

# Grupo Supervielle

## 3Q19 Earnings Conference Call

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# Third quarter 2019 results highlights

Results impacted by Argentine short-term notes reprofiling; franchise structurally performing well in complex macro environment

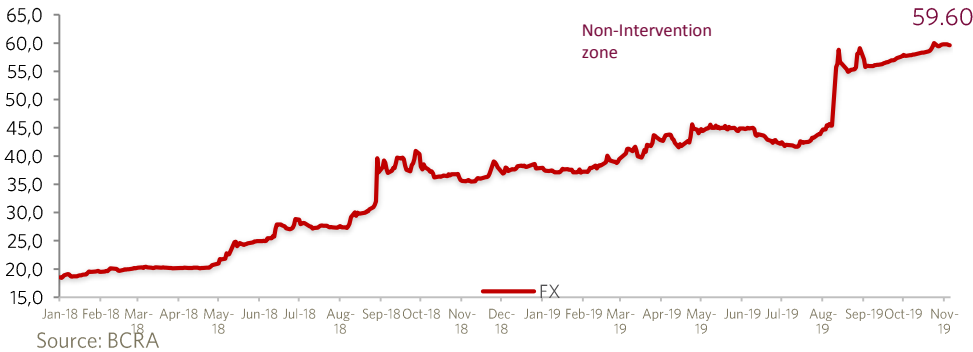
- 1 Net financial income down 20% QoQ while NIM decreased 470 bps to 17.4% impacted by AR\$2.0 Bn loss on mark to market holdings of Argentine government AR\$ and U\$S short-term notes (3% of total assets), following debt reprofiling. Loans to individuals continued repricing.
- 2 LLPs up 79% YoY and 66% QoQ to AR\$2.0 Bn reflecting certain commercial loans in the Public Works and Retailer sectors, that became delinquent. These loans were not 100% provisioned given collaterals involved, although provisioning exceeded Central Bank requirements. Coverage ratio was 86.1%. Collateralization of non-performing commercial loans was of 55% as of Sep'19 vs 20% as Jun'19.
- 3 Reported pre-tax loss of AR\$116.5 Mn in 3Q19. Excluding impact from debt reprofiling, would have reported pre-tax income of AR\$ 1.9 Bn, up 88% YoY and 23% QoQ. Attributable Net income of AR\$301.0 million.
- 4 While expenses fell 2.3% sequentially, QoQ efficiency ratio was 70.4% in 3Q19, vs. 62.4% in 2Q19 and 59.3% in 3Q18. Excluding impact from debt reprofiling, 3Q19 efficiency ratio would have been 53%.
- 5 Liquid US\$ Assets to US\$ deposits ratio was 57.5%, flat from June 30, 2019 despite 45% decline in US\$ deposits. Loan to deposit ratio of 82.2% in AR\$ and 95.9% in US\$, for a blended ratio of 85.8%.
- 6 Total assets down 3.8% QoQ to AR\$ 159.8 Bn reflecting reduction in U\$S deposits at the Central Bank following U\$S deposit outflows, along with lower holdings of Central Bank securities.
- 7 Common Equity Tier 1 Ratio (Consolidated Proforma) of 11.8% in 3Q19, 10 bps below 2Q19.

# Macro

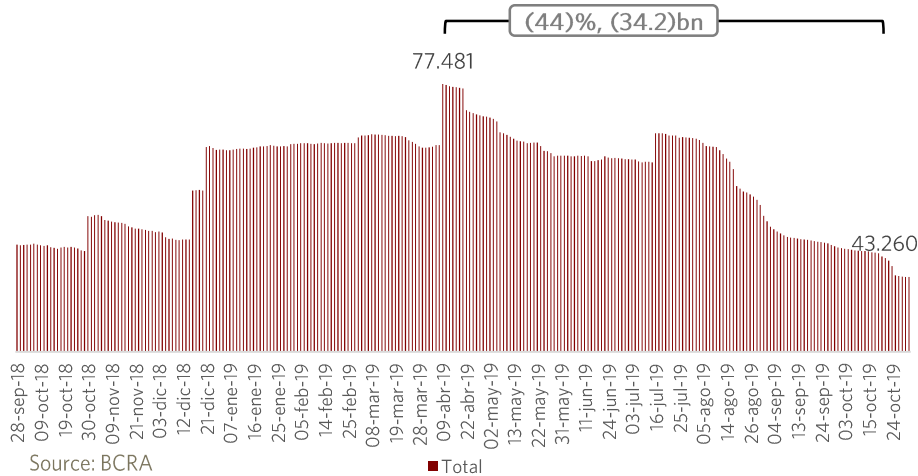


Political uncertainty triggered further peso depreciation pressuring Central Bank reserves

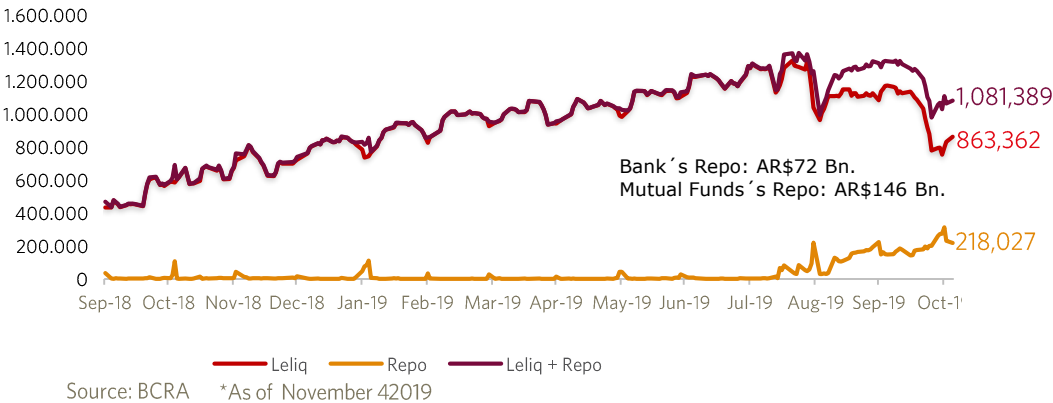
## FX



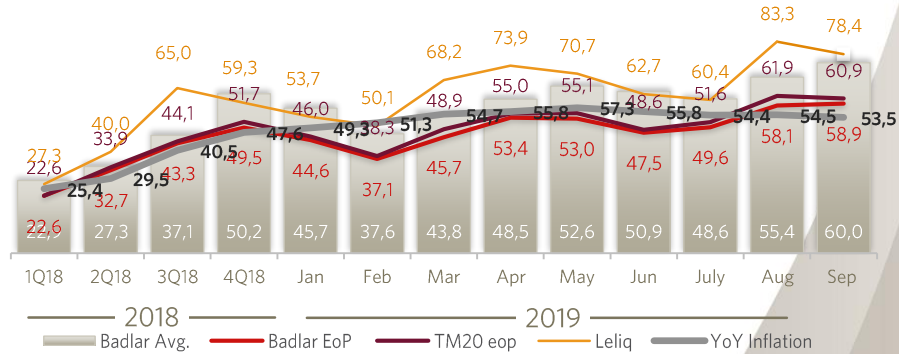
## BCRA Reserves (bn)



