DIEPHOLZ KOY W
Form 4
April 17, 2013

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
DIEPHOLZ KOY W

(Last) (First) (Middle)

222 W. LAS COLINAS BLVD., #744

(Street)

IRVING, TX 75039

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
DYNARESOURCE INC [DYNR]

3. Date of Earliest Transaction (Month/Day/Year)
02/20/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director __X__ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/20/2013		P		100	A	$ 3.09	1,464,915	D	
Common Stock	02/20/2013		P		100	A	$ 3.35	1,465,015	D	
Common Stock	02/28/2013		P		100	A	$ 3.25	1,465,115	D	
Common Stock	03/13/2013		P		100	A	$ 2.96	1,465,215	D	
Common Stock	03/13/2013		P		100	A	$ 2.96	1,465,315	D	

Common Stock	03/13/2013	P	250	A	$ 3.1	1,465,565	D
Common Stock	03/13/2013	P	300	A	$ 3.1	1,465,865	D
Common Stock	03/15/2013	P	100	A	$ 2.97	1,465,965	D
Common Stock	03/15/2013	P	100	A	$ 3.08	1,466,065	D
Common Stock	03/15/2013	P	100	A	$ 3.25	1,466,165	D
Common Stock	03/15/2013	P	100	A	$ 3.25	1,466,265	D
Common Stock	03/15/2013	P	100	A	$ 3.25	1,466,365	D
Common Stock	03/19/2013	P	100	A	$ 3.25	1,466,465	D
Common Stock	03/21/2013	P	100	A	$ 3.25	1,466,565	D
Common Stock	04/01/2013	P	100	A	$ 3.24	1,466,665	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DIEPHOLZ KOY W 222 W. LAS COLINAS BLVD. #744 IRVING, TX 75039	X	X	CEO	

Signatures

/s/ Koy W. Diepholz	04/02/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Goodwill

Republic of Argentina

5,642 15,316

Republic of Uruguay

Other intangible assets

Republic of Argentina

3,577,022 2,576,613 2,010,528

Republic of Uruguay

Geographical segment assets as a percentage of total assets

Republic of Argentina	100.00%	100.00%	99.97%
Republic of Uruguay			0.03%

(*) The caption Total revenues includes financial income, income from services, income from insurance activities and miscellaneous income.

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25. Financial Instruments with Off-Balance Sheet Risk.

The Group has been party to financial instruments with off-balance sheet risk in the normal course of its business in order to meet the financing needs of its customers. These instruments expose the Bank to credit risk above and beyond the amounts recorded in the consolidated balance sheets. These financial instruments include commitments to extend credit, standby letters of credit, guarantees granted and acceptances.

The Group uses the same credit policies in making commitments, conditional obligations and guarantees as it does for granting loans. In management´s opinion, the Group´s outstanding commitments and guarantees do not represent unusual credit risk.

The Group s exposure to credit loss in the event of non-performance by the counterparty to the financial instrument for commitments to extend credit, standby letters of credit, guarantees granted and acceptances is represented by the contractual notional amount of those investments.

A summary of the credit exposure related to these items is shown below:

	December 31,	
	2017	2016
Commitments to extend credit	Ps. 11,465,185	Ps. 9,094,205
Standby letters of credit	1,358,550	650,461
Guarantees granted	2,375,979	1,134,828
Acceptances	456,567	586,180

Commitments to extend credit are agreements to lend to a customer at a future date, subject to the meeting of the contractual terms. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent actual future cash requirements of the Group. The Group evaluates each customer s creditworthiness on a case-by-case basis. In addition to the above commitments, as of December 31, 2017 and 2016, the available purchase limits for credit card holders amounted to Ps.259,575,885 and Ps.200,917,969, respectively.

Standby letters of credit and guarantees granted are conditional commitments issued by the Group to guarantee the performance of a customer to a third party.

Acceptances are conditional commitments for foreign trade transactions.

The credit risk involved in issuing letters of credit and granting guarantees is essentially the same as that involved in extending loan facilities to customers. In order to grant guarantees to its customers, the Group may require counter-guarantees. These financial customer guarantees are classified by type, as follows:

	December 31,	
	2017	**2016**
Preferred counter-guarantees	Ps. 45,400	Ps. 60,648
Other counter-guarantees	319,349	241,575

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The Group accounts for checks drawn on it and other banks, as well as other items in process of collection, such as notes, bills and miscellaneous items, in memorandum accounts until such time when the related item clears or is accepted. In management s opinion, the risk of loss on these clearing transactions is not significant. The amounts of clearing items in process were as follows:

	December 31,	
	2017	**2016**
Checks drawn on the Bank	Ps. 2,106,757	Ps. 2,013,574
Checks drawn on the other Bank	3,084,228	2,559,608
Bills and other items for collection	23,037,677	18,309,418

As of December 31, 2017 and 2016, the trusts funds amounted to Ps.8,916,957 and Ps.8,182,699, respectively.

In addition, the Group had securities and other financial assets in custody, which as of December 31, 2017 and 2016, amounted to Ps.374,811,139 and Ps.258,872,060, respectively.

As of December 31, 2017, the Group also has off-balance sheet contractual obligations arising from the leasing of certain properties used as a part of its distribution network. The estimated future lease payments in connection with these properties are as follows:

2018	534,354
2019	487,213
2020	422,175
2021	324,681
2022	240,089
2023 and After	731,001
Total	2,745,515

26. Derivative Financial Instruments.

The Group s management of financial risks is carried out within the limits of the policies approved by the Board of Directors. Under those policies, derivatives are allowed, depending on market conditions, to adjust risk exposures to the established limits, thus contributing to keep such exposures within the parameters set forth by said policies. The Group plans to continue to use these instruments in the future, as long as their use is favorably assessed, in order to limit certain risk exposures.

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The derivative instruments held by the Group as of December 31, 2017 and 2016 were as follows:

Type of Contract	Underlying	Average Weighted Maturity Term	Notional Amount as of December 31, 2017	Net Book Value as of December 31, 2017 Asset / (Liability)	Net Book Value as of December 31, 2016 Asset / (Liability)	Fair Value as of December 31, 2017	Fair Value as of December 31, 2016
FORWARDS (a)							
- Purchases	Foreign currency	4 months	20,417,503	512,875	107,661	512,875	107,661
- Sales	Foreign currency	4 months	18,726,582	(521,765)	(121,511)	(521,765)	(121,511)
FORWARDS (b) clients							
-Purchases	Foreign currency	4 months	395,014	12,474	3,626	12,474	3,626
- Sales	Foreign currency	6 months	3,706,769	(51,453)	(19,502)	(51,453)	(19,502)
INTEREST RATE SWAP (c)							
- Variable for fixed interest rate	Other	19 months	1,000				
REPURCHASE AGREEMENT TRANSACTION							
- Purchases	National government securities	- months	1,132,573				
- Sales	National government securities	- months	9,697,406				

(a) These transactions are made through recognized exchange markets, such as Mercado Abierto Electrónico (MAE) and Mercado a Término de Rosario (ROFEX).

The general settlement method for these transactions does not require delivery of the traded underlying notional, rather, settlement is carried out on a daily basis for the difference, if any, between the closing price of the underlying and the closing price or value of the underlying corresponding to the previous day, the difference in price being charged to income.

(b) These transactions have been conducted directly with customers. The Group records under Other Receivables from Financial Brokerage and / or Other Liabilities Resulting from Financial Brokerage , as the case may be, the difference between the agreed foreign currency exchange rate and an average between such exchange rate at the end of the year according with the future prices published by ROFEX and MAE.

(c) These transactions are conducted within the environment created by the MAE, and the settlement thereof is carried out on a monthly basis, in pesos, for the difference between the cash flows calculated using a variable rate (Badlar for time deposits of 30 to 35 days of private banks) and the cash flows calculated using a fixed rate, or vice versa, on the notional value traded, the difference in price being charged to income.

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In case accrued balances pending settlement exist, they are recorded under Other Receivables from Financial Brokerage and/or Other Liabilities Resulting from Financial Brokerage , as the case may be.

27. Disclosure about Fair Value of Financial Instruments.

These estimates were made at the end of December 2017 and 2016. Because some of the Bank´s financial instruments do not have a ready trading market from which to determine a fair value, the disclosures are based upon estimates regarding economic and current market conditions and risk characteristics. Such estimates are subjective and involve matters of judgment and, therefore, are not precise and may not be reasonably comparable to estimates of fair value for similar instruments made by other financial institutions.

To measure fair values of financial instruments, a hierarchy has been established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs.This hierarchy uses three levels of inputs to measure the fair value of assets and liabilities, as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets;

c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and

d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The estimated fair values do not include the value of assets and liabilities not considered financial instruments.

In order to determine the fair value, cash flows were discounted for each category or group of loans having similar characteristics, based on credit risk, guarantees and/or maturities, using rates offered for similar loans by the Bank as of December 31, 2017 and 2016, respectively.

	2017				
	Book Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Derivative activities: (see Note 26)					
Assets	Ps. 525,349	Ps. 525,349	Ps.	Ps. 525,349	Ps.
Liabilities	573,218	573,218		573,218	
Non derivative activities:					
Assets:					
Cash and due from banks (1)	Ps. 56,659,196	Ps. 56,659,196	Ps. 56,659,196	Ps.	Ps.
Government and Corporate securities (2)	38,770,736	38,768,198	38,602,983		165,215
At market value	23,812,196	23,812,196	23,812,196		
At acquisition cost plus IRR	14,947,284	14,944,746	14,779,531		165,215
Corporate Securities	11,256	11,256	11,256		

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Loans (3)	197,335,168	201,155,700			201,155,700
Others (4)	32,986,979	33,027,981	7,353,386		25,674,595
Liabilities:					
Deposits (5)	Ps. 203,450,563	Ps. 203,294,049	Ps.	Ps.	Ps. 203,294,049
Other liabilities resulting from financial Intermediation:					
Banks and international entities and Loans from Domestic Financial Institutions (6) and Negotiable obligations (7)	Ps. 29,024,444	Ps. 28,093,915	Ps.	Ps.	Ps. 28,093,915
Others (8)	Ps. 51,745,438	Ps. 51,672,299	Ps.	Ps.	Ps. 51,672,299

	2016				
	Book Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Derivative activities: (see Note 26)					
Assets	Ps. 111,287	Ps. 111,287	Ps.	Ps.111,287	Ps.
Liabilities	141,013	141,013		141,013	
Non derivative activities:					
Assets:					
Cash and due from banks (1)	Ps. 61,166,250	Ps. 61,166,250	Ps. 61,166,250	Ps.	Ps.
Government securities (2)	13,700,800	13,706,704	12,341,800	1,070,472	294,432
At market value	4,804,963	4,804,963	4,804,963		
At acquisition cost plus IRR	8,895,837	8,901,741	7,536,837	1,070,472	294,432
Loans (3)	137,451,655	141,372,704			141,372,704
Others (4)	18,302,805	18,340,069	2,391,860	29,152	15,919,058
Liabilities:					
Deposits (5)	Ps. 151,688,147	Ps. 151,665,844	Ps.	Ps.	Ps. 151,665,844
Other liabilities resulting from financial Intermediation:					

Banks and international entities and Loans from Domestic Financial Institutions (6) and										
Negotiable obligations (7)	Ps.	23,560,702	Ps.	23,496,503	Ps.		Ps.		Ps.	23,496,503
Others (8)	Ps.	34,091,938	Ps.	34,056,130	Ps.		Ps.		Ps.	34,056,130

Quantitative information about Level 3 Fair Value Measurements

The following table provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of substantially all of our Level 3 assets and liabilities measured at fair value on a recurring basis for which we use an internal model.

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Description	Fair Value	Valuation Tecnique	December 31, 2017 Unobservable input	Range
Assets				
Government securities	165,215	Income Approach	Yield Curve in pesos	19.26% - 27.20%
		(Discounted cash flow)	Yield Curve in foreing currency	0.72% - 5.20%
Loans	201,155,700	Income Approach	Yield Curve in pesos	19.26% - 27.20%
		(Discounted cash flow)	Yield Curve in foreing currency	0.72% - 5.20%
Others	25,674,595	Income Approach	Yield Curve in pesos	19.26% - 27.20%
		(Discounted cash flow)	Yield Curve in foreing currency	0.72% - 5.20%
Liabilities				
Deposits	203,294,049	Income Approach	Yield Curve in pesos	19.26% - 27.20%
		(Discounted cash flow)	Yield Curve in foreing currency	0.72% - 5.20%
Domestic Financial Institutions and Negotiable Obligations	28,093,915	Income Approach	Yield Curve in pesos	19.26% - 27.20%
		(Discounted cash flow)	Yield Curve in foreing currency	0.72% - 5.20%
Others	51,672,299	Income Approach	Yield Curve in pesos	19.26% - 27.20%
		(Discounted cash flow)	Yield Curve in foreing currency	0.72% - 5.20%

Description	Fair Value	Valuation Tecnique	December 31, 2016 Unobservable input	Range
Assets				
Government securities	294,432	Income Approach	Yield Curve in pesos	23.8255% - 23.9769%
		(Discounted cash flow)	Yield Curve in foreing currency	2.92% - 6.86%
Loans	141,372,704	Income Approach	Yield Curve in pesos	20.68% - 22.53%
		(Discounted cash flow)	Yield Curve in foreing currency	0.82% - 6.41%
Others	15,919,058	Income Approach	Yield Curve in pesos	20.68% - 22.53%

		(Discounted cash flow)	Yield Curve in foreing currency	0.82% - 6.41%
Liabilities				
Deposits	151,665,844	Income Approach	Yield Curve in pesos	20.68% - 22.53%
		(Discounted cash flow)	Yield Curve in foreing currency	0.82% - 6.41%
Domestic Financial Institutions and Negotiable Obligations	23,496,503	Income Approach	Yield Curve in pesos	20.68% - 22.53%
		(Discounted cash flow)	Yield Curve in foreing currency	0.82% - 6.41%
Others	34,056,130	Income Approach	Yield Curve in pesos	20.68% - 22.53%
		(Discounted cash flow)	Yield Curve in foreing currency	0.82% - 6.41%

The following is a description of the estimating techniques applied:

(1) Cash and due from banks: By definition, cash and due from banks are short-term and do not possess credit loss risk. The carrying values as of December 31, 2017 and 2016 are a reasonable estimate of fair value and are classified within level 1 of the valuation hierarchy.

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(2) Government and Corporate securities: As of December 31, 2017 and 2016 holdings correspond to government bonds and securities issued by Argentine Central Bank

Where quoted prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. Level 1 securities include national and government bonds, instruments issued by Argentine Central Bank and corporate securities. When no quoted prices are available in an active market, fair value is classified as Level 3 of the valuation hierarchy where significant unobservable inputs were used to calculate the fair value. The valuation technique used to obtain the fair value was an income approach using discounted cash flows. No changes in the valuation technique took place during the year.

(***3) Loans:*** The fair values of loans are estimated for groups of similar characteristics, including type of loan, credit quality incorporating the credit risk factor. For floating- or adjustable-rate loans, which mature or are repriced within a short period of time, the carrying values are considered to be a reasonable estimate of fair values. For fixed-rate loans, market prices are not generally available and the fair values are estimated discounting the estimated future cash flows based on the contracted maturity of the loans. The discount rates are based on the current market rates corresponding to the applicable maturity. For nonperforming loans, the fair values are generally determined on an individual basis by discounting the estimated future cash flows and may be based on the appraisal value of underlying collateral as appropriate.

The fair value of loans is classified as Level 3 of the valuation hierarchy where significant unobservable inputs were used to calculate the fair value. The valuation technique used to obtain the fair value was an income approach using discounted cash flows. No changes in the valuation technique took place during the year.

(4) Others: Includes other receivables from financial brokerage and equity investments in other companies. This caption includes financial trusts participation certificates for which their fair value is estimated using valuation techniques to convert the future amounts to a single discounted present amount. The measurement is based on the value indicated by current market expectation about those future amounts. The estimation of the cash flows is based on the future cash flows from the securitized assets, considering the prepayments, historical loan performance, etc. Equity investments in companies where significant influence is exercised are not considered Financial Instruments, and equity investments in other companies are carried at market value less costs to sell.

Securitizations include the consolidated assets of Galtrust I. The fair value was determined by using the fair value of the underlying assets (Bogar Bonds). No changes in the valuation technique took place during the year.

Other assets were classified as Level 3 of the valuation hierarchy where significant unobservable inputs were used to calculate the fair value. The valuation technique used to obtain the fair value was an income approach using discounted cash flows based on contractual cash flows using current market rates for instruments with similar characteristics. No changes in the valuation technique took place during the year.

(5) Deposits: The fair value of deposit liabilities on demand and savings account deposits is similar to its book value. The fair value of time deposits was calculated by discounting contractual cash flows using current market rates for instruments with similar maturities.

The fair value of Deposits is classified as Level 3 of the valuation hierarchy where significant unobservable inputs were used to calculate the fair value. The valuation technique used to obtain the fair value was an income approach using discounted cash flows. No changes in the valuation technique took place during the year. For floating- or adjustable-rate deposits, which mature or are repriced within a short period of time, the carrying values are considered to be a reasonable estimate of fair values. For fixed-rate deposits, market prices are not generally available and the fair values are estimated discounting the estimated future cash flows based on the contracted maturity of the deposits. The discount rates are based on the current market rates corresponding to the applicable maturity

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(6) Banks and international entities and loans from domestic financial institutions: Includes credit lines borrowed under different credit arrangements from local and foreign banks and entities. Parts of them were restructured as of May 2004. As of December 31, 2017 and 2016, when no quoted market prices were available, the estimated fair value has been calculated by discounting the contractual cash flows of these liabilities at estimated market rates.

The fair value of Banks and international entities and loans from domestic financial institutions is classified as Level 3 of the valuation hierarchy where significant unobservable inputs were used to calculate the fair value. The valuation technique used to obtain the fair value was an income approach using discounted cash flows. No changes in the valuation technique took place during the year.

(7) Negotiable obligations: As of December 31, 2017 and 2016, the fair value of negotiable obligations was determined based on quoted market prices and, when no quoted market prices were available, the estimated fair value has been calculated by discounting the contractual cash flows of these liabilities at estimated market rates.

Negotiable Obligations where quoted market prices are available are classified within level 1 of the valuation hierarchy.

The fair values of Negotiable obligations where no quoted market are available are classified as Level 3 of the valuation hierarchy where significant unobservable inputs were used to calculate the fair value. The valuation technique used to obtain the fair value was an income approach using discounted cash flows. No changes in the valuation technique took place during the year.

(8) Others: Includes other liabilities resulting from financial brokerage. Their fair value was estimated at the expected future cash flows based on contractual maturity discounted at the estimated market rates of similar liabilities at year-end.

The fair value of Others is classified as Level 3 of the valuation hierarchy where significant unobservable inputs were used to calculate the fair value. The valuation technique used to obtain the fair value was an income approach using discounted cash flows. No changes in the valuation technique took place during the year.

28. Situation of Banco Galicia Uruguay S.A. (in liquidation).

During 2009, Banco Galicia Uruguay S.A. (in liquidation) wholly repaid in advance the debt restructuring plan entered into with its creditors. Therefore and having fulfilled its obligations, its shareholders have resolved, at the Shareholders Meeting held on June 30, 2010, to voluntarily dissolve and liquidate the company.

Pursuant to current regulations, the corporate name is, as from said date, Banco Galicia Uruguay S.A. (in liquidation).

Furthermore, taking into consideration the financial condition and the evolution estimated in the liquidation process, shareholders decided to reduce the company s computable capital for a value equal to US$2,069 through the voluntary redemption of shares, which was carried out on October 18, 2010. During 2013 and 2014, shareholders decided to conduct two new voluntary redemptions of shares. These redemptions were carried out for a value equal to US$2,127 and US$3,337, on November 18, 2013 and September 10, 2014, respectively.

