or group companies. Accordingly, it is not deemed necessary to foster informative meetings other than the Board of Directors'

take place at the same time with the presentation of the interim financial statements. Specify stating the number and frequency of meetings held in the course of the year.				meetings that approve the financial statements to submit them to the shareholders.
V.1.2 The Issuer has mechanisms for reporting to investors and a specialized area to answer inquiries. It also has a web site, which may be accessed by shareholders and other investors and which allows an access channel for them to establish contact between them. Specify.	X			The Company has a web site, where financial information is provided and, upon any inquiry, members of the Board of Directors assist investors. Furthermore, Tarjeta Naranja S.A. periodically submits corporate and financial information through the web page of the CNV, the Stock Exchange and MAE. The Company also has telephone lines to answer inquiries.
<u>Recommendation V.2:</u> Encourage the active participation of all shareholders.				

V.2.1. The Management Body takes measures to encourage the participation of all the shareholders at the General Shareholders' Meetings. Specify by differentiating the measures required by law from those voluntarily offered by the Issuer to its shareholders.			X	In the particular case of Tarjeta Naranja, it is not necessary to take any measures aimed at promoting attendance to Shareholders' Meetings, because shares are concentrated in two shareholders, both of whom are members of the group to which it belongs.
V.2.2. The General Shareholders' Meeting has Regulations to govern its operation, which ensure that the information is available well in advance for decision-making. Describe the main guidelines thereof.			X	Tarjeta Naranja considers that this type of regulations are not necessary since, as explained above, it only has two shareholders, both of whom are members of the same group to which it belongs. Consequently, the information flows well in advance prior to decision-making.

V.2.3 The mechanisms implemented by the Issuer are applicable so that the minority shareholders propose matters to be discussed at the General Shareholders' Meeting, in conformity with the provisions set out in effective regulations. Specify the results.			X	Given Tarjeta Naranja S.A.'s share distribution, the implementation of special mechanisms is not necessary for the minority shareholders to propose matters to be discussed at the General Shareholders' Meeting.
V.2.4 The Issuer has policies to encourage the participation of the most significant shareholders, such as institutional investors. Specify.			X	As explained above with respect to Tarjeta Naranja's share distribution, the application of these policies is not necessary.
V.2.5 At the Shareholders' Meetings, where members of the Management Body are proposed, the following is informed prior to voting: (i) each candidate's position regarding whether to adopt or not a Code on Corporate Governance; and (ii) the grounds for such position.	X			During 2014, a Code on Corporate Governance was prepared, which was submitted for the Board of Directors' consideration and approval.
<u>Recommendation V.3:</u> Ensure the principle of equity between share and vote.	X			Tarjeta Naranja S.A. has outstanding non-endorsable registered ordinary shares, entitled to one vote per share. Even in the case where as established in the Bylaws, non-endorsable registered preferred shares were issued, they would be also entitled to only one vote per share. Over the last four years, the structure

				of outstanding shares has not changed, of which 100% are non-endorsable registered ordinary shares.
<u>Recommendation V.4:</u> Establish mechanisms of protection for all shareholders against takeovers.			X	Tarjeta Naranja publicly offers debt securities, rather than shares. As all the shareholders are part of the same group, it was not deemed necessary to date to anticipate any specific mechanisms of protection against takeovers.
<u>Recommendation V.5:</u> Increase the percentage of outstanding shares on capital.			X	Since February 2012, Tarjetas Regionales S.A. owns 99% of shares and Tarjetas Cuyanas S.A. owns the remaining 1%. The Company has no shares under the public offer system and, therefore, does not foster spreading its capital.
<u>PRINCIPLE VI. KEEP A DIRECT AND RESPONSIBLE RELATION WITH THE COMMUNITY</u>				
<u>Recommendation V.6:</u> Ensure that there is a transparent policy on dividends.	X			
V.6.1 The Issuer has a policy on the distribution of dividends provided in the Corporate Bylaws and approved by the Shareholders' Meeting. Such policy establishes the conditions to distribute cash dividends or shares. If there is such a policy, state the criteria, frequency and conditions that shall be met for the payment of dividends.	X			The Bylaws provide that realized and liquid profits will be allocated as follows: a) 5% until reaching 20% of share capital to Legal Reserve; b) Board of Directors' and Supervisory Committee's compensation; c) the balance will be distributed among the shareholders as cash dividends within one year as from their approval – in proportion to their respective payments – except as otherwise decided by the Ordinary Shareholders' Meeting.
V.6.2 The Issuer has documented processes to prepare the proposal for allocation of the Issuer's Unappropriated Retained Earnings that result in legal, statutory and	X			<p>Tarjeta Naranja S.A.'s policy on distribution of profits is based on an adequate return on the capital invested by shareholders and complies with the effective principles and regulations, including an analysis of the entity's resulting liquidity and solvency situation if distribution were carried out.</p> <p>The Shareholders' Meeting is the one which annually decides on the proposal of allocation of the Issuer's Unappropriated Retained Earnings, after meeting the</p>

voluntary reserves, carry forwards to new year and/or payment of dividends. Specify those processes and detail the Minutes of the General Shareholders' Meeting whereby the distribution of dividends (in cash or shares) was or was not approved, if this is not provided in the Corporate Bylaws.				<p>legal and statutory reserves required, as well as the voluntary ones, if such a decision were made, carry forwards to new year and/or payment of dividends.</p> <p>The last distribution of dividends was approved through the Ordinary Shareholders' Meeting held on April 15, 2016.</p>
<u>Recommendation VI:</u> Provide the community with the disclosure of matters relating to the Issuer and a channel of direct communication with the Company.				
VI.1 The Issuer has an updated web site of public access, which does not only furnish material information of the Company (Corporate Bylaws, group, members of the Management Body, financial statements Annual Report, among others), but it also gathers inquiries of users in general.	X			<p>Tarjeta Naranja S.A. has a web page of the Company, which can be freely accessed, which is permanently updated and whereby the Company's financial information may be accessed. Through such page, users may contact and leave their inquiries, which are answered promptly. There is a blog, an online chat channel where visitors may read and comment on new products, advertising, promotions, technological and operating advances for the purpose of making products and services jointly with customers, as well as presence on Facebook and Twitter. Furthermore, Tarjeta Naranja S.A. periodically submits corporate and financial information through the web page of the CNV, the Stock Exchange and MAE.</p>
VI.2 The Issuer issues an annual Report for Social and Environment Responsibility purposes, which are verified by an independent External Auditor. If any, state the legal or geographic scope or coverage thereof and where it is	X			<p>Tarjeta Naranja shares the social and environmental performance with its customers, employees, suppliers and the entire community by annually publishing the Sustainability Report, which systematizes the information about the actions taken in connection with Social Responsibility. This report is divided into seven chapters, according to GRI (Global Reporting Initiative) guidelines. Some of the most outstanding are:</p> <ul style="list-style-type: none"> • We are Naranja: Presence and Leadership / Governance Style / Economic Performance. • We are Social: An organization open to all our publics / The Best Company to Work for /

available. Specify the standards or initiatives adopted to carry out its policy on corporate social responsibility (Global Reporting Initiative and/or the Global United Nations Compact, ISO 26.000, SA8000, Development Goals for the Millennium, SGE 21-Foretica, AA 1000, Ecuadorian Principles, among others).				<p>Commitment, Quality and Service / Community</p> <ul style="list-style-type: none"> We are Sustainable: <p>This report supplements the Annual Report where the financial performance is published and is a key tool to report the policies, practices and programs fostered by the entity in the country, in addition to the improvements made year after year.</p>
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PRINCIPLE VII. COMPENSATE FAIRLY AND RESPONSIBLY

<u>Recommendation VII:</u> Establish clear policies on the compensation of the members of the Management Body and first-class managers, with special focus on establishing conventional or statutory limitations based on the existence or inexistence of profits.				
VII.1. The Issuer has a Compensation Committee:			X	Tarjeta Naranja S.A. does not have a Compensation Committee, because it considers the procedures currently followed to be adequate and effective. For the time being, the Company considers that the introduction of such committee may become excessively bureaucratic for the current structure. However, it does not disregard the possibility of implementing it in the future, if deemed advisable.
VII.1.1 made up of at least three members of the Management Body, mostly independent ones.				N/A
VII.1.2 chaired by an independent member of the Management Body				N/A

VII.1.3 that has members who prove to have adequate skills and experience in human resources policies-related matters.				N/A
VII.1.4 that meets at least twice a year.				N/A
VII.1.5 whose decisions are not necessarily binding for the General Shareholders' Meeting or for the Oversight Committee, but for consultation purposes as regards the compensation of the members of the Management Body.				N/A
VII.2 If there is a Compensation Committee:				N/A
VII.2.1				N/A
VII.2.2				N/A
VII.2.3				N/A
VII.2.4				N/A
VII.2.5				N/A
VII.2.6				N/A
VII.2.7				N/A
VII.3 If the policies applied by the Issuer's Compensation Committee that were not mentioned in the preceding point are considered important to be mentioned.				N/A

<p>VII.4. If there is no Compensation Committee, explain how the duties described in VII. 2 are performed within the Management Body itself.</p>		<p>X</p>		<p>The Directors' compensation is decided by the General Shareholders' Meeting, within the limits established by the effective law and regulations, which is adequate enough so as to attract and retain competent directors. The managerial personnel is compensated based on bands that are equal internally and compete externally based on market compensation values. The policy on the issue also indicates that the compensation offered are in a level that is enough so as to attract and retain competent managers.</p>
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PRINCIPLE VIII. ENCOURAGE BUSINESS ETHICS				
Recommendation VIII: Ensure ethical behaviors at the Issuer.				
VIII.1. The Issuer has a Business Code of Conduct. State the main guidelines and whether it is publicly known. Such code is signed by, at least, the members of the Management Body and first-class managers. Indicate whether its application to suppliers and customers is encouraged.	X			<p>Tarjeta Naranja seeks a work environment that fosters honesty, proactivity, responsibility, security, data confidentiality and respect for the law and business loyalty.</p> <p>To manage to have a pleasant workplace requires basing daily relationships on mutual respect, trust, and kind and easy to get on with manner, both between workmates and bosses, and suppliers and customers, performing all activities with the highest ethical, labor and personal principles.</p> <p>In this respect, Tarjeta Naranja's Code of Ethics, which governs all the Company's members, is intended to provide the main basics for all the Company's members to act in the same way and with the same values in the face of similar situations. The trust provided by shareholders, customers and the public in general largely depends on compliance with these principles.</p>
VIII.2 The Issuer has mechanisms to receive any unlawful or unethical behavior reporting, either personally or electronically, ensuring that the information furnished is aligned with the highest confidentiality and integrity standards, as well as the record and conservation of the information. State whether the service to receive and assess reporting is rendered by the Issuer's personnel or by external and independent professionals for further protection of those who report these events.	X			<p>Tarjeta Naranja has a process called Democratic Assessment, which is carried out with a tool where all the Company's employees assess their leaders and where they can provide their opinion on any employee from their same area or not, as well as write a letter to the Company's Senior Management and Chairman about any aspect deemed necessary, event unlawful or unethical behavior reporting. This tool has been used for more than 15 years. Such assessment is made through an electronic system and the information included therein is given confidential treatment.</p> <p>In addition, as from January 1, 2017, the Company will make available an ethical line, along with the other companies of Grupo Galicia, which will serve as a channel to receive employees' and suppliers' reporting anonymously and confidentially. Such line will be managed by an independent third party with experience in the matter.</p>

VIII.3. The Issuer has policies, processes and systems to manage and resolve the reporting mentioned in point VIII.2. Make a description of the most significant aspects thereof and indicate the Audit Committee's degree of involvement in such resolutions, particularly in that reporting associated with internal control matters for accounting reporting and as regards the behaviors of the members of the Management Body and first-class managers.	X			<p>Reporting is made to the CEO or Board of Directors' Chairman, depending on to whom the person reports. Reporting is managed by them, who make the Audit Committee become involved, if appropriate, providing a personalized treatment to each reporting.</p> <p>As from the implementation of the ethical line, an Ethics Committee will be formed, which will analyze reporting and coordinate the necessary investigations. Such committee will participate in Internal Audit.</p>
PRINCIPLE IX: BROADEN THE SCOPE OF THE CODE				
<u>Recommendation IX:</u> Foster the inclusion of provisions related to good corporate governance practices in the Corporate Bylaws.		X		<p>Given the essentially ever-changing nature of principles and recommendations inherent to good corporate governance, and its recent implementation internationally, locally and at corporate level, Tarjeta Naranja S.A. does not deem it very advisable for the time being to include good corporate governance practices in the Corporate Bylaws, due to its eminent static nature and difficult to be changed, notwithstanding that some of such provisions are included, such as the allocation of profits at year-end. The Company believes for the time being that adopting internal Codes of Ethics allows and will allow developing the desired behaviors in this regard. However, the gradual inclusion in the future of some of the provisions in the Corporate Bylaws is not disregarded, as long as it is deemed advisable.</p>

Tarjeta Naranja S.A.

Legal Domicile: La Tablada 451 – Córdoba

Principal Line of Business: Credit Card Administrator

22nd Year

Financial Statements

For the year commenced January 1, 2016 and ended
December 31, 2016, presented on a comparative basis
Expressed in thousands of Argentine Pesos

Date of Registration with the Public Registry of Commerce:

Of Bylaws: December 12, 1995

Registration Number with the Public Registry of
Commerce: No. 1363 Fo. 5857 Vol. 24/95

Date of Expiration of Company's Bylaws: December 12, 2094

CAPITAL STATUS (Note 2.19)				
Shares			Subscribed	Paid-in
Number	Type	Voting Rights per Share		
			In Thousands of AR\$	
2,400	Ordinary shares with a face value of AR\$ 10,000	1	24,000	24,000
2,400			24,000	24,000

Information on the Controlling Company:

Company's Name: **Tarjetas Regionales S.A.**

Legal Domicile: Belgrano 1415 Piso 1° – Mendoza

Principal Line of Business: Financial and investment activities. Its principal line of business is to invest in nonbanking credit card issuers and in companies that perform services supplementary to the abovementioned activity (holding company).

Interest in the Equity: 99%

Percentage of Votes: 99%

TARJETA NARANJA S.A.

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 AND 2015

(Free Translation from the Original in Spanish for Publication in Argentina)

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Statement of Profit or Loss

For the years ended December 31, 2016 and 2015

Expressed in thousands of Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

		12.31.2016	12.31.2015
	Note	In Thousands of AR\$	
Revenues from Services	6	5,160,224	4,093,799
Costs of Services	7	(857,814)	(598,018)
Net Revenues from Services		4,302,410	3,495,781
Revenues from Financing	8	5,025,702	3,560,032
Costs of Financing	9	(1,719,167)	(1,569,943)
Net Revenues from Financing		3,306,535	1,990,089
Net Income from Short-term Investments	10	105,568	196,270
Operating Revenue		7,714,513	5,682,140
Provision for Loan Losses	11	(752,628)	(354,354)
Operating Revenue, Net of Provision for Loan Losses		6,961,885	5,327,786
Employee Benefits Expenses	12	(2,055,369)	(1,535,113)
Taxes and Charges	13	(1,177,521)	(758,233)
Marketing Expenses	14	(221,604)	(182,087)
Depreciation and Amortization	15	(85,596)	(83,868)
Other Operating Expenses	16	(1,217,663)	(856,044)
Total Operating Expenses		(4,757,753)	(3,415,345)
Net Profit before Share of Net Profit of Associates Accounted for Using the Equity Method		2,204,132	1,912,441
Share of Net Profit of Associates Accounted for Using the Equity Method	17	2,343	2,975
Profit before Income Tax		2,206,475	1,915,416
Income Tax Expense	18	(761,389)	(659,830)
Profit for the Year		1,445,086	1,255,586
Earnings per Share			
Basic and Diluted Earnings per Share		602.12	523.16
		602.12	523.16

The notes are an integral part of these financial statements.

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Statement of Comprehensive Income

For the years ended December 31, 2016 and 2015

Expressed in thousands of Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

	Note	12.31.2016	12.31.2015
		In Thousands of AR\$	
Profit for the Year		1,445,086	1,255,586
Other Comprehensive Income		-	-
Other Comprehensive Loss for the Year		-	-
Total Comprehensive Income for the Year		1,445,086	1,255,586
Earnings per Share			
Basic and Diluted Earnings per Share		602.12	523.16

The notes are an integral part of these financial statements.

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Balance Sheet

As of December 31, 2016 and 2015

Expressed in thousands of Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

	Note	12.31.2016	12.31.2015		Note	12.31.2016	12.31.2015
		In Thousands of AR\$				In Thousands of AR\$	
ASSETS				LIABILITIES			
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and Cash Equivalents	19	1,831,127	284,596	Trade and Other Payables	26	11,754,729	9,376,162
Investments	20	-	609,076	Borrowings	27	4,477,785	2,021,536
Receivables from Trade	21	21,244,856	15,255,601	Employee Benefit Obligations	28	422,072	270,708
Other Receivables	22	344,561	788,678	Current Tax Liabilities	29	433,927	282,360
				Other Liabilities	30	21,677	20,031
				Income Tax Provision	18	300,427	96,572
Total Current Assets		23,420,544	16,937,951	Total Current Liabilities		17,410,617	12,067,369
NON-CURRENT ASSETS				NON-CURRENT LIABILITIES			
Receivables from Trade	21	534,188	444,786	Borrowings	27	2,867,023	2,551,889
Other Receivables	22	4,728	4,252	Provisions	31	38,806	14,745
Deferred Tax Assets	18	317,297	215,630				
Investments Accounted for Using the Equity Method	23	10,673	9,043				
Property, Plant and Equipment	24	566,500	466,455				
Intangible Assets	25	143,947	92,231				
Total Non-current Assets		1,577,333	1,232,397	Total Non-current Liabilities		2,905,829	2,566,634
				Total Liabilities		20,316,446	14,634,003
				EQUITY		4,681,431	3,536,345
Total Assets		24,997,877	18,170,348	Total Liabilities and Equity		24,997,877	18,170,348

The notes are an integral part of these financial statements.

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Statement of Changes in Equity

For the years ended December 31, 2016 and 2015

Expressed in thousands of Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

	Shareholders' Contributions			Reserves			Retained Earnings	Total Equity
	Capital Stock (Note 2.19)	Adjusted Capital Stock	Subtotal	Legal Reserve	Discretionary Reserve	Reserves for Conduct of New Operations		
	In Thousands of AR\$							
Balance at 01.01.2016	24,000	26,622	50,622	10,125	58,000	2,162,012	1,255,586	3,536,345
Profit for the Year	-	-	-	-	-	-	1,445,086	1,445,086
Establishment of Reserve for Conduction of New Operations Decided pursuant to Minutes of Shareholders' Meeting No. 38 dated 04.15.2016	-	-	-	-	-	955,586	(955,586)	-
Distribution of Cash Dividends Decided pursuant to Minutes of Shareholders' Meeting No. 38 dated 04.15.2016	-	-	-	-	-	-	(300,000)	(300,000)
Balance at 12.31.2016	24,000	26,622	50,622	10,125	58,000	3,117,598	1,445,086	4,681,431
Balance at 01.01.2015	24,000	26,622	50,622	10,125	58,000	1,692,987	619,025	2,430,759
Profit for the Year	-	-	-	-	-	-	1,255,586	1,255,586
Establishment of Reserve for Conduction of New Operations Decided pursuant to Minutes of Shareholders' Meeting No. 37 dated 03.19.2015	-	-	-	-	-	469,025	(469,025)	-
Distribution of Cash Dividends Decided pursuant to Minutes of Shareholders' Meeting No. 37 dated 03.19.2015	-	-	-	-	-	-	(150,000)	(150,000)
Balance at of 12.31.2015	24,000	26,622	50,622	10,125	58,000	2,162,012	1,255,586	3,536,345

The notes are an integral part of these financial statements.

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Statement of Cash Flows

For the years ended December 31, 2016 and 2015

Expressed in thousands of Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

	Note	12.31.2016	12.31.2015
		In Thousands of AR\$	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the Year		1,445,086	1,255,586
Plus Income Tax Accrued during the Year		761,389	659,830
Plus Interest and Other Financial Expenses Accrued during the Year, Net of Interest and Other Financial Income Accrued		1,375,888	875,924
Adjustments to Calculate Net Cash Flow and Cash Equivalents from Operating Activities	37	1,709,111	1,002,294
Changes in Operating Assets	38	(7,017,275)	(4,747,314)
Changes in Operating Liabilities	39	(660,947)	(593,534)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(2,386,748)	(1,547,214)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Collection / (Payments) of Non-cash Equivalent Investments		613,398	(339,742)
Payments for Property, Plant and Equipment		(156,407)	(77,554)
Payments for Intangible Assets		(83,350)	(38,187)
Dividends Received – Tarjetas Cuyanas S.A.		713	489
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		374,354	(454,994)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from Borrowings	32	550,000	346,000
Proceeds from Credit Lines	32	671,000	100,000
Notes (“ <i>Obligaciones Negociables</i> ”) Issued		2,670,983	1,275,210
Dividends Paid to Company’s Shareholders		(300,000)	(150,000)
Repayment of Borrowings		(616,448)	(790,405)
Repayment of Notes (“ <i>Obligaciones Negociables</i> ”)		(2,225,494)	(1,996,906)
Payment of Other Financial Expenses and Tax on Bank Credits and Debits		(92,530)	(54,211)
Net Collections / (Payments) from Derivative Transactions		567,527	(322,433)
Increase in Trade and Other Payables		2,327,206	2,809,272
NET CASH INFLOW FROM FINANCING ACTIVITIES		3,552,244	1,216,527
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,539,850	(785,681)
Cash and Cash Equivalents at the Beginning of the Year		284,596	1,063,155
Effects of Exchange Rate Changes on Cash and Cash Equivalents		6,681	7,122
CASH AND CASH EQUIVALENTS AT END OF YEAR	36	1,831,127	284,596

Non-monetary transactions are disclosed in Note 40.

