



Banco Nación

Corporate Governance Code

Version 2015





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1. GENERAL CONCEPTS

1.1. SCOPE

This Corporate Governance Code defines the structure, composition and responsibility of the governing bodies of Banco de la Nación Argentina (hereinafter BNA) and refers to the development of its activities in order to achieve the purposes set forth in its Charter, in accordance with good governance practices and transparency in management, embracing a best practice policy in the Corporate Governance management with the Controlled Companies.

1.2. CORPORATE GOVERNANCE CODE

This Code was approved by BNA through a resolution of its Board of Directors establishing the corporate governance guidelines and policies provided for under Com. "A" 5201 and supplementary communications of Banco Central de la República Argentina (hereinafter BCRA) on "Guidelines for the Corporate Governance in Financial Institutions".

It is a set of rules that govern the several activities and businesses performed by BNA and the operation of its governing bodies, pursuant to the Bank Charter and the legal rules in force applicable to the financial sector. This code is not intended to govern all specific aspects and situations that may arise in the course of the Bank's transactions and businesses. Notwithstanding the foregoing, the applicable rules shall be adapted and construed to cover any unforeseen situations in accordance with the principles and guidelines set forth herein.

1.2.1. LEGAL SYSTEM

BNA is a State-owned autarchic entity created by Law N^o. 2841 passed by the National Congress on Oct/16/1891. Its Charter in effect was enacted through Law N^o. 21799 "Charter of Banco de la Nación Argentina", dated May/18/1978, published in the Official Gazette on Jun/16/1978 and partially amended through Law N^o. 22602 (OG Jun/08/1982), as further amended.

Pursuant to its legal nature it has budgetary and administrative autonomy; it is governed by the provisions under Law N^o. 21526 "Law on Financial Institutions", its Charter and other related legal rules, acting in coordination with the economic and financial policies established by the National Government. The general rules issued for the organization and operation of the National Public Administration, particularly the acts which may result in restrictions on the legal capacity or powers granted by reason of its specific regime shall not be applicable to the Bank (Charter Art. 1^o).

The Bank's transactions are guaranteed by the Argentine Republic (Charter Art. 2^o) and its registered office is that of its Head Office, located at Bartolomé Mitre 326 in the City of Buenos Aires (Charter Art. 7^o).

1.2.2. HISTORY

In 1891 the creation "of a big National Bank that would include in its line the entire Republic" was promoted, "with the double purpose of attending to present demands and the future economic development" and it should have "all the guarantees of a good administration"; such was the proposal of President Carlos Pellegrini in his speech to the National Congress when submitting the bill for the creation of the Bank. On October 16, Law N^o. 2841 was enacted and on October 26, 1891 the first Board of Directors of Banco de la Nación Argentina was established; "I have faith in its destiny", the Argentine President stated in his speech when putting the Board of Directors in operation.

BNA was created during Carlos Pellegrini presidency, its Board of Directors being established on Oct/26/1891, as a means of overcoming a devastating financial crisis affecting particularly the then-existing banking system.

According to its law of creation, BNA could perform all the transactions and was entitled to all the rights and prerogatives that had been granted to its predecessor, Banco Nacional. In a few years it included in its line the entire territory of the country, becoming the largest commercial bank in Argentina, actively participating in the main events of the economic life of the country, strongly contributing to the assistance of the rural sector and to the worldwide recognition of the Argentine Republic in the agribusiness sector.

Another priority of BNA was providing assistance to small and medium enterprises, as well as guaranteeing the access to the several services with a universal standard, reaching all sectors of the population and providing services all over the country.

Along with such commitments and in line with the innovations occurring in the last decades in banking operations, the institution has diversified its business lines to enter new market segments, especially non-traditional areas, incorporating new practices more related thereto.

Sensitive to changes occurring in the economic relations among nations, BNA extends its activities abroad and after opening branches in Latin America, it participates in the leading international financial centers (North America, Europe and Asia).

1.2.3. PURPOSE

Art. 3° of the Charter describes as the main purpose of BNA the provision of financial assistance to micro, small and medium enterprises, whatever the business activity in which they are engaged. In such respect BNA shall:

- Provide support to agriculture and livestock production, promoting an efficient development;
- Facilitate the establishment and settlement of the rural producer and, subject to the priorities of credit lines available, his right to own land;
- Finance the efficient transformation of agriculture and livestock production and its commercialization through all its stages;
- Promote and support foreign trade and, particularly, encourage the exports of Argentine goods, services and technology, performing each and every act aimed at attaining the growth of such trade;
- Attend to the needs of commerce, industry, mining, tourism, services and other economic activities;
- Promote a balanced regional development, taking into account the spirit of Article 75 of the National Constitution;
- Grant credits for the acquisition, building or repair of housing;
- Participate in the creation and administration of trusts and in the remaining transactions authorized by Law N°. 21526 on Financial Institutions.

In addition, it acts in coordination with the economic and financial policies established by the National Government and, in such sense, it receives government deposits and makes payments for and on behalf of the Republic. BNA complements its business by participating in other companies' share capital: trusts, factoring, stock-exchange, mutual funds and related services in the financial activity, also providing insurance services in compliance with Law N°. 20091 "Insurers and their control" as amended, submitting to its supervisory body.

1.2.4. INSTITUTIONAL PURPOSES

BNA has always acted in the Financial System as a market benchmark, by focusing on the support to micro, small and medium enterprises carrying out agricultural, livestock, industrial, commercial, service and technological as well as foreign trade activities, particularly encouraging the export of goods, services and technology.

It makes available to companies producing goods and services credits for investment and working capital, also granting financing and guarantees to the foreign trade activity, and assisting individuals, through personal and mortgage loans for housing and interrelated products.

It contributes to a balanced regional development by providing the productive activities of every region of the country with its financial products and services.