As of December 31, 2015, Banco Galicia Uruguay S.A. (in liquidation) s Shareholder s Equity amounted to Ps.31,780.

The Extraordinary Shareholder s Meeting of Banco Galicia Uruguay S.A. (in liquidation) held on April 30, 2016 approved the liquidation financial statements and decided starting the registration process to cancel the company before the Uruguayan authorities.

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29. Financial Trusts.

a) Financial trusts with the Bank as trustor outstanding at fiscal year-end:

Name	Creation Date	Estimated Maturity Date	Trustee	Trust Assets	Portfolio Transferred	Book Value of Securities Held in Own Portfolio 12.31.2017	12.31.2016
Galtrust I	10. 13.2000	02. 04.2018	First Trust of New York N.A.	Secured Bonds in Pesos at 2% due 2018 (1)	US$ 490,224 (*)	Ps. 96,481	Ps. 504,874

(*) The remaining US$9,776 was transferred in cash.
(1) In exchange for loans to the Provincial Governments.
b) As of December 31, 2017 and December 31, 2016, the Bank records financial trusts in its own portfolio:

Received as loans repayment for Ps.2,284,609 and Ps.998,152, respectively.
c) Trust Activities

Trust contracts for purposes of guaranteeing compliance with obligations:
Purpose: in order to guarantee compliance with contractual obligations, the parties to these agreements have ,agreed to deliver to the Bank, amounts as fiduciary property, to be invested according to the following detail:

Date of Contract	Trustor	Balances of Trust Funds Ps.	US$	Maturity Date (1)
12.07.10	Fondo Fiduciario Aceitero	284		06.30.18
04.17.12	Exxon Mobil	4,325		04.19.19
04.29.13	Profertil	225	116,500	04.30. 18
10.21.13	Sinteplast	12		06.30.18

12.20.13	Los Cipreses	8		06.30.18
09.12.14	Coop. de Trab. Portuarios	1,026		09.12. 18
09.30.15	Las Blondas IV and V	184		11.28. 18
04.14.16	Rios Belt	21,256		04.14. 19
06.28.17	Dist. Gas del Centro	36,645		06.28.18
07.19.17	Dist. Gas Cuyana	98,261		07.19.18
08.08.17	Dist. Gas del Centro	63,432		08.08.18
	Total	**225,658**	**116,500**	

(1) These amounts shall be released monthly until settlement date of trustor obligations or maturity date, whichever occurs first.

Financial trust contracts:
Purpose: to administer and exercise the fiduciary ownership of the trust assets until the redemption of debt securities and participation certificates:

Date of Contract	**Trust**	**Balances of Trust Funds Ps.**	**Maturity Date**
12.06.06	Gas I	50,966	12.31.18(2)
05.06.08	Agro Nitralco II	31	12.31.18(2)
05.14.09	Gas II	4,795,919	12.31.22(2)
02.10.11	Cag S.A.	444	12.31.18(2)
06.08.11	Mila III	241	12.31.18(2)

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09.01.11	Mila IV	1,089	12.31.18(2)
09.14.11	Cag S.A. II	679	12.31.18(2)
12.27.12	Pla I	60	12.31.18(2)
09.18.13	Don Mario Semillas Series I	115	12.31.18(2)
11.21.13	Comafi Prendas I	73	09.29.18(2)
02.13.14	Mila V	1,867	05.20.20(2)
06.06.14	Mila VI	1,478	10.20.20(2)
06.18.14	Red Surcos II	1,345	12.31.18(2)
07.08.14	Don Mario Semillas Series II	130	12.31.18(2)
07.24.14	Fideicred Atanor III	74	12.31.18(2)
07.22.14	Don Mario Semillas Series III	153	12.31.18(2)
07.25.14	Fedeicred Agro Series II	3	12.31.18(2)
10.03.14	Mila VII	2,278	01.20.21(2)
12.02.14	Mas Cuotas Series I	141	12.31.18(2)
01.13.15	Red Surcos III	770	12.31.18(2)
01.27.15	Mila VIII	8,228	06.15.21(2)
05.18.15	Mila IX	12,004	09.15.21(2)
12.02.14	Mas Cuotas Series II	213	12.31.18(2)
08.24.15	Mila X	14,944	12.20.21(2)
10.30.15	Mila XI	20,751	01.15.22(2)
12.09.15	Fedeicred Agro Series III	2	12.31.18(2)
01.07.16	Mas Cuotas Series III	229	12.31.18(2)
01.14.16	Mila XII	28,033	11.15.21(2)
02.05.16	Red Surcos IV	1,031	12.31.18(2)
05.13.16	Mila XIII	42,506	09.15.22(2)
06.15.16	Mas Cuotas Series IV	74	11.15.18(2)
09.01.16	Mila XIV	45,473	01.31.23(2)
09.15.16	Mas Cuotas Series V	1,067	12.31.18(2)
10.27.16	Mila XV	58,963	03.31.23(2)
12.06.16	Mas Cuotas Series VI	307	02.15.18(2)
01.10.17	Mila XVI	70,996	06.30.23(2)
02.24.17	Mila XVII	108,682	09.30.23(2)
03.23.17	Mas Cuotas Series VII	2,399	01.15.18(2)
05.29.17	Fedeicred Agro Series IV	215,725	09.30.18(2)
06.12.17	Mila XVIII	111,086	01.31.24(2)
06.21.17	Mas Cuotas Series VIII	62,845	02.15.18(2)
08.16.17	Mas Cuotas Series IX	184,186	05.15.18(2)
10.20.17	Mas Cuotas Series X	528,382	10.15.18(2)

10.27.17	Mila XIX	128,123	05.31.24(2)
	Total	**6,504,105**	

(2) Estimated date, since maturity date shall occur at the time of the distribution of all of the trust assets.

d) Banco Galicia s activities as Security Agent:

d.1) On April 8, 2011 Banco Galicia was appointed Security Agent and custodian of the National Treasury s endorsement guarantees in favor of ENARSA (*Energía Argentina S.A.*) that were assigned in favor of *Nación Fideicomisos S.A.* in its capacity of Trustee of ENARSA-BARRAGAN and ENARSA-BRIGADIER LOPEZ financial trusts.

Said endorsement guarantees secure payment of all obligations arising from the above-mentioned trusts.

The Bank, in its capacity as Security Agent, will maintain custody of the documents regarding the National Treasury s endorsement guarantees and will be in charge of managing all legal and notarial proceedings with respect to the enforcement thereof.

As of December 31, 2017 and 2016, the balances recorded from these transactions amount to US$1,364,097 and Ps.408, respectively.

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d.2) In April 2013, at the time of entering into the Contract for the Fiduciary Assignment and Trust for Guarantee Purposes Profertil S.A. , the Bank was appointed security agent with regard to the Chattel Mortgage Agreement transaction that was completed on June 18, 2013, which additionally secures all the obligations undertaken.

As of December 31, 2017 and 2016, the balance recorded from these transactions amounts to US$116,500.

30. Segment Reporting.

The Company is required to present segment information. Operating segments are defined as components of an enterprise about which separate financial information is available and which is regularly reviewed by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and assess performance. Reportable segments consist of one or more operating segments with similar economic characteristics, distribution systems and regulatory environments. The information provided for Segment Reporting is based on internal reports used by the CODM.

The Group measures the performance of each of its business segments primarily in terms of Net income in accordance with the regulatory reporting requirements of the Argentine Central Bank. Net income and other segment information are based on Argentine Banking GAAP and are consistent with the presentation of the Group s consolidated financial statements.

The following summarizes the aggregation of Grupo Financiero Galicia´s operating segments into reportable segments:

Banking: corresponds to the results of our banking business and represents the accounts of Banco Galicia. As of December 31, 2015, this segment included Banco Galicia Uruguay S.A..

Banco Galicia Uruguay was no longer consolidated by Banco Galicia since the Shareholders Meeting held on April 30, 2016 decided to approve the final balance sheet for dissolution purposes.

Regional Credit Cards: shows the results of our regional credit card and consumer finance business and represents the accounts of Tarjetas del Mar S.A. (on March 31, 2017, Tarjetas del Mar S.A. was no longer consolidated as a result of its sale) and Tarjetas Regionales S.A. consolidated with its subsidiaries. As of December 31, 2017 and 2016, Tarjetas Regionales S.A, s main subsidiaries were Tarjeta Naranja S.A. and Tarjetas Cuyanas S.A.

As of January 1, 2018, Tarjetas Regionales S.A. consolidates its financial statements with Grupo Financiero Galicia.

CFA Personal Loans: shows the results of Compañía Financiera Argentina S.A. and Cobranzas y Servicios S.A.. These Companies were incorporated as of June 30, 2010 in the consolidated financial statements of the Bank.

Insurance: includes the results of our insurance business and represents the accounts of Sudamericana Holding S.A. and its subsidiaries, including the results of the 12.5% interest owned by the Bank. As of December 31, 2017, Grupo Financiero Galicia S.A. maintained, through Sudamericana Holding S.A., controlling interests in Galicia Seguros S.A., Galicia Retiro Compañía de Seguros S.A. and Galicia Broker Asesores de Seguros S.A.

Other Grupo Galicia Businesses: shows the results of operations of Galicia Administradora de Fondos S.A., Galicia Warrants S.A., Net Investment S.A. (in liquidation), Galicia Valores S.A. and Grupo Financiero Galicia S.A., the last two net of eliminations of the income from equity investments.

The column Adjustments includes consolidation adjustments, eliminations corresponding to transactions conducted between consolidated companies and non-controlling interest.

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Ps.	Bank	Regional Credit Cards	Personal Loans CFA	Insurance	Other Businesses	Adjustments	12.31.2017
Gross Brokerage Margin	15,624,689	5,917,426	2,142,124	343,784	857,894	(10,643)	24,875,274
Net Income from Services	7,742,425	6,745,270	359,892		776,540	(1,149,225)	14,474,902
Net Operating Income	23,367,114	12,662,696	2,502,016	343,784	1,634,434	(1,159,868)	39,350,176
Provision for Loan Losses	2,585,287	2,017,613	602,093				5,204,993
Administrative Expenses	13,688,615	6,938,515	1,579,197	650,595	222,221	(88,189)	22,990,954
Operating Income	7,093,212	3,706,568	320,726	(306,811)	1,412,213	(1,071,679)	11,154,229
Income from Insurance Companies´ Activities				1,025,216		1,092,184	2,117,400
Income from Equity Investments	2,462,186		460	2,072		(2,243,614)	221,104
Non-controlling Interest		(338)		(4)		(625,863)	(626,205)
Miscellaneous Income, Net	(24,555)	679,088	113,424	(2,520)	18,371	(365,900)	417,908
Net Income before Income Tax	9,530,843	4,385,318	434,610	717,953	1,430,584	(3,214,872)	13,284,436
Income Tax	2,616,000	1,640,285	157,445	259,691	303,132	(21,586)	4,954,967
Net Income for the Fiscal Year	6,914,843	2,745,033	277,165	458,262	1,127,452	(3,193,286)	8,329,469

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Ps.	Bank	Regional Credit Cards	Personal Loans CFA	Insurance	Other Businesses	Adjustments	12.31.2016
Gross Brokerage Margin	10,511,441	4,018,519	1,468,501	351,038	(17,876)	37,362	16,368,985
Net Income from Services	6,010,168	5,266,563	300,553		429,633	(1,260,732)	10,746,185
Net Operating Income	16,521,609	9,285,082	1,769,054	351,038	411,757	(1,223,370)	27,115,170
Provision for Loan Losses	1,526,264	1,660,879	346,170				3,533,313
Administrative Expenses	10,145,969	5,675,998	1,232,194	515,869	178,568	(130,988)	17,617,610
Operating Income	4,849,376	1,948,205	190,690	(164,831)	233,189	(1,092,382)	5,964,247
Income from Insurance Companies´ Activities				1,272,562		1,179,381	2,451,943
Income from Equity Investments	1,689,602		952	3,215		(1,613,350)	80,419
Non-controlling Interest		(320)		(2)		(402,846)	(403,168)
Miscellaneous Income, Net	408,727	626,487	293,753	(391)	(564)	(51,035)	1,276,977
Net Income before Income Tax	6,947,705	2,574,372	485,395	1,110,553	232,625	(1,980,232)	9,370,418
Income Tax	1,854,000	1,117,678	143,421	387,019	129,978	(279,555)	3,352,541
Net Income for the Fiscal Year	5,093,705	1,456,694	341,974	723,534	102,647	(1,700,677)	6,017,877

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Ps.	Bank	Regional Credit Cards	Personal Loans CFA	Insurance	Other Businesses	Adjustments	12.31.2015
Gross Brokerage Margin	8,352,685	2,685,102	1,255,453	232,208	79	(83,691)	12,441,836
Net Income from Services	4,172,455	4,220,431	270,334		247,119	(1,072,941)	7,837,398
Net Operating Income	12,525,140	6,905,533	1,525,787	232,208	247,198	(1,156,632)	20,279,234
Provision for Loan Losses	1,060,955	753,243	400,042				2,214,240
Administrative Expenses	7,394,068	4,167,964	930,407	378,867	103,268	(69,872)	12,904,702
Operating Income	4,070,117	1,984,326	195,338	(146,659)	143,930	(1,086,760)	5,160,292
Income from Insurance Companies Activities				775,460		1,025,944	1,801,404
Income from Equity Investments	1,432,181		2,117	1,977	2	(1,336,151)	100,126
Minority Interest		452		(1)		(365,009)	(364,558)
Miscellaneous Income, Net	(67,381)	427,260	100,846	(1,000)	7,299	(24,467)	442,557
Net Income before Income Tax	5,434,917	2,412,038	298,301	629,777	151,231	(1,786,443)	7,139,821
Income Tax	1,522,000	862,295	139,293	221,226	86,790	(30,180)	2,801,424
	3,912,917	1,549,743	159,008	408,551	64,441	(1,756,263)	4,338,397

Net Income for the
Fiscal Year

31. Differences between the Argentine Central Bank s Regulations and Argentine GAAP in Force in the Autonomous City of Buenos Aires.

The main differences between the Argentine Central Bank s regulations and Argentine GAAP are detailed below:

Conversion of financial statements

The conversion into Argentine pesos of the financial statements of the foreign subsidiaries for purposes of their consolidation with Banco Galicia s financial statements, made in accordance with Argentine Central Bank regulations, differ from Argentine GAAP (Technical Pronouncement No. 18). Argentine GAAP requires that:

a) The measurements in the financial statements that are stated in fiscal year-end foreign currency (current values, recoverable values) be converted into pesos at the balance sheet date exchange rate; and

b) The measurements that are stated in foreign currency of periods predating the closing date (for example: those which represent historical costs, income, expenses) in the financial statements be converted into pesos at the pertinent historical exchange rates, restated at fiscal year-end currency due to the application of Technical Pronouncement No. 17. Quotation differences arising from conversion of the financial statements are treated as financial income or losses, as the case may be.

The application of this criterion does not have a significant impact on the Group s financial statements.

Allowance for Loan Losses Non-Financial Public Sector

Current Argentine Central Bank regulations on the establishment of allowances provide that receivables from the public sector are not subject to allowances for uncollectibility risk. Under Argentine GAAP, those allowances must be estimated based on the recoverability risk of those assets.

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Negative Goodwill

A negative goodwill has been recorded which corresponds to the difference between the acquisition cost paid for the companies Compañía Financiera Argentina S.A. and Cobranzas y Servicios S.A. and their equity method value estimated at the moment of the purchase. Such negative goodwill is recorded under the caption Liabilities Provisions .

Pursuant to the Argentine Central Bank regulations, the negative goodwill has to be charged to income with regard to the causes that have originated it, not to exceed a 60-month straight-line method amortization. Pursuant to Argentine GAAP, the negative goodwill that is not related to expense estimations or estimated future losses should be recognized as a gain at the time of the purchase.

As of December 31, 2014, the negative goodwill balance amounts to Ps. 49,562. During fiscal year 2015, it was fully amortized.

Accounting for Income Tax According to the Deferred Tax Method

The subsidiaries Banco Galicia and Compañía Financiera Argentina, both subject to the regulations of the Argentine Central Bank, determine the income tax charge by applying the statutory tax rate to the estimated taxable income, without considering the effect of any temporary differences between accounting and tax results.

Under Argentine GAAP, income tax must be recognized using the deferred tax method and, therefore, deferred tax assets or liabilities must be established based on the aforementioned temporary differences. In addition, unused tax loss carryforwards or fiscal credits that may be offset against future taxable income should be recognized as deferred assets, provided that taxable income is likely to be generated.

Valuation of Government Securities

Argentine Central Bank regulations set forth specific valuation criteria for government securities recorded at their acquisition cost plus I.R.R. Pursuant to Argentine GAAP the above-mentioned assets must be valued at their fair value.

Debt Securities and Participation Certificates in Financial Trusts

Pursuant to Argentine Central Bank regulations, participation certificates in Galtrust I Financial Trust are recorded at the present value of cash flows discounted by I.R.R. of instruments with similar characteristics and duration and with volatility. When the book value exceeds the present value, the monthly accrual is recorded in an asset offset account. According to Argentine GAAP, the above-mentioned asset must be valued at its fair value.

Restructured Loans and Liabilities

Restructured loans and financial obligations are valued based on the actually restructured principal amounts plus accrued interest and principal adjustments, when applicable, minus collections or payments made.

Pursuant to Argentine GAAP, those restructured loans and liabilities, for which modification of original conditions imply a substitution of instruments, must be recorded on the basis of the best possible estimate of the amounts receivable or payable discounted at a market rate that reflects market evaluations on the time value of money and the specific risks of such assets and liabilities at the time of restructuring.

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Consolidation of Compañía Financiera Argentina S.A. and Cobranzas y Servicios S.A.

In accordance with applicable Argentine GAAP, where equity investments in controlled companies are held for sale or disposal within a year, such investments should be excluded from consolidation. Banco de Galicia y Buenos Aires S.A. and Grupo Financiero Galicia S.A. have agreed to a tender offer involving all shares in portfolio of Compañía Financiera Argentina S.A. and Cobranzas y Servicios S.A. On December 4, 2017, the Argentine Central Bank approved the transaction through Resolution No. 414.

The sale of the shares in both companies was completed on February 2, 2018 for a total price of Ps.1,042,701 and Ps.21,460, respectively, with the new holders having been registered in each of these companies books. These amounts were subject to the buyers consent, who are entitled to raisen objections for a term of up to 45 subsequent days to be counted as from January 29, 2018.

We consider that this transaction will not have a significant impact on Grupo Financiero Galicia S.A. s shareholders equity.

As of December 31, 2017, as stated above, the book value of such equity investments does not exceed the respective recoverable values.

Pursuant to the Argentine Central Bank regulations, as a result of the maintenance of a controlling equity interest as of December 31, 2017, such companies are consolidated with the Company on a line-by-line basis.

32. Adoption of the International Financial Reporting Standards.

The *Comisión Nacional de Valores* (the National Securities Commission , or the CNV) established the application of Technical Pronouncement No. 26 of the Argentine Federation of Professional Councils in Economic Sciences, which adopts the International Financial Reporting Standards (IFRS) issued by the IASB (International Accounting Standards Board) for certain entities included within the public offering system, for financial statements corresponding to fiscal years started as from January 1, 2012.

The adoption of such standards is not applicable to the Company since the CNV, in Article 2 Section I Chapter I of Title IV: Periodic Reporting System of the CNV´s Pronouncements (Text amended in 2013), exempts banks, insurance companies and companies that invest in banks and insurance companies.