The notes are an integral part of these financial statements.

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

Expressed in thousands of Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

Notes to the Financial Statements

(In the notes, figures are expressed in thousands of Argentine Pesos, except otherwise noted)

- Note 1 – General Information
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NOTE 1 – GENERAL INFORMATION

Tarjeta Naranja S.A. (hereinafter, “the Company”) was organized as a corporation in the Province of Córdoba on September 1, 1995. The Company is a leading credit-card company in Argentina. Its main business is to create, develop, direct, manage, market, exploit and operate credit and/or debit and/or purchase and/or similar card systems. The Company may hold an interest in the capital stock of other companies rendering supplementary services to the financial activity, which are allowed by the Argentine Central Bank (BCRA).

These financial statements were approved for their issuance by the Company’s Board of Directors on February 10, 2017.

Tarjeta Naranja S.A. is a subsidiary of Tarjetas Regionales S.A., which, in turn, is a subsidiary of Banco de Galicia y Buenos Aires S.A., which is ultimately a subsidiary of Grupo Financiero Galicia S.A.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied to the preparation of these financial statements are detailed below. These policies have been consistently applied to all years presented.

2.1 Basis for Preparation

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations applicable to entities reporting under IFRS, and represent the comprehensive, affirmative and unreserved adoption of such international standards.

The preparation of financial statements under IFRS requires using certain critical accounting estimates. In addition, this preparation requires Management to make its judgment in the process of applying the Company’s accounting policies. The areas involving a higher level of judgment or complexity or the areas in which the assumptions and estimates are material to the financial statements are stated in Note 4.1.6 Significant Accounting Estimates and Judgments.

Going Concern

At the date of these financial statements, there are no uncertainties as to events or conditions that may pose any doubt about the likelihood for the Company to continue operating normally as a going concern.

2.1.1 Changes in Accounting Policies and Disclosures

(a) New and Amended Standards and Interpretations Adopted by the Company

There have been no new or amended standards and interpretations effective for the year commenced January 1, 2016 that have had material effects for the Company.

(b) New and Amended Standards and Interpretations that Have Not Been Adopted by the Company Yet

Some new standards, amendments to standards and interpretations are effective for the years commenced after January 1, 2016 and have not been applied in preparing these financial statements. None of them are expected to have a material effect on the Company’s financial statements, except for the following:

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for Preparation (Continued)

2.1.1 Changes in Accounting Policies and Disclosures (Continued)

(b) New and Amended Standards and Interpretations that Have Not Been Adopted by the Company Yet (Continued)

IFRS 9 “Financial Instruments”, the full version of IFRS 9 was issued in July 2014. It replaces the IAS 39 guidance related to the classification and measurement of financial instruments. IFRS 9 maintains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value with changes in comprehensive income and fair value with changes in profit or loss. The classification basis depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. For investments in equity instruments the fair value measurement is required with changes in profit or loss, with the irrevocable option at inception to disclose fair value changes through the Statement of Comprehensive Income. Additionally, a new impairment model is introduced based on the expected loss, which replaces the incurred loss model of IAS 39. There were no changes regarding classification and measurement for financial liabilities, except for the recognition of changes in the own credit risk in the Statement of Comprehensive Income for designated liabilities at fair value with changes in profit and loss. IFRS 9 lessens the requirements for the hedge effectiveness, replacing the effectiveness tests established until then by the regulation. It requires an economic relationship between the hedged item and the hedging instrument and that the hedging ratio be the same as that used by Management for risk management purposes. Documentation is still required, but it is different from that currently required by IAS 39. This standard is effective for the periods beginning on or after January 1, 2018. Its earlier adoption is permitted. The Company has early applied the first phase of IFRS 9 (Note 2.5) mainly referred to the classification, measurement and recognition of financial assets and liabilities, and should still assess the impact of applying the new impairment model in its financial statements and the changes in hedge accounting.

IFRS 15 “Revenues from Contracts with Customers” deals with the revenue recognition and establishes the principles to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity’s contracts with its customers. Revenue is recognized when a customer gains control over a good or service and, thus, has the ability to direct the use and obtain the benefits therefrom. This standard replaces IAS 18 “Revenue” and IAS 11 “Construction Contracts” and the related interpretations. This standard is effective for the years beginning on or after January 1, 2018. Its earlier adoption is permitted. The Company is still assessing the impact of applying IFRS 15 in its financial statements.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for Preparation (Continued)

2.1.1 Changes in Accounting Policies and Disclosures (Continued)

(b) New and Amended Standards and Interpretations that Have Not Been Adopted by the Company Yet (Continued)

IFRS 16 “Leases” sets out the new principles for the recognition, measurement, presentation and disclosure of lease contracts. The elimination of the classification into operating and finance leases set out by IAS 17 and the adoption, as a replacement of a similar treatment to the one afforded to finance ones under such standard for all lease contracts should be highlighted. These contracts shall be disclosed as leased assets (assets with right to use) or in property, plant and equipment at present value of lease payments. If the Company makes periodic payments, it shall also recognize a financial liability that represents the obligation to make future lease payments. IFRS 16 does not require the lessee to recognize assets and liabilities in the cases of short-term leases or leases of low-value assets. The application of these new requirements will result in an increase in the assets for lease and financial liabilities recognized in this type of transactions. This standard is effective for the years beginning on or after January 1, 2019. Its earlier adoption is permitted if IFRS 15 “Revenues from Contracts with Customers” has been applied earlier.

Amendments to IAS 7 “Statement of Cash Flows”. These amendments to IAS 7 introduce additional disclosures that allow users to evaluate changes in liabilities from financing activities. This includes the changes that imply “cash flows”, such as cash withdrawals and loan reimbursements and changes that do not imply “cash flows”, such as acquisitions, sales and unrealized exchange differences. This standard is effective for the years beginning on or after January 1, 2017.

There are no other IFRS or IFRIC interpretations that are not yet effective and that are expected to have a material effect on the Company.

2.2 Segment Information

The entity has disclosed the segment information, as established by IFRS 8 “Operating Segments”.

An operating segment is that component of the entity whose financial information is separately available and is regularly used by the Board of Directors in decision-making regarding how to allocate resources and assess the business performance.

Reportable segments are one or more operating segments with similar characteristics, distribution systems and regulatory environments.

Operating segments are presented consistently with the internal information furnished to the maximum authority in decision-making relating to the Company's operation, which, in the case of Tarjeta Naranja S.A., is the Board of Directors.

The entity considers the business from a geographic viewpoint, defining the following operating segments: (i) Córdoba, (ii) Central Region, (iii) Northwest of Argentina, (iv) Patagonia, (v) Northeast of Argentina; (vi) Greater Buenos Aires South; (vii) Greater Buenos Aires West; (viii) Inside the Province of Buenos Aires, (ix) Gold (Rosario, Greater Buenos Aires North and Uruguay's Coast), (x) CABA and (xi) Non-allocable (support areas).

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Functional and Presentation Currency

The figures included in the Company's financial statements were measured using its functional currency, i.e., the currency of the primary economic environment where such entity operates. The financial statements are presented in Argentine Pesos, which is the Company's functional and presentation currency.

The Company has assessed and concluded that as of the date of the financial statements the conditions set out in IAS 29 "Financial Reporting in Hyperinflationary Economies" are not met to consider Argentina as a hyperinflationary economy.

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that an entity's financial statements whose functional currency is the currency of a hyperinflationary economy, regardless of whether they are based on the historical cost method or on the current cost method, be stated in terms of the measuring unit current at the end of the reporting period.

For such purpose, in general, the inflation from the acquisition date or the revaluation date, as the case may be, should be computed in non-monetary items. To conclude on the existence of a hyperinflationary economy, the standard details a series of factors to be considered among which an accumulated three-year inflation rate that approximates to or exceeds 100% is included.

At this year-end, the conditions to apply the adjustment for inflation are not met. Therefore, these financial statements have not been restated. However, the existence of fluctuations in material economic variables occurred over the last years should be considered in reading and analyzing these financial statements.

2.4 Foreign Currency Assets and Liabilities

Foreign currency assets and liabilities have been stated at the buying or selling exchange rates, as appropriate, in force at year-end.

Monetary items denominated in foreign currency are translated again at the exchange rates effective as of the closing date of the financial statements. Non-monetary items valued at their fair values, which are denominated in foreign currency, are translated again at the exchange rates effective as of the date when fair values were estimated. Non-monetary items, which were valued at historical cost in foreign currency, are not translated again.

Foreign exchange gains / (losses) are recognized in the line "Costs of Financing" in the statement of profit or loss during the year when they arose.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial Instruments

Financial instruments, other than derivatives, are defined as any contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

IFRS 9 “Financial Instruments” introduces new classification and measurement requirements for financial assets and liabilities and for the corresponding derecognition. Such IFRS requires that all financial assets that are included in the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model, whose objective is to collect contractual cash flows, and that have contractual cash flows that are solely payments of principal or interest on the principal amount outstanding, are usually measured at amortized cost at later accounting year-ends. All the other debt or equity investments are measured at fair values at later accounting year-ends.

Such IFRS permits its earlier application. The Company has opted for the earlier application of the first phase of IFRS 9 as from the year commenced January 1, 2012.

As set out in IFRS 9, financial assets are classified into the following categories:

(a) Financial Assets at Amortized Cost

A financial asset is classified in this category if it meets the following conditions: The objective of the entity's business model is to hold the asset in order to collect contractual cash flows and if the contractual terms entitle collection of cash flows of principal and interest on the specified dates.

In this category, the Company has classified the following financial assets: Receivables from trade, investments in time deposits, investments in Notes (“*Obligaciones Negociables*”) held to maturity, investments in Argentine Central Bank bills and security deposits for Argentine Central Bank bills, commissions receivable, life insurance receivable and other receivables.

(b) Financial Assets at Fair Value

If both conditions referred to in the preceding point are not met, the asset is classified in the “Fair Value” category.

In this category, the Company has classified the following financial assets: cash and cash equivalents (except for investments in time deposits), investments in government securities and Notes (“*Obligaciones Negociables*”) held for intermediation and balances under derivative transactions.

2.6 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, time deposits in financial institutions and other highly liquid short-term investments with an original maturity of three months or less, and with a not very significant risk of changes in their value.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Cash and Cash Equivalents (Continued)

The placements of funds in time deposits were valued at the estimated cash price upon the transaction, plus interest and financial components accrued based on the effective rate calculated at that time.

Investments in mutual funds were measured at fair value. Changes in fair value are accounted for in the statement of profit or loss.

2.7 Investments

The placements of funds in Argentine Central Bank bills were valued at the estimated cash price upon the transaction, plus interest and financial components accrued based on the effective rate calculated at that time.

The investments in Notes ("*Obligaciones Negociables*") and investments in government securities (except for investments in Argentine Central Bank Bills) were measured at their fair value. Changes in fair value are accounted for in the statement of profit or loss.

2.8 Receivables from Trade and Other Receivables

Receivables from trade include the amounts payable by customers, both for credit-card consumption and loans granted.

Receivables from trade have been initially recognized at market value and have been subsequently valued at amortized cost using the effective interest rate method. They are disclosed net of the provision for loan losses, if applicable, calculated according to the guidelines set out in Note 2.9 below.

2.9 Impairment of Financial Assets – Provision for Loan Losses

At each year-end, the Company analyzes whether there is objective evidence that a financial asset or group of financial assets is impaired. The loss on impairment of financial assets is recognized when there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the financial asset, and such event has impact on estimated cash flows for such financial asset or group of financial assets.

Under IFRS, for the calculation of the provision for loan losses, the Company analyzes the historical losses of its portfolio in order to estimate the losses related to Receivables from trade incurred as of the date of the financial statements, but that have not been individually identified, according to the guidelines set out in IAS 39.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of Financial Assets – Provision for Loan Losses (Continued)

In addition, the historical ratios are adjusted, if appropriate, to include recent information that reflects the economic conditions as of the closing date of the financial statements, trends of behavior of customers in each portfolio segment and any other information that could affect the estimation of the provision for loan losses related to Receivables from trade. Several factors may affect Management's estimation of the provision for loan losses, including the volatility of the likelihood of loss, migrations and estimates of the severity of losses.

The book value of the asset is reduced through the account "Provision for Loan Losses" and the amount of loss or recovery, as the case may be, is recognized in the statement of profit or loss.

2.10 Investments Accounted for Using the Equity Method

Associates are all the companies over which the Company exercises significant influence, but not control and where it usually holds from 20% to 50% of voting rights. Investments in associates are recorded using the equity method. Under this method, the investment is initially recognized at cost and the value at closing increases or decreases to recognize Tarjeta Naranja S.A.'s interest in each company's profit (loss) after the acquisition date.

Tarjeta Naranja S.A.'s interest in associates' profit / (loss) is recognized as profit / (loss) from investments in associates in the statement of profit or loss. Changes in equity that are not net profit / (loss) are charged to equity reserves (and, if appropriate, they are included in other comprehensive income).

As of December 31, 2016, the Company holds 5% of the ordinary shares of Cobranzas Regionales S.A. The following factors and circumstances evidence that the Company has significant influence (as defined in IAS 28 "Investments in Associates") over Cobranzas Regionales S.A. and, therefore, the investment therein is valued by the equity method in these financial statements:

- a) Representation in the management board.
- b) Involvement in policy setting processes.
- c) Transactions of relative importance between Tarjeta Naranja S.A. and Cobranzas Regionales S.A.
- d) Exchange of managerial personnel.

The following is information about the companies over which Tarjeta Naranja S.A. exercises significant influence as of December 31, 2016 and 2015:

Company	Percentage of Shares and Voting Rights	Activity
Cobranzas Regionales S.A.	5%	Integral Advisory Services for Credit Risk Analysis

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Derivatives

Derivatives are foreign currency forward contracts to cover cash flows exposure arising from Class XIII Notes ("*Obligaciones Negociables*") and to mitigate the economic risk of appreciation or depreciation of currencies. See also Note 4.c – Market Risk – Foreign Exchange-associated Risks.

Differences originated from the application of the measurement criteria detailed in Note 35, corresponding to derivatives, have been recognized in the statement of profit or loss, taking into consideration such items affect profit for the year.

2.12 Income Tax

Income tax is recognized in these financial statements according to the deferred tax method, thus recognizing the effect of the temporary differences between accounting and tax measurements of assets and liabilities. The main temporary differences stem from the provision for loan losses, the provision for contingencies and, to a lesser extent, the differences with regard to the charge for depreciation of Property, Plant and Equipment.

For purposes of determining the deferred assets and liabilities, the 35% tax rate that is expected to be in force at the moment of their reversal has been applied to the temporary differences identified, under the legal regulations enacted at the date of these financial statements. They are recognized in the balance sheet as long as it is deemed likely that the Company will have enough future taxable income against which deferred tax assets may be applied.

The breakdown and changes of deferred tax assets and liabilities are explained in detail in Note 18.

2.13 Property, Plant and Equipment

Property, Plant and Equipment are recorded at historical cost, net of depreciation and impairment losses, if applicable. The historical cost includes the expenses that are directly attributable to the acquisition of assets.

The costs of adapting and improving stores are capitalized as Property, Plant and Equipment only when investments improve the conditions of the asset, irrespective of those originally established.

The costs subsequently incurred are included in the values of the asset only provided that it is likely for the asset to generate future economic benefits and their cost is reliably measured. The value of replaced parts is written off. The other maintenance and repair costs are charged to income during the year when they are incurred.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Property, Plant and Equipment (Continued)

Depreciation charges have been calculated following the straight-line method based on the estimated useful life of the assets, applying annual rates enough so as to write off their values at the end of their estimated useful life, according to the following parameters.

Group of Assets	Years of Estimated Useful Life
Buildings	50
Cost of Adapting Stores	Term of Lease Agreement
Furniture and Fixtures	10
Hardware	5
Facilities and Improvements	10

The residual value of assets is reviewed and adjusted, if necessary, as of each year-end. Changes in the criteria originally established are recognized, as the case may be, as a change of estimate.

The value of assets is impaired at their recoverable value if the accounting residual value exceeds their estimated recoverable value, upon being reviewed for impairment when events or circumstances that indicate that their book value may not be recovered have arisen.

2.14 Intangible Assets

Intangible assets are those non-monetary assets, without physical substance, that are identifiable either because of being separable or because of deriving from legal or contractual rights. They are recorded when they may be reliably measured and it is likely for them to generate benefits for the Company.

(a) Patents and Software

Patents and software are initially recognized at cost as of the acquisition date. Patents and software that have a definite useful life are recorded at cost, less the accumulated amortization. Amortization is calculated by the straight-line method to adjust the cost to their estimated useful lives, which do not exceed five years.

(b) Other Intangible Assets

Other Intangible Assets amount to AR\$ 5,027 as of December 31, 2016 and 2015, remaining unchanged in both years. Such item is related to the acquisition of a business unit, which includes the publication, sale and distribution of the magazine *Convivimos*. Such asset is not amortized because it has an indefinite useful life. The possibility for them to generating future income is periodically examined in order to analyze the possible impairment thereof.

2.15 Trade and Other Payables

Trade and other payables represent the obligations to pay Merchants ("*Comercios Amigos*") and for goods and services acquired from suppliers in the normal course of business. They are disclosed in current liabilities if their payment falls due in a term shorter than or equal to one year.

They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Bank and Financial Loans and Other Liabilities

Bank and Financial Loans and Other liabilities are initially recognized at fair value, net of the costs directly attributable to obtaining them. They are subsequently valued at amortized cost using the effective interest rate method.

2.17 Leases

Leases are classified as financial when all the risks and benefits associated with the ownership of the asset are substantially transferred. All the other ones are considered to be operating leases.

The assets acquired through a financial lease are recorded as non-current assets and are originally measured at the lower of the present value of the minimum future payments or fair value. The related payable to the lessor is reflected in liabilities. The financial cost is accrued based on the effective rate and is included in "Financial Costs".

Finance lease agreements are explained in detail in Note 33 to these financial statements.

2.18 Provisions

Provisions have been made as set out in IAS 37 to cover possible contingencies of a labor, commercial, civil or tax nature and for miscellaneous risks that could lead to obligations for the Company. When estimating their amounts and the possibility of occurrence, the opinion of the Company's advisors and the insurance policies purchased by the Company have been taken into consideration.

At the date of these financial statements, the Company's Management believes there are no elements that make it possible to determine there may be other contingencies that could occur and thus generate a negative impact on the economic and financial position of the Company.

The breakdown and changes of provisions are disclosed in Note 31.

2.19 Capital Stock

The capital stock is represented by non-endorsable registered ordinary shares, with a face value of AR\$ 10,000 per share.

CAPITAL STATUS				
Shares			Subscribed	Paid-in
Number	Type	Voting Rights per Share		
			In Thousands of AR\$	
2,400	Ordinary shares with a face value of AR\$ 10,000	1	24,000	24,000
2,400			24,000	24,000

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Capital Stock (Continued)

As of December 31, 2016 and 2015, capital status was as follows:

Capital	Face Value	Approved by		Date of Registration with the Public Registry of Commerce
		Body	Date	
	In Thousands of AR\$			
Subscribed, Issued and Paid in	12,000	Extraordinary Shareholders' Meeting	09.04.95	12.12.95
Capital Increase due to Merger with Tarjetas del Sur S.A.	6,600	Extraordinary Shareholders' Meeting	02.16.01	05.03.01
Capital Increase due to Merger with Tarjeta Comfiar S.A.	5,400	Extraordinary Shareholders' Meeting	10.02.03	03.24.04
Total	24,000			

In addition, in compliance with Section 4, Part I, Chapter IV, Title II of the regulations of the National Securities Commission (C.N.V.), the following is disclosed:

	2014	2015	2016
Capital Stock at the Beginning of the Year	24,000	24,000	24,000
Total	24,000	24,000	24,000

2.20 Revenue Recognition

(a) Revenues from Services

Account Maintenance Fee

Revenues related to the account statement are recognized in the month of its issuance.

Fees

Fee revenues are recognized upon the customer's purchase.

Revenues from Third-Party Portfolio Managed

Commissions earned on the third-party portfolio managed are recognized when the service is provided.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue Recognition (Continued)

(a) Revenues from Services (Continued)

Card Renewal Fees

Revenues from card renewals are recognized upon billing to the customer, when all the necessary costs to obtain the respective revenue are also incurred.

Other Revenues from Services

The other revenues from services are recognized in the year when the service was provided.

(b) Revenues from Financing

Interest earned is recorded based on the accrual period, by applying the effective rate method.