BNA develops its international activity, both commercial and financial, sustained on a network of operational branches and representative offices abroad which, adapting themselves to the demands of each market they participate in, constitute an essential instrument in the development of international and foreign trade businesses. This structure satisfies a series of basic objectives such as supporting the Bank business profile, improving and incorporating products that meet the demand of international banking and financial services from our customers; improving relationships and activities with correspondent banks that enable the doing of business; facilitating and promoting a higher growth in the Bank's activity as an instrument for the development of foreign trade, by supporting and advising customers in their international business, backing their presence in fairs and expositions overseas, especially Small and Medium Enterprises (SMEs).

1.3. BOARD OF DIRECTORS

The Board of Directors of BNA consists of a President, a Vice President and ten Directors; all of them are native Argentine citizens, by option or naturalized, having exercised their citizenship for a minimum period of ten years (Charter Art. 9°). The President, Vice President and Directors are appointed by the National Executive Branch and remain four years in office, with the possibility of being reappointed (Charter Art. 10°).

The President of the Board of Directors is the legal representative of the Institution. He shall observe the fulfillment of the provisions of this Charter and other regulatory and legal provisions, the execution of which pertains to the Bank. The President is authorized to act in, and resolve all those matters not expressly reserved to the decision of the Board of Directors (Charter Art. 14°).

The Board of Directors establishes the rules for the economic and financial performance of the Bank, decides on transactions with the customers and resolves the cases not specified in such rules (Charter Art.15°).

1.4. TOP MANAGEMENT

The management of the Bank is in charge of the General Manager assisted by a Managerial Committee composed of the Deputy General Managers and the Responsible officers of other Operational Units, which report directly to the General Management.

The Board of Directors appoints the General Manager, the Deputy General Managers and the Departmental Managers proposed by the President. They are the immediate advisors of the President, Vice President and Directors and, in such capacity, they attend the meetings of the Board of Directors, where applicable. The General Manager is responsible for the enforcement of the rules, regulations and resolutions adopted by the Board of Directors, and may issue any internal regulations necessary to that end (Charter Arts. 15°, 19° and 20°).

1.5. GENERAL PROVISIONS

The relationship between the Bank and the National Executive Branch is kept through the Ministry of Economy, except for the simple proceedings, in which case, the Bank deals directly with the corresponding public entities (Charter Art. 26°).

The Bank, as an Entity of the National State, submits exclusively to the jurisdiction of the Federal Courts. When the Bank is plaintiff in a trial, the jurisdiction of the Federal Courts shall be concurrent with that of the Ordinary Courts of the Provinces, and the jurisdiction of the Federal National Courts in Civil and Commercial matters of the Federal Capital shall be concurrent with that of the National Ordinary Courts. The Bank is empowered to refrain from filing a jurisdictional defense when acting in foreign countries, performing commercial transactions as a person under private law (Charter Art. 27°).

When the Bank acts in foreign countries as a person under private law, the provisions of the Law on Financial Institutions as well as other regulations issued consequently shall not be applicable thereto (Charter Art. 32°).

1.5.1. SUPERVISION

BNA, pursuant to Law N°. 24156 of “Financial Administration and Control Systems of the National Public Sector” is audited by Auditoría General de la Nación (the General Audit of the Nation) (hereinafter AGN), as an external control body of the National Public Sector, which reports to the National Congress.

The observance by the Bank of the provisions of the Charter, and of other applicable laws, decrees, resolutions and provisions is supervised by a Statutory Auditor appointed by the National Executive Branch.

The Statutory Auditor who shall exercise the control of legality and accounting system shall be a lawyer, a university graduate in economy or a certified public accountant, and shall fulfill the other conditions required for Directors. He shall hold office for two years, and may be reappointed (Charter Art. 21°).

It is a duty of the Statutory Auditor to inform the Board of Directors and the National Executive Branch through the Ministry of Economy of the operational performance of the Institution.

In exercising his duties he shall assume the responsibilities set forth by the National laws for the performance of this position (Charter Art. 22°).

1.5.2. INSTITUTIONAL VALUES

Integrity, commitment to customers and the community, respect, honesty, aptitude and reliance are deep-rooted values in the culture of our Institution and guiding its actions, and we are constantly working to disseminate them in the society. The ethical, quality and security vision accompanying our daily work strengthen the history and image of the Bank, thus maintaining our prestige through more than 100 years of active presence in the life of our country.

Among other values:

- BNA offers its customers several service channels for inquiries, product requests, suggestions, claims and/or complaints, which are served by a skilled team.

- BNA data bases are registered with the National Database Registry, being the first commercial public bank to comply with Law N°. 25326 (“habeas data”), Sect. 21°, (Personal Data Protection), thus securing customers the control and good use of their personal data, and compelling BNA to adopt any technical and organizational measures necessary to guarantee the security, confidentiality and integrity in the management of family, postal, tax and personal data.
- In its website www.bna.com.ar, BNA informs the guidelines and recommendations regarding the compliance with investor protection rules in relation to the public offering of securities, shares, mutual funds, etc.
- BNA does not provide services to offshore banks (banks that are not allowed, as incorporated in their banking license, to advance transactions with citizens of their home country or in the local currency of their home country), Internet banks (banks operating only through the Internet, having no physical offices) and shell banks (banks incorporated in a jurisdiction in which they have no physical presence, or which are unaffiliated with a financial group).

2. BOARD OF DIRECTORS

2.1. DUTIES

Pursuant to Art. 15° of its Charter, the Board of Directors shall:

- Establish the rules for the economic and financial management of the Bank, decide on transactions with the customers and resolve the cases not specified in such rules.
- Determine the characteristics and conditions of the Bank transactions and fix the interest rates, discounts, commissions and terms therefor.
- Prepare and approve the annual budget, its readjustments and the plan of action of the Bank, submitting them to the Ministry of Economy for acknowledgment (Subsection repealed by Art. 41 of Law N°. 22602 of General Budget for Fiscal Year 1982).
- Establish the regime of recruitments, subsidies and donations to be followed by the Bank.
- Establish the functional organization of the Bank and issue the internal rules, as well as the administrative and accounting regulations.
- Open and close branches, agencies, offices, and any other kind of representative offices in the country and abroad according to the provisions of Art. 8° of the Charter. It shall settle correspondent offices and appoint correspondents.
- Issue statutes, rules and working and operating conditions of branches abroad, and the salary policy of their Argentine or foreign personnel, for which the legislation, the banking characteristics and the custom and practice of each country shall be taken into consideration.
- Establish the plan of acquisition and sale, under any system of ownership, of the premises necessary for real estate transactions or for the management of the Bank, as well as for their building or repair, assigning them fully or partially to its usage and disposing of the unused portion.
- Establish the system of acquisition, repair, upkeep and sale of any property guaranteeing the Bank’s credits.
- Establish for each fiscal year the amortization, write-offs, provisions, and allowances and fix the amounts to be assigned in order to increase the capital, and for such other purposes as set forth under Art. 5° of the Charter.
- Approve the annual balance sheet of the Bank, profit and loss account and the annual report, all of which shall be submitted to the National Executive Branch for acknowledgment and publishing.
- Appoint the General Manager and the Deputy General Managers of the Bank, proposed by the President.
- Discharge from services or exonerate officers and employees of the Bank. It shall issue the statute of the Bank staff, ruling their admission, permanence, salary, promotion, social and welfare services, training, disciplinary system, leave, incompatibilities and removal.
- Appoint the Directors, Statutory Auditors, Trustees or Auditors in the companies or syndicates it takes part in.
- Evaluate annually whether the Corporate Governance Code in force is suitable for its profile, complexity and importance, recording such evaluation in minutes.

- Enable the acknowledgement of the relevant risks undertaken by the Controlled Companies and the implementation of a Corporate Governance Policy that meets BNA standards in each of such Companies.

The above-mentioned duties are merely illustrative and do not prevent the performance of any other act inherent in the aims of the Institution and the better fulfillment of its purposes.

BCRA has decided that the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) be followed in the preparation of the Financial Statements of the entities covered by the Law on Financial Institutions corresponding to fiscal years as from 01/01/2018 and for the interim periods pertaining thereto, pursuant to the scope defined in the Argentine Professional Accounting Standards.

In accordance with the guidelines issued by the Controlling Body through Comm. "A" 5541 and 5635, all members of the Board shall be responsible for compliance with the Implementation Plan aimed at the observance of the International Standards.

The Directors that make up the Audit Committee shall be the primary responsible for the compliance with the terms and measures established in the Implementation Plan approved.

2.2. STRATEGIC PURPOSES AND ORGANIZATIONAL VALUES

The strategic purposes of BNA are those established in its purpose (Charter Art. 3°), with the characteristics stated in the "Institutional Purposes" and "Institutional Values" sections hereof.

In view of the foregoing, BNA plans its management on a yearly basis through the approval by the Board of Directors of a properly detailed Action Plan divided in subperiods, which is specifically in line with the Business Plan and the projected economic and financial performance, also including estimates of material and human resources, projects and products needed to achieve the purposes set by the Institution.

Said planning tools are generated with different views, including those of business units abroad and Controlled Companies.

The control of such purposes is performed on a regular basis according to the characteristics of the assessed instrument.

Such process is communicated to the different levels of the organization, establishing priorities, specific responsibilities and project execution terms, in order to achieve the pursued purposes in a coordinated and systematic way.

2.3. RESPONSIBILITIES

The Board of Directors collectively acts and resolves all issues in accordance with the regulations governing the financial sector, the Charter provisions, the internal rules and regulations, according to the specific needs of the banking business.

2.3.1. BOARD COMMISSIONS

All Board of Directors decisions should be adopted in plenary meetings, with the participation, for a better work organization, of several Commissions that analyze together with the heads of the various areas of the functional structure, those issues to be addressed by the top management of the Institution.

The commissions assume the responsibilities of a Committee when required by BCRA regulations.

Those Commissions are composed of at least three Directors acting as President, Vice President and Member, except as specifically provided for by the operating rules of each of such Commissions. Their meetings are held with the participation of officers from the different areas in accordance with the duties of each Commission. They meet on a weekly basis, except in justified cases and/or as specifically provided for by the operating rules of each of them.

Commissions are as follows: Commercial Banking and Individual Banking, International Banking; Risk and Collection Management; Human Resources; Committee for Control and Prevention of Money Laundering, Financing of Terrorism and Other Illegal Activities; General Audit, Legal Affairs and Operations; Finance; Marketing and Press and Public Relations; Planning and Management Control; Systems and Organization; Administration and Governance, Risk and Compliance.

3. TOP MANAGEMENT

The General Manager and the Deputy General Managers shall be Argentine citizens, either native or by option or naturalized, having exercised their citizenship for a minimum period of ten years, shall be persons of well-known

competence in economics and banking, shall not be included in the provisions of incapacity mentioned in Art. 13° of the Charter, and shall not have any other remunerated job, except for teaching activities.

3.1. RESPONSIBILITIES

Top Management members shall have the skill and experience needed in the financial activity to manage the business under their supervision, as well as the proper control of personnel in such areas, according to the responsibility for their corresponding duties and functions.

When conducting their duties, in their specific fields of competence, they are responsible of ensuring the achievement of the strategic purposes and institutional values, by managing the commercial, operational, administrative, and control issues in connection with the policies established by the Board of Directors and enforcing the internal regulations and those of the corresponding controlling bodies.

4. COMMITTEES

4.1. AUDIT COMMITTEE

BNA has a Committee of the Board of Directors called “General Audit, Legal Affairs and Operations Committee”, which is established within the “Audit Committee”, in compliance with the Minimal Internal Control Standards for Financial Institutions issued by BCRA.

The operation of the Committee is established in the “Internal Regulations” approved by the Audit Committee, (last review on September 09, 2014). It has the responsibilities and duties established by the Central Bank of the Republic of Argentina in its Minimal Internal Control Standards.