Due to the foregoing, and since the Company complies with the requirements described below, which are set forth in the aforementioned article, these financial statements are presented pursuant to the valuation and disclosure criteria established by the Argentine Central Bank regulations:

(1) The Company s corporate purpose is exclusively related to financial and investment activities;

(2) The interest in Banco de Galicia y Buenos Aires S.A. accounts for 92.19% of the Company s assets, being the Company s main asset;

(3) 82.53% of the Company s income stems from the interest in Banco de Galicia y Buenos Aires S.A. s income;

(4) And the Company has a 100% interest in Banco de Galicia y Buenos Aires S.A., thus having control over such institution.

In February 2014, the Argentine Central Bank decided financial institutions should comply with IFRS, and established an implementation schedule for such standards, to be effective for fiscal years starting on January 1, 2018. In accordance with the foregoing, Banco de Galicia y Buenos Aires S.A. s Board of Directors has become aware of the roadmap established by the Argentine Central Bank and has appointed a coordinator and an alternate coordinator, who shall be in charge of the compliance process. On March 20, 2015, it approved the Implementation Plan required by the regulations, which was submitted on March 27, 2015.

In compliance with the provisions of Communiqué A 5635, at the meeting held on September 27, 2016, Banco de Galicia y Buenos Aires S.A. s Board of Directors approved the third report on the progress made during the six-month period from March 2016 to September 2016. On such date, Banco de Galicia y Buenos Aires S.A. s Audit Committee approved the Special Internal Audit Report related to the Implementation Plan s level of progress with regard to achieving compliance with IFRS. At the meeting held on January 5, 2017, Banco de Galicia y Buenos Aires S.A. s Board of Directors became aware of the quarterly report on the level of progress with regard to the implementation of the IFRS, as established in such communiqué.

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Banco de Galicia y Buenos Aires S.A. has met the reporting requirements established by the Argentine Central Bank s Communiqué A 5844, as supplemented.

Through Communiqué A 5541, as amended, the Argentine Central Bank has established the application of the IFRS, except for the application of point 5.5 (impairment) of IFRS 9 Financial Instruments , which has been temporarily waived until January 1, 2020, when the provisions on Impairment of Financial Assets will become applicable. Grupo Financiero Galicia S.A. and its subsidiaries are in the process of convergence to such standards, the application of which will be mandatory as from the fiscal year beginning January 1, 2018. The first quarterly financial statements to be presented under these standards are those as of March 31, 2018. Consequently, the date of transition to IFRS for the Company, as set forth in IFRS 1 First-time Adoption of IFRS , is January 1, 2017.

The consolidated financial statements have been prepared according to the valuation and disclosure standards of the Argentine Central Bank regarding the Accounting Reporting System for quarterly/annual publication, which differ from IFRS. These are measurement and disclosure differences.

As required by Communiqué A 6206, below is a detail of the reconciliations of balance sheet and shareholders equity balances determined according to Argentine Central Bank regulations and those determined according to IFRS as of December 31, 2017, and the reconciliation of the comprehensive income as of such date. In this regard, in preparing reconciliations, the Company has considered those IFRS it expects to be applicable for the preparation of its financial statements as of December 31, 2018, as well as the provisions set out in Communiqué A 6114. The items and figures included in this note are subject to changes and may only be considered final upon the preparation of the annual financial statements as of the fiscal year in which IFRS are applicable for the first time.

Reconciliation of Balances under the Accounting Framework for the Convergence to IFRS

A. Reconciliation of Balances and Shareholders Equity as of December 31, 2017

Accounts	Ref.	Balance	IFRS Adjustment	IFRS Balance
Assets	**Ps.**	**341,012,560**	**(13,333,405)**	**327,679,155**
Cash and Due from Banks		56,659,196	(321,544)	56,337,652
Government and Corporate Securities	(a),(g)	38,770,736	(11,374,679)	27,396,057
Loans	(a)	197,335,168	(6,516,432)	190,818,736

Other Receivables Resulting from Financial Brokerage	(a),(e),(f),(h)	33,358,644	255,859	33,614,503
Receivables from Financial Leases		1,676,637		1,676,637
Equity Investments	(b),(j)	28,704	21,127	49,831
Miscellaneous Receivables	(a)	3,809,643	(340,324)	3,469,319
Bank Premises and Equipment and Miscellaneous Assets	(c),(j)	5,093,261	6,352,251	11,445,512
Intangible Assets	(d),(j)	3,577,022	(1,408,826)	2,168,196

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Unallocated Items		71,277	(607)	70,670
Other Assets		632,272	(230)	632,042
Liabilities	Ps.	**301,712,356**	**(17,233,960)**	**284,478,396**
Deposits		203,450,563	(2,733,090)	200,717,473
Other Liabilities Resulting from Financial Brokerage	(a),(e),(g),(f)	81,343,100	(13,794,935)	67,548,165
Miscellaneous Liabilities	(f),(i),(l)	8,570,780	1,387,401	9,958,181
Provisions	(f)	713,208	(147,362)	565,846
Subordinated Negotiable Obligation		4,828,018		4,828,018
Unallocated Items		55,673	(11,427)	44,246
Non-controlling Interest		1,935,139	(1,935,139)	
Other Liabilities	(k)	815,875	592	816,467

Accounts	Balance	First-time IFRS Adjustment	IFRS Adjustment	IFRS Balance
Shareholders´ Equity Attributable to the Shareholders of the Group	**39,300,204**	**1,891,028**	**72,945**	**41,264,177**
Capital, Paid in Capital and Reserves	30,970,735			30,970,735
Other Comprehensive Income		284,182	(266,903)	17,279
Accumulated Retained Earnings	8,329,469	1,606,846	339,848	10,276,163
Shareholders´ Equity Attributable to Non-controlling Interests		**1,402,007**	**534,575**	**1,936,582**

Total Shareholders Equity	**39,300,204**	**3,293,035**	**607,520**	**43,200,759**

B. Reconciliation of the Statement of Comprehensive Income as of December 31, 2017

Accounts	**Ref.**	**Balance**	**IFRS Adjustment**	**IFRS Balance**
Net Income for the Year	Ps.	**8,329,469**	**339,848**	**8,669,317**
Financial Income	(a),(j)	45,220,022	(2,557,239)	42,662,783
Financial Expenses	(e),(a)	20,344,748	(1,100,804)	19,243,944
Provision for Loan Losses		5,204,993	(602,093)	4,602,900
Income from Services	(j)	21,102,581	(934,473)	20,168,108
Expenses from Services	(f)	6,627,679	(21,604)	6,606,075
Administrative Expenses	(a),(c),(d)	22,990,954	(1,516,142)	21,474,812
Others	(a),(b),(f)	2,130,207	196,399	2,326,606
Income Tax	(i)	4,954,967	(394,518)	4,560,449

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Other Comprehensive Income	Ps.		**(266,903)**	**(266,903)**
Changes in the Revaluation Surplus of Intangibles Property, Plant and Equipment				
Cumulative Actuarial Gains or Losses for Post-Employment Defined Benefit Plans				
Currency Transaction Adjustment				
Income or Losses from Hedge Instruments Cash Flows Hedge				
Income or Losses from Hedge Instruments Net Investment Hedge				
Income or Losses from Financial Instruments at Fair Value with Changes in OCI (Other Comprehensive Income) (items 5.7.5 and 4.1.2A) of IFRS 9	(a)		(266,903)	(266,903)
Change in the Fair Value of financial liabilities carried at fair value through profit or loss attributable to Changes in Credit Risk. (item 5.7.7A) of IFRS 9				
Total Comprehensive Income for the Year	Ps.	**8,329,469**	**72,945**	**8,402,414**

C. Explanations of the Most Significant Adjustments

(a) Change in Classification and Measurement of Financial Assets and Liabilities

The IFRS classifies all financial assets into three categories: those measured at amortized cost, those measured at fair value through other comprehensive income and those measured at fair value through profit or loss, based on the business model and the cash flow characteristics of instruments.

Grupo Financiero Galicia S.A. s accounting policy under Argentine Central Bank regulations differs from the provisions set out by IFRS in the following aspects:

(i)

Government securities that are not included in the lists of volatilities issued by the Argentine Central Bank are valued at their acquisition cost increased on an exponential basis according to their I.R.R.

(ii) Loans are recorded at acquisition cost plus interest accrued based on the contractual rate.

(iii) Debt Securities added at par are recorded at their technical value.

(iv) Participation certificates in trusts on which there is no significant influence or control have been valued taking into account the share in the assets, net of liabilities, that stem from the consolidated financial statements of the respective trusts, as modified by the effect that the application of Argentine Central Bank regulations has had thereon, when applicable; and

(v) Unlisted debt securities and notes have been valued at their acquisition cost increased on an exponential basis according to their I.R.R.

As set out by IFRS 9, a company will classify financial assets, as measured subsequently at amortized cost, at fair value with through other comprehensive income or at fair value through profit or loss, based on:

the entity s business model to manage financial assets; and

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the characteristics of contractual cash flows of the financial asset.

According to the business model applied by Grupo Financiero Galicia S.A. and its subsidiaries for managing financial assets, they have been classified into the following categories:

1) Amortized Cost

The calculation of the amortized cost, as set out in IFRS 9, for Loans, Credit for Leases, Other Receivables and Liabilities related to the financial activity and Miscellaneous Receivables implies a decrease of Ps.285,497 in shareholder´s equity and an increase of Ps.14,186 in the Income Statement, respectively.

2) Fair Value through Other Comprehensive Income

The Company has classified the holding of government securities held by Financial Trust Galtrust I and Sudamericana Holding S.A. into this category. The effect represents an increase of Ps.42,781 in shareholder´s equity, an increase in the Income Statement of Ps.289,316, respectively, and a decrease of Ps.266,903 in Other Comprehensive Income.

3) Fair Value through the Profit or Loss

The Company has classified the following financial assets into this category: Holdings in government and private securities, in instruments issued by the Argentine Central Bank, in notes and certain investments in debt securities issued by financial trusts. The effect represents an increase of Ps.12,131 in shareholder´s equity and a decline of Ps.49,201 in the Income Statement.

(b) Equity Investments

As of December 31, 2017, the companies consolidated by Grupo Financiero Galicia S.A., pursuant to the framework established by the Argentine Central Bank, are as follows: Banco de Galicia y Buenos Aires S.A. and its subsidiaries, Sudamericana Holding S.A. and its subsidiaries, Galicia Administradora de Fondos S.A., Galicia Warrants S.A. and Net Investment S.A. (in liquidation). Under the application of IFRS 10, the above-mentioned companies will continue being consolidated because they continue being subject to the control concept mentioned in the international standards.

Upon using the equity method, each company s financial statements as of December 31, 2016 and December 31, 2017 have been used. The shareholders equity arising from their financial statements has been adjusted for the effect the application of IFRS has had thereon. The effect of adjustments represents an increase of Ps.3,442,502 in the shareholder s equity and an increase in the income statement of Ps.297,531.

Compañía Financiera Argentina S.A. and Cobranzas y Servicios S.A. (both subsidiaries of Banco de Galicia y Buenos Aires S.A.) were no longer consolidated under IFRS 10 because such companies have been classified as held for sale in accordance with IFRS 5, as the respective transfer agreements are signed. They are measured at the lowest of book value or fair value less cost of sale. As concerns Tarjetas Regionales S.A. and its subsidiaries, as of December 31, 2017, these entities are deemed under the control of, and are hence consolidated with, Banco de Galicia y Buenos Aires S.A. However, effective since January 1, 2018, following the spin-off/merger of such company, it will no longer be under the control of Banco de Galicia y Buenos Aires S.A. and will be consolidated by Grupo Financiero Galicia S.A.

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(c) Bank Premises and Equipment and Miscellaneous Assets

By virtue of applying IFRS 1, the fair value of bank premises and equipment and investment property has been used as deemed cost as of the date of transition to IFRS, Following the date of transition to IFRS, an item of Bank Premises and Equipment and Miscellaneous Assets will be accounted for at cost, net of accumulated depreciation and accumulated impairment losses. Under Argentine Central Bank regulations, those assets are recorded at historical cost less their accumulated depreciation. The effect of these adjustments represents an increase of Ps.4,793,309 in the Shareholder s equity and a decrease of Ps.32,468 in the Income Statement, as of December 31, 2017.

(d) Intangible Assets

According to IFRS, an intangible asset is an identifiable non-monetary asset that has no physical substance. In order to be recognized, the Bank should have control thereof and the asset should generate future economic benefits.

The effect of adjustments represents a decrease of Ps.843,972 in the Shareholder´s equity and an increase of Ps.41,381 in the Income Statement, due to the reversal of amortization charges arising from the application of the Argentine Central Bank regulations.

(e) Guarantees Granted

Under IFRS, the financial guarantees granted should be originally recognized at their fair value, which is equal to the commission earned in advance in most cases. Such amount is subsequently amortized on a straight-line basis over the life of the contract. At each year-end, the financial guarantees are measured by the highest of: (i) the value of the unaccrued commission as of fiscal year-end and (ii) the best estimate of the amount to be paid to terminate the contract discounted at its present value as of fiscal year-end.

Under Argentine Central Bank regulations, the commissions earned on financial guarantee agreements are charged to the Income Statement upon collection. The adjustment relates to the recognition of commissions for unaccrued guarantees at closing and the consequent reversal of the charge to the Income Statement made under Argentine Central Bank regulations. The effect of the adjustments related to Guarantees Granted represents an increase in assets and liabilities of Ps.163,466 and Ps.165,126, respectively.

(f) Other Adjustments

They correspond to labor, commercial and tax provisions, and the *Quiero!* customer loyalty program. The effect of adjustments represents an increase in liabilities and a decrease in the Income Statement of Ps.320,588 and Ps.253,423, respectively.

In addition, the balance of own debt held by the Company was adjusted by Ps.4,648 for, pursuant to IFRS 9, the liability is paid off when the issuer repurchases its own indebtedness.

(g) Repo and Reverse Repo Transactions

Reverse Repo Transactions

Under IFRS, the financial assets acquired through reverse repo transactions for which the risks and benefits have not been transferred shall be recognized as a loan granted.

Under Argentine Central Bank regulations, the instrument acquired is recognized upon making the transfer. The adjustment relates to the derecognition of the listed government security recorded in the amount of Ps.10,774,896, as well as the reversal of the liability recorded in other liabilities resulting from financial brokerage amounting to Ps.10,774,896.

(h) Consolidation

According to IFRS, an investor controls a subsidiary if it is exposed to or is entitled to variable returns due to its involvement in such entity and if it has the ability to use its power to affect the investor is return from its involvement with the investee. The adjustment related to interests in other companies relates to the consolidation of the Financial Trust Galtrust I and the Financial Trust Saturno Créditos, which are not considered subsidiaries under Argentine Central Bank regulations.

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(i) Miscellaneous Liabilities

Mainly relates to the adjustments to calculate the deferred tax. Under IFRS, the tax charge for the year includes current and deferred taxes. The current income tax is calculated based on the laws approved or substantially approved as of the balance sheet date. The deferred tax is recognized according to the liability method for the temporary differences that arise between the tax bases of assets and liabilities and their book values in the consolidated financial statements. However, the deferred tax liabilities are not recorded if they arise from the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction other than a business combination which, upon the transaction, does not affect book income or taxable income or loss. The deferred tax is determined using tax rates (and laws) approved or about to be approved as of the balance sheet date and that are expected to be applicable when the related deferred tax assets are realized or the deferred tax liabilities are settled. Under Argentine Central Bank regulations, Banco de Galicia y Buenos Aires S.A. recognizes the current tax for the fiscal year.

The tax effect of the deferred tax recognition as of December 31, 2017 gives rise to deferred assets amounting to Ps.557,871 and deferred liabilities amounting to Ps.659,495.

(j) Reclassifications

For the purposes of preparing this reconciliation, the Company has not made all reclassifications that would be required for appropriate disclosure under IFRS.

As of the reporting year-end, the main reclassifications identified in the balance sheet and the Income Statement are:

Leasehold Improvements:

According to the Argentine Central Bank regulations, leasehold improvements are disclosed under Intangible Assets. According to IFRS, leasehold improvements are part of Property, Plant and Equipment. Consequently, Ps.466,007 has been reclassified to Bank Premises and Equipment.

Commissions on Origination of Loans:

According to the Argentine Central Bank regulations, they are disclosed in Income from Services. According to IFRS 9, such commissions are part of the necessary cash flows to calculate I.R.R. on loans. Consequently, Ps.435,325 has been reclassified to Financial Income.

Equity Investments:

According to Prisma Medios de Pago S.A.   s Ordinary and Extraordinary Shareholders   Meeting held on August 31, 2017, the shareholders wished to transfer all of the shares. Therefore, the amount of Ps.208,972 was reclassified to Miscellaneous Assets, as required by IFRS 5.

In addition, in accordance with the Argentine Central Bank regulations, Compañía Financiera Argentina S.A. and Cobranzas y Servicios S.A. are disclosed in Equity Investments.The amount of Ps.943,535 was reclassified to Miscellaneous Assets, as required by IFRS 5.

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(k) Liabilities Recognized by Insurance Companies

Under IFRS, an insurance company will evaluate, at the end of the period reported whether it s recognized liabilities are adequate using current estimates of future cash flows under its insurance contracts. If the assesment shows that the carrying amount of its liabilities for insurance contracts (less deferred acquisition costs and related intangible assets) is not adequate, considering the estimated future cash flows, the total amount of the deficiency will be recognized in the profit or loss.

Under Argentine Central Bank regulations, the accounting policies followed by the insurance company do not require performing a liability adequacy test (LAT) that meets the minimum conditions established by IFRS Pursuant to IFRS 4, in this case, the insurance company shall determine the adjustment of the carrying amount recorded according to the guidelines set out in IAS 37.

The related adjustment represents a Consolidated Financial Statements and the Income Statement increase of Ps.2,690.

(l) Liability from Purchase of Non-controlling Interests

As of December 31, 2017, the Bank recognized a financial liability for the purchase of a 6% interest in Tarjetas Regionales S.A. for an amount of Ps.919,935. IFRS 32, paragraph 23, sets forth that a commitment to buy own shares is to be accounted for as a financial liability for the present value of the redemption amount. The liability is recognized with its corresponding offsetting entry in equity, since the risks and rewards associated to the shares are retained by the non-controlling shareholders until the actual transfer of such shares.

IFRS 1

IFRS 1 allows entities that adopt IFRS for the first time to consider certain one-time exemptions from the principle of retrospective application of IFRS in force for financial statements as of December 31, 2018. Such exemptions have been established by the IASB to make the first application of those standards simpler.

Below are the optional exemptions applicable to Grupo Financiero Galicia S.A. and its subsidiaries under IFRS 1:

1. Deemed Cost of Bank Premises and Equipment and Miscellaneous Assets: the fair value of real property classified as bank premises and equipment and miscellaneous assets has been adopted as deemed cost as of the date of transition to IFRS In addition, the Bank has used the option set forth in paragraph D5 of IFRS 1, making the measurement described only for certain items of property, plant and equipment.

2. Business Combinations: The Company has opted for not applying IFRS 3 Business Combinations retrospectively for business combinations prior to the date of transition to IFRS.

3. Assets and liabilities of subsidiaries that have already applied IFRS: Tarjetas Regionales S.A. and its subsidiaries already apply IFRS; accordingly, the assets and liabilities of such subsidiaries in its consolidated financial statements have been measured for the same carrying amounts disclosed in their financial statements. The exemption set forth in paragraph D15b) ii) of IFRS 1 has been used for the remaining interests.