2.21 Statement of Cash Flows

The Company has chosen to prepare the statement of cash flows by the indirect method and considers cash on hand, time deposits in financial institutions, highly-liquid short-term investments and with a not very significant risk of changes in their value, and credit lines with an original maturity of three months or less to be cash. Overdrafts, if any, are classified as “Borrowings” in current liabilities in the Balance Sheet.

2.22 Set-off of Financial Instruments

Financial assets and liabilities are set off and their net amount is disclosed in the balance sheet when there is a legally enforceable right to set off the amounts recognized and the intention to collect the asset and settle the liability simultaneously. Such right should not be dependent on future events and must be legally enforceable both in the normal course of business and in the event of default, bankruptcy and insolvency of the Company or the counterparty.

NOTE 3 – FINANCIAL RISK MANAGEMENT

The Company's activities expose it to several financial risks: market risk (including the exchange rate risk and the fair value interest rate risk), credit risk and liquidity risk.

There were no changes in the risk department or in risk management policies from the last year-end.

Information relating to December 31, 2016 and 2015 is disclosed in Note 4 below.

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NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 AND 2015

4.1 Financial Risk Management

4.1.1 Financial Risk Factors

The nature of the Company's operations and the characteristics of its customer base expose it to several risks, primarily related to market risks (including the effects of changes in exchange rates and interest rates) capital, credit and liquidity risks. In order to manage the volatility related to these exposures, Management carries out an ongoing risk monitoring, measurement and identification process. For each exposure deriving from the variation in exchange rates, the Company may perform transactions with derivatives in order to manage potential adverse impacts on the Company's financial performance. Such transactions are carried out according to internal policies and defined hedging practices.

(a) Credit Risk

The credit risk arises from certain liquid assets, deposits with banks and financial institutions, as well as customer credit exposures, including other remaining loans and committed transactions.

As regards the credit risk management related to cash, cash equivalents and deposits with banks and financial institutions, the Company has an investment and credit assessment policy from the financial institution. According to such policy, the entities in which it may invest are determined based on its credit rating and the amount allocated to each of them should correspond with the financial institution's and Tarjeta Naranja's equity. The maximum percentage to be invested in an entity is also set considering the total investments.

In addition, in connection with the risk associated with its customers' credit positions, the Company actively monitors the credit reliability of its customers in order to mitigate the credit risk.

In order to manage and control the credit risk for the customer portfolio, the Company implemented a credit and credit assessment policy for each customer so as to provide the following guidelines in this regard, with the main features:

- ✓ Use tools of analysis and assessment by means of statistical models, for example, which allow analyzing and assessing the risk that best suits the customer's profile.
- ✓ Establish guidelines to grant cards and loans based on the customer's solvency, which are detailed in the credit policy and contemplate meeting requirements and/or validations made by the Company upon granting the credit. They include, for example, the validation of the Applicant's identity, the solvency validation, the proper compliance with existing credits contributed by the Credit Bureau, among others.
- ✓ Grant credit limits to each customer based on the assessment of each customer's particular situation, generally without requiring guarantees and taking into account the customer's monthly income, among other aspects.
- ✓ Credit atomization.
- ✓ Geographic diversity.
- ✓ Sixty-nine per cent of accounts have a total credit limit lower than AR\$ 45.
- ✓ Monitor customers' degree of compliance on an ongoing basis.

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4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

In this respect, five different credit limits have been defined in Tarjeta Naranja S.A.: (i) the Monthly Balance Limit, which is set based on the applicant's net income and his/her risk level, which is the maximum amount in the aggregate for a customer's monthly installments; (ii) the Long-term Purchase Limit, which is the maximum amount for a customer to purchase in six or more installments; (iii) Total Credit Limit: which is the maximum amount that may be owed to Tarjeta Naranja S.A. by customers for any and all amounts owed; (iv) the Maximum Balance Limit for Cash Advances, which represents 50% of the Long-term Purchase Limit, for a maximum amount of AR\$ 30 ("Maximum Balance Limit for Cash Advances"), which is the maximum amount for cash withdrawals; and (v) the Limit for Loans to be repaid up to 36 months.

Furthermore, Tarjeta Naranja S.A. has a strong policy to address customers' payment in arrears, as follows:

- A) At an early arrears stage, i.e., shorter than 90 days, the debtor has a series of products, each of which is designed for a specific instance of arrears that allows the debtor to redress the situation of temporary arrears in order to settle payables to the Company.
To qualify for the products, the customer always has to pay the first installment of the plan.
- B) At a late arrears stage, i.e., as from 90 days, the account is closed, all the terms granted are cancelled and the outstanding amount is automatically assigned to a law firm for collection.
This term is restricted to 60 days for those customers that have a financing product with such a level of arrears in payment.

The risk of default under a loan may vary in each customer's particular case, depending — among other factors — on each customer's own economic situation. The Company assesses the uncollectibility risk and sets provisions, which are calculated based on the criterion described under caption 2.9 in Note 2 to these financial statements, and such provisions are deemed adequate for the recognition of possible losses arising from credit losses.

Due to the nature of this activity, there is no risk of credit risk concentration in this group of debtors, since credit cards are given to a large number of customers, being none of them significant, who carry out a very wide range of activities.

In this sense and taking into account the foregoing, the Company has approved the following credit card limits for customers as of December 31, 2016 and 2015:

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Monthly Balance Limit	23,884,367	12,839,402
Long-term Purchase Limit	82,469,958	53,628,540
Total Indebtedness Limit	116,645,550	75,923,744

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4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

Maximum Exposure to Credit Risk:

The following table shows the maximum gross exposure to credit risk, disregarding guarantees or other credit improvements:

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Receivables from Trade	21,779,044	15,700,387

For the assets recorded in the financial statements, the exposures established are based on the net book amounts of the respective provision for loan losses, as disclosed in the balance sheet.

Tarjeta Naranja classifies its portfolio for receivables from trade that are not overdue in two groups, according to its credit risk profile, grouping the clients by homogeneous credit characteristics according to the type of product and the client situation:

Receivables from Trade neither Due nor Impaired:

Loans that are neither due nor impaired are those in the first group and a minimum technical provision is set therefor. The amount outstanding of such Receivables from trade is as follows:

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Receivables from Trade (A)	13,040,325	10,060,945

Receivables from Trade Not Due and Impaired:

Loans that are not due and impaired are those in the second group and that, due to their segmentation characteristics, have a higher credit risk associated with them, and therefore, they are assigned a provision for loan losses. The amount outstanding of such Receivables from trade is as follows:

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Receivables from Trade (B)	6,710,621	4,457,169

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4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

Receivables from Trade Due and Impaired:

Loans that are due and impaired are those in arrears for more than 30 days and that, due to their segmentation characteristics, have a higher provision for loan losses. The amount outstanding of such Receivables from trade is as follows:

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Receivables from Trade (C)	2,028,098	1,182,273

The classification by maturity date of the past due receivables from trade net of provision for loan losses is as follows:

	12.31.2016	12.31.2015
	In Thousands of AR\$	
30 days	1,210,164	749,004
31 – 90 days	474,408	244,096
91 – 180 days	161,854	68,709
181 – 270 days	103,439	46,100
271 – 360 days	66,576	43,455
Over 361 days	11,657	30,909
30 days	2,028,098	1,182,273

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Receivables from Trade Addition of (A) + (B) + (C) (Note 21)	21,779,044	15,700,387

In relation to the impairment of Receivables from trade, due to the nature of the Company's activities and customer portfolio, no financial assets that have been determined to be individually impaired are recorded.

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4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(b) Liquidity Risk

The Company has a liquidity policy that is monitored through annual, monthly and daily cash estimates, analyzing the needs and/or surpluses generated, evaluating the availability of cash and the available financing alternatives. Projected cash inflows and outflows for the next months are weekly analyzed and decisions focused on obtaining optimum credit lines are made in order to attain the goals set.

Also, the credit lines borrowed are reinforced by executing commitment agreements (Note 32) that allow having cash immediately, both in normal financial context and in market liquidity contraction situations.

With respect to Borrowings, which includes instruments such as bank and financial loans, credit lines, finance leases and notes ("*Obligaciones Negociables*") publicly offered, regarding the short- and long-term allocation, provided that the market allows it, the Company's aim is to keep a balanced allocation of debt due dates, giving priority to long-term debt.

The table below breaks down financial liabilities by contractual due date as of December 31, 2016:

	December 31, 2016 In Thousands of AR\$					
	Less than 3 Months	From 3 to 12 Months	From 1 to 2 Years	From 2 to 5 Years	Over 5 Years	Total
Financial Liabilities						
Trade and Other Payables	11,260,556	494,173	-	-	-	11,754,729
Borrowings	1,733,572	3,821,166	1,096,537	3,114,014	161,245	9,926,534
Other Liabilities	3,151	18,518	-	-	-	21,669
Total Financial Liabilities	12,997,279	4,333,857	1,096,537	3,114,014	161,245	21,702,932

The table below breaks down financial liabilities by contractual due date as of December 31, 2015:

	December 31, 2015 In Thousands of AR\$					
	Less than 3 Months	From 3 to 12 Months	From 1 to 2 Years	From 2 to 5 Years	Over 5 Years	Total
Financial Liabilities						
Trade and Other Payables	8,643,769	732,393	-	-	-	9,376,162
Borrowings	1,311,598	1,373,972	2,622,570	235,249	234,059	5,777,448
Other Liabilities	3,431	16,592	-	-	-	20,023
Total Financial Liabilities	9,958,798	2,122,957	2,622,570	235,249	234,059	15,173,633

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4.1. Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(c) Market Risk

Foreign Exchange-associated Risks

The Company's operations are potentially exposed to foreign currency exchange rate fluctuations mainly due to notes ("*Obligaciones Negociables*") issued in U.S. dollars. As the Company's policy is based on mitigating the foreign exchange risk a series of foreign currency forward transactions were performed. Additionally, given the evolution of the most important economic variables in our country, in 2015, the Company performed derivative transactions in order to mitigate the potential effects of such evolution on the Company's course of business during the prior year, the due dates of which occurred in 2016.

The derivatives the Company executed during this year are foreign currency hedge contracts to cover its cash flows exposure arising from Class XIII Notes ("*Obligaciones Negociables*"). Note 35 lists the effective contracts as of December 31, 2016.

Derivative instruments signed were agreed by the Company's Management for the risk management of financial variables and to minimize the economic risk involved in the appreciation or depreciation of currencies arising from the volatility of foreign currency exchange rates and its impact on the related cash flows.

Derivative instruments are initially recognized at fair value at the beginning date of the contract and are subsequently measured at fair value through profit and loss.

The U.S. dollar selling exchange rate increased by 21% during 2016, the same as the U.S. dollar buying exchange rate. The change related to the bank and financial loan undertaken by the Company was reflected as a loss, net of income tax, in the amount of AR\$ 137,728.

In addition, the Company has assets in foreign currency, the change of which resulted in a foreign exchange gain during 2016, which was reflected in profit before income tax in the amount of AR\$ 6,408.

Additionally, the effect generated by derivative contracts was profit net of taxes amounting to AR\$ 5,232.

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4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(c) Market Risk (Continued)

As Class XIII Notes (“*Obligaciones Negociables*”) were settled on January 28, 2017, the same as the derivatives the Company had executed to hedge such debt, there is no risk for the exchange rate variation that may affect the Company for 2017.

The following table shows the effect on profit or loss of the exchange rate variation occurred in January 2017:

	Increase / (Decrease) in Profit before Income Tax		Effect on Profit for the Year and Equity
	Exchange Rate	Derivatives	
Peso Devaluation with respect to the Foreign Currency (*)	6,981	(7,563)	(582)

(*) Considering that as of December 31, 2016, the U.S. dollar rate was AR\$ 16.10 per U.S. dollar. Upon the settlement of the transaction, the exchange rate was, on average, AR\$ 15.95 per U.S. dollar.

Interest Rate-associated Risks

The Company is exposed to interest rate risks due to financings obtained through the issuance of Notes (“*Obligaciones Negociables*”) and borrowing of finance leases and loans at variable rate. In all these cases, the applicable rate is private Badlar (the interest rate for time deposits amounting to over AR\$ 1,000,000, with a 30/35-day term in private banks, published by the Argentine Central Bank on its web page (www.bcra.gov.ar)).

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4.1. Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(c) Market Risk (Continued)

Interest Rate-associated Risks (Continued)

During 2016 and 2015, the average Badlar was 25.84% and 21.53%, respectively. A charge to loss net of income tax was generated in the amount of AR\$ 771,005 and AR\$ 331,551, respectively.

The following table summarizes the percentage of principal of Borrowings at the effective variable, fixed and mixed interest rates as of December 31, 2016 and 2015:

	As of December 31, 2016		As of December 31, 2015	
	Amount in AR\$	Percentage	Amount in AR\$	Percentage
Fixed Interest Rate	2,042,548	29%	1,873,422	43%
Variable Interest Rate	4,192,755	60%	1,428,107	32%
Mixed Rate	770,698	11%	1,104,881	25%
	7,006,001		4,406,410	

The Company's financing strategy is to manage the interest expense using a combination of fixed and variable interest rates.

The following table shows the sensitivity towards a possible additional variation in interest rates for next year, considering the debt breakdown as of December 31, 2016. The variation percentage was determined considering the evolution in Badlar forecasted by the Company for year 2017 and the changes are considered fairly possible based on the market conditions observed:

	Additional Variation in Interest Rate	Increase / (Decrease) in Profit (Loss), before Income Tax In AR\$	Increase / (Decrease) in Equity In AR\$
Decrease in Interest Rate	400 basis points	127,092	127,092
Increase in Interest Rate	400 basis points	(127,092)	(127,092)

If the applicable rate to the obligations assumed at variable rate decreased by 400 basis points, the annual loss, net of income tax, would decrease by AR\$ 127,092 as a result of a higher interest expense. Otherwise, if the rate increased to the same extent, the loss would increase by the same amount.

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4.1. Financial Risk Management (Continued)

4.1.2 Capital Management

The Company seeks to keep an adequate indebtedness level as it should meet certain commitments assumed by virtue of loans obtained and Notes ("*Obligaciones Negociables*") issued and to continue as a going concern. The indebtedness ratio as of December 31, 2016 and 2015 is as follows:

	December 31, 2016	December 31, 2015
	In Thousands of AR\$	
Total Debt	20,316,446	14,634,003
Minus: Cash and Cash Equivalents	(1,831,127)	(284,596)
Net Debt	18,485,319	14,349,407
Total Equity	4,681,431	3,536,345
Total Capital	23,166,750	17,885,752
Indebtedness Ratio	3.95	4.06

4.1.3 Fair Value Estimation

The table below includes the analysis of financial instruments that are measured at fair value, classified by hierarchy, according to the measurement method used. The different levels have been defined as follows:

- a) Level 1: Quoted market prices (unadjusted) for identical assets and liabilities in active markets. Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., price derivatives). Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement for the asset or liability (i.e., unobservable inputs)

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4.1. Financial Risk Management (Continued)

4.1.3 Fair Value Estimation (Continued)

The following table discloses the Company's assets and liabilities, which are measured at fair value as of December 31, 2016 and 2015:

As of December 31, 2016 In Thousands of AR\$	Level 1	Total Amount
Assets		
Cash and Cash Equivalents	1,709,825	1,709,825
Total Assets	1,709,825	1,709,825
Liabilities		
Borrowings	118,223	118,223
Total Liabilities	118,223	118,223

As of December 31, 2015 In Thousands of AR\$	Level 1	Total Amount
Assets		
Cash and Cash Equivalents	284,596	284,596
Investments	182,480	182,480
Other Receivables	277,390	277,390
Total Assets	744,466	744,466
Liabilities		
Borrowings	5,658	5,658
Total Liabilities	5,658	5,658

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4.1. Financial Risk Management (Continued)

4.1.3 Fair Value Estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted prices as of the reporting date. A market is considered to be active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The market quoted price used for financial assets held by the entity is the current offer price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is measured using valuation techniques. These valuation techniques maximize the use of market information, when available, and depend the least possible on the entity's specific estimates. If all material inputs required to measure an instrument are observable, the instrument is included in Level 2.

If one or more material inputs are not based on observable market inputs, instruments are included in Level 3.

4.1.4. Financial Instruments by Category

The following are the amounts of financial assets and liabilities classified by category, as set out in IFRS 9 as of December 31, 2016 and 2015:

December 31, 2016 In Thousands of AR\$	Assets / Liabilities Measured at Fair Value		Assets / Liabilities at Amortized Cost	Total Amount
	Assets / Liabilities at Fair Value	Held for Intermediation		
Financial Assets				
Cash and Cash Equivalents	351,101	1,358,724	121,302	1,831,127
Receivables from Trade	-	-	21,779,044	21,779,044
Other Receivables	-	-	298,656	298,656
Total Financial Assets	351,101	1,358,724	22,199,002	23,908,827
Financial Liabilities				
Trade and Other Payables	-	-	11,754,729	11,754,729
Borrowings	118,223	-	7,226,585	7,344,808
Other Liabilities	-	-	21,669	21,669
Total Financial Liabilities	118,223	-	19,002,983	19,121,206

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4.1. Financial Risk Management (Continued)

4.1.4. Financial Instruments by Category (Continued)

December 31, 2015 In Thousands of AR\$	Assets / Liabilities Measured at Fair Value		Assets / Liabilities at Amortized Cost	Total Amount
	Assets / Liabilities at Fair Value	Held for Intermediation		
Financial Assets				
Cash and Cash Equivalents	199,553	85,043	-	284,596
Investments	-	182,480	426,596	609,076
Receivables from Trade	-	-	15,700,387	15,700,387
Other Receivables	277,390	-	470,225	747,615
Total Financial Assets	476,943	267,523	16,597,208	17,341,674
Financial Liabilities				
Trade and Other Payables	-	-	9,376,162	9,376,162
Borrowings	5,658	-	4,567,767	4,573,425
Other Liabilities	-	-	20,023	20,023
Total Financial Liabilities	5,658	-	13,963,952	13,969,610

4.1.5 Accounting Estimates and Judgments

Estimates and judgments are continuously assessed and are based on past experience and other factors, including expectations of future events that are deemed reasonable under the circumstances.

4.1.6 Significant Accounting Estimates and Judgments

The Company makes estimates and assumptions on the future. The resulting accounting estimates, by definition, will be rarely equal to the related actual figures. The estimates and judgments that have a significant risk of giving rise to a material adjustment to the book amounts of assets and liabilities in the following year are explained below.

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4.1. Financial Risk Management (Continued)

4.1.6. Significant Accounting Estimates and Judgments (Continued)

(a) Estimated Loss for Impairment of Financial Assets Recorded at Amortized Cost

The Company follows the guidance in IAS 39 to calculate the provision for loan losses related to its portfolio of Receivables from trade and other receivables. For this estimation, the Company evaluates the customers' historical patterns of behavior, among other factors, as well as the existing macroeconomic conditions at year-end, as explained in detail in Note 2.9.

(b) Income Tax

The Company is subject to income tax. As explained in detail in Note 2.12, income tax is recognized in these financial statements by applying the deferred tax method, thus recognizing the assets and liabilities related to the temporary differences identified in calculating taxable income. Such differences will have an effect on income tax and the provisions for deferred income taxes in the year when they are made.

(c) Provisions The Company is subject to several claims, lawsuits and other legal proceedings, including customers' claims. The potential loss for the Company in relation to these claims is estimated considering the information provided by the legal advisors, as explained in detail in Note 31.

4.1.7. Material Judgments upon Applying the Company's Accounting Policies

No material judgments have been made upon applying the accounting policies.

