Tarjeta Naranja S.A.

Financial Statements
For the year commenced January 1, 2018 and ended December 31, 2018,
presented on a comparative basis.
(Free Translation from the Original in Spanish for Publication in Argentina)

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2018 ANNUAL REPORT

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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 24th year of the Company, ended December 31, 2018.

FINANCIAL CONDITION

(Figures expressed in thousands of Argentine Pesos)

In 2018, Tarjeta Naranja S.A. kept its leadership position as main issuer of credit cards in Argentina. As of December 31, 2018, the Company has 3,412,955 open accounts. Considering additional card holders, Tarjeta Naranja S.A. has 4,777,286 customers in the aggregate. Meanwhile, the total number of authorized cards is 8,817,871, including all managed brands, namely: Tarjeta Naranja, Tarjeta Naranja Visa, Tarjeta Naranja MasterCard, and Tarjeta Naranja American Express.
Annual transactions rose by 18%, while average consumption per account during the year experienced a 31% increase in nominal terms.

By way of General Resolution 777/2018, the C.N.V. provided that issuers subject to its oversight are required to restate their financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29.
According to IAS 29, all balance sheet figures, other than those reported in terms of the current unit of measurement at the end of the reporting period, are to be restated by reference to a general price index, while all profit & loss items are to be reported in terms of an unit of measurement adjusted as of the end of the reporting period by reference to the changes in the general price index occurring since the date on which revenues and expenses have been originally recognized in the financial statements.

Originally reported comparative figures were adjusted accordingly. Note 49 to the financial statements includes a reconciliation of the figures disclosed in the balance sheet and statement of profit or loss as of December 31, 2017, without the application of IAS 29, to the comparative figures disclosed in the financial statements. The same information is included for the current year. On the other hand, and as stated in Note 2.2 and Note 5, the information reported in nominal currency is still being used by the Board of Directors in making decisions as to how to allocate resources and assess the business performance. Accordingly, and for the sake of an accurate interpretation of the business development and the impact of IAS 29, below is a detail of the main factors affecting the Company's profit & loss for the year:

	Balances at 12.31.2017 Originally Reported Balances (in Nominal Currency)	Change		Balances at 12.31.2018 (in Nominal Currency)	Effect of Restatement (IAS 29)	Balances at 12.31.2018 (in Current Currency)
		In Thousands of AR$ (in Nominal Currency)	%			
Revenues from Services	7,219,429	2,619,131	36.3%	9,838,560	2,198,428	12,036,988
Costs of Services	(1,002,500)	(465,550)	46.4%	(1,468,050)	(321,604)	(1,789,654)
Net Revenues from Services	**6,216,929**	**2,153,581**	**34.6%**	**8,370,510**	**1,876,824**	**10,247,334**
Revenues from Financing	7,397,998	5,635,865	76.2%	13,033,863	2,767,673	15,801,536
Costs of Financing	(2,016,783)	(3,155,496)	156.5%	(5,172,279)	(888,343)	(6,060,622)
Loss on Net Monetary Position	-	-	-	-	(3,408,607)	(3,408,607)
Net Revenues (Loss) from Financing	**5,381,215**	**2,480,369**	**46.1%**	**7,861,584**	**(1,529,277)**	**6,332,307**
Net Income from Short-term Investments	234,999	427,972	182.1%	662,971	117,602	780,573
Operating Revenue	**11,833,143**	**5,061,922**	**42.8%**	**16,895,065**	**465,149**	**17,360,214**
Provision for Loan Losses, Net of Recoveries	(1,335,946)	(2,232,198)	167.1%	(3,568,144)	(679,429)	(4,247,573)
Operating Revenue, Net of Provision for Loan Losses	**10,497,197**	**2,829,724**	**27.0%**	**13,326,921**	**(214,280)**	**13,112,641**
Employee Benefits Expenses	(2,672,910)	(1,259,255)	47.1%	(3,932,165)	(842,826)	(4,774,991)
Taxes and Charges	(1,652,561)	(816,391)	49.4%	(2,468,952)	(553,671)	(3,022,623)
Marketing Expenses	(290,681)	(123,356)	42.4%	(414,037)	(91,771)	(505,808)
Depreciation and Amortization	(148,485)	(132,732)	89.4%	(281,217)	(239,485)	(520,702)
Other Operating Expenses, Net	(1,824,384)	(1,481,373)	81.2%	(3,305,757)	(673,852)	(3,979,609)
Total Operating Expenses	**(6,589,021)**	**(3,813,107)**	**57.9%**	**(10,402,128)**	**(2,401,605)**	**(12,803,733)**
Net Profit before Income from Investments Accounted for Using the Equity Method	**3,908,176**	**(983,383)**	**(25.2%)**	**2,924,793**	**(2,615,885)**	**308,908**
Income from Investments Accounted for Using the Equity Method	2,527	(2,183)	(86.4%)	344	106	450
Profit (Loss) before Income Tax	**3,910,703**	**(985,566)**	**(25.2%)**	**2,925,137**	**(2,615,779)**	**309,358**
Income Tax	(1,443,059)	586,610	(40.7%)	(856,449)	(694,919)	(1,551,368)
Profit / (Loss) for the Year	**2,467,644**	**(398,956)**	**(16.2%)**	**2,068,688**	**(3,310,698)**	**(1,242,010)**

As it arises from the table above, Operating Revenues (the sum of Net Revenues from Services, Net Revenues from Financing, and Net Income from Short-term Investments) increased 42.8% in nominal terms vis-a-vis the previous year to AR$ 16,895,065, net of a 156.5% increase in Revenues from Financing for the period, in nominal terms.

Delinquency rates experienced a substantial rise, particularly in the second half of the year, driven by the economic downturn. The Provision for Loan Losses rose from 11.3% of Operating Revenues in 2017 to 21.1% in 2018.

Operating Expenses increased 57.9% in nominal terms. Such increase in expenses was driven by the costs of the merger process with Tarjetas Cuyanas S.A. and the unification of brands, which involved the full replacement of Nevada cards for Naranja cards, training addressed to former Nevada's employees, and severance payments to Nevada's employees which could not be relocated. The increase in Operating Expenses was also attributable to expenses incurred in connection with the Company's Digital Transformation.

In 2018, Profit (Loss) before Income Tax and before the impact of the application of IAS 29 declined by 25.2% vis-a-vis the previous year. Net Profit in nominal terms declined by 16.2% to AR$ 2,068,688.

As a result of the application of IAS 29, Profit before Income Tax declined to AR$ 309,358.

Net Loss After Income Tax, adjusted for inflation or in constant currency, amounted to AR$ 1,242,010.

The loss resulting from the application of IAS 29 is primarily attributable to the recognition of a Loss on net monetary position in the amount of AR$ 3,408,607, as a result of the net monetary asset position maintained during the year exposed to inflation.

As of December 31, 2018, Equity restated into constant currency amounted to AR$ 10,206,552. The distribution of dividends, approved by the Ordinary Shareholders ' Meeting held on April 4, 2018, amounted to AR$ 600,000, equivalent to AR$ 808,425 in constant currency at the end of the reporting period.

SOURCES OF FINANCING

(Figures expressed in thousands of Argentine Pesos)

Below is a detail of the Company's sources of financing during the year, along with the respective repayments of principal and interest, in nominal values:

Notes ("*Obligaciones Negociables*"): Within the framework of the Global Program for the Issuance of Notes ("*Obligaciones Negociables*"), in February the Company issued Class XXXIX Notes ("*Obligaciones Negociables*") for an aggregate principal amount of AR$ 754,539; in April, the Company issued Class XL Notes ("*Obligaciones Negociables*") for an aggregate principal amount of AR$ 2,000,000; in November, the Company issued Class XLI Notes ("*Obligaciones Negociables*") for an aggregate principal amount of AR$ 1,197,657; and in December, the Company issued Class XLII Notes ("*Obligaciones Negociables*") for an aggregate principal amount of AR$ 1,266,303. Principal and interest on the Notes ("*Obligaciones Negociables*") were paid in the amount of AR$ 3,813,277.

Banks and Financial Loans: New loans and credit lines were obtained from several banks in the amount of AR$ 2,820,000. In turn, the Company repaid principal and interest on such borrowings for AR$ 1,798,789. At present, the Company has several unused bank facilities available.

Finance Leases: Finance lease payments due were made in the amount of AR$ 101,348.

REDUCED MERCHANTS 'FEES

In line with the policy adopted in April 2017, Naranja completed the second phase of the voluntary reduction in the maximum fee applicable to merchants 'sales, which fell to 2.35%. A new voluntary reduction in the maximum fee applicable to merchants 'sales is expected to take place in January 2019, when such fee will fall to 2.15%.

RISK MANAGEMENT AND RECOVERY MODELS

As concerns **procedures for collection of amounts in early arrears**, Naranja embraced four machine-learning scoring models to enhance predictive power in collection efforts, by implementing changes in customer segmentation, strategies, and collection rules. Accordingly, the Company developed new channels for collection of amounts in arrears to offer financing products, according to each customer segment. These actions had an impact on early arrears efforts, as the process added value for the first 30 days of arrears increased twofold, while the ratios for amounts with over 30 days in arrears were maintained.

The model of procedures for collection of amounts in late arrears resulted in improvements in the speed of recovery. In this regard, the Company developed a new model of procedures based on a "**customer's risk** "approach. This new model is also based on machine learning, and has enabled us to segment the portfolio more efficiently, and increase current recovery rates. At year-end, the new model was deployed in 50% of newly assigned accounts, and is expected to be completed during the first quarter of 2019.

Portfolio Assignment

(Figures expressed in thousands of Argentine Pesos)

As part of its policy to streamline arrears recovery procedures, which this year also included Tarjeta Nevada's late arrears and non-performing portfolio, the Company assigned the out-of-court portfolio by way of a private auction, using new identification and predictive models to ensure the best selection of the portfolio to be assigned. During the year, portfolio assignment totaled AR$ 2,139,344, with AR$ 172,727 in revenues and AR$ 90,000 in cost savings from judicial proceedings, eliminating the operating costs associated with the procedures for collection of a portfolio with high levels of provisions.

INTEGRITY AND TRANSPARENCY

CHANGES TO COMPLY WITH NEW REGULATIONS

Amidst the ongoing changes in the regulatory framework, Naranja implemented the necessary adjustments to conform to the rules handed down by the Argentine Central Bank and the National Securities Commission (C.N.V.). Some of these regulations include:

- Argentine Central Bank Communiqué “A ”6418 on Protection of Financial Service Users. Designation of a member of the Board of Directors or equivalent authority as “Chief Protection of Financial Service Users Officer, ”who will be primarily responsible for protecting financial service users.

- Argentine Central Bank Communiqué “A ”6448 on Protection of Financial Service Users. Cancellation and termination of financial and non-financial services. Streamlining and digitalization of proceedings for financial service users.

- Argentine Central Bank Communiqué “A ”6419 on Protection of Financial Service Users. Access to models for signage and links to financial users.

- Argentine Central Bank Communiqué “A ”6458 - Circular Letter RUNOR 1-1382 - “Protection of Financial Service Users. ”Revision.

- Argentine Central Bank Communiqué “A ”6474. Related to Total Financial Cost exposure.

- Argentine Central Bank Communiqué “A ”6484 - Circular Letter RUNOR 1-1393 Inquiries and Complaints Reporting System.

- Argentine Central Bank Communiqué “A ”6491 - Circular Letter RUNOR 1-1395 OPASI 2-545, Revised Text. Cancellation and termination of financial and non-financial products and services. Streamlining and digitalization of proceedings for financial service users. Revision.

- Argentine Central Bank Communiqué “A ”6503 - Circular Letter RUNOR 1-1399 - Reporting to the Argentine Central Bank -R.I.-D.S.F.- Non-Financial Credit Providers.

- General Resolution No. 746 handed down by the C.N.V. - Frequent Issuer.

- Argentine Central Bank Communiqué “A ”6541 - Circular Letter OPRAC 1-953 RUNOR 1-1411 “Total Financial Cost ”Exposure. Conformance adjustments.

- Argentine Central Bank Communiqué “A ”6547 - Circular Letter RUNOR 1-1413 - Electronic Notices to Care for the Environment. Conformance adjustments.

- Argentine Central Bank Communiqué “A ”6559 - Circular Letter CONAU 1-1291 - Transparency Reporting System. Chapter II-Commissions, Charges and Rates for Financial Service Users".

- Argentine Central Bank Communiqué “A ”6547. Protection of Financial Service Users. Access to current signage models.

- Argentine Central Bank Communiqué “A ”6559 - Circular Letter CONAU 1-1291 - Transparency Reporting System. Chapter II-Commissions, Charges and Rates for Financial Service Users".

- Argentine Central Bank Communiqué “A ”6583 - Circular Letter RUNOR 1-1423 - Complaint Reporting System.

- Argentine Central Bank Communiqué “C ”79968. “Non-Financial Credit Providers ” Application. Non-Financial Issuers of Credit and/or Charge Cards.

Required adjustments to conform to regulatory changes in connection with the following reporting systems:

- Financial System’s Debtors System –Partial Amendments.
- Financial System’s Debtors - Non-Financial Credit Providers.
- Inquiries and Complaints.
- Non-Financial Credit Providers Record.

- Financing through credit cards.
- Transparency Reporting System - Chapters I and II.

The Argentine Central Bank, through the Office of Protection of Financial Service Users, set a goal for all entities to reduce complaints by 27% in 2018. The Company has committed to this goal and built a dedicated team to achieve it. As a result, the Company has managed to reduce the number of complaints by 31%, overachieving the initial goal.

PREVENTION OF FINANCIAL CRIMES

As part of its strategy, the Company is committed to ensuring that an effective prevention policy is in place, aligned with market practices, embracing a digital and technological approach to its actions in this regard. The Company has a dedicated team, monitoring tools and agile procedures in place that help detect unusual and irregular transactions.

In 2018, the Company implemented a Compliance Program which contemplates policies, measures, procedures and other activities related to the Prevention of Asset Laundering and Funding of Terrorist Activities, in order to:

- Comply with the provisions of different regulations inherent to credit card operators.
- Establish internal policies and procedures that allow having objective and technical criteria as regards the Prevention of Asset Laundering and Funding of Terrorist Activities.
- Cause their employees to learn about and commit to the Prevention of Asset Laundering and Funding of Terrorist Activities, through training and awareness initiatives.

NARANJA AND NEVADA COMPLETED THEIR BRAND UNIFICATION

In August 2017, Tarjeta Naranja S.A. initiated the merger by absorption process of Tarjetas Cuyanas S.A., owner of Tarjeta Nevada.

In January 2018, the sale of Nevada cards was discontinued in the Northeast, Northwest, Patagonia and Central regions of Argentina. During the first quarter of 2018, the Company devised a strategy to combine operations to be implemented in three stages. The first stage was deployed in May, including the cities of Resistencia, Corrientes, Formosa, Neuquén, Cipolletti, General Roca, Cutral Có, Zapala, General Pico and Santa Rosa de La Pampa. In August, the Company deployed the second stage, including the provinces of San Luis, Salta, Jujuy, Tucumán, Santiago del Estero, Catamarca and La Rioja. The last stage was deployed in November in the provinces of San Juan and Mendoza.

As a result of the unification, Naranja gained 404,000 new customers, and 15,560 new Merchants ("*Comercios Amigos*") and 24 branches joined the brand.

NARANJA'S BRANCHES NATIONWIDE

As a result of the merger with Nevada, Naranja expanded its footprint countrywide, by aligning 24 stores to the look-and-feel of the brand. In addition, a store was opened up at Rosario's pedestrian street, 3 stores were moved, and 3 stores were remodeled in several locations of the country.

Branch Distribution as of December 31, 2018

PROVINCE	NUMBER OF BRANCHES
BUENOS AIRES	45
CITY OF BUENOS AIRES	8
CATAMARCA	5
CHACO	5
CHUBUT	4
CÓRDOBA	47
CORRIENTES	7
ENTRE RÍOS	8
FORMOSA	3
JUJUY	6
LA PAMPA	3
LA RIOJA	6
MENDOZA	18
MISIONES	5
NEUQUÉN	5
RÍO NEGRO	8
SALTA	10
SAN JUAN	5
SAN LUIS	3
SANTA CRUZ	2
SANTA FE	20
SANTIAGO DEL ESTERO	6
TIERRA DEL FUEGO	2
TUCUMÁN	7
Total	**238**

DIGITAL EVOLUTION

In February 2017, Naranja, under the advice of the consulting firm McKinsey, initiated a transformation process aimed at becoming a leading digital company in the financial industry. During 2018, the Company strived to digitalize customer's trips, develop digital marketing, embrace advanced analytics, and design new digital products.

Digitalization of Customers ’Trips: The Company implemented improvements to streamline several processes, including account origination, collection procedures, subscription to HBO Go, and application for personal loans through digital channels.

As concerns origination, more than 100,000 new accounts were opened up through Naranja’s digital channels, accounting for 30% of total accounts sold at year-end.

In an effort to boost customers ’migration to digital payments, the Company implemented the Payment Button in Naranja Online and Naranja App, with 141,000 transactions in December. The on-line channel accounted for 27% of collections from customers, including payments through third parties ’digital channels.

In order to strengthen the value proposal for the customer, the Company enabled the digital subscription to HBO Go on-demand content, achieving an average of 3,000 new active accounts per month.

As concerns personal loans, the Company designed a fully on-line product which enables “unbanked ”individuals to withdraw cash from ATMs. In January-July, Naranja granted over 80,000 loans for a total amount of AR$ 678 million. In June, it achieved a record high, with newly originated loans accounting for 27% of total loans granted.

Digital Marketing: The Company has managed to become a benchmark in the region amongst leading financial companies in digital evolution. The Company relied on cross-selling tools that helped to boost sales of several products, including HBO Go, personal loans, Samsung products, cell phone tops-ups, and applications for additional cards. At present, Naranja has 1,137,000 active digital users per month. In addition, customers continued migrating to digital account statements, reaching a total of 2,200,000 at year-end.

Advanced Analytics: The Company strived to implement analytics models using algorithms that helped to strengthen their predictive power. In this regard, the Company developed a product and best-deal recommendation engine for customers named “*Justo para Vos* ”(Just for You), which increased expected returns on the sale of recommended products by 15%. The Company also developed 4 new models to be used at the several stages of the arrears recovery procedures, increasing predictive power from 30% to 50%.

New Digital Products: In an effort to associate its trademark to new products with embedded technology which already have a share in the digital market, in December 2018 Tarjeta Naranja S.A. entered into a non-exclusive trademark license agreement with Cobranzas Regionales S.A., pursuant to which such trademarks can be associated to the operation of a payment platform and external devices that read card magnetic stripes and chips. Merchants and freelance professionals will now be able to cash payments through debit or credit cards operated by Cobranzas Regionales S.A. under the Naranja PoS brand. During the last quarter of 2018, the Company pilot tested *Naranja Cuenta*, a digital account that will allow users to pay their bills, transfer money to and from accounts, make payments with QR code at retail stores, and recharge their Red Bus and SUBE cards through their mobile phones. The goal of the pilot tests was to identify opportunities for improvement in the product. *Naranja Cuenta* is expected to be launched at a national level in 2019.

NARANJA ONLINE AND NARANJA APP

At year-end, Naranja Online received 3,500,000 visits per month, on average, accounting for a 23.3% increase year-on-year. The on-line site features two new functionalities: subscription to HBO Go and *Convivimos Digital*. On the other hand, the Naranja App recorded 4,700,000 accesses per month, on average - a 164% increase vis-a-vis December 2017.

BRANCHES OF THE FUTURE

The “branches of the future ”program is being developed concurrently with the digitalization of customers ’trips in order to offer them a single multi-channel experience with more intuitive systems to solve all customers ’interactions on the first contact. In 2018, the project was in the diagnostic and design phase. During the first quarter of 2019, the Company will open up its first pilot branch in Córdoba to test new service models, branch designs, and technologies for services to keep up with new digital trends.

NEW TECHNOLOGIES

In line with the digital evolution process, in 2018 the Company made the necessary expenditures and investments to deploy new technologies to provide the best quality experiences to its customers. In 2018, the IT Division devised a strategic plan named IT022

(Journey to the Cloud), focused on the cultural and organizational transformation which helped consolidate the Company’s leading position in the market. Interdisciplinary teams worked together towards the digitalization of the core business, in addition to IT4TI cells within the Digital Factory to automate the area processes, achieve scalability, and meet the “Time-To-Market ”goal. Other projects involving the IT Division included ERP Dynamics, Dynamics product manager, a new demand management process, and a new HR system (Meta4).

PRODUCTS AND SERVICES

Partnership with Samsung

The partnership with Samsung boosted sales of cell phones, tablets and accessories for several consumer segments at Tienda Naranja (Naranja Store) and selected branches in Córdoba (Subte and Rivera Indarte) and Buenos Aires (Flores, Lomas de Zamora and La Plata). In July-December, 12,000 cell phones were sold.

Naranja Viajes

Naranja has been exploring the Tourism segment in association with the start-up Escapando.com in an effort to boost the ecosystem of non-financial products and services adjacent to the Company’s core business. During the first quarter, Naranja incorporated the sale of air-tickets to the site, increasing the sales of the other vertical products available, such as hotels, buses, package tours and getaways. Since June, customers enjoyed discounts ranging from 15% to 30%. During the first quarter 2019, this business unit will operate under the brand *Naranja Viajes*.

Publishing Products

CIMA Magazine

During the year, the Nevada magazine was incorporated to Naranja's product portfolio. The magazine has 315,000 subscribers in Mendoza and San Juan, and in the Northwest, Northeast, and Patagonia regions of Argentina. The magazine features content related to cultural, sport and social activities in these regions.

Convivimos

During the year, the digital version of Naranja's monthly publication was developed, with 380,000 subscribers countrywide at year-end. During the year, several celebrities such as Luis Brandoni, Arturo Puig, Diego Peretti, Juan José Campanella, Reina Reech and the Company's founder, David Ruda, landed the cover of the magazine.

The Book of the Boss

David Ruda - Founder of Naranja - presented his book entitled "*Otra manera de hacer negocios* "(A Different Way of Doing Business), describing how he co-founded the Company with Gerardo Asrin. The book - which was presented in November at Casa Naranja in Córdoba, is available at book stores countrywide and at tiendanaranja.com. The proceeds from the book's sale will be donated to sponsored schools.

Tienda Naranja (Naranja Store)

In the second quarter of 2018, Naranja initiated the development of a new platform focused on the user experience and salespeople. With over 6.8 million visits to the site, at year-end the number of customers that carried out transactions through the site increased 85% YoY, while the volume of units sold rose by 42%.

Insurance and Assistance Products

At year-end, Naranja had a stock of 2,808,000 insurance policies, accounting for a 4% increase vis-a-vis 2017. This year, the Company launched a comprehensive pet insurance policy against accidental death and civil liability for damages pets may cause to third parties. In July-September, the product began to be offered in the cities of Buenos Aires, Córdoba and Rosario.

Life, personal accident, home and protected purchase insurance policies were among the best selling products during the year.

PROMOTIONS AND BENEFITS

At year-end, Naranja had a monthly average of 2,060 promotions with 300 regional and national brands.

During the 2018 summer, customers enjoyed discounts of up to 15% and payment plans of up to 10 interest-free installments at restaurants, entertainment, transportation, hotels and travel agencies. In late March and in anticipation of the World Cup, Naranja partnered with Noblex to offer customers Smart TVs 4K and sound towers payable in up to 36 interest-free installments.

The Company kept offering up to 20% discounts in technology, supermarkets and clothing, among others. In May, Tienda Naranja (Naranja Store) participated in the Hot Sale and Cyber Monday initiatives, offering promotions and discounts in technology, electronics, furniture and sports, with payment plans of up 25 interest-free installments and free shipping. In addition, Naranja launched promotions and offered up to 30% discounts on special dates, such as the Children's Day, the Mother's Day, the Father's Day, and Christmas.

In the Travel category, the Company pushed promotions with Aerolíneas Argentinas and GOL offering payment plans of up to 12 interest-free installments and up to 20% discounts on the purchase of air-tickets. In September, Naranja partnered with Air Europa to offer payment plans of up to 12 interest-free installments for the purchase of air-tickets.