## Leliqs & Repo (AR\$ mm)



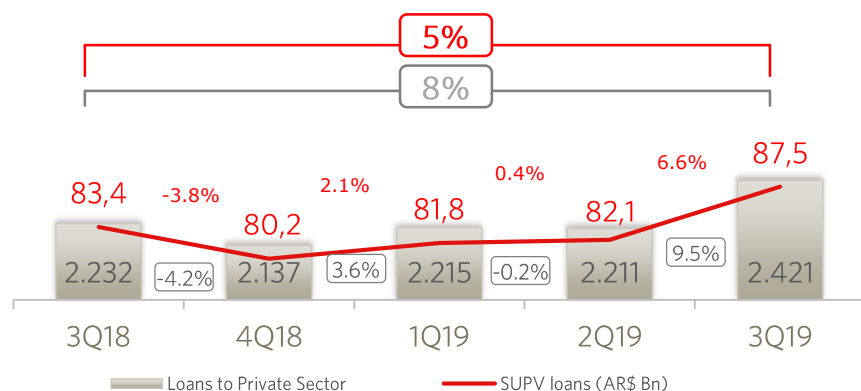
## Market Interest rate & Inflation



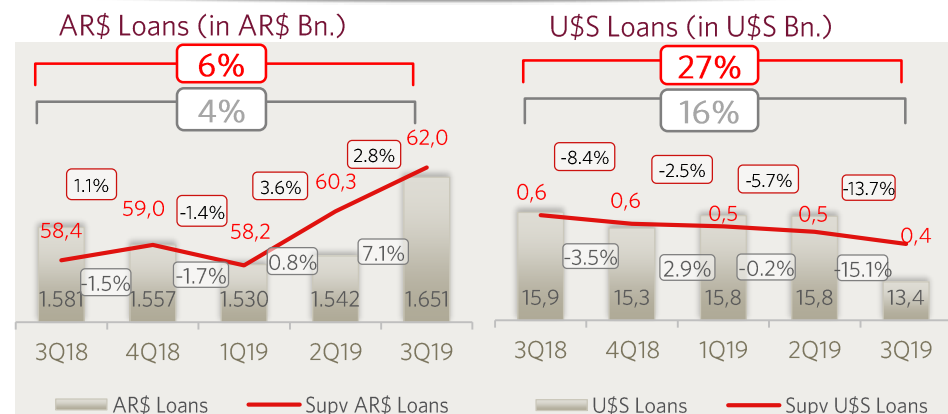
# Financial sector

Resilient financial system with high liquidity levels to absorb drop in deposits, even after US\$ deposit outflows in the quarter. Loan demand remains weak.

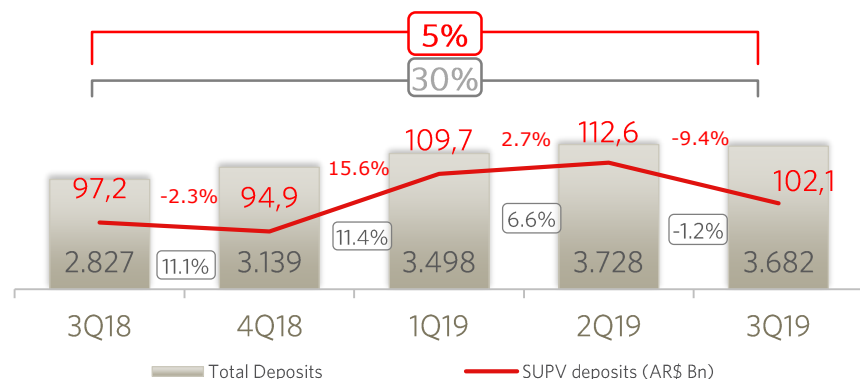
## LOANS TO PRIVATE SECTOR [AR\$ Bill.]



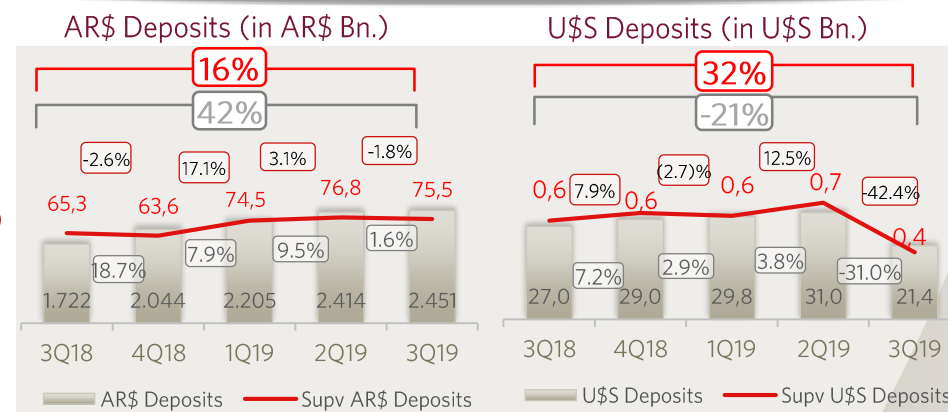
## LOANS TO PRIVATE SECTOR [Original Currency]