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NOTE 5 – SEGMENT INFORMATION

Segment Information as of 12.31.2016

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Gold	Greater Buenos Aires South	Greater Buenos Aires West	CABA	Inside the Province of Buenos Aires	Non-allocable	Total
	In Thousands of AR\$											
Revenues from Services	636,009	552,433	1,032,341	492,192	786,635	395,709	270,980	298,375	117,415	203,089	375,046	5,160,224
Costs of Services	(75,579)	(72,431)	(135,773)	(52,983)	(109,793)	(61,398)	(56,125)	(65,611)	(27,849)	(36,517)	(163,755)	(857,814)
Net Revenues from Services	560,430	480,002	896,568	439,209	676,842	334,311	214,855	232,764	89,566	166,572	211,291	4,302,410
Revenues from Financing	604,467	610,059	1,108,024	572,901	892,197	435,495	241,708	257,712	100,428	202,711	-	5,025,702
Costs of Financing	(196,723)	(198,543)	(360,605)	(186,450)	(290,364)	(141,731)	(78,664)	(83,872)	(32,684)	(65,972)	(83,559)	(1,719,167)
Net Revenue / (Loss) from Financing	407,744	411,516	747,419	386,451	601,833	293,764	163,044	173,840	67,744	136,739	(83,559)	3,306,535
Net Income from Short-term Investments	12,697	12,815	23,275	12,034	18,741	9,148	5,077	5,413	2,110	4,258	-	105,568
Provision for Loan Losses	(79,551)	(67,936)	(115,948)	(62,959)	(122,225)	(84,066)	(72,528)	(82,257)	(30,538)	(34,620)	-	(752,628)
Depreciation	(4,208)	(2,798)	(4,016)	(1,367)	(4,624)	(4,561)	(2,428)	(2,801)	(4,792)	(1,871)	(21,907)	(55,373)
Amortization	-	-	-	-	-	-	-	-	-	-	(30,223)	(30,223)
Other Operating Expenses	(463,304)	(418,580)	(744,371)	(374,227)	(630,852)	(361,540)	(329,236)	(381,714)	(193,301)	(213,581)	(561,451)	(4,672,157)
Share of Net Profit of Associates Accounted for Using the Equity Method	-	-	-	-	-	-	-	-	-	-	2,343	2,343
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	(761,389)	(761,389)
Profit / (Loss) for the Year	433,808	415,019	802,927	399,141	539,715	187,056	(21,216)	(54,755)	(69,211)	57,497	(1,244,895)	1,445,086

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NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2015

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Gold	Greater Buenos Aires South	Greater Buenos Aires West	CABA	Inside the Province of Buenos Aires	Non-allocable	Total
	In Thousands of AR\$											
Revenues from Services	494,554	419,697	783,316	414,597	655,552	327,781	229,578	245,056	88,953	163,896	270,819	4,093,799
Costs of Services	(57,441)	(50,701)	(96,174)	(37,425)	(80,095)	(44,222)	(38,327)	(44,809)	(19,265)	(25,314)	(104,245)	(598,018)
Net Revenues from Services	437,113	368,996	687,142	377,172	575,457	283,559	191,251	200,247	69,688	138,582	166,574	3,495,781
Revenues from Financing	442,659	422,635	775,345	395,270	642,043	326,031	179,131	179,361	64,642	132,915	-	3,560,032
Costs of Financing	(182,147)	(173,907)	(319,041)	(162,647)	(264,189)	(134,156)	(73,709)	(73,804)	(26,599)	(54,692)	(105,052)	(1,569,943)
Net Revenue / (Loss) from Financing	260,512	248,728	456,304	232,623	377,854	191,875	105,422	105,557	38,043	78,223	(105,052)	1,990,089
Net Income from Short-term Investments	24,404	23,301	42,745	21,792	35,397	17,975	9,876	9,888	3,564	7,328	-	196,270
Provision for Loan Losses	(51,156)	(37,567)	(58,124)	(30,545)	(54,995)	(40,447)	(27,765)	(28,108)	(10,683)	(14,964)	-	(354,354)
Depreciation	(1,950)	(2,039)	(3,656)	(1,254)	(3,650)	(1,636)	(2,379)	(1,830)	(1,903)	(1,427)	(13,847)	(35,571)
Amortization	-	-	-	-	-	-	-	-	-	-	(48,297)	(48,297)
Other Operating Expenses	(336,248)	(294,607)	(514,893)	(256,138)	(439,107)	(267,671)	(238,497)	(274,130)	(136,214)	(151,560)	(422,412)	(3,331,477)
Share of Net Profit of Associates	-	-	-	-	-	-	-	-	-	-	2,975	2,975
Accounted for Using the Equity Method	-	-	-	-	-	-	-	-	-	-	-	-
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	(659,830)	(659,830)
Profit / (Loss) for the Year	332,675	306,812	609,518	343,650	490,956	183,655	37,908	11,624	(37,505)	56,182	(1,079,889)	1,255,586

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NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2016

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Gold	Greater Buenos Aires South	Greater Buenos Aires West	CABA	Inside the Province of Buenos Aires	Non-allocable	Total
	In Thousands of AR\$											
ASSETS												
Cash and Cash Equivalents	282,599	236,999	441,938	208,062	279,132	135,300	72,324	77,977	33,018	63,778	-	1,831,127
Receivables from Trade	3,361,179	2,818,813	5,256,331	2,474,645	3,319,937	1,609,226	860,210	927,437	392,707	758,559	-	21,779,044
Other Assets	-	-	-	-	-	-	-	-	-	-	821,206	821,206
Property, Plant and Equipment	31,158	18,917	24,301	8,346	21,750	14,027	11,278	15,753	16,274	10,761	393,935	566,500
Total Assets	3,674,936	3,074,729	5,722,570	2,691,053	3,620,819	1,758,553	943,812	1,021,167	441,999	833,098	1,215,141	24,997,877
LIABILITIES												
Trade and Other Payables	1,879,323	1,469,507	2,764,317	1,469,598	1,797,504	841,443	445,507	480,573	198,977	407,980	-	11,754,729
Borrowings	1,133,531	950,622	1,772,655	834,554	1,119,622	542,699	290,099	312,771	132,437	255,818	-	7,344,808
Employee Benefit Obligations	31,928	28,672	54,339	21,911	48,956	28,172	27,045	29,048	15,776	19,532	116,693	422,072
Other Liabilities	-	-	-	-	-	-	-	-	-	-	794,837	794,837
Total Liabilities	3,044,782	2,448,801	4,591,311	2,326,063	2,966,082	1,412,314	762,651	822,392	347,190	683,330	911,530	20,316,446

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NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2015

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Greater Buenos Aires South	Greater Buenos Aires West	Inside the Province of Buenos Aires	Gold	CABA	Non-allocable	Total
In Thousands of AR\$												
ASSETS												
Cash and Cash Equivalents	45,914	37,170	68,005	31,118	44,578	10,729	11,038	9,084	22,445	4,515	-	284,596
Receivables from Trade	2,532,951	2,050,559	3,751,649	1,716,704	2,459,238	591,905	608,936	501,125	1,238,239	249,081	-	15,700,387
Other Assets	-	-	-	-	-	-	-	-	-	-	1,718,910	1,718,910
Property, Plant and Equipment	20,444	15,651	24,408	8,176	20,002	6,111	7,978	5,015	7,989	11,428	339,253	466,455
Total Assets	2,599,309	2,103,380	3,844,062	1,755,998	2,523,818	608,745	627,952	515,224	1,268,673	265,024	2,058,163	18,170,348
LIABILITIES												
Trade and Other Payables	1,338,093	1,047,315	1,949,350	1,209,293	1,638,542	477,841	511,995	363,808	647,549	192,376	-	9,376,162
Borrowings	737,833	597,315	1,092,832	500,065	716,361	172,418	177,379	145,975	360,691	72,556	-	4,573,425
Employee Benefit Obligations	20,871	18,561	33,733	14,325	31,037	17,559	19,408	12,245	18,638	10,320	74,011	270,708
Other Liabilities	-	-	-	-	-	-	-	-	-	-	413,708	413,708
Total Liabilities	2,096,797	1,663,191	3,075,915	1,723,683	2,385,940	667,818	708,782	522,028	1,026,878	275,252	487,719	14,634,003

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NOTE 6 – REVENUES FROM SERVICES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Account Maintenance Fee	1,769,222	1,190,421
Fees	1,676,940	1,227,918
Revenues from Third-Party Portfolio Managed	257,038	575,355
Card Renewal Fees	272,244	183,835
Other Revenues from Services	1,184,780	916,270
Total	5,160,224	4,093,799

NOTE 7 – COSTS OF SERVICES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Printing and Distribution Expenses	(291,570)	(220,257)
Expenses from Call Center Services	(108,310)	(74,649)
Openings of Accounts	(33,601)	(27,897)
Special Promotions	(48,216)	(30,215)
Other Costs of Services	(178,769)	(123,228)
Expenses for Telephone Sale Channel	(197,348)	(121,772)
Total	(857,814)	(598,018)

NOTE 8 – REVENUES FROM FINANCING

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Merchants (" <i>Comercios Amigos</i> ") Interest	1,248,071	834,188
Interest on Financing through Credit Cards	2,024,098	1,500,002
Interest on Personal Loans	955,130	327,129
Compensatory Interest	510,424	342,174
Penalty Interest	251,394	168,528
Revenues from Lawsuits	28,535	25,428
Gain on Derivative Transactions (Note 35)	8,050	362,583
Total	5,025,702	3,560,032

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NOTE 9 – COSTS OF FINANCING

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Interest on Notes (" <i>Obligaciones Negociables</i> ")	(931,231)	(577,201)
Bank Interest	(516,408)	(301,935)
Foreign Exchange Loss	(209,249)	(648,276)
Tax on Bank Debits and Credits	(32,856)	(18,599)
Other Costs of Financing	(29,423)	(23,932)
Total	(1,719,167)	(1,569,943)

NOTE 10 – NET INCOME FROM SHORT-TERM INVESTMENTS

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Interest on Time Deposits	1,302	-
Interest on Government Securities	9,046	124,200
Income from Notes (" <i>Obligaciones Negociables</i> ")	(215)	215
Income from Mutual Funds	95,435	71,855
Total	105,568	196,270

NOTE 11 – PROVISION FOR LOAN LOSSES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Provision for Loan Losses	(934,153)	(480,815)
Recovery of Loan Losses	181,525	126,461
Total	(752,628)	(354,354)

NOTE 12 – EMPLOYEE BENEFITS EXPENSES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Compensation and Social Security Charges	(1,668,317)	(1,293,988)
Bonuses for the Personnel	(224,587)	(167,744)
Entertainment and Travel Expenses and Per Diem	(60,068)	(32,694)
Other Employee Expenses	(102,397)	(40,687)
Total	(2,055,369)	(1,535,113)

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NOTE 13 – TAXES AND CHARGES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Turnover Tax	(650,434)	(410,660)
Tax on Bank Debits and Credits	(287,429)	(187,998)
Trade and Industry Tax	(219,910)	(145,823)
Other Taxes, Rates and Contributions	(19,748)	(13,752)
Total	(1,177,521)	(758,233)

NOTE 14 – MARKETING EXPENSES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
National Advertising	(145,703)	(119,707)
Advertising at Stores	(27,307)	(19,806)
Regional Advertising	(48,594)	(42,574)
Total	(221,604)	(182,087)

NOTE 15 – DEPRECIATION AND AMORTIZATION

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Depreciation of Property, Plant and Equipment (Note 24)	(55,373)	(35,571)
Amortization of Intangible Assets (Note 25)	(30,223)	(48,297)
Total	(85,596)	(83,868)

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NOTE 16 – OTHER OPERATING EXPENSES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Rentals	(108,876)	(79,780)
Regular Mail Services	(31,157)	(20,967)
Donations	(3,085)	(2,372)
Electricity, Natural Gas and Communications	(64,657)	(47,558)
Bank and Financial Expenses	(51,269)	(34,783)
Collection Expenses	(253,687)	(155,269)
Expenses for Commercial Reports and Procedures for the Collection of Amounts in Arrears	(88,867)	(52,435)
Directors and Supervisory Committee Members' Fees	(20,000)	(18,000)
Third Parties' Fees	(194,673)	(132,326)
Insurance and Security Services	(146,400)	(111,227)
Stationery and Office Supplies	(39,249)	(20,777)
Maintenance of Equipment and Buildings	(50,390)	(38,900)
Cleaning Expenses	(34,438)	(22,343)
Other Income and Expenses	(130,915)	(119,307)
Total	(1,217,663)	(856,044)

NOTE 17 – SHARE OF NET PROFIT OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Income from Investment in Tarjetas Cuyanas S.A.	2,000	2,721
Income from Investment in Cobranzas Regionales S.A.	343	254
Total	2,343	2,975

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NOTE 18 – INCOME TAX

The following table shows the changes of deferred tax assets and liabilities:

	Deferred Tax Assets	Income Tax Payable	Income Tax Accrued during the Year
	In Thousands of AR\$		
Balances at the Beginning of 2015	219,202	(1) (362,235)	(321,624)
Decrease in Taxable Income during 2014 (3)	(239)	254	15
Payment of Income Tax – 2014 (4)	-	361,981	-
Income Tax Accrued during the Year	(3,333)	(2) (656,512)	(659,845)
Balance at December 31, 2015	215,630	(656,512)	(659,830)
Decrease in Taxable Income during 2015 (5)	1,542	(1,570)	(28)
Payment of Income Tax – 2015 (6)	-	658,082	-
Income Tax Accrued during the Year	100,125	(7) (861,486)	(761,361)
Balance at December 31, 2016	317,297	(861,486)	(761,389)

- (1) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of February 11, 2015, should have been paid in May 2015 according to the taxable income accrued during the year ended December 31, 2014.
- (2) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of February 11, 2016, should have been paid in May 2016 according to the taxable income accrued during the year ended December 31, 2015.
- (3) It corresponds to a correction of the income tax provision estimated at the end of 2014.
- (4) It corresponds to income tax for 2014 paid by the Company.
- (5) It corresponds to a correction of the income tax provision estimated at the end of 2015.
- (6) It corresponds to income tax for 2015 paid by the Company.
- (7) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management at the date of these financial statements, shall be paid in May 2017 according to the taxable income accrued during the year ended December 31, 2016.

As of December 31, 2016 and 2015, the net assets derived from the information included in the previous table amount to AR\$ 317,295 and AR\$ 215,630, respectively. Their composition as of those dates is detailed below:

	Balance at December 31, 2015	Tax Asset for the Year	Balance at December 31, 2016
	In Thousands of AR\$		
Receivables from Trade	193,986	109,623	303,609
Property, Plant and Equipment	(326)	1,247	921
Lease Payment	-	(7,632)	(7,632)
Trade and Other Payables	44	-	44
Employee Benefit Obligations	328	2,214	2,542
Foreign-exchange Quotation Difference	12,695	(7,565)	5,130
Provision for Contingencies	5,054	8,504	13,558
Other Financial Transactions	4,727	(4,727)	-
Others	(878)	3	(875)
Totals	215,630	101,667	317,297

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NOTE 18 – INCOME TAX (CONTINUED)

The income tax amount payable estimated by Management, net of prepayments, as of December 31, 2016 and 2015 is as follows:

	12.31.2016	12.31.2015
Income Tax Provision – Current	(861,486)	(656,512)
Prepayments	561,059	559,940
Current Income Tax Payable	(300,427)	(96,572)

The following table shows the reconciliation of income tax charged to loss as of December 31, 2016 and 2015 to that which would result from applying the tax rate in force to book income:

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Profit before Income Tax	2,206,475	1,915,416
Tax Rate in Force	35%	35%
Loss for the Year at the Tax Rate	(772,266)	(670,396)
Permanent Differences at the Tax Rate:		
- Income from Interest in Other Companies	820	1,041
- Non-taxable Income ⁽¹⁾	12,354	9,564
- Donations and Other Non-deductible Expenses	(471)	(419)
- Others	(1,798)	397
- Fines	-	(8)
- Loss on Portfolio Sale	-	(24)
Difference between the Tax Return and the Income Tax Provision – Years 2015 / 2014	(28)	15
Total Income Tax Charge for the Year	(761,389)	(659,830)

(1) It corresponds to the income from transactions carried out in Tierra del Fuego, net of indirect charges.

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NOTE 18 – INCOME TAX (CONTINUED)

The following chart shows the reconciliation of income tax charged to loss to tax assessed for the year for tax purposes:

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Total Income Tax Charge Recorded for the Year	(761,389)	(659,830)
- Temporary Differences at the Tax Rate		
- Additions:		
Accrual of Interest on Investments	-	(4,293)
Provision for Loan Losses	(184,373)	(49,192)
Portfolio Assignment	74,750	30,007
(Setting up) / Recovery of the Provision for Contingencies	(8,504)	455
Provision for Bonuses Payable	(2,214)	167
Depreciation of Property, Plant and Equipment	(1,247)	546
Lease Payment	7,632	-
Foreign-exchange Quotation Difference	7,565	(12,009)
Other Financial Transactions	4,727	37,890
Others	(3)	1
Difference between the Tax Return and the Income Tax Provision – Years 2015 / 2014	1,570	(254)
Total Tax for the Year Determined for Tax Purposes	(861,486)	(656,512)
Income Tax Prepayments	561,059	559,940
Income Tax Payable	(300,427)	(96,572)

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NOTE 19 – CASH AND CASH EQUIVALENTS

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Cash in Banks – Checking Account	152,559	31,844
Cash and Petty Cash	105,936	45,704
Mutual Funds	1,358,724	85,043
Time Deposits	121,302	-
Deposits Abroad (Note 44)	35	43,320
Collections to be Deposited	92,571	78,685
Total	1,831,127	284,596

NOTE 20 – INVESTMENTS

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Current		
Government Securities	-	527,355
Notes (“ <i>Obligaciones Negociables</i> ”)	-	81,721
Total	-	609,076

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NOTE 20 – INVESTMENTS (CONTINUED)

As of December 31, 2016, the Company had no investments. Below is a breakdown of the main characteristics of investments effective as of December 31, 2015, in chronological order:

Investment Date	Currency	Investment	Amount (in Thousands)	Maturity Date	Interest Rate / Price	Book Value as of 12.31.2015 (*)
10/14/2015	AR\$	L13E6 – Peso-denominated Domestic Lebac	261,000	01/13/2016	0.939476	258,917
10/21/2015	AR\$	L20E6 – Peso-denominated Domestic Lebac	22,291	01/20/2016	0.939124	22,008
10/21/2015	AR\$	L20E6 – Peso-denominated Domestic Lebac	118,000	01/20/2016	0.939674	116,514
10/28/2015	AR\$	L27E6 – Peso-denominated Domestic Lebac	18,262	01/27/2016	0.932942	17,913
12/21/2015	US\$	Debt Security of the Province of Neuquén Used as Collateral Class 2 Series 1 (NDG21)	9,102	10/11/2018	9.5	86,466
12/21/2015	US\$	Debt Securities of the Province of Mendoza Class I (PMY16)	2,177	05/28/2016	2.75	5,988
12/21/2015	US\$	Government Debt Securities Entre Ríos 2013 Series II (ERD16)	1,538	12/27/2016	5.4	8,305
12/21/2015	US\$	Notes (<i>Obligaciones Negociables</i>) Banco de Galicia y Buenos Aires Class 1 -BGAC 1	5,668	05/04/2018	Fixed at 8.75%	81,721
12/30/2015	AR\$	L03F6 – Peso-denominated Domestic Lebac	11,500	02/03/2016	0.969326	11,167
12/30/2015	AR\$	L03F6 – Peso-denominated Domestic Lebac	80	02/03/2016	0.969327	77
Total						609,076

(*) It corresponds to the principal and interest amounts as of the indicated dates in Argentine Pesos.

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NOTE 21 – RECEIVABLES FROM TRADE

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Current		
Credit Card Debtors	20,722,350	15,010,516
Provision for Loan Losses – Credit Card	(1,214,023)	(863,367)
Personal Loans Debtors	1,774,146	1,130,891
Provision for Loan Losses – Personal Loans	(37,617)	(22,439)
Total	21,244,856	15,255,601
Non-current		
Credit Card Debtors	324,122	291,155
Personal Loans Debtors	210,066	153,631
Total	534,188	444,786

Changes in the Account Provision for Loan Losses

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Balances at the Beginning of the Year	885,806	730,629
Increases for the Year (1)	906,492	471,914
Applications and Uses	(345,520)	(246,869)
Portfolio Sale	(195,138)	(69,868)
Balances at Year-end	1,251,640	885,806

(1) The provision for loan losses amounting to AR\$ 934,153, disclosed in the Statement of Profit or Loss and in Note 11, includes AR\$ 27,661 for direct charges.

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Additionally, as of December 31, 2016 and 2015, the Company recorded AR\$ 906,126 and AR\$ 1,161,818, respectively, in respect of trade receivables that are considered uncollectible, considering as such those meeting the requirements set by the Argentine Central Bank in the revised text "Minimum Provisions for Loan Losses". Under such regulations, receivables from customers fully included in provisions shall be eliminated from assets as from the seventh month subsequent to that in which these circumstances are verified and recorded in memorandum accounts while the entity continues procedures for collection of its receivables.

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NOTE 22 – OTHER RECEIVABLES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Current		
Deposits for Checking Account Attachments (Note 42)	283	588
Prepaid Expenses	30,883	35,145
Life Insurance Receivable	4,708	5,323
Commissions Receivable	103,134	135,430
Advance Payments to Suppliers	14,739	5,330
Balances under Derivative Transactions (Note 35)	-	277,390
Security Deposits for Derivative Transactions (Note 42)	117,542	286,542
Sundry Receivables	73,272	42,930
Total	344,561	788,678
Non-current		
Security Deposits (Note 42)	2,698	1,810
Prepaid Expenses	2,030	2,442
Total	4,728	4,252

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NOTE 23 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Issuing Company	Interest Percentage	Book Value as of 12.31.2016	Book Value as of 12.31.2015	Issuer Information						
				Principal Line of Business	Class of Shares	Number of Shares (1)	Face Value of Shares	Capital	Balance at 12.31.2016	
		Equity	Profit / Loss							
		In Thousands of AR\$							In Thousands of AR\$	
Cobranzas Regionales S.A.	5%	1,515	1,171	Integral Advisory Services for Credit Risk Analysis	Ordinary registered shares	10,000	0.1	1,000	30,292	6,869
Tarjetas Cuyanas S.A.	1%	9,158	7,872	Credit Card Administrator	Ordinary registered shares	3,233,283	0.01	32,333	951,050	203,470
Totals		10,673	9,043							

(1) Values are stated in units.