Since March through December (excluding July and August), customers enjoyed the benefits of SMartes, a promotion that offers up to 25% unlimited discounts every Tuesday on major brands throughout the country, and an additional 5% discount to customers who have been cardholders for over 10 years. As of December 31, 2018, SMartes recorded AR$ 576 million in revenues countrywide.

2018 World Cup Campaign

Through its program “*Un Gol, Un Potrero* ”(One Goal, One Soccer Field) and as part of the 2018 World Cup in Russia, the Company equipped six new soccer fields, one per each goal scored during the World Cup. In addition, the Company equipped other 23 venues, one per each player that made up the Argentina’s National Soccer Team. Since 2011 to date, the Company has equipped 447 sport venues.

As an official sponsor of the National Soccer Team, Naranja designed a 360 campaign called “*Dejemos todo, menos de jugar* ”(Never Quit Playing), including exclusive benefits for customers and payment plans of up to 18 and 12 interest-free installments on the purchase of mobile phones with Claro and Personal, respectively.

The Company also developed a social media strategy and a social campaign named “*El jueguito más largo del mundo* ”(The Longest Keepie-Uppie Ever), giving out 2,500 pairs of soccer boots and 500 soccer balls to 114 winning soccer fields, which benefited 2,500 kids from several sport venues countrywide.

THE CUSTOMER ALWAYS AT THE CORE OF EVERYTHING WE DO

Naranja has continued managing its customers' experience with the Net Promoter Score® (NPS) tool to learn about customers ’opinions and expectations in order to identify potential improvements. In 2018, Naranja’s relationship NPS (Customer Loyalty) remained steady at an average of 44 points, due to consistency in managing the customer's experience. For the second consecutive year, the Company carried out a benchmark study along with WOW Customer Experience, a consulting firm specialized in the field, in which Naranja ranked higher than the major national banks.

The study included 480,000 surveys (40,000 per month) to manage the customer’s experience goals at Naranja's branches, the 0810 line, NOL and the App. In-house, the Company introduced the Customerville tool to share on-line information at service channels, improving the rate of response and assertiveness.

In 2019, the Company will launch the transactional NPS known in-house as “*La Voz del Cliente* ”(The Customer’s Voice) in social networks to measure all channels used by Naranja’s customers.

Cards on the Spot

The card service delivery known as **Ajnaran** almost doubled the number of delivered cards from 3,447 in July to 6,266 in October. The service is available at 69 stores countrywide.

New Account Statement

Working jointly with the customers, the Company redesigned the account statement, providing better information and enhancing the layout of the most appealing topics to customers. As a result, all payment options are now available at a single spot, without the need for payment slips.

Alfred, the Virtual Assistant

As part of its digital evolution efforts, the Company continued applying Artificial Intelligence tools to enhance efficiency in customer service. In 2018, a bot called **Alfred** operated as a customer service assistant at Naranja Online and Facebook, with 50% in cost savings and managing to solve 1 out of 3 customers 'inquiries on the first contact.

Share in Social Networks

Naranja keeps an active involvement in its social networks, with the commitment to providing prompt customer services with quality and warmth, talking to its community and sharing exclusive benefits. In 2018, the Company managed to increase the number of followers by 25% year-on-year across its several digital communities. Naranja's official site in Facebook surpassed 2 million followers. Its Instagram account had 87,600 followers, a 22,000 increase vis-a-vis 2017. The LinkedIn platform displayed a 286% increase compared to 2017, leveraging the new content strategy focused on the search for new professional profiles to support the Company's digital evolution.

Followers on Social Networks in 2018

Facebook	2,244,651
YouTube	58,584
LinkedIn	58,722
Instagram	87,600
Twitter	158,582

COMMITMENT TO EMPLOYEES

At year-end, Naranja has a headcount of 3,402 employees, 61.4% of which are women and 38.6% are men. During 2018, the Human Relations Subdivision deployed tools related to agile methods to build interdisciplinary and collaborative teams that work autonomously and using a horizontal approach.

Employer Brand

Naranja's goal as Employer Brand is to become the most appreciated and admired company by its main stakeholders and the community at large, fostering spaces for dialogue and promotion of cultural practices embedded in the value proposal to its employees. In line with Naranja's evolution, in 2018 the Company strived to attract digital profiles through the main brand attributes. In furtherance of this goal, the Company participated in several IT events in Argentina, such as Campus Party, Social Media Day, ITC Week, and Py Data. Furthermore, the Company organized 6 meet-up events at Casa Naranja (the corporate building in Córdoba) related to several issues, including UX/UI design, DevOps and agile methods. In order to attract the professional profiles described above, Naranja has built academic relationships with Acámica and with the School of Mathematics, Astronomy and Physics (FAMAF) of Universidad Nacional de Córdoba.

New Performance Management Model

As a result of a process initiated in 2017 with the Company's rebranding and redesigned purpose, vision and mission, Naranja has been implementing a new Performance Management Model (known as GEDE). During 2018, Naranja tested the model among 840 employees and managed to identify their individual contribution to the business strategic initiatives. The results achieved were better than in branches where the GEDE model is not in place. In this regard, the branches that have deployed the new model achieved a 95% score in the Customer's Experience indicator, while branches which do not rely on the model achieved an 85% score. The product sales target was achieved by 70%, accounting for a 15 percentage point increase vis-a-vis the branches that did not participate in the pilot test. The Company deployed a new tool (**BetterMe**) to give and receive feedback on employees ' performance in a fast and efficient manner, with over 3,100 interactions in November 2018 relative to 260 interactions in June.

On April 1, 2019, the new model will be deployed among all employees.

People Development

As every year, Naranja is committed to the personal and professional development of each employee. Most training sessions, whether face-to-face or on-line, are delivered by Naranja's trainers - employees selected by internal selection processes and specifically trained to such end.

As concerns actions segmented by roles, deputy directors and managers received training on discursive skills, digital mindset and change management, carrying out ongoing benchmarking actions, both in national and foreign companies, and pursuing continuing education through post-graduate studies. Education addressed to middle-management includes leadership programs, workshops on new behaviors, and special programs to help them deploy their talents. As to the other employees, new hires receive training and on-boarding sessions, and learn about new behaviors and digital evolution.

In 2018, each employee received, on average, five training courses, adding up to over 76,800 hours of training across all participants.

Espacio N

Espacio N is a step forward in the e-learning platform the Company makes available to its employees. It is a responsive-design website through which employees may receive training anytime, anywhere, in or outside business hours. Most training courses were customized and fully developed in audiovisual format, which favors the learning process.

Naranja at the Great Place to Work® Ranking

For third consecutive year, Naranja occupied the 2nd position in the Great Place to Work® 2018 (GPTW) ranking of the best workplaces in Argentina, in the category of companies with “more than 1,000 employees. ”Naranja got an overall average score of 88 points - up by 5 points vis-a-vis the previous year-. As to work environment perception, Naranja got a score of 92 points -5 points more than in 2017-. This was the ninth time the Company has participated in the GPTW ranking, but this time with 92% fulfillment.

Survey on Naranja's Work Environment

As every year, the Company deployed the Naranja Environment Survey in order to have a record in place that guides our leaders 'work environment management actions from one Great Place To Work® survey to the other. Engagement in the Naranja Environment Survey was 80%, having achieved a perception score of 89 over 100.

Naranja Digital Portal

As part of its digital evolution, Naranja redesigned its in-house magazine which has a 22-year track record, transforming it into a digital portal which employees can access to from any mobile device. With articles, reports and multimedia content, the magazine seeks to boost business strategic issues.

SUSTAINABLE RELATIONSHIPS WITH THE COMMUNITY

Apadrinando escuelas (Support for Schools) and *Apadrinando comedores* (Support for Community Kitchens)

Since 1999, Naranja has championed for equal education opportunities, providing a monthly financial contribution to public primary schools countrywide in order to cover the needs of students and institutions. In 2018, Naranja contributed AR$ 2,030,000 for the benefit of 328 schools and 84,339 students. In addition, Naranja delivered 5,942 school kits and financial support in the amount of AR$ 1,554,000 contributed by the Company and its employees and the proceeds from the sales of the "solidarity shopping club "in which employees have an active role.
For 15 years now, Naranja has been collaborating with food, education, clothing and recreation of children at community or soup kitchens from different districts of the country. In 2018, this effort benefited 4,265 children in 41 community kitchens.

Débito Solidario (Solidarity Debit)

(Figures expressed in thousands of Argentine Pesos)

Through this effort, Tarjeta Naranja has been for over 23 years collecting the contributions cardholders donate through automatic credit card debit to be fully delivered to different non-profit organizations. In 2018, 362 non-profit organizations benefited from a contribution of AR$ 204,942, up by 33% vis-a-vis 2017.

Volunteering

In 2018, 425 volunteers from Naranja (12% of its employees) worked together with several organizations, including *Una Gota de Salud, Directo al Corazón*, Huancar in association with the Tola Missionary Group from Jujuy and *Recuperadores Multicanal Solidarios* in association with the IRAM Foundation.

Outreach Programs

Naranja strives to offer equal opportunities to people with disabilities. At present, it has 11 employees with disabilities working in Córdoba, Santa Fe and Buenos Aires. The recruitment efforts were carried out together with the Inclúyeme Foundation, the Promover Program under the purview of the Ministry of Labor, Employment and Social Security and the Disability Area of the Job Placement Office under the purview of the Secretariat of Employment Equity and Development of the Province of Cordoba.

Scholarships for Primary and Secondary School Students

For the sixth consecutive year, Naranja has sponsored and provided financial support to financially, socially and emotionally vulnerable children and young people with outstanding academic performance, who are at risk of dropping school. Each student is sponsored by an employee who contributes 20% of the scholarship amount, with the Company contributing the remaining 80%. In 2018, the Company contributed AR$ 631,000 in scholarships benefiting 126 students.

Environmental Care

In 2017, in honoring its commitment to mitigating the effect of its operations on the climate change, the Company began to measure Greenhouse Gas emissions at internal events. The measurement methods used by the Company were compliant with ISO 14064:2015 and with the precedents laid down in the Greenhouse Gas Protocol. In 2018, the Company carried out this measurement again to reduce the environmental impact of the transportation and energy it uses and the waste it generates in such events. In 2018, the Company managed to reduce emissions by 40% at its Semi-Annual Meeting (an event that convenes the entire Company) vis-a-vis 2017.

SUSTAINABLE SUPPLIERS MANAGEMENT

In 2018, the Company deployed the second stage of the “Suppliers Assessment and Management Model, ”which involves the assessment of critical suppliers in the Achilles platform, under the Performance Feedback tool.
We worked with an interdisciplinary team led by the Purchases area, with the involvement of Social Responsibility, in a supplier development and risk management program. At year-end, we had 40 suppliers registered in the digital registration and assessment platform, 5 suppliers who were assessed with their respective risk reports, and 11 audits completed. In 2019, the Company will rely on the on-demand audit services rendered by Achilles, which involve a random or biased selection of several suppliers for a review of their financial statements, contracting capacity, or the conditions of their employees.

SUSTAINABILITY REPORT

For the fifth consecutive year, 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 document reflected the actions taken during the year 2017 focused on three social pillars - commitment to the Naranja team, contributions to the community, and environmental strategy. Once again, the Company achieved the highest measurement level (the Comprehensive Option for the “In Accordance ”criteria). In addition, Naranja aligned its actions with the United Nations Sustainable Development Goals (SDGs). Thus, Naranja reinforced its commitment towards the communities where it is present reasserting its sustainable conduct.

CULTURAL AGENDA AT CASA NARANJA

Casa Naranja's cultural agenda for 2018 was opened up in March with *Futuro Volátil* (Volatile Future), a collective exhibition featuring site-specific projects, sculptures, videos and technological arts by 22 national and international artists. During three months, the exhibition received 7,000 visitors who enjoyed guided tours and online audio guides. In May, in association with Marta Minujín, Naranja donated the Soft Gallery, created in 2017 for the exhibition at Casa Naranja, to the Emilio Caraffa Museum. The artwork is now part of Córdoba's cultural heritage. In September, Naranja inaugurated *Visión Le Parc*, a world-class exhibition by the optical artist Julio Le Parc. Visitors may enjoy this exhibition until February 9, 2019 for free.

Several bands, such as Las Pastillas del Abuelo, Miranda, Rayos Láser, Valdés and Nonpalidece, performed acoustic shows at the auditorium. Also during the year, the Company has continued pursuing the Educational Visits Program, targeted at primary and secondary schools, and cycles of meetings for vocational music groups.

In summary, more than 30,000 people visited Casa Naranja and 4,500 children participated in educational visits.

2018 AWARDS AND DISTINCTIONS

In November, Great Place to Work® ranked Naranja as the second best company to work for in Argentina, within the category of companies with over 1,000 employees. This award is an acknowledgment to the Company as best employer and highest-quality workplace.

In the same line, the Company has ranked 9th in MERCO Talento, a ranking compiled by MERCO (Monitor Empresarial de Reputación Corporativa) which monitors companies attracting and retaining the best talent in Argentina.

Once again, Naranja has ranked 1st in the Ranking of Corporate Governance and Accountability compiled by MERCO in the financial and credit card sector, and 21st in the overall ranking of the 100 companies with best reputation in Argentina, developed on the basis of a survey among corporate directors, professionals and consumers.

This year, the Company climbed to the 22nd position in the ranking of the Best Argentine Companies in terms of Corporate Image published by the business magazine Apertura. In addition, the Company occupied the 10th place in the Care for Human Resources ranking compiled by the same magazine.

Alejandro Asrin and David Ruda set foot in MERCO Líderes, the ranking of the 50 most recognized leaders in Argentina compiled by MERCO.

For the first time, Naranja has ranked among the top ten Most Prestigious Companies, a ranking compiled by *Prensa Económica* magazine, occupying the 9th position in the banking segment.

OUTLOOK FOR 2019

Since May 2018, the main economic variables were affected by an adverse external environment, resulting in perceived risks about the vulnerabilities in the Argentine economy. Against this backdrop, there was a decline in financial brokerage activities, coupled with restrictions in local capital markets, while pressures in the FX market resulted in accelerating inflation, raising even more uncertainties about the local economy.

The agreement with the IMF would allow Argentina to honor its financial commitments in 2019, while the government has committed to achieving the primary fiscal balance in 2019. On the other hand, the Argentine Central Bank will not expand the monetary base until June 2019, and has established intervention and non-intervention zones in the FX market to restrict disruptive fluctuations in the exchange rate.

This contractionary bias in the control of economic aggregates would be maintained until such time as inflation levels show a clear downward trend and the overall economic outlook improves.

In the light of these circumstances, we should be cautious about our access to the capital markets to increase our lending offering. Our loan loss ratio is expected to improve, as long as economic activity levels rebound.

The Company's financial spreads were affected since the second quarter of 2018 as a result of two factors - a sharp increase in borrowing rates and a slow increase in returns on assets, considering the fact that, at the time rates climbed, portfolio returns were tied to fixed rates, and the lending rates authorized by the Argentine Central Bank are governed by the levels prevailing in the financial system in the past three months. In 2019, we expect to see an improvement in financial spreads, with a potential inverse effect as that in 2018.

By the end of 2018, we completed the unification of brands following the merger with Tarjetas Cuyanas S.A. Therefore, we expect our operating costs to decline and the Naranja brand to consolidate countrywide in fiscal year 2019.

The inflation rate in 2019 is expected to be lower than in the previous year, which would soften its negative impact on inflation gains/losses.

In 2019, the Company will continue pursuing its Digital Evolution projects. We will continue striving to achieve gradual growth in customer acquisition, account statements, payments and other digital interactions. In 2019, we will launch a pilot project named Sucursal del Futuro (Branch of the Future), with a technology-based person-to-person service approach. We also expect to launch the digital account Naranja Cuenta, laying the groundwork for

Naranja to become a product and service ecosystem. We expect all these projects will result in an enhanced customer's experience and increased cost efficiency.

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

	Compliance		Noncompliance	Report or Explain
	Total	Partial		
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				
Recommendation I.1: 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			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. 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.
Recommendation I.2: Ensure the existence of mechanisms that would prevent conflicts of interests.	X			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. 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. 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.
Recommendation I.3: Prevent the misuse of inside information.	X			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.
PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
Recommendation II. 1: Ensure that the Management Body assumes the management and supervision of the Issuer and its strategic orientation				
II.1.1.1 Approved strategic plan, management goals and annual budgets approved by the Management Body.	X			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.
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	X			Tarjeta Naranja has a Code on Corporate Governance approved by the Board of Directors.

approved by the Management Body.				
II.1.1.4. Policy to select, evaluate and compensate first-class managers approved by the Management Body.	X			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. Compensation is established based on salary bands defined according to the responsibilities assigned to each of the positions. All these policies are approved by the Board of Directors.
II.1.1.5. Policy to assign responsibilities to first-class managers approved by the Management Body.	X			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. 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.
II.1.1.6 Supervision of succession plans of first-class managers approved by the Management Body.	X			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.
II.1.1.7. Policy on Corporate Social Responsibility approved by the Management Body.	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 submitted by the Social Responsibility area. The policies implemented are mainly focused on the following aspects: • We are Social: *Apadrinando escuelas* (Support for Schools); *Apadrinando comedores*

				(Support for Community Kitchens); Missions; *Débito solidario* (Solidarity Debit); *Un gol, un potrero* (One Goal, One Soccer Field); Cultural Agenda; Scholarships for primary and secondary school students; Internship program for secondary schools; *Voluntariado Naranja* (Naranja Volunteering Program). • Environmental Commitment: Power consumption and water collection; sale of out-of-use paper to be recycled (eco-efficient paper); 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). • The best company to work for: Commitment to people management; Selection and promotion; Competency-based management; Work environment; The best company to work at; Occupational Health and Safety. • Commitment, Quality and Service: Always close to our customers and Merchants (*"Comercios Amigos"*); Value proposal for our customers; Customer's experience; Quality with warmth; "*La Voz del Cliente*" (The Customer's Voice).
II.1.1.8 Policy on comprehensive risk management and internal control and fraud prevention approved by the Management Body.	X			Tarjetas Regionales, the controlling company, has a specific area for the risk analysis that supplements the analyses performed by the Issuer. 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. 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 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			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. 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.
II.1.4 Matters submitted for the Management Body's approval, accompanied by risk analyses and acceptable risk level.	X			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. The management information is monthly submitted to the Committee for Information Integrity and the Board of Directors. Tarjetas Regionales, the controlling company, has a specific area for the risk analysis that supplements the analyses performed by the Issuer.
<u>Recommendation II.2</u>: Ensure an effective business management control.				
II.2.1 The Management Body verifies compliance with the	X			Compliance with the annual budget and business plan is verified during the Board of Directors'

annual budget and business plan.				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 II.3</u>: 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.
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.	X			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. 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.
<u>Recommendation II.4</u>: That the number of external and independent members represents a significant				

proportion in the Management Body.				
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.	X			Tarjeta Naranja S.A.'s Board of Directors is the highest management body of the Company. It is made up of seven non-independent Directors and six 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. 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. The General Shareholders' Meeting has the power to establish the number of directors and appoint them. The policy on the appointment of directors is the responsibility of the Shareholders' Meeting. Tarjeta 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
Recommendation II.6: 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			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.
Recommendation II.7: 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	X			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.
				N/A

management, specific business knowledge and the related regulations, the dynamics of corporate governance and corporate social responsibility 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.
PRINCIPLE III. GUARANTEE AN EFFECTIVE POLICY TO IDENTIFY, ASSESS, MANAGE AND DISCLOSE THE BUSINESS RISK				
Recommendation III: 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			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. 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. 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. 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. 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 ("*Obligaciones Negociables*") 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 ("*Obligaciones Negociables*") and borrowing of financial leases and loans at variable rate. In all cases of loans and notes ("*Obligaciones Negociables*") with variable rate, the applicable rate is private Badlar.
III.2 There is a Risk Management Committee inside the Management Body or General Division. Report on 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.		X		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: • 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.

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			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. The internal audit area performs its activities 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 ensure that 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.
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				
Recommendation IV: 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,			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

considering that most of them shall be independent, assesses whether it is advisable to be chaired by an independent member.				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 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).	X			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: • Effectiveness and efficiency of operations • Reliability of the accounting information • Compliance with applicable laws and regulations The area complies with an annual work plan, the planning and scope of which are based on identifying and assessing the entity's risks. 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.
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	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.

perform the assessment.				
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				
Recommendation V.1: 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 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.	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' 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.
Recommendation V.2: 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	X			During 2014, a Code on Corporate Governance was prepared, which was submitted for the Board of Directors' consideration and approval.

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.				
Recommendation V.3: 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. As a result of the merger by absorption with Tarjetas Cuyanas, effective October 1, 2017, the Company's capital stock was increased up to AR$ 28,240,000, represented by 2,824 non-endorsable registered ordinary shares, with a face value of AR$10,000 and one voting right each.
Recommendation V.4: 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.
Recommendation V.5: Increase the percentage of outstanding shares on capital.			X	As a result of the merger by absorption with Tarjetas Cuyanas S.A., Tarjetas Regionales S.A. owns 99% of the shares, while Procesadoras Regionales S.A. owns the remaining 1%. The Company has no shares under the public offer system and, therefore, does not foster spreading its capital.
PRINCIPLE VI. KEEP A DIRECT AND RESPONSIBLE RELATION WITH THE COMMUNITY				
Recommendation V.6: 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	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.

the criteria, frequency and conditions that shall be met for the payment of dividends.				
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 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.	X			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. The Shareholders' Meeting is the one which annually decides on the proposal of allocation of the Issuer's Unappropriated Retained Earnings, after meeting the 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. The last distribution of dividends was approved through the Ordinary Shareholders' Meeting held on Wednesday, April 4, 2018.
<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			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.
VI.2 The Issuer issues an annual Report for Social and Environment Responsibility purposes, which are	X			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 six

verified by an independent External Auditor. If any, state the legal or geographic scope or coverage thereof and where it is 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).				commitments, according to GRI (Global Reporting Initiative) guidelines. Some of the most outstanding are: • Community: To create a positive impact on the communities we are part of through sustainable and quality programs. • Suppliers: To promote the sustainable management of our value chain. • Shareholders: To foster the development of a long-term sustainable business, thus minimizing the environmental impact in all company' processes, thinking about its legacy to future generations. • Customers: To offer financial and non-financial services aimed at consumption and entertainment with quality and warmth in sustainable processes. • Employees: To be the best place to work for and develop themselves as better people. • Merchants (*"Comercios Amigos"*): To promote strategies related to a greater commitment from our Merchants ("*Comercios Amigos*") and the business management oriented to sustainability. 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.
PRINCIPLE VII. COMPENSATE FAIRLY AND RESPONSIBLY				
Recommendation VII: 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 non-existence 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				N/A

to have adequate skills and experience in human resources policies-related matters.				
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

VII.4. If there is no Compensation Committee, explain how the duties described in VII. 2 are performed within the Management Body itself.		X		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.
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			Tarjeta Naranja seeks a work environment that fosters honesty, proactivity, responsibility, security, data confidentiality and respect for the law and business loyalty. 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. 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.

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			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. In addition, effective January 1, 2017, the Company has made available an ethical line, along with the other companies of Grupo Galicia, which serves as a channel to receive employees' and suppliers' reporting anonymously and confidentially. Such line is managed by an independent third party with experience in the matter.
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			As from the implementation of the ethical line, an Ethics Committee was formed, which analyzes reporting and coordinates the necessary investigations. Such committee participates in Internal Audit.
<u>PRINCIPLE IX: BROADEN THE SCOPE OF THE CODE</u>				
<u>Recommendation IX</u>: Foster the inclusion of provisions related to good corporate governance practices in the Corporate Bylaws.		X		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.

Tarjeta Naranja S.A.