## PRIVATE SECTOR DEPOSITS [AR\$ Bill.]



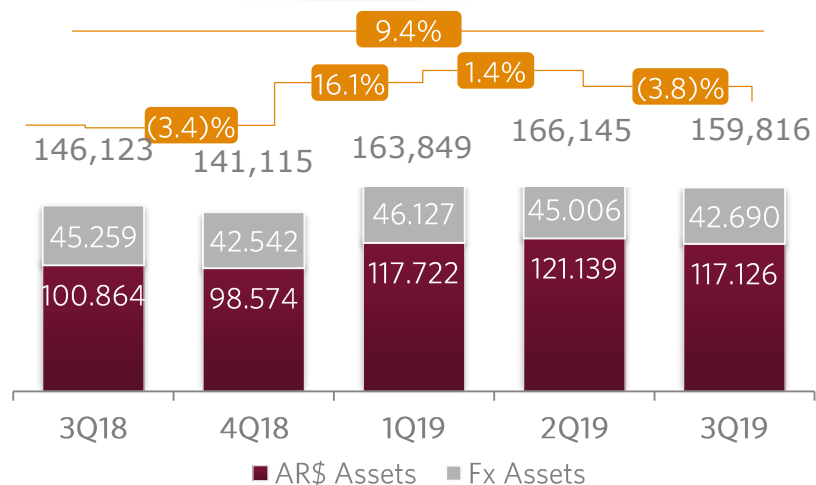
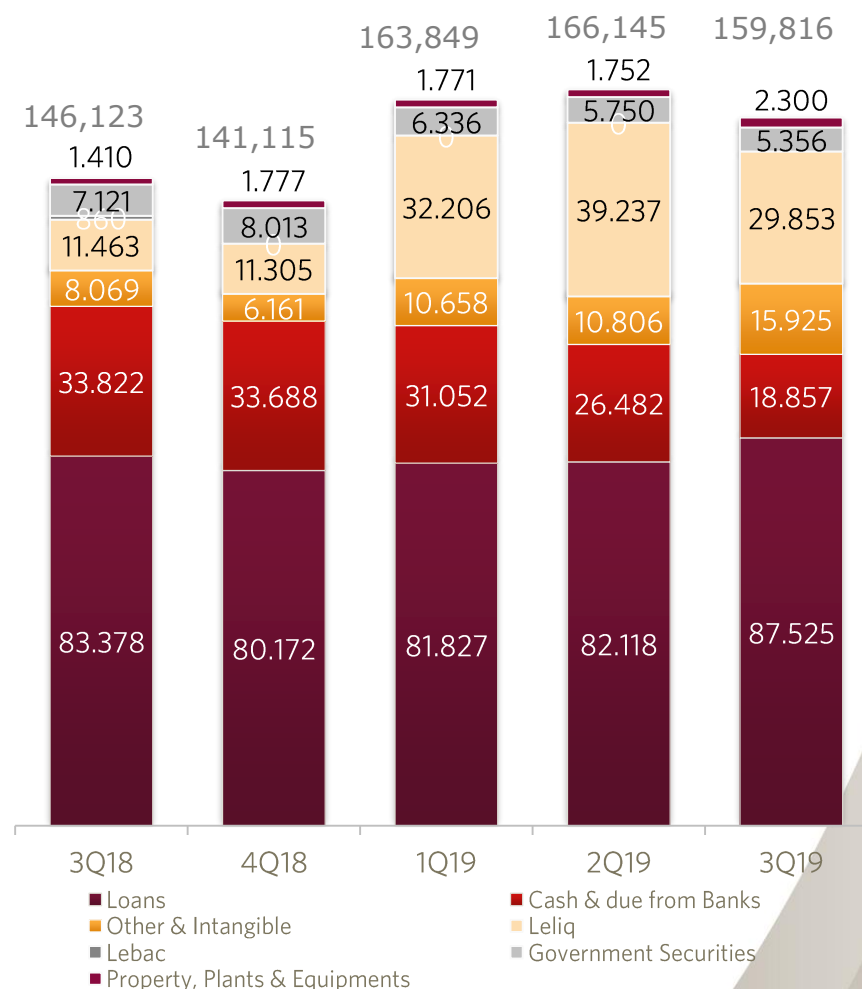
## PRIVATE SECTOR DEPOSITS [Original Currency]



QoQ or MoM variation

# Supervielle assets performance

Total assets decreased 4% QoQ as the bank applied liquidity in US\$ held in the Central Bank following U\$S deposit outflows, along with lower holdings of Central Bank securities

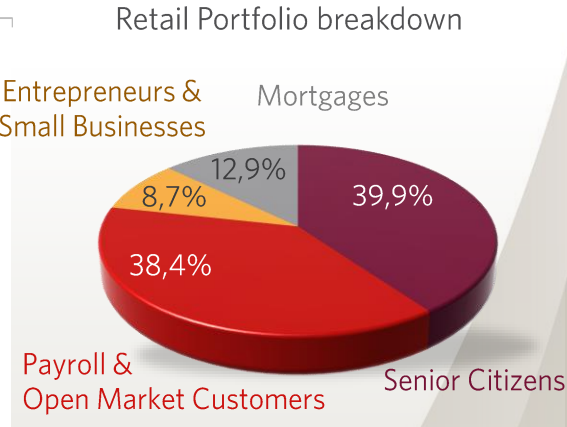
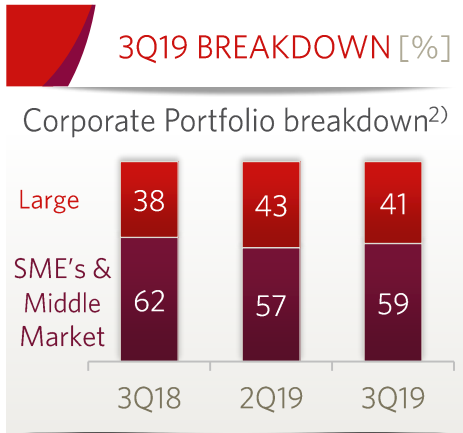
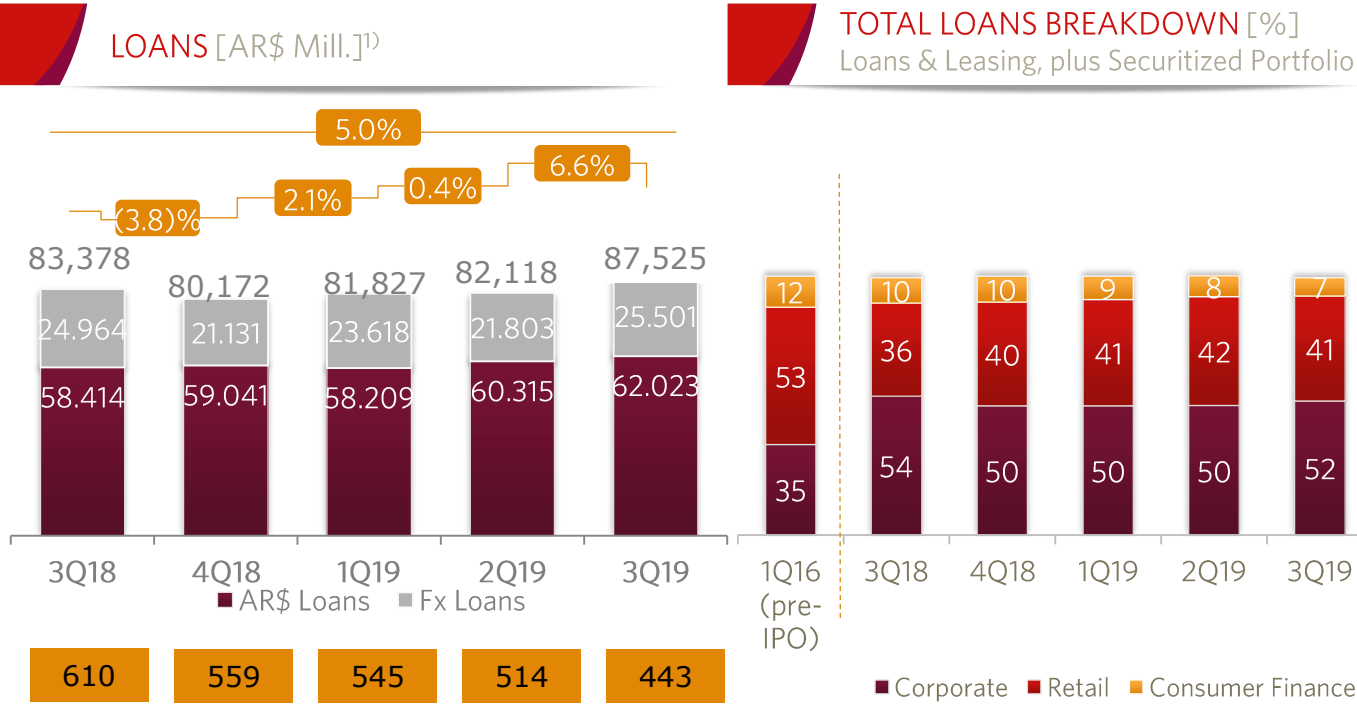
**ASSETS EVOLUTION [AR\$ Mill.]<sup>1)</sup>**