4. The Bank has not used other exemptions available under IFRS 1.

Mandatory Exceptions to IFRS

Below are the mandatory exceptions applicable to Grupo Financiero Galicia S.A. and its subsidiaries under IFRS 1:

1. Estimates: The estimates made by the Bank according to IFRS as of December 31, 2016 are consistent with the estimates made as of the same date according to the Argentine Central Bank s accounting standards, considering what is described in paragraph 4 of Argentine Central Bank s Communiqué A 6114 regarding the non-application of item 5.5 of IFRS 9.

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2. Derecognition of financial assets and financial liabilities: The company applied the criteria of accounting derecognition of financial assets and liabilities under IFRS 9 prospectively. Therefore, derecognized assets and liabilities as of January 1, 2017 are not contemplated.

3. Classification and measurement of financial assets: The company has considered the existing events and circumstances as of January 1, 2017 in its valuation of whether the financial assets meet the characteristics to be classified as assets measured at amortized cost or at fair value with changes in other comprehensive income.

4. Other mandatory exceptions established by IFRS 1 that have not been considered because of not being applicable to the Grupo Financiero Galicia S.A. and its subsidiaries are:

   - Hedge accounting.

   - Non-controlling interests.

   - Embedded derivatives.

   - Government loans.

33. Subsequent events.

Spin-off/Merger Process of the Controlled Company, Tarjetas Regionales S.A., and its inclusion in Grupo Financiero Galicia S.A.

The General Extraordinary Shareholders Meeting of Banco de Galicia y Buenos Aires S.A. held on December 14, 2017 approved the corporate reorganization process consisting in splitting a portion of that entity s shareholders equity made up of its shares held in Tarjetas Regionales S.A. representing 77% of its capital stock for its later inclusion in Grupo Financiero Galicia S.A. s shareholders equity effective as from January 1, 2018.

Banco de Galicia y Buenos Aires S.A., under the provisions of Sections 7 and 15 of Financial Institutions Law No. 21526, as amended and supplemented, filed with the Argentine Central Bank the appropriate request for authorization. On January 19, 2018, such agency made a decision in this regard pointing out that no elements are noted that make such authorization necessary and there are no other considerations or objections to make, establishing that such company will continue to be under the Consolidated Supervision System.

The final spin-off/merger agreement was signed on January 23, 2018 and will not have any effect on the consolidated financial statement of Grupo Financiero Galicia.

Sale of Compañía Financiera Argentina S.A. and Cobranzas y Servicios S.A.

On January 12, 2017, Grupo Financiero Galicia S.A. accepted an offer made by Mr. Julio Alfredo Fraomeni and Galeno Capital S.A.U. to buy its whole non-controlling interest in Compañía Financiera Argentina S.A. and Cobranzas y Servicios S.A.. On December 4, 2017, through Resolution No. 414, the Argentine Central Bank authorized such transaction. The sale of shares took place on February 2, 2018. As of March 26, 2018, the price was agreed on Ps.1,047,277. Under US GAAP purposes, the result of the sale generated a profit which amounted to Ps.178,671.

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Banco Finansur S.A.

On January 12, 2018, the Argentine Central Bank informed Banco Galicia of its participation in the acquisition process of Banco Finansur S.A. under the terms of article 35 bis, Section II of Law N° 21526 (Restructuring of an entity in defense of bank deposits and credit). On March 9, 2018 the Argentine Central Bank confirmed the approval to the transfer of certain assets and liabilities of Banco Finansur to Banco Galicia.

Between November 9, 2017 and February 9, 2018, Banco Finansur S.A. (an Argentine private bank) was temporarily suspended to operate by the Argentine Central Bank.

Tarjeta Naranja S.A. negotiable obligations

The following table shows the Tarjeta Naranja S.A negotiable obligations issued as of April 10, 2018:

In thousands of Pesos, except for rates (%)	Currency	Maturity Date	Annual Interest Rate	Balances as of April 10, 2018
- Class XL Serie I (1)	Pesos	10-10-2019	25,98%	597,500
- Class XL Serie II(2)	Pesos	10-10-2020	Min. Rate 27%/Badlar + 3,69%	1,402,500

(1) Principal and interest shall be paid upon maturity on October 10, 2019.
(2) Interest shall be paid on a quarterly basis in arrears. Principal shall be paid upon maturity on October 10, 2020.

34. Summary of Significant Differences between Argentine Central Bank Rules and United States Accounting Principles.

The following is a description of the significant differences between Argentine Banking GAAP and US GAAP:

a. Income tax.

Argentine Central Bank regulations do not require the recognition of deferred tax assets and liabilities and, therefore, income taxes for Banco de Galicia y Buenos Aires S.A. and Compañía Financiera Argentina S.A. are recognized on the basis of amounts due in accordance with Argentine tax regulations. However, Grupo Galicia and Grupo Galicia s non-bank subsidiaries apply the deferred income tax method. As a result, Grupo Galicia and its non-banking subsidiaries have recognized a deferred tax asset as of December 31, 2017 and 2016.

In addition, the Group records as an asset the credit related with Minimum Presumed Income Tax (MPIT) amounting to Ps.8,912 and Ps.9,424 as of December 31, 2017 and 2016, respectively. The MPIT credit will be computable as a down payment of any income tax excess over minimum notional income tax through the next ten years.

For the purposes of US GAAP reporting, Grupo Galicia applies ASC 740-10 Accounting for Income Taxes . Under this guidance, income tax is recognized based on the assets and liabilities method whereby deferred tax assets and liabilities are established for temporary differences between the financial reporting and tax basis of Grupo Galicia s assets and liabilities. Deferred tax assets are recognized if it is more likely than not that such assets will be realized. As such, the US GAAP adjustment included: a) Deferred Income Taxes for banking companies not recorded for local purposes and; b) tax effects of the US GAAP adjustments included in the reconciliation between US GAAP and Argentine Banking GAAP.

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Deferred tax assets (liabilities) are summarized as follows:

	December 31, 2017		
	ASC 740-10 applied to Argentine GAAP balances	**ASC 740-10 applied to US GAAP adjustments**	**US GAAP Deferred Tax total**
Deferred tax assets			
Allowance for loan losses private sector	640,643	(87,173)	553,470
Intangible assets		210,993	210,993
Impairment of fixed assets and foreclosed assets		13,869	13,869
Liabilities	58,068		58,068
Others	(4,904)	50,550	45,646
Total gross deferred tax assets	Ps. 693,807	Ps. 188,239	Ps. 882,046
Deferred tax liabilities:			
Investments	(185,362)	(60,083)	(245,445)
Local Depreciation of fixed assets	(125,657)		(125,657)
Others	(180,654)		(180,654)
Total gross deferred tax liabilities	Ps. (491,673)	Ps. (60,083)	Ps. (551,756)
Net deferred income tax asset	Ps. 202,134	Ps. 128,156	Ps. 330,290

	December 31, 2016		
	ASC 740-10 applied to Argentine GAAP balances	**ASC 740-10 applied to US GAAP adjustments**	**US GAAP Deferred Tax total**
Deferred tax assets			
Allowance for loan losses private sector	384,082	(2,311)	381,771

Intangible assets				324,233		324,233
Impairment of fixed assets and foreclosed assets				16,669		16,669
Liabilities		285,900				285,900
Others		(4,904)		26,719		21,815
Total gross deferred tax assets	Ps.	665,078	Ps.	365,310	Ps.	1,030,388
Deferred tax liabilities:						
Investments		(148,529)				(148,529)
Others		(180,838)				(180,838)
Total gross deferred tax liabilities	Ps.	(329,367)	Ps.		Ps.	(329,367)
Net deferred income tax asset	Ps.	335,711	Ps.	365,310	Ps.	701,021

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The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory income tax rate in Argentina to income before income tax, calculated on the basis of US GAAP for the fiscal years ended December 31, 2017, 2016 and 2015:

	December 31, 2017	2016	2015
Income before taxes and non-controlling interest	Ps. 14,777,948	Ps. 9,815,581	Ps. 7,353,525
Tax rate in forcé	35%	35%	35%
Result for the year at the tax rate	5,172,282	3,435,453	2,573,734
Permanent tax differences (*)	(4,029)	(59,968)	73,242
Income tax expense	Ps. 5,168,253	Ps. 3,375,485	Ps. 2,646,976

(*) Includes permanent differences originated in operation of shares and non-taxable dividends.
According to the taxable income projections, the Group estimates that it is more likely than not that it will recover the temporary differences and the credit recorded regarding Presumed Minimum Income Tax with future taxable income. Therefore, no valuation allowance was provided against the deferred tax assets and presumed minimum income tax.

ASC 740-10 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition for uncertain tax positions taken or expected to be taken in a tax return. As of December 31, 2017 and 2016, there were no uncertain tax positions.

The Group classifies income tax-related interest and penalties as income taxes in the financial statements.

The following table shows the tax years open for examination as of December 31, 2017, by major tax jurisdictions in which the Group operates:

Jurisdiction	Tax year
Argentina	2012 2017

b. Commissions on loans.

Under Argentine Banking GAAP, the Bank does not defer loan origination fees and costs. In accordance with US GAAP under ASC 310, loan origination fees net of certain direct loan origination costs should be recognized over the life of the related loan as an adjustment of yield.

Therefore the Shareholders Equity adjustment between Argentine Banking GAAP and US GAAP as of December 31, 2017 and 2016 amounted to Ps.(179,264) and Ps.(81,904), respectively.

c. Intangible assets.

Goodwill Recognition and amortization

The following table summarizes the US GAAP shareholders equity adjustments as of December 31, 2017 and 2016:

	December 31,	
	2017	**2016**
Goodwill recognition (1)		(4,899)
Reversal of amortizations (2)	51,553	50,810
Total	Ps. 51,553	Ps. 45,911

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(1) Under Argentine Banking GAAP the Company recognized as goodwill the excess paid over book value in the acquisition of non-controlling interest of subsidiaries. Under US GAAP such transactions were treated as equity transactions. Also, the amount includes goodwill recognized under Argentine Banking GAAP, which should be reversed for US GAAP purposes.

(2) Goodwill is amortized for Argentine Banking GAAP purposes. Under US GAAP, according to ASC 350-20, goodwill is not longer amortized. However, ASC 350 requires that goodwill should be reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and adjusted in case that impairment is detected. Goodwill amortization recorded under Argentine Banking GAAP has been reversed for US GAAP purposes. During the years ended December 31, 2017 and 2016, no impairment was recorded.

Software costs

Under US GAAP, ASC 350-40 defines three stages for the costs of computer software developed or obtained for internal use: the preliminary project stage, the application development stage and the post-implementation operation stage. Only the second stage costs should be capitalized. Under Argentine Banking GAAP, the Bank capitalized costs relating to all three of the stages of software development.

Under U.S GAAP, the relatives costs related to the first and third stages are expensed as incurred, and in addition, the amortization of such capitalized expenses recorded under Argentine Banking GAAP has been reversed.

Therefore the Shareholders Equity adjustment between Argentine Banking GAAP and US GAAP as of December 31, 2017 and 2016 is as follows:

	December 31,	
	2017	2016
Capitalized cost expensed for US GAAP purposes	(973,208)	(1,097,669)
Amortization adjustments	129,236	171,288
Total	Ps. (843,972)	Ps. (926,381)

d. Loan loss reserves.

Loans to the non-financial private sector and residents abroad

For the purposes of analyzing our loan loss reserve under US GAAP, the Bank divides the loan portfolio into performing and non-performing commercial and consumer loans.

The non-performing commercial loan portfolio is comprised of loans falling into the following classifications of the Argentine Central Bank:

- With Problems
- High Risk of Insolvency
- Uncollectible

The Bank applies ASC 310-10 to all commercial loans classified as With problems , High Risk of Insolvency and Uncollectible . Additionally it is also considered in the assessment, however is not a determining factor, if commercial loans are more than 90 days past due. All non-performing commercial loans are individually assessed for impairment. Consumer loans are assessed on a collective basis.

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The allowance for non-performing commercial loans is measured based on the present value of estimated future cash flows discounted at the original effective loan rate or on the fair value of the collateral net of estimated costs to sell in the case where the loan is considered collateral-dependent. An allowance for impaired loans is provided when estimated future cash flows discounted at their original effective rate or collateral fair value is lower than book value.

To calculate the allowance required for all other commercial and consumer impaired loans and unimpaired loans, the Bank performs an analysis of historical losses from consumer and performing commercial loan portfolios in order to estimate losses for US GAAP purposes, resulting from loan losses that had been incurred in such loan portfolios at the balance sheet date but which had not been individually identified. Loss estimates are analyzed by loan type and thus for homogeneous groups of clients. Such historical ratios are updated to incorporate the most recent data reflecting current economic conditions, industry performance trends, geographic or obligor concentrations within each portfolio segment, and any other pertinent information that may affect the estimation of the allowance for loan losses. Many factors can affect the Bank s estimates of allowance for loan losses, including volatility of default probability, migrations and estimated loss given default.

Allowances on homogeneous loan portfolios are established based on probability of default, which is defined as the probability of the debtor within a specific loan portfolio or segment and rating, defaulting on its obligations within the next twelve (12) months. Under US GAAP, this probability of default is determined by analyzing estimated defaults or foreclosures based on portfolio trends, historical losses, and client s payment behavior.

d.i. Allowance for Credit Losses and Recorded Investments in Financial Receivables

The following table presents the allowance for loan losses and the related carrying amount of Financial Receivables for the years ended December 31, 2017 and 2016, respectively:

	As of December 31, 2017		
	Consumer Loan Portfolio	Commercial Loan Portfolio	Total
Allowances for loan losses:			
Beginning balance	4,566,137	193,559	4,759,696
Discontinued Operations	(594,505)		(594,505)
Beginning balance without Discontinued Operations	**3,971,632**	**193,559**	**4,165,191**
Charge-offs	(2,835,302)	(12,328)	(2,847,630)
Recoveries			

Foreign exchange effect			
Provision	3,845,740	93,629	3,939,369
Ending balance without Discontinued Operations	4,982,070	274,860	5,256,930
Discontinued Operations	594,505		594,505
Total Ending balance	**5,576,575**	**274,860**	**5,851,435**

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Ending balance- individually evaluated for impairment without Discontinued Operations		159,566	159,566
Ending balance- collectively evaluated for impairment without Discontinued Operations	4,982,070	115,294	5,097,364
Financing receivables:			
Discontinued Operations	**7,681,427**		**7,681,427**
Ending balance without Discontinued Operations	**122,760,899**	**78,039,948**	**200,800,847**
Ending balance: individually evaluated for impairment		410,634	410,634
Ending balance: collectively evaluated for impairment	122,760,899	77,629,314	200,390,213

	As of December 31, 2016		
	Consumer Loan Portfolio	**Commercial Loan Portfolio**	**Total**
Allowances for loan losses:	**Ps.**	**Ps.**	**Ps.**
Beginning balance	3,412,993	184,930	3,597,923
Charge-offs	(1,935,065)	(189,729)	(2,124,794)
Recoveries			
Foreign Exchange effect and other adjustments			
Provision	3,088,209	198,358	3,286,567
Ending balance	**Ps 4,566,137**	**193,559**	**4,759,696**
Ending balance- individually evaluated for impairment		97,449	97,449
Ending balance-collectively evaluated for impairment	4,566,137	96,110	4,662,247

Financing receivables:				
Ending balance		96,026,410	49,437,900	145,464,310
Ending balance: individually evaluated for impairment			212,036	212,036
Ending balance: collectively evaluated for impairment	**Ps.**	**96,026,410**	**49,225,864**	**145,252,274**

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d.ii. Loan Charge-offs and recoveries

Under Argentine Banking GAAP, recoveries on previously charged-off loans are recorded directly to income and the amount of charged-off loans in excess of amounts specifically allocated is recorded as a direct charge to the Income Statement. The Group does not partially charge off troubled loans until final disposition of the loan, rather, the allowance is maintained on a loan-by-loan basis for its estimated settlement value. Under US GAAP, all charge off and recovery activity is recorded through the allowance for loan loss account. Further, loans are generally charged to the allowance account when all or part of the loan is considered uncollectible. In connection with loans in judicial proceedings, resolution through the judicial system may span several years. Loans in judicial proceedings, greater than three years as of December 31, 2017 and December 31, 2016 amounted to Ps.7,797 and Ps.9,867, respectively.

Under US GAAP these loans were completely provisioned. The Group also classified loans, many of which are in judicial proceedings, which amounted to approximately Ps.721,242 and Ps.604,369 as of December 31, 2017 and December 31, 2016 respectively, as uncollectible, although the Group may hold preferred guarantees. Therefore, the balance of loans and allowance for loan losses would be decreased by these amounts.

d.iii. Impaired Loans

ASC 310, requires a creditor to measure impairment of a loan based on the present value of expected future cash flows discounted at the loan s effective interest rate, or at the loan s observable market price or the fair value of the collateral if the loan is collateral dependent. This Statement is applicable to all loans (including those restructured in a troubled debt restructuring involving amendment of terms), except large groups of smaller-balance homogenous loans that are collectively evaluated for impairment. Loans are considered impaired when, based on Management s evaluation, a borrower will not be able to fulfill its obligation under the original loan terms.

The following table discloses the amounts of loans considered impaired in accordance with ASC 310, as of December 31, 2017 and 2016:

	As of December 31, 2017		
	Recorded Investment	**Unpaid Principal Balance**	**Related Allowance**
With no related allowance recorded:			
Commercial			
Impaired Loans	Ps 45,746	Ps 43,601	Ps

With an allowance recorded:			
Commercial			
Impaired Loans	Ps 364,888	Ps 347,216	Ps 159,566
Total	Ps **410,634**	Ps **390,817**	Ps **159,566**

	As of December 31, 2016		
	Recorded Investment	**Unpaid Principal Balance**	**Related Allowance**
With no related allowance recorded:			
Commercial			
Impaired Loans	Ps 35,450	Ps 34,997	Ps
With an allowance recorded:			
Commercial			
Impaired Loans	Ps 176,586	Ps 148,694	Ps 97,449
Total	Ps **212,036**	Ps **183,691**	Ps **97,449**

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The average recorded investments for impaired loans were Ps.476,673 and Ps.453,284 for the years ended December 31, 2017 and 2016, respectively

The interest income recognized on impaired loans amounted to Ps.14,139, Ps.9,994 and Ps.6,576 for the years ended December 31, 2017, 2016 and 2015, respectively.

d.iv. Non-accrual Loans

Non-Accrual loans are defined as those loans in the categories of: (a) Consumer portfolio: Medium Risk , High Risk and Uncollectible and (b) Commercial portfolio: With problems , High Risk of Insolvency and Uncollectible or thos other categories where credit risk analysis shows that interest would not be recoverable.