PURPOSE

The Audit Committee is intended to be an integral part of the Internal Control of the Financial Institution, by analyzing the Internal Audit observations and conducting a follow-up of the implementation of recommendations made regarding the modification and improvement of the Institution procedures. It coordinates the internal and external control duties interacting in the financial institution (Internal Audit, External Audit, Superintendence of Financial and Exchange Entities, Sindicatura General de la Nación (the National Comptroller’s Office) Auditoría General de la Nación (the General Audit of the Nation), risk rating agencies, foreign controlling bodies, etc.). It cooperates with the Institution’s Board of Directors in the fulfillment of its obligation to supervise the financial information process; the internal control system; the Internal Audit process and activity, and compliance with the laws and regulations in force (for all jurisdictions).

COMPOSITION

The Bank President, by virtue of his or her powers, decides on the composition of the Audit Committee, as well as any subsequent amendments thereto.

The Committee is composed of at least:

- Two (2) Directors (*)
- Auditor General (CAE – Chief Audit Executive)

(*) One of the Directors is appointed President of the Committee and the other, Vice President.

Directors shall hold such positions for a period of at least two (2) years, or for the duration of the original term, should it expire earlier, and a maximum of three (3) years. One of the Directors may remain in office for an unlimited period. At the time of being so appointed, it shall be considered that the time they remain in office shall not be concurrent with that of the other Directors, so that the Committee is always composed of a director with experience in the matter.

The General Manager and Officers of the General Audit and/or other areas shall attend the meetings, as provided by the Committee, when it is considered necessary according to the nature of the issues to be addressed.

RESPONSIBILITIES AND DUTIES

The Audit Committee, as organized in the Institution, together with the Internal Audit and the General Management, reasonably assures the addressing of the main issues detected by the Bank’s Internal and External Audit and the

Controlling Bodies, while encouraging the implementation of the recommendations made, timely and properly reporting to the Board of Directors of the Institution on the progress made, cooperating with the creation of a proper control environment.

The Audit Committee has the responsibilities and duties established by the BCRA in its Minimum Internal Control Standards for Financial Institutions, as well as in the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA – USA).

Pursuant to the provisions established by BCRA in the Minimum Internal Control Standards for Financial Institutions, Audit Committee members are, in comparison with the other members of the Board of Directors, primarily liable for any possible breach of the internal control rules, resulting in the imposition of penalties – pursuant to Sections 41 and 42 of the Law on Financial Institutions.

PERIODICITY

The Audit Committee shall meet, if possible, on a weekly basis. Such periodicity may be modified by the Bank President, providing for at least one meeting per month.

DEVELOPMENT

The Committee is composed of at least one Director and the Auditor General.

Minutes briefly describing the items addressed and the resolutions adopted are prepared for each meeting held. A signed copy of the minutes of each meeting of the Committee is submitted to the Secretary of the Board of Directors in order to be included on the next meeting agenda, for acknowledgement by the Board of Directors.

According to the nature of the issues addressed, those requiring approval or acknowledgement by the Board of Directors of the Bank are submitted thereto through the relevant Resolution signed by the Auditor General, the President of the Committee and all attendant members of the Board of Directors.

4.2. OTHER COMMITTEES

4.2.1. COMMITTEE FOR THE CONTROL AND PREVENTION OF MONEY LAUNDERING, FINANCING OF TERRORISM AND OTHER ILLEGAL ACTIVITIES (CCP)

PURPOSE

The Committee for the Control and Prevention of Money Laundering, Financing of Terrorism and other Illegal Activities (formerly, the Committee for Control and Prevention, hereinafter, the CCP) assists the Compliance Officer in designing and implementing the strategy for control and prevention of money laundering, financing of terrorism and other illegal activities, in accordance with legal and administrative rules in force, in order to minimize criminal, civil, commercial or any other type of liability, both of the Institution and its officers, following the guidelines, principles and policies designed and implemented by the Bank's Top Management.

The Management of the Anti-Money Laundering Unit (hereinafter, the AMLU), following the instructions of the Compliance Officer, presents CCP the issues to be discussed and subsequently submitted to the Board of Directors.

COMPOSITION

The Committee is composed of at least:

- Three (3) Directors (*)

In CCP meetings participate:

- The General Manager
- The Deputy General Manager of Governance, Risk and Compliance
- The AMLU Manager

(*) The Board of Directors of BNA appoints the Members of the CCP acting as the President, Vice President and Member thereof.

The CCP may summon other Bank officers or employees to participate in the meetings when it is considered necessary

to discuss any issues related thereto.

RESPONSIBILITIES AND DUTIES

The CCP shall perform the duties established by BCRA and, among other things, shall:

- Get acquainted with the Plan of Action and Budget of the AMLU and, in the event of any comments regarding its nature, scope or timing, the Committee shall discuss them at the meetings;
- Analyze from time to time the above-mentioned plan and review the compliance therewith;
- Review the reports issued by the AMLU related to suspicious transactions to be submitted to competent authorities;
- Conduct the operational tasks necessary to comply with the regulations in force in this regard by drafting the policies provided from time to time.

PERIODICITY

The CCP shall hold meetings at least once a month. When necessary or urgent, the Compliance Officer, or whoever replaces him or her, may request that special meetings be held.

DEVELOPMENT

The AMLU, represented by the executive secretary of the Committee, prepares the agenda, including the Directors and Officers summoned and the issues to be discussed. Decisions adopted are communicated to the Board of Directors of the Institution during its plenary meeting, upon approval by the CCP of the Minutes of the meeting held.

4.2.2. INFORMATION TECHNOLOGY COMMITTEE (ITC)

PURPOSE

The Information Technology Committee (hereinafter, the ITC) assists the Board of Directors in designing and implementing the information technology and related security strategies, including in this latter case the development of the proper infrastructure, in order to minimize losses that may occur due to weaknesses in the Bank security systems, and criminal, civil, commercial or any other type of liability, both of the Institution and its officers. In every case, the guidelines, principles and policies designed and implemented by the Bank's Top Management are followed.

COMPOSITION

The Committee is composed of at least:

- Three (3) Directors (*)

In ITC meetings participate:

- The General Manager
- The Deputy General Manager of Systems and Organization
- The Heads of Information Security and IT Audit areas.

(*)The Board of Directors of BNA appoints the members of the ITC who will hold the positions of President, Vice President and Member thereof.