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

Legal Domicile: La Tablada 451 – Córdoba

Principal Line of Business: Credit Card Administrator

24th Year
Financial Statements

For the year commenced January 1, 2018 and ended December 31, 2018, presented on a comparative basis
Expressed in thousands of constant Argentine pesos as of year-end

Date of Registration with the Public Registry of Commerce:

Of Bylaws, as amended:	December 12, 1995, May 3, 2001, March 24, 2004, and May 9, 2018 (Note 2.19)
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				
Number	Type	Voting Rights per Share	Subscribed	Paid-in
			In Thousands of AR$	
2,824	Ordinary shares with a face value of AR$ 10,000	1	28,240	28,240
2,824			28,240	28,240

Information on the Controlling Company:

Company's Name:	**Tarjetas Regionales S.A.**
Legal Domicile:	Tte. Gral. Juan D. Perón No. 430 – Piso 19, Autonomous City of Buenos Aires.
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 Equity:	99.96%
Percentage of Votes:	99.96%

Please refer to our report dated March 11, 2019
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

TARJETA NARANJA S.A.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018 AND 2017
(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, 2018 and 2017

Expressed in thousands of constant Argentine Pesos

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

	Notes	12.31.2018	12.31.2017
		In Thousands of AR$	
Revenues from Services	6	12,036,988	11,722,948
Costs of Services	7	(1,789,654)	(1,626,948)
Net Revenues from Services		**10,247,334**	**10,096,000**
Revenues from Financing	8	15,801,536	12,018,887
Costs of Financing	9	(6,060,622)	(3,281,362)
Loss on Net Monetary Position		(3,408,607)	(1,687,980)
Net Revenues from Financing		**6,332,307**	**7,049,545**
Net Income from Short-term Investments	10	780,573	376,327
Operating Revenue		**17,360,214**	**17,521,872**
Provision for Loan Losses	11	(4,247,573)	(2,168,679)
Operating Revenue, Net of Provision for Loan Losses		**13,112,641**	**15,353,193**
Employee Benefits Expenses	12	(4,774,991)	(4,337,059)
Taxes and Charges	13	(3,022,623)	(2,685,816)
Marketing Expenses	14	(505,808)	(474,019)
Depreciation and Amortization	15	(520,702)	(363,594)
Other Operating Expenses	16	(3,979,609)	(2,957,576)
Total Operating Expenses		**(12,803,733)**	**(10,818,064)**
Net Profit before Income from Investments Accounted for Using the Equity Method		**308,908**	**4,535,129**
Income from Investments Accounted for Using the Equity Method	17	450	4,252
Profit before Income Tax		**309,358**	**4,539,381**
Income Tax	18	(1,551,368)	(2,424,839)
(Loss) / Profit for the Year		**(1,242,010)**	**2,114,542**
Earnings per Share			
Basic and Diluted Earnings per Share		(439.81)	748.78

The notes are an integral part of these financial statements.

Please refer to our report dated March 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Andrés Suarez

Certified Public Accountant (U.B.A.)

Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat

For the Supervisory Committee

Alejandro Asrin

President

Tarjeta Naranja S.A.

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

Statement of Other Comprehensive Income

For the years ended December 31, 2018 and 2017
Expressed in thousands of constant Argentine Pesos
(Free Translation from the Original in Spanish for Publication in Argentina)

	Notes	12.31.2018	12.31.2017
		In Thousands of AR$	
(Loss) / Profit for the Year		**(1,242,010)**	**2,114,542**
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year		**-**	**-**
Total Comprehensive (Loss) Income for the Year		**(1,242,010)**	**2,114,542**
Earnings per Share			
Basic and Diluted Earnings per Share		(439.81)	748.78

The notes are an integral part of these financial statements.

Please refer to our report dated March 11, 2019
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3
Andrés Suarez
Certified Public Accountant (U.B.A.)
Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
President

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, 2018 and 2017

Expressed in thousands of constant Argentine Pesos

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

	Note	12.31.2018	12.31.2017		Note	12.31.2018	12.31.2017
		In Thousands of AR$				In Thousands of AR$	
ASSETS				**LIABILITIES**			
CURRENT ASSETS				**CURRENT LIABILITIES**			
Cash and Cash Equivalents	19	5,054,682	3,169,472	Trade and Other Payables	26	22,840,725	24,174,181
Investments	20	-	306,060	Borrowings	27	8,521,792	1,594,082
Receivables from Trade	21	42,614,544	45,670,324	Employee Benefit Obligations	28	793,388	832,553
Other Receivables	22	265,079	331,111	Current Tax Liabilities	29	984,648	968,509
				Other Liabilities	30	29,098	43,860
				Income Tax Provision	18	38,137	1,025,803
Total Current Assets		**47,934,305**	**49,476,967**	**Total Current Liabilities**		**33,207,788**	**28,638,988**
NON-CURRENT ASSETS				**NON-CURRENT LIABILITIES**			
Receivables from Trade	21	1,215,342	1,506,415	Borrowings	27	8,592,195	12,880,998
Other Receivables	22	6,323	9,350	Other Liabilities	30	10,102	-
Deferred Tax Assets	18	506,397	628,242	Provisions	31	64,997	71,589
Investments Accounted for Using the Equity Method	23	2,118	2,619				
Property, Plant and Equipment	24	1,805,166	1,721,986				
Intangible Assets	25	611,983	502,983				
Total Non-current Assets		**4,147,329**	**4,371,595**	**Total Non-current Liabilities**		**8,667,294**	**12,952,587**
				Total Liabilities		**41,875,082**	**41,591,575**
				EQUITY		**10,206,552**	**12,256,987**
Total Assets		**52,081,634**	**53,848,562**	**Total Liabilities and Equity**		**52,081,634**	**53,848,562**

The notes are an integral part of these financial statements.

Please refer to our report dated March 11, 2019
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3
Andrés Suarez
Certified Public Accountant (U.B.A.)
Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
President

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, 2018 and 2017
Expressed in thousands of constant Argentine Pesos
(Free Translation from the Original in Spanish for Publication in Argentina)

	Shareholders' Contributions				Reserves				
	Capital Stock (Note 2.19)	Adjusted Capital Stock	Additional Paid-in Capital from Merger	Subtotal	Legal Reserve	Discretionary Reserve	Reserve for Conduction of New Operations	Retained Earnings	Total Equity
	In Thousands of AR$								
Balance at 01.01.2018	28,240	544,474	42,515	615,229	28,388	1,422,508	7,681,484	2,509,378	12,256,987
(Loss) / Profit for the Year	-	-	-	-	-	-	-	(1,242,010)	(1,242,010)
Establishment of Reserve for Conduction of New Operations Decided pursuant to Minutes of Shareholders' Meeting No. 42 dated 04.04.2018	-	-	-	-	-	-	4,101,388	(4,101,388)	-
Release of Discretionary Reserve Balance and Appropriation to Reserve for Conduction of New Operations pursuant to Minutes of Shareholders' Meeting No. 42 dated 04.04.2018.	-	-	-	-	-	(1,422,508)	1,422,508	-	-
Distribution of Cash Dividends Decided pursuant to Minutes of Shareholders' Meeting No. 42 dated 04.04.2018.	-	-	-	-	-	-	-	(808,425)	(808,425)
Balance at 12.31.2018	**28,240**	**544,474**	**42,515**	**615,229**	**28,388**	**-**	**13,205,380**	**(3.642.445)**	**10,206,552**
Balance at 01.01.2017	24,000	542,562	-	566,562	18,656	106,869	5,744,335	2,691,833	9,128,255
Profit for the Year	-	-	-	-	-	-	-	2,114,542	2,114,542
Establishment of Reserve for Conduction of New Operations Decided pursuant to Minutes of Shareholders' Meeting No. 40 dated 03.30.2017.	-	-	-	-	-	-	1,999,327	(1,999,327)	-
Distribution of Cash Dividends Decided pursuant to Minutes of Shareholders' Meeting No. 40 dated 03.30.2017.	-	-	-	-	-	-	-	(624,902)	(624,902)
Effect of Merger by Absorption of Tarjetas Cuyanas S.A. (Note 48)	4,240	1,912	42,515	48,667	9,732	1,315,639	(62,178)	327,232	1,639,092
Balance at 12.31.2017	**28,240**	**544,474**	**42,515**	**615,229**	**28,388**	**1,422,508**	**7,681,484**	**2,509,378**	**12,256,987**

The notes are an integral part of these financial statements.

Please refer to our report dated March 11, 2019
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
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Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
President

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, 2018 and 2017

Expressed in thousands of constant Argentine Pesos

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

	Note	12.31.2018	12.31.2017
		In Thousands of AR$	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the Year		(1,242,010)	2,114,542
Plus Income Tax Accrued during the Year	18	1,551,368	2,424,839
Plus Interest and Other Financial Expenses Accrued during the Year, Net of Interest and Other Financial Income Accrued		5,983,103	3,270,497
Plus Loss on Net Monetary Position		3,408,607	1,687,980
Adjustments to Calculate Net Cash Flow and Cash Equivalents from Operating Activities	38	5,999,199	3,554,847
Changes in Operating Assets	39	(18,984,736)	(10,991,161)
Changes in Operating Liabilities	40	4,648,768	2,218,666
NET CASH INFLOW FROM OPERATING ACTIVITIES		**1,364,299**	**4,280,210**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-cash Equivalent Investments		-	(304,580)
Payments for Property, Plant and Equipment		(379,881)	(240,256)
Payments for Intangible Assets		(385,193)	(212,008)
Dividends Received – Tarjetas Cuyanas S.A.		-	862
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(765,074)**	**(755,982)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Bank and Financial Loans	41	2,207,956	-
Proceeds from Credit Lines	41	1,438,482	971,512
Notes (*“Obligaciones Negociables”*) Issued	41	6,258,434	7,269,313
Dividends Paid to Company’s Shareholders		(504,020)	(625,506)
Repayment of Bank and Financial Loans	41	(2,050,375)	(4,445,408)
Repayment of Notes (*“Obligaciones Negociables”*)	41	(4,765,917)	(6,772,394)
Payment of Other Financial Expenses and Tax on Bank Credits and Debits		(45,510)	(104,786)
Net Payments from Derivative Transactions		-	(231,276)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		**2,539,050**	**(3,938,545)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,138,275**	**(414,317)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**3,169,472**	**3,373,947**
Increase in Cash and Cash Equivalents from Merger		-	478,851
Loss on Net Monetary Position on Cash and Cash Equivalents		(1,248,851)	(271,959)
Decrease Resulting from Exchange Rate Changes on Cash and Cash Equivalents		(4,214)	2,950
CASH AND CASH EQUIVALENTS AT YEAR-END	37	**5,054,682**	**3,169,472**

Additional Information on the Statement of Cash Flows is disclosed in Note 41.
The notes are an integral part of these financial statements.

Please refer to our report dated March 11, 2019
PRICE WATERHOUSE & CO. S.R.L.

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Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
President

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

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 21, 2019.

Tarjeta Naranja S.A. is a subsidiary of Tarjetas Regionales S.A., which, in turn, is a subsidiary of Grupo Financiero Galicia S.A.

The Ordinary and Extraordinary Shareholders' Meeting of Banco de Galicia y Buenos Aires S.A. held on December 14, 2017 decided to initiate a corporate reorganization process involving the split-off of a portion of the Bank's assets, including its 77% equity interest in Tarjetas Regionales S.A. to be included in the balance sheet of its controlling company, Grupo Financiero Galicia S.A., effective January 1, 2018.

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 Argentine National Securities Commission (C.N.V.), pursuant to Title IV "Periodical Reporting Requirements"- Chapter III "Rules concerning the presentation and valuation criteria of financial statements" - Section 1 of its regulations, has established the application of Technical Pronouncement No. 26 (TP No. 26) issued by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as amended, adopting the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) for certain entities included in the public offer regime prescribed in Law No. 17811, whether by reason of their capital stock or notes ("*obligaciones negociables*"), or because these entities have applied for authorization to be included in such regime.

Due to the aforementioned factors, the Company's management has prepared these financial statements in accordance with the accounting guidance laid down by the C.N.V., which is based on the application of the IFRS, except for IFRS No. 9, paragraph 5.5, "Impairment," as further explained in Note 2.1.1 (a) to these financial statements. Also, some additional matters required by the Companies Law and/or C.N.V. regulations, among others, the supplementary information established in the last paragraph of Section 1, Chapter III, Title IV of General Resolution No. 622/13 were included. Note 2.1.1 (a) also includes a quantification of the effects of the non-application of paragraph 5.5 of IFRS No. 9 on the Company's financial statements.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for Preparation (Continued)

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, 2018 that have had material effects for the Company, other than those detailed below:

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: (i) amortized cost, (ii) fair value through other comprehensive income, and (iii) fair value through 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 originally required by IAS 39. This standard is effective for years beginning on or after January 1, 2018. Its earlier adoption is permitted. Since its first financial statements issued under IFRS, the Company has early adopted the first phase of IFRS 9 (Note 2.5), mainly concerning the classification, measurement and recognition of financial assets and liabilities.

The C.N.V. handed down General Resolution No. 714-E/2017 in connection with the second phase of adoption of these standards. As stated in the recitals of such resolution, the Argentine Central Bank ("BCRA") is in the process of conforming the accounting standards applicable to financial entities to the IFRS for years commencing on and after January 1, 2018. Accordingly, credit card issuers are only exempted from compliance with the new credit portfolio impairment standard contained in IFRS 9, paragraph 5.5, "Impairment," until such time as a distinguished application schedule is put in place, in line with the Argentine Central Bank's guidelines.

In compliance with the C.N.V. rules, the Company has not adopted paragraph 5.5 "Impairment" of IFRS 9; accordingly, it has continued applying the incurred loss impairment model set out in IAS 39. Notwithstanding this, in calculating the impairment of its receivables from trade, the Company has performed a quantitative analysis of the impact of the expected loss model set out in IFRS 9 on its equity and profit & loss accounts. Below is a detail of such calculation:

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for Preparation (Continued)

2.1.1 Changes in Accounting Policies and Disclosures (Continued)

	In Constant Currency as of December 31, 2018		In nominal currency	
	Impact on Assets / Equity (Net of Tax)	Impact on Profit (Loss) (Net of Tax)	Impact on Assets / Equity (Net of Tax)	Impact on Profit (Loss) (Net of Tax)
	Debtor / (Creditor)	Profit / (Loss)	Debtor / (Creditor)	Profit / (Loss)
12.31.2017	(459,393)	-	(311,146)	-
03.31.2018 and for the three-month period then ended	(457,448)	1,945	(330,459)	(19,313)
06.30.2018 and for the six-month period then ended	(673,562)	(214,169)	(529,349)	(218,203)
09.30.2018 and for the nine-month period then ended	(884,516)	(425,123)	(793,225)	(482,079)
12.31.2018 and for the year then ended	(883,597)	(424,204)	(883,597)	(572,451)

IFRS 15 “Revenues from Contracts with Customers.” IFRS 15 deals with revenue recognition and establishes the principles to report meaningful 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. Revenues are recognized when a customer obtains control over a good or a service and, in this way, has the ability to direct the use and obtain the benefits therefrom. This standard replaces IAS 18 “Revenue” and IAS 11 “Construction Contracts” and their related interpretations, being effective for the years beginning on or after January 1, 2018. Its earlier adoption is permitted. The Company has applied IFRS 15 to these financial statements. However, its effects were not material.

(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, 2018 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. Below is a detail of the main standards or amendments:

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. 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 of approximately AR$ 247 million in the assets for lease and financial liabilities as of December 31, 2018.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for Preparation (Continued)

2.1.1 Changes in Accounting Policies and Disclosures (Continued)

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.

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 Company’s utmost operating decision-making authority, which, in the case of Tarjeta Naranja S.A., is the Board of Directors. In this sense, it is worth mentioning that the Board of Directors assesses its business performance in nominal currency, i.e. without recognizing the effects of inflation as it is required by IAS 29.

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 I (Greater Buenos Aires South); (vii) Greater Buenos Aires II (Greater Buenos Aires West); (viii) Inside the Province of Buenos Aires, (ix) Gold (Rosario, Greater Buenos Aires North and Uruguay’s Coast), (x) Cuyo (Mendoza and San Juan), (xi) Nevada (Note 48), and (xii) Non-allocable (support areas).

As stated in Note 48, effective since October 1, 2017, the Company completed the merger by absorption of Tarjetas Cuyanas S.A., a company also engaged in administering credit cards that used to do business under the single trademark “Nevada.” The impacts on segment information resulting from this merger by absorption are reported separately under the column entitled “Nevada.” In turn, the migration of operations in Mendoza and San Juan from Nevada to Tarjeta Naranja resulted in a new segment identified as “Cuyo.”

2.3 Functional and Presentation Currency

International Accounting Standard 29 “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) 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. Such requirements are also applicable to the comparative information disclosed in the financial statements.

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Functional and Presentation Currency (Continued)

To conclude on the existence of a hyperinflationary economy pursuant to the provisions set forth in IAS 29, the standard details a series of factors to be considered, including an accumulated three-year inflation rate that approximates to or exceeds 100%. Accordingly, pursuant to the requirements of IAS 29, effective since July 1, 2018, the Argentine economy qualifies as a hyperinflationary economy.

In turn, Law No. 27,468 (published in the Official Gazette on December 4, 2018) introduced certain changes to Section 10 of Law No. 23,928, as amended, establishing that the repeal of all such legal and regulatory standards which establish or authorize price indexation mechanisms, monetary adjustments, changes in costs or any other form of restatement of indebtedness, taxes, prices or rates for goods, works or services, is not applicable to financial statements, which should continue to be subject to the provisions of Section 62 *in fine* of the Argentine General Companies Law No. 19,550 (as amended in 1984) and its amendments. In addition, Law No. 27,468 repealed Decree No. 1269/2002 dated July 16, 2002, as amended, and entrusted the National Executive Branch, through its regulatory agencies, with the duty of setting the date as from which the foregoing provisions would come into force in respect of financial statements filed with them. Accordingly, by way of General Resolution 777/2018 (published in the Official Gazette on December 28, 2018), the C.N.V. provided that issuers subject to its oversight were required to restate their annual, interim and special financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29.

In accordance with IAS 29, the financial statements of an entity reporting in the currency of a hyperinflationary economy should be presented in the current unit of measurement as of the end of the reporting period. All balances disclosed in the entity's balance sheet, other than those stated in the current unit of measurement as of the end of the reporting period, should be adjusted by reference to a general price index. All profit & loss items should be reported in terms of a unit of measurement adjusted as of the end of the reporting period by reference to the changes in the general price index occurring since the date on which revenues and expenses have been originally recognized in the financial statements.

The inflation adjustment to initial balances was calculated by reference to the indexes established by the FACPCE, which are based on the price indexes released by the Argentine Institute of Statistics and Census (“INDEC”). The following table shows the applicable indexes as of the end of each reporting period, and the indexes applicable to each month.

Month	FACPCE’s Indexes 2018	Changes relative to 12.31.2018	FACPCE’s Indexes 2017	Changes relative to 12.31.2018
December (Previous Year)	124.7956	47.6%	100.0000	84.3%
January	126.9887	45.1%	101.5859	81.4%
February	130.0606	41.7%	103.6859	77.7%
March	133.1054	38.4%	106.1476	73.6%
April	136.7512	34.7%	108.9667	69.1%
May	139.5893	32.0%	110.5301	66.7%
June	144.8053	27.2%	111.8477	64.7%
July	149.2966	23.4%	113.7852	61.9%
August	155.1034	18.8%	115.3819	59.7%
September	165.2383	11.5%	117.5719	56.7%
October	174.1473	5.8%	119.3528	54.4%
November	179.6388	2.6%	120.9940	52.3%
December	184.2552	0.0%	124.7956	47.6%

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Functional and Presentation Currency (Continued)

In the first year of application of IAS 29, the commencement of the comparative period should be considered as transition date. For the Company, the transition date to IAS 29 is January 1, 2017.

Below is a detail of the main guidelines for the application of the inflation adjustment:

- Monetary assets and liabilities should not be restated, for they are stated in current currency as of the end of the reporting period.
- Non-monetary assets and liabilities recognized at cost and equity items should be restated, by reference to the respective adjustment ratios, for they are stated in a currency prior to the end of the reporting period.
- All profit & loss items are restated by reference to the respective adjustment factors.
- The effects of inflation on the Company's net monetary position are disclosed in the statement of profit or loss in a separate item, under "Loss on Net Monetary Position".
- The Company has reported revenues from financing and costs of financing (including, without limitation, interest and foreign exchange gain (loss)) at their restated nominal value, as provided for in paragraph 28 of IAS 29. Accordingly, such items are not reported net of the effects of inflation (in real terms).

Equity items were restated as follows on the transition date:

- Capital Stock was restated since the later of the subscription date or the date of the last inflation adjustment. The resulting amount was accounted for in "Adjusted Capital Stock."
- The other reserves were not restated upon initial application of the standard.

Comparative figures and figures as of the transition date were adjusted following the same procedure described above. The amounts resulting from the restatement process to estimate comparative figures in the currency prevailing as of the comparative year-end are then restated into the currency prevailing as of the current year-end.

Note 49 to these financial statements includes a reconciliation of the figures disclosed in the balance sheet and statement of profit or loss as of December 31, 2017, without the application of IAS 29, to the comparative figures disclosed in these financial statements. The same information is included for the current year.

2.4 Foreign Currency Assets and Liabilities

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.

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), and investments in government securities and Notes (*“Obligaciones Negociables”*) held for intermediation and the 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.

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.

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.

The Company's provisions for loan losses and other accounts receivable are directly related to the current delinquency rate in respect of outstanding personal loan portfolios and credit card balances. The Company prepares its financial statements under IFRS and, particularly, under IAS 39 in connection with the treatment of financial assets.

According to IFRS, in calculating the provision for loan losses, the Company carries out a historical analysis of such losses to estimate portfolio-related losses incurred as of the date of the financial statements, but which were not previously identified under IAS 39.

In addition, historical rates are supplemented, to the applicable extent, with recent financial data effective as of the date of the financial statements, including customer's behavior and trends in respect of each credit portfolio segment and any other piece of information that may affect the calculation of the provision. Several factors may affect Management's estimation of the provision for loan losses, including the volatility of expected losses, migrations and estimates of the severity of losses.

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Company's portfolio in arrears is comprised by balances over 30 days overdue, loans, installment plans and any other amount which is not subject to an installment plan. Once a loan or credit card balance becomes overdue, the entire balance is deemed past-due, as opposed to the specific payment in arrears. As a credit card issuer, the Company's provisions for loan losses are subject to the BCRA regulations. At present, the Company complies with and, in fact, exceeds all such requirements as a result of the application of IAS 39.

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 income (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 other than profit / (loss) for the year are charged to equity reserves (and, if appropriate, they are included in other comprehensive income).

As of December 31, 2018, 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, 2018 and 2017:

Company	Percentage of Shares and Voting Rights		Activity
	12.31.18	12.31.17	
Cobranzas Regionales S.A.	5%	5%	Integral Advisory Services for Credit Risk Analysis

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Derivatives

Derivatives were 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.

Differences originated from the application of the measurement criteria detailed in Note 36, 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 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 income tax assets may be applied.

The restatement of financial statements in accordance with IAS 29 may result in differences between the carrying amount of individual assets and liabilities and their tax base, leading to the recognition of deferred assets and liabilities.

On December 29, 2017, the Argentine Income Tax Law was amended through the enactment of Law No. 27,430. The amendments included, among other things, changes to the tax rate to be used for the years 2018 and 2019 (30%) and the tax rate to be used for the year 2020 onwards (25%).

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 restated following the guidelines set forth in Note 2.3, net of accumulated depreciation and impairment losses, if applicable. 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.

Expressed in thousands of constant Argentine Pesos

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, restated following the guidelines set forth in Note 2.3. 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$ 27,920 as of December 31, 2018 and 2017, 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowings and Other Liabilities

Borrowings 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 34 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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				
Number	Type	Voting Rights per Share	Subscribed	Paid-in
			In Thousands of AR$	
2,824	Ordinary shares with a face value of AR$ 10,000	1	28,240	28,240
2,824			28,240	28,240

As of December 31, 2018, 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
Capital Increase due to Merger with Tarjetas Cuyanas S.A.	4,240	Extraordinary Shareholders' Meeting	10.24.17	05.09.18
Total	**28,240**			

As of December 31, 2017, 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
Capital Increase due to Merger with Tarjetas Cuyanas S.A.	4,240	Extraordinary Shareholders' Meeting	10.24.17	05.09.18
Total	**28,240**			

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:

	2016	2017	2018
Capital Stock at the Beginning of the Year	24,000	24,000	28,240
Capital Increase due to Merger with Tarjetas Cuyanas S.A. (Note 48)	-	4,240	-
Capital Stock at Year-End	**24,000**	**28,240**	**28,240**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 bank overdrafts 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.