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NOTE 24 – PROPERTY, PLANT AND EQUIPMENT

Items	ORIGINAL VALUE					DEPRECIATION				NET BOOK AMOUNT	
	Opening Book Amount	Disposals	Additions	Transfers	Closing Book Amount	Opening Book Amount	Disposals	Depreciation Charge	Closing Book Amount	12.31.2016	12.31.2015
In Thousands of AR\$											
Land	25,327	-	-	-	25,327	-	-	-	-	25,327	25,327
Buildings	271,901	-	19,342	-	291,243	(8,588)	-	(5,534)	(14,122)	277,121	263,313
Cost of Adapting Stores	142,363	(5,319)	38,221	279	175,544	(92,103)	5,319	(20,429)	(107,213)	68,331	50,260
Furniture and Fixtures	56,186	-	13,009	1,415	70,610	(22,528)	-	(5,238)	(27,766)	42,844	33,658
Hardware	105,752	(805)	13,184	26,274	144,405	(65,419)	263	(16,457)	(81,613)	62,792	40,333
Facilities and Improvements	70,214	(1,550)	22,398	1,499	92,561	(31,566)	1,550	(7,715)	(37,731)	54,830	38,648
Assets at Warehouse	14,916	(447)	50,253	(29,467)	35,255	-	-	-	-	35,255	14,916
Totals as of 12.31.2016	686,659	(8,121)	156,407	-	834,945	(220,204)	7,132	(55,373)	(268,445)	566,500	
Totals as of 12.31.2015	367,228	(4,456)	323,887	-	686,659	(184,925)	292	(35,571)	(220,204)		466,455

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NOTE 25 – INTANGIBLE ASSETS

INTANGIBLE ASSETS										
Items	ORIGINAL VALUE				AMORTIZATION				NET BOOK AMOUNT	
	Opening Book Amount	Disposals	Additions	Closing Book Amount	Opening Book Amount	Disposals	Amortization Charge	Closing Book Amount	12.31.2016	12.31.2015
Patents and Software	205,284	(1,411)	83,350	287,223	(118,080)	-	(30,223)	(148,303)	138,920	87,204
Other Intangible Assets	5,027	-	-	5,027	-	-	-	-	5,027	5,027
Totals as of 12.31.2016	210,311	(1,411)	83,350	292,250	(118,080)	-	(30,223)	(148,303)	143,947	
Totals as of 12.31.2015	172,025	(32)	38,318	210,311	(69,792)	9	(48,297)	(118,080)		92,231

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NOTE 26 – TRADE AND OTHER PAYABLES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Current		
Merchants (" <i>Comercios Amigos</i> ")	11,441,706	9,110,337
Suppliers	129,433	121,531
Life Insurance Payable	23,607	48,595
Collections on Account of Third Parties Payable	159,983	95,699
Total	11,754,729	9,376,162

NOTE 27 – BORROWINGS

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Current		
Notes (" <i>Obligaciones Negociables</i> ")	2,554,321	1,603,691
Bank and Financial Loans	1,080,686	283,907
Finance Leases	26,777	28,280
Balances under Derivative Transactions (Note 35)	118,223	5,658
Credit Lines	697,778	100,000
Total	4,477,785	2,021,536
Non-current		
Notes (" <i>Obligaciones Negociables</i> ")	2,675,874	2,067,365
Bank and Financial Loans	-	270,121
Finance Leases	191,149	214,403
Total	2,867,023	2,551,889

NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Current		
Salaries Payable	77,009	4,032
Social Security Charges	97,971	81,394
Provisions	116,069	82,286
Bonuses for the Personnel	82,560	67,398
Rewards for the Personnel	48,463	35,598
Total	422,072	270,708

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NOTE 29 – CURRENT TAX LIABILITIES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Trade and Industry Tax Payable	23,351	15,449
Tax Withholdings and Additional Tax Withholdings Made from Third Parties	149,050	107,871
Value-added Tax Payable	208,421	125,310
Turnover Tax Payable	53,105	33,730
Total	433,927	282,360

NOTE 30 – OTHER LIABILITIES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Current		
Fees Payable to Directors and Supervisory Committee	20,000	18,000
Advanced Payments to Directors	(6,683)	(3,099)
Other Miscellaneous Liabilities	8,360	5,130
Total	21,677	20,031

NOTE 31 – PROVISIONS

This account includes the estimated amounts to face risks of probable occurrence, which, if they occur, will give rise to a loss for the Company.

(1) Legal Claims:

The Company is subject to several claims, lawsuits and other legal proceedings, including customers' claims, where a third party is claiming payments for alleged damages, refunds for losses or compensation. The potential debt for the Company with respect to such claims, lawsuits and other legal proceedings cannot be certainly estimated. Management periodically reviews the progress of each of the significant issues and calculates the potential financial exposure.

A provision is booked when a potential loss derived from a claim or legal proceeding is deemed likely and the amount can be fairly estimated.

Provisions for contingent losses reflect a fair estimation of the losses to be incurred based on the information made available by Management as of the date of the preparation of the financial statements and considering the lawsuits to which Tarjeta Naranja is a party. These estimations are mainly prepared with the assistance provided by the legal advisors.

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NOTE 31 – PROVISIONS (CONTINUED)

(2) Tax Claims:

As of the date of these financial statements, the Company is in the following situations with respect to certain Provincial Tax Boards:

The Company had a dispute with the General Tax Board of the Province of Córdoba. In due time, the tax agency made an adjustment of AR\$ 1,591 for turnover tax for the tax periods from January 1996 to May 2003 from the Company. Given the successive defenses and appeals filed by the Company, part of the claims made were acknowledged thereto, decreasing the tax determined to AR\$ 402. Notwithstanding the foregoing, the Company filed a complaint requesting that the tax determined be revoked.

On July 30, 2010, the Court of Appeals in Contentious Administrative Matters declared null and void the resolutions passed by the General Tax Board. The provincial tax authorities appealed the decision. On April 29, 2015, the Upper Court of Justice of the Province of Córdoba partially revoked the judgment passed by the Court of Appeals confirming the capital and interest adjustment, but exempting the Company from the fine. On May 14, 2015, Tarjeta Naranja filed a federal extraordinary appeal with the Argentine Supreme Court of Justice (C.S.J.N., as per its initials in Spanish). On October 17, 2016, the Supreme Court of Justice of the Province of Córdoba did not sustain the federal extraordinary appeal and on November 8, 2016, Tarjeta Naranja paid the amount owed, thus solving the dispute.

For similar reasons, on May 27, 2016, the Tax Agency of the Province of Río Negro made a claim, the amount of which totaled AR\$ 1,991 as of December 31, 2016.

Likewise, the Tax Board of the Province of Chubut has made claims, whose amounts totaled AR\$ 4,349 and AR\$ 4,045 as of December 31, 2016 and December 31, 2015, respectively.

In September 2016, the Supreme Court of Justice of the Province of Chubut declared the decisions that supported the tax claim unconstitutional. This was appealed by the Tax Board of the Province of Chubut on October 17, 2016. As of the date of these financial statements, such appeal had not been solved yet.

On the other hand, the Tax Board of the Province of Catamarca had made a claim on the same account amounting to AR\$ 1,832 as of December 31, 2015. After going through the different procedural instances, the Argentine Supreme Court of Justice itself dismissed the motion for admission of denied appeal filed by the province and the judgment in favor of the Company was final.

At the date of these financial statements, the provisions booked in liabilities related to the cases described above had been adjusted based on the opinion of the legal advisors, the judicial precedents referred to above and the favorable evolution thereof.

However, Tarjeta Naranja S.A.'s Board of Directors, based on tax advisors' opinions, considers the taxes involved have been appropriately calculated according to legal regulations currently in force, and those tax authorities' claims have no legal or technical grounds. Therefore, the Company is currently exercising — and will exercise in the future — its constitutional rights in order to clarify and settle said issues.

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NOTE 31 – PROVISIONS (CONTINUED)

The breakdown and changes of contingent liabilities as of December 31, 2016 are as follows:

	Balance at the Beginning of the Year	Additions	Disposals	Payments	Balance at Year-end
Tax Matters	5,092	5,150	(1,783)	(4,333)	4,126
Consumer Protection	3,329	17,823	-	(1,927)	19,225
Labor Matters	4,422	16,303	(3,402)	(3,468)	13,855
Damages	1,578	924	(182)	(776)	1,544
Others	324	54	(279)	(43)	56
Total	14,745	40,254	(5,646)	(10,547)	38,806

In addition, the breakdown and changes of contingent liabilities as of December 31, 2015 are as follows:

	Balance at the Beginning of the Year	Additions	Disposals	Payments	Balance at Year-end
Tax Matters	7,809	1,624	(363)	(3,978)	5,092
Consumer Protection	1,142	2,187	-	-	3,329
Labor Matters	5,302	3,949	(845)	(3,984)	4,422
Damages	1,612	1,035	(113)	(956)	1,578
Others	324	57	(29)	(28)	324
Total	16,189	8,852	(1,350)	(8,946)	14,745

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NOTE 32 – BORROWINGS

Proceeds from Borrowings

With the purpose of financing its business transactions, the Company took out the following borrowings, the main characteristics of which with regard to the obligations outstanding as of December 31, 2016 are summarized as follows, in chronological order:

Institution	Currency of the Loan	Date of Disbursement	Maturity Date	Term	Loan Amount	Outstanding Principal Amount at 12.31.2016	Principal Payments	Interest Payments	Interest Rate
Banco Santander Río S.A.	Pesos (AR\$)	07/03/2012	09/25/2017 a)	1910 days a)	15,000	15,000	One payment at maturity	Quarterly	Corrected Badlar + 4.20%
Banco Patagonia S.A.	Pesos (AR\$)	05/29/2013	08/07/2017 b)	1531 days b)	45,000	45,000	One payment at maturity	Monthly	Corrected Badlar + 4%
Banco de Servicios y Transacciones S.A.	Pesos (AR\$)	06/26/2013	09/25/2017 c)	1552 days c)	3,000	3,000	One payment at maturity	Upon maturity	30.00%
Banco Santander Río S.A.	Pesos (AR\$)	11/29/2013	11/29/2017 d)	1461 days d)	15,000	15,000	One payment at maturity	Quarterly	Corrected Badlar + 4.10%
Banco Santander Río S.A.	Pesos (AR\$)	01/21/2014	01/19/2017 e)	1094 days e)	9,000	9,000	One payment at maturity	Quarterly	Corrected Badlar + 4.50%
Banco Santander Río S.A.	Pesos (AR\$)	03/17/2014	09/12/2017 f)	1275 days f)	10,000	10,000	One payment at maturity	Quarterly	Corrected Badlar + 4.15%

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NOTE 32 – BORROWINGS (CONTINUED)

Proceeds from Borrowings (Continued)

Institution	Currency of the Loan	Date of Disbursement	Maturity Date	Term	Loan Amount	Outstanding Principal Amount at 12.31.2016	Principal Payments	Interest Payments	Interest Rate
Banco Itaú Argentina S.A.	Pesos (AR\$)	04/16/2014	04/12/2017 g)	1092 days g)	20,000	20,000	One payment at maturity	Monthly	Corrected Badlar + 5.50%
Banco Santander Río S.A.	Pesos (AR\$)	05/28/2014	11/23/2017 h)	1275 days h)	25,000	25,000	One payment at maturity	Quarterly	Corrected Badlar + 4.10%
Banco Patagonia S.A.	Pesos (AR\$)	07/07/2014	09/22/2017 i)	1173 days i)	20,000	20,000	One payment at maturity	Monthly	Corrected Badlar + 3.85%
Banco Itaú Argentina S.A.	Pesos (AR\$)	01/08/2015	01/06/2017	729 days	25,000	25,000	One payment at maturity	Monthly	29.75%
Nuevo Banco de Santa Fe S.A.	Pesos (AR\$)	01/16/2015	01/16/2017	731 days	10,000	417	Monthly	Monthly	Badlar + 9,50%
Banco de Galicia y Bs. As. S.A.	Pesos (AR\$)	02/18/2015	02/17/2017 j)	730 days j)	6,000	6,000	One payment at maturity	Monthly	Corrected Badlar + 4.25%
Banco Itaú Argentina S.A.	Pesos (AR\$)	05/20/2015	05/19/2017	730 days	45,000	45,000	One payment at maturity	Monthly	Corrected Badlar + 4.25%

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Proceeds from Borrowings (Continued)

Institution	Currency of the Loan	Date of Disbursement	Maturity Date	Term	Loan Amount	Outstanding Principal Amount at 12.31.2016	Principal Payments	Interest Payments	Interest Rate
Banco Ciudad de Buenos Aires	Pesos (AR\$)	06/05/2015	06/05/2017	731 days	110,000	110,000	One payment at maturity	Monthly	Corrected Badlar + 6.00%
Banco Ciudad de Buenos Aires	Pesos (AR\$)	06/05/2015	03/05/2017	639 days	70,000	70,000	One payment at maturity	Monthly	Corrected Badlar + 6.00%
Banco Santander Río S.A.	Pesos (AR\$)	10/30/2015	10/24/2017 k)	725 days k)	30,000	30,000	One payment at maturity	Quarterly	Corrected Badlar + 4.10%
Banco de Galicia y Bs. As. S.A.	Pesos (AR\$)	01/08/2016	01/06/2017	364 days	15,000	15,000	One payment at maturity	Monthly	Corrected Badlar + 3.90%
Banco Hipotecario S.A.	Pesos (AR\$)	01/25/2016	01/24/2017	365 days	130,000	130,000	One payment at maturity	Upon maturity	Corrected Badlar + 4.75%
Banco Patagonia S.A.	Pesos (AR\$)	01/26/2016	07/19/2017	540 days	35,000	35,000	One payment at maturity	Monthly	Corrected Badlar + 4.10%

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NOTE 32 – BORROWINGS (CONTINUED)

Proceeds from Borrowings (Continued)

Institution	Currency of the Loan	Date of Disbursement	Maturity Date	Term	Loan Amount	Outstanding Principal Amount at 12.31.2016	Principal Payments	Interest Payments	Interest Rate
Banco Santander Río S.A.	Pesos (AR\$)	01/26/2016	01/25/2017	365 days	50,000	50,000	One payment at maturity	Quarterly	Corrected Badlar + 4.50%
Banco Santander Río S.A.	Pesos (AR\$)	02/16/2016	08/16/2017 l)	547 days l)	50,000	50,000	One payment at maturity	Quarterly	Corrected Badlar + 4.15%
HSBC Bank Argentina S.A.	Pesos (AR\$)	03/21/2016	09/19/2017 m)	547 days m)	100,000	100,000	One payment at maturity	Upon maturity	28.75%
Banco Comafi S.A.	Pesos (AR\$)	05/12/2016	12/07/2017 n)	574 days n)	53,000	53,000	One payment at maturity	Upon maturity	26.25%
Banco Comafi S.A.	Pesos (AR\$)	05/31/2016	11/29/2017 o)	547 days o)	25,000	25,000	One payment at maturity	Upon maturity	26.50%

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NOTE 32 – BORROWINGS (CONTINUED)

Proceeds from Borrowings (Continued)

Institution	Currency of the Loan	Date of Disbursement	Maturity Date	Term	Loan Amount	Outstanding Principal Amount at 12.31.2016	Principal Payments	Interest Payments	Interest Rate
Banco Comafi S.A.	Pesos (AR\$)	11/24/2016	11/24/2017	365 days	42,000	42,000	One payment at maturity	Upon maturity	26.50%
HSBC Bank Argentina S.A.	Pesos (AR\$)	11/24/2016	11/24/2017	365 days	50,000	50,000	One payment at maturity	Upon maturity	26.00%

- a) From June 28, 2013 to date, five successive extensions were signed. Therefore, the new maturity date is September 25, 2017.
- b) From May 21, 2014, three successive extensions were signed. Therefore, the new maturity date is August 7, 2017.
- c) From June 26, 2014, four successive extensions were signed. Therefore, the new maturity date is September 25, 2017.
- d) From November 28, 2014, three successive extensions were signed. Therefore, the new maturity date is November 29, 2017.
- e) From January 21, 2015, two successive extensions were signed. Therefore, the new maturity date is January 19, 2017.
- f) From March 17, 2015, three successive extensions were signed. Therefore, the new maturity date is September 12, 2017.
- g) On April 16, 2015, a 727-day extension was signed. Therefore, the new maturity date is April 12, 2017.
- h) From May 28, 2015, three successive extensions were signed. Therefore, the new maturity date is November 23, 2017.
- i) From July 1, 2015, two successive extensions were signed. Therefore, the new maturity date is September 22, 2017.
- j) On February 18, 2016, a 365-day extension was signed. Therefore, the new maturity date is February 17, 2017.
- k) From April 27, 2016, two successive extensions were signed. Therefore, the new maturity date is October 24, 2017.
- l) On August 16, 2016, a 365-day extension was signed. Therefore, the new maturity date is August 16, 2017.
- m) On September 19, 2016, a 365-day extension was signed. Therefore, the new maturity date is September 19, 2017.
- n) On December 7, 2016, a 365-day extension was signed. Therefore, the new maturity date is December 7, 2017.
- o) On November 29, 2016, a 365-day extension was signed. Therefore, the new maturity date is November 29, 2017.

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NOTE 32 – BORROWINGS (CONTINUED)

Credit Lines

The Company has taken out and used the following credit lines, the main characteristics of which with regard to the obligations outstanding are summarized as follows:

Institution	Credit Lines Currency	Date of Constitution	Maturity Date	Credit Lines Amount at 12.31.2016 (*)	Amortization	Interest Payments	Interest Rate
Banco Macro S.A	Pesos (AR\$)	01/27/2016	07/25/2017 a)	50,000	Upon maturity	Upon maturity	30.90%
Banco Macro S.A	Pesos (AR\$)	02/01/2016	07/28/2017 b)	95,000	Upon maturity	Upon maturity	30.90%
Banco Macro S.A	Pesos (AR\$)	05/06/2016	12/01/2017 c)	147,000	Upon maturity	Upon maturity	24.50%
Banco Industrial S.A.	Pesos (AR\$)	11/24/2016	11/24/2017	58,000	Upon maturity	Upon maturity	26.50%
HSBC Bank Argentina S.A.	Pesos (AR\$)	12/12/2016	03/13/2017	43,000	Upon maturity	Monthly	26.00%
Banco Itaú Argentina S.A.	Pesos (AR\$)	12/12/2016	03/13/2017	107,000	Upon maturity	Upon maturity	26.50%
Banco Itaú Argentina S.A.	Pesos (AR\$)	12/21/2016	12/21/2017	100,000	Upon maturity	Upon maturity	25.75%
Banco Itaú Argentina S.A.	Pesos (AR\$)	12/22/2016	12/22/2017	71,000	Upon maturity	Upon maturity	25.75%

(*) It corresponds to the principal amount outstanding as of the indicated dates in Argentine Pesos.

- a) On July 25, 2016, a 365-day extension was signed. Therefore, the new maturity date is July 25, 2017.
- b) On July 29, 2016, a 364-day extension was signed. Therefore, the new maturity date is July 28, 2017.
- c) On December 2, 2016, a 364-day extension was signed. Therefore, the new maturity date is December 1, 2017.

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Moreover, as of December 31, 2016 and December 31, 2015, the Company recorded unused amounts of credit lines borrowed (commitment agreements) amounting to AR\$ 250,000 and AR\$ 450,000, respectively, under memorandum accounts.

As of December 31, 2016, such amount corresponds to the unused amount of the Company's commitment to:

- a) Banco Patagonia for AR\$ 100,000, effective from December 23, 2016 to December 22, 2017.
- b) Banco Santander Río for AR\$ 50,000, effective from December 30, 2016 to January 31, 2017.
- c) Banco Galicia for AR\$ 100,000, effective from December 30, 2016 to January 31, 2017.

As of December 31, 2015, such amount corresponds to the unused amount of the Company's commitment to:

- a) Banco Santander Río for AR\$ 50,000, effective from November 13, 2015 to February 11, 2016.
- b) Banco Galicia for AR\$ 200,000, effective from November 30, 2015 to April 28, 2016.
- c) Banco Patagonia for AR\$ 100,000, effective from December 23, 2015 to December 22, 2016.
- d) Banco Galicia for AR\$ 100,000, effective from December 30, 2015 to January 29, 2016.

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NOTE 33 – FINANCE LEASES

The Company has entered into finance lease agreements, the main characteristics of which are detailed below:

Subject-matter	Month of Origin	Institution	Installments	Payment Method	Purchase Option	Lease Payments
Buildings Located in Río Grande	November 2007	Banco de Galicia y Buenos Aires S.A.	121	Monthly	AR\$ 48 at the time of paying the last installment	60 lease payments of AR\$ 15 and 61 lease payments of AR\$ 3, plus interest at a variable rate. In both cases, interest is computed based on the Corrected Survey Rate for Private Banks, plus a 5.5% spread
Buildings Located in the City of Córdoba, at Humberto Primo Street (a)	July 2008	Banco de Galicia y Buenos Aires S.A.	121	Monthly	AR\$ 6,407 at the time of paying the last installment	AR\$ 1,935 plus interest at a variable rate based on the Corrected Survey Rate for Private Banks plus a 6% margin a)
Buildings Located in the City of Córdoba, at Jujuy Street (a)	July 2008	Banco de Galicia y Buenos Aires S.A.	121	Monthly	AR\$ 400 at the time of paying the last installment	
Buildings Located in the City of Córdoba, at Jujuy and Bv. Mitre Streets (a)	October 2012	Banco de Galicia y Buenos Aires S.A.	121	Monthly	AR\$ 435 at the time of paying the last installment	

- a) On September 10, 2015, leasehold improvements on this Buildings were completed. The term of transactions was extended to 121 months as from such date and the related lease payments were unified.