**TOTAL ASSETS BREAKDOWN [%]**

**MINIMUM CASH RESERVE REQUIREMENTS ON AR\$ DEPOSITS [AR\$ Mill.]<sup>(1)</sup>**

|                            | 3Q18     | 4Q18     | 1Q19     | 2Q19     | 3Q19     |
|----------------------------|----------|----------|----------|----------|----------|
| Cash                       | 12,786.4 | 15,330.3 | 14,400.8 | 11,729.8 | 10,533.8 |
| Botes                      | 2,152.6  | 3,032.5  | 3,092.8  | 2,923.3  | 3,089.2  |
| Leliq                      | 4,082.8  | 7,728.3  | 7,111.2  | 6,238.0  | 8,539.3  |
| Total reserve requirements | 19,021.8 | 26,091.1 | 24,604.7 | 20,891.1 | 22,162.2 |

1) Min. cash reserve requirements on u\$s deposits was US\$ 149.8 million as of September 30, 2019, and US\$361.9mm as of June 30, 2019. The basis on which the minimum cash reserve requirement is computed is the monthly average of the daily balances of the liabilities at the end of each day during each calendar month.

# Supervielle loan performance

Total loans up 7% QoQ, driven by increases of 17% in US\$ loans reflecting FX devaluation and of 3% in AR\$ loans. In original currency, US\$ loans declined 14% QoQ



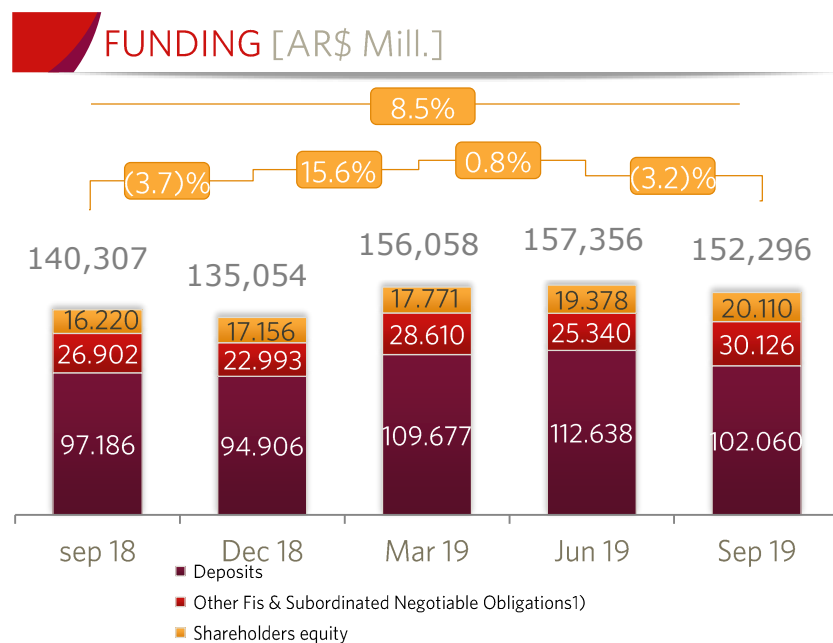
- Consumer Finance portfolio decreased 3.5% QoQ reducing to 7% its weight of total portfolio from 8% in 2Q19 and 10% in 3Q18
- Increase in AR\$ loans, following the new AR\$ loans granted to customers who paid down their U\$S loans

1) Denotes loans and leases before allowances

2) For information since January 1, 2018, "small businesses" refers to individuals and businesses with annual sales up to Ps.70.0 million, "SMEs" refers to individuals and businesses with annual sales over Ps.70.0 million and below Ps.550.0 million, "middle-market companies" refers to companies with annual sales over Ps.550.0 million and below Ps.2.0 billion and "large corporates" refers to companies with annual sales over Ps.2.0 billion. . For information since January 1, 2019, "small businesses" refers to individuals and businesses with annual sales up to Ps.100 million, "SMEs" refers to individuals and businesses with annual sales over Ps.100 million and below Ps. 700 million, "middle-market companies" refers to companies with annual sales over Ps. 700 million and below Ps. 2.5 billion and "large corporates" refers to companies with annual sales over Ps. 2.5 billion.

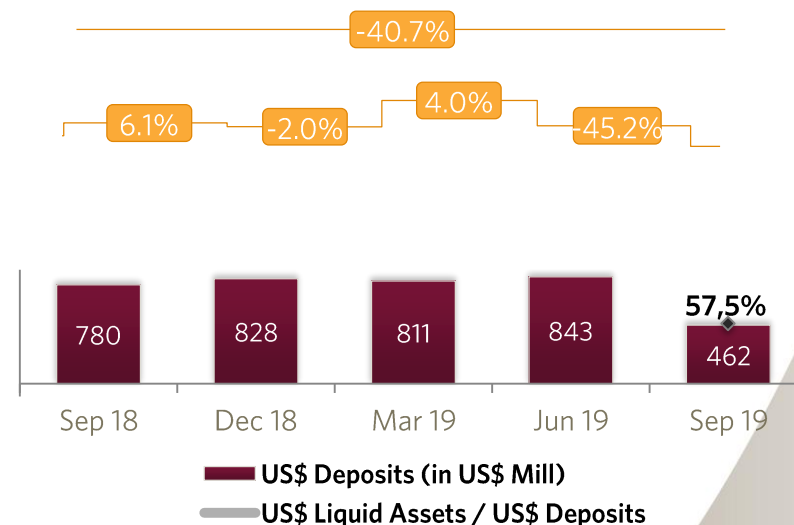
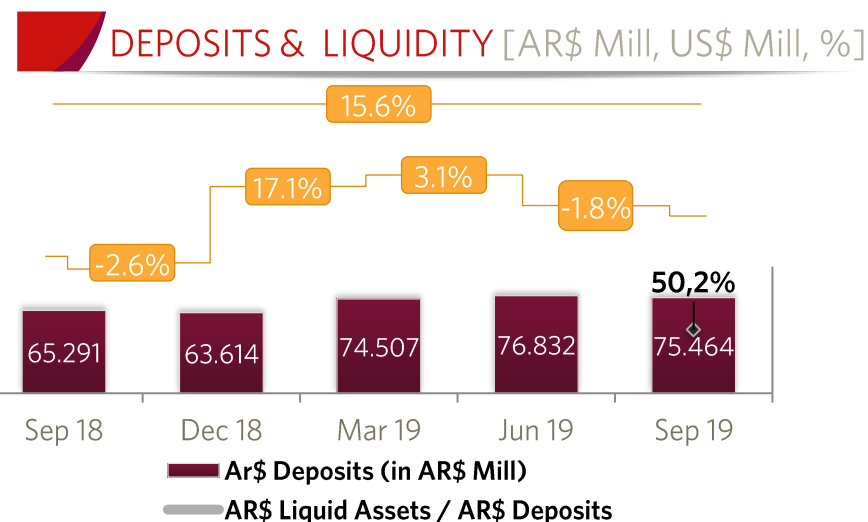
# Funding & deposit base

