

Conflicts of Interest

As a protection to minority shareholders, under the Corporations Law, a shareholder is required to abstain from voting on any resolution in which its direct or indirect interests conflict with that of or are different than ours. In the event such shareholder votes on such resolution, and such resolution would not have been approved without such shareholders' vote, the resolution may be declared void by a court and such shareholder may be liable for damages to the company as well as to any third party, including other shareholders.

Redemption or Repurchase

According to the Capital Markets Law, a stock corporation may acquire the shares issued by it, provided that the public offering and listing thereof has been authorized, subject to the following terms and conditions and those set forth by the CNV. The above-mentioned conditions are: (a) the shares to be acquired shall be fully paid up; (b) there shall be a resolution signed by the board of directors to such effect; (c) the acquisition shall be made out of net profits or free or voluntary reserves; and (d) the total amount of shares acquired by the company, including previously acquired shares, shall not exceed 10% of the capital stock or such lower percentage determined by the CNV. The shares acquired by the company in excess of such limit shall be disposed of within the term of 90 days after the date of the acquisition originating such excess.

The shares acquired by the company shall be disposed of by the company within the maximum term of three years counted as from the date of acquisition thereof. Upon disposing of the shares, the company shall make a preemptive offer thereof. Such an offer will not be obligatory if the shares are used in connection with a compensation plan or program for the company's employees or if the shares are distributed among all shareholders pro rata their shareholdings. If shareholders do not exercise, in whole or in part, their preemptive rights, the sale shall be made at a stock exchange.

Liquidation

Upon our liquidation, one or more liquidators may be appointed to wind up our affairs. If no such appointment is made, our Board of Directors will act as liquidator. All outstanding common shares will be entitled to participate equally in any distribution upon liquidation. In the event of liquidation, in Argentina and in any other country, our assets shall first be applied to satisfy our debts and liabilities.

Other Provisions

Our bylaws are governed by Argentine law and the ownership of any kind of our shares represents acceptance of our bylaws and submission to the exclusive jurisdiction of the ordinary commercial courts of Buenos Aires for any claim or dispute related to us, our shareholders, directors and members of the supervisory committee.

Exchange Controls

For a description of the exchange controls that would affect us or the holders of our securities, see Item 4. "Information on the Company-Government Regulation-Foreign Exchange Market".

Taxation

The following is a summary of the principal Argentine and U.S. federal income tax consequences arising from the acquisition, ownership and disposition of our class B shares and ADSs. The summary is based upon Argentine and U.S. federal tax laws, as well as the regulations in effect as of the date of this annual report. Further, such summary is subject to any subsequent changes in such laws and regulations that may come into effect after such date. Any change could apply retroactively and could affect the continued validity of this summary. The summary which follows does not constitute legal advice or a legal opinion with respect to the transactions that the

[Table of Contents](#)

holders of our class B shares or ADSs may enter into, but rather is only a brief description of certain (and not all) aspects of the Argentine and U.S. federal income tax systems as they relate to the acquisition, ownership and disposition of our class B shares and ADSs. In addition, although the following summary is believed to be a reasonable interpretation of the current taxation rules and regulations, Grupo Galicia cannot assure you that the applicable authorities or tribunals will agree with all of, or any of, the tax consequences outlined below. Currently, there is no tax treaty between the United States and Argentina.

Argentine Taxes

Law No. 26,893, enacted on September 12, 2013 and published in the Official Gazette on September 23, 2013, introduced several changes to Income Tax Law No. 20,628, including the derogation of Section 78 of Decree No. 2,284/1991, which provides that foreign holders with no permanent establishment in Argentina are exempt from paying income tax on the capital gains arising from the sale or other disposition of shares or ADSs.

Law No. 26,893 has been regulated by Decree No 2334/2013, which provides that changes introduced by Law No.26,893 are effective from the date of publication of such law in the Official Gazette and are applicable to taxable events consummated from such date onwards.