The following are the minimum lease payments as of December 31, 2016 and the related present value:

	Minimum Lease Payments	Present Value of Minimum Lease Payments
	12.31.2016	
Less than One Year	84,355	26,777
From 1 to 5 Years	264,255	92,958
Over 5 Years	161,279	98,191
Minus Future Financing Charges	(291,963)	-
Present Value of Minimum Lease Payments	217,926	217,926
	12.31.2016	
Included in the Financial Statements as:		
Current Financial Lease	26,777	
Non-current Financial Lease	191,149	
Total	217,926	

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NOTE 34 – NOTES (“OBLIGACIONES NEGOCIABLES”)

As of December 31, 2016, the Company has the Global Program approved by Resolutions No. 15220, No. 15361, No. 15785, No. 16319, No. 16571, No. 16822 and No. 17676 of the C.N.V. outstanding.

The Company's Shareholders' Meeting held on July 14, 2005 authorized the creation of a Global Program for the Issuance of Notes for a maximum outstanding amount of US\$ 50,000 to be placed by means of a public offering. On October 26, 2005, the C.N.V. authorized the creation of the global program and the public offering of each series of notes issued under such Program through Resolution No. 15220 of that date.

The Shareholders' Meeting held on March 3, 2006, in turn, authorized to increase the amount of said Global Program of Notes by US\$ 100,000, thus resulting in a total maximum amount of US\$ 150,000. Such increase was authorized by the C.N.V. through Resolution No. 15361 dated March 23, 2006.

On October 31, 2007, the Company's Shareholders' Meeting approved to increase said Program's amount up to a maximum outstanding amount of US\$ 350,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 15785 dated November 16, 2007. On March 26, 2010, the Shareholders' Meeting approved the extension of the term during which such program would be effective. On April 27, 2010, the C.N.V. authorized such extension through Resolution No. 16319.

Later, the Company's Shareholders' Meeting held on April 1, 2011 approved to increase said Program's amount up to a maximum outstanding amount of US\$ 450,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 16571 dated May 24, 2011.

On March 8, 2012, the Company's Shareholders' Meeting approved to increase said Program's amount up to a maximum outstanding amount of US\$ 650,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 16822 dated May 23, 2012.

Finally, on March 19, 2015, the Shareholders' Meeting approved the extension of the term during which such program would be outstanding for five years. Then, on May 21, 2015, the C.N.V. authorized such extension through Resolution No. 17676.

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NOTE 34 – NOTES (“OBLIGACIONES NEGOCIABLES”) (CONTINUED)

Below is a breakdown of the main characteristics of Notes and their balance at December 31, 2016 and December 31, 2015:

Date of Placement	Currency	Class Number	Amount in Thousands	Type	Term	Maturity Date	Interest Rate / Price	Authorized by C.N.V. on	Book Value (*)	
									12.31.16	12.31.15
01/28/2011	US\$ (1)	XIII	200,000	Simple notes, not convertible into shares	2,192 days	01/28/2017	Annual Nominal at 9%	01/14/2011	1,073,548	1,773,422
02/26/2014	AR\$ (2)	XXIV Series II	33,500	Simple notes, not convertible into shares	1,096 days	02/26/2017	Badlar + 5%	02/14/2014	33,500	33,500
04/30/2014	AR\$ (3)	XXV Series II	170,032	Simple notes, not convertible into shares	731 days	04/30/2016	Badlar + 4.15%	04/21/2014	-	170,032
07/11/2014	AR\$ (4)	XXVI Series II	161,500	Simple notes, not convertible into shares	731 days	07/11/2016	Badlar + 3.99%	07/01/2014	-	161,500
10/03/2014	AR\$ (5)	XXVII Series II	158,000	Simple notes, not convertible into shares	731 days	10/03/2016	Badlar + 3.95%	09/19/2014	-	158,000
01/22/2015	AR\$ (6)	XXVIII Series II	129,000	Simple notes, not convertible into shares	731 days	01/22/2017	Badlar + 4.50%	01/09/2015	36,644	129,000
04/27/2015	AR\$ (7)	XXIX	334,030	Simple notes, not convertible into shares	731 days	04/27/2017	27.75% / Badlar + 4.50%	04/16/2015	169,530	334,030
06/29/2015	AR\$ (8)	XXX	400,000	Simple notes, not convertible into shares	731 days	06/29/2017	27.75% / Badlar + 4.50%	06/18/2015	400,000	400,000
10/19/2015	AR\$ (9)	XXXI	370,851	Simple notes, not convertible into shares	548 days	04/19/2017	27% / Badlar + 4.50%	10/07/2015	201,168	370,851
01/20/2016	AR\$ (10)	XXXII	260,811	Simple notes, not convertible into shares	639 days	10/20/2017	Badlar + 4.50%	12/15/2015	260,811	-
04/13/2016	AR\$ (11)	XXXIII Series I	133,092	Simple notes, not convertible into shares	548 days	10/13/2017	Minimum 37% Rate / Badlar + 4.50%	03/28/2016	133,092	-
04/13/2016	AR\$ (11)	XXXIII Series II	366,908	Simple notes, not convertible into shares	1,095 days	04/13/2019	Minimum 37% Rate / Badlar + 5.40 %	03/28/2016	366,908	-
06/29/2016	AR\$ (12)	XXXIV Series I	124,603	Simple notes, not convertible into shares	548 days	12/29/2017	Minimum 32 % Rate / Badlar + 3.38 %	06/21/2016	124,603	-
06/29/2016	AR\$ (12)	XXXIV Series II	475,397	Simple notes, not convertible into shares	1,461 days	06/29/2020	Minimum 32 % Rate / Badlar + 4.67 %	06/21/2016	475,397	-
09/27/2016	AR\$ (13)	XXXV Series I	225,611	Simple notes, not convertible into shares	546 days	03/27/2018	Minimum 26 % Rate / Badlar + 2.99 %	09/15/2016	225,611	-
09/27/2016	AR\$ (13)	XXXV Series II	774,389	Simple notes, not convertible into shares	1,461 days	09/27/2020	Minimum 26 % Rate / Badlar + 3.99 %	09/15/2016	774,389	-

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NOTE 34 – NOTES (“OBLIGACIONES NEGOCIABLES”) (CONTINUED)

Date of Placement	Currency	Class Number	Amount in Thousands	Type	Term	Maturity Date	Interest Rate / Price	Authorized by C.N.V. on	Book Value (*)	
									12.31.16	12.31.15
12/07/2016	AR\$ (14)	XXXVI Series I	210,571	Simple notes, not convertible into shares	547 days	06/07/2018	Minimum 25.25 % Rate /Badlar + 3.25 %	11/23/2016	210,571	-
12/07/2016	AR\$ (14)	XXXVI Series II	636,409	Simple notes, not convertible into shares	1,095 days	12/07/2019	Minimum 25.25 % Rate /Badlar + 4.00 %	11/23/2016	636,409	-

(*) It corresponds to the principal amount outstanding as of the indicated dates in Argentine Pesos.

- On January 28, 2011, the Company issued and placed its Class XIII Notes for a total amount of US\$ 200,000. Principal will be paid in three annual installments on January 28, 2015, January 28, 2016 and January 28, 2017, respectively. At the date of these financial statements, Class XIII Note has been settled.
- On February 26, 2014, the Company issued and placed its Class XXIV Notes for a total amount of AR\$ 207,300. This issuance was carried out in two series: Series I for a total amount of AR\$ 173,800 and Series II for a total amount of AR\$ 33,500. Principal of Series I and Series II was settled upon maturity.
- On April 30, 2014, the Company issued and placed its Class XXV Notes for a total amount of AR\$ 250,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 79,968 and Series II for a total amount of AR\$ 170,032. Principal of Series I and Series II was settled upon maturity.
- On July 11, 2014, the Company issued and placed its Class XXVI Notes for a total amount of AR\$ 300,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 138,500 and Series II for a total amount of AR\$ 161,500. Principal of Series I and Series II was settled upon maturity.
- On October 3, 2014, the Company issued and placed its Class XXVII Notes for a total amount of AR\$ 323,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 165,000 and Series II for a total amount of AR\$ 158,000. Principal of Series I was settled upon maturity, whereas Series II principal was also settled in one installment upon maturity.
- On January 22, 2015, the Company issued and placed its Class XXVIII Notes for a total amount of AR\$ 315,500. This issuance was carried out in two series: Series I for a total amount of AR\$ 186,500 and Series II for a total amount of AR\$ 129,000. Principal of Series I was settled upon maturity. The principal of Series II will be settled in three quarterly installments, with due dates on July 22, 2016, October 22, 2016 and January 22, 2017. At the date of these financial statements, Series II has been settled. The residual principal of Series II as of December 31 is AR\$ 36,644, since it paid in kind Class XXXVI Notes issuance.
- On April 27, 2015, the Company issued and placed its Class XXIX Notes for a total amount of AR\$ 334,030. This issuance was carried out in only one Series. The principal of the Series will be settled in one installment upon maturity. The residual principal as of December 31 is AR\$ 169,530, since it paid in kind Class XXXVI Notes issuance.
- On June 29, 2015, the Company issued and placed its Class XXX Notes for a total amount of AR\$ 400,000. This issuance was carried out in only one Series. The principal of the Series will be settled in one installment upon maturity.
- On October 19, 2015, the Company issued and placed its Class XXXI Notes for a total amount of AR\$ 370,851. This issuance was carried out in only one Series. The principal of the Series will be settled in one installment upon maturity. The residual principal as of December 31 is AR\$ 201,168, since it paid in kind Class XXXVI Notes issuance.
- On January 20, 2016, the Company issued and placed its Class XXXII Notes for a total amount of AR\$ 260,811. This issuance was carried out in only one Series. The principal of the Series will be settled in three quarterly installments, with due dates on April 20, 2017, July 20, 2017 and October 20, 2017.
- On April 13, 2016, the Company issued and placed its Class XXXIII Notes for a total amount of AR\$ 500,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 133,092 and Series II for a total amount of AR\$ 366,908. Principal of both Series will be settled upon maturity.
- On June 29, 2016, the Company issued and placed its Class XXXIV Notes for a total amount of AR\$ 600,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 124,603 and Series II for a total amount of AR\$ 475,397. Principal of both Series will be settled upon maturity.
- On September 27, 2016, the Company issued and placed its Class XXXV Notes for a total amount of AR\$ 1,000,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 225,611 and Series II for a total amount of AR\$ 774,389. Principal of both Series will be settled upon maturity.
- On December 7, 2016, the Company issued and placed its Class XXXVI Notes for a total amount of AR\$ 846,980. This issuance was carried out in two series: Series I for a total amount of AR\$ 210,571 and Series II for a total amount of AR\$ 636,409. Principal of both Series will be settled upon maturity.

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NOTE 34 – NOTES (“OBLIGACIONES NEGOCIABLES”) (CONTINUED)

Covenants Undertaken:

Furthermore, it is worth noting that in the Price Supplement of Class XIII Notes, the Company has undertaken the following covenants, among others, with regard to the holders of such Notes:

- (i) The Company will not incur debt, unless at the date of incurring debt (a) the Total Liabilities to Equity Ratio does not exceed 6 to 1, (b) the Indebtedness to Equity Ratio does not exceed 4:1, and (c) after having incurred such debt, the Company's equity is higher than AR\$ 300,000.
- (ii) The Company will not levy any lien or else allow any lien to be levied, except for the permitted liens (liens existing at the time of the issuance of Notes, their renewals and those liens set forth by the law) with regard to all the other assets, when the total amount of the liens does not exceed 15% of the Company's total assets for short-term debt and 10% of the Company's total assets for long-term debt.
- (iii) The Company will not be able to dispose of its assets, unless: (a) it receives a consideration at market value, (b) 75% of the consideration is in cash, (c) the proceeds of the sale are used within 365 days to (i) pay off debt, (ii) make investments in capital assets in a related company, a permitted business or a related business, or else (iii) reinvest or purchase additional assets.

In turn, in the Price Supplement of Class XXIV, XXVIII, XXIX, XXX, XXXI, XXXII, XXXIII, XXXIV, XXXV and XXXVI Notes, the Company has undertaken the following covenant with regard to the holders of such Notes:

- (i) The Company will not levy any lien or else allow any lien to be levied, except for the permitted liens — such liens existing at the date of the Price Supplement or those to be levied in the future with regard to all the other assets—, when the total amount of the liens does not exceed 25% of the Company's total assets.

At the date of these financial statements, the Company has complied with the abovementioned covenants undertaken.

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NOTE 35 – DERIVATIVE TRANSACTIONS

The Company has carried out derivative transactions by signing foreign currency forward contracts, as detailed below:

Counterparty	Purchase Transaction Amount (In Thousands of U.S. Dollars)	Sale Transaction Amount (In Thousands of U.S. Dollars)	Purchase Transaction Amount (In AR\$)	Sale Transaction Amount (In AR\$)	Expiration Date of the Contract
Mercado a Término de Rosario S.A. (ROFEX)	59,000	-	957,924	-	01/31/2017
Banco Santander Río S. A.	8,000	-	129,888	-	01/31/2017
Total			1,087,812	-	

The contracts signed establish that the transaction will be settled without physical delivery of the underlying currency, i.e., through the difference between the spot exchange rate effective on the settlement date and the agreed forward exchange-rate, based on the following: (i) if on the settlement date the spot exchange rate for the settlement is higher than the agreed forward exchange rate, the counterparty undertakes to pay the Company an amount equivalent to the above-mentioned exchange-rate difference, multiplied by the amount of the underlying notional values, (ii) if on the settlement date the spot exchange rate for the settlement is lower than the agreed forward exchange rate, the Company undertakes to pay the counterparty an amount equivalent to the above-mentioned exchange-rate difference, multiplied by the amount of the underlying notional values; and (iii) if on the settlement date the spot exchange rate for the settlement is the same as the agreed forward exchange rate, the parties will not be entitled to make any claim whatsoever to each other.

As of December 31, 2016, the Company has recorded AR\$ 118,223 in liabilities and AR\$ 8,050 under "Revenues from Financing" in the Statement of Profit or Loss.

Such profit was made up of a loss amounting to AR\$ 26,628 resulting from foreign currency forward contracts aimed at mitigating the exchange-rate risk of its transactions (Class XIII Notes) and income amounting to AR\$ 34,678 resulting from foreign currency forward contracts aimed at hedging against potential effects on the Company's course of business.

As of December 31, 2015, the Company had recorded AR\$ 5,658 in liabilities and AR\$ 277,390 in assets, and recorded AR\$ 362,583 under "Revenues from Financing" in the Statement of Profit or Loss.

Such profit was made up of AR\$ 253,581 resulting from foreign currency forward contracts aimed at mitigating the exchange-rate risk of its transactions (Class XIII Notes) and AR\$ 109,002 resulting from foreign currency forward contracts aimed at hedging against potential effects on the Company's course of business.

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NOTE 35 – DERIVATIVE TRANSACTIONS (CONTINUED)

Memorandum Accounts:

As of December 31, 2016, the Company has recorded AR\$ 1,087,812 for purchase transactions in memorandum accounts corresponding to the notional values measured at the quoted price of the futures contract at period-end.

As of December 31, 2015, the Company had recorded AR\$ 3,594,254 for purchase transactions and AR\$ 838,005 for sale transactions in memorandum accounts corresponding to the notional values measured at the quoted price of the futures contract at period-end.

NOTE 36 – CASH AND CASH EQUIVALENTS – STATEMENT OF CASH FLOWS

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Cash	351,101	199,553
Placements of Cash-equivalent Funds	1,480,026	85,043
Total	1,831,127	284,596

NOTE 37 – ADJUSTMENTS TO CALCULATE THE NET CASH FLOWS FROM OPERATING ACTIVITIES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Provision for Loan Losses	929,192	471,914
Provision for Contingencies, Net of Recoveries	13,095	7,502
Provision for Employee Benefit Obligations	333,699	214,384
Provision for Fees Payable to Directors and Members of the Supervisory Committee	20,000	18,000
Unsettled Loss /(Gain) on Derivative Transactions	118,223	(441,254)
Foreign Exchange Loss	209,249	648,276
Income from Investments Accounted for Using the Equity Method	(2,343)	(2,975)
Decrease in Property, Plant and Equipment	989	2,556
Decrease in Intangible Assets	1,411	23
Depreciation of Property, Plant and Equipment	55,373	35,571
Amortization of Intangible Assets	30,223	48,297
Total	1,709,111	1,002,294

NOTE 38 – CHANGES IN OPERATING ASSETS

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Increase in Receivables from Trade	(7,007,728)	(4,540,809)
Increase in Other Receivables	(9,547)	(206,505)
Total	(7,017,275)	(4,747,314)

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NOTE 39 – CHANGES IN OPERATING LIABILITIES

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Decrease in Employee Benefit Obligations	(182,335)	(193,610)
Increase in Trade and Other Payables	47,198	16,462
Increase in Tax Liabilities	151,567	78,797
Income Tax Payments	(659,200)	(466,663)
Decrease in Other Liabilities	(29,143)	(19,574)
Contingency Payments	10,966	(8,946)
Total	(660,947)	(593,534)

NOTE 40 – ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

The following are the financing operations performed during the year that have not generated any cash movements.

	12.31.2016	12.31.2015
	In Thousands of AR\$	
Payment in Kind for the Issuance of Class XXXIII Series I and Series II Notes (" <i>Obligaciones Negociables</i> ") (Class XXV Series II and XXVI Series II Notes)	123,373	-
Payment in Kind for the Issuance of Class XXXIV Series I and Series II Notes (" <i>Obligaciones Negociables</i> ") (Class XXVI Series II and XXVII Series II Notes)	58,996	-
Payment in Kind for the Issuance of Class XXXVI Series I and Series II Notes (" <i>Obligaciones Negociables</i> ") (Class XXVIII Series II and XXIX and XXXI Series II Notes)	354,439	-

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NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES

Tarjeta Naranja S.A. is controlled by Tarjetas Regionales S.A., with legal domicile at Belgrano 1415, Piso 1°, City of Mendoza, which holds 2,376 shares, representing a 99% interest in the capital stock. Banco de Galicia y Buenos Aires S.A., with legal domicile at Tte. Gral. Juan D. Perón 430, Autonomous City of Buenos Aires, has a 77% interest in the shares of Tarjetas Regionales S.A. In turn, Banco de Galicia y Buenos Aires S.A. is controlled by Grupo Financiero Galicia S.A., with legal domicile at Tte. Gral. Juan D. Perón 456, 2° Piso, Autonomous City of Buenos Aires, with a 100% interest.

Tarjetas Cuyanas S.A. is a corporation incorporated in Argentina, with domicile at Belgrano 1415, City of Mendoza, Argentina, which holds 24 shares, representing 1% of the Company's capital stock.