All items of the Statement of Cash Flows are restated in terms of the current unit of measurement as of the end of the reporting period.

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, credit risk and liquidity risk.

Information as of December 31, 2018 and 2017 is disclosed in Note 4 below.

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017

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, 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.

(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.A.'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.

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

- ✓ Grant credit limits to each customer based on the assessment of each customer's particular situation, considering a number of factors.
- ✓ Credit atomization.
- ✓ Geographic diversity.
- ✓ Monitor customers' degree of compliance on an ongoing basis.

Credit Card Subscription Procedure and Credit Limits

The credit risk associated to each applicant is assessed by taking into account certain requirements set forth in the Company's credit policies, the monthly income, and the information from companies specialized in credit information. The Company's Credit Policy is comprised by several guidelines established by the Risk Committee. Such guidelines are customized and automated to determine whether a credit application should be approved or rejected, and to inform the documents that should be filed in respect of applications submitted to a credit analyst for review.
Applications are also reviewed for negative credit history, credit score and payment history with the Company, if any, among other factors.

If customer meets all these requirements, then a credit card will be issued and may be delivered on the spot, at the address indicated by the applicant, or may be otherwise picked up from the Company's branches.

Credit Limits

Credit limits are based on an individual credit assessment of each customer. Based on the outcomes of such assessment, customers are segmented into one of five risk levels, according to the risk level associated to each of them: A, B, C, D and E; with A being the lowest risk segment and E being the highest risk segment. In performing such segmentation, the Company takes into account several factors, including without limitation, monthly income, number of family members, geographic location, type of business activity, and scoring range. The customer account is assigned credit limits which are shared among all credit cards associated to the account (whether as main or additional cardholder). In other words, the credit limit is unique to each account, regardless of the number of cards and/or additional cardholders associated to it.
Limits are automatically assigned, according to the above-described segments: (i) the Monthly Balance Limit, which is set based on the applicant's net income and 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 using the Company's credit cards; (iii) the 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; and (iv) the Maximum Balance Limit for Cash Advances, estimated on the basis of the risk segment, monthly income, and indebtedness owing to the Company and to the financial system, which may not exceed the Long-term Purchase Limit.

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

Below is a detail of the percentage limits and nominal caps assigned to the risk segment associated to each customer:

Risk Segment	Monthly Balance Limit			Long-term Purchase Limit			Total Credit Limit		
	% of Base Income	Floor in AR$	Cap in AR$	% of Base Income	Floor in AR$	Cap in AR$	% of Base Income	Floor in AR$	Cap in AR$
A (Lowest)	100%	3,000	50,000	250%	4,500	120,000	300%	5,500	140,000
B	90%	2,700	35,000	225%	4,000	80,000	270%	5,000	100,000
C	80%	2,400	22,000	200%	3,500	50,000	240%	4,500	60,000
D	70%	2,100	15,000	175%	3,250	35,000	210%	4,000	40,000
E (Highest)	60%	1,800	10,000	150%	3,000	25,000	180%	3,500	30,000

The credit limits assigned to customers are periodically reviewed by the Company and may be automatically increased for eligible cardholders that meet certain requirements, including an accurate payment history during any given period or a decrease in the likelihood of arrears. In addition, the Company reviews cardholders' applications for increases in the limit and may, at its sole discretion, increase such limits or reject the application. The risk of default varies from customer to customer. The Company assesses and maintains the provision for loan losses, which is calculated based on the criterion described in paragraph 2.9 of Note 2 to these financial statements, and such provisions are deemed adequate for the recognition of potential loan losses.

Credit cards are granted to thousands of customers engaged in a broad range of businesses. The Company considers that there is low risk of credit risk concentration in a given sector of debtors.

The Company develops and implements pilot tests in order to introduce ongoing improvements to its credit policy and customer's experience.

In this sense and taking into account the foregoing, the Company has approved the following credit card limits for customers as of December 31, 2018 and 2017:

	12.31.2018	12.31.2017
	In Thousands of AR$	
Monthly Balance Limit	37,804,968	53,247,465
Long-term Purchase Limit	124,128,728	156,553,255
Total Indebtedness Limit	163,491,206	237,668,831

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

Default and Loss Experience

Monthly credit card statements include purchases made up to the 25th day of each month and payment is due by the 10th day of the following month. Certain accounts, depending on their respective risk level, are selected (before their due date) to be managed on a preventive basis. If an account is in arrears, Tarjeta Naranja S.A. has put in place a strategy for the recovery of the amounts due, involving three stages, namely: (I) procedures for collection of amounts in early arrears through internal processes and suppliers specialized in mass collection efforts, (II) out-of-court procedures for collection of amounts in late arrears through external collection agencies, and (III) portfolio sale processes. The Company's 30 days' credit impairment indicators (percentage of the portfolio of customers which were not in arrears 30 days ago and have accumulated 30 days' arrears at year-end) for the years 2017 and 2018 stood at 9.0% and 11.0%, respectively. The Company's 90 days' credit impairment indicators (percentage of the portfolio of customers which were not in arrears 90 days ago and have accumulated 90 days' arrears at year-end) for the years 2017 and 2018 stood at 1.1% and 1.8%, respectively.

If a customer is in arrears, its credit card is immediately disabled. Based on the customer's risk level (as per predictive score models), and consistently with previously established strategies, the customer is contacted by phone, voice message and e-mail, and is also submitted four self-assessable financing proposals for consideration, until reaching approximately 150 days of arrears. These collection efforts involve both external suppliers in charge of contacting the customer and Tarjeta Naranja S.A.'s branches and internal areas. The 150-day term is restricted to 120 days for customers that have a financing product and are again in arrears (Stage I).

Customers whose accounts remain in arrears after the 150-day period (or the 120- day period with financing plans) has elapsed are referred to external suppliers (Collection Agencies and Law Firms) retained by Tarjeta Naranja S.A. for the commencement of out-of-court collection procedures. According to the established procedures, collection agents contact the debtor demanding settlement of the amounts due. During this stage, the main goals pursued by Tarjeta Naranja S.A. include identifying debtors, securing payments, entering into refinancing agreements, and helping agents to meet the previously established recovery goals (Stage II).
Considering the credit quality, the stages of procedures for collection carried out, the cost involved in bringing legal actions and the market situation, Tarjeta Naranja S.A. may include certain receivables in portfolio sale processes under a private bidding process (Stage III).

Maximum Exposure to Credit Risk:

The following table shows the maximum gross exposure to credit risk, disregarding guarantees or other credit enhancements, or the unused balance of the credit limit granted to the customer:

	12.31.2018	12.31.2017
	In Thousands of AR$	
Receivables from Trade	43,829,886	47,176,739

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

In estimating the provision for loan losses, the risk associated to each customer is determined, on the basis of the products included in that customer's account, segmented into five groups. A likelihood of default is assigned to each of these groups, based on historical payment behavior, arrears and recoveries.

Below is a detail of receivables from trade not past due or with less than 30 days' arrears, along with their respective allocated provision, calculated as explained in the preceding paragraph.

	12.31.2018	12.31.2017
	In Thousands of AR$	
Receivables from Trade (A)	41,569,533	46,113,687
Provision for Loan Losses (A)	(894,583)	(733,528)

Below is a detail of receivables from trade with more than 30 days' arrears and their respective allocated provision.

	12.31.2018	12.31.2017
	In Thousands of AR$	
Receivables from Trade (B)	6,305,369	4,577,242
Provision for Loan Losses (B)	(3,150,433)	(2,780,662)

	12.31.2018	12.31.2017
	In Thousands of AR$	
Receivables from Trade - Addition of (A) + (B) (Note 21)	47,874,902	50,690,929
Provision for Loan Losses - Addition of (A) + (B) (Note 21)	(4,045,016)	(3,514,190)

Expressed in thousands of constant Argentine Pesos

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

The following table summarizes the Company's portfolio arrears experience:

	12.31.2018		12.31.2017	
	%	Receivables	%	Receivables
Current Receivables	97%	46,659,560	97%	49,184,514
Non-Current Receivables	3%	1,215,342	3%	1,506,415
Total Receivables	100%	47,874,902	100%	50,690,929
0 to 30 days	87%	41,569,533	91%	46,113,687
Provision for Loan Losses		(894,583)		(733,528)
Receivables in Arrears				
31-90 days	5%	2,590,342	3%	1,650,639
Provision for Loan Losses		(812,056)		(504,617)
91-180 days	4%	1,698,008	2%	915,838
Provision for Loan Losses		(910,997)		(537,034)
181-365 days	3%	1,495,882	3%	1,285,496
Provision for Loan Losses		(927,742)		(1,054,144)
More than 365 days	1%	521,137	1%	725,269
Provision for Loan Losses		(499,638)		(684,867)
Total Provision for Loan Losses		(4,045,016)		(3,514,190)
Non-Accrual Portfolio Ratio (*)		7.76%		5.77%
Coverage Ratio (**)		108.88%		120.08%

(*) Portfolio with more than 90 days' arrears / Total portfolio. Without considering the effect of the merger by absorption of Tarjeta Cuyanas S.A. as of December 31, 2017, this indicator is 5.0%.

(**) Provision for loan losses / Portfolio with more than 90 days' arrears

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

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 credit lines are made in order to attain the goals set.

Also, credit lines borrowed could be reinforced by executing commitment agreements 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, bank overdrafts, 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.

Note 32 breaks down financial liabilities by contractual due date as of December 31, 2018 and 2017:

(c) Market Risk

Foreign Exchange-associated Risks

During this year, the Company's operations are not potentially exposed to foreign currency exchange fluctuations, primarily, due to the fact that borrowings are issued in Argentine Pesos, thus eliminating the foreign currency exchange risk.

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 rates are private Badlar (the interest rate for time deposits amounting to over AR$ 1,000,000, with a 30/35-day term in private banks), and TM20 (the interest rate for time deposits amounting to over AR$ 20,000,000, with a 30/35-day term in private banks), both published by the Argentine Central Bank on its web page (www.bcra.gov.ar).

During the year 2018, the average Badlar and TM20 rates amounted to 34.33% and 35.98%, respectively; while during the year 2017, the average Badlar and TM20 rates stood at 20.64% and 21.39%, respectively. Consequently, interest at variable rate, net of income tax, was charged to loss for AR$ 3,180,773 and AR$ 1,040,360, respectively.

Expressed in thousands of constant Argentine Pesos

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(c) Market Risk (Continued)

The following table summarizes the percentage of principal of Borrowings at the effective fixed and variable interest rates as of December 31, 2018 and 2017:

	As of December 31, 2018		As of December 31, 2017	
	Amount in AR$	Percentage	Amount in AR$	Percentage
Fixed Interest Rate	3,967,906	25%	-	0%
Variable Interest Rate	11,755,131	75%	14,017,143	100%
	15,723,037		**14,017,143**	

The following table shows the sensitivity to potential additional changes in interest rates for next year, considering the debt breakdown as of December 31, 2018. The variation percentage was determined considering the changes in the Badlar rate for the years 2018 and 2017, and the changes are considered fairly possible based on the market conditions observed:

	Additional Variation in Interest Rate	Increase / (Decrease) in Profit (Loss), after Income Tax In AR$	Increase / (Decrease) in Equity In AR$
Decrease in Interest Rate	500 basis points	411,430	411,430
Increase in Interest Rate	500 basis points	(411,430)	(411,430)

	Additional Variation in Interest Rate	Increase / (Decrease) in Profit (Loss), after Income Tax In AR$	Increase / (Decrease) in Equity In AR$
Decrease in Interest Rate	1500 basis points	1,234,289	1,234,289
Increase in Interest Rate	1500 basis points	(1,234,289)	(1,234,289)

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(c) Market Risk (Continued)

If the applicable rate to the obligations assumed at variable rate decreased by 500-1500 basis points, the annual loss, net of income tax, would decrease by AR$ 411,430-AR$ 1,234,289, as a result of a lower interest expense. Otherwise, if the rate increased to the same extent, the loss would increase by the same amount.

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, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
	In Thousands of AR$	
Total Debt	41,875,082	41,591,575
Minus: Cash and Cash Equivalents	5,054,682	3,169,472
Net Debt	**36,820,400**	**38,422,103**
Total Equity	**10,206,552**	**12,256,987**
Total Capital	**47,026,952**	**50,679,090**
Indebtedness Ratio	**3.61**	**3.13**

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.

b) 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).

c) 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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NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

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, 2018 and 2017:

As of December 31, 2018 In Thousands of AR$	Level 1	Total
Assets		
Cash and Cash Equivalents	4,612,020	4,612,020
Total Assets	**4,612,020**	**4,612,020**

As of December 31, 2017 In Thousands of AR$	Level 1	Total
Assets		
Cash and Cash Equivalents	3,169,472	3,169,472
Total Assets	**3,169,472**	**3,169,472**

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.

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

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, 2018 and 2017:

December 31, 2018 In Thousands of AR$	Assets / Liabilities at Fair Value	Assets / Liabilities at Amortized Cost	Total
Financial Assets			
Cash and Cash Equivalents	4,612,020	442,662	5,054,682
Receivables from Trade	-	43,829,886	43,829,886
Other Receivables	-	271,402	271,402
Total Financial Assets	**4,612,020**	**44,543,950**	**49,155,970**
Financial Liabilities			
Trade and Other Payables	-	22,840,725	22,840,725
Borrowings	-	17,113,987	17,113,987
Other Liabilities	-	39,200	39,200
Total Financial Liabilities	**-**	**39,993,912**	**39,993,912**

December 31, 2017 In Thousands of AR$	Assets / Liabilities at Fair Value	Assets / Liabilities at Amortized Cost	Total
Financial Assets			
Cash and Cash Equivalents	3,169,472	-	3,169,472
Investments	-	306,060	306,060
Receivables from Trade	-	47,176,739	47,176,739
Other Receivables	-	340,461	340,461
Total Financial Assets	**3,169,472**	**47,823,260**	**50,992,732**
Financial Liabilities			
Trade and Other Payables	-	24,174,181	24,174,181
Borrowings	-	14,475,080	14,475,080
Other Liabilities	-	43,860	43,860
Total Financial Liabilities	**-**	**38,693,121**	**38,693,121**

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

4.1 Financial Risk Management (Continued)

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.

(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.

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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Notes to the Financial Statements (Continued)

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NOTE 5 – SEGMENT INFORMATION

Segment Information as of 12.31.2018

	Córdoba	**Central Region**	**Northwest of Argentina**	**Patagonia**	**Northeast of Argentina**	**Inside the Province of Buenos Aires**	**Gold**	**Greater Buenos Aires I**	**Greater Buenos Aires II**	**Cuyo**	**Nevada (Note 48)**	**Non-allocable**	**Effects of Restatement**	**Total**
Revenues from Services	1,013,451	973,524	1,820,292	810,722	1,285,922	332,352	604,268	434,779	801,186	117,555	1,030,906	613,603	2,198,428	12,036,988
Costs of Services	(95,648)	(99,207)	(187,865)	(72,201)	(145,237)	(45,208)	(73,551)	(73,852)	(125,593)	(18,520)	(191,937)	(339,231)	(321,604)	(1,789,654)
Net Revenues from Services	**917,803**	**874,317**	**1,632,427**	**738,521**	**1,140,685**	**287,144**	**530,717**	**360,927**	**675,593**	**99,035**	**838,969**	**274,372**	**1,876,824**	**10,247,334**
Revenues from Financing	1,210,142	1,318,810	2,601,233	1,396,004	1,954,996	427,810	852,877	560,569	999,716	150,360	1,561,346	-	2,767,673	15,801,536
Costs of Financing	(463,882)	(505,537)	(997,128)	(535,128)	(749,406)	(163,992)	(326,932)	(214,882)	(383,220)	(57,637)	(774,535)	-	(888,343)	(6,060,622)
Loss on Net Monetary Position	-	-	-	-	-	-	-	-	-	-	-	-	(3,408,607)	(3,408,607)
Net Revenues (Loss) from Financing	**746,260**	**813,273**	**1,604,105**	**860,876**	**1,205,590**	**263,818**	**525,945**	**345,687**	**616,496**	**92,723**	**786,811**	-	**(1,529,277)**	**6,332,307**
Net Income from Short-term Investments	69,927	76,206	150,311	80,667	112,968	24,721	49,283	32,392	57,768	8,688	40	-	117,602	780,573
Provision for Loan Losses	(349,945)	(328,532)	(655,014)	(326,183)	(554,839)	(156,794)	(339,853)	(340,301)	(588,536)	(34,902)	106,755	-	(679,429)	(4,247,573)
Depreciation	(7,684)	(6,472)	(9,987)	(6,357)	(6,130)	(2,773)	(4,997)	(6,177)	(5,443)	(633)	(33,188)	(37,915)	(122,234)	(249,990)
Amortization	-	-	-	-	-	-	-	-	-	-	(26,722)	(126,739)	(117,251)	(270,712)
Other Operating Expenses	(711,140)	(725,766)	(1,383,411)	(673,068)	(1,063,533)	(327,626)	(545,285)	(501,583)	(796,774)	(107,085)	(1,840,289)	(1,445,351)	(2,162,120)	(12,283,031)
Income from Investments Accounted for Using the Equity Method	-	-	-	-	-	-	-	-	-	-	-	344	106	450
Income Tax	-	-	-	-	-	-	-	-	-	-	-	(856,449)	(694,919)	(1,551,368)
Profit / (Loss) for the Year	**665,221**	**703,026**	**1,338,431**	**674,456**	**834,741**	**88,490**	**215,810**	**(109,055)**	**(40,896)**	**57,826**	**(167,624)**	**(2,191,738)**	**(3,310,698)**	**(1,242,010)**

Please refer to our report dated March 11, 2019

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NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2017

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Nevada (Note 48)	Non-allocable	Effects of Restatement	Total
Revenues from Services	801,382	739,114	1,361,591	626,230	1,045,087	277,831	512,651	349,679	666,691	366,301	472,872	4,503,519	11,722,948
Costs of Services	(82,431)	(79,776)	(149,360)	(55,904)	(120,176)	(37,725)	(62,153)	(57,051)	(100,763)	(66,789)	(190,372)	(624,448)	(1,626,948)
Net Revenues from Services	**718,951**	**659,338**	**1,212,231**	**570,326**	**924,911**	**240,106**	**450,498**	**292,628**	**565,928**	**299,512**	**282,500**	**3,879,071**	**10,096,000**
Revenues from Financing	796,315	824,604	1,556,082	795,731	1,234,235	264,758	567,151	294,054	565,404	499,664	-	4,620,889	12,018,887
Costs of Financing	(213,225)	(220,800)	(416,663)	(213,068)	(330,484)	(70,893)	(151,863)	(78,737)	(151,395)	(156,473)	(13,182)	(1,264,579)	(3,281,362)
Loss on Net Monetary Position	-	-	-	-	-	-	-	-	-	-	-	(1,687,980)	(1,687,980)
Net Revenues / (Loss) from Financing	**583,090**	**603,804**	**1,139,419**	**582,663**	**903,751**	**193,865**	**415,288**	**215,317**	**414,009**	**343,191**	**(13,182)**	**1,668,330**	**7,049,545**
Net Income from Short-term Investments	25,827	26,745	50,469	25,808	40,030	8,587	18,395	9,537	18,338	11,263	-	141,328	376,327
Provision for Loan Losses	(134,532)	(114,912)	(205,113)	(101,739)	(173,033)	(53,677)	(130,410)	(108,065)	(188,458)	(126,007)	-	(832,733)	(2,168,679)
Depreciation	(10,576)	(4,460)	(4,951)	(2,025)	(4,899)	(2,199)	(4,545)	(5,065)	(6,444)	(6,138)	(29,457)	(140,653)	(221,412)
Amortization	-	-	-	-	-	-	-	-	-	(7,185)	(60,541)	(74,456)	(142,182)
Other Operating Expenses	(601,136)	(562,670)	(1,031,100)	(503,976)	(856,549)	(266,195)	(456,008)	(419,501)	(685,275)	(358,675)	(699,451)	(4,013,934)	(10,454,470)
Income from Investments Accounted for Using the Equity Method	-	-	-	-	-	-	-	-	-	-	2,527	1,725	4,252
Income Tax	-	-	-	-	-	-	-	-	-	-	(1,443,059)	(981,780)	(2,424,839)
Profit / (Loss) for the Year	**581,624**	**607,845**	**1,160,955**	**571,057**	**834,211**	**120,487**	**293,218**	**(15,149)**	**118,098**	**155,961**	**(1,960,663)**	**(353,102)**	**2,114,542**

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NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2018

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Cuyo	Nevada (Note 48)	Non-allocable	Effects of Restatement	Total
ASSETS														
Cash and Cash Equivalents	643,491	573,828	1,169,098	542,138	688,532	150,838	291,486	221,291	365,755	408,225	-	-	-	5,054,682
Receivables from Trade	5,579,764	4,975,713	10,137,355	4,700,924	5,970,320	1,307,928	2,527,504	1,918,830	3,171,498	3,539,752	298	-	-	43,829,886
Other Assets	-	-	-	-	-	-	-	-	-	-	-	1,475,816	(83,916)	1,391,900
Property, Plant and Equipment	35,077	39,347	55,744	39,070	37,630	16,109	47,817	33,659	23,787	15,649	95	490,213	970,969	1,805,166
Total Assets	**6,258,332**	**5,588,888**	**11,362,197**	**5,282,132**	**6,696,482**	**1,474,875**	**2,866,807**	**2,173,780**	**3,561,040**	**3,963,626**	**393**	**1,966,029**	**887,053**	**52,081,634**
LIABILITIES														
Trade and Other Payables	3,633,923	3,041,589	5,701,089	2,724,883	3,271,868	671,071	1,396,974	689,749	1,231,173	216,719	261,687	-	-	22,840,725
Borrowings	1,907,164	1,700,699	3,464,947	1,606,776	2,040,656	447,050	863,901	655,856	1,084,018	1,209,889	2,133,031	-	-	17,113,987
Employee Benefit Obligations	45,010	45,215	92,485	34,733	68,234	26,513	36,378	30,006	57,752	45,215	104,474	207,373	-	793,388
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	1,126,982	-	1,126,982
Total Liabilities	**5,586,097**	**4,787,503**	**9,258,521**	**4,366,392**	**5,380,758**	**1,144,634**	**2,297,253**	**1,375,611**	**2,372,943**	**1,471,823**	**2,499,192**	**1,334,355**	**-**	**41,875,082**

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Notes to the Financial Statements (Continued)

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NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2017

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Nevada (Note 48)	Non-allocable	Effects of Restatement	Total
ASSETS													
Cash and Cash Equivalents	311,627	260,405	492,768	227,129	309,979	65,442	140,300	81,397	141,595	116,033	-	1,022,797	3,169,472
Receivables from Trade	4,101,341	3,427,201	6,485,359	2,989,256	4,079,650	861,285	1,846,491	1,071,277	1,863,547	5,227,285	-	15,224,047	47,176,739
Other Assets	-	-	-	-	-	-	-	-	-	-	1,257,274	523,091	1,780,365
Property, Plant and Equipment	33,436	22,432	35,758	26,144	23,147	12,781	14,705	29,069	22,384	32,987	415,585	1,053,558	1,721,986
Total Assets	**4,446,404**	**3,710,038**	**7,013,885**	**3,242,529**	**4,412,776**	**939,508**	**2,001,496**	**1,181,743**	**2,027,526**	**5,376,305**	**1,672,859**	**17,823,493**	**53,848,562**
LIABILITIES													
Trade and Other Payables	2,198,822	1,805,084	3,332,555	1,718,573	2,168,524	477,660	980,335	509,156	948,432	2,233,974	-	7,801,066	24,174,181
Borrowings	1,144,895	956,708	1,810,397	834,455	1,138,839	240,429	515,450	299,048	520,211	2,347,888	-	4,666,760	14,475,080
Employee Benefit Obligations	36,823	32,955	60,188	25,993	55,389	22,279	31,098	26,147	47,653	92,458	132,903	268,667	832,553
Other Liabilities	-	-	-	-	-	-	-	-	-	-	1,428,937	680,824	2,109,761
Total Liabilities	**3,380,540**	**2,794,747**	**5,203,140**	**2,579,021**	**3,362,752**	**740,368**	**1,526,883**	**834,351**	**1,516,296**	**4,674,320**	**1,561,840**	**13,417,317**	**41,591,575**