Taxation of Dividends

As from the effectiveness of Law No. 26,893, dividends distributions (other than stock dividends) made by local entities to individuals, undivided estates, and foreign entities were subject to tax at a rate of 10%. However this provision was repealed by the enactment of Law N° 27,260 (July 22, 2016).

Dividend payments on ADSs or ordinary shares, whether in cash, property, or stock, were not subject to Argentine withholding tax or other taxes.

Equalization Tax

There is a specific rule under which a 35% tax ("equalization tax") will be imposed on certain dividends approved by the registrant's shareholders. The equalization tax will be applied only to the extent that distributions of dividends exceed the taxable income of the company increased by non-taxable dividends received by the distributing company in prior years and reduced by Argentine income tax paid by the distributing company.

The equalization tax will be imposed as a withholding tax on the shareholder receiving the dividend. Dividend distributions made in kind (other than cash) will be subject to the same tax rules as cash dividends. Stock dividends are not subject to Argentine taxation.

Taxation of Capital Gains (CGT)

In accordance with Law No. 26,893 capital gains derived by non-resident individuals or foreign companies from the sale, exchange or other disposition of ADSs or class B shares are subject to the following regulations:

Beginning on September 23, 2013, the transfer of ADSs or class B shares may trigger capital gain taxation. In such a case, the buyer would be responsible for withholding the corresponding tax (i.e. no liability should exist for the seller) - although no withholding mechanism is currently available.

Notwithstanding the above, based on certain tax precedents, there may be support to argue that gains obtained by a non-resident from the disposal of ADSs or class B shares should be regarded as foreign source income and, therefore, not subject to Argentine CGT. As this is a controversial issue, further analysis is required.

Capital gains obtained by non-resident individuals or foreign entities from the sale, exchange or other disposition of such securities are currently subject to tax in Argentina at an effective 13.5% rate (15% tax rate applied to a gross presumed margin of 90% of the gross income) on gross proceeds arising from the sale transaction or, alternatively, to a 15% statutory rate on the actual capital gain (with proper evidence of cost incurred).

[Table of Contents](#)

In the case of Argentine individuals, gains derived from the transfer of ADSs or class B shares, after offsetting certain general deductions, would be subject to an income tax at a 15% rate, assuming transactions are not performed under an authorized Argentine stocks exchange market. In this sense, it must be said that there is also a controversial issue related with such tax treatment. Further analysis is recommendable in this regard.

Finally, net capital gains from the sale, exchange or other dispositions of ADSs or class B shares, obtained by Argentine corporations or similar entities will be subject to income tax at a 35% rate, like any other current gain.

Transfer Taxes

No Argentine transfer taxes are applicable on the sale or transfer of ADSs or class B shares.

Tax on Minimum Notional Income

The tax reform in force since 1999 reinstituted a tax on assets on Argentine companies. This tax is similar to the asset tax that was previously in effect in Argentina from 1990 to 1995. It applies at a general rate of 1% on a broadly defined asset base encompassing most of the taxpayer's gross assets at the end of any fiscal year ending after December 31, 1998.

Specifically, the Law establishes that banks, other financial institutions and insurance companies will consider a taxable base equal to 20% of the value of taxable assets.

A company's asset tax liability for a tax year will be reduced by its income tax payments, and asset tax payments for a tax year can be carried forward to be applied against the company's income tax liability in any of the following ten tax years.

According to Law 27,260, this tax would be repealed as of 2019.

Personal Assets Tax

Individuals domiciled and undivided estates located in Argentina or abroad will be subject to an annual tax in respect of assets located in Argentina and abroad. Applicable wealth tax rates and minimum non-taxable asset values for the general taxpayer regime are reduced and replaced with effect as of fiscal year 2016 by Law 27,260. The following is the new scheme:

Fiscal year	Tax rate	Exempt Minimum
2016	0.75%	Ps.800,000
2017	0.50%	Ps.950,000
2018 and on	0.25%	Ps.1,050,000

Taxpayers that have been compliant with their federal tax obligations in relation to fiscal years 2014 and 2015, according to tax authority information, that do not make use of the tax amnesty or moratorium regimes (Law 27,260), have access to be exempt from wealth tax filing and payment obligations for fiscal years 2016, 2017 and 2018.