The following table represents the amounts of nonaccruals, segregated by class of loans, as of December 31, 2017 and 2016, respectively:

	As of December 31, 2017	2016
Consumer		
Advances	Ps 143,169	Ps 95,544
Promissory Notes	208,857	105,191
Mortgage Loans	23,042	14,998
Personal Loans	503,702	501,387
Credit Card Loans	3,061,986	2,858,308
Other Loans	52,572	18,041
Total Consumer	Ps **3,993,328**	Ps **3,593,469**
Commercial		
Impaired Loans	359,620	184,639
Total Commercial	Ps **359,620**	Ps **184,639**
Total Non-accrual loans	Ps **4,352,948**	Ps **3,778,108**

An aging analysis of past due loans, segregated by class of loans, as of December 31, 2017 and 2016 is as follows:

	As of December 31, 2017						
	30-90 Days Past Due	91-180 Days Past Due	181-360 Days Past Due	Greater than 360	Total Past Due	Current	Total Financing
Consumer							
Advances	45,829	61,844	34,174	47,151	188,998	1,589,058	1,778,056
Promissory Notes	68,970	60,422	94,484	53,951	277,827	10,435,306	10,713,133
Mortgage Loans	11,117	739	1,570	20,733	34,159	4,087,513	4,121,672
Personal Loans	354,768	245,088	225,985	32,629	858,470	18,162,892	19,021,362
Credit Card Loans	1,835,281	1,105,194	1,426,896	529,896	4,897,267	79,770,389	84,667,656

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Other Loans	15,849	9,865	24,453	18,254	68,421	2,390,599	2,459,020
Total Consumer Loans	**2,331,814**	**1,483,152**	**1,807,562**	**702,614**	**6,325,142**	**116,435,757**	**122,760,899**
Commercial:							
Performing Loans						77,629,314	77,629,314
Impaired loans		113,889	68,046	130,899	312,834	97,800	410,634
Total Commercial Loans		**113,889**	**68,046**	**130,899**	**312,834**	**77,727,114**	**78,039,948**
Total	**2,331,814**	**1,597,041**	**1,875,608**	**833,513**	**6,637,976**	**194,162,871**	**200,800,847**

	As of December 31, 2016						
	30-90 Days Past Due	**91-180 Days Past Due**	**181-360 Days Past Due**	**Greater than 360**	**Total Past Due**	**Current**	**Total Financing**
Consumer							
Advances	31,711	40,741	34,769	20,034	127,255	971,878	1,099,133
Promissory Notes	55,544	44,294	43,627	17,270	160,735	7,646,571	7,807,306
Mortgage Loans	4,910	2,551	11,313	1,134	19,908	663,514	683,422
Personal Loans	340,118	211,806	208,683	80,898	841,505	12,449,464	13,290,969
Credit Card Loans	1,587,369	1,085,669	1,308,449	464,190	4,445,677	67,571,390	72,017,067
Other Loans	7,180	6,495	7,591	3,955	25,221	1,103,292	1,128,513
Total Consumer Loans	**2,026,832**	**1,391,556**	**1,614,432**	**587,481**	**5,620,301**	**90,406,109**	**96,026,410**
Commercial:							
Performing Loans						49,225,864	49,225,864
Impaired loans	5,726	15,415	84,396	88,063	193,600	18,436	212,036
Total Commercial Loans	**5,726**	**15,415**	**84,396**	**88,063**	**193,600**	**49,244,300**	**49,437,900**
Total	**2,032,558**	**1,406,971**	**1,698,828**	**675,544**	**5,813,901**	**139,650,409**	**145,464,310**

d.v. Credit Quality Indicators

The following tables contain the loan portfolio classification by credit quality indicator set forth by the Argentine Central Bank,

Commercial Portfolio:

Loan Classification	Description
1. Normal Situation	The debtor is widely able to meet its financial obligations, demonstrating significant cash flows, a liquid financial situation, an adequate financial structure, a timely payment record, competent management, available information in a timely, accurate manner and satisfactory internal controls, The debtor is in the upper 50% of a sector of activity that is operating properly and has good prospects.
2. With Special Follow-up	Cash flow analysis reflects that the debt may be repaid even though it is possible that the customer s future payment ability may deteriorate without a proper follow-up. This category is divided into two subcategories: (2.a) Under Observation (2.b) Under Negotiation or Refinancing Agreements.

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3. With Problems	Cash flow analysis evidences problems to repay the debt, and therefore, if these problems are not solved, there may be some losses.
4. High Risk of Insolvency	Cash flow analysis evidences that repayment of the full debt is highly unlikely.
5. Uncollectible	Amounts in this category are deemed total losses. Even though these assets may be recovered under certain future circumstances, inability to make payments is evident at the date of the analysis. It includes loans to insolvent or bankrupt borrowers.

Credit quality indicators for the commercial portfolio are reviewed, at a minimum, on an annual basis,

Consumer Portfolio:

Loan Classification	Description
1. Normal Situation	Loans with timely repayment or arrears not exceeding 31 days, both of principal and interest.
2. Low Risk	Occasional late payments, with a payment in arrears of more than 32 days and up to 90 days. A customer classified as Normal having been refinanced may be recategorized within this category, as long as he amortizes one principal installment (whether monthly or bimonthly) or repays 5% of principal.
3. Medium Risk	Some inability to make payments, with arrears of more than 91 days and up to 180 days. A customer classified as Low Risk having been refinanced may be recategorized within this category, as long as he amortizes two principal installments (whether monthly or bimonthly) or repays 5% of principal.
4. High Risk	Judicial proceedings demanding payment have been initiated or arrears of more than 180 days and up to one year. A customer classified as Medium Risk having been refinanced may be recategorized within this category, as long as he amortizes three principal installments (whether monthly or bimonthly) or repays 10% of principal.
5. Uncollectible	Loans to insolvent or bankrupt borrowers, or subject to judicial proceedings, with little or no possibility of collection, or with arrears in excess of one year.

Credit quality indicators for the consumer portfolio are reviewed on a monthly basis.

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The following tables show the loan balances categorized by credit quality indicators for the years ended December 31, 2017 and 2016:

	As of December 31, 2017					
	1	2	3	4	5	
	Normal Situation	With special follow-up or Low Risk	With problems or Medium Risk	High risk of insolvency or High risk	Uncollectible	Total
Consumer						
Advances	1,589,058	45,829	61,844	34,174	47,151	1,778,056
Promissory Notes	10,435,306	68,970	60,422	94,484	53,951	10,713,133
Mortgage Loans	4,087,513	11,117	739	1,570	20,733	4,121,672
Personal Loans	18,162,892	354,768	245,088	225,985	32,629	19,021,362
Credit Card Loans	79,770,389	1,835,281	1,105,194	1,426,896	529,896	84,667,656
Other Loans	2,390,599	15,849	9,865	24,453	18,254	2,459,020
Total Consumer Loans	**116,435,757**	**2,331,814**	**1,483,152**	**1,807,562**	**702,614**	**122,760,899**
Commercial:						
Performing loans	77,622,335	6,979				77,629,314
Impaired loans		51,014	156,088	184,904	18,628	410,634
Total Commercial Loans	**77,622,335**	**57,993**	**156,088**	**184,904**	**18,628**	**78,039,948**
Total Financing Receivables	**194,058,092**	**2,389,807**	**1,639,240**	**1,992,466**	**721,242**	**200,800,847**

	As of December 31, 2016					
	1	2	3	4	5	
	Normal Situation	With special follow-up or Low Risk	With problems or Medium Risk	High risk of insolvency or High risk	Uncollectible	Total
Consumer						

Advances	971,878	31,711	40,741	34,769	20,034	1,099,133
Promissory Notes	7,646,571	55,544	44,294	43,627	17,270	7,807,306
Mortgage Loans	663,514	4,910	2,551	11,313	1,134	683,422
Personal Loans	12,449,464	340,118	211,806	208,683	80,898	13,290,969
Credit Card Loans	67,571,390	1,587,369	1,085,669	1,308,449	464,190	72,017,067
Other Loans	1,103,292	7,180	6,495	7,591	3,955	1,128,513
Total Consumer Loans	**90,406,109**	**2,026,832**	**1,391,556**	**1,614,432**	**587,481**	**96,026,410**
Commercial:						
Performing loans	49,136,725	89,139				49,225,864
Impaired loans		27,397	75,468	92,283	16,888	212,036
Total Commercial Loans	**49,136,725**	**116,536**	**75,468**	**92,283**	**16,888**	**49,437,900**
Total Financing Receivables	**139,542,834**	**2,143,368**	**1,467,024**	**1,706,715**	**604,369**	**145,464,310**

Loans are considered non-accrual when they are categorized by credit quality as with problems or medium risk or worse.

Loans past due 90 days or more and still accruing amounted Ps.391,898 and Ps.118,788 as of December 31, 2017 and 2016.

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As of December 31, 2017 and 2016, the total shareholders equity adjustment for loan impairment-private sector was as follows:

	Argentine Banking GAAP	US GAAP	Adjustment
December 31, 2016	Ps. 4,766,300	Ps. 4,759,696	Ps. 6,604
Variances	1,644,048	1,091,739	552,309
December 31, 2017	Ps. 6,410,348	Ps. 5,851,435	Ps. 558,913

d.vi. Trouble Debt Restructuring disclosures

Restructured loan is considered a TDR if the debtor is experiencing financial difficulties and the Bank grants a concession to the debtor that would not otherwise be considered. Concessions granted could include but it not necessary limited to: reduction in interest rate to rates that are considered below market, extension of repayment schedules and maturity dates beyond original contractual terms.

In 2017 there were 4 restructuring transactions affecting commercial debtors whose financial situation had deteriorated. As of the date of issuance of these Consolidated Financial Statements, 3 of these debtors are in default of their payment obligations.

As for the consumer segment, all the restructuring transactions effected during 2017 had the following characteristics: (i) the debtor had paid, at a minimum, one installment in advance in order to qualify to the restructuring of its debt; (ii) the Bank and the Regional Cards made sure before the restructuring that the debtor s monthly payment capacity would be able to absorb the new monthly paying obligation resulting from the restructuring; (iii) the guarantees in force were in all cases maintained or, in the case of loans without guarantees, the execution capacity for the loan was improved; and (iv) all the restructurings in force are arranged in consecutive monthly payments, with a minimum of six months and a maximum of 60 months.

The following tables present for the periods ended as of December 31, 2017 and 2016, the financing receivables modified as troubled debt restructurings in 2017 and 2016:

December 31, 2017

	Number of Loans	Investment recorded	Allowances
Commercial			
Performing loans	1	28,384	1,149
Impaired loans	3	79,115	22,067
Total Commercial	**4**	**107,499**	**23,216**
Consumer			
Advances	2	93	63
Promissory Notes	231	103,621	23,174
Mortgage Loans			
Personal Loans	25,832	1,256,763	244,600
Credit Cards Loans	480,554	6,522,123	1,477,074
Total Consumer	**506,619**	**7,882,600**	**1,744,911**
TOTAL	**506,623**	**7,990,099**	**1,768,127**

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	December 31, 2016		
	Number of Loans	Investment recorded	Allowances
Commercial			
Performing loans	3	26,118	1,074
Impaired loans			
Total Commercial	**3**	**26,118**	**1,074**
Consumer			
Advances	17	829	401
Promissory Notes	540	120,816	10,424
Mortgage Loans	1	689	
Personal Loans	24,960	813,993	40,382
Credit Cards Loans	358,016	4,595,717	449,462
Other Loans	99	90,419	161
Total Consumer	**383,633**	**5,622,463**	**500,830**
TOTAL	**383,636**	**5,648,581**	**501,904**

The following tables present for the periods ended as of December 31, 2017 and 2016, the financing receivables modified as troubled debt restructurings within the previous twelve months and for which there was a payment default during the year:

	December 31, 2017		
	Number of Loans	Investment recorded	Allowances
Commercial			
Performing loans	2	16,663	782
Impaired loans	1	11,728	3,170
Total Commercial	**3**	**28,391**	**3,952**
Consumer			
Promissory Notes	28	9,962	3,659
Personal Loans	1,686	47,130	15,585

Credit Cards Loans	63,842	667,557	422,661
Total Consumer	**65,556**	**724,649**	**441,905**
TOTAL	**65,559**	**753,040**	**445,857**

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	December 31, 2016		
	Number of Loans	**Investment recorded**	**Allowances**
Commercial			
Performing loans			
Impaired loans	6	50,588	50,588
Total Commercial	**6**	**50,588**	**50,588**
Consumer			
Advances	281	14,236	
Promissory Notes	185	28,132	6,630
Mortgage Loans	5	4,528	1,071
Personal Loans	11,765	184,028	18,995
Credit Cards Loans	57,533	549,184	378,837
Other Loans	1	588	
Total Consumer	**69,770**	**780,696**	**405,533**
TOTAL	**69,776**	**831,284**	**456,121**

e. Government securities

The following table summarizes the US GAAP adjustment related to government securities, as of December 31, 2017 and 2016:

	December 31, 2017			December 31, 2016		
		Fair Value			Fair Value	
	Book Value Argentine Banking GAAP	Book value under US GAAP	Shareholders Equity Adjustment	s Book Value Argentine Banking GAAP	Book value under US GAAP	Shareholders Equity Adjustment s
Government securities	3,610,170	3,609,946	(224)	2,728,042	2,739,660	11,618
Securities issued by the Argentine Central Bank Recorded at their				6,973,364	6,967,780	(5,584)

Acquisition Cost plus I.R.R

Total	3,610,170	3,609,946	(224)	9,701,406	9,707,440	6,034

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Government securities and securities issued by the Argentine Central Bank

As of December 31, 2017 and 2016 under Argentine Banking GAAP the Group holds government securities which are classified under the caption Holdings Recorded at their Acquisition Cost plus I.R.R . The Group also holds some securities issued by the Argentine Central Bank, classified under the caption Securities issued by the Argentine Central Bank , which are recorded at their cost plus I.R.R. as they have not been included in the information about volatilities or present values issued by the Argentine Central Bank.

For US GAAP purposes, these securities were classified as trading and accounted for at its fair value with changes recorded in the Income Statement and certain securities were classified as available for sale and measured at fair value with changes recorded in Other Comprehensive Income.

f. Items in process of collection

The Bank does not give accounting recognition to checks drawn on the Bank or other banks, or other items to be collected until such time as the related item clears or is accepted. Such items are recorded by the Bank in memorandum accounts. US banks, however, account for such items through balance sheet clearing accounts at the time the items are presented to the Bank.

Grupo Galicia s assets and liabilities would be increased by approximately Ps.28,228,662 and Ps.22,882,600 applying US GAAP at December 31, 2017 and 2016, respectively.

g. Securitizations.

The following table summarizes the adjustment for US GAAP purposes related to securitization transactions as of December 31, 2017 and 2016:

	December 31, 2017			December 31, 2016		
		Fair Value			Fair Value	
	Book Value Argentine Banking GAAP	Book value under US GAAP	US GAAP Shareholders Equity Adjustment	Book Value sArgentine Banking GAAP	Book value under US GAAP	US GAAP Shareholders s Equity Adjustment
	(in thousands of Ps,)					
Galtrust I	96,481	140,652	44,171	504,874	540,858	35,984
Saturno Trust	17,360	21,958	4,598	23,360	25,288	1,928

	113,841	162,610	48,769	528,234	566,146	37,912

Financial trust Galtrust I

The financial trust Galtrust I was created in October 2000 in connection with the securitization of provincial loans for a total amount of Ps.1,102 million. The securitized loans were from the portfolio of loans granted to provincial governments, guaranteed by the federal tax revenues shared with the provincial governments.

During 2002, the portfolio of loans included and the related retained interest in Galtrust I was subject to the pesification. As a result the retained interest in the trust was converted into pesos at an exchange rate of 1.40 to 1 and the interest rate for their debt securities changed to CER plus 10%. During 2003, Galtrust I had swapped its provincial loans for Bogar Bonds due 2018.

Under Argentine Banking GAAP, this transaction was accounted for as sales and the participation certificates retained by the Bank are recorded at the present value of cash flows discounted by the I.R.R. of instruments with similar characteristics and duration and with volatility. When the book value exceeds the present value, the monthly accrual is recorded in an asset offset account. The participation certificates are recorded under Argentine Central Bank rules in the caption Other Receivables from Financial Brokerage , and its balance as of December 31, 2017 and 2016, was Ps.96,481 and Ps.504,874, respectively.

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In accordance with ASC 810, the Group was deemed to be the primary beneficiary of this trust and, therefore, the Bank reconsolidated the assets and liabilities of the mentioned trust. Upon consolidation, the Bogar Bonds were classified as available-for-sale securities and measured at fair value with changes recorded in other comprehensive income. The profit and loss impact is generated by the reclassification of Other comprehensive income to the net income as a consequence of the amortization of the Bogar Bonds 2018.

Others

Under Argentine Banking GAAP, certain loans that the Group had in its portfolio were transferred to Saturno Trust. In exchange for the loans transferred, the Group received all the participation certificates, which were accounted for at cost. According to this criterion, as of December 31, 2017 and December 31, 2016 Saturno Trust was recorded under caption Other Receivables from Financial Brokerage for an amount of Ps.17,360 and Ps.23,360, respectively.

In accordance with ASC 810, the Group was deemed to be the primary beneficiary of this trust and, therefore, the Bank reconsolidated the assets and liabilities of the mentioned trust. Upon consolidation, the loans have been measured at amortized cost with its corresponding allowance for loan losses measured in accordance with ASC 310.

Additional information required by US GAAP

The table below presents the aggregated assets and liabilities of the financial trusts which have been consolidated for US GAAP purposes:

	December 31,	
	2017	2016
Cash and due from banks	Ps. 43,393	Ps. 36,083
Government securities and Promissory Notes	96,481	504,874
Loans	17,360	23,360
Investments	1,527	5,181
Other assets	5,605	563
Total Assets	Ps. 164,366	Ps. 570,061
Participation Certificates	162,610	566,146
Other liabilities	1,756	3,915
Total Liabilities	Ps. 164,366	Ps. 570,061

The Group s maximum loss exposure, which amounted to Ps.164,366 and Ps.570,061 as of December 31, 2017 and 2016, respectively, is based on the unlikely event that all of the assets in the VIE s become worthless and incorporates potential losses associated with assets recorded on the Group s balance sheet.

h. Acceptances.

Under Argentine Banking GAAP, acceptances are accounted for in memorandum accounts. Under US GAAP, third party liability for acceptances should be included in Other Receivables Resulting from Financial Brokerage representing Group customers liabilities on outstanding drafts or bills of exchange that have been accepted by the Group.

The Group s assets and liabilities would be increased by approximately Ps.456,567 and Ps.586,180, had US GAAP been applied as of December 31, 2017 and 2016, respectively.

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i. Impairment of real estate properties and foreclosed assets.

Under Argentine Banking GAAP, real estate properties and foreclosed assets are carried at cost adjusted by depreciation over the life of the assets. In accordance with ASC 360-10 Impairment of Long-lived Assets , such assets are additionally subject to: recognition of an impairment loss if the carrying amounts of those assets are not recoverable from their undiscounted cash flows and an impairment loss measured as the difference between the carrying amount and fair value of the assets.

The Group evaluates potential impairment loss relating to long-lived assets by comparing their carrying amounts with the undiscounted future expected cash flows generated by the assets over the remaining life of the assets. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying value of the assets. Testing whether an asset is impaired and measuring the impairment loss is performed for asset groupings at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows generated by other asset groups.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2002, the Group determined that the uncertainty of the Argentine economic situation had a significant impact on the recoverability of its long-lived assets and evaluated its properties for impairment. An impairment loss was recorded in 2002.

Foreclosed assets are carried at the lower of cost and fair value. In 2002, the Group recorded a valuation allowance reflecting a decrease in the market values of its foreclosed properties.

As of December 31, 2017 and 2016, no additional impairment was recorded in real estate properties and foreclosed assets.

The Argentine Banking GAAP depreciation for 2017 and 2016 of the assets impaired in 2002 has been reversed for US GAAP purposes.

Therefore, the Shareholders Equity adjustment between Argentine Banking GAAP and US GAAP as of December 31, 2017 and 2016 amounted to Ps. (46,230) and Ps. (47,625), respectively.

j. Equity investments in other companies

Under Argentine Banking GAAP, the equity investments in companies where significant influence exists are accounted for under the equity method. The remaining investments have been accounted for under the cost method, taking their equity method value as a limit in book value.

For US GAAP purposes, under ASC 323, Investments Equity Method and Joint Ventures, the Group should determine if any factors are present that might indicate the fair value of the investment has been negatively impacted during the fiscal year. If it is determined that the fair value of an investment is less than the related company s value, an impairment of the investment must be recognized.