The following are Tarjeta Naranja S.A.'s balances with related companies at December 31, 2016:

Companies under Section 33 of Law No. 19550		
	Banco de Galicia y Buenos Aires S.A.	Total
	In Thousands of AR\$	
ASSETS		
Cash and Cash Equivalents	124,515	124,515
Other Receivables	30,410	30,410
Total Current Assets as of 12.31.2016	154,925	154,925
Total Assets as of 12.31.2016	154,925	154,925
LIABILITIES		
Trade and Other Payables	160,964	160,964
Borrowings	157,287	157,287
Total Current Liabilities as of 12.31.2016	318,251	318,251
Borrowings	191,149	191,149
Total Non-current Liabilities as of 12.31.2016	191,149	191,149
Total Liabilities as of 12.31.2016	509,400	509,400

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NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are Tarjeta Naranja S.A.'s balances with other related parties at December 31, 2016:

Other Related Parties							
	Procesadora Regional	Cobranzas Regionales	Tarjetas del Mar S.A.	Compañía Financiera Argentina S.A.	Galicia Seguros S.A.	Parque Azul S.R.L.	Total
	In Thousands of AR\$						
ASSETS							
Cash and Cash Equivalents	-	-	-	121,302	-	-	121,302
Other Receivables	-	11,366	42	-	27,088	-	38,496
Total Current Assets as of 12.31.16	-	11,366	42	121,302	27,088	-	159,798
Total Assets as of 12.31.16	-	11,366	42	121,302	27,088	-	159,798
LIABILITIES							
Trade and Other Payables	1,766	9,392	-	-	-	6,522	17,680
Total Current Liabilities as of 12.31.16	1,766	9,392	-	-	-	6,522	17,680
Total Liabilities as of 12.31.16	1,766	9,392	-	-	-	6,522	17,680

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NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are the transactions carried out by Tarjeta Naranja S.A. with related companies during the year ended December 31, 2016:

	Companies under Section 33 of Law No. 19550
	Banco de Galicia y Bs. As. S.A.
	In Thousands of AR\$
REVENUES	
Revenues from Services	257,038
Total as of 12.31.16	257,038
EXPENSES	
Rentals	(1,264)
Bank and Financial Interest	(143,992)
Bank Expenses	(30,658)
Collection Expenses	-
Total as of 12.31.16	(175,914)

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NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are the transactions carried out by Tarjeta Naranja S.A. with other related parties during the year ended December 31, 2016:

	Other Related Parties								
	Cobranzas Regionales S.A.	Tarjetas Cuyanas S.A.	Galicia Seguros S.A.	Parque Azul S.R.L.	Key Management Personnel	Golden S.A.	Colores S.A.	Compañía Financiera Argentina S.A.	Procesadora Regional
	In Thousands of AR\$								
REVENUES									
Revenues from Services	725	534	317,083	2,000	-	-	-	-	-
Revenues from Financing	-	-	-	1,123	-	-	-	-	-
Interest on Time Deposits and Interest-bearing Checking Accounts	-	-	-	-	-	-	-	1,302	-
Loss due to Change in Net Fair Value Adjustments on Derivative and Hedging Activities	-	-	-	-	-	-	-	-	-
Total as of 12.31.16	725	534	317,083	3,123	-	-	-	1,302	-
EXPENSES									
Rentals	-	-	-	-	-	(2,128)	(636)	-	-
Professional Fees	(89,443)	-	-	-	-	-	-	-	(7,476)
Salaries	-	-	-	-	(15,585)	-	-	-	-
Total as of 12.31.16	(89,443)	-	-	-	(15,585)	(2,128)	(636)	-	(7,476)

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NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following were Tarjeta Naranja S.A.'s balances with related companies at December 31, 2015:

Companies under Section 33 of Law No. 19550		
	Banco de Galicia y de Buenos Aires S.A.	Total
	In Thousands of AR\$	
ASSETS		
Cash and Cash Equivalents	12,702	12,702
Other Receivables	114,913	114,913
Total Current Assets as of 12.31.2015	127,615	127,615
Total Assets as of 12.31.2015	127,615	127,615
LIABILITIES		
Trade and Other Payables	98,159	98,159
Borrowings	103,866	103,866
Total Current Liabilities as of 12.31.2015	202,025	202,025
Borrowings	214,403	214,403
Total Non-current Liabilities as of 12.31.2015	214,403	214,403
Total Liabilities as of 12.31.2015	416,428	416,428

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NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following were Tarjeta Naranja S.A.'s balances with other related parties at December 31, 2015:

Other Related Parties						
	Cobranzas Regionales S.A.	Tarjetas Cuyanas S.A.	Tarjetas del Mar S.A.	Parque Azul S.R.L.	Galicia Seguros S.A.	Total
	In Thousands of AR\$					
ASSETS						
Other Receivables	8,551	165	22	-	12,146	20,884
Total Current Assets as of 12.31.2015	8,551	165	22	-	12,146	20,884
Total Assets as of 12.31.2015	8,551	165	22	-	12,146	20,884
LIABILITIES						
Trade and Other Payables	5,326	-	-	4,291	-	9,617
Total Current Liabilities as of 12.31.2015	5,326	-	-	4,291	-	9,617
Total Liabilities as of 12.31.2015	5,326	-	-	4,291	-	9,617

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NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following were the transactions carried out by Tarjeta Naranja S.A. with related companies during the year ended December 31, 2015:

	Companies under Section 33 of Law No. 19550	
	Banco de Galicia y Bs. As. S.A.	Tarjetas Regionales S.A.
	In Thousands of AR\$	
REVENUES		
Revenues from Services	575,355	-
Total as of 12.31.2015	575,355	-
EXPENSES		
Rentals	(809)	-
Bank and Financial Interest	(96,352)	(3,076)
Bank Expenses	(22,973)	-
Total as of 12.31.2015	(120,134)	(3,076)

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NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following were the transactions carried out by Tarjeta Naranja S.A. with other related parties during the year ended December 31, 2015:

Other Related Parties								
	Cobranzas Regionales S.A.	Tarjetas Cuyanas S.A.	Galicia Seguros S.A.	Parque Azul S.R.L.	Key Management Personnel	Golden S.A.	Colores S.A.	Procesadora Regional S.A.
In Thousands of AR\$								
REVENUES								
Revenues from Services	558	775	225,067	1,606	-	-	-	-
Revenues from Financing	-	-	-	1,096	-	-	-	-
Total as of 12.31.2015	558	775	225,067	2,702	-	-	-	-
EXPENSES								
Rentals	-	-	-	-	-	(1,813)	(490)	-
Professional Fees	(55,724)	-	-	-	-	-	-	(4,419)
Salaries	-	-	-	-	(11,910)	-	-	-
Total as of 12.31.2015	(55,724)	-	-	-	(11,910)	(1,813)	(490)	(4,419)

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NOTE 42 - RESTRICTED ASSETS

Liens in Force

As of December 31, 2016 and 2015, liens for a total amount of AR\$ 283 and AR\$ 238, respectively, have been levied on funds deposited in checking accounts opened by the Company at several financial institutions. Since the appropriate defenses have been filed during such legal proceedings to safeguard the Company's interests, the seized funds have been included in these financial statements under "Other Receivables".

As of December 31, 2016, the Company recovered AR\$ 350 that were recorded as of December 31, 2015 as guarantees related to certain tax cases, since the cases whereby their creation was necessary was resolved favorably to the Company definitely.

Covenants Undertaken

The commitments undertaken by virtue of Class XIII, XXIV, XXVII, XXVIII, XXIX, XXX, XXXI, XXXII, XXXIII, XXXIV, XXXV and XXXVI Notes ("*Obligaciones Negociables*") issued by the Company are mentioned in Note 34.

Security Deposits

As of December 31, 2016 and 2015, the Company has paid AR\$ 2,698 and AR\$ 1,810, respectively, for security related to certain buildings lease agreements. These funds have been included in these financial statements under "Other Receivables".

Guarantees Granted for Derivative Transactions

As of December 31, 2016, the Company has granted guarantees to Mercado a Término de Rosario S.A. (ROFEX), through the mutual fund Goal Capital Plus Class B for derivative transactions carried out with such institution. The amount granted as of December 31, 2016 totaled AR\$ 117,542 (22,573 thousands of shares).

As of December 31, 2015, these guarantees were granted in the amount of AR\$ 286,542 through Peso-denominated domestic Lebac. The following is a breakdown thereof:

Investment Date	Currency	Investment	Amount in Thousands	Maturity Date	Interest Rate / Price	Book Value as of 12.31.2016 (*)	Book Value as of 12.31.2015 (*)
10/14/2015	AR\$	L13E6 – Peso-denominated Domestic Lebac	30,000	01/13/2016	0.939476	-	29,761
10/14/2015	AR\$	L13E6 – Peso-denominated Domestic Lebac	30,000	01/13/2016	0.939476	-	29,761
10/21/2015	AR\$	L20E6 – Peso-denominated Domestic Lebac	60,000	01/20/2016	0.939124	-	59,237
10/28/2015	AR\$	L27E6 – Peso-denominated Domestic Lebac	60,000	01/27/2016	0.932942	-	58,850
11/05/2015	AR\$	L03F6 – Peso-denominated Domestic Lebac	51,396	02/03/2016	0.934340	-	50,159
11/10/2015	AR\$	L10F6 – Peso-denominated Domestic Lebac	10,438	02/10/2016	0.932979	-	10,134
12/30/2015	AR\$	L10F6 – Peso-denominated Domestic Lebac	50,303	02/10/2016	0.965289	-	48,640
Total						-	286,542

(*) It corresponds to the principal and interest amounts as of the indicated dates in Argentine Pesos.

These guarantees have been included in these financial statements under "Other Receivables".

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NOTE 42 - RESTRICTED ASSETS (CONTINUED)

Restriction on the Distribution of Dividends

The Company's Ordinary and Extraordinary Shareholders' Meeting held on March 16, 2006 resolved to define the following policy for the distribution of dividends: i) to keep under Retained Earnings, those retained earnings corresponding to years prior to 2005 and, therefore, not to distribute them as dividends, and ii) to set the maximum limit for the distribution of dividends at 25% of the realized and liquid profits of each year as from 2005. These restrictions shall remain in force while the Company's equity remains below AR\$ 300,000. Thus, the policy for the distribution of dividends approved by the Company's Board of Directors at its meeting held on January 4, 2006, has been ratified.

Furthermore, in the Price Supplement of Class XIII Notes, the Company agreed not to distribute dividends: i) that exceed 50% of the Company's net profit accrued since January 1, 2011 plus the net profit accrued during the year ended December 31, 2010, and ii) when (a) the Total Liabilities to Equity Ratio does not exceed 6 to 1, (b) the Indebtedness to Equity Ratio does not exceed 4:1.

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NOTE 43 – INFORMATION ABOUT EXPENSES AND THEIR ALLOCATION UNDER SECTION 64 SUBSECTION B) OF LAW 19550

Items	Totals as of 12.31.2016	Administrative Expenses	Marketing Expenses	Totals as of 12.31.2015
In Thousands of AR\$				
Directors and Supervisory Committee Members' Fees	20,000	20,000	-	18,000
Bonuses for the Personnel	224,587	69,622	154,965	167,744
Compensation and Social Security Charges	1,668,317	471,189	1,197,128	1,293,988
Taxes, Rates and Contributions	1,177,521	307,178	870,343	758,233
Entertainment and Travel Expenses and Per Diem	60,068	23,130	36,938	32,694
Maintenance of Equipment and Buildings	50,390	50,390		38,900
Depreciation of Property, Plant and Equipment	55,373	38,761	16,612	35,571
Amortization of Intangible Assets	30,223	30,223	-	48,297
Rentals	108,876	7,063	101,813	79,780
Stationery and Office Supplies	39,249	6,391	32,858	20,777
Opening of Accounts	33,601	-	33,601	27,897
Publicity and Advertising	221,604	-	221,604	182,087
Donations	3,085	3,085	-	2,372
Electricity, Natural Gas and Communications	64,657	22,452	42,205	47,558
Third Parties' Fees	194,673	164,474	30,199	132,326
Insurance and Security Services	146,400	7,523	138,877	111,227
Bank and Financial Expenses	51,269	51,269	-	34,783
Regular Mail Services	31,157	8,282	22,875	20,967
Expenses for Commercial Reports and Procedures for the Collection of Amounts in Arrears	88,867	88,867	-	52,435
Collection Expenses	253,687	253,687	-	155,269
General Expenses	412,081	241,306	170,775	283,222
Other Selling Expenses	197,348	-	197,348	121,772
Printing and Distribution Expenses	291,570		291,570	220,257
Cleaning Expenses	34,438	8,463	25,975	22,343
Special Promotions	48,216	-	48,216	30,215
Expenses from Call Center Services	108,310	98,152	10,158	74,649
Totals as of 12.31.2016	(1) 5,615,567	1,971,507	3,644,060	
Totals as of 12.31.2015		1,378,778	2,634,585	(1) 4,013,363

(1) Total marketing and administrative expenses correspond with the amount of the lines "Costs of Services" and "Total Operating Expenses" in the Statement of Profit or Loss.

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NOTE 44 – FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	Amount and Type of Foreign Currency (in Thousands of U.S. Dollars)		Current Exchange Rate	Amount in Argentine Currency as of 12.31.16	Amount in Argentine Currency as of 12.31.15	
ASSETS CURRENT ASSETS Cash and Cash Equivalents Deposits in Argentina Deposits Abroad Investments Investment in Notes (“ <i>Obligaciones Negociables</i> ”) Investment in Government Securities NDG21 PMY16 ERD16 Total Current Assets NON-CURRENT ASSETS Other Receivables Security Deposits Total Non-current Assets Total Assets LIABILITIES CURRENT LIABILITIES Trade and Other Payables Collections on Account of Third Parties Borrowings Notes (“ <i>Obligaciones Negociables</i> ”) Total Current Liabilities NON-CURRENT LIABILITIES Borrowings Notes (“ <i>Obligaciones Negociables</i> ”) Total Non-current Liabilities Total Liabilities				In Thousands of AR\$		
	US\$	854.46	15.7	13,415	7,498	
	US\$	2.23	15.7	35	43,320	
	US\$			-	81,721	
	US\$			-	86,466	
	US\$			-	5,988	
	US\$			-	8,305	
				13,450	233,298	
	US\$	25	15.7	393	323	
				393	323	
				13,843	233,621	
	US\$	853	16.1	13,732	7,778	
US\$	69,230	16.1	1,114,611	954,411		
			1,128,343	962,189		
US\$			-	886,844		
			-	886,844		
			1,128,343	1,849,033		

US\$: United States dollars.

As of December 31, 2016 and 2015, the Company has performed derivative transactions (foreign currency forward contracts) aimed at mitigating the risks related to exchange rate variations, which cover the exposure of the total net position and are renewed throughout the year during the time in which the covered liabilities are outstanding.

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NOTE 45 – PORTFOLIO ASSIGNMENT

As of December 31, 2016, the Company entered into Credit Portfolio Assignment agreements, as detailed below:

Date	Trustee	Sale Price	Assigned Portfolio
05/18/2016	Comafi Fiduciario Financiero S.A.	12,300	113,306
08/18/2016	Fideicomiso Financiero Creditia	10,203	94,099
11/17/2016	Comafi Fiduciario Financiero S.A.	24,300	253,676
12/19/2016	Comafi Fiduciario Financiero S.A.	24,900	214,600

The above-mentioned agreements have been executed as portfolio assignments without recourse. Accordingly, the Company has substantially transferred the risks and advantages inherent to the ownership of the financial asset.

NOTE 46 – DOCUMENTATION FILING

On August 14, 2014, the National Securities Commission issued General Resolution No. 629, whereby it introduces changes to its regulations regarding the filing and keeping of commercial books, corporate books and the accounting records.

In compliance with Section 26 of Part VII of Chapter IV of Title II of the Regulations (N.T. 2013, as amended), it is reported that the Company has entrusted the following third-party suppliers with the deposit of certain old information:

Person in Charge of the Deposit	Location
File Management Com S.R.L. (FMC)	Ruta 5 km 4 1/2 - Camino a Alta Gracia – Province of Córdoba
Administradora de Archivos S.A. (ADEA)	Ruta 36, 31.5km (Planta 3) - Florencio Varela – Province of Buenos Aires

In addition, it is evidenced that the detail of the documentation for safekeeping is made available at the registered office.

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1. LEGAL SYSTEMS

There are no significant or specific legal systems entailing contingent expiration or resurgence of benefits envisaged by those regulations.

2. COMPANY ACTIVITIES

Indicators of the Company's activities are described in the Summary of Activity.

3. CLASSIFICATION OF TRADE RECEIVABLES, OTHER RECEIVABLES AND DEFERRED TAX ASSETS BY MATURITY DATE

a) Past-due Trade Receivables as of December 31, 2016:

	Trade Receivables
	In Thousands of AR\$
Before 12.31.15	177,343
Between 12.31.15 and 06.30.16	472,359
Between 06.30.16 and 09.30.16	338,973
Between 09.30.16 and 11.30.16	337,714
Between 11.30.16 and 12.31.16	386,744
Subtotal	1,713,133
Provision for Impairment (1)	(1,009,428)
Total Past-due Receivables	703,705

(1) The difference of AR\$ 242,212 with respect to the total provision for impairment for AR\$ 1,251,640 corresponds to a global provisions for the (undue) performing commercial portfolio.

b) Other Receivables and Deferred Tax Assets with No Fixed Term as of December 31, 2016:

	Other Receivables	Deferred Tax Assets
	In Thousands of AR\$	
No Fixed Term	(1) 3,078	317,297

(1) Other Receivables with No Fixed Term: AR\$ 380 are recorded as other current receivables and AR\$ 2,698 are recorded as other non-current receivables in the Balance Sheet.

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c) Trade Receivables and Other Receivables to Become Due as of December 31, 2016:

		Trade Receivables	Other Receivables
		In Thousands of AR\$	
Current			
	03/31/17	13,637,596	331,017
	06/30/17	4,053,765	10,612
	09/30/17	2,123,924	1,334
	12/31/17	968,078	1,218
	Provision for Impairment (1)	(242,212)	-
Non-current		534,188	2,030

(1) The difference of AR\$ 1,009,428 with respect to the total provision for impairment for AR\$ 1,251,640 corresponds to a provision for past-due receivables included in paragraph a).

4. CLASSIFICATION OF DEBT BALANCES BY MATURITY DATE

a) Past-due Debts as of December 31, 2016:

There are no past-due debts as of December 31, 2016.

b) Debts with No Fixed Term as of December 31, 2016.

As of December 31, 2016, we have AR\$ 8 of qualification bonds received from Directors, as required by Law No. 19550.

c) Debts to Become Due as of December 31, 2016:

		Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
		In Thousands of AR\$					
Current							
	03/31/17	11,260,556	1,918,235	291,049	433,927	-	3,150
	06/30/17	494,123	1,204,410	82,560	-	300,427	18,519
	09/30/17	23	382,434	48,463	-	-	-
	12/31/17	27	972,706	-	-	-	-
Non-current		-	2,867,023	-	-	-	-

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5. CLASSIFICATION OF TRADE RECEIVABLES, OTHER RECEIVABLES AND DEFERRED TAX ASSETS BY THEIR FINANCIAL EFFECTS

- a) Trade Receivables, Other Receivables and Deferred Tax Assets in Argentine Pesos and U.S. dollars.

	Trade Receivables	Other Receivables	Deferred Tax Assets
	In Thousands of AR\$		
In Argentine Pesos	23,030,684	348,896	317,297
Provision for Impairment AR\$	(1,251,640)	-	-
In Foreign Currency	-	393	-
Provision for Impairment US\$	-	-	-

- b) The balances of Trade Receivables, Other Receivables and Deferred Tax Assets are not subject to any adjustment clause.

- c) Interest-bearing and Non-interest bearing Trade Receivables, Other Receivables and Deferred Tax Assets.

	Trade Receivables	Other Receivables	Deferred Tax Assets
	In Thousands of AR\$		
Interest-bearing Balances	9,454,857	-	-
Non-interest Bearing Balances	13,575,827	349,289	317,297

6. CLASSIFICATION OF DEBTS BY THEIR FINANCIAL EFFECTS

- a) Debts to Become Due in Argentine Pesos and U.S. Dollars

	Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
	In Thousands of AR\$					
In Argentine Pesos	11,740,990	6,230,197	422,072	433,927	300,427	21,677
In Foreign Currency	13,739	1,114,611	-	-	-	-

- b) Debt balances are not subject to any adjustment clause.

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c) Interest-bearing and Non-interest Bearing Debts:

	Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
	In Thousands of AR\$					
Interest-bearing Balances	-	7,006,001	-	-	-	-
Non-interest Bearing Balances	11,754,729	338,807	422,072	433,927	300,427	21,677

7. INVESTMENT IN COMPANIES

As of December 31, 2016, the Company holds a 5% interest in Cobranzas Regionales S.A. and a 1% interest in Tarjetas Cuyanas S.A.

8. RECEIVABLES FROM OR LOANS GRANTED TO DIRECTORS AND SUPERVISORY COMMITTEE MEMBERS

As of December 31, 2016, there are advances to directors and supervisory committee members for AR\$ 6,683, but there are no receivables from or loans granted to supervisory committee members and supervisory committee members' or directors' relatives up to the second grade of consanguinity, except for the regular use of their credit cards.

9. INVENTORY

The Company does not have any inventories.

10. VALUATION OF INVENTORIES

The Company does not have any inventories.

11. TECHNICAL REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Company does not have any property, plant and equipment that have been technically revaluated.

12. OBSOLETE PROPERTY, PLANT AND EQUIPMENT

The Company does not have any obsolete property, plant and equipment bearing book value.

13. INVESTMENT IN OTHER COMPANIES

There are no investments in companies in excess of the maximum value set forth by Section 31 of the Argentine General Companies Law.

14. RECOVERABLE VALUES

The recoverable value of property, plant and equipment is their value in use determined by the possibility of absorbing depreciation charges with the income reported by the Company.

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15. INSURANCE

The following are the insurance policies hired by the Company:

INSURANCE POLICY No.	INSURANCE COMPANY	INSURANCE TYPE	EXPIRATION DATE	INSURED AMOUNT (In Thousands)	BOOK VALUE
836937	ACE SEGUROS	Civil Liability Insurance	05/22/2017	AR\$ 20,000	-
33000021	ZURICH	Personal Accidents	08/31/2017	AR\$ 1,000	-
46542	CHUBB	Theft	04/15/2017	AR\$ 788	-
16668	CHUBB	Civil Liability Multi-Peril Insurance	04/15/2017	AR\$ 10,000	-
985235	CHUBB	Commercial Buildings Security	07/01/2017	AR\$ 5,000	-
40171	CHUBB	Civil Liability Work	04/15/2017	AR\$ 2,000	-
985164	CHUBB	EPEC Award Process in Public Services and/or Supplies	Annual Renewal	AR\$ 1,000	-
1-297298	ZURICH	House Fire	04/15/2017	AR\$ 600	-
81553551	ZURICH	Homeowners Insurance (Córdoba)	Semiannual Renewal	AR\$ 9,750	-
81565783	ZURICH	Homeowners Insurance (Concordia)	Semiannual Renewal	AR\$ 2,800	-
4151818	RSA	Motorbike Insurance	04/15/2017	AR\$ 6,000	-
821033	CAUCIONES S.A	Surety for the Municipality of Morón	06/28/2017	AR\$ 5	-
1313493	ASEGURADORA DE CREDITOS Y GARANTIAS S.A	Store Surety	05/31/2018	AR\$ 144	-
984212	CHUBB	House Surety	06/01/2017	AR\$ 40	-
4199	MERIDIONAL	Comprehensive Banking	06/23/2017	AR\$ 5,310	-
1004104	CHUBB	Lease Surety	12/01/2017	AR\$ 500	-
1004103	CHUBB	Lease Surety	12/01/2017	AR\$ 43	-
616640	CAUCIONES S.A	Surety	09/01/2017	AR\$ 1,006	-
7977	GALICIA SEGUROS S.A.	Surety for the Government of the Province of Santiago del Estero	Annual Renewal	AR\$ 32	-
10408	GALICIA SEGUROS S.A	Surety for the Municipality of Salta	Monthly Renewal	AR\$ 342	-
100602	GALICIA SEGUROS S.A	Credit Insurance	Monthly Renewal	AR\$ 6,589,211	-
100585	GALICIA SEGUROS S.A	Credit Insurance	Monthly Renewal	AR\$ 784,148	-
51773	MAPFRE	Credit Insurance	Monthly Renewal	AR\$ 492,910	-
46070	MAPFRE	Credit Insurance	Monthly Renewal	AR\$ 25,120	-
5022998	VICTORIA	Credit Insurance	Monthly Renewal	AR\$ 149,002	-
5022997	VICTORIA	Credit Insurance	Monthly Renewal	AR\$ 5,763	-
1606	BINARIA - OSDE	Group Life Insurance Required by Law	07/01/2017	AR\$ 157	-
100686	GALICIA SEGUROS S.A.	Group Life Insurance Required by Law	07/01/2017	AR\$ 33	-
33000143/0	ZURICH	Personal Accidents	08/31/2017	AR\$ 650	-

Tarjeta Naranja S.A.