Individuals domiciled abroad will pay the tax only in respect of the assets they hold in Argentina. In the case of individuals domiciled abroad, the tax will be paid by the individuals or entities domiciled in Argentina which, as of December 31 of each year, hold the joint ownership, possession, use, enjoyment, deposit, safekeeping, custody, administration or tenure of the assets located in Argentina subject to the tax belonging to the individuals domiciled abroad. When the direct ownership of notes, government securities and certain other investments, except shares issued by companies ruled by the Corporations Law, corresponds to companies domiciled abroad in countries that do not enforce registration systems for private securities (with the exception of insurance companies, open-end investment funds, pension funds or banks and financial entities with head offices in countries that have adopted the international banking supervision standards laid down by the Basel Committee on Banking Supervision) or that pursuant to their bylaws, charter, documents or the applicable regulatory framework, have as their principal activity

Table of Contents

investing outside of the jurisdiction of their organization or domicile, or are generally restricted from doing business in their country of incorporation, it will be assumed, without any proof to the contrary being admitted, that those assets belong ultimately to individuals and therefore the system for paying the tax for such individuals domiciled abroad is applicable to them.

There is an exception pursuant to a tax reform that was published in the Official Gazette as Law No. 25,585, which went into effect on December 31, 2002. This tax reform introduced a mechanism to collect the personal assets tax on shares issued by companies ruled by the Corporations Law, which ownership belongs to individuals domiciled in Argentina or abroad and companies or entities domiciled abroad. In the case of companies or entities domiciled abroad, it will be assumed, without any proof to the contrary being admitted, that those shares belong ultimately to individuals domiciled abroad.

The tax was assessed and paid by those companies ruled by the Corporations Law at the rate of 0.5% on the value of the shares or equity interest. Since fiscal year 2016, after amendments introduced by Law 27,260, the tax rate applicable to participations in domestic entities is reduced, from 0.50% to 0.25%. The valuation of the shares, whether listed or not, must be made according to their proportional equity value. These companies may eventually seek reimbursement from the direct owner of their shares in respect of any amounts paid to the Argentine tax authorities as personal assets tax. Grupo Financiero Galicia has sought reimbursement for the amount paid corresponding to December 31, 2002. The Board of Directors submitted the decision on how to proceed with respect to fiscal year 2003 to the annual shareholders' meeting held on April 22, 2004. At that meeting, our shareholders voted to suspend all claims on our shareholders for amounts unpaid for fiscal year 2002 and to have us absorb the amounts due for fiscal year 2003 onward when not withheld from dividends.

Pursuant to Law No. 27,260, Argentine companies that have properly fulfilled their tax obligations during the two fiscal years prior to the 2016 fiscal year, and which comply with certain other requirements may qualify for an exemption from personal asset taxes for the 2016, 2017 and 2018 fiscal years. The request for this tax exemption should be filed before March 31, 2017. Grupo Financiero Galicia has filed such request. Notwithstanding, we cannot assure that in the future, Grupo Financiero Galicia can fulfill those requirements and maintain such exemption.

Other Taxes

There are no Argentine federal inheritance, succession or gift taxes applicable to the ownership, transfer or disposition of ADSs or class B shares. There are no Argentine stamps, issue, registration or similar taxes or duties payable by holders of ADSs or class B shares.

Deposit and Withdrawal of Class B Shares in Exchange for ADSs

No Argentine tax is imposed on the deposit or withdrawal of class B shares in exchange for ADSs.