The ITC may summon other Deputy General Managements or Departmental Managements to participate in the meetings when considered necessary in order to address any issues related thereto.

RESPONSIBILITIES AND DUTIES

The ITC shall perform the duties established by BCRA and, among other things, shall:

- Oversee the correct operation of the Information Technology environment;
- Contribute to the improvement of the efficiency thereof;

- Get acquainted with the Information Technology and Systems Plan and, in the event of any comments regarding its nature, scope or timing, the Committee shall discuss them at the meetings;
- Analyze from time to time the above-mentioned plan and review the compliance therewith;
- Review the reports issued by the audits related to Information Technology and Systems environment, and supervise the execution, by the General Management, of corrective measures aimed at regularizing or minimizing any weaknesses noted.

PERIODICITY

The ITC meets on a monthly basis, except in justified cases and/or specific provision set forth in its internal regulations.

DEVELOPMENT

The Systems and Organization Management, represented by the executive secretary of the Committee, prepares the agenda, including the Directors and Officers summoned and the issues to be discussed.

According to the nature of the issues under consideration, those issues requiring approval or acknowledgement by the Board of Directors of the Bank are submitted thereto through the relevant Resolution.

A signed copy of the minutes of each meeting of the Committee is submitted to the Secretary of the Board of Directors in order to be included on the next meeting agenda, for acknowledgement by the Board of Directors.

4.2.3. INTEGRAL RISK MANAGEMENT COMMITTEE (IRMC)

BNA has a Committee of the Board of Directors called “Governance, Risk and Compliance Committee”, which is established within the “Integral Risk Management Committee”, in compliance with the Guidelines for Corporate Governance in Financial Institutions issued by BCRA.

PURPOSE

The Integral Risk Management Committee (hereinafter, the IRMC) is established for the purpose of making the decisions concerning the significant risks to which BNA is exposed, the latter being in charge of ensuring that risk management policies, practices and procedures are appropriate in terms of its risk profile and its business and action plans, and that such decisions are effectively implemented in compliance with BCRA provisions, for the development and implementation of best practices in this regard.

COMPOSITION

The Committee is composed of the following permanent members:

- At least three members of the Board of Directors of the Institution (among which the President, Vice President and Member are elected); one of the Directors shall be a member of the Audit Committee.
- The General Manager.
- The Deputy General Manager of Governance, Risk and Compliance.

The head of the Risk Management Unit attends all the IRMC meetings. The heads of business or support areas summoned to address specific issues participate in the meetings when considered necessary, according to the nature of the issues under consideration.

RESPONSIBILITIES AND DUTIES

The main responsibilities and duties are as follows:

- To propose the policies, strategies, processes and methodologies for the development of integral risk management, submitting them to the Board of Directors for approval.
- To promote the necessary actions to ensure the compliance with the regulations in force and the internal policies on risk issues.
- To supervise, on a regular basis, that the risk tolerance level and degree of exposure assumed by the Bank are within the limits set forth by the Board of Directors, by establishing the scope and periodicity of reports to be submitted thereto for discussion.

- To inform and advise the Board of Directors on integral risk management compliance, by periodically reporting the valuation results on the Bank's risk exposure and status as compared to the tolerance limits approved by the Board of Directors, submitting the relevant issues for approval.
- To promote any activities necessary to maintain, administer and develop systems of information, data mining and models for monitoring integral risk exposure and minimum financial resources in order to appropriately cover them.
- To encourage the implementation of corrective actions, in cases where deviations regarding the risk tolerance levels and the degree of exposure are observed, with participation of the responsible areas therefor and, if necessary, the Board of Directors.

PERIODICITY

The IRMC meets at least once a month. Additional meetings may be held when required under the circumstances.

DEVELOPMENT

The ordinary items comprising the meeting Agenda are prepared by the head of the "Risk Management" unit –who acts as the Committee Minutes Secretary–, with the items to be discussed, as well as those requested by the members of the Committee.

Pursuant to the nature of the items under consideration, those requiring approval or acknowledgement by the Board of Directors of the Bank are submitted thereto through the relevant Resolution.

A copy of the minutes is prepared for each meeting held, briefly describing the items discussed and resolutions adopted.

A signed copy of the minutes is submitted to the Secretary of the Board of Directors in order to be included on the next meeting agenda for acknowledgment by the Board of Directors.

5. INTERNAL AND EXTERNAL AUDITS. INTERNAL CONTROLS

INDEPENDENCE

The Board of Directors ensures that the officer responsible for performing the Internal Audit function in the Financial Institution is not the same officer –or part of the staff– performing the external audit function, so that independence and objectivity of both functions are not affected.

ACCESS TO INFORMATION

The Board of Directors, through the Audit Committee, ensures that both internal audit and external audit function have unrestricted access to all sectors and to all information of the Institution.

5.1. INTERNAL AND EXTERNAL AUDITS – INTERNAL CONTROLS

5.1.1. INTERNAL AUDIT

Internal Audit process at BNA is performed by the General Audit, and the duty thereof, pursuant to the Organizational Manual in effect, is to "Conduct the assessment and monitoring of internal control of the institution and its controlled companies".

The Institution has formally provided that Internal Audit shall be an independent and objective activity for assurance and consultation, designed to add value and improve the Bank's transactions. It helps the Institution fulfill its purposes by providing a systematic and disciplined approach in order to assess the effectiveness of risk management, control and governance processes.

In order to ensure the General Audit independence, it reports to the Board of Directors.

Its main purposes are: to promote the assessment of the businesses carried out within the environment of the Organization and its controlled companies, verifying the effectiveness and efficiency of their actions and transactions and the proper protection of the assets of the Institution and the controlled companies subject to review, assessing reliability, integrity, objectivity, usefulness and timing of the information; analyzing, in the process, the compliance with

the applicable laws and regulations and adherence to the policies and purposes established by the Board of Directors of the Institution and the Management of the controlled companies subject to review. Furthermore, BNA General Audit has issued the By-laws and the Code of Ethics, pursuant to The International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA) headquartered in the United States of America. This Code consists of a series of Relevant Principles and Rules of Conduct for the Internal Audit practice, describing the expected behavior from its members and the staff that provides support to the Internal Audit activity.