Additional Information to the Notes to the Financial Statements

As of December 31, 2016 (Continued)

Expressed in thousands of Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

16. PROVISIONS

Current provisions exceed 2% of equity. Under IFRS, for the calculation of the provision for impairment, the Company analyzes the historical losses of its portfolio in order to estimate the losses related to Trade Receivables incurred as of the date of the financial statements, but that have not been individually identified, according to the guidelines set out in IAS 39. In addition, the historical ratios are adjusted, if appropriate, to include recent information that reflects the economic conditions as of the closing date of the financial statements, trends of behavior of customers in each portfolio segment and any other information that could affect the estimation of the provision for impairment related to Trade Receivables. Several factors may affect Management's estimation of the provision for impairment, including the volatility of the likelihood of loss, migrations and estimates of the severity of losses.

17. CONTINGENCIES

There are no significant contingent situations as of December 31, 2016, which have not been given accounting recognition.

18. DIVIDENDS ON PREFERRED SHARES

There are no preferred shares.

19. RESTRICTIONS ON THE DISTRIBUTION OF RETAINED EARNINGS

Restrictions on the distribution of retained earnings are detailed in Note 42 to the financial statements as of December 31, 2016.

Tarjeta Naranja S.A.

Summary of Activity

As of December 31, 2016

(Free Translation from the Original in Spanish for Publication in Argentina)

As of December 31, 2016, we have 2.9 million open accounts, thus achieving a 5% growth when compared to the same period of the previous year. These customers made more than 38 million purchases during the last quarter, what represents a 14% increase when compared to the same period of the previous year. If we measure the average consumption per active account during such period, there was a 34% increase at current values.

Profit before income tax as of December 31 was AR\$ 2,206 million, and equity exceeded AR\$ 4,681 million.

Financial Aspects

Within the framework of the Global Program for the Issuance of Notes ("*Obligaciones Negociables*"), in January, the Company issued Class XXXII Notes for a total of AR\$ 260.8 million. In April, the Company issued Class XXXIII Notes for a total of AR\$ 500 million. In June, the Company issued Class XXXIV Notes for a total of AR\$ 600 million. In September the Company issued Class XXXV Notes for a total of AR\$ 1,000 million and in December the Company issued Class XXXVI Notes for a total of AR\$ 846.9 million.

Additionally, during the year, loans and bank overdrafts were taken for AR\$ 1,221 million, and others were extended for AR\$ 781 million.

Additionally, throughout the year, payments on account of amortization of principal and interest related to Notes ("*Obligaciones Negociables*"), Borrowings and Finance Leases were made for AR\$ 2,343.3 million and US\$ 75.7 million.

Evolution as of December 31

Verano Sabor Naranja (Naranja-flavored Summer)

Under the framework of its summer campaign, Tarjeta Naranja invited to free shows in Mar del Plata and Carlos Paz. On the Atlantic Coast, Kevin Johansen and Liniers performed in front of an audience of over 20,000 people in the classic music show and fireworks. The ludic experience "Cubo Naranja" (Naranja's Cube) was proposed in Córdoba's town. The proposal was completed with discounts of up to 25%, and special zero per cent interest installment plans at restaurants, entertainment and clothes, mainly focused on tourist centers of the country.

Alejandro Asrin Took Over as President of Tarjeta Naranja S.A.

Alejandro Asrin was appointed to took over as President of Tarjeta Naranja S.A. as from April 15, 2016, whereas David Ruda began acting as Honorary Chairman. Asrin will have major challenges on the agenda, such as the development of a digital proposal for the new customer generations, and, from an in-house standpoint, the management of policies and practices tailored to its employees in order to continue consolidating Tarjeta Naranja among the best places to work for in the country.

Véase nuestro informe de fecha 10 de febrero de 2017

PRICE WATERHOUSE & CO. S.R.L.

(Socio)

C.P.C.E.C. N° 21.00004.3

Dr. Alejandro Asrin
Presidente

Tarjeta Naranja S.A.

Summary of Activity

As of December 31, 2016

(Free Translation from the Original in Spanish for Publication in Argentina)

Cultural Agenda at Casa Naranja

This year, Casa Naranja opened its doors to the community with a varied Cultural Agenda of free activities. During 2016, more than 10,000 people participated in the 40 proposals presented. Media increased positively. There were 300 appearances on TV, radio and nationwide and local printed and online newspapers.

The most outstanding agenda programs include the space for thinking opened in May with the visit made by Pepe Mujica, which also called on referents such as Alfredo and Diego Leuco, the historian Daniel Balmaceda and the artist Marcos López; the “*Ensayos de entrecasa*” (Home Rehearsals) social inclusion program through the music in which **12 choirs and community orchestras**, made up of over 300 children and young people, participated; the “*Acústicos en Casa - Gamba Sessions*” cycle, which took place for the first time and consisted in a private concert of Coti for 150 persons at the auditorium and other 1,700 persons who joined via streaming, and events organized with strategic partners such as Google, Mercado Libre, Facebook, IAE, IARSE and Globant, among others.

Casa Naranja also became the host of visual arts exhibitions of renowned national and local artists. From June to September, over 4,000 persons visited the Rogelio Polesello’s Sensible Geometry exhibition, which included guided visits for the general public and an interactive proposal for 24 public schools. A selection of works, such as the famous “*Asado de Mendiolaza*”, of the fine artist and photographer Marcos López was exhibited from late November to February 2017. The exhibition records more than 600 visits as of December.

Along with Argentina’s National Soccer Team

As official sponsor and throughout 2016, Naranja offered cardholders the exclusive presale of tickets and kept strong brand presence at stadiums. In March, it opened the doors of its new branch for the press conference of the coach Gerardo Martino and for the 200th Anniversary America’s Cup it launched a communication campaign strengthening its commitment towards the social program *Un Gol, Un Potrero* (One Goal, One Soccer Field) whereby it reconditioned 300 sports areas. In October and as a result of the match between Argentina’s National Soccer Team and Paraguay in Córdoba, the Company provided 50 investors and journalists with a unique experience, which included preferential seats for the match and the visit to Casa Naranja.

Value Proposal for the Customer

“*Lindos, pero también por dentro*” (Nice, but also from Inside) was the creative concept chosen this year to communicate promotions and discounts along with the values focused on the organizational culture. In line with this, special promotions for inactive customers or with low consumption level were stimulated, and the traditional Smartes with discounts of up to 30% on the best brands continued. On the other hand, Naranja Store reinforced its proposal taking part in the Hot Sale and Cyber Monday with long-term installment plans and exclusive discounts of up to 35% on selected products.

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Summary of Activity

As of December 31, 2016

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Under the framework of its business strategy, the Company opened new stores in the City of Buenos Aires in Palermo, Florida, and two ones inside Buenos Aires in Viedma and Balcarce, and moved the points of service in Quilmes, Laferrere, Moreno and Caballito to better located renewed branches. As a result of this migration, Casa Naranja in Villa Devoto, La Paternal, Villa del Parque and Mataderos closed, and these pieces of equipment were reallocated to the other Management's branches. In the interior of the country, the stores in South Rosario and Córdoba Subway were reconditioned. At the end of 2016, the Company has 207 points of service in the aggregate.

Publication of the Third Sustainability Report

For the third consecutive year, the Company submitted its Sustainability Report for 2015, based on the international Global Reporting Initiative (GRI) guidelines. The transparency of the economic management, the environmental care and the social commitment are the main indicators and focal points reported by Tarjeta Naranja.

TEDx Banco Galicia at Casa Naranja

Over 400 employees of Banco Galicia and Tarjeta Naranja enjoyed for the first time the TEDx experience at Casa Naranja, the corporate headquarters in Córdoba. This time, the companies developed jointly this inspiration process of Technology, Entertainment and Design, together with their employees.

A Company with Multiple Awards

In November, Naranja achieved the **second position** in the prestigious ranking called "Great Place to Work", being ranked among the best places to work for in the country in the category "companies with more than 1,000 employees".

David Ruda, the Company's founder and honorary chairman, received the 2016 Model Entrepreneur award granted by Endeavor and was distinguished among the main business leaders recognized by the consulting firm Merco.

Moreover, the Company occupied an outstanding place in the first nationwide customer's experience study conducted by the consulting firm Bain. It was ranked first in the credit card sector and occupied the sixth place in the ranking of brand consumers' loyalty.

Naranja was also recognized in Merco's Corporate Reputation and Preferred Companies to work for rankings, in EIKON Awards to Communication excellence, 2016 Facebook Awards for its "*Caramelos*" (Candies) campaign and EFFIE Argentina Awards with the Marketing Hall of Fame distinction.

Outlook

According to the events happened in the last quarter of 2016, an increase in the regulations governing our main activity is expectable for 2017. These circumstances may have an impact on the activity volume and the profit level. To mitigate these circumstances, we will continue working on the achievement of efficiencies and the improvement of collections.

Véase nuestro informe de fecha 10 de febrero de 2017

PRICE WATERHOUSE & CO. S.R.L.

(Socio)

C.P.C.E.C. N° 21.00004.3

Dr. Alejandro Asrin
Presidente

Tarjeta Naranja S.A.

Summary of Activity

As of December 31, 2016

(Free Translation from the Original in Spanish for Publication in Argentina)

TARJETA NARANJA S.A.'S COMPARATIVE STATISTICAL DATA FOR CURRENT AND PREVIOUS YEARS

(This information is not within the scope of the Independent Auditors' Report)

TARJETA NARANJA S.A.'S USERS

	12.31.16	12.31.15	12.31.14	12.31.13	12.31.12
Open Accounts (in Thousands)	2,923	2,791	2,542	2,506	2,331
Monthly Average Consumption per Active Account (AR\$ at Face Value)	2,789	2,082	1,541	1,176	932

TRANSACTIONS AT SUBSCRIBED STORES

	12.31.16	12.31.15	12.31.14	12.31.13	12.31.12
Transactions within the Last Quarter (in Thousands), Including other Brands	38,045	33,493	31,794	30,433	27,839
Average Fee	2.81%	2.84%	2.83%	2.85%	2.87%

NUMBER OF AUTHORIZED CREDIT CARDS FOR TARJETA NARANJA S.A. (in Thousands)

	12.31.16	12.31.15	12.31.14	12.31.13	12.31.12
Tarjeta Naranja	4,197	4,038	3,711	3,665	3,427
Visa	3,813	3,663	3,148	2,711	2,348
Mastercard	703	661	538	519	478
Amex	55	47	41	34	32

COMPARATIVE CHART OF BALANCE SHEET (in Thousands of AR\$)

	12.31.16	12.31.15	12.31.14	12.31.13	12.31.12
Current Assets	23,420,544	16,937,951	12,974,971	10,202,269	7,130,919
Non-current Assets	1,577,333	1,232,397	891,235	703,496	639,338
Assets	24,997,877	18,170,348	13,866,206	10,905,765	7,770,257
Current Liabilities	17,410,617	12,067,369	9,578,801	7,169,376	4,855,671
Non-current Liabilities	2,905,829	2,566,634	1,856,646	1,794,305	1,355,410
Liabilities	20,316,446	14,634,003	11,435,447	8,963,681	6,211,081
Equity	4,681,431	3,536,345	2,430,759	1,942,084	1,559,176

Véase nuestro informe de fecha 10 de febrero de 2017

PRICE WATERHOUSE & CO. S.R.L.

(Socio)

C.P.C.E.C. N° 21.00004.3

Dr. Alejandro Asrin
Presidente

Tarjeta Naranja S.A.

Summary of Activity

As of December 31, 2016

(Free Translation from the Original in Spanish for Publication in Argentina)

COMPARATIVE CHART OF STATEMENTS OF PROFIT OR LOSS (in Thousands of AR\$)

	12.31.16	12.31.15	12.31.14	12.31.13	12.31.12
Operating Profit	7,714,513	5,682,140	4,102,058	3,412,798	2,632,599
Operating Profit, Net of Provision for Impairment	6,961,885	5,327,786	3,631,110	2,923,254	2,266,731
Total Operating Expenses	(4,757,753)	(3,415,345)	(2,677,763)	(2,159,126)	(1,597,029)
Share of Net Profit of Associates Accounted for Using the Equity Method	2,343	2,975	2,136	1,650	906
Profit before Income Tax	2,206,475	1,915,416	955,483	765,778	670,608
Income Tax Expense	(761,389)	(659,830)	(322,267)	(262,915)	(230,876)
Profit for the Year from Continuing Operations	1,445,086		633,216	502,863	439,732
Net Loss for the Year for Discontinued Operations	-	-	(14,191)	(13,150)	(8,123)
Profit for the Year	1,445,086	1,255,586	619,025	489,713	431,609
Net Income Attributable to the Company's Shareholders	1,445,086	1,255,586	619,025	489,713	431,609
Reserve for Translation Differences Related to Foreign Operations	-	-	(5,350)	3,195	1,930
Comprehensive Income for the Year from Continuing Operations	1,445,086	1,255,586	633,216	502,863	439,732
Comprehensive Loss for the Year from Discontinued Operations	-	-	(19,541)	(9,955)	(6,193)
Comprehensive Income for the Year	1,445,086	1,255,586	613,675	492,908	433,539

Véase nuestro informe de fecha 10 de febrero de 2017

PRICE WATERHOUSE & CO. S.R.L.

(Socio)

C.P.C.E.C. N° 21.00004.3

Dr. Alejandro Asrin
Presidente

Tarjeta Naranja S.A.

Summary of Activity

As of December 31, 2016

(Free Translation from the Original in Spanish for Publication in Argentina)

COMPARATIVE STRUCTURE OF THE STATEMENT OF CASH FLOWS (in Thousands of AR\$)

	12.31.16	12.31.15	12.31.14	12.31.13	12.31.12
Net Cash Outflow from Operating Activities	(2,386,748)	(1,547,214)	(379,318)	(1,078,647)	(850,429)
Net Cash Inflow / (Outflow) from Investing Activities	374,354	(454,994)	(166,112)	(143,042)	(162,531)
Net Cash Inflow from Financing Activities	3,552,244	1,216,527	752,983	1,659,234	985,803
Net Increase / (Decrease) in Cash and Cash Equivalents	1,539,850	(785,681)	207,553	437,545	(27,157)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	6,681	7,122	654	3,605	2,766

RATIOS

	12.31.16	12.31.15	12.31.14	12.31.13	12.31.12
Liquidity	1.345	1.404	1.355	1.423	1.469
Indebtedness	4.340	4.138	4.704	4.615	3.984
Solvency	0.230	0.242	0.213	0.217	0.251
Tied-up Capital	0.063	0.068	0.064	0.065	0.082
Profitability for the Year	0.352	0.421	0.283	0.280	0.310

Véase nuestro informe de fecha 10 de febrero de 2017

PRICE WATERHOUSE & CO. S.R.L.

(Socio)

C.P.C.E.C. N° 21.00004.3

Dr. Alejandro Asrin
Presidente



Independent auditor's report

To the Shareholders, President and Directors of
TARJETA NARANJA S.A.
La Tablada 451
CÓRDOBA – ARGENTINA

Report on the financial statements

We have audited the accompanying financial statements of Tarjeta Naranja S.A. (the "Company"), which comprise the balance sheet as of December 31, 2016 and 2015 and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Company's Board of Directors responsibility for the financial statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economics Sciences (FACPCE) as professional accounting standards and added by the National Securities Commission (CNV) to its regulations, as approved by the International Accounting Standards Board (IASB). In addition, the Board of Directors is responsible for the existence of such internal control as may be deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted in Argentina by the FACPCE through Technical Pronouncement No 32 and their respective Adoption Circulars. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Price Waterhouse & Co. S.R.L., Av. Colón 610 - 8º Piso - X5000EPT Córdoba
T: +(+54 351) 420.2300, F: +(+54 351) 420.2332, www.pwc.com/ar

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Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Tarjeta Naranja S.A. as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Córdoba, February 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

A large, stylized handwritten signature in black ink, which appears to be "A. Suárez", is written over the company name and the word "Partner".

(Partner)

Andrés Suárez
Public Accountant

SUPERVISORY COMMITTEE'S REPORT

To the Directors and Shareholders of
Tarjeta Naranja S.A.
La Tablada 451
CÓRDOBA-ARGENTINA

1. In our capacity as members of the Supervisory Committee, we have examined Tarjeta Naranja S.A.'s financial statements as of December 31, 2016, which include the Annual Report, the Inventory, the Balance Sheet as of December 31, 2016, the Statement of Profit or Loss, the Statement of Comprehensive Income, and the Statements of Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The balances and other information for 2015 are an integral part of the above-mentioned audited financial statements and, therefore, should be considered in relation to those financial statements.
2. The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and added by the National Securities Commission (C.N.V.) to its regulations, as approved by the International Accounting Standards Board (IASB). Furthermore, the Board of Directors is responsible for the existence of the internal controls it deems necessary to enable the preparation of financial statements free from significant deviations resulting from errors or irregularities.

Our responsibility is to express a conclusion based on the examination we performed with the scope specified in paragraph 3 below.

3. Our examination was carried out in accordance with standards applicable in Argentina to members of the Supervisory Committee. These standards require our examination to be performed in accordance with the professional auditing standards applicable in Argentina and include verifying the fairness of the relevant information disclosed in the documents examined and its consistency with the remaining information concerning corporate decisions we have learnt about, as disclosed in minutes, and the conformity of those decisions with the law and the bylaws insofar as concerns formal and documental aspects. For purposes of our professional work, we have reviewed the work performed by the external auditors of Tarjeta Naranja S.A., Price Waterhouse & Co. S.R.L., which was conducted in accordance with International Auditing Standards (IAS), which were adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of FACPCE, as approved by the International Auditing and Assurance Standards Board ("IAASB"). Those auditors issued their audit report on February 10, 2017, without any qualified opinion. An audit requires that the auditor plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit entails applying procedures to obtain judgmental evidence about the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the risk assessment of material misstatements in the financial statements due to fraud or error. Upon performing such risk assessment, the auditor must consider the appropriate internal control for the Company's preparation and fair presentation of the financial statements in order to design the audit procedures that are adequate according to the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the adequacy of the accounting policies applied, the reasonableness of the significant estimates made by the Company's Management and of the presentation of the financial statements taken as a whole. We have not assessed the business criteria regarding the different areas of the Company, as these matters are the Company's exclusive responsibility.

We also report that, in compliance with the legality control that is part of our field of competence, during this year we have applied the other procedures described in Section 294 of Law No. 19550, which we deemed necessary according to the circumstances, including — among others— controlling the constitution and survival of the Directors' bond.

We believe that the work we performed provides a reasonable basis for our opinion.

4. In our opinion, with the scope mentioned above, Tarjeta Naranja S.A.'s financial statements present fairly, in all material respects, the financial position as of December 31, 2016, the operating income, the changes in equity and the cash flows for the year then ended, in accordance with International Financial Reporting Standards. Those financial statements give consideration to all significant facts and circumstances which are known to us. As regards the Board of Directors' Annual Report, the Report on the Degree of Compliance with the Code on Corporate Governance and the Summary of Activity and Additional Information, we have no observations to make, and the assertions on future events are the exclusive responsibility of the Board of Directors. In compliance with the legality control that is part of our field of competence, we have no observations to make.

Furthermore, we report the following: a) the accompanying financial statements and the corresponding inventory stem from accounting records kept by optical media, as authorized by *the Superintendence of Commercial Companies of the Province of Córdoba*; such authorization has not yet been approved by the Argentine National Securities Commission; b) as called for by Section 21, Part VI, Chapter III, Title II of the Regulations issued by the Argentine National Securities Commission concerning the independence of external auditors as well as the quality of the auditing policies applied by them and the Company's accounting policies, the abovementioned external auditor's report includes a representation indicating that the auditing standards in force have been applied, these standards include independence requirements, and contain no observations relative to the application of said professional accounting standards, and c) we have applied the procedures concerning prevention of asset laundering and funding of terrorist activities, as established in the respective professional standards issued by the Professional Council in Economic Sciences of the Province of Córdoba.

Córdoba, February 10, 2017

Jorge F. Gregorat
For the Supervisory Committee