United States Federal Income Taxes

The following is a summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of class B shares and ADSs, as their terms are set forth in the documents or the forms thereof, relating to such securities as in existence on the date hereof, but it does not purport to address all the tax considerations that may be relevant to a decision to purchase, own or dispose of class B shares or ADSs. This summary assumes that the class B shares or ADSs will be held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and does not address tax consequences to all categories of investors, some of which (such as dealers or traders in securities or currencies, real estate investment trusts, regulated investment companies, grantor trusts, tax-exempt entities, banks, insurance companies, persons that received class B shares or ADSs as compensation for the performance of services, persons owning (or deemed to own for U.S. federal income tax purposes) 10% or more (by voting power or value) of our shares, investors whose functional currency is not the Dollar and persons that hold the class B shares or ADSs as part of a position in a "straddle" or as part of a "hedging" or "conversion" transaction for U.S. federal income tax purposes) may be

[Table of Contents](#)

subject to special tax rules. Moreover, this summary does not address the U.S. federal estate and gift or alternative minimum tax consequences of the acquisition, ownership and disposition of class B shares or ADSs.

This summary (i) is based on the Code, existing, proposed and temporary United States Treasury Regulations and judicial and administrative interpretations thereof, in each case, as in effect and available on the date hereof, and (ii) is based in part on representations of the Depository and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of class B shares or ADSs that, for U.S. federal income tax purposes, is (i) a citizen or resident of the United States, (ii) a corporation organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if such trust validly elects to be treated as a United States person for U.S. federal income tax purposes or if (a) a United States court can exercise primary supervision over its administration and (b) one or more United States persons have the authority to control all of the substantial decisions of such trust. A “Non-U.S. Holder” is a beneficial owner of class B shares or ADSs that is neither a U.S. Holder nor a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds class B shares or ADSs, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to its tax consequences.

Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of class B shares or ADSs.

Ownership of ADSs in General

In general, for U.S. federal income tax purposes, holders of ADSs will be treated as the owners of the class B shares represented by such ADSs. For purposes of the discussion below, we assume that intermediaries in the chain of ownership between the holder of an ADS and Grupo Financiero Galicia are acting consistently with the claiming of U.S. foreign tax credits by U.S. Holders.

Taxation of Distributions

Subject to the discussion below under “Passive Foreign Investment Company Considerations,” for U.S. federal income tax purposes, the gross amount of distributions by Grupo Financiero Galicia of cash or property (other than certain distributions, if any, of class B shares or ADSs distributed pro rata to all shareholders of Grupo Financiero Galicia, including holders of ADSs) made with respect to the class B shares or ADSs before reduction for any Argentine taxes withheld therefrom, will constitute dividends to the extent that such distributions are paid out of Grupo Financiero Galicia’s current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, and will be included in the gross income of a U.S. Holder as dividend income. Subject to the discussion below under “Passive Foreign Investment Company Considerations,” non-corporate U.S. Holders generally will be taxed on such distributions on ADSs (or class B shares that are readily tradable on an established securities market in the United States at the time of such distribution) at the lower rates applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year). Non-corporate U.S. Holders that (i) do not meet a minimum holding period requirement with respect to such ADSs (or class B shares), (ii) elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4)(B) of the Code or (iii) receive dividends with respect to which they are obligated to make related payments for positions in substantially similar or related property will not be eligible for the reduced rates of taxation. In addition, dividends will not be eligible for the dividends received deduction generally allowed to corporations under the Code.

Table of Contents

Subject to the discussion below under “Passive Foreign Investment Company Considerations,” if distributions with respect to the class B shares or ADSs exceed Grupo Financiero Galicia’s current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, the excess will be treated first as a tax-free return of capital to the extent of such U.S. Holder’s adjusted tax basis in the class B shares or ADSs. Any amount in excess of such adjusted basis will be treated as capital gain from the sale or exchange of such class B shares or ADSs. Grupo Financiero Galicia does not maintain calculations of its earnings and profits under U.S. federal income tax principles.