Please refer to our report dated March 11, 2019

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NOTE 6 – REVENUES FROM SERVICES

	12.31.2018	12.31.2017
	In Thousands of AR$	
Account Maintenance Fee	5,376,621	4,845,975
Fees	3,066,099	3,060,679
Revenues from Third-Party Portfolio Managed	115,253	635,903
Card Renewal Fees	825,606	752,061
Other Revenues from Services	2,653,409	2,428,330
Total	**12,036,988**	**11,722,948**

NOTE 7 – COSTS OF SERVICES

	12.31.2018	12.31.2017
	In Thousands of AR$	
Printing and Distribution Expenses	(417,953)	(480,351)
Expenses from Call Center Services	(216,123)	(221,624)
Openings of Accounts	(99,249)	(79,206)
Special Promotions	(156,694)	(133,349)
Other Costs of Services	(448,479)	(369,433)
Expenses for Telephone Sale Channel	(451,156)	(342,985)
Total	**(1,789,654)**	**(1,626,948)**

NOTE 8 – REVENUES FROM FINANCING

	12.31.2018	12.31.2017
	In Thousands of AR$	
Merchants (*"Comercios Amigos"*) Interest	3,124,381	2,519,601
Interest on Financing through Credit Cards	7,264,463	5,174,546
Interest on Personal Loans	3,068,816	2,621,638
Compensatory Interest	1,616,992	1,125,810
Penalty Interest	700,479	522,357
Revenues from Lawsuits	26,405	45,577
Foreign Exchange Gain	-	9,358
Total	**15,801,536**	**12,018,887**

NOTE 9 – COSTS OF FINANCING

	12.31.2018	12.31.2017
	In Thousands of AR$	
Interest on Notes (*"Obligaciones Negociables"*)	(4,928,143)	(2,736,624)
Bank Interest	(1,026,575)	(460,244)
Foreign Exchange Loss	(51,398)	-
Tax on Bank Debits and Credits	(47,685)	(45,151)
Other Costs of Financing	(6,821)	(18,240)
Loss on Derivative Transactions (Note 36)	-	(21,103)
Total	**(6,060,622)**	**(3,281,362)**

NOTE 10 – NET INCOME FROM SHORT-TERM INVESTMENTS

	12.31.2018	12.31.2017
	In Thousands of AR$	
Interest on Time Deposits	41,094	22,655
Interest on Government Securities	105,653	10,863
Income from Mutual Funds	633,826	342,809
Total	**780,573**	**376,327**

NOTE 11 – PROVISION FOR LOAN LOSSES

	12.31.2018	12.31.2017
	In Thousands of AR$	
Provision for Loan Losses	(4,544,613)	(2,518,711)
Recovery of Loan Losses	297,040	350,032
Total	**(4,247,573)**	**(2,168,679)**

NOTE 12 – EMPLOYEE BENEFITS EXPENSES

	12.31.2018	12.31.2017
	In Thousands of AR$	
Compensation and Social Security Charges	(3,941,772)	(3,558,849)
Bonuses for the Personnel	(458,696)	(439,669)
Travel Expenses and Per Diem	(86,175)	(96,008)
Other Employee Expenses	(288,348)	(242,533)
Total	**(4,774,991)**	**(4,337,059)**

NOTE 13 – TAXES AND CHARGES

	12.31.2018	12.31.2017
	In Thousands of AR$	
Turnover Tax	(1,860,453)	(1,455,748)
Tax on Bank Debits and Credits	(535,744)	(678,347)
Trade and Industry Tax	(586,311)	(507,517)
Other Taxes, Rates and Contributions	(40,115)	(44,204)
Total	**(3,022,623)**	**(2,685,816)**

NOTE 14 – MARKETING EXPENSES

	12.31.2018	12.31.2017
	In Thousands of AR$	
National Advertising	(428,636)	(369,794)
Advertising at Stores	(18,123)	(26,920)
Regional Advertising	(59,049)	(77,305)
Total	**(505,808)**	**(474,019)**

NOTE 15 – DEPRECIATION AND AMORTIZATION

	12.31.2018	12.31.2017
	In Thousands of AR$	
Depreciation of Property, Plant and Equipment (Note 24)	(249,990)	(221,412)
Amortization of Intangible Assets (Note 25)	(270,712)	(142,182)
Total	**(520,702)**	**(363,594)**

NOTE 16 – OTHER OPERATING EXPENSES

	12.31.2018	12.31.2017
	In Thousands of AR$	
Rentals	(277,785)	(242,079)
Regular Mail Services	(76,770)	(68,578)
Donations	(5,616)	(6,734)
Electricity, Natural Gas and Communications	(190,220)	(144,732)
Bank and Financial Expenses	(101,096)	(88,778)
Collection Expenses	(887,099)	(734,702)
Expenses for Commercial Reports and Procedures for the Collection of Amounts in Arrears	(453,635)	(286,741)
Directors and Supervisory Committee Members' Fees	(40,106)	(25,447)
Third Parties' Fees	(831,009)	(501,863)
Insurance and Security Services	(375,629)	(361,412)
Stationery and Office Supplies	(77,276)	(56,194)
Maintenance of Equipment and Buildings	(123,277)	(125,451)
Cleaning Expenses	(94,080)	(79,695)
Other Expenses	(446,011)	(235,170)
Total	**(3,979,609)**	**(2,957,576)**

NOTE 17 – INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	12.31.2018	12.31.2017
	In Thousands of AR$	
Income from Investment in Tarjetas Cuyanas S.A. (Note 48)	-	3,826
Income from Investment in Cobranzas Regionales S.A.	450	426
Total	**450**	**4,252**

NOTE 18 – INCOME TAX

The following table shows the changes in income tax items:

	Balance Sheet		Statement of Profit or Loss
	Deferred Tax Assets	**Income Tax Payable**	**Income Tax Accrued during the Year**
	In Thousands of AR$		
Balance at the Beginning of 2017	314,072	(1,587,333)	(1,273,261)
Decrease in Taxable Income during 2016 (1)	(3,322)	6,362	3,040
Payment of Income Tax 2016 (2)	-	1,580,971	-
Income Tax Accrued during the Year (3)	192,705	(2,189,739)	(1,997,034)
Effect of Restatement on Income Tax Expense	-	-	(289,161)
Addition Resulting from Merger (Note 48)	266,471	(214,297)	-
Release as per Law No. 27,430 (4)	(141,684)	-	(141,684)
Balance at December 31, 2017	**628,242**	**(2,404,036)**	**(2,424,839)**
Income Tax Accrued during the Period (5)	(146,694)	(1,057,997)	(1,204,691)
Income Tax Adjustment - Tax Return Filing (6)	24,849	(36,544)	(11,695)
Effect of Restatement on Income Tax Expense	-	-	(334,982)
Payment of Income Tax (7)	-	2,440,580	-
Balance at December 31, 2018	**506,397**	**(1,057,997)**	**(1,551,368)**

(1) It corresponds to a correction of the income tax provision estimated at the end of 2016.
(2) It corresponds to income tax for 2016 paid by the Company.
(3) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management at the date of the financial statements, was paid in May 2018 according to the taxable income accrued during the year ended December 31, 2017.
(4) It corresponds to a decrease in deferred tax assets attributable to a change in valuation, resulting from the amended income tax rate pursuant to Law No. 27430 for such years when the temporary differences are expected to be reversed.
(5) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of the date of these financial statements, should be paid in May 2019 according to the taxable income accrued during the year ended December 31, 2018.
(6) It corresponds to a correction of the income tax provision estimated at the end of 2017.
(7) It corresponds to income tax for 2017 paid by the Company.

NOTE 18 – INCOME TAX (CONTINUED)

As of December 31, 2018 and December 31, 2017, the net assets derived from the information included in the previous table amount to AR$ 506,397 and AR$ 628,242, respectively. Their composition as of those dates is detailed below:

	Balance at December 31, 2017	Net Tax Asset Generated During the Year	Balance at December 31, 2018
	In Thousands of AR$		
Receivables from Trade	818,679	326,039	1,144,718
Property, Plant and Equipment	(218,648)	(455,473)	(674,121)
Lease Payment	(19,316)	(9,658)	(28,974)
Trade and Other Payables	56	-	56
Employee Benefit Obligations	4,310	11,494	15,804
Foreign-exchange Quotation Difference	283	(70)	213
Provision for Contingencies	14,930	6,223	21,153
Others	(204)	27,752	27,548
Financial Charges	28,152	(28,152)	-
Totals	**628,242**	**(121,845)**	**506,397**

The income tax amount payable estimated by Management, net of prepayments, as of December 31, 2018 and December 31, 2017 is as follows:

	12.31.2018	12.31.2017
Income Tax Provision – Current	(1,057,997)	(2,404,036)
Prepayments	1,019,860	1,378,233
Current Income Tax Payable	**(38,137)**	**(1,025,803)**

NOTE 18 – INCOME TAX (CONTINUED)

The following table shows the reconciliation of income tax charged to loss as of December 31, 2018 and December 31, 2017 to that which would result from applying the tax rate in force to book income:

	12.31.2018	12.31.2017
	In Thousands of AR$	
Profit for the Year before Income Tax	309,358	4,539,381
Tax Rate in Force	30%	35%
Loss for the Year at the Tax Rate	(92,807)	(1,588,783)
Permanent Differences at the Tax Rate:		
- Income from Interest in Other Companies	135	1,488
- Non-taxable Income (1)	37,650	37,497
- Donations and Other Non-deductible Expenses	(710)	(954)
- Others	(15,264)	1,287
- Fines	-	(63)
Difference between the Tax Return and the Income Tax Provision – Years 2017 / 2018	3,704	3,040
Release as per Law No. 27430	24,751	(125,668)
Effect of Restatement	(1,508,827)	(752,683)
Total Income Tax Charge for the Year	**(1,551,368)**	**(2,424,839)**

(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 table shows the reconciliation of income tax charged to loss to tax assessed for the period for tax purposes:

	12.31.2018	12.31.2017
	In Thousands of AR$	
Total Income Tax Charge Recorded for the Year	**(1,551,368)**	**(2,424,839)**
- Temporary Differences at the Tax Rate		
- Additions:		
Provision for Loan Losses and Portfolio Assignment	(326,039)	(450,143)
Provision for Contingencies	(6,223)	2,600
Provision for Bonuses Payable	(11,494)	(1,274)
Depreciation of Property, Plant and Equipment	455,473	2,665
Lease Payment	9,658	11,268
Foreign-exchange Quotation Difference	70	7,243
Other Financial Transactions	-	248,755
Others	(27,752)	(1,702)
Financial Charges	28,152	(8,795)
Release as per Law No. 27430	-	141,684
Addition Resulting from Merger (Note 48)	-	(214,297)
Difference between the Tax Return and the Income Tax Provision – Years 2017 / 2018	36,544	(6,362)
Effect of Restatement on Income Tax Expenses	334,982	289,161
Total Tax for the Year Determined for Tax Purposes	**(1,057,997)**	**(2,404,036)**
Income Tax Prepayments	1,019,860	1,378,233
Income Tax Payable	**(38,137)**	**(1,025,803)**

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NOTE 19 – CASH AND CASH EQUIVALENTS

	12.31.2018	12.31.2017
	In Thousands of AR$	
Cash in Banks – Checking Account	308,974	248,449
Cash and Petty Cash	929,989	348,217
Mutual Funds	3,251,834	2,373,140
Time Deposits	442,662	-
Deposits Abroad (Note 45)	529	151
Collections to be Deposited	120,694	199,515
Total	**5,054,682**	**3,169,472**

NOTE 20 – INVESTMENTS

	12.31.2018	12.31.2017
Current	In Thousands of AR$	
Government Securities	-	306,060
Total	-	306,060

As of December 31, 2018, the Company had no investments.

NOTE 21 – RECEIVABLES FROM TRADE

	12.31.2018	12.31.2017
Current	In Thousands of AR$	
Credit Card Debtors	44,304,454	44,648,589
Provision for Loan Losses – Credit Card	(3,941,564)	(3,414,423)
Personal Loans Debtors	2,355,106	4,535,925
Provision for Loan Losses – Personal Loans	(103,452)	(99,767)
Total	**42,614,544**	**45,670,324**
Non-current		
Credit Card Debtors	766,792	701,596
Personal Loans Debtors	448,550	804,819
Total	**1,215,342**	**1,506,415**

NOTE 21 – RECEIVABLES FROM TRADE (CONTINUED)

	12.31.2018	12.31.2017
Changes in the Account Provision for Loan Losses	**In Thousands of AR$**	
Balances at the Beginning of the Year	3,514,190	1,847,990
Increases for the Year (1)	4,205,002	2,092,999
Increase Resulting from Merger (Note 48)	-	1,153,021
Applications and Uses	(713,489)	(447,263)
Portfolio Sale	(1,157,367)	(1,132,557)
Effect of Restatement	(1,803,320)	-
Balances at Year-end	**4,045,016**	**3,514,190**

(1) The provision for loan losses amounting to AR$ 4,544,613, disclosed in the Statement of Profit or Loss and in Note 11, includes AR$ 339,611 for direct charges.

Receivables from Trade valued at amortized cost do not differ significantly from their fair value.

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Additionally, as of December 31, 2018 and 2017, the Company recorded AR$ 1,072,983 and AR$ 1,839,976, respectively, in respect of receivables from trade 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 pursuing procedures for collection of its receivables.

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NOTE 22 – OTHER RECEIVABLES

	12.31.2018	12.31.2017
Current	**In Thousands of AR$**	
Deposits for Checking Account Attachments (Note 43)	1,803	1,687
Prepaid Expenses	8,867	56,651
Life Insurance Receivable	-	451
Commissions Receivable	55,302	144,073
Advance Payments to Suppliers	33,924	6,082
Sundry Receivables	165,183	122,167
Total	**265,079**	**331,111**
Non-current		
Security Deposits (Note 43)	4,993	6,869
Prepaid Expenses	1,330	2,481
Total	**6,323**	**9,350**

Other Receivables valued at amortized cost do not differ significantly from their fair value.

NOTE 23 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Issuing Company	Interest Percentage	Book Value as of 12.31.2018	Book Value as of 12.31.2017	Issuer Information						
				Principal Line of Business	Class of Shares	Number of Shares (1)	Face Value of Shares	Capital	Balance at 12.31.2018	
									Equity	Profit / Loss
		In Thousands of AR$							In Thousands of AR$	
Cobranzas Regionales S.A.	5%	2,118	2,619	Integral Advisory Services for Credit Risk Analysis	Ordinary registered shares	10,000	0.1	1,000	47,953	(9,793)
Totals		2,118	2,619							

(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	12.31.2018
Land	**121,244**	-	-	-	121,244	-	-	-	-	**121,244**
Buildings	**893,671**	-	18,548	-	912,219	(95,477)	-	(17,690)	(113,167)	**799,052**
Cost of Adapting Stores	**566,409**	(38,203)	-	120,482	648,688	(375,135)	34,975	(74,980)	(415,140)	**233,548**
Furniture and Fixtures	**270,579**	(19,798)	11,982	7,695	270,458	(129,648)	19,792	(27,744)	(137,600)	**132,858**
Hardware	**613,638**	(124,777)	-	123,169	612,030	(378,596)	118,469	(87,125)	(347,252)	**264,778**
Facilities and Improvements	**383,520**	(39,421)	27,998	12,089	384,186	(188,243)	27,669	(42,451)	(203,025)	**181,161**
Assets at Warehouse	**40,024**	(25,417)	321,353	(263,435)	72,525	-	-	-	-	**72,525**
Totals as of 12.31.18	**2,889,085**	**(247,616)**	**379,881**	**-**	**3,021,350**	**(1,167,099)**	**200,905**	**(249,990)**	**(1,216,184)**	**1,805,166**

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NOTE 24 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Items	ORIGINAL VALUE						DEPRECIATION					NET BOOK AMOUNT
	Opening Book Amount	Disposals	Addition Resulting from Merger (Note 48)	Additions	Transfers	Closing Book Amount	Opening Book Amount	Disposals	Addition Resulting from Merger (Note 48)	Depreciation Charge	Closing Book Amount	12.31.2017
Land	**121,103**	-	141	-	-	121,244	-	-	-	-	-	**121,244**
Buildings	**880,046**	-	-	13,625	-	893,671	(77,912)	-	-	(17,565)	(95,477)	**798,194**
Cost of Adapting Stores	**920,021**	(437,555)	38,319	45,624	-	566,409	(703,693)	437,556	(26,460)	(82,538)	(375,135)	**191,274**
Furniture and Fixtures	**342,344**	(124,519)	22,373	24,110	6,271	270,579	(220,100)	124,519	(12,613)	(21,454)	(129,648)	**140,931**
Hardware	**532,019**	(167,727)	120,516	43,172	85,658	613,638	(370,735)	159,918	(99,437)	(68,342)	(378,596)	**235,042**
Facilities and Improvements	**427,525**	(124,972)	31,991	43,831	5,145	383,520	(265,028)	124,972	(16,674)	(31,513)	(188,243)	**195,277**
Assets at Warehouse	**67,204**	-	-	69,894	(97,074)	40,024	-	-	-	-	-	**40,024**
Totals as of 12.31.2017	**3,290,262**	**(854,773)**	**213,340**	**240,256**	**-**	**2,889,085**	**(1,637,468)**	**846,965**	**(155,184)**	**(221,412)**	**(1,167,099)**	**1,721,986**

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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**	**12.31.2018**
Patents and Software	**1,443,032**	(274,782)	385,193	1,553,443	(967,969)	269,301	(270,712)	(969,380)	**584,063**
Other Intangible Assets	**27,920**	-	-	27,920	-	-	-	-	**27,920**
Totals as of 12.31.2018	**1,470,952**	**(274,782)**	**385,193**	**1,581,363**	**(967,969)**	**269,301**	**(270,712)**	**(969,380)**	**611,983**

INTANGIBLE ASSETS									
Items	**ORIGINAL VALUE**				**AMORTIZATION**				**NET BOOK AMOUNT**
	Opening Book Amount	**Addition Resulting from Merger (Note 48)**	**Additions**	**Closing Book Amount**	**Opening Book Amount**	**Amortization Charge**	**Addition Resulting from Merger (Note 48)**	**Closing Book Amount**	**12.31.2017**
Patents and Software	**971,217**	259,807	212,008	1,443,032	(605,702)	(142,182)	(220,085)	(967,969)	**475,063**
Other Intangible Assets	**27,920**	-	-	27,920	-	-	-	-	**27,920**
Totals as of 12.31.2017	**999,137**	**259,807**	**212,008**	**1,470,952**	**(605,702)**	**(142,182)**	**(220,085)**	**(967,969)**	**502,983**

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NOTE 26 – TRADE AND OTHER PAYABLES

	12.31.2018	12.31.2017
Current	**In Thousands of AR$**	
Merchants (*"Comercios Amigos"*)	21,452,766	22,952,041
Suppliers	490,177	829,775
Life Insurance Payable	-	495
Collections on Account of Third Parties Payable	897,782	391,870
Total	**22,840,725**	**24,174,181**

Trade and Other Payables valued at amortized cost do not differ significantly from their fair value.

NOTE 27 – BORROWINGS

	12.31.2018	12.31.2017
Current	**In Thousands of AR$**	
Notes (*"Obligaciones Negociables"*)	6,531,698	1,351,742
Bank and Financial Loans	795,868	202,975
Finance Leases	31,224	39,365
Credit Lines	1,163,002	-
Total	**8,521,792**	**1,594,082**
Non-current		
Notes (*"Obligaciones Negociables"*)	8,447,562	12,633,168
Finance Leases	144,633	247,830
Total	**8,592,195**	**12,880,998**

Borrowings valued at amortized cost do not differ significantly from their fair value.

NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS

	12.31.2018	12.31.2017
Current	**In Thousands of AR$**	
Salaries Payable	134,000	156,780
Social Security Charges	153,553	203,984
Provisions	304,813	255,483
Bonuses for the Personnel	136,835	141,426
Rewards for the Personnel	64,187	74,880
Total	**793,388**	**832,553**

NOTE 29 – CURRENT TAX LIABILITIES

	12.31.2018	12.31.2017
Current	**In Thousands of AR$**	
Trade and Industry Tax Payable	48,873	49,327
Tax Withholdings and Additional Tax Withholdings Made from Third Parties	329,610	302,524
Value-added Tax Payable	504,804	494,570
Turnover Tax Payable	101,361	122,088
Total	**984,648**	**968,509**

NOTE 30 – OTHER LIABILITIES

	12.31.2018	12.31.2017
Current	**In Thousands of AR$**	
Fees Payable to Directors and Supervisory Committee	29,766	33,013
Advanced Payments to Directors	(10,304)	(11,234)
Other Miscellaneous Liabilities	9,636	22,081
Total	**29,098**	**43,860**
Non-current		
Other Miscellaneous Liabilities	10,102	-
Total	**10,102**	**-**

Other Liabilities valued at amortized cost do not differ significantly from their fair value.

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 claims brought by customers, former employees or workers from service providers, 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.

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 has a dispute with the Tax Revenue Agency of the Province of Río Negro. In due time, the tax agency made an adjustment of AR$ 895 for turnover tax for the tax periods from January 2010 to June 2012 from the Company. The Company timely challenged the adjustment made. The amount claimed totaled AR$ 2,532 and AR$ 3,418 as of December 31, 2018 and 2017, respectively.

Furthermore, the Company has a dispute with the General Tax Board of the Province of La Pampa. In due time, the tax agency made an adjustment of AR$ 2,438 for turnover tax for the tax periods from January 2013 to May 2018 from the Company. The Company timely challenged the adjustment made. The total amount of the claim adjusted as of December 31, 2018 amounts to AR$ 4,598.

On the other hand, the Company was served notice of an official assessment from the General Tax Board of the Province of Tucumán, in its capacity as Turnover Tax Withholding Agent, in connection with years commencing on January 2013 through December 2015. The Company timely challenged the adjustment made. As of December 31, 2018, such amounts totaled AR$ 11,980 and AR$ 15,570, respectively.

The Company also has outstanding claims from certain Municipal Tax Bureaus throughout the country; most of them in connection with Publicity and Advertising, and in respect to which it has filed the respective defenses. As of December 31, 2018 and December 31, 2017, total municipal claims against the Company amounted to AR$ 21,907 and AR$ 31,760, respectively.

On December 1, 2017, Tarjeta Naranja S.A. filed an action against the Argentine tax authorities (AFIP as per its initials in Spanish) for the recovery of the Income Tax for the years 2014 and 2016 in the amount of AR$ 856,612, restated into constant currency. The action was grounded on the failure to apply the inflation adjustment mechanisms set forth in Title VI of the Income Tax Law, leading to absorb a substantial portion of taxable income and surpass any reasonable taxation threshold. On May 17, 2018, an identical action was filed in respect of the predecessor company Tarjetas Cuyanas S.A. for the years 2014 and 2016, in the amount of AR$ 145,478. To date, both actions for recovery are still pending resolution by AFIP.

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.