Stable AR\$ deposit base, while US\$ deposits declined 45% sequentially. Maintains significant liquidity levels.



1) Includes: Repo Transactions, Financing received from Central Bank and others, Medium Term Notes and Subordinated Loan and Negotiable Obligations

|                               | 3Q18  | 4Q18  | 1Q19  | 2Q19  | 3Q19  |
|-------------------------------|-------|-------|-------|-------|-------|
| AR\$ Loans to AR\$ deposits   | 89.6% | 92.9% | 78.3% | 78.5% | 82.2% |
| US\$ Loans to US\$ deposits   | 78.1% | 67.5% | 66.8% | 60.9% | 95.9% |
| Loans to assets               | 57.1% | 56.8% | 49.9% | 49.4% | 54.8% |
| Fx Deposits to total deposits | 32.8% | 33.0% | 32.1% | 31.8% | 26.1% |

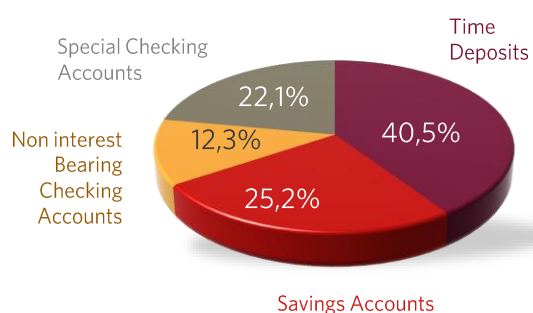


# Supervielle deposits

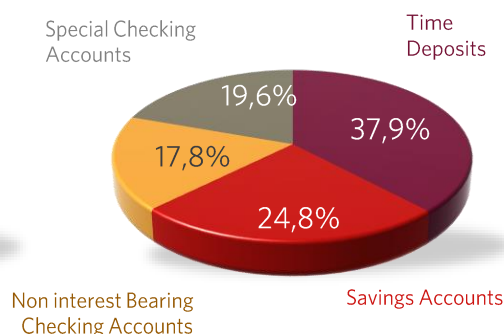
AR\$ retail and corporate deposits increased while short-term wholesale deposits decreased reflecting migration of local asset managers to operate directly with the Central Bank

## DEPOSITS BREAKDOWN

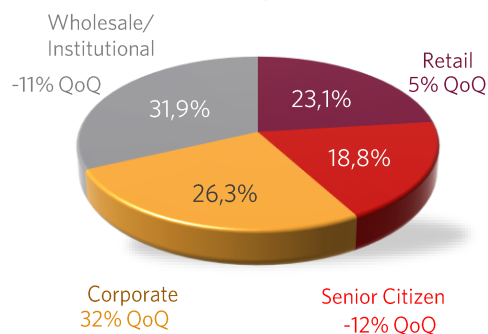
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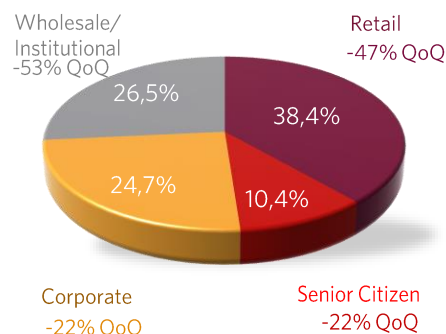
Avg. Balance



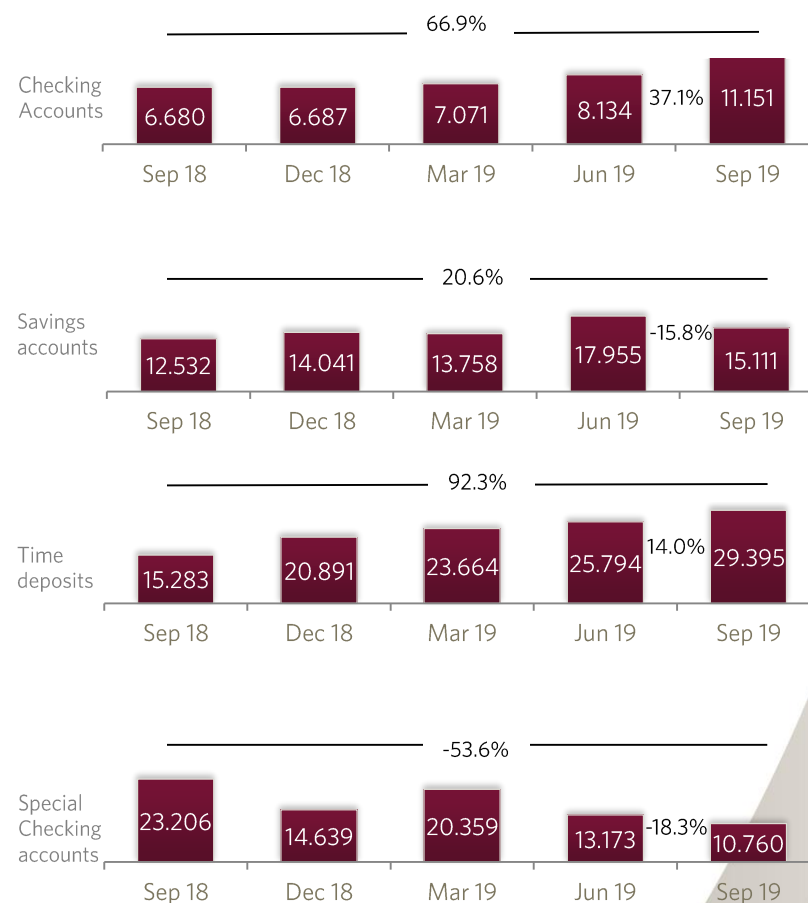
E op by customer  
[AR\$]