As of December 31, 2017 and 2016, the Group concluded that the carrying amount of certain investments would not be recoverable and, therefore, an impairment loss was recorded for US GAAP purposes. In addition the Group concluded that under US GAAP, significant influence is exercised over its investment in Prisma Medios de Pago S.A. and, therefore, accounted for such investment under the equity method.

Therefore the Shareholders Equity adjustment between Argentine Banking GAAP and US GAAP as of December 31, 2017 and December 31, 2016 amounted to Ps.195,681 and Ps.(14,365), respectively.

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j.1 Liability from Extinguishment of non-controlling interest

As of December 31, 2017, the Bank recognized a financial liability for the commitment to purchase a 6% interest in Tarjetas Regionales S.A. in the amount of Ps.919,935. ASC 480 sets forth that a commitment to purchase non-controlling interest should be accounted for as a financial liability at fair value. The non-controlling interest is derecognized and the differences with the carrying value is recognized as additional paid in capital.

k. Financial Guarantees

Other Financial Guarantees.

The Bank issues financial guarantees, which are obligations to pay to a third party when a customer fails to repay its obligation.

Under Central Bank rules, guarantees issued are recognized as liabilities when it is probable that the obligation undertaken by the guarantor will be performed.

Under US GAAP, FASB ASC 460 Guarantees requires that at inception of a guarantee, a guarantor recognize a liability for the fair value of the obligation undertaken in issuing the guarantee. Such liability at inception is deemed to be the fee received by the Group with an offsetting entry equal to the consideration received. Subsequent reduction of liability is based on an amortization method as the Group is decreasing its risk. As of December 31, 2017 and 2016, the fair value of the guarantees less the estimated proceeds from collateral amounted to Ps.(1,660) and Ps.(469), respectively. The Net income adjustment as of December 31, 2017 and 2016 amounted to Ps.(1,191) and Ps.826, respectively.

l. Non-controlling interest

Under Argentine Banking GAAP, the non-controlling interest is required to be disclosed as a component of the liabilities. Under US GAAP, non-controlling interest should be reported as a separate component within equity in the consolidated financial statements. Additionally, consolidated net income and comprehensive income are reported with separate disclosure of the amounts attributable to the parent company and to the non-controlling interest. The non-controlling interest in accordance with Argentine Banking GAAP has been reclassified for US GAAP reconciliation purposes.

Also, non-controlling interest under US GAAP reflects the effect in non controlling interest of all the other US GAAP adjustments discussed.

m. Foreign Debt Restructuring

On May 18, 2004, the Group completed the restructuring of its foreign debt. As a result of this restructuring, the Group recorded a Ps.142.5 million gain under Argentine Banking GAAP.

For US GAAP purposes, the restructuring is accounted for in each of two steps. The first step of the restructuring required the holders of the Group s debt to exchange its old debt for new debt in two tranches. Pursuant to Determining Whether a Debtor s Modification or Exchange of Debt Instruments is within the scope of ASC 470), the Group did not receive any concession from the holders of the debt and therefore, the first step restructuring was not considered a trouble debt restructuring. Pursuant to Debtors Accounting for a Modification or Exchange of Debt Instruments ASC 470-50, the first step of the restructuring was accounted for as a modification of the old debt and therefore the Group did not recognize any gain or loss. The second step of the restructuring offers the holders of the Group s debt issued in the first step explained above to exchange it for new securities including cash, Boden 2012 Bonds and equity shares of the Group. Pursuant to US GAAP this second step, the restructuring was accounted for in accordance with Accounting by Debtors and Creditors for Trouble Debt Restructurings ASC 310-40, as a partial settlement of the debt through the transfer of certain assets and equity at its fair value. After deducting the considerations used to repay the debt, ASC 310-40 requires the comparison of the future cash outflows of the restructured debt and the carrying of the debt at the restructuring date.

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A gain on troubled debt restructuring is only recognized when the remaining carrying value of the debt at the date of the restructuring exceeds the total future cash payments of the restructured debt reduced by the fair value of the assets and equity given as payment of the debt. Since the total future cash outflows of the restructured debt exceeds the carrying value of the old debt, no gain on restructuring was recorded under US GAAP.

As a result, under US GAAP, the carrying amount of the restructured debt is greater than the amount recorded under Argentine Banking GAAP. Therefore, under US GAAP, a new effective interest rate was determined to reflect the present value of the future cash payments of the restructured debt.

Furthermore, under US GAAP, expenses incurred in a troubled debt restructuring are expensed as incurred. Expenses related to the issuance of equity were deducted directly from the shareholder s equity.

During 2010, the Group repurchased part of the debt maturing in 2010 and 2014. In addition, Negotiable Obligations were repaid in advance. For US GAAP purposes, these transactions were considered as an extinguishment of debt. Therefore, the US GAAP adjustment recorded in previous years related to the debt extinguished was reversed in 2010, generating a gain of approximately Ps. 34,462 included in 2010 US GAAP net income reconciliation.

During 2011, the Group paid in advance the interest capitalized related to the Subordinated Negotiable Obligation for an amount of approximately US$95.8 million. This amount was originally scheduled to be paid in 2014. This advance payment does not constitute a modification of terms of the Negotiable Obligation for US GAAP purposes.

During 2016, the Group have paid in advance the Subordinated Negotiable Obligation, which was originally scheduled to be paid in 2019. Consequently no shareholders equity adjustment was recorded as of December 31, 2017 and 2016.The Income Statement adjustment as of December 31, 2016 and 2015, amounted to Ps.69,216 and Ps.(13,401), respectively.

n. Repurchase Agreements and Reverse Repurchase Agreements (Repos and Reverse Repos).

Under Argentine Banking GAAP, the Group derecognizes the securities transferred under the repurchase agreement and records an asset related to the future repurchase of these securities. Contemporaneously, the Group records a liability related to the cash received in the transaction. As of December 31, 2017, the adjustment related to the derecognition of the securities amounted to Ps.10,774,896, as well as the reversal of the liability recorded in other liabilities resulting from financial brokerage amounted to Ps.10,774,896.

The asset related to securities to be repurchased is measured as the same criteria as the transferred securities.

Similar treatment applies to reverse repo agreements.

For US GAAP purposes these transactions have not qualified as true sales and therefore these transactions were classified as trading and recorded at fair value.

p. Fair Value Measurements Disclosures.

ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value and disclosure requirements about fair-value measurements. ASC 820 -10, among other things, requires the Group to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

In addition, ASC 825-10 provides an option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments and written loan commitments not previously recorded at fair value. Under ASC 825-10, fair value is used for both the initial and subsequent measurement of the designated assets, liabilities and commitments, with the changes on fair value recognized in net income.

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Fair Value Hierarchy

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, ASC 820-10 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets;

c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and

d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Determination of Fair Value

Fair value is based upon quoted market prices in active markets, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that use primarily market-based or independently-sourced market parameters, including interest rate yield curves, option volatilities and currency rates. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments include amounts to reflect counterparty credit quality, the Bank s creditworthiness, liquidity and unobservable parameters that are applied consistently over time.

The Group believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following section describes the valuation methodologies used by the Group to measure various financial instruments at fair value, including an indication of the level in the fair-value hierarchy in which each instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models as well as any significant assumptions.

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Assets

a) Government securities and other investments

Listed investment securities: where quoted prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. Level 1 securities include national and province governments bonds, instruments issued by Argentine Central Bank and corporate securities.

Other investments securities: as quoted market prices are not available, then fair values are estimated by using a discounted cash flow model which includes assumptions based upon projected finance charges related to the securitized assets, estimated net credit losses, prepayment assumptions and contractual interest paid to third-party investors. These are classified within level 3 of the valuation hierarchy.

b) Securitizations

As of December 31, 2017 and 2016 the caption includes the consolidated assets of Galtrust I. The fair value was determined by using the fair value of the underlying assets (Bogar bonds which are traded in Buenos Aires Stock Exchange). Therefore, these are classified within level 1 of the valuation hierarchy.

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c) Derivatives Financial Instruments

Forward transactions traded in autoregulated markets are made through recognized exchange markets, such as MAE and ROFEX.

The general settlement method for these transactions does not require delivery of the traded underlying asset. Rather, settlement is carried on a daily basis for the difference, if any, between the closing price of the underlying asset and the closing price or value of the underlying asset corresponding to the previous day, the difference in price being charged to income. Therefore, they are classified in Level 2 of the fair-value hierarchy.

Forward transactions conducted directly with customers are recorded as the difference between the agreed foreign currency exchange rate and an average between such exchange rate at the end of the year according with the future prices published by ROFEX and MAE. Therefore, they are classified in Level 2 of the fair-value hierarchy.

Liabilities

d) Derivatives Financial Instruments

Forward transactions traded in autoregulated markets are made through recognized exchange markets, such as MAE and ROFEX.

The general settlement method for these transactions does not require delivery of the traded underlying asset. Rather, settlement is carried on a daily basis for the difference, if any, between the closing price of the underlying asset and the closing price or value of the underlying asset corresponding to the previous day, the difference in price being charged to income. Therefore, they are classified in Level 21 of the fair-value hierarchy.

Forward transactions conducted directly with customers are recorded as the difference between the agreed foreign currency exchange rate and an average between such exchange rate at the end of the year according with the future prices published by ROFEX and MAE. Therefore, they are classified in Level 2 of the fair-value hierarchy.

Items measured at fair value on a recurring basis

The following table presents the financial instruments carried at fair value as of December 31, 2017 and 2016, for US GAAP purposes by ASC 820-10 valuation hierarchy (as described above).

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Balances as of December 31, 2017	**Total fair value**	**Quoted market prices in active markets (Level 1)**	**Internal models with significant observable market parameters (Level 2)**	**Internal models with significant unobservable market parameters (Level 3)**
ASSETS				
a) Government securities and other investments				
a.1) Holdings recorded at fair value				
Government Securities recorded at Fair Value	Ps. 11,325,258	11,160,043		165,215
a.2) Securities issued by Argentine Central Bank	Ps. 18,350,743	18,350,743		
b) Securitizations				
b.1) Galtrust I (*)	Ps. 140,652	140,652		
b.2) Other Investments (**)	Ps. 21,958			21,958
c) Derivatives financial instruments	Ps. 525,349		525,349	
TOTAL ASSETS AT FAIR VALUE	Ps. 30,363,960	29,651,438	525,349	187,173
LIABILITIES				
d) Derivatives financial instruments	Ps. (573,218)		(573,218)	
TOTAL LIABILITIES AT FAIR VALUE	Ps. (573,218)		(573,218)	

(*) The Ps.140,652 corresponds to the fair value of the Bogar Bonds recorded as an asset in Galtrust I.
(**) This amount is related to the fair value of participation certificates of Saturno Trust.

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Balances as of December 31, 2016		**Total fair value**	**Quoted market prices in active markets (Level 1)**	**Internal models with significant observable market parameters (Level 2)**	**Internal models with significant unobservable market parameters (Level 3)**
ASSETS					
a) Government securities and other investments					
a.1) Holdings recorded at fair value					
Government Securities recorded at Fair Value	Ps.	7,751,763	6,368,225	1,070,472	313,066
a.2) Securities issued by Argentine Central Bank	Ps.	8,543,984	8,543,984		
b) Securitizations		540,858	540,858		
b.1) Galtrust I (*)	Ps.				
b.2) Other Investments (**)	Ps.	25,288			25,288
c) Derivatives financial instruments	Ps.	111,287		111,287	
TOTAL ASSETS AT FAIR VALUE	Ps.	16,973,180	15,453,067	1,181,759	338,354
LIABILITIES					
d) Derivatives financial instruments	Ps.	(141,013)		(141,013)	
TOTAL LIABILITIES AT FAIR VALUE	Ps.	(141,013)		(141,013)	

(*) The Ps. 540,858 corresponds to the fair value of the Bogar Bonds recorded as an asset in Galtrust I.
(**) This amount is related to the fair value of participation certificates of Saturno Trust.

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Changes in level 3 fair value measurements

The table below includes a roll forward of the balance sheet amounts as of December 31, 2017, 2016 and 2015 (including the change in fair value) for financial instruments classified by the Group within Level 3 of the valuation hierarchy. When a determination is made to classify a financial instrument within Level 3 of the valuation hierarchy, the determination is based upon the significance of the unobservable factors to the overall fair value measurement.

	Other investments	Securities issued by Argentine Central Bank and government securities	Total Fair Value Measurements
Fair value, December 31, 2015	**Ps. 21,869**	**Ps. 1,342,704**	**Ps. 1,364,573**
Included in earnings	3,419		3,419
Purchases		313,066	313,066
Settlements		(1,342,704)	(1,342,704)
Fair value, December 31, 2016	**Ps. 25,288**	**Ps. 313,066**	**Ps. 338,354**
Included in earnings	(3,330)		(3,330)
Purchases		165,215	165,215
Settlements		(313,066)	(313,066)
Fair value, December 31, 2017	**Ps. 21,958**	**165,215**	**Ps. 187,173**

The table below summarizes gains and losses due to changes in fair value, recorded in earnings for level 3 assets and liabilities during the period:

Balances as of December 31,	**Total Fair Value Measurements 2017**	**2016**	**2015**
Classification of gains and losses included in earnings :			
Financial Income	(3,330)	3,419	3,711

Total	(3,330)	3,419	3,711

The Group records transfers between levels assuming the transfer occurs at the end of the period. The Group did not transfer any assets or liabilities between Levels 1 and 2 of the fair value hierarchy during 2017 and 2016.

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In addition, the Group is required, on a nonrecurring basis, to adjust the carrying value of certain assets or provide valuation allowances related to certain assets using fair value measurements in accordance with GAAP. Loans are generally not recorded at fair value on a recurring basis. Periodically, the Group records nonrecurring adjustments for including certain impairment amounts for impaired loans calculated in accordance with ASC 310-10 when establishing the allowance for loan losses. Estimates of fair value used for impaired loans generally are based on assumptions not observable in the marketplace and therefore such valuations have been classified as Level 3. The valuation technique used to obtain the fair value was an income approach using discounted cash flows based on the contracted maturity of the loans. The discount rates are based on the current market rates corresponding to the applicable maturity. No changes in the valuation technique took place during the year. Loans subject to nonrecurring fair value measurement were Ps.251,068 and Ps.114,587 as of December 31, 2017 and 2016 classified as Level 3.

q. CFA Discontinued Operations

The board of directors of the Bank, approved the sale of a major business line, which consists of one component under ASC 205-20-20, during the last quarter of 2016. The business line to be sold represents one of the Group s five reportable segments CFA Personal Loans . The Bank announced the disposal plan to investors on January 12, 2017, however the decision was made prior to that date. The component represents a strategic shift that will have a major effect on the Group operations and financial results, as such, the component is classified as discontinued operation in accordance with the criteria in ASC 205-20-45-1C. Based on the held-for-sale criteria in ASC 360-10-45-9, the component was classified as held-for-sale at December 31, 2016 and December 31, 2017 and measured at the lower of its carrying amount and fair value less cost to sell. On December 4, 2017, through Resolution No. 414, the Argentine Central Bank authorized such transaction. As of December 31, 2017, the Group measured CFA at its carrying amount at the time of classification as held for sale which was lower than its fair value less cost to sell.

On January 12, 2017, Grupo Financiero Galicia S.A. accepted an offer made by Mr. Julio Alfredo Fraomeni and Galeno Capital S.A.U. to buy its whole non-controlling interest in Compañía Financiera Argentina S.A. On December 4, 2017, through Resolution No. 414, the Argentine Central Bank authorized such transaction. The sale of shares took place on February 2, 2018. As of March 26, 2018, the price was agreed on Ps.1,047,277. Under US GAAP purposes, the result of the sale generated a profit which amounted to Ps.178,671.

Additional disclosures required by ASC 205-20-45-10 and 205-20-50-5B:

	December 31,		
	2017	**2016**	**2015**
CFA Personal Loans Discontinued Operations:			
Cash	Ps. 328,120	Ps. 395,513	Ps. 346,791

Government and corporate securities	696,236	16,776	46,219
Loans	6,732,844	4,697,314	2,714,379
Others	689,934	711,463	658,951
Total assets	8,447,134	5,821,066	3,766,340
Deposits	2,700,931	1,412,974	616,525
Other liabilities resulting from financial brokerage	4,141,877	2,900,235	1,554,174
Others	485,555	389,251	335,160
Total liabilities	7,328,363	4,702,460	2,505,859

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Financial Income	Ps. 3,462,383	Ps. 2,268,786	Ps. 1,855,358
Financial Expenditures	1,320,259	800,285	599,905
Provision for Loan Losses	602,093	358,764	227,771
Administrative Expenses	1,579,197	1,232,194	930,407
Others	473,776	482,151	290,713
Net income from operations of discontinued Component CFA before Income tax	434,610	359,694	387,988
Income Tax	157,445	180,363	168,041
Net income on Discontinued Operations	277,165	179,331	219,947
Eliminations with the parent company and its subsidiaries	(277,165)	133,618	21,370
Net income after eliminations on Discontinued Operations (*)		312,949	241,317

(*) As of December 31, 2017 the investment in CFA was measured at its carrying amount as of December 31, 2016 (i.e. no impairment was recorded).

r. Segment Reporting

The Company is required to present segment information. Operating segments are defined as components of an enterprise about which separate financial information is available and which is regularly reviewed by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and assess performance. Reportable segments consist of one or more operating segments with similar economic characteristics, distribution systems and regulatory environments. The information provided for Segment Reporting is based on internal reports used by the CODM.

As of December 31, 2017, 2016 and 2015, CFA Personal Loans , one of the Group s five reportable segments, is classified as Discontinued Operations in accordance with the criteria in ASC 205-20-45-1C.