The Internal Audit activity follows the Annual Audit Plan, prepared in accordance with the provisions set forth in BCRA Minimum Internal Control Standards and taking account of SIGEN General Internal Control Standards (Resolution 172/14-SGN) and the Governance Internal Control Manual issued by such body (Resolution 03/2011-SGN). Moreover, SIGEN requirements set forth by Law 24156 “Financial Administration and Controlling Systems of the Public Sector” and Resolution 163/94-SGN providing for the obligation to submit the Annual Work Plan to such body for approval, are complied with.

In the course of its work, it performs an assessment of the Internal Control of companies wherein BNA has a majority interest, excluding insurance companies that have an Internal Audit Management reporting to its own Board of Directors and Audit Committee; this Management, however, is subject to an annual assessment regarding compliance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors headquartered in the United States of America. Such assessment is carried out by BNA General Audit, and findings thereof are submitted both to the Audit Committee of the Bank and to the relevant insurance companies.

In September 2011, BNA General Audit obtained the Quality Assessment certification for the internal audit activity, pursuant to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors headquartered in the United States of America, with the maximum rating for this kind of assessments (“Globally Compliant”). In December 2014, it obtained the Quality certification for the Internal Audit Unit Management – Reference IRAM N°. 13.

The main purpose of the assessment was to determine whether the activity undertaken by the Internal Audit of the Institution, either at the level of Head Office, Domestic or Overseas Branches, or BNA Group, is in compliance with the standards defined in the International Framework for Professional Practice of Internal Auditing, pursuant to the Standards issued by the Institute of Internal Auditors headquartered in the United States of America.

Because of this certification, BNA is positioned as the leading Financial Institution in Argentina and one of the few Financial Institutions in Latin America to obtain a quality certification for its Internal Audit.

5.1.2. EXTERNAL AUDIT

In compliance with the regulations provided in the “Minimum Standards for External Audits”, BNA carries out the hiring of well-known auditors in the market to review financial statements and other information required by the governing body.

External auditors, together with AGN, perform the review of the Bank financial statements. In order to preserve the auditor’s independence, BNA oversees the compliance with regulatory and ethical issues when hiring them, maintaining such criteria for the whole period they hold office. For this purpose, it ensures that the auditor does not engage services considered inconsistent by BCRA, or contrary to BNA concept of professional ethics.

Furthermore, an external audit is hired for each overseas Branch of BNA in accordance with the provisions set forth in the financial standards and regulations of each country.

5.2. INTERNAL CONTROLS

BNA acknowledges the concept of internal control defined in the “Minimal Internal Control Standards”, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of transactions;
- Reliability of accounting information;
- Compliance with applicable laws and regulations.

To that effect, and within the control framework proposed through the COSO report (Committee of Sponsoring Organizations of the Treadway Commission), BNA complies with the internal control aspects that are interrelated and inherent in the management of the Institution:

Internal control consists of five interrelated aspects, which are integrated with the management process:

Control Environment: The control environment determines the operating method of the institution, influencing the consciousness of its employees regarding control. It is the basis for all other internal control aspects, providing discipline and structure.

Control environment factors include integrity, ethical values and competence of the employees of the Institution; the management philosophy and the operational management style; the way in which management (in a broad sense) assigns authority and responsibilities, and organizes and professionally trains the employees, and the attention and guidelines provided by the Board of Directors.

Risk Assessment: Every institution faces a variety of risks from external and internal sources that should be assessed. A precondition to risk assessment is the establishment of objectives, connected at different levels and internally compatible. Risk assessment is the identification and analysis of significant risks for the achievement of objectives and it is useful for determining how risks should be managed. Due to the changing economic, financial, regulatory and operational conditions, mechanisms to identify and face the special risks related to such changes are required.

Control Activities: Control activities are the policies and procedures that help assure that management guidelines are followed. This involves assuring that necessary actions are taken to control the risks related to the achievement of the objectives of the institution. Control activities are performed throughout the Institution, at all levels and in every function. They include a broad range of activities, such as approvals, authorizations, verifications, settlements, profitability and operating performance reviews, safeguarding of assets and segregation of duties.

Information and Communication: Relevant information shall be timely and properly identified, captured and communicated allowing each employee to meet their responsibilities. Information systems produce reports, containing operational, financial and accounting information as well as data related to the compliance with rules that make it possible to properly conduct and control business. It also includes both internally-generated information and information on external issues and relevant activities and conditions necessary to make decisions and provide information to third parties. In a broader sense, effective and efficient communication must flow throughout the Institution. All personnel should receive from Management a clear message that control responsibilities should be taken seriously. Employees should understand their role in the internal control system and how their individual activities are related to the work of the rest of the personnel.

Monitoring (Supervision): The internal control system shall be monitored. Monitoring is a process that assesses the quality of the system's performance (proper operation) over time. This is accomplished through ongoing monitoring activities, independent periodic assessments, or a combination of both. The ongoing monitoring is performed in the course of operations. It includes both regular managerial and supervisory activities as well as other activities conducted by the employees in exercising their duties.

6. ECONOMIC INCENTIVES TO EMPLOYEES POLICY

As a means of encouraging the achievement of business objectives, BNA implements an Encouragement and Motivation Program for the Branch Network, Regional Management and Head Office, linked to the annual Business Plan, for all personnel of the Institution – except for those outsourced employees of the Security area, the Counsels to the President and/or the Board of Directors and Argentine personnel based overseas; in line with the quantified objectives established in the annual Business Plan. This program is adapted and perfected on an ongoing basis, in accordance with experience acquired, in order to achieve the best results for the Institution. Such program applies the same criteria in measuring the different business units, making no distinctions as regards areas or employees.

It is settled on a quarterly and deferred basis, and subject to achieving the cumulative variation objectives, as quarterly set for each Branch, Regional Management and Head Office, according to the percentages established on an annual -11Head Office. The resulting ratio applies to the total remuneration assigned to each employee as of the last day of the relevant quarter, taking also into consideration the performance shown and absences of the employee in each period.