E op by customer  
[US\$]



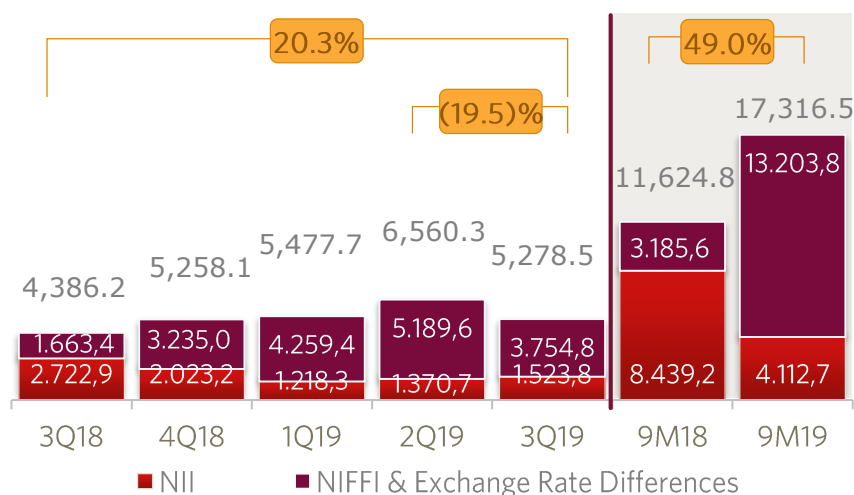
## AR\$ DEPOSITS



# Net Financial Income (NFI) & NIM

NFI & NIM down 20% and 470bps QoQ, respectively reflecting AR\$2.0 Bn loss from Argentine government debt reprofiling (3% of total assets). Loans to individuals continued repricing.

## NET FINANCIAL INCOME [AR\$ Mill.]



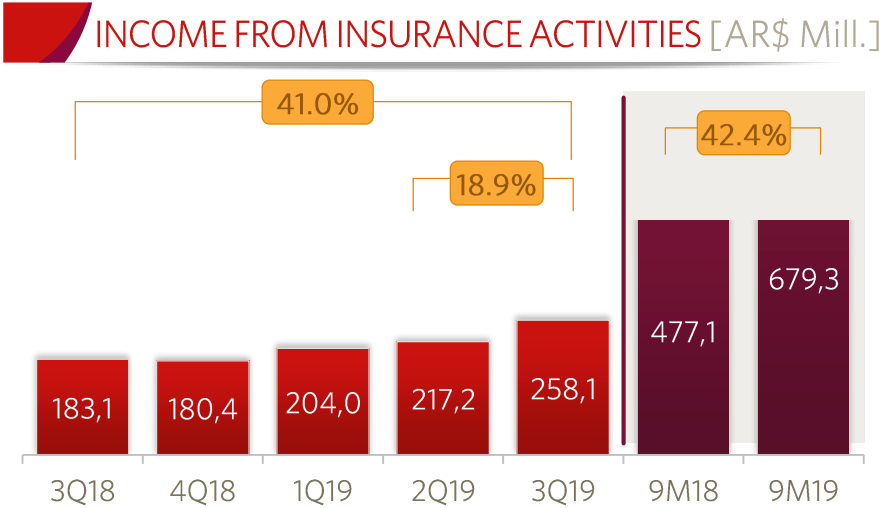
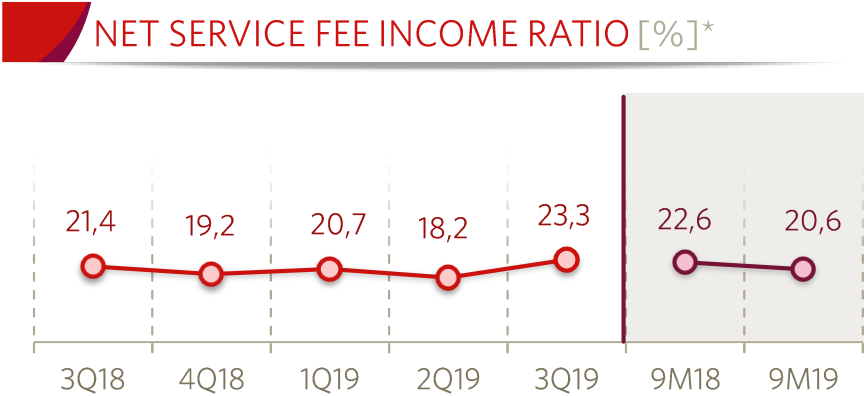
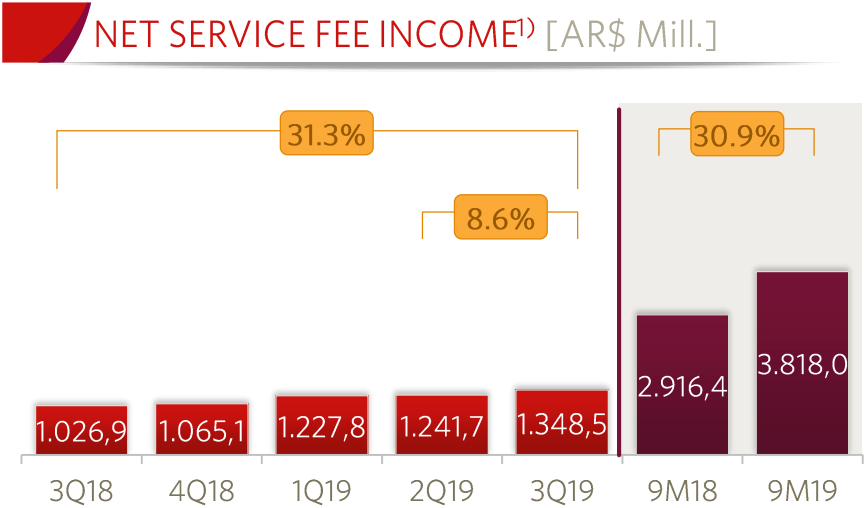
## NIM [%]

|                             | 3Q18        | 4Q18        | 1Q19        | 2Q19        | 3Q19        |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>TOTAL</b>                | <b>18.2</b> | <b>20.3</b> | <b>19.1</b> | <b>22.1</b> | <b>17.4</b> |
| AR\$                        | 21.7        | 23.9        | 22.5        | 26.2        | 27.9        |
| US\$                        | 7.3         | 9.1         | 6.9         | 8.4         | -17.2       |
| <b>Loan Portfolio</b>       | <b>16.6</b> | <b>17.8</b> | <b>18.2</b> | <b>18.5</b> | <b>18.6</b> |
| AR\$                        | 21.3        | 22.5        | 23.2        | 23.8        | 24.2        |
| US\$                        | 3.9         | 4.9         | 4.7         | 5.3         | 5.4         |
| <b>Investment Portfolio</b> | <b>20.7</b> | <b>23.4</b> | <b>20.1</b> | <b>29.3</b> | <b>18.1</b> |
| AR\$                        | 22.5        | 28.2        | 23.3        | 32.2        | 26.0        |
| US\$                        | 8.0         | (2.2)       | (4.2)       | 8.7         | -57.0       |

- AR\$ and US\$ yield on investment portfolio partially impacted by the mark to market accounting of short-term Argentine government AR\$ and U\$S short-term notes (3% of total assets), following debt reprofiling.
- Excluding the debt reprofiling impact, Net Financial Income would have been \$7.3 billion, increasing 12% QoQ and NIM would have been 24.1%.
- Interest on loans continued to benefit from additional repricing in personal loans.