Dividends paid in Pesos will be included in the gross income of a U.S. Holder in an amount equal to the Dollar value of the Pesos on the date of receipt, which, in the case of ADSs, is the date they are received by the Depositary. The amount of any distribution of property other than cash will be the fair value of such property on the date of distribution. Any gains or losses resulting from the conversion of Pesos between the time of the receipt of dividends paid in Pesos and the time the Pesos are converted into Dollars will be treated as ordinary income or loss, as the case may be, of a U.S. Holder. Dividends received by a U.S. Holder with respect to the class B shares or ADSs will be treated as foreign source income, which may be relevant in calculating such holder’s foreign tax credit limitation. Subject to certain conditions and limitations, Argentine tax withheld on dividends may be deducted from taxable income or credited against a U.S. Holder’s U.S. federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific categories of income. For this purpose, dividend income with respect to class B shares or ADSs should generally constitute “passive category income,” or in the case of certain U.S. Holders, “general category income.” The rules governing the foreign tax credit are complex. Prospective holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Subject to the discussion below under “Backup Withholding and Information Reporting,” a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on dividends received on class B shares or ADSs, unless such income is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States.

Taxation of Capital Gains

Subject to the discussion below under “Passive Foreign Investment Company Considerations,” U.S. Holders will recognize capital gain or loss for U.S. federal income tax purposes upon a sale or exchange of class B shares or ADSs in an amount equal to the difference between such U.S. Holder’s adjusted tax basis in the class B shares or ADSs and the amount realized on their disposition. In the case of a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to such gain will be lower than the maximum marginal U.S. federal income tax rate for ordinary income (other than certain dividends) if the U.S. Holder’s holding period in the class B shares or ADSs exceeds one year at the time of the sale or exchange. Gain or loss, if any, recognized by a U.S. Holder generally will be treated as United States source income or loss for U.S. foreign tax credit purposes. Consequently, a U.S. Holder may not be able to use the foreign tax credit arising from any Argentine tax imposed on the disposition of class B shares or ADSs unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. Certain limitations apply to the deductibility of capital losses for U.S. federal income tax purposes.

A U.S. Holder’s initial tax basis in the class B shares or ADSs is the Dollar value of the Pesos denominated purchase price determined on the date of purchase. If the class B shares or ADSs are treated as traded on an “established securities market,” a cash basis U.S. Holder (or, if it elects, an accrual basis U.S. Holder) will determine the Dollar value of the cost of such class B shares or ADSs by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

With respect to the sale or exchange of class B shares or ADSs, the amount realized generally will be the Dollar value of the payment received, before reduction for any Argentine taxes withheld therefrom, determined on (i) the date of receipt of payment in the case of a cash basis U.S. Holder and (ii) the date of disposition in the case of an accrual basis U.S. Holder. If the class B shares or ADSs are treated as traded on an “established securities market,” a cash basis taxpayer (or, if it elects, an accrual basis taxpayer) will determine the Dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale.

[Table of Contents](#)

Subject to the discussion below under “Backup Withholding and Information Reporting,” a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on gain realized on the sale or exchange of class B shares or ADSs unless (i) such gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States or (ii) in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale or exchange and certain other conditions are met.

Passive Foreign Investment Company Considerations

A non-U.S. corporation will be classified as a “passive foreign investment company,” or a PFIC, for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (1) at least 75 percent of its gross income is “passive income” or (2) at least 50 percent of the average value of its gross assets is attributable to assets that produce “passive income” or is held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions, other than certain income derived in the active conduct of a banking business.

The application of the PFIC rules is unclear both generally and specifically with respect to banks. The United States Internal Revenue Service (“IRS”) has issued a notice and certain proposed Treasury Regulations that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank (the “Active Bank Exception”). However, the IRS notice and proposed Treasury Regulations are inconsistent in certain respects. Because final Treasury Regulations have not been issued, there can be no assurance that Grupo Financiero Galicia or its subsidiaries will satisfy the Active Bank Exception for any given taxable year.

Based on certain estimates of its gross income and gross assets (which estimates are inherently imprecise), the nature of its business, and reliance on the Active Bank Exception, Grupo Financiero Galicia believes that it should not be classified as a PFIC for the taxable year ended December 31, 2016. Grupo Financiero Galicia’s status in future years will depend on its assets and activities in those years. Grupo Financiero Galicia has no reason to believe that its assets or activities will change in a manner that would cause it to be classified as a PFIC, but there can be no assurance that Grupo Financiero Galicia will not be considered a PFIC for any taxable year. If Grupo Financiero Galicia were a PFIC, a U.S. Holder of class B shares or ADSs generally would be subject to imputed interest charges and other disadvantageous tax treatment with respect to any gain from the sale or exchange of, and certain distributions with respect to, the class B shares or ADSs.