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In Pesos Thousands	Banking	Regional Credit Cards	Insurance	Other Grupo Galicia Businesses	Adjustments	Consolidated Total
Year ended December 31, 2017						
Gross Brokerage Margin	15,916,147	5,917,426	326,779	159,148	688,103	23,007,603
Net Income from Services	7,616,394	6,745,270		776,540	(1,053,513)	14,084,691
Net Operating Revenue	**23,532,541**	**12,662,696**	**326,779**	**935,688**	**(365,410)**	**37,092,294**
Provisions for Loan Losses	2,032,978	2,017,613				4,050,591
Administrative Expenses	13,579,091	6,938,515	650,595	134,468	63,253	21,365,922
Net Operating Income	**7,920,472**	**3,706,568**	**(323,816)**	**801,220**	**(428,663)**	**11,675,781**
Net Income from Insurance Companies Activities			**1,025,216**		**1,030,954**	**2,056,170**
Income from Equity Investment						
Tarjetas Regionales SA	2,113,677				(2,113,677)	
Sudamericana Holding SA	56,584				(56,584)	
Others	501,971		2,072	22,516	(95,409)	431,150
Other Income (Loss)	(20,104)	679,088	(2,520)	14,741	(56,358)	614,847
Non-controlling interests		(338)	(4)		(625,863)	(626,205)
Pre-tax Income	**10,572,600**	**4,385,318**	**700,948**	**838,477**	**(2,345,600)**	**14,151,743**
Income tax	2,986,731	1,640,285	259,691	287,016	(5,470)	5,168,253
Discontinued Operations						
Net Income	**7,585,869**	**2,745,033**	**441,257**	**551,461**	**(2,340,130)**	**8,983,490**

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In Pesos Thousands	**Banking**	**Regional Credit Cards**	**Insurance**	**Other Grupo Galicia Businesses**	**Adjustments**	**Consolidated Total**
Year ended December 31, 2016						
Gross Brokerage Margin	10,759,108	4,018,519	351,038	60,050	(50,456)	15,138,259
Net Income from Services	6,007,803	5,266,563		429,633	(1,128,942)	10,575,057
Net Operating Revenue	**16,766,911**	**9,285,082**	**351,038**	**489,683**	**(1,179,398)**	**25,713,316**
Provisions for Loan Losses	1,530,865	1,660,879				3,191,744
Administrative Expenses	10,351,090	5,675,998	515,869	121,784	22,968	16,687,709
Net Operating Income	**4,884,956**	**1,948,205**	**(164,831)**	**367,899**	**(1,202,366)**	**5,833,863**
Net Income from Insurance Companies Activities			**1,272,562**		**1,095,956**	**2,368,518**
Income from Equity Investment						
Tarjetas Regionales SA	1,098,477				(1,098,477)	
Sudamericana Holding SA	89,553				(89,553)	
Others	156,894		3,215	9,658	(89,348)	80,419
Other Income (Loss)	419,222	626,487	(391)	1,618	(7,466)	1,039,470
Non-controlling interests		(320)	(2)		(402,846)	(403,168)
Pre-tax Income	**6,649,102**	**2,574,372**	**1,110,553**	**379,175**	**(1,794,100)**	**8,919,102**
Income tax	1,840,003	1,117,678	387,019	129,978	(279,555)	3,195,123
Discontinued Operations	344,678				(31,729)	312,949
Net Income	**5,153,777**	**1,456,694**	**723,534**	**249,197**	**(1,546,274)**	**6,036,928**

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In Pesos Thousands	Banking	Regional Credit Cards	Insurance	Other Grupo Galicia Businesses	Adjustments	Consolidated Total
Year ended December 31, 2015						
Gross Brokerage Margin	8,473,428	2,685,102	232,208	61,361	(26,242)	11,425,857
Net Income from Services	4,126,838	4,220,431		247,119	(981,017)	7,613,371
Net Operating Revenue	**12,600,266**	**6,905,533**	**232,208**	**308,480**	**(1,007,259)**	**19,039,228**
Provisions for Loan Losses	1,231,639	753,243				1,984,882
Administrative Expenses	7,587,453	4,167,964	378,867	77,310	9,047	12,220,641
Net Operating Income	**3,781,174**	**1,984,326**	**(146,659)**	**231,170**	**(1,016,305)**	**4,833,705**
Net Income from Insurance Companies Activities			775,460		960,460	1,735,920
Income from Equity Investment						
Tarjetas Regionales SA	1,178,836				(1,178,836)	
Sudamericana Holding SA	50,264				(50,264)	
Others	114,472		1,977	5,927	(71,812)	50,564
Other Income (Loss)	- 107,460	427,260	(1,000)	18,890	(13,712)	323,978
Non-controlling interests		452	(1)		(371,431)	(370,980)
Pre-tax Income	**5,017,286**	**2,412,038**	**629,777**	**255,987**	**(1,741,900)**	**6,573,187**
Income tax	1,338,804	862,295	221,226	86,790	(30,180)	2,478,935
Discontinued Operations	88,609				152,708	241,317
Net Income	**3,767,091**	**1,549,743**	**408,551**	**169,197**	**(1,559,013)**	**4,335,569**

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s. New authoritative pronouncements

During 2016 and 2017, the FASB has issued Accounting Standards Updates. Those updates applicable for the Group are mentioned below:

ASU 2014-09

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under US GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing US GAAP. Amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 and the Group plans to adopt this standard on the effective date. The Group has been assessing this ASU and the preliminary findings is that the new pronouncement will not have a significant impact on the consolidated financial statements as the majority of our business transactions will not be subject to this pronouncement.

ASU 2015-17

In November 2015, the FASB issued the Accounting Standards Update No. 2015-17 Balance Sheet Classification of Deferred Taxes . The Board is issuing this Update as part of its initiative to reduce complexity in accounting standards (the Simplification Initiative). The amendments in this Update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this Update apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this Update.

For public business entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods.

The Group considers this ASU will not have any significant effect in the US GAAP disclosures and financial information.

ASU 2016-01

In January 2016, the FASB issued the Accounting Standards Update No. 2016-01 Recognition and Measurement of Financial Assets and Financial Liabilities . The amendments in this Update make targeted improvements to generally accepted accounting principles (GAAP) as follows: i) Require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; ii) simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; iii) eliminate the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; and iv) require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; among other changes.

For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years.

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The Group considers this ASU will not have any significant effect in the US GAAP disclosures and financial information.

ASU 2016-02

Accounting Standard Update 2016-02 Leases (Topic 842) was issued in February 2016. The FASB is issuing this Update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. To meet that objective, the FASB is amending the FASB Accounting Standards Codification® and creating Topic 842, Leases. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP.

For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years.

The Group considers this ASU will not have any significant effect in the US GAAP disclosures and financial information.

ASU 2016-13

In June 2016, the FASB issued Accounting Standard Update 2016-13 Financial instruments Credit losses (Topic 326): Measurement of credit losses on financial instruments. This new accounting guidance will require the earlier recognition of credit losses on loans and other financial instruments based on an expected loss model, replacing the incurred loss model that is currently in use. Under the new guidance, an entity will measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The expected loss model will apply to loans and leases, unfunded ending commitments, held-to-maturity (HTM) debt securities and other debt instruments measured at amortized cost. The impairment model for AFS debt securities will require the recognition of credit losses through a valuation allowance when fair value is less than amortized cost, regardless of whether the impairment is considered to be other-than-temporary. The new guidance is effective on January 1, 2020, with early adoption permitted on January 1, 2019. The Group is in the process of identifying and implementing required changes to loan loss estimation models and processes and evaluating the impact of this new accounting guidance, which at the date of adoption is expected to increase the allowance for credit losses with a resulting negative adjustment to retained earnings.

ASU 2016-15 and ASU 2016-18

In August 2016 and November 2016, the FASB issued Accounting Standard Update 2016-15 - Statement of cash flows (Topic 230): Classification of certain cash receipts and cash payments and Accounting Standard Update 2016-18 Statement of cash flows (Topic 230): Restricted cash that addresses classification of certain cash receipts and cash payments, including changes in restricted cash, in the statement of cash flows. This new accounting guidance will result in some changes in classification in the Consolidated Statement of Cash Flows, which the Group does not expect will be significant, and will not have any impact on its consolidated financial position or results of operations. The new guidance is effective on January 1, 2018, on a retrospective basis, with early adoption permitted.

ASU 2017-01

In January 2017, the FASB issued an ASU that clarifies the definition of a business, The new standard is intended to help companies and other organizations evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organized workforce. The Board noted that outputs are a key element of a business and included more stringent criteria for sets without outputs.

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Finally, the new guidance narrows the definition of the term outputs to be consistent with how it is described in Topic 606, Revenue from Contracts with Customers. Under the final definition, an output is the result of inputs and substantive processes that provide goods or services to customers, other revenue, or investment income, such as dividends and interest.

For public companies, the ASU is effective for annual periods beginning after December 15, 2017, including interim periods within those periods.

The Group considers this ASU will not have any significant effect in the US GAAP disclosures and financial information.

ASU 2017-04

In January 2017, the FASB issued the Accounting Standards Update No. 2017-04 Simplifying the Test for Goodwill Impairment . The amendments in this Update simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit s goodwill with the carrying amount of that goodwill. Instead, under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The amendments in this Update are required for public business entities and other entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill.

An entity should apply the amendments in this Update on a prospective basis. A public business entity that is an SEC filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.

The Group considers this ASU will not have any significant effect in the US GAAP disclosures and financial information.

ASU 2017-05

In February 2017, the FASB issued the Accounting Standards Update No. 2017-05 Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets . The amendments in this Update clarify that a financial asset is within the scope of Subtopic 610-20 if it meets the definition of an in substance nonfinancial asset and add guidance for partial sales of nonfinancial assets. An entity may elect to apply the amendments in this Update either: a) retrospectively to each period presented in the financial statements in accordance with the guidance on accounting changes in paragraphs 250-10-45-5 through 45-10 (retrospective approach); or b) retrospectively with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption (modified retrospective approach).

The amendments in this Update are effective at the same time as the amendments in Update 2014-09. Therefore, for public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period.

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The Group considers this ASU will not have any significant effect in the US GAAP disclosures and financial information.

ASU 2017-11

In July 2017, the FASB issued the Accounting Standard Update (ASU) that simplifies the accounting for certain financial instruments with down round features a provision in an equity-linked financial instrument (or embedded feature) that provides a downward adjustment of the current exercise price based on the price of future equity offerings. The amendment requires companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. Companies that provide earnings per share (EPS) data will adjust their basic EPS calculation for the effect of the feature when triggered (that is, when the exercise price of the related equity-linked financial instrument is adjusted downward because of the down round feature) and will also recognize the effect of the trigger within equity.

The amendments are effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018.

The Group considers this ASU will not have any significant effect in the US GAAP disclosures and financial information.

ASU 2017-12

In August 2017, the FASB issued an ASU that will improve and simplify accounting rules around hedge accounting. The new standard refines and expands hedge accounting for both financial (e.g., interest rate) and commodity risks. More hedging strategies will be eligible for hedge accounting. These include hedges of the benchmark rate component of the contractual coupon cash flows of fixed-rate assets or liabilities, hedges of the portion of a closed portfolio of prepayable assets not expected to prepay, and partial-term hedges of fixed-rate assets or liabilities (e.g., the first and second years of a five-year bond). Public business entities, public not-for-profit entities, and financial institutions will have until the end of the first quarter in which a hedge is designated to perform an initial assessment of a hedge s effectiveness. All other companies will have until their financial statements are available to be issued. After initial qualification, the new guidance permits a qualitative effectiveness assessment for certain hedges instead of a quantitative test, such as a regression analysis, if the company can reasonably support an expectation of high effectiveness throughout the term of the hedge. An initial quantitative test to establish that the hedge relationship is highly effective is still required. For cash flow hedges, if the hedge is highly effective, all changes in the fair value of the derivative hedging instrument will be recorded in other comprehensive income. They will be reclassified to earnings when the hedged item impacts earnings. On the other hand, for fair value hedges, because the change in fair value of the hedged item and the derivative hedging instrument will still be recorded in current earnings, if the hedge is not perfectly effective, there will be an Income Statement impact.

The ASU is effective for public companies in 2019 and private companies in 2020. Early adoption is permitted.

The Group considers this ASU will not have any significant effect in the US GAAP disclosures and financial information.

ASU 2017-13

The ASU adds SEC paragraphs to the new revenue and leases sections of the Accounting Standards Codification (ASC or Codification) on the announcement the SEC Observer made at the 20 July 2017 EITF meeting. The SEC Observer said that the SEC staff would not object if entities that are considered public business entities only because their financial statements or financial information is required to be included in another entity s SEC filing

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use the effective dates for private companies when they adopt ASC 606, Revenue from Contracts with Customers, and ASC 842, Leases. This would include entities whose financial statements are included in another entity s SEC filing because they are significant acquirees under Rule 3-05 of Regulation S-X, significant equity method investees under Rule 3-09 of Regulation S-X and equity method investees whose summarized financial information is included in a registrant s financial statement notes under Rule 4-08(g) of Regulation S-X.

The ASU also supersedes certain SEC paragraphs in the Codification related to previous SEC staff announcements and moves other paragraphs, upon adoption of ASC 606 or ASC 842.

ASU 2017-14

The FASB issued Accounting Standards Update (ASU) 2017-14 to supersede, amend and add SEC paragraphs to the Codification to reflect the August 2017 issuance of SEC Staff Accounting Bulletin (SAB) 116 and SEC Release No. 33-10403. The SEC staff issued SAB 116 to align its revenue guidance with Accounting Standards Codification (ASC) 606. The SEC release says vaccine manufacturers should recognize revenue and provide the disclosures required by ASC 606 when the enumerated vaccines are placed into federal government stockpile programs. Prior to adopting ASC 606, registrants should continue to refer to prior Commission and staff guidance on revenue recognition topics.

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t. Consolidated net income

	December 31,		
	2017	**2016**	**2015**
Net income as stated	Ps. 8,329,469	Ps. 6,017,877	Ps. 4,338,397
Loan origination fees and costs (Note 34 b.)	(97,360)	13,536	(28,113)
Intangible assets:			
Goodwill recognition and amortization (Note 34 c.)	5,642	9,674	9,674
Negative goodwill (Note 34 c.)			(49,562)
Software cost (Note 34 c.)	82,409	(213,908)	(206,387)
Equity investments in other companies (Note 34 j.)	210,046		
Loan Impaiment Private sector (Note 34 d.e)	552,309	(17,195)	1,587
Securitizations (Note 34 g.)	293,375	192,614	110,222
Government Securities (Note 34 e.)	(21,873)	(14,163)	23,922
Amortization of real estate properties and foreclosed assets previously impaired under US GAAP (Note 34 i.)	1,395	1,395	1,395
Recognition for the fair value of obligations assumed under financial guarantees issued (Note 34 k.)	(1,191)	826	(191)
Foreign Debt restructuring (Note 34 m.)		69,216	(13,401)
Deferred Income tax (Note 34 a.)	(370,731)	(22,944)	154,448
Non-controlling interest (Note 34 l.)	626,205	403,168	364,558
Net income in accordance with US GAAP	Ps. 9,609,695	Ps. 6,440,096	Ps. 4,706,549
Less Net (Income) attributable to the Non-controlling Interest (Note 34 l.)	(626,205)	(403,168)	(370,980)
Net Income attributable to Parent Company in accordance with US GAAP	Ps. 8,983,490	Ps. 6,036,928	Ps. 4,335,569
Average number of basic shares outstanding (in thousands) (Note 21)	1,332,617	1,300,265	1,300,265
Basic and diluted EPS	6.73	4.64	3.34

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u. Consolidated shareholders equity

	December 31, 2017	December 31, 2016
Shareholders equity as stated	Ps. 39,300,204	Ps. 20,352,698
Loan origination fees and costs (Note 34 b.)	(179,264)	(81,904)
Intangible assets:		
Goodwill recognition and amortization (Note 34 c.)	51,553	45,911
Software Cost (Note 34 c.)	(843,972)	(926,381)
Equity investments in other companies (Note 34 j.)	195,681	(14,365)
Extinguishment of non-controlling interest (Note 34 j.1)	(919,935)	
Loan Impairment Private sector (Note 34 d.e.)	558,913	6,604
Government securities (Note 34 e.)	(224)	6,034
Securitizations (Note 34 g.)	48,769	37,912
Impairment of real estate properties and foreclosed assets (Note 34 i.)	(67,155)	(67,155)
Amortization of real estate properties and foreclosed assets previously impaired under US GAAP (Note 34 i.)	20,925	19,530
Deferred Income tax (Note 34 a.)	330,290	701,021
Recognition for the fair value of obligations assumed under financial guarantees issued (Note 34 k.)	(1,660)	(469)
Non-controlling interest (Note 34 l.)	1,935,139	1,462,189
Consolidated shareholders equity in accordance with US GAAP	Ps. 40,429,264	Ps. 21,541,625
Non-controlling Interest (Note 34 l./ 34 j.1)	(1,423,063)	(1,455,009)
Consolidated Parent Company Shareholders Equity in accordance with US GAAP	Ps. 39,006,201	Ps. 20,086,616

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Roll forward analysis of parent company shareholders equity under US GAAP at December 31, 2017, 2016 and 2015:

	Capital Stock	Paid in Capital	Adjustments to Shareholders Equity	Profit reserves Legal	Profit reserves Other	Other Comprehensive Income (loss)	(Accumulated deficit) / Retained Earnings	Consolidat Shareholde Equity (Parent Company
nce at ember 31,	Ps. 1,300,265	Ps. 186,842	Ps. 294,254	Ps. 291,248	Ps. 4,819,394	Ps. 563,244	Ps. 2,787,934	Ps. 10,243,1
ribution of ned ngs:								
orption oved by the eholders ing on l 29, 2015								
l Reserve				24,432			(24,432)	
retionary rve					3,213,358		(3,213,358)	
Dividends							(100,000)	(100,0
ealized gain able-for-sale rities, net of						(95,924)		(95,9
ncome in rdance with GAAP							4,335,569	4,335,5
	Ps. 1,300,265	Ps. 186,842	Ps. 294,254	Ps. 315,680	Ps. 8,032,752	Ps. 467,320	Ps. 3,785,713	Ps. 14,382,8

nce at ember 31,								
ribution of ned ngs:								
orption oved by the eholders ing on l 26, 2016								
l Reserve								
retionary rve					4,188,397		(4,188,397)	
Dividends							(150,000)	(150,(
ealized gain able-for-sale rities, net of						(183,138)		(183,1
ncome in rdance with GAAP							6,036,928	6,036,9
nce at ember 31,	Ps. 1,300,265	Ps. 186,842	Ps. 294,254	Ps. 315,680	Ps. 12,221,149	Ps. 284,182	Ps. 5,484,244	Ps. 20,086,6
ribution of ned ngs:								
orption oved by the eholders ing on l 24, 2017								
l Reserve								
retionary rve					5,777,877		(5,777,877)	
Dividends							(240,000)	(240,(
ealized gain able-for-sale rities, net of						(266,903)		(266,9
tal ease(*) (**)	126,500	10,731,537						10,858,(
nguishment		(415,039)						(415,(
controlling								

est								
Income in rdance with GAAP							8,983,490	8,983,4
nce at ember 31,	Ps. 1,426,765	Ps. 10,503,340	Ps. 294,254	Ps. 315,680	Ps. 17,999,026	17,279	8,449,857	39,006,2

(*) *Approved by the Ordinary Shareholders Meeting held on August 15, 2017.*

(**) *Additional paid-in capital, net of issuance-related expenses.*

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v. Comprehensive income

Reporting Comprehensive Income ASC 220, establishes standards for reporting and the display of comprehensive income and its components (revenues, expenses, gains and losses) in the financial statements. Comprehensive income is the total of net income and all transactions, and other events and circumstances from non-owner sources.

Under Argentine Banking GAAP the Group has consolidated transactions and balances of CFA as of December 31, 2017, but has eliminated net income for the fiscal year of CFA from the consolidated net income. Under US GAAP CFA is considered a discontinued operation in accordance with ASC 205-20-45-1-C (see item p above), so net income from CFA is shown under Net Income from operations of discontinued component CFA-Personal Loans in the Comprehensive Income below.