# Service fee income & income from insurance activities

Net service fee income up 9% QoQ after repricing on bundled services, non-credit related insurance and higher credit card transactions, while income from insurance rose 19% QoQ



Net Service Fee Income up 8.6% QoQ reflecting:

- 13.4% increase in fee income from full impact of the repricing on bundled financial services in the quarter, credit cards commissions, non-financial services and non-credit related insurance.
- Partially offset by a 26.8% increase in debit and credit card commissions paid.

Income from insurance activities up 18.9% QoQ. Gross written premiums increased 24% while claims paid reflect technical adjustments on the company's seasonal accident rates curve (IBNR).

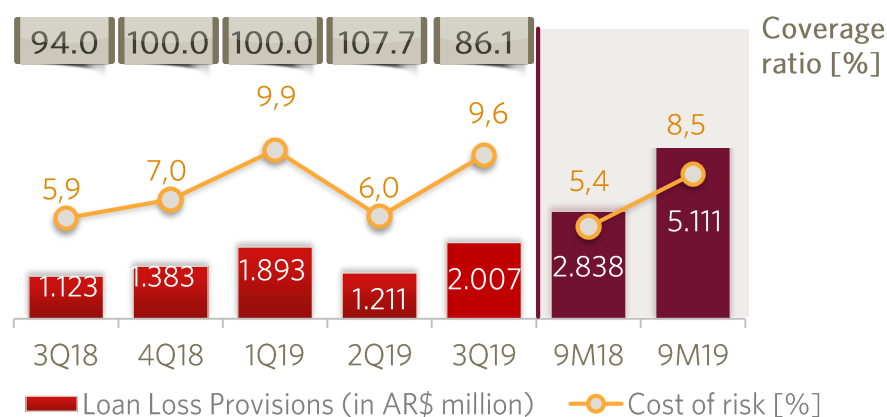
1) Excludes income from insurance activities

\* Net services fee income + Income from insurance activities divided by the sum of Net interest income + Net income from financial instruments at fair value through profit or loss + Exchange rate differences on gold and foreign currency, net services fee income, income from insurance activities and other net operating income.

# Asset quality

NPL ratio up to 6.9% with CoR at 9.6% reflecting certain commercial loans that became delinquent in 3Q19. Collateralization levels of non-performing commercial loans more than doubled.

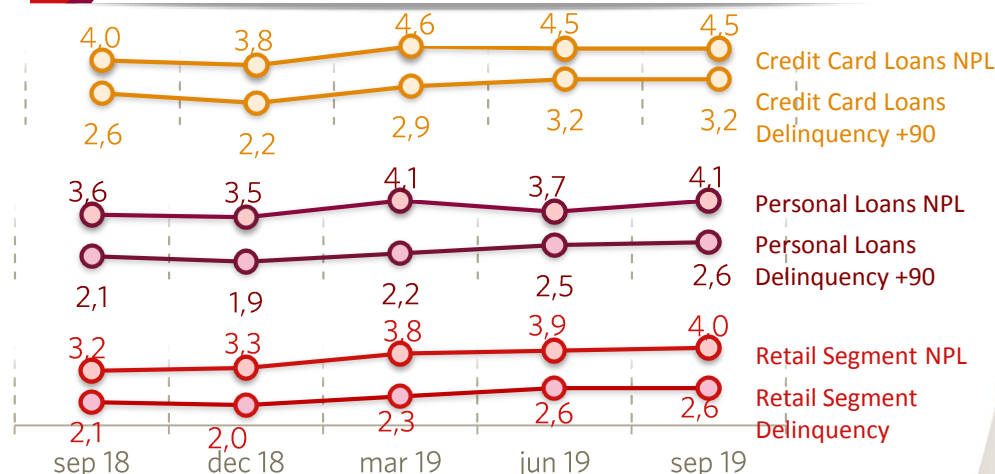
## LOAN LOSS PROVISIONS EVOLUTION



## NPLs RATIO

|                         | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 |
|-------------------------|--------|--------|--------|--------|--------|
| Corporate               | 0.8%   | 1.1%   | 3.0%   | 3.0%   | 7.2%   |
| Retail                  | 3.2%   | 3.3    | 3.8%   | 3.9%   | 4.0%   |
| Personal Loans          | 3.6%   | 3.5%   | 4.1%   | 3.7%   | 4.1%   |
| Credit Cards            | 4.0%   | 3.8%   | 4.6%   | 4.5%   | 4.5%   |
| Mortgages               | 0.0%   | 0.2%   | 0.2%   | 0.4%   | 0.8%   |
| Consumer finance        | 18.5%  | 19.4%  | 21.0%  | 21.4%  | 20.3%  |
| Personal Loans          | 24.6%  | 26.0%  | 27.9%  | 28.7%  | 27.1%  |
| Credit Cards            | 11.6%  | 13.2%  | 15.4%  | 16.9%  | 15.2%  |
| Car Loans               | 0.2%   | 2.5%   | 6.2%   | 10.8%  | 13.4%  |
| Residual Car Loans Mila | 16.1%  | 22.3%  | 27.4%  | 28.3%  | 39.6%  |
| Portfolio               |        |        |        |        |        |
| TOTAL                   | 3.7%   | 4.1%   | 5.3%   | 5.1%   | 6.9%   |