The objectives for business variables addressed in the Program are as follows: 1) Evolution of Cumulative Quarterly Variation for Total Non-Financial Private Sector Loans Portfolio for Commercial Banking Portfolio; 2) Evolution of Cumulative Quarterly Variation for Total Individual Banking Loans Portfolio; 3) Evolution of Cumulative Quarterly Variation for Total Irregular Portfolio; 4) Evolution of Quarterly Cumulative Increase in Total Service Income; 5) Evolution of Cumulative Quarterly Variation for Non-Financial Private Sector Commercial Deposits; 6) Annual Cumulative Increase in Customer Product Ratio. Additional objectives include evolution of cumulative quarterly variation for Loan Portfolio of Productive Assistance lines for Micro, Small and Medium Enterprises (MSMEs), various quality indices, and the consecutiveness levels in the achievement of objectives.

In addition to the foregoing, this Institution implements an Attendance incentive program, with the purpose of

encouraging a more responsible and committed attitude by employees in such respect.

All these benefits are authorized by the Board of Directors.

7. OTHER ORGANIZATIONAL POLICIES

7.1. TRANSPARENCY POLICY

The Bank provides to the public in general and especially to its customers free access to its website www.bna.com.ar, which is updated on an ongoing basis. This website offers information both on the Institution and the products it offers to the public in general and to specific customers.

The Institution guarantees that the information provided through e-payment channels, access to which is authorized from the Bank's corporate website, complies with all information security, confidentiality and integrity regulations.

The publishing of accounting information by the Institution facilitates the transparency process. For this reason and through BCRA web site www.bcra.gov.ar, it is possible to consult financial indicators and details of the products offered, as well as other information related to BNA.

Fiduciary Activities: BNA, through Fiduciary Banking Area, reporting to the Deputy General Management of Finance, acts as Trustee Bank both in Public Trusts, created through the pertinent regulation by the State, whether at the national, provincial or municipal level as well as in the private sector.

Regarding the above-mentioned trust funds, the purposes and strategies thereof are established in their respective law of creation and derive from State decisions, which gives instructions to the Bank in its capacity as a trustee through the areas involved. Trust activities are subject to Internal Audit Unit control and to External Accounting Audits on trust balance sheets. The Institution acting as trustee, under the authorities granted, is in charge of the execution of the several trusts, the establishment of the trust property, the conducting of the transactions entrusted within the framework of the purpose of the trust contract entered into, the accounting records, the tax filings and settlement as well as the trust accounts reports.

In the private sector, the Bank administers security trusts originated in credit facilities granted, with the purpose of supporting the fulfillment of the secured obligations, assuring the collection of credits. It also acts as trustee in administration trusts in the private sector.

BNA has a legal, accounting and operating management system resulting in the administration of the different processes of the fiduciary activity and its control, fully in compliance with the contractual obligations.

Market Discipline – Minimum Disclosure Requirements: In compliance with BCRA regulations, BNA posts on its institutional website a direct access called “Market Discipline – Minimum Disclosure Requirements” containing information regarding its risk management and exposure, as well as on regulatory capital and adequacy of capital, all this for the purpose of allowing customers, investors and other market players to evaluate risk profile, risk management, exposure and the capital adequacy process.

7.2. “KNOW YOUR ORGANIZATIONAL STRUCTURE” POLICY

The Board of Directors considers that knowledge and understanding by all BNA members of the organizational structure of Head Office, Regional Managements, Branches, Service Office, Operating Annexes, Permanent Points of Promotion, Foreign Branches (Operative Branches, Representative Offices, Agencies and Subagencies), On-site Banking Facilities, Mobile Agencies and Temporary Customer Service Offices, and the internal regulations in force are essential for business development.

For such reason, its employees are duly informed –through ongoing updates– about the structure –including description of duties and functions–, procedures and regulations of each area. All internal regulations in force in this regard are published in the Bank's internal network, with free access for all employees of the Institution.

7.3. RISK MANAGEMENT POLICY

Based on international standards, BNA defines policies and procedures as well as it assigns resources and responsibilities involving the different units and hierarchical levels, with the purpose of continuously improving risk management, and it encourages the implementation of uniform criteria as regards its Controlled Companies.

Decision making concerning the significant risks to which it is exposed rests with the Integral Risk Management Committee established by Board of Directors' Resolution, this body of the Board of Directors being in charge of ensuring that risk management policies, practices and procedures are appropriate in terms of its risk profile and its business and action plans, and that such decisions are effectively implemented.

The Risk Management unit reporting to the Deputy General Management of Governance, Risk and Compliance is in charge of conducting integral risk management related activities (Credit, Concentration, Liquidity, Interest Rate, Market, Securitization, Operational, Reputational and Strategic risks) through the identification, assessment, follow-up, control and mitigation of significant risks, by using information and measurement systems and risk models consistent with the complexity extent and turnover of transactions reflecting such status and sensitive nature thereof in the most accurate way, ensuring compliance with the regulations in force and the continuing improvement of processes. The following units report thereto:

- The Operational Risk Management unit, which manages risk analysis activities under qualitative and quantitative models; risk classification and analysis in reportable assets; management of risk derived from subcontracted activities and risk management in new processes and products, by coordinating action with those in charge of managing risks inherent in the activities performed.

- The Financial and Market Risk Management Unit, which conducts activities related to the management of these risks, ensuring compliance with the regulations in force and continuous improvement in mitigating such risks. The main duties thereof are to coordinate the activities of qualitative and quantitative analysis of financial and market risk, creating projections, scenarios and stress tests, ensuring the design of models enabling to determine risk exposure and analyze results, coordinating action with the units in charge of managing these risks.

The activities related to processes for adequate risk management are in charge of the Top Management. In respect of specific areas managing and being involved in the process framework, it should be stated as follows:

- The Deputy General Management of Risk and Collections Management which, through the Credit Risk Unit, manages support to business units' activities, by planning and controlling commercial risks and customer evaluation, minimizing the Bank capital losses.

- The Finance Deputy General Management which, through the "Assets, Liabilities and Treasury Management" circuit, develops and implements BNA financial management, pursuant to the regulations established by the Board of Directors, managing the use of liquidity, the funds necessary for the regular performance of activities, the legal reserve and the intermediation margins. It covers the management of reserve, position and strategies for capture and placement of funds.

- The International Banking Management which, through International Risk Management Unit, coordinates and supervises the tasks and processes of integral risk management of BNA overseas branches in compliance with Head Office guidelines, acting also as a link to the Risk Management unit, promoting the exchange of best practices on the matter with all the Units reporting to the International Banking Area.

Particularly, as regards BNA overseas Branches, each office manages and controls its risks in accordance with the guidelines and policies established for such purposes by the Head Office. In addition, they have their own policies and formal procedures according to the mandatory regulations in force issued by the regulatory bodies of each country, in order to identify, measure, monitor, control, mitigate and disclose the risks they are exposed to. They have different organizational structures according to their commercial or financial nature, size of business and complexity of transactions for each location, ensuring an appropriate Risk Management. Such structures determine and define the following:

- Obligations, duties and responsibilities and Reporting levels;
- Interrelation among the areas involved in conducting transactions affecting the different risks they manage;
- The responsible persons for managing thereof;
- Information recording, and monitoring and control areas.

Finally, the General Audit structure is in compliance with the needs established by Regulatory Bodies and best professional practices in order to contribute to Integral Risk Management, in line with the guidelines established by the Governing Body, and the Risk Management and Ongoing Monitoring Audit Unit evaluates the processes related to risk management, promoting improvement thereof.

7.4. TRAINING

BNA encourages training and promotion for its officers, implementing management processes and tools that ensure the ongoing training and learning, by providing growth opportunities in line with the potential and capabilities of the staff.

Training activities performed by the Institute “Malvinas Argentinas” of the Planning, Development and Training Management are focused on the promotion of persons and the communication applied to each level of the Bank, which has resulted in the continuing improvement of internal processes and customer service quality.

All actions are intended to prepare the Bank staff to efficiently perform their role, as well as to develop those aspects improving the working environment and provide banking career opportunities.

Training programs are structured using a method that combines and covers such instruments as: On-site Training, including theory, practice and workshops; E-learning Programs and Internships in Regional Managements, Branches, and/or Head Office areas, as applicable.

Furthermore, in terms of the strategies defined by each BNA Unit, and in accordance with the Organization policy, the general guidelines for staff self-training on a semiannual basis shall be provided at three levels: Branch: topics to be addressed are determined according to the employee needs in relation to the function performed and the objectives of this business unit; Regional Management: they are defined according to the needs of the business units (Branch and Regional Management) in agreement with the core strategic guidelines of the Organization; and Head Office: they are provided for their areas based on strategic guidelines of the Bank, as a supplement to the training policy of the Bank.

7.5. PROFESSIONAL CONDUCT AND ETHICS STANDARDS

All Board of Directors resolutions inconsistent with the Bank’s legal regulations, financial institution regulations or Central Bank of the Republic of Argentina provisions, shall render its members jointly and severally liable, except for those members whose negative vote has been registered.

Furthermore, the Statutory Auditor and the General Management members shall be liable to the same extent, when they have not stated their opposition or disagreement in the minutes of the relevant meeting or through reports generated in the event they have not attended the meeting.

As a result of the business integrity principles and in compliance with the laws in effect, BNA requires the staff to follow the conduct and professional ethics standards as provided in the Personnel Regulations of the Bank, wherein the duties and rights, and the minimum guidelines for disciplinary actions and financial liability are listed, and in the Code of Ethics for Public Officials, containing the standards of conduct and performance to be followed by the employees of our Institution and members of the Board of Directors, as defined in Decree N^o. 41/99 by the Executive Branch.

7.6. CORPORATE SOCIAL RESPONSIBILITY

BNA, within the Corporate Social Responsibility framework, contributes to sustainable human development, through reliance in and commitment to its employees and their families, local community, society in general, and in furtherance of improving all the community quality of life and environment.

BNA encourages in its employees a feeling of belonging to and identification with the Institution, by establishing social benefits that contribute to the well-being of the employees and their family group, such as: Textbook Loan Program and Summer Camps for employees’ children, incentives for employees who wish to complete high school, retirement insurance, etc.

On the other hand, as BNA is convinced that quality of life of human resources adds value to the Institution, it has implemented as an additional benefit a credit line for personnel, inter alia the “Private Permanent Housing Loan” and “Personal Loan”. It has also established a specific Unit for recreation and sports for the purpose of promoting sports practices among personnel and their family. Furthermore, through the Medical and Social Assistance and Hygiene and Security Department, it has conducted fire prevention and first aid courses – the use of defibrillator, prevention of certain illnesses such as dengue, influenza A, etc.

Additionally, BNA employees benefit from a Preretirement Adaptation and Knowledge Transfer System in order to help them in the transition process from work to retirement at the beginning of a new stage and the adjustment to their new social role and to their family context.

In recognition of their work and track record, on each anniversary of the Bank, commemorative medals and/or keyholders are given to those employees who have been working for 25, 40 and 50 years in the Institution, as well as a diploma to those who have retired within the last twelve months.

BNA encourages University-Company relations by promoting development and growth.

- It executes collaboration agreements with Universities, creating a mutual interest relation.
- It supports university training since it means supporting future SMEs of the Country.
- It promotes entrepreneurial initiatives.

Furthermore, BNA encourages engagement in sports, supporting this type of activities throughout the Country, by promoting a healthy lifestyle, team work, solidarity, assumption of responsibilities and risks in order to achieve an objective.

It donates, either directly or through BNA Foundation, school books, furniture, computers, instrumental and other medical care elements, etc. Furthermore, it promotes actions for the common good among its employees, such as participating in solidarity sporting events. On the other hand, BNA continues deepening its awareness programs as regards saving environmental resources (paper, power, etc.).