The following disclosure presents the Comprehensive Income according to ASC 220, for the fiscal years ended December 31, 2017, 2016 and 2015:

		December 31,	
	2017	2016	2015
Income Statement			
Financial Income	Ps. 42,190,938	Ps. 34,548,635	Ps. 24,252,116
Financial Expenditures	19,183,335	19,410,376	12,826,259
Gross Brokerage Margin	23,007,603	15,138,259	11,425,857
Provision for Loan Losses	4,050,591	3,191,744	1,984,882
Income from Services	20,618,593	15,595,439	11,173,746
Expenditures from Services	6,533,902	5,020,382	3,560,375
Administrative Expenses	21,365,922	16,687,709	12,220,641
Net Income from Financial Brokerage	11,675,781	5,833,863	4,833,705
Income from Insurance activities	2,056,170	2,368,518	1,735,920
Miscellaneous Income	1,915,313	1,564,444	953,089
Miscellaneous Losses	869,316	444,556	578,547
Net Income from continuing operations before Income tax	14,777,948	9,322,269	6,944,167
Income Tax	5,168,253	3,195,122	2,478,935
Net income from continuing operations	9,609,695	6,127,147	4,465,232
Discontinued Operations:			
Net Income from operations of discontinued component CFA-Personal Loans before income tax		493,312	409,358

Income tax		180,363	168,041
Net income from discontinued operations		312,949	241,317
Net income under US GAAP	9,609,695	6,440,096	4,706,549
Less Net (Income) attributable to the Non-controlling Interest	(626,205)	(403,168)	(370,980)
Net Income attributable to Parent Company	8,983,490	6,036,928	4,335,569
Net income under US GAAP	9,609,695	6,440,096	4,706,549
Other comprehensive income / (loss)	(266,903)	(183,138)	(95,924)
Comprehensive income	9,342,792	6,256,958	4,610,625

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Net Income attributable to parent Company	8,983,490	6,036,928	4,335,569
Other comprehensive income / (loss) attributable to parent Company	(266,903)	(183,138)	(95,924)
Comprehensive income attributable to parent Company	8,716,587	5,853,790	4,239,645
Net income under US GAAP per common share basic and diluted			
Continuing operations	6.73	4.40	3.15
Discontinued operations		0.24	0.19
Net income per share	6.73	4.64	3.34

Accumulated non-owner changes in equity (accumulated other comprehensive income) as of December 31, 2017, 2016 and 2015 were as follows:

		December 31,	
	2017	2016	2015
Galtrust I	1,664	284,182	467,320
SH Government Securities available for sale	15,615		
Accumulated other comprehensive income	Ps.17,279	Ps.284,182	Ps.467,320
Less, accumulated other comprehensive income attributable to the Non-controlling interest			
Net accumulated other comprehensive income attributable to Parent Company	Ps.17,279	Ps.284,182	Ps.467,320

There were no available for sale securities with a continuous loss position of 12 months or more. There are no unrealized losses on investments as of December 31, 2017 and 2016.

Additional disclosures required by ASU No. 2013-02 are presented in the table below:

	Galtrust I	Sudamericana Holding Government Securities -	Total

		available for sale	
Beginning Balance	284,182		284,182
Reclassification from Other Comprehensive Income of the year to Net Income	(282,518)	15,615	(266,903)
Ending balance	1,664	15,615	17,279

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OCI components	Amount reclassified from accumulated other comprehensive income	Affected Line Item in the Statement where Net income is presented
Galtrust I	(282,518)	Financial Income
SH Government Securities - available for sale	15,615	Financial Income
Total	(266,903)	

w. Consolidated cash flows

ASC 230 Statement of Cash Flows provides guidance for the reporting of cash flows within Operating, Investing and Financing categories. For US GAAP purposes the Company considers as cash equivalents all highly liquid investments with original maturities of three months or less, including cash and cash equivalents corresponding to financial trusts consolidated in accordance with Note 34.G.

	For the year ended December 31,		
	2017	**2016**	**2015**
Cash	56,326,418	60,770,737	30,487,872
Cash equivalents	29,991,031	12,316,928	12,487,393
Cash and cash equivalents as shown in the statement of cash flows under Argentine Banking GAAP	**Ps. 86,317,449**	**Ps. 73,087,665**	**Ps. 42,975,265**
Cash and cash equivalents corresponding to financial trusts			
Cash and Cash equivalents corresponding to Discontinued operations	332,778	409,288	406,334
Cash and cash equivalents as shown in the statement of cash flows under Argentine Banking GAAP without discontinued operations	85,984,671	72,678,377	45,568,931
Reverse Repo Transactions with the Argentine Central Bank	9,654,517		
	Ps. 76,330,154	**Ps. 72,678,377**	**Ps. 42,568,931**

Cash and cash equivalents in the Statement of Cash Flows under US GAAP

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The following table presents the reconciliation of the condensed consolidated statements of cash flows under Argentine Banking GAAP and US GAAP:

	For the year ended December 31, 2017	2016	2015
Reconciliation of cash flows under Argentine Banking GAAP and US GAAP			
Cash flow (used in) / provided by operating activities under Argentine Banking GAAP	**Ps. (884,195)**	**Ps. 25,013,196**	**Ps. 15,624,973**
Discontinued Operations	**(372,099)**	**(359,745)**	**145,851**
Net Cash flow (used in) / provided by operating activities under Argentine Banking GAAP without Discontinued Operations	**(512,096)**	**25,372,941**	**15,479,122**
Loans, available for sale securities, deposits at the Argentine Central Bank and organization and development expenses reclassified to investing activities	62,125,791	40,452,316	32,587,978
Deposits and repo transactions reclassified to financing activities	(43,286,055)	(48,231,890)	(30,198,276)
Reverse Repo Transactions with the Argentine Central Bank	(9,654,517)		
Interest paid on debt	(4,291,292)	(2,873,065)	(1,676,158)
Financial trust consolidated under US GAAP	45,426	47,844	5,763
Cash flow provided by operating activities under US GAAP	**Ps. 4,427,257**	**Ps. 14,768,146**	**Ps. 16,198,429**
Operations Discontinued	**1,430,131**	**218,306**	**441,835**
Net cash flow provided by operating activities under US GAAP	**5,857,388**	**14,986,452**	**16,640,264**
	Ps. (1,747,513)	**Ps. (1,479,131)**	**Ps. (1,122,861)**

Cash flow (used in) investing activities under Argentine Banking GAAP			
Discontinued Operations	**(37,608)**	**(21,322)**	**(20,997)**
Net Cash flow (used in) investing activities under Argentine Banking GAAP without Discontinued Operations	**(1,709,905)**	**(1,457,809)**	**(1,101,864)**
Net increase in Loans, available for sale securities, deposits at the Argentine Central Bank and organization and development expenses	(62,125,791)	(40,452,316)	(32,587,978)
Financial trust consolidated under US GAAP corresponding to loans and securities	249	(6,579)	121,700
Capital increase (direct costs)	146,346		
Net cash flow (used in) investing activities under US GAAP	**Ps. (63,689,101)**	**Ps. (41,916,704)**	**Ps. (33,568,142)**
Discontinued Operations	**(781,606)**	**72,342**	**(1,019,640)**

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Cash flow (used in) inveting activities under US GAAP	(64,470,707)	(41,844,362)	(34,587,782)
Cash flow provided by / (used in) financing activities under Argentine Banking GAAP	**Ps. 10,712,644**	**Ps. 2,663,970**	**Ps. (1,529,186)**
Discontinued Operations	**333,197**	**384,019**	**(111,899)**
Net cash flow provided by / (used in) financing activities under Argentine Banking GAAP without Discontinued Operations	**Ps. 10,379,447**	**Ps. 2,279,951**	**Ps. (1,417,287)**
Deposits and repo transactions	43,240,380	48,190,625	30,165,040
Interest paid on debt reclassified to operating activities	4,291,292	2,873,065	1,676,158
Capital increase (direct costs)	(146,346)		
Financial trust consolidated under US GAAP corresponding to debt			(97,778)
Cash flow provided by financing activities under US GAAP	**Ps. 57,764,773**	**Ps. 53,343,641**	**Ps. 30,326,133**
Discontinued Operations	**(725,035)**	**(287,696)**	**590,760**
Net cash flow provided by financing activities under US GAAP	57,039,738	53,055,945	30,916,893
Effect of exchange rate changes on cash and cash equivalents	**Ps. 5,148,848**	**Ps. 3,914,365**	**Ps. 6,948,324**
Cash and cash equivalents at the beginning of the year under US GAAP	72,678,377	42,568,931	22,664,186
Cash and cash equivalents at the end of the year under US GAAP	76,330,154	72,678,377	42,568,931
Net increase in cash and cash equivalents under US GAAP	**Ps. 3,651,777**	**Ps. 30,109,446**	**Ps. 19,904,745**

Additionally, as required by ASC 230-10-45-26, some cash flow lines must be reported gross. The following table presents the gross inflows and outflows for the years ended December 31, 2017, 2016 and 2015:

	December 31,		
	2017	**2016**	**2015**
CASH FLOW FROM FINANCING ACTIVITIES:			
SUBORDINATED AND UNSUBORDINATED NEGOTIABLE OBLIGATION			
Collections	Ps. 11,446,255	Ps. 8,812,246	Ps. 3,049,708
Payments	Ps. (11,999,806)	Ps. (8,912,084)	Ps. (4,611,318)
BANK AND INTERNATIONAL ENTITIES			
Collections	Ps. 2,192,390	Ps. 499,726	Ps. 93,435
Payments	Ps. (22,320)	Ps. (22,611)	Ps. (16,463)
CASH FLOW FROM INVESTING ACTIVITIES:			
MISCELLANEOUS ASSETS AND BANK PREMISES AND EQUIPMENT			
Collections	Ps. 1,777,029	Ps. 206,103	Ps. 139,721
Payments	Ps. (3,261,340)	Ps. (1,685,234)	Ps. (1,272,627)

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Notes to the Consolidated Financial Statements

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x. Concentration of risk Total exposure to the public sector - Argentine government and provinces

The Group has significant exposure to the Argentine national government and provinces in the form of government securities net positions, secured loans and other debt obligations. As of December 31, 2017 and 2016, the Group had the following bonds and loans outstanding:

	December 31, 2017		December 31, 2016	
	Argentine Banking GAAP	US GAAP	Argentine Banking GAAP	US GAAP
Argentine national government loans	Ps. 5,483	Ps. 5,483	Ps. 14,253	Ps. 14,253
Other Argentine public-sector receivables	37,184	37,184	44,009	44,009
Galtrust I (securitization of Provincial Loans)	66,205	110,376	471,350	507,334
Securities issued by the Argentine Central Bank	19,439,850	19,439,850	11,239,571	11,233,987
Other (1)	9,845,871	9,845,647	5,550,677	5,562,295
Total	Ps. 29,394,593	Ps. 29,438,540	Ps. 17,319,860	Ps. 17,361,878

(1) Includes bonds and other national government bonds.

y. Risks and Uncertainties

Government Securities

As of December 31, 2017, the Group s exposure to the Argentine public sector represented approximately 8,62% of the total Group s assets. Although the Group s exposure to the Argentine public sector consists of performing assets, the realization of the Group s assets, its income and cash flow generation capacity and future financial condition is dependent on the Argentine government ability to comply with its payment obligations.

Argentine Banking GAAP states that, the total exposure of financial institutions to the non-financial public sector must not exceed 35% of their total assets.

As of December 31, 2017 and 2016, the Group was in compliance with the general limit of 35% imposed by the Argentine Central Bank.

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(Expressed in thousands of Argentine pesos (Ps.) and thousands of U.S. Dollars (US$))

Inflation

The high rate of economic growth in recent years, which has been fueled by Argentina s full utilization of its installed productive capacity, along with expansive fiscal and monetary policies, has caused a high level of inflation in Argentina since 2007. According to INDEC data, the CPI grew 10.9% in 2013, 23.9% in 2014, 26.9% in 2015, 41.1% in 2016 and 24.8% in 2017; and the WPI increased 14.7% in 2013, 28.3% in 2014, 12.7% in 2015, 34.6% in 2016 and 18.8% in 2017. In the past, inflation has materially undermined the Argentine economy and the government s ability to generate conditions that fostered economic growth. In addition, high inflation or a high level of volatility with respect to the same may materially and adversely affect the business volume of the financial system and prevent the growth of intermediation activity levels. This result, in turn, could adversely affect the level of economic activity and employment.

A high inflation rate also affects Argentina s competitiveness abroad, real salaries, employment, consumption and interest rates. A high level of uncertainty with regard to these economic variables, and a general lack of stability in terms of inflation, could lead to shortened contractual terms and affect the ability to plan and make decisions. This may have a negative impact on economic activity and on the income of consumers and their purchasing power, all of which could materially and adversely affect Grupo Galicia s financial position, results of operations and business.

z. Allowance for loan losses

Management believes that the current level of allowance for loan losses recorded for US GAAP purposes are sufficient to cover incurred losses of the Group s loan portfolio as of December 31, 2017. Many factors can affect the Group s estimates of allowance for loan losses, including expected cash flows, volatility of default probability, migrations and estimated loss severity. The process of determining the level of the allowance for credit losses requires a high degree of judgment. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions.

US GAAP estimates

Valuation reserves, impairment charges and estimates of market values on assets, as established by the Group for US GAAP purposes are subject to significant assumptions of future cash flows and interest rates for discounting such cash flows. Losses on retained interests in securitization trusts could be significantly affected by higher discount rates. Should the discount rates change in future years, the carrying amounts and charges to income and shareholders´ equity will also change. In addition, as estimates of future cash flows change, the carrying amounts which are dependent on such cash flows could be affected as well. It is possible that changes to the carrying amounts of loans, investments and other assets will be adjusted in the near term in amounts that are material to the Group´s financial position and results of income.

35. Parent only Financial Statements

The following are the unconsolidated balance sheets of Grupo Financiero Galicia S.A. as of December 31, 2017 and 2016 and the related unconsolidated statements of income, and cash flows for the fiscal years ended December 31, 2017, 2016 and 2015.

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Notes to the Consolidated Financial Statements

For the fiscal years ended December 31, 2017, 2016 and 2015

(Expressed in thousands of Argentine pesos (Ps.) and thousands of U.S. Dollars (US$))

Balance sheet (Parent Company only)

	December 31, 2017		December 31, 2016	
ASSETS				
A. Cash and due from Banks				
Cash	Ps.	19	Ps.	20
Financial institutions and correspondents		345		300
	Ps.	364	Ps.	320
B. Government and corporate securities				
Securities issued by the Argentine Central Bank		1,565,669		138,547
	Ps.	1,565,669		138,547
C. Other receivables resulting from financial brokerage				
Balances from forward transactions without delivery of principal		11,638		
Other receivables not included in the debtor classification Regulations		74,367		18,854
Other receivables included in the debtor classification Regulations		23,038		5,578
	Ps.	109,043	Ps.	24,432
D. Equity investments				
In financial institutions		36,278,022		19,411,422
Other		1,363,498		1,133,269
	Ps.	37,641,520	Ps.	20,544,691
E. Miscellaneous receivables				
Other		13,576		192,334
Allowances		(9,973)		(153,042)
	Ps.	3,603	Ps.	39,292
F. Bank premises and equipment		1,827		
G. Intangible assets				
Goodwill				5,642
	Ps.		Ps.	5,642

Total Assets	Ps. 39,322,026	Ps. 20,752,924

	December 31,	
	2017	**2016**
LIABILITIES AND SHAREHOLDERS EQUITY		
H. Other liabilities resulting from financial brokerage		
Unsubordinated negotiable obligations	Ps.	Ps. 348,045
Accrued interest and quotation differences payable		15,911
		363,956
I. Miscellaneous liabilities		
Other	21,822	36,270
	21,822	36,270
Total Liabilities	Ps. 21,822	Ps. 400,226
SHAREHOLDERS EQUITY	Ps. 39,300,204	Ps. 20,352,698
Total Liabilities and Shareholders Equity	Ps. 39,322,026	Ps. 20,752,924

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Grupo Financiero Galicia S.A. and Subsidiaries

Notes to the Consolidated Financial Statements

For the fiscal years ended December 31, 2017, 2016 and 2015

(Expressed in thousands of Argentine pesos (Ps.) and thousands of U.S. Dollars (US$))

Statement of Income (Parent Company only)

	December 31,		
	2017	**2016**	**2015**
A. Financial income			
Interest on loans granted to the financial sector			27
Interest on other receivables resulting from financial brokerage	52	22	
Net income from government and corporate securities	650,888	20,988	2,778
Net income from options	11,638		
Exchange rate differences on foreign currency	81,863	20,939	53,184
	Ps. 744,441	Ps. 41,949	Ps. 55,989
B. Financial expenses			
Interest on other liabilities resulting from financial brokerage	Ps. 45,163	Ps. 118,149	Ps. 116,276
Interests on other loans from financial institutions		464	
Other	532	1,262	995
	Ps. 45,695	Ps. 119,875	Ps. 117,271
C. Gross brokerage margin	698,746	(77,926)	(61,282)
D. Administrative expenses			
Personnel expenses	28,475	10,826	6,376
Directors and syndics fees	27,859	21,035	4,652
Other fees	14,753	10,859	7,289
Taxes	11,498	9,915	4,978
Other operating expenses	1,022	499	527
Other	4,146	3,650	2,136
	Ps. 87,753	Ps. 56,784	Ps. 25,958
Net Income from financial brokerage	Ps. 610,993	Ps. (134,710)	Ps. (87,240)
E. Miscellaneous income			
Net income from equity investments	7,730,962	6,154,769	4,437,228
Other	9,448	10,665	42
	Ps. 7,740,410	Ps. 6,165,434	Ps. 4,437,270

	2017	2016	2015
F. Miscellaneous losses			
Other	5,818	12,847	11,633
	Ps. 5,818	Ps. 12,847	Ps. 11,633
Net Income before tax	8,345,585	6,017,877	4,338,397
G. Income tax	Ps. 16,116	Ps.	Ps.
Net income for the fiscal year	Ps. 8,329,469	Ps. 6,017,877	Ps. 4,338,397

Statement of cash flows (Parent Company only)

	December 31,		
	2017	**2016**	**2015**
CHANGES IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year	163,299	22,912	10,188
Cash and cash equivalents at the end of the year	1,663,438	163,299	22,912
Net increase / (decrease) in cash and cash equivalents	Ps. **1,500,139**	Ps. **140,387**	Ps. **12,724**
Causes of changes in cash and cash equivalents			
Cash Flow from operating activities			
Collections for Service	4,943	3,258	
Payments to suppliers of goods and services	(191,249)	(37,686)	(17,860)
Personnel salaries and social security contributions	(30,431)	(8,040)	(4,908)
Payments of other taxes	(22,797)	(18,111)	(9,225)
Collections for Other Net Operating Activities	95,786	7,633	8,465
Net cash used in operating activities	Ps. **(143,748)**	Ps. **(52,946)**	Ps. **(23,528)**
Cash Flow from investing activities			
Collections for Sales of Fixed Assets		210	
Investments Collections		152,705	
Collection of Dividends	649,508	430,810	189,589
Contribution to Controlled Companies	(10,000,000)		

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Payments for Purchases of Fixed Assets	(2,247)		
Collections for Sale of Equity Investments	4,121		
Payments for Equity Investments	(907)		
Net cash provided by investing activities	Ps. **(9,349,525)**	Ps. **583,725**	Ps. **189,589**
Cash Flow from financing activities			
Payments of Interest, Net	571,153	(100,237)	(99,177)
Collection of Loans Received, Net			45,840
Financing Payment		(140,155)	
Capital Increase	11,004,383		
Payments of Principal on Notes	(342,124)		
Distribution of Dividends	(240,000)	(150,000)	(100,000)
Cash Flow used in financing activities	Ps. **10,993,412**	Ps. **(390,392)**	Ps. **(153,337)**
Net increase / (decrease) in cash and cash equivalents	Ps. **1,500,139**	Ps. **140,387**	Ps. **12,724**

The accompanying condensed financial statements have been prepared in accordance with Argentine Banking GAAP. Certain information and footnote disclosures normally included in financial statements prepared in accordance with Argentine Banking GAAP have been condensed or omitted. The Company s majority-owned subsidiaries are recorded using the equity method of accounting. The footnotes disclosures contain supplemental information relating to the operations of Grupo Galicia; as such, these financial statements should be read in conjunction with the notes to the consolidated financial statements of the Company.

Regarding the Statement of cash flows, Cash and cash equivalents include cash and due from banks and investments and receivables held with the purpose of complying with the short-term commitments undertaken, with a high level of liquidity, easily converted into known amounts of cash, subject to insignificant risks of changes in value and with a maturity less than three months from the date of the acquisition thereof. The breakdown is as follows:

	December 31,		
	2017	**2016**	**2015**
Cash and Due from Banks	364	320	799
Investments	1,663,074	162,979	22,113
Cash and Cash Equivalents	**1,663,438**	**163,299**	**22,912**

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