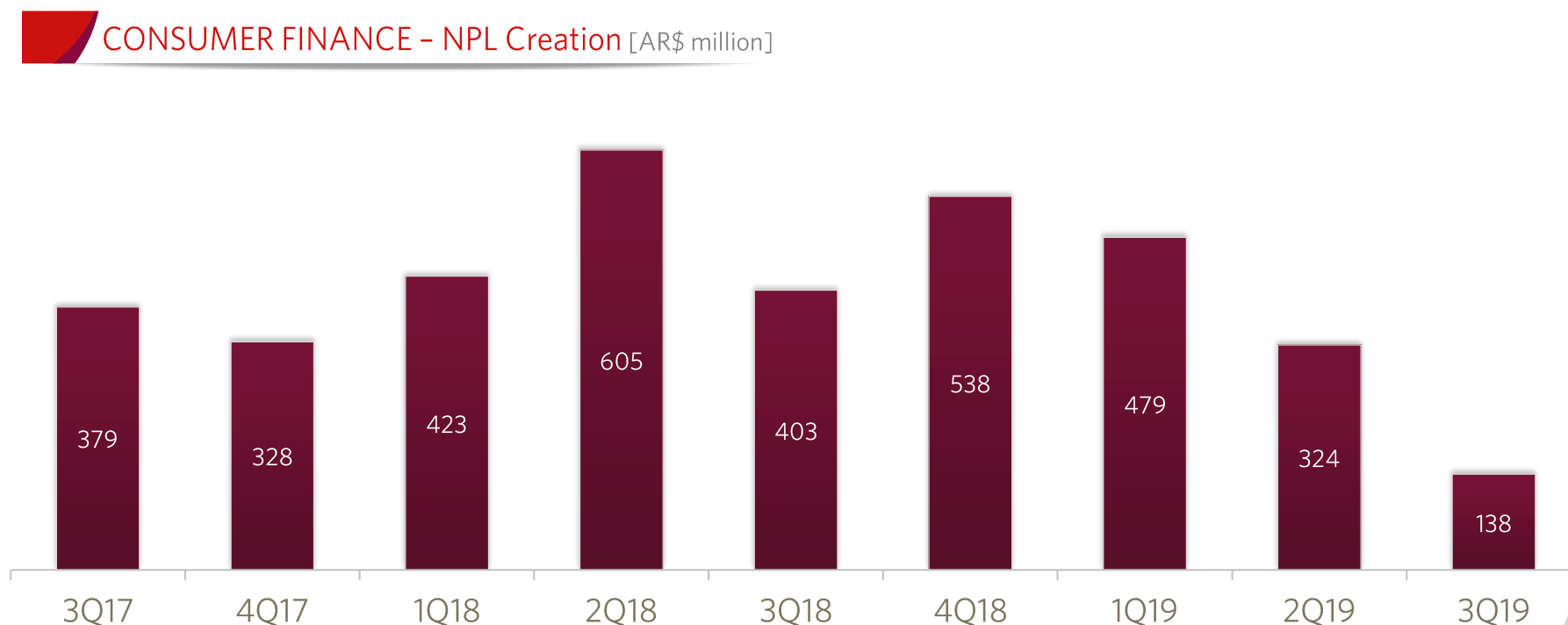
## RETAIL NPLs vs +90 DAYS DELINQUENCY



- NPLs up 180 bps QoQ to 6.9% in 3Q19 reflecting certain commercial loans in the Public Works and Retail sectors.
- These delinquent commercial loans were not 100% provisioned given collaterals involved (provisioning exceeded Central Bank requirements), resulting in coverage ratio of 86.1%.
- Collateralized non-performing commercial loans increased to 55% of total, from 20% as of September 2019.
- Consumer finance loans posted lower NPL creation reflecting prudent approach to asset quality.

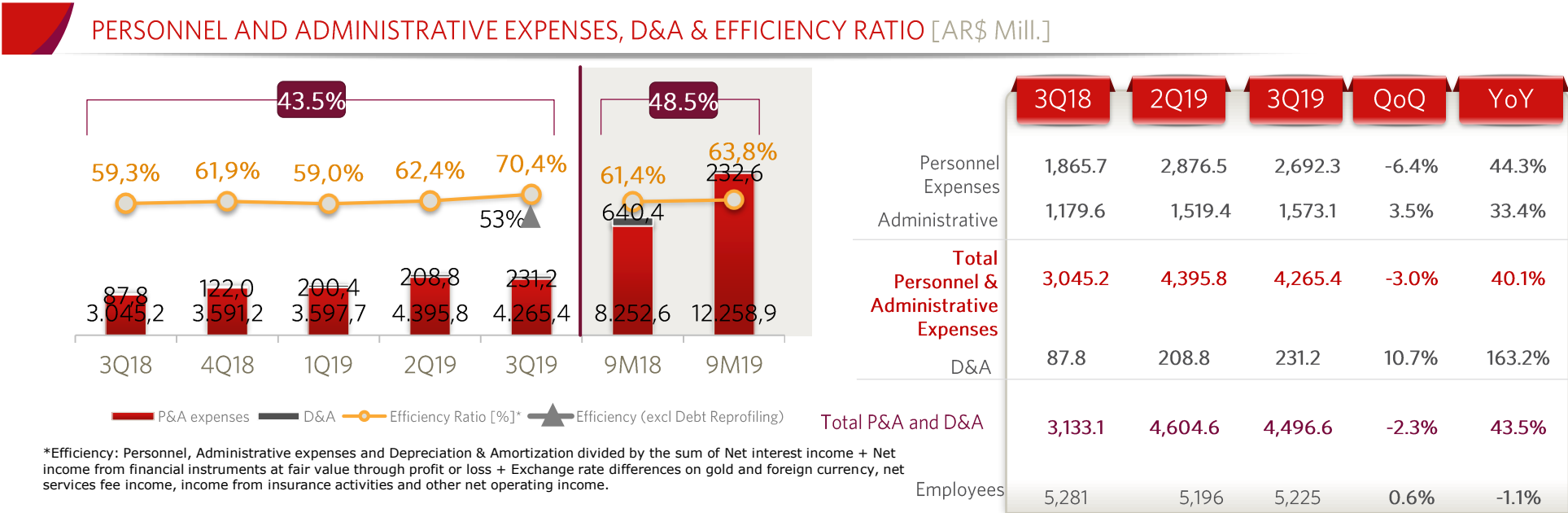
## Asset quality consumer finance

NPL creation down 57% QoQ and 66% YoY, reflecting earlier credit scoring tightening



# Administrative expenses & efficiency ratio

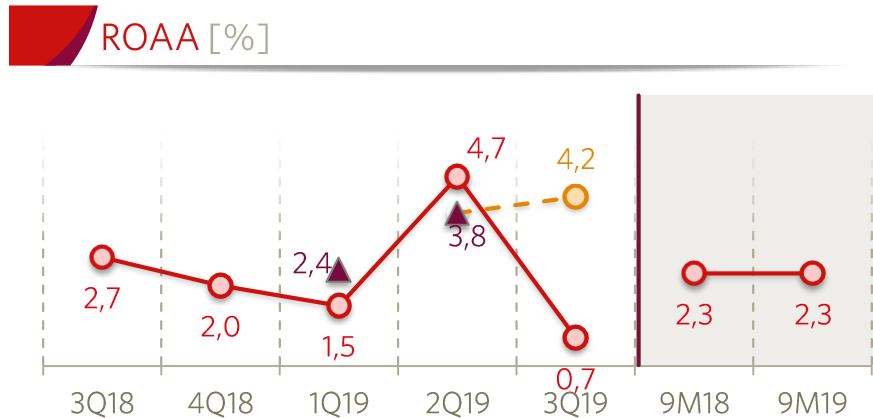