If Grupo Financiero Galicia were a PFIC, a U.S. Holder of class B shares or ADSs could make a variety of elections that may alleviate certain of the adverse tax consequences referred to above, and one of these elections may be made retroactively. However, it is expected that the conditions necessary for making certain of such elections will not apply in the case of the class B shares or ADSs. U.S. Holders should consult their own tax advisors regarding the tax consequences that would arise if Grupo Financiero Galicia were treated as a PFIC.

Reporting Requirements

Non-corporate U.S. Holders, including individuals, that hold “specified foreign financial assets,” as defined in the Treasury Regulations (which may include class B shares or ADSs), other than in an account at a U.S. financial institution or the U.S. branch of a non-U.S. financial institution, are required to report certain information relating to such assets. U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of this and any other reporting requirements on their ownership and disposition of class B shares or ADSs. Failure to comply with applicable reporting requirements could result in the imposition of substantial penalties.

Backup Withholding and Information Reporting

United States backup withholding tax and information reporting requirements generally apply to certain payments to certain holders of stock.

Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, class B shares or ADSs made within the United States, or by a U.S. payor or U.S. middleman, to a holder of class B shares or ADSs (other than an exempt recipient, such as a payee that is not a United States person and that provides an appropriate certification).

Table of Contents

Payments of dividends on, or proceeds from the sale or redemption of, class B shares or ADSs within the United States, or by a U.S. payor or U.S. middleman, to a holder (other than an exempt recipient, such as a payee that is not a United States person and that provides an appropriate certification) will be subject to backup withholding if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. The backup withholding tax rate is currently 28%.

FATCA

Beginning on January 1, 2019 (or, if later, the date on which final Treasury Regulations are published defining the term “foreign passthru payment”), Grupo Financiero Galicia may be required, pursuant to Sections 1471 through 1474 of the Code, and the Treasury Regulations promulgated thereunder (often referred to as the “Foreign Account Tax Compliance Act” or “FATCA”) to withhold U.S. tax at a 30% rate on all or a portion of any distribution on class B shares or ADSs which is treated as a “foreign passthru payment.”

Assuming that distributions from Grupo Financiero Galicia constitute “foreign passthru payments” and that Grupo Financiero Galicia enters into an agreement with the IRS to report the information required by FATCA or, if Argentina has entered in an intergovernmental agreement with the United States (an “IGA”). Grupo Financiero Galicia complies with such IGA, then an investor considered to have a “U.S. account” maintained by Grupo Financiero Galicia may be required to provide the information described below or be subject to U.S. withholding tax on any distribution on class B shares or ADSs that is treated as a “foreign passthru payment.” Investors in class B shares or ADSs that are financial institutions, or financial institutions that receive payments on behalf of other persons, and that have not entered into an agreement with the IRS (or otherwise established an exemption from FATCA, including pursuant to an applicable IGA) would also be subject to this U.S. withholding tax.

FATCA is particularly complex and its application to Grupo Financiero Galicia is uncertain at this time. Each holder of class B shares or ADSs should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder under its particular circumstances.

Medicare Tax on Investment Income

Certain U.S. Holders that are individuals, estates or trusts are required to pay a 3.8% tax on the lesser of (i) the U.S. Holder’s “net investment income” for the taxable year and (ii) the excess of the U.S. Holder’s modified adjusted gross income for the taxable year over a certain threshold. Net investment income includes, among other things, dividends and capital gains from the sale or other disposition of class B shares or ADSs.

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP AND DISPOSITION OF CLASS B SHARES OR ADSs. PROSPECTIVE HOLDERS SHOULD CONSULT AN INDEPENDENT TAX ADVISOR CONCERNING THE TAX CONSEQUENCES IN THEIR PARTICULAR CIRCUMSTANCES.