Expressed in thousands of constant Argentine Pesos

NOTE 31 – PROVISIONS (CONTINUED)

The breakdown and changes of contingent liabilities as of December 31, 2018 are as follows:

	Balance at the Beginning of the Year	Additions	Disposals	Effect of Restatement	Payments	Balance at Year-end
Tax Matters	**17,734**	7,839	(4,442)	(6,284)	(852)	**13,995**
Consumer Protection	**9,179**	4,910	(925)	(3,620)	(5,088)	**4,456**
Labor Matters	**41,195**	53,086	(16,595)	(19,323)	(19,438)	**38,925**
Damages	**2,937**	10,424	(3,032)	(2,169)	(880)	**7,280**
Others	**544**	1,506	(1,432)	(187)	(90)	**341**
Total	**71,589**	**77,765**	**(26,426)**	**(31,583)**	**(26,348)**	**64,997**

In addition, the breakdown and changes of contingent liabilities as of December 31, 2017 are as follows:

	Balance at the Beginning of the Year	Additions	Addition Resulting from Merger (Note 48)	Disposals	Effect of Restatement	Payments	Balance at Year-end
Tax Matters	**7,602**	10,373	7,006	(4,484)	(2,200)	(563)	**17,734**
Consumer Protection	**35,423**	2,565	-	-	(14,188)	(14,621)	**9,179**
Labor Matters	**25,529**	29,666	16,107	(8,856)	(11,301)	(9,950)	**41,195**
Damages	**2,845**	2,856		(954)	(1,059)	(751)	**2,937**
Others	**103**	167	341	(37)	(30)	-	**544**
Total	**71,502**	**45,627**	**23,454**	**(14,331)**	**(28,778)**	**(25,885)**	**71,589**

NOTE 32 - FINANCIAL LIABILITIES BY CONTRACTUAL DUE DATE

The table below breaks down financial liabilities by contractual due date as of December 31, 2018:

	December 31, 2018 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	21,080,963	1,759,762	-	-	-	22,840,725
Borrowings (*)	2,867,956	11,421,616	9,079,386	4,560,809	89,360	28,019,127
Other Liabilities	7,564	21,526	-	10,102	-	39,192
Total Financial Liabilities	**23,956,483**	**13,202,904**	**9,079,386**	**4,570,911**	**89,360**	**50,899,044**

(*) It includes future interest to be accrued.

The table below breaks down financial liabilities by contractual due date as of December 31, 2017:

	December 31, 2017 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	23,143,095	1,031,086	-	-	-	24,174,181
Borrowings (*)	1,303,269	3,456,566	6,055,596	13,329,409	169,212	24,314,052
Other Liabilities	22,081	21,779	-	-	-	43,860
Total Financial Liabilities	**24,468,445**	**4,509,431**	**6,055,596**	**13,329,409**	**169,212**	**48,532,093**

(*) It includes future interest.

Expressed in thousands of constant Argentine Pesos

NOTE 33 – BORROWINGS

Proceeds from Bank and Financial Loans

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, 2018 are summarized as follows, in chronological order:

Institution	Currency of the Loan	Date of Disbursement	Maturity Date	Term	Loan Amount	Outstanding Principal Amount as of 12.31.2018	Principal Payments	Interest Payments	Interest Rate
Banco Santander Rio S.A.	Pesos (AR$)	04/05/2018	04/05/2019	12 months	500,000	500,000	One payment at maturity	Quarterly	Corrected Badlar + 2.70%
Banco Ciudad de Buenos Aires S.A.	Pesos (AR$)	11/07/2018	11/07/2019	12 months	200,000	200,000	One payment at maturity	Monthly	UVA + 10.5%

Credit Lines

The Company has entered into and used the following credit line arrangements, the main characteristics of which with regard to the obligations outstanding are summarized as follows:

Institution	Credit Line Currency	Date of Arrangement	Maturity Date	Credit Line Amount as of 12.31.2018 (*)	Principal Payments	Interest Payments	Interest Rate
Banco Macro S.A.	Pesos (AR$)	03/22/2018	03/21/2019	400,000	Upon maturity	Upon maturity	28.00%
Banco Macro S.A.	Pesos (AR$)	03/22/2018	03/21/2019	100,000	Upon maturity	Upon maturity	28.00%
Banco Itaú S.A.	Pesos (AR$)	03/26/2018	03/26/2019	450,000	Upon maturity	Monthly	27.50%
HSBC Bank Argentina S.A.	Pesos (AR$)	07/03/2018	07/02/2019	100,000	Upon maturity	Upon maturity	58.00%

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

Please refer to our report dated March 11, 2019

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Expressed in thousands of constant Argentine Pesos

NOTE 33 – BORROWINGS (CONTINUED)

Memorandum Accounts

As of December 31, 2018, the Company recorded unused amounts of credit lines borrowed (commitment agreements) amounting to AR$ 100,000, under memorandum accounts.

As of December 31, 2018, such amount corresponds to the unused amount of the Company's commitment to:

a) Banco Patagonia S.A. for AR$ 100,000, effective from March 23, 2018 to March 22, 2019.

As of December 31, 2017, the Company had no commitment agreements.

NOTE 34 – 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
Building Located in the City of Córdoba, at Humberto Primo Street (a)	July 2008	Banco de Galicia y Buenos Aires S.A.U.	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% spread. a)
Buildings Located in the City of Córdoba, at Jujuy Street (a)	July 2008	Banco de Galicia y Buenos Aires S.A.U.	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.U.	121	Monthly	AR$ 435 at the time of paying the last installment	

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

Expressed in thousands of constant Argentine Pesos

NOTE 34 – FINANCIAL LEASES (CONTINUED)

The following are the minimum lease payments as of December 31, 2018 and the related present value:

	Minimum Lease Payments	Present Value of Minimum Lease Payments
	12.31.2018	
Less than One Year	147,561	31,224
From 1 to 5 Years	462,705	116,105
Over 5 Years	42,193	28,528
Minus Future Financing Charges	(476,602)	-
Present Value of Minimum Lease Payments	**175,857**	**175,857**

	12.31.2018
Included in the Financial Statements as:	
Current Finance Lease	31,224
Non-current Finance Lease	144,633
Total	**175,857**

NOTE 35 – NOTES (*"OBLIGACIONES NEGOCIABLES"*)

As of December 31, 2018, the Company has the Global Program approved by Resolutions No. 15,220, No. 15,361, No. 15,785, No. 16,319, No. 16,571, No. 16,822, No. 17,676 and No. 19,508 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. 15,220 of that date.

The Shareholders' Meeting held on March 3, 2006, in turn, authorized to increase the amount of said Global Program for the Issuance 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. 15,361 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. 15,785 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. 16,319.

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. 16,571 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. 16,822 dated May 23, 2012.

Furthermore, 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. 17,676.

Finally, on April 4, 2018, the Company's Shareholders' Meeting decided to approve to increase said Program's amount up to a maximum of US$ 1,000,000 outstanding at any time, or its equivalent amount in other currencies. Such increase was approved by the C.N.V. through Resolution No. 19,508 dated May 10, 2018.

NOTE 35 – NOTES (*"OBLIGACIONES NEGOCIABLES"*) (CONTINUED)

Below is a breakdown of the main characteristics of notes and their balances as of December 31, 2018 and December 31, 2017:

Date of Placement	Currency	Class Number	Amount in Thousands	Type	Term	Maturity Date	Interest Rate / Price	Face Value (*) 12.31.18	Face Value (*) 12.31.17
04/13/2016	AR$ (1)	XXXIII Series II	366,908	Simple notes, not convertible into shares	1,095 days	04/13/2019	Minimum 37.00 % Rate / Badlar + 5.40 %	366,908	366,908
05/05/2016	AR$ (2)	XXIV Series II (Note 48)	234,309	Simple notes, not convertible into shares	1,095 days	05/05/2019	Minimum 37.00 % Rate / Badlar + 4.98%	234,309	234,309
06/29/2016	AR$ (3)	XXXIV Series II	475,397	Simple notes, not convertible into shares	1,461 days	06/29/2020	Minimum 32.00 % Rate / Badlar + 4.67 %	475,397	475,397
07/26/2016	AR$ (4)	XXV (Note 48)	400,000	Simple notes, not convertible into shares	1,461 days	07/26/2020	Minimum 30.00 % Rate / Badlar + 3.94%	400,000	400,000
09/27/2016	AR$ (5)	XXXV Series I	225,611	Simple notes, not convertible into shares	546 days	03/27/2018	Minimum 26.00 % Rate / Badlar + 2.99 %	-	225,611
09/27/2016	AR$ (5)	XXXV Series II	774,389	Simple notes, not convertible into shares	1,461 days	09/27/2020	Minimum 26.00 % Rate / Badlar + 3.99 %	774,389	774,389
10/24/2016	AR$ (6)	XXVI Series I (Note 48)	149,763	Simple notes, not convertible into shares	547 days	04/24/2018	Minimum 26.00 % Rate / Badlar + 2.75%	-	149,763
10/24/2016	AR$ (6)	XXVI Series II (Note 48)	350,237	Simple notes, not convertible into shares	1,461 days	10/24/2020	Minimum 26.00 % Rate / Badlar + 4.00%	350,237	350,237
12/07/2016	AR$ (7)	XXXVI Series I	210,571	Simple notes, not convertible into shares	547 days	06/07/2018	Minimum 25.25 % Rate / Badlar + 3.25 %	-	210,571
12/07/2016	AR$ (7)	XXXVI Series II	636,409	Simple notes, not convertible into shares	1,095 days	12/07/2019	Minimum 25.25% Badlar + 4.00 %	636,409	636,409
02/10/2017	AR$ (8)	XXVII Series II (Note 48)	500,000	Simple notes, not convertible into shares	1,095 days	02/10/2020	Minimum 23.50% Rate / Badlar + 3.50%	500,000	500,000
04/11/2017	AR$ (9)	XXXVII	3,845,700	Simple notes, not convertible into shares	1,826 days	04/11/2022	Minimum 15.00% Rate / Badlar + 3.50 %	3,845,700	3,845,700
06/09/2017	AR$ (10)	XXVIII Series I (Note 48)	128,175	Simple notes, not convertible into shares	730 days	06/09/2019	Minimum 25.00 % Rate / Badlar + 3.05%	128,175	128,175
06/09/2017	AR$ (10)	XXVIII Series II (Note 48)	371,825	Simple notes, not convertible into shares	1,461 days	06/09/2021	Minimum 25.00% Rate / Badlar + 3.70%	371,825	371,825

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NOTE 35 – NOTES (*"OBLIGACIONES NEGOCIABLES"*) (CONTINUED)

Date of Placement	Currency	Class Number	Amount in Thousands	Type	Term	Maturity Date	Interest Rate / Price	Face Value (*)	
								12.31.18	12.31.17
11/13/2017	AR$ (11)	XXXVIII	503,333	Simple notes, not convertible into shares	546 days	05/13/2019	Minimum 29.50% Rate / TM20 + 4.00%	503,333	503,333
02/14/2018	AR$ (12)	XXXIX	754,539	Simple notes, not convertible into shares	546 days	08/14/2019	Minimum 26.75% Rate / TM 20 + 3.40%	754,539	-
04/10/2018	AR$ (13)	XL Series I	597,500	Simple notes, not convertible into shares	548 days	10/10/2019	25.98% Fixed Rate	597,500	-
04/10/2018	AR$ (13)	XL Series II	1,402,500	Simple notes, not convertible into shares	914 days	10/10/2020	Minimum 27.00% Rate / Badlar + 3.69%	1,402,500	-
11/15/2018	AR$ (14)	XLI Series I	854,102	Simple notes, not convertible into shares	365 days	11/15/2019	54.00% Fixed Rate	854,102	-
11/15/2018	AR$ (14)	XLI Series II	343,555	Simple notes, not convertible into shares	547 days	05/15/2020	Badlar + 10.00%	343,555	-
12/17/2018	AR$ (15)	XLII	1,266,303	Simple notes, not convertible into shares	287 days	09/30/2019	58.00% Fixed Rate	1,266,303	-

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

(1) 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 Series I was already settled and principal of Series II will be settled upon maturity. Interest shall be payable quarterly. Interest shall be calculated based on the cut-off rate equal to 37% for the first six months. Once elapsed this period, said interest shall be calculated on the average of Badlar plus 5.40%.

(2) On May 5, 2016, the Company issued and placed TC Class XXIV 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$ 65,691 and Series II for a total amount of AR$ 234,309. Principal of Series I was already settled and principal of Series II will be settled upon maturity.

(3) 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 Series I was already settled and principal of Series II will be settled upon maturity. Interest shall be payable quarterly. Minimum interest rate shall be 32% nominal annual for the first two interest periods. In the case the interest rate to be applied after the auction market period is held is lower than Series II´s minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate, pursuant to the Price Supplement and disclosure of results.

(4) On July 26, 2016, the Company issued and placed TC Class XXV Notes for a total amount of AR$ 400,000. This issuance was carried out in only one Series. Principal will be settled upon maturity.

(5) 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 Series I was already settled and principal of Series II will be settled upon maturity. Interest shall be payable quarterly in both Series. For Series I, minimum interest rate shall be 26% nominal annual for the first interest period. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first interest period shall be accrued according to the latter interest rate, pursuant to the Price Supplement and Profit & Loss report. For Series II, minimum interest rate shall be 26% nominal annual for the first two interest periods. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate, pursuant to the Price Supplement and disclosure of results.

(6) On October 24, 2016, the Company issued and placed TC Class XXVI 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$ 149,763 and Series II for a total amount of AR$ 350,237. Principal of Series I was already settled and principal of Series II will be settled upon maturity.

(7) 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 Series I was already settled and principal of Series II will be settled upon maturity. Interest shall be payable quarterly in both Series. For Series I, minimum interest rate shall be 25.25% nominal annual for the first interest period. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first interest period shall be accrued according to the latter interest rate, pursuant to the Price Supplement and Profit & Loss report. For Series II, minimum interest rate shall be 25.25% nominal annual for the first two interest periods. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate, pursuant to the Price Supplement and disclosure of results.

(8) On February 10, 2017, the Company issued and placed TC Class XXVII Notes for a total amount of AR$ 500,000. This issuance was carried out under Series II, with Series I having been declared void. Principal will be settled upon maturity.

(9) On April 11, 2017, the Company issued and placed Peso-linked Class XXXVII Notes for a total amount of US$250,000, equivalent to AR$ 3,845,700, as converted at an Initial Exchange Rate. Principal will be settled in three annual installments, with due dates on April 11, 2020, April 11, 2021 and April 11, 2022. Interest shall be payable quarterly. Minimum interest rate shall be 15.00% nominal annual. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest shall be accrued according to the latter, pursuant to the Price Supplement and disclosure of results.

(10) On June 9, 2017, the Company issued and placed TC Class XXVIII 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$ 128,175 and Series II for a total amount of AR$ 371,825. Principal of both Series will be settled upon maturity.

(11) On November 13, 2017, the Company issued and placed its Class XXXVIII Notes for a total amount of AR$ 503,333. This issuance was carried out in only one Series. Principal will be settled upon maturity. Interest shall be payable quarterly. For Series I, minimum interest rate shall be 29.50% nominal annual for the first interest period. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first interest period shall be accrued according to the latter interest rate, pursuant to the Price Supplement and disclosure of results.

(12) On February 14, 2018, the Company issued and placed its Class XXXIX Notes for a total amount of AR$ 754,539. This issuance was carried out in only one Series. Principal will be settled upon maturity. Interest shall be payable quarterly. For Series I, minimum interest rate shall be 26.75% nominal annual for the first interest period. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first interest period shall be accrued according to the latter interest rate, pursuant to the Price Supplement and disclosure of results.

(13) On April 10, 2018, the Company issued and placed Class XL Notes for a total amount of AR$ 2,000,000. This issuance was carried out in two series: Series I for a total amount of AR$ 597,500 and Series II for a total amount of AR$ 1,402,500. Principal of both Series will be settled upon maturity. Series I shall accrue interest upon maturity and Series II shall accrue interest quarterly. For Series II, minimum interest rate shall be 27% nominal annual for the first two interest periods. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate.

(14) On November 15, 2018, the Company issued and placed Class XLI Notes for a total amount of AR$ 1,197,657. This issuance was carried out in two series: Series I for a total amount of AR$ 854,102 and Series II for a total amount of AR$ 343,555. Principal of both Series will be settled upon maturity. Interest on Series I shall be payable on the dates established below: February 15, 2019, May 15, 2019, August 15, 2019 and upon maturity date, or if that date is not a business day, the following immediate business day. Interest on Series II shall be payable on February 15, 2019, May 15, 2019, August 15, 2019, November 15, 2019, February 15, 2020, and upon maturity date, or if that date is not a business day, the following immediate business day.

(15) On December 17, 2018, the Company issued and placed Class XLII Notes for a total amount of AR$ 1,266,303. This issuance was carried out in only one Series. Principal and interest will be settled upon maturity.

NOTE 35 – NOTES (*"OBLIGACIONES NEGOCIABLES"*) (CONTINUED)

Furthermore, it is worth noting that in the Price Supplement of Class XXXVII 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 7 to 1; and (b) the Indebtedness to Equity Ratio does not exceed 4 to 1;

(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 5% of the Company's total assets.

(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 (TC), XXV (TC), XXVI (TC), XXVII (TC), XXVIII (TC), XXXIII, XXXIV, XXXV, XXXVI, XXXVIII, XXXIX, XL, XLI and XLII 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.

NOTE 36 – DERIVATIVE TRANSACTIONS

At the date of these financial statements, the Company has no derivative transactions as all Class XIII Notes have been fully settled.

At December 31, 2016, the foreign currency forward contracts detailed below were effective, which were aimed at mitigating the exchange-rate risk of its U.S. Dollar denominated debt (Class XIII Notes which matured on January 28, 2017):

Counterparty	Purchase Transaction Amount (In Thousands of U.S. Dollars)	Purchase Transaction Amount (In Nominal Terms)	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 established that the transaction would 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 was higher than the agreed forward exchange rate, the counterparty undertook 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 was lower than the agreed forward exchange rate, the Company undertook 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 was the same as the agreed forward exchange rate, the parties were not entitled to make any claim whatsoever to each other.

As of December 31, 2017, the Company has recorded AR$ 21,103 under "Costs of Financing" in the Statement of Profit or Loss, as a result of these instruments.

NOTE 37 – CASH AND CASH EQUIVALENTS – STATEMENT OF CASH FLOWS

	12.31.2018	12.31.2017
	In Thousands of AR$	
Cash	1,360,186	796,332
Placements of Cash-equivalent Funds	3,694,496	2,373,140
Total	**5,054,682**	**3,169,472**

NOTE 38 – ADJUSTMENTS TO CALCULATE THE NET CASH FLOWS FROM OPERATING ACTIVITIES

	12.31.2018	12.31.2017
	In Thousands of AR$	
Provision for Loan Losses	4,544,613	2,518,710
Provision for Contingencies, Net of Recoveries	51,339	31,297
Provision for Employee Benefit Obligations	739,299	621,601
Provision for Fees Payable to Directors and Members of the Supervisory Committee	40,106	25,447
Foreign Exchange Gain (Loss)	51,398	(9,358)
Income from Investments Accounted for Using the Equity Method	(450)	(4,252)
Decrease in Property, Plant and Equipment	46,711	7,808
Decrease in Intangible Assets	5,481	-
Depreciation of Property, Plant and Equipment	249,990	221,412
Amortization of Intangible Assets	270,712	142,182
Total	**5,999,199**	**3,554,847**

NOTE 39 – CHANGES IN OPERATING ASSETS

	12.31.2018	12.31.2017
	In Thousands of AR$	
Increase in Receivables from Trade	(18,915,563)	(11,213,135)
(Increase) / Decrease in Other Receivables	(69,173)	241,712
Increase in Investments	-	(19,738)
Total	**(18,984,736)**	**(10,991,161)**

NOTE 40 – CHANGES IN OPERATING LIABILITIES

	12.31.2018	12.31.2017
	In Thousands of AR$	
Decrease in Employee Benefit Obligations	(512,809)	(515,203)
Increase in Trade and Other Payables	7,914,148	3,451,566
(Decrease) / Increase in Trade and Other Payables	(964,852)	575,194
Increase in Tax Liabilities	415,349	373,132
Income Tax Payments	(2,272,377)	(1,601,990)
Increase / (Decrease) in Other Liabilities	101,055	(24,707)
Decrease in Provision for Contingencies	(31,746)	(39,326)
Total	**4,648,768**	**2,218,666**

NOTE 41 – ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

The following is the reconciliation of borrowings disclosed in the Statements of Cash Flows at year-end:

	At the Beginning of the Year	Borrowing	Principal ,Interest and Expenses Payments	Interest and Expenses Payable	Effect of Inflation Adjustment	At Year-end
Notes (*"Obligaciones Negociables"*)	13,984,910	6,258,434	(4,575,319)	4,845,219	(5,533,984)	14,979,260
Borrowings	490,170	3,646,438	(2,050,375)	1,026,575	(978,081)	2,134,727
Total	**14,475,080**	**9,904,872**	**(6,816,292)**	**5,954,718**	**(6,404,391)**	**17,113,987**

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

	12.31.2018	12.31.2017
	In Thousands of AR$	
Payment in Kind for the Issuance of Class XL Series I and Series II Notes (*"Obligaciones Negociables"*)	110,025	-
(Class XXXVI Series I Notes (*"Obligaciones Negociables"*)) Dividends Paid in Kind in 2017 (Lebacs - Securities I16Y8; I21J8)	304,404	-

The following are the investing activities performed during the year 2017 which have not generated any cash movements.

	12.31.2017
	In Thousands of AR$
Effect of Merger by Absorption of Tarjetas Cuyanas S.A. (Note 48)	1,567,653

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NOTE 42 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES

Tarjeta Naranja S.A. is controlled by Tarjetas Regionales S.A., with legal domicile at Tte. Gral. Juan D. Perón 430 - Piso 19 - Autonomous City of Buenos Aires, which holds 2,823 shares, representing a 99.96% interest in the capital stock. Banco de Galicia y Buenos Aires S.A.U., with legal domicile at Tte. Gral. Juan D. Perón 430, Autonomous City of Buenos Aires, owned a 77% equity interest in Tarjetas Regionales S.A. In turn, Banco de Galicia y Buenos Aires S.A. is wholly controlled by Grupo Financiero Galicia S.A., with legal domicile at Tte. Gral. Juan D. Perón 456, 2° Piso, Autonomous City of Buenos Aires.

The Ordinary and Extraordinary Shareholders' Meeting of Banco de Galicia y Buenos Aires S.A.U. held on December 14, 2017 decided to initiate a corporate reorganization process involving the split-off of a portion of the Bank's assets, including its 77% equity interest in Tarjetas Regionales S.A. to be included in the balance sheet of its controlling company, Grupo Financiero Galicia S.A., effective January 1, 2018.

Tarjetas Cuyanas S.A. was a corporation incorporated in Argentina, with domicile at Belgrano 1415, City of Mendoza, Argentina, which held 24 shares, representing 1% of the Company's capital stock. As detailed in Note 48, Tarjetas Cuyanas merged into Tarjeta Naranja, effective October 1, 2017.

Ondara S.A. is a corporation incorporated in Argentina, with domicile established at Av. Paseo Colón 746, 4th Floor, Autonomous City of Buenos Aires, Argentina, and holds 1 share accounting for 0.4% of the Company's capital stock.

The following are Tarjeta Naranja S.A.'s balances with related companies as of December 31, 2018:

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	537,495	537,495
Other Receivables	16,227	16,227
Total Current Assets as of 12.31.2018	**553,722**	**553,722**
Total Assets as of 12.31.2018	**553,722**	**553,722**
LIABILITIES		
Trade and Other Payables	899,481	899,481
Borrowings	31,288	31,288
Other Liabilities	2,750	2,750
Total Current Liabilities as of 12.31.2018	**933,519**	**933,519**
Borrowings	144,633	144,633
Other Liabilities	10,102	10,102
Total Non-current Liabilities as of	**154,735**	**154,735**
Total Liabilities as of 12.31.2018	**1,088,254**	**1,088,254**

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(Partner)
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NOTE 42 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are Tarjeta Naranja S.A.'s balances with other related parties as of December 31, 2018:

Other Related Parties				
	Cobranzas Regionales S.A.	**Key Management Personnel**	**Parque Azul S.R.L.**	**Total**
	In Thousands of AR$			
ASSETS				
Other Receivables	14,957	241	-	15,198
Total Current Assets as of 12.31.18	**14,957**	**241**	**-**	**15,198**
Total Assets as of 12.31.18	**14,957**	**241**	**-**	**15,198**
LIABILITIES				
Trade and Other Payables	49,816	-	10,969	60,785
Salaries Payable	-	2,821	-	2,821
Other Liabilities	-	18,518	-	18,518
Total Current Liabilities as of 12.31.18	**49,816**	**21,339**	**10,969**	**82,124**
Total Liabilities as of 12.31.18	**49,816**	**21,339**	**10,969**	**82,124**

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)
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NOTE 42 – 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, 2018:

Corporations Section 33 of Law No.19550:		
	Banco de Galicia y Bs. As. S.A.U.	**Total**
	In Thousands of AR$	
REVENUES		
Revenues from Services	116,698	116,698
Interest on Time Deposits	3,123	3,123
Totals as of 12.31.18	**119,821**	**119,821**
EXPENSES		
Rentals	(3,786)	(3,786)
Bank and Financial Interest	(101,953)	(101,953)
Bank Expenses	(46,610)	(46,610)
Professional Fees	(28,961)	(28,961)
Totals as of 12.31.18	**(181,310)**	**(181,310)**

NOTE 42 – 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, 2018:

	Other Related Parties						
	Cobranzas Regionales S.A.	**Galicia Seguros S.A.**	**Parque Azul S.R.L.**	**Key Management Personnel**	**Golden S.A.**	**Colores S.A.**	**Total**
	In Thousands of AR$						
REVENUES							
Revenues from Services	1,655	334,492	2,881	-	-	-	339,028
Revenues from Financing	-	-	1,029	-	-	-	1,029
Totals as of 12.31.18	**1,655**	**334,492**	**3,910**	**-**	**-**	**-**	**340,057**
EXPENSES							
Rentals	-	-	-	-	(4,701)	(1,326)	(6,027)
Professional Fees	(452,218)	-	-	-	-	-	(452,218)
Directors' Fees	-	-	-	(37,487)	-	-	(37,487)
Salaries	-	-	-	(28,235)	-	-	(28,235)
Totals as of 12.31.18	**(452,218)**	**-**	**-**	**(65,722)**	**(4,701)**	**(1,326)**	**(523,967)**

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NOTE 42 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are Tarjeta Naranja S.A.'s balances with related companies as of December 31, 2017:

Companies under Section 33 of Law No. 19550		
	Banco de Galicia y de Buenos Aires S.A.U.	**Total**
	In Thousands of AR$	
ASSETS		
Cash and Cash Equivalents	90,282	90,282
Other Receivables	79,561	79,561
Total Current Assets as of 12.31.2017	**169,843**	**169,843**
Total Assets as of 12.31.2017	**169,843**	**169,843**
LIABILITIES		
Trade and Other Payables	397,322	397,322
Borrowings	39,421	39,421
Total Current Liabilities as of 12.31.2017	**436,743**	**436,743**
Borrowings	247,836	247,836
Total Non-current Liabilities as of	**247,836**	**247,836**
Total Liabilities as of 12.31.2017	**684,579**	**684,579**

NOTE 42 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are Tarjeta Naranja S.A.'s balances with other related parties as of December 31, 2017:

Other Related Parties					
	Cobranzas Regionales S.A.	**Galicia Seguros S.A.**	**Key Management Personnel**	**Parque Azul S.R.L.**	**Total**
	In Thousands of AR$				
ASSETS					
Other Receivables	-	12,716	-	-	12,716
Total Current Assets as of 12.31.17	**-**	**12,716**	**-**	**-**	**12,716**
Total Assets as of 12.31.17	**-**	**12,716**	**-**	**-**	**12,716**
LIABILITIES					
Trade and Other Payables	32,854	-	-	11,271	44,125
Salaries Payable	-	-	3,042	-	3,042
Other Liabilities	-	-	20,761	-	20,761
Total Current Liabilities as of 12.31.17	**32,854**	**-**	**23,803**	**11,271**	**67,928**
Total Liabilities as of 12.31.17	**32,854**	**-**	**23,803**	**11,271**	**67,928**

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NOTE 42 – 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, 2017:

Corporations Section 33 of Law No.19550:		
	Banco de Galicia y Bs. As. S.A.U.	**Total**
	In Thousands of AR$	
REVENUES		
Revenues from Services	627,866	627,866
Totals as of 12.31.17	**627,866**	**627,866**
EXPENSES		
Rentals	(2,415)	(2,415)
Bank and Financial Interest	(106,522)	(106,522)
Bank Expenses	(35,459)	(35,459)
Professional Fees	(4,846)	(4,846)
Totals as of 12.31.17	**(149,242)**	**(149,242)**

NOTE 42 – 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, 2017:

	Other Related Parties							
	Cobranzas Regionales 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.	Ondara S.A.
	In Thousands of AR$							
REVENUES								
Revenues from Services	1,485	388,336	3,705	-	-	-	-	-
Revenues from Financing	-	-	1,925	-	-	-	-	-
Interest on Time Deposit	-	-	-	-	-	-	22,376	-
Totals as of 12.31.17	**1,485**	**388,336**	**5,630**	**-**	**-**	**-**	**22,376**	**-**
EXPENSES								
Rentals	-	-	-	-	(4,751)	(1,413)	-	-
Professional Fees	(286,847)	-	-	-	-	-	-	(17,050)
Directors' Fees	-	-	-	(23,503)	-	-	-	-
Salaries	-	-	-	(29,008)	-	-	-	-
Totals as of 12.31.17	**(286,847)**	**-**	**-**	**(52,511)**	**(4,751)**	**(1,413)**	**-**	**(17,050)**

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NOTE 43 - RESTRICTED ASSETS

Liens in Force

As of December 31, 2018 and 2017, liens for a total amount of AR$ 1,803 and AR$ 1,687, 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".

Covenants Undertaken

The commitments undertaken by virtue of Class XXIV (TC), XXV (TC), XXVI (TC), XXVII (TC), XXVIII (TC), XXXIII, XXXIV, XXXV, XXXVI, XXXVII, XXXVIII, XXXIX, XL, XLI and XLII Notes (*"Obligaciones Negociables"*) issued by the Company are mentioned in Note 35.

Security Deposits

As of December 31, 2018 and 2017, the Company has paid AR$ 4,993 and AR$ 6,869, 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 the date of these financial statements, the Company does not have any current transaction with derivatives; therefore, it is not required to maintain guarantees with Mercado a Término de Rosario S.A. (ROFEX).

As of December 31, 2017, the Company had released all the guarantees granted to ROFEX for derivative transactions carried out with such institution have been settled. Such foreign currency forward transactions were aimed at mitigating the exchange-rate risk of the Company's U.S. dollar-denominated debt (Class XIII Notes), which was settled on January 28, 2017.

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 as maximum limit for the distribution of dividends 25% of the liquid and realized income for each year as from 2005. These restrictions shall remain in full force as long as 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 XXXVII Notes, the Company agreed not to distribute dividends: i) that exceed 50% of the Company's net profit accrued since January 1, 2017 plus the net profit accrued during the year ended December 31, 2016, net of restricted payments made in 2016, and ii) when (a) the Total Liabilities to Equity Ratio does not exceed 7 to 1, and (b) the Indebtedness to Equity Ratio does not exceed 4 to 1.

NOTE 44 – INFORMATION ABOUT EXPENSES AND THEIR ALLOCATION UNDER SECTION 64 SUBSECTION B) OF LAW 19550

Items	Totals as of 12.31.2018	Administrative Expenses	Marketing Expenses	Totals as of 12.31.2017
	In Thousands of AR$			
Directors and Supervisory Committee Members' Fees	**40,106**	40,106	-	**25,447**
Bonuses for the Personnel	**458,696**	142,196	316,500	**439,669**
Compensation and Social Security Charges	**3,941,772**	1,714,624	2,227,148	**3,558,849**
Taxes, Rates and Contributions	**3,022,623**	546,487	2,476,136	**2,685,816**
Travel Expenses and Per Diem	**86,175**	34,908	51,267	**96,008**
Maintenance of Equipment and Buildings	**123,277**	122,782	495	**125,451**
Depreciation of Property, Plant and Equipment	**249,990**	174,993	74,997	**221,412**
Amortization of Intangible Assets	**270,712**	270,712	-	**142,182**
Rentals	**277,785**	25,137	252,648	**242,079**
Stationery and Office Supplies	**77,276**	16,188	61,088	**56,194**
Opening of Accounts	**99,249**	-	99,249	**79,206**
Publicity and Advertising	**505,808**	-	505,808	**474,019**
Donations	**5,616**	5,616	-	**6,734**
Electricity, Natural Gas and Communications	**190,220**	131,854	58,366	**144,732**
Third Parties' Fees	**831,009**	730,872	100,137	**501,863**
Insurance and Security Services	**375,629**	14,632	360,997	**361,412**
Bank and Financial Expenses	**101,096**	101,096	-	**88,778**
Regular Mail Services	**76,770**	30,072	46,698	**68,578**
Expenses for Commercial Reports and Procedures for the Collection of Amounts in Arrears	**453,635**	453,635	-	**286,741**
Collection Expenses	**887,099**	887,099	-	**734,702**
General Expenses	**1,182,838**	544,224	638,614	**847,136**
Other Selling Expenses	**451,156**	-	451,156	**342,985**
Printing and Distribution Expenses	**417,953**	-	417,953	**480,351**
Cleaning Expenses	**94,080**	24,815	69,265	**79,695**
Special Promotions	**156,694**	-	156,694	**133,349**
Expenses from Call Center Services	**216,123**	198,518	17,605	**221,624**
Totals as of 12.31.2018	(1) **14,593,387**	**6,210,566**	**8,382,821**	
Totals as of 12.31.2017		**4,457,336**	**7,987,676**	(1) **12,445,012**

(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 45 – 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 12.31.18	Amount in Argentine Currency as of 12.31.17
				In Thousands of AR$	
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents					
Deposits in Argentina	US$	148.34	36.8	5,459	3,358
Deposits Abroad	US$	14.38	36.8	529	151
Total Current Assets				**5,988**	**3,509**
NON-CURRENT ASSETS					
Other Receivables					
Security Deposits	US$	25	36.8	920	679
Total Non-current Assets				**920**	**679**
Total Assets				**6,908**	**4,188**
LIABILITIES					
CURRENT LIABILITIES					
Trade and Other Payables					
Collections on Account of Third Parties	US$	543	38.6	20,945	40,075
Total Current Liabilities				**20,945**	**40,075**
Total Liabilities				**20,945**	**40,075**

US$: United States Dollars.

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NOTE 46 – PORTFOLIO ASSIGNMENT

As of December 31, 2018, the Company entered into Credit Portfolio Assignment agreements, as detailed below:

Date	Trustee	Sale Price	Portfolio Assignment
04/06/2018	Comafi Fiduciario Financiero S.A. (Frankel)	33,893	302,617
06/22/2018	Comafi Fiduciario Financiero S.A. (Frankel)	12,673	139,106
06/22/2018	Banco Comafi S.A.	31,287	343,431
09/18/2018	Comafi Fiduciario Financiero S.A. (Frankel)	12,671	188,914
09/18/2018	Banco Comafi S.A.	31,933	341,294
12/19/2018	Comafi Fiduciario Financiero S.A. (Frankel)	16,606	317,592
12/19/2018	Banco Comafi S.A.	33,664	506,390

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

NOTE 47 – DOCUMENTATION FILING

On August 14, 2014, the National Securities Commission issued General Resolution No. 629, introducing 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 (Plant 3) - Florencio Varela – Province of Buenos Aires
DataBox de File S.A.	25 de mayo 821 – Dorrego – Guaymallen - Mendoza

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

NOTE 48 - MERGER BY ABSORPTION OF TARJETAS CUYANAS S.A. INTO TARJETA NARANJA S.A.

On September 5, 2017, Tarjeta Naranja S.A. (the "Absorbing Company") and Tarjetas Cuyanas S.A. (the "Absorbed Company") entered into a preliminary merger agreement, whereby Tarjeta Naranja S.A. merged into the assets and liabilities of Tarjetas Cuyanas S.A., effective October 1, 2017.

Then, on October 24, 2017, the shareholders of the Tarjeta Naranja S.A. and, on October 23, 2017, the shareholders of Tarjetas Cuyanas S.A., both gathered at the General Extraordinary Shareholders' Meeting of such companies, approved of the merger by absorption of Tarjetas Cuyanas S.A. into Tarjeta Naranja S.A., as well as the dissolution of the former without liquidation.
The merger by absorption was completed abiding by the provisions of Sections 77 and 78 of Law No. 20628.

In the face of Tarjetas Cuyanas S.A.'s merger into Tarjeta Naranja S.A., which entailed a capital increase in Tarjeta Naranja S.A. due to the inclusion of Tarjetas Cuyanas S.A.'s assets, Tarjetas Regionales S.A. (the controlling company of both companies) received 447 ordinary shares of Tarjeta Naranja S.A., with a face value of AR$10,000 and one voting right each, in exchange for the 3,200,950 shares it held in Tarjetas Cuyanas S.A.'s capital stock.
According to the Argentine General Companies Law, Tarjeta Naranja S.A., which held 1.000005% of Tarjetas Cuyanas S.A.'s capital stock before the merger, was not allowed to purchase its own shares by reason of the capital increase; hence, it did not receive the share exchange. The shares held by Tarjeta Naranja S.A. in Tarjetas Cuyanas S.A.'s capital stock that were merged into Tarjeta Naranja S.A. as a consequence of Tarjetas Cuyanas S.A.'s absorption were canceled following a capital stock reduction. As part of said reorganization and as mentioned above, Tarjeta Naranja S.A. decided to increase its capital stock by AR$ 4,470,000, represented by 447 ordinary shares, with a face value of AR$ 10,000 and one voting right each, delivered to Tarjetas Regionales S.A. in exchange. At the same time, Tarjeta Naranja S.A. decided to reduce its capital stock by 23 ordinary shares of its own capital stock, with a face value of AR$10,000 and one voting right each, deriving from the merger by absorption with Tarjetas Cuyanas S.A. Accordingly, Tarjeta Naranja S.A.'s definitive capital stock amounts to AR$ 28,240,000, represented by 2,824 ordinary shares, with a face value of AR$10,000 and one voting right each.

Following the transaction, Tarjeta Naranja S.A. equity interests were as follows: (i) Tarjetas Regionales S.A.: 2,823 shares with a face value of AR$ 10,000 and (ii) Ondara S.A.: 1 share with a face value of AR$ 10,000.

For accounting purposes, since Tarjeta Naranja S.A. and Tarjetas Cuyanas S.A. are subsidiaries of Tarjetas Regionales S.A., the transaction was not eligible to be accounted for as a business combination under IFRS 3 "Business Combinations," but rather as a business reorganization within the same business group.

NOTE 48 - MERGER BY ABSORPTION OF TARJETAS CUYANAS S.A. INTO TARJETA NARANJA S.A. (CONTINUED)

According to Tarjeta Naranja S.A.'s accounting policies, the "predecessor method" was used, pursuant to which the assets and liabilities of the absorbed entity are taken at their book value, with measurement at fair value not being required. In addition, no goodwill arose from the transaction.
Any difference between the consideration delivered and the aggregate book value of the acquiree's assets and liabilities on the transaction date is disclosed in equity.

In turn, the balances are disclosed as per the prospective method, pursuant to which the absorbed entity's profits or losses and balance sheet are included prospectively, commencing on the date on which the merger took effect, that is, October 1, 2017.

Tarjetas Cuyanas S.A.'s assets and liabilities as of October 1, 2017, included as a result of the merger, arise from the following table (figures expressed in thousands of nominal pesos):

ASSETS		LIABILITIES	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash and Cash Equivalents	756,512	Trade and Other Payables	2,822,924
Receivables from Trade	7,405,339	Borrowings	758,785
Other Receivables	44,199	Employee Benefit Obligations	102,010
		Current Tax Liabilities	124,836
Total Current Assets	**8,206,050**	Other Liabilities	33,354
NON-CURRENT ASSETS		Provision for Income Tax, Net	51,500
Receivables from Trade	52,901	**Total Current Liabilities**	**3,893,409**
Other Receivables	2,620	NON-CURRENT LIABILITIES	
Deferred Tax Assets	217,239	Borrowings	3,110,122
Investments in Other Companies	90,830	Provisions	24,895
Property, Plant and Equipment	58,156	**Total Non-current Liabilities**	**3,135,017**
Intangible Assets	39,722	Total Liabilities	7,028,426
Total Non-current Assets	**461,468**	Equity Attributable to the Company's Shareholders	1,639,092
Total Assets	**8,667,518**	**Total Liabilities and Equity**	**8,667,518**

It should be noted that when the prospective method is used, the financial statements do not reflect the profits or losses of the acquiree during the previous period to the transaction. The previous year's amounts are not adjusted either. Accordingly, for the purposes of understanding the comparative changes in profits or losses for the year 2017, the effects of the merger by absorption of this business on the results of operations can be found in Note 5 – Segment Information, under the column entitled "Nevada".

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NOTE 49 – IMPACT OF ADOPTION OF IAS 29 "FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES"

Below is a reconciliation of equity and profit & loss figures calculated without applying IAS 29 to the figures reported in these financial statements:

	Historical Figures	Effects IAS 29	Restated Figures
	12.31.2018		
ASSETS			
Cash and Cash Equivalents	5,054,682	-	5,054,682
Receivables from Trade	42,614,544	-	42,614,544
Other Receivables	265,079	-	265,079
Total Current Assets	**47,934,305**	**-**	**47,934,305**
Receivables from Trade	1,215,342	-	1,215,342
Other Receivables	6,323	-	6,323
Deferred Tax Assets	802,076	(295,679)	506,397
Investments Accounted for Using the Equity Method	2,118	-	2,118
Property, Plant and Equipment	834,197	970,969	1,805,166
Intangible Assets	400,220	211,763	611,983
Total Non-Current Assets	**3,260,276**	**887,053**	**4,147,329**
Total Assets	**51,194,581**	**887,053**	**52,081,634**
LIABILITIES			
Trade and Other Payables	22,840,725	-	22,840,725
Borrowings	8,521,792	-	8,521,792
Employee Benefit Obligations	793,388	-	793,388
Current Tax Liabilities	984,648	-	984,648
Other Liabilities	29,098	-	29,098
Income Tax Provision	38,137	-	38,137
Total Current Liabilities	**33,207,788**	**-**	**33,207,788**
Borrowings	8,592,195	-	8,592,195
Other Liabilities	10,102	-	10,102
Provisions	64,997	-	64,997
Total Non-current Liabilities	**8,667,294**	**-**	**8,667,294**
Total Liabilities	**41,875,082**	**-**	**41,875,082**
Capital Stock	28,240	-	28,240
Comprehensive Adjustment to Capital Stock	26,367	518,107	544,474
Additional Paid-in Capital from Merger	27,540	14,975	42,515
Reserves	6,956,697	6,277,071	13,233,768
Retained Earnings	2,280,655	(5,923,100)	(3,642,445)
Total Equity	**9,319,499**	**887,053**	**10,206,552**

Expressed in thousands of constant Argentine Pesos

NOTE 49 – IMPACT OF ADOPTION OF IAS 29 "FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES" (CONTINUED)

	Historical Figures	Effects IAS 29 (in Constant Currency of 12.31.2017)	Restatement as for the " Price Index prevailing at Month-End / Price Index prevailing at Month of Acquisition of the Item" (*)	Restated Figures
	12.31.2017			
ASSETS				
Cash and Cash Equivalents	2,146,675	-	1,022,797	3,169,472
Investments	207,294	-	98,766	306,060
Receivables from Trade	30,932,400	-	14,737,924	45,670,324
Other Receivables	228,644	-	102,467	331,111
Total Current Assets	**33,515,013**	**-**	**15,961,954**	**49,476,967**
Receivables from Trade	1,020,292	-	486,123	1,506,415
Other Receivables	6,333	-	3,017	9,350
Deferred Tax Assets	575,779	(150,272)	202,735	628,242
Investments Accounted for Using the Equity Method	1,774	-	845	2,619
Property, Plant and Equipment	668,428	498,814	554,744	1,721,986
Intangible Assets	237,450	102,914	162,619	502,983
Total Non-Current Assets	**2,510,056**	**451,456**	**1,410,083**	**4,371,595**
Total Assets	**36,025,069**	**451,456**	**17,372,037**	**53,848,562**
LIABILITIES				
Trade and Other Payables	16,373,115	-	7,801,066	24,174,181
Borrowings	1,084,051	-	510,031	1,594,082
Employee Benefit Obligations	563,886	-	268,667	832,553
Current Tax Liabilities	655,969	-	312,540	968,509
Other Liabilities	29,707	-	14,153	43,860
Income Tax Provision	694,774	-	331,029	1,025,803
Total Current Liabilities	**19,401,502**	**-**	**9,237,486**	**28,638,988**
Borrowings	8,724,269	-	4,156,729	12,880,998
Provisions	48,487	-	23,102	71,589
Total Non-current Liabilities	**8,772,756**	**-**	**4,179,831**	**12,952,587**
Total Liabilities	**28,174,258**	**-**	**13,417,317**	**41,591,575**
Capital Stock	28,240	-	-	28,240
Comprehensive Adjustment to Capital Stock	26,367	333,406	184,701	544,474
Additional Paid-in Capital from Merger	27,540	1,255	13,720	42,515
Reserves	5,089,053	1,096,286	2,947,041	9,132,380
Retained Earnings	2,679,611	(979,491)	809,258	2,509,378
Total Equity	**7,850,811**	**451,456**	**3,954,720**	**12,256,987**

(*) Mechanism whereby the balances in constant currency of the previous year are restated and converted into current currency of the same year (see Note 2.3.).

Please refer to our report dated March 11, 2019
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 49 – IMPACT OF ADOPTION OF IAS 29 "FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES" (CONTINUED)

	Historical Figures	Effects IAS 29	Restated Figures
	December 31, 2018		
Revenues from Services	9,838,560	2,198,428	12,036,988
Expenses from Services	(1,468,050)	(321,604)	(1,789,654)
Net Revenues from Services	**8,370,510**	**1,876,824**	**10,247,334**
Revenues from Financing	13,033,863	2,767,673	15,801,536
Costs of Financing	(5,172,279)	(888,343)	(6,060,622)
Loss from Net Monetary Position	-	(3,408,607)	(3,408,607)
Net Revenues (Loss) from Financing	**7,861,584**	**(1,529,277)**	**6,332,307**
Net Income from Short-term Investments	662,971	117,602	780,573
Operating Revenue	**16,895,065**	**465,149**	**17,360,214**
Provision for Credit Losses, Net of Recoveries	(3,568,144)	(679,429)	(4,247,573)
Operating Revenue, Net of Provision for Loan Losses	**13,326,921**	**(214,280)**	**13,112,641**
Employee Benefits Expenses	(3,932,165)	(842,826)	(4,774,991)
Taxes and Charges	(2,468,952)	(553,671)	(3,022,623)
Marketing Expenses	(414,037)	(91,771)	(505,808)
Depreciation and Amortization	(281,217)	(239,485)	(520,702)
Other Operating Expenses, Net	(3,305,757)	(673,852)	(3,979,609)
Total Operating Expenses	**(10,402,128)**	**(2,401,605)**	**(12,803,733)**
Net Profit (Loss) before Income from Investments Accounted for Using the Equity Method	**2,924,793**	**(2,615,885)**	**308,908**
Income from Investments Accounted for Using the Equity	344	106	450
Profit (Loss) before Income Tax	**2,925,137**	**(2,615,779)**	**309,358**
Income Tax	(856,449)	(694,919)	(1,551,368)
Profit / (Loss) for the Year	**2,068,688**	**(3,310,698)**	**(1,242,010)**

Please refer to our report dated March 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 49 – IMPACT OF ADOPTION OF IAS 29 "FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES" (CONTINUED)

	Historical Figures	Effects IAS 29 (in Constant Currency of 12.31.2017)	Restatement as for the "Price Index prevailing at Month-End / Price Index prevailing at Month of Acquisition of the Item (*)	Restated Figures
	December 31, 2017			
Revenues from Services	7,219,429	720,495	3,783,024	11,722,948
Expenses from Services	(1,002,500)	(99,428)	(525,020)	(1,626,948)
Net Revenues from Services	**6,216,929**	621,067	3,258,004	**10,096,000**
Revenues from Financing	7,397,998	740,013	3,880,876	12,018,887
Costs of Financing	(2,016,783)	(203,323)	(1,061,256)	(3,281,362)
Loss from Net Monetary Position	-	(1,687,980)	-	(1,687,980)
Net Revenues from Financing	**5,381,215**	(1,151,290)	2,819,620	**7,049,545**
Net Income from Short-term Investments	234,999	19,886	121,442	376,327
Operating Revenue	**11,833,143**	**(510,337)**	**6,199,066**	**17,521,872**
Provision for Credit Losses, Net of Recoveries	(1,335,946)	(132,895)	(699,838)	(2,168,679)
Operating Revenue, Net of Provision for Loan Losses	**10,497,197**	**(643,232)**	**5,499,228**	**15,353,193**
Employee Benefits Expenses	(2,672,910)	(264,570)	(1,399,579)	(4,337,059)
Taxes and Charges	(1,652,561)	(166,536)	(866,719)	(2,685,816)
Marketing Expenses	(290,681)	(30,370)	(152,968)	(474,019)
Depreciation and Amortization	(148,485)	(97,776)	(117,333)	(363,594)
Other Operating Expenses, Net	(1,824,384)	(178,774)	(954,418)	(2,957,576)
Total Operating Expenses	**(6,589,021)**	(738,026)	(3,491,017)	**(10,818,064)**
Net Profit before Income from Investments Accounted for Using the Equity Method	**3,908,176**	(1,381,258)	2,008,211	**4,535,129**
Income from Investments Accounted for Using the Equity	2,527	353	1,372	4,252
Profit (Loss) before Income Tax	**3,910,703**	(1,380,905)	2,009,583	**4,539,381**
Income Tax	(1,443,059)	(199,278)	(782,502)	(2,424,839)
Profit / (Loss) for the Year	**2,467,644**	(1,580,183)	1,227,081	**2,114,542**

(*) Mechanism whereby the balances in constant currency of the previous year are restated and converted into current currency of the same year (see Note 2.3.).

NOTE 50 - SUBSEQUENT EVENTS

In an effort to associate our trademark to new products with embedded technology which already have a share in the digital market, in December 2018 Tarjeta Naranja S.A. entered into a trademark license agreement with Cobranzas Regionales S.A., pursuant to which such trademarks can be associated to the operation of a payment platform and external devices that read card magnetic stripes and chips, under the brand Naranja POS.

Since the development and execution of the project required an increase of AR$ 90,000 in Cobranzas Regionales S.A.'s capital stock, according to the percentage of shares held by each shareholder, on February 18, 2019, the shareholders held their General Extraordinary Shareholders' Meeting at which time they approved said increase by issuing 900 non-endorsable, registered ordinary shares, 855 of Tarjetas Regionales S.A.'s capital stock and 45 of Tarjeta Naranja S.A.'s capital stock.

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 RECEIVABLES FROM TRADE, OTHER RECEIVABLES AND DEFERRED TAX ASSETS BY MATURITY DATE

a) Past-due Receivables from Trade as of December 31, 2018:

	Receivables from Trade
	In Thousands of AR$
Before 12.31.17	521,137
Between 12.31.17 and 06.30.18	1,495,882
Between 06.30.18 and 09.30.18	1,698,008
Between 09.30.18 and 12.31.18	2,590,342
Subtotal	6,305,369
Provision for Loan Losses (1)	(3,150,433)
Total Past-due Receivables	3,154,936

(1) The difference of AR$ 894,583 with respect to the total provision for loan losses for AR$ 4,045,016 corresponds to a global provision for the (undue) performing commercial portfolio.

b) Other Receivables and Deferred Tax Assets with No Fixed Term as of December 31, 2018:

	Other Receivables	Deferred Tax Assets
	In Thousands of AR$	
No Fixed Term	(1) 16,400	506,397

(1) Other Receivables with No Fixed Term: AR$ 11,407 are recorded as other current receivables and AR$ 4,993 are recorded as other non-current receivables in the Balance Sheet.

c) Receivables from Trade and Other Receivables to Become Due as of December 31, 2018:

	Receivables from Trade	Other Receivables
	In Thousands of AR$	
Current		
03/31/2019	28,240,309	246,885
06/30/2019	7,342,828	3,306
09/30/2019	3,267,319	3,393
12/31/2019	1,503,735	87
Provision for Loan Losses (1)	(894,583)	-
Non-current	1,215,342	1,330

(1) The difference of AR$ 3,150,433 with respect to the total provision for loan losses for AR$ 4,045,016 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, 2018:

There are no past-due debts as of December 31, 2018.

b) Debts with No Fixed Term as of December 31, 2018:

As of December 31, 2018, 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, 2018:

	Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
	In Thousands of AR$					
Current						
03/31/19	21,080,963	2,373,956	476,102	984,648	-	7,572
06/30/19	1,759,762	1,726,464	143,906	-	-	20,150
09/30/19	-	2,116,062	163,667	-	38,137	688
12/31/19	-	2,305,310	9,713	-	-	688
Non-current	-	8,592,195	-	-	-	10,102

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(Partner)
C.P.C.E.C. N° 21.00004.3

Alejandro Asrin
President

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

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

	Receivables from Trade	Other Receivables	Deferred Tax Assets
	In Thousands of AR$		
In Argentine Pesos	47,874,902	270,482	506,397
Provision for Loan Losses AR$	(4,045,016)	-	-
In Foreign Currency	-	920	-
Provision for Loan Losses US$	-	-	-

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

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

	Receivables from Trade	Other Receivables	Deferred Tax Assets
	In Thousands of AR$		
Interest-bearing Balances	17,916,344	-	-
Non-interest Bearing Balances	29,958,558	271,402	506,397

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	22,819,780	17,113,987	793,388	984,648	38,137	39,200
In Foreign Currency	20,945	-	-	-	-	-

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

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	-	15,741,001	-	-	-	-
Non-interest Bearing Balances	22,840,725	1,372,986	793,388	984,648	38,137	39,200

7. INVESTMENT IN COMPANIES

As of December 31, 2018, the Company holds a 5% interest in Cobranzas Regionales S.A.

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

As of December 31, 2018, there are advances to directors and supervisory committee members for AR$ 10,304, 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.

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
27312	BERKLEY	Theft	04/15/2019	US$ 340	-
156749	CHUBB	Civil Liability Multi-Peril Insurance	04/15/2019	AR$ 20,000	-
985235	CHUBB	Commercial Buildings Security	06/30/2019	AR$ 209	-
842927	CHUBB	Civil Liability Work	04/17/2019	AR$ 6,000	-
2240410	CHUBB	EPEC Award Process in Public Services and/or Supplies	Annual Renewal	AR$ 3,000	-
1313493	ASEGURADORA DE CREDITOS Y GARANTIAS S.A.	Store Surety	09/27/2019	AR$ 27	-
984212	CHUBB	House Surety	06/22/2019	AR$ 349	-
160017687	ZURICH	Excess Liability	04/15/2019	AR$ 18,000	-
1004104	CHUBB	Lease Surety	12/12/2018	AR$ 250	-
1004103	CHUBB	Lease Surety	12/12/2018	AR$ 705	-
2242053	CHUBB	Lease Surety - Commercial Buildings	05/31/2019	AR$ 245	-
2249342	CHUBB	Surety - Preliminary Injunctions	08/10/2019	AR$ 1,065	-
2248879	CHUBB	Security for Lease– MARSCIO	08/07/2019	AR$ 204	-
210118215	ZURICH	Surety	09/12/2019	AR$ 30	-
4963900	RSA - SURA	Motorbike Insurance	04/15/2019	AR$ 6,000	-
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	Annual Renewal	AR$ 342	-
659130	SANCOR SEGUROS	Group Life Insurance Required by Law	03/01/2019	AR$ 263	-
100686	GALICIA SEGUROS S.A.	Life Insurance for Non-Bargaining Employees	07/01/2019	AR$ 280,110	-
500605	GALICIA SEGUROS S.A.	Group Life Insurance Required by Law	10/01/2019	AR$ 205,975	
33000446	ZURICH	Personal Accidents	09/01/2019	AR$ 1,000	-

Expressed in thousands of constant Argentine Pesos

81731809	ZURICH	Homeowners' Insurance	03/13/2019	AR$ 3,300	
821033	CAUCIONES S.A.	Surety	06/28/2019	AR$ 5	
2275096	CHUBB	Commercial Lease	09/03/2019	AR$ 751	
2288908	CHUBB	Award Process in Services and/or Supplies	10/17/2018	AR$ 180	
2296302	CHUBB	Commercial Lease	09/17/2020	AR$ 271	
2297671	CHUBB	Commercial Lease	09/26/2019	AR$ 550	
2268154	CHUBB	Commercial Lease	12/01/2018	AR$ 77	
2268155	CHUBB	Commercial Lease	12/01/2019	-	
2285485	CHUBB	Commercial Lease	06/12/2019	-	
821033	CAUCIONES S.A.	Surety	09/01/2019	AR$ 1,004	

16. PROVISIONS

Current provisions exceed 2% of equity. 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. 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.

17. CONTINGENCIES

There are no significant contingent situations as of December 31, 2018, 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 43.

Tarjeta Naranja S.A.

Summary of Activity

As of December 31, 2018

Expressed in thousands of constant Argentine Pesos

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

As of December 31, 2018, we had 3,412,955 open accounts under the Naranja brand.

Combined transactions (Naranja and Nevada) grew by 18% vis-a-vis the previous year. In turn, average consumption per active account (purchases in stores, personal loans, cash advances and cash withdrawals from ATMs) as of December 31, 2018 experienced a 31% increase in nominal terms, compared to the previous year.

By way of General Resolution 777/2018, the C.N.V. provided that issuers subject to its oversight are required to restate their financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29.
Originally reported comparative figures were adjusted accordingly.
Inflation-adjusted Profit before Income Tax as of December 31, 2018 was AR$ 309,358, and Equity amounted to AR$ 10,206,552.

Following the application of IAS 29, Profit before Income Tax declined due to a number of reasons, including: (i) the recognition of a Loss on Net Monetary Position in the amount of AR$3,408,607, as a result of the net monetary asset position maintained during the year exposed to inflation; and (ii) an increase in the Provision for Loan Losses, and in Operating Expenses, driven by the costs of the merger process with Tarjetas Cuyanas S.A. and expenses allocated to the Company's Digital Transformation process.

Sources of Financing (Figures Expressed in Nominal Amounts)

During the year, Naranja entered into Credit Lines arrangements in the amount of AR$ 1,050,000 and Borrowings in the amount of AR$ 1,770,000 with several financial institutions.

Within the framework of the Global Program for the Issuance of Notes (“Obligaciones Negociables"), on February 14, 2018 the Company issued Class XXXIX Notes ("Obligaciones Negociables") for a total amount of AR$ 754,539; on April 10, 2018, the Company issued Class XL Notes (“Obligaciones Negociables") for a total amount of AR$ 2,000,000; on November 15, 2018, the Company issued Class XLI Notes ("Obligaciones Negociables") for a total amount of AR$ 1,197,657; and finally the Company issued Class XLII Notes ("Obligaciones Negociables") for a total amount of AR$ 1,266,303.

Additionally, during such period, the Company repaid principal and interest with regard to Notes ("*Obligaciones Negociables*"), Borrowings, Credit Lines and Finance Leases for AR$ 5,713,415.

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Alejandro Asrin
President

Review of Operations as of December 31

Merger with Tarjetas Cuyanas S.A. – Brand Unification

In January 2018, the sale of Nevada cards was discontinued in the Northeast, Northwest, Patagonia and Central regions of Argentina. During the first quarter of 2018, the Company devised a strategy to combine operations to be implemented in three stages. The first stage was deployed in May, including the cities of Resistencia, Corrientes, Formosa, Neuquén, Cipolletti, General Roca, Cutral Có, Zapala, General Pico and Santa Rosa de La Pampa. In August, the Company deployed the second stage, including the provinces of San Luis, Salta, Jujuy, Tucumán, Santiago del Estero, Catamarca and La Rioja. The last stage was deployed in November in the provinces of San Juan and Mendoza.
As a result of the unification, Naranja gained 404,000 new customers, and 15,560 new Merchants ("*Comercios Amigos*") and 24 branches joined the brand. Following the merger with Nevada, Naranja extended its footprint countrywide.

The Digital Evolution Moving Forward

During 2018, the Company strived to digitalize customer's trips, develop digital marketing, embrace advanced analytics, and design new digital products. The Company implemented improvements to streamline several processes, including account origination, collection procedures, subscription to HBO Go, and application for personal loans through digital channels. More than 100,000 new accounts were opened up through Naranja's digital channels during the year.
In an effort to boost the migration of payments to electronic channels, the Company implemented the Payment Button in Naranja Online and Naranja App, reaching 141,000 transactions per month. The on-line channel accounted for 27% of collections from customers, including payments through third parties 'digital channels.
The partnership with Samsung boosted sales of cell phones, tablets and accessories for several consumer segments at Tienda Naranja (Naranja Store) and selected branches in Córdoba (Subte and Rivera Indarte) and Buenos Aires (Flores, Lomas de Zamora and La Plata).
Currently, we have 1,137,000 active digital users that choose our on-line channels to make inquiries and transactions. Also during this year, customers continued migrating to digital account statements, reaching a total of 2,200,000 as of December 2018.
In December 2018, the Company announced the launch of Naranja PoS - a new service that allows merchants, freelance professionals and other parties to cash payments through debit or credit cards by means of a reader with Bluetooth connectivity to cell phones or tablets.

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President

Promotions and Benefits

During the 2018 summer, customers enjoyed discounts of up to 15% and payment plans of up to 10 interest-free installments at restaurants, entertainment, transportation, hotels and travel agencies. In late March and in anticipation of the World Cup, Naranja partnered with Noblex to offer customers Smart TVs 4K and sound towers payable in up to 36 interest-free installments.
In May, Tienda Naranja (Naranja Store) participated in the Hot Sale and Cyber Monday initiatives, offering promotions and discounts in technology, electronics, furniture and sports, with payment plans of up 25 interest-free installments and free shipping. In addition, Naranja launched promotions and offered up to 30% discounts on special dates, such as the Children's Day, the Mother's Day, the Father's Day, and Christmas.
In the Travel category, the Company pushed promotions with Aerolíneas Argentinas and GOL offering payment plans of up to 12 interest-free installments and up to 20% discounts on the purchase of air-tickets. In September, Naranja partnered with Air Europa to offer payment plans of up to 12 interest-free installments for the purchase of air-tickets.
Since March through December (excluding July and August), customers enjoyed the benefits of SMartes, a promotion that offers up to 25% unlimited discounts every Tuesday on major brands throughout the country, and an additional 5% discount to customers who have been cardholders for over 10 years. As of December 31, 2018, SMartes recorded AR$ 576 million in revenues countrywide.

Awards and Distinctions

In November, Great Place to Work® ranked Naranja as the second best company to work for in Argentina, within the category of companies with over 1,000 employees. This award is an acknowledgment to the Company as best employer and highest-quality workplace.
In the same line, the Company has ranked 9th in MERCO Talento, a ranking compiled by MERCO (Monitor Empresarial de Reputación Corporativa) which monitors companies attracting and retaining the best talent in Argentina.
Once again, Naranja has ranked 1st in the Ranking of Corporate Governance and Accountability compiled by MERCO in the financial and credit card sector, and 21st in the overall ranking of the 100 companies with best reputation in Argentina, developed on the basis of a survey among corporate directors, professionals and consumers.
This year, the Company climbed to the 22nd position in the ranking of the Best Argentine Companies in terms of Corporate Image published by the business magazine Apertura. In addition, the Company occupied the 10th place in the Care for Human Resources ranking compiled by the same magazine.
For the first time, Naranja has ranked among the top ten Most Prestigious Companies, a ranking compiled by *Prensa Económica* magazine, occupying the 9th position in the banking segment.
Alejandro Asrin and David Ruda set foot in MERCO Líderes, the ranking of the 50 most recognized leaders in Argentina compiled by MERCO.

Outlook

In the light of the expected macroeconomic conditions for 2019, we should be cautious about our access to the capital markets to increase our lending offering.
Our loan loss ratio is expected to improve, as long as economic activity levels rebound in Argentina.
Our financial spreads - which in 2018 were affected by a sharp increase in borrowing rates and the slow increase in returns on assets - are expected to improve in 2019.
We expect that, as a result of the completion of the merger with Tarjetas Cuyanas S.A. and the unification of brands, our operating costs will decline and the Naranja brand will consolidate countrywide in fiscal year 2019.
A lower inflation rate in 2019 would soften its negative impact on inflation gains / losses.
In 2019, the Company will continue pursuing its Digital Evolution projects. We will continue striving to achieve gradual growth in customer acquisition, account statements, payments and other digital interactions, and will launch a pilot project named *Sucursal del Futuro* (Branch of the Future), with a technology-based person-to-person service approach. We also expect to launch the digital account *Naranja Cuenta*, laying the groundwork for Naranja to become a product and service ecosystem. All these projects are aimed at improving the customer's experience and cost efficiency.

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

Naranja	**12.31.18**	**12.31.17**
Open Accounts (in Thousands)	3,413	2,977
Monthly Average Consumption per Active Account (in Thousands of AR$) (1)	4.79	3.62

Nevada	**12.31.18**	**12.31.17**
Open Accounts (in Thousands)	-	781
Monthly Average Consumption per Active Account (in Thousands of AR$)	3.36	3.02

(1) It includes the managed brands Naranja Visa, Naranja MasterCard, Naranja Amex.

OPERATIONS (purchases in stores, personal loans, cash advances and cash withdrawals from ATMs)

Transactions with Naranja	**12.31.18**	**12.31.17**
Amounts in Thousands (until December) (1)	166,330	150,033
Monthly Average Amount (in Thousands of AR$) (1)	14,090,812	10,196,831
Merchants 'Average Fee	2.19%	2.33%

Transactions with Nevada	**12.31.18**	**12.31.17**
Amounts in Thousands	20,142	7,837
Monthly Average Amount (in Thousands of AR$)	1,494,013	1,722,122

(1) It includes the managed brands Naranja Visa, Naranja MasterCard, Naranja Amex.

Please refer to our report dated March 11, 2019
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

Alejandro Asrin
President

Tarjeta Naranja S.A.

Summary of Activity (Continued)

As of December 31, 2018

Expressed in thousands of constant Argentine Pesos

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

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

	12.31.18	12.31.17
Tarjeta Naranja Clásica and Oro	4,777	4,266
Tarjeta Naranja Visa	3,504	2,968
Tarjeta Naranja MasterCard	491	531
Tarjeta Naranja Amex	46	41
Tarjeta Nevada	-	960
Tarjetas Nevada Visa	-	551
Total	**8,818**	**9,317**

COMPARATIVE CHART OF BALANCE SHEET (1)

	12.31.18	12.31.17
Current Assets	47,934,305	49,476,967
Non-current Assets	4,147,329	4,371,595
Assets	52,081,634	53,848,562
Current Liabilities	33,207,788	28,638,988
Non-current Liabilities	8,667,294	12,952,587
Liabilities	41,875,082	41,591,575
Equity	10,206,552	12,256,987

(1) See Note 48 to the Financial Statements for more information about the effects of the merger.

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Summary of Activity (Continued)

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COMPARATIVE CHART OF STATEMENTS OF PROFIT OR LOSS (1)

	12.31.18	12.31.17
Operating Revenue	17,360,214	17,521,872
Operating Revenue, Net of Provision for Loan Losses	13,112,641	15,353,193
Total Operating Expenses	(12,803,733)	(10,818,064)
Income from Investments Accounted for Using the Equity Method	450	4,252
Profit before Income Tax	309,358	4,539,381
Income Tax	(1,551,368)	(2,424,839)
Profit / (Loss) for the Period	(1,242,010)	2,114,542
Comprehensive Income (Loss) for the Year	(1,242,010)	2,114,542

(1) See Note 48 to the Financial Statements for more information about the effects of the merger.

COMPARATIVE STRUCTURE OF THE STATEMENT OF CASH FLOWS (1)

	12.31.18	12.31.17
Net Cash Inflow from Operating Activities	1,364,299	4,280,210
Net Cash Outflow from Investing Activities	(765,074)	(755,982)
Net Cash Inflow / (Outflow) from Financing Activities	2,539,050	(3,938,545)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,138,275	(414,317)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,169,472	3,373,947
Increase in Cash and Cash Equivalents from Merger	-	478,851
Inflation Loss Attributable to Cash	(1,248,851)	(271,959)
(Decrease) / Increase due to Effects of Exchange Rate Changes on Cash and Cash Equivalents	(4,214)	2,950
CASH AND CASH EQUIVALENTS AT YEAR-END	5,054,682	3,169,472

(1) See Note 48 to the Financial Statements for more information about the effects of the merger.

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(Partner)

C.P.C.E.C. N° 21.00004.3

Alejandro Asrin

President

Tarjeta Naranja S.A.

Summary of Activity (Continued)

As of December 31, 2018

Expressed in thousands of constant Argentine Pesos

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RATIOS (3)

	12.31.18	12.31.17
Liquidity	1.443	1.728
Indebtedness	4.103	3.393
Solvency	0.244	0.295
Tied-up Capital	0.080	0.081
ROE for the Period (1)	(11.06%)	19.62%
ROA for the Period (2)	(0.59%)	4.18%

(1) Profit (Loss) for the Period / (Equity 12/17+ Equity 12/18) / 2

(2) Profit (Loss) for the Period / (Assets 12/17+ Assets 12/18) / 2

(3) See Note 48 to the Financial Statements for more information about the effects of the merger.

Please refer to our report dated March 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Alejandro Asrin
President

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, 2018 the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

The balances and other information for the year 2017 are an integral part of the audited financial statements and, therefore, should be considered in relation to those financial statements.

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), with the only temporary exception of section 5.5. "Impairment" of IFRS No 9 "Financial Instruments". 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 responsability

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards 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 an 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 judgement, 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 an appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements mentioned above present fairly, in all material respects, the financial position of Tarjeta Naranja S.A. as of December 31, 2018, and its financial performance and it cash flows for the year then ended in accordance with the accounting framework established by the Nacional Securities Commision (CNV).

Difference between the accounting information framework of the CNV and the IFRS

Without modifying our conclusion, we draw attentions to Note 2 to the accompanying Financial Statements, which describes the difference between the accounting information framework of the CNV and the IFRS, taking account the applications of section 5.5 "Impairment" of IFRS No 9 "Financial Instruments", where temporarily excluded by the CNV from the accounting framework applicable to financial entities.

Córdoba, March 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

_____________________(Partner)

Andrés Suárez
Public Accountant

SUPERVISORY COMMITTEE'S REPORT

To the Directors and Shareholders of
Tarjeta Naranja S.A.
Legal Domicile: La Tablada 451
CORDOBA-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, 2018, which include the Annual Report, the Inventory, the Balance Sheet as of December 31, 2018, 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 2017 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), and were used in the preparation of these financial statements with the only temporary exclusion of paragraph 5.5. of IFRS No. 9, "Impairment". 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 March 11, 2019, 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 period 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, 2018, the operating income, the changes in equity and the cash flows for the year then ended, in conformity with the accounting guidance laid down by the C.N.V. 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.

5. Without altering our opinion, we make specific mention to Note 2 to the accompanying financial statements, which includes a quantitative description of the difference between the accounting guidance laid down by the C.N.V. and the IFRS, considering that paragraph 5.5 "Impairment" of IFRS No. 9, "Financial Instruments," was excluded by the C.N.V. from the accounting guidance applicable to financial entities.

6. 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, March 11, 2019

Jorge F. Gregorat
For the Supervisory Committee