Material Contracts

Bonds

In connection with Banco Galicia’s issuance on May 4, 2011 of its Class I notes due 2018 in the aggregate principal amount of US\$300 million, within its global short-term, medium-term and/or long-term note program, for an outstanding face value at any time of up to US\$343 million, or the equivalent amount in other currencies, Banco Galicia entered into an indenture with The Bank of New York Mellon, acting as trustee, pursuant to which such notes were issued. This indenture includes a number of significant covenants, which are subject to important qualifications and exceptions, that, among other things, restrict the ability of (i) Banco Galicia and certain of its

[Table of Contents](#)

subsidiaries to directly or indirectly, create, incur, assume or suffer to exist liens upon its present or future assets to secure any indebtedness and (ii) Banco Galicia to merge, consolidate or amalgamate with or into, or convey or transfer or lease all or substantially all of its properties and assets, whether in one transaction or a series of related transactions. On connection with the same issuance, on July 19, 2016 Banco Galicia issued an aggregate amount of US\$ 250 million of Class II subordinated notes.

On July 19, 2016 Banco Galicia issued its Class II in an aggregate principal amount of US\$ 250 million.

During 2016, Tarjeta Naranja issued an aggregate principal amount of Ps.3,207 million (Ps.261 million Class XXXII, Ps.500 million Class XXXIII, Ps.600 million Class XXXIV, Ps.1,000 million Class XXXV and Ps.847 million Class XXXVI). Its outstanding principal amount of debt issued in 2015 was Ps.807 (Ps.37 million Class XXVIII, Ps.169 million Class XXIX, Ps.400 million Class XXX and Ps.201 million Class XXXI).

During 2016, Tarjetas Cuyanas issued an aggregate principal amount of Ps.1,442 million (Ps.242 million Class XXIII, on March 16, 2016; Ps.300 million Class XXIV on May 5, 2016; Ps.400 million Class XXV on July 26, 2016 and Ps.500 million Class XXVI on Octubre 24, 2016). Its outstanding principal amount of debt issued in 2015 was Ps. 1,129 million (Ps.297 million Class XIX, Ps.300 million Class XX, Ps.232 million Class XXI and Ps.300 million Class XXII).

During 2015, CFA issued an aggregate amount of Ps.459 million (Ps.249 million Class XIV, Ps.210 million Class XV). Its outstanding principal amount of debt issued in 2014 was Ps.277 million (Ps.200 million Class XII, Ps.77 million Class XIII).

On May 8, 2013 Grupo Financiero Galicia issued its Class IV notes in an aggregate principal amount of Ps.220 million.

On January 28, 2011 Tarjeta Naranja issued Class XIII notes due 2017 in an aggregate principal amount of US\$200 million.

According to the applicable price supplement for each issuance of the described notes, the companies agreed to certain commitments with the holders which include, among others, the inability to merge except in certain circumstances, restrictions on incurring or guaranteeing certain indebtedness and restrictions on asset dispositions.

For a description of the notes issued during fiscal year 2016, see Note 14 to our financial statements.

Loans

In May 2016, the IFC granted Banco Galicia a credit line in an amount of up to US\$130 million. As of December 31, 2016 Banco Galicia has used the sum of US \$ 5,000,000 for the granting of loans through this line.

In December 2010, the FMO granted Banco Galicia a US\$20 million loan with a 6 year term. The purpose of these facilities is to fund long-term loans to small and medium-sized companies. In December 2011, Proparco granted Banco Galicia a US\$20 million loan with a 6 year term for the financing of investment projects of export oriented small and medium-sized companies mainly active in the agribusiness sector. As of September 30, 2016, the principal amount of these facilities amounted to US\$1,125,000.00 and US\$3,111,666.68, respectively.

Documents on Display

We are subject to the informational requirements of the Exchange Act. In accordance with these requirements, we file reports and other information with the SEC. These materials, including this annual report and its exhibits, may be inspected and printed or copied for a fee at the SEC's Public Reference Room at 100 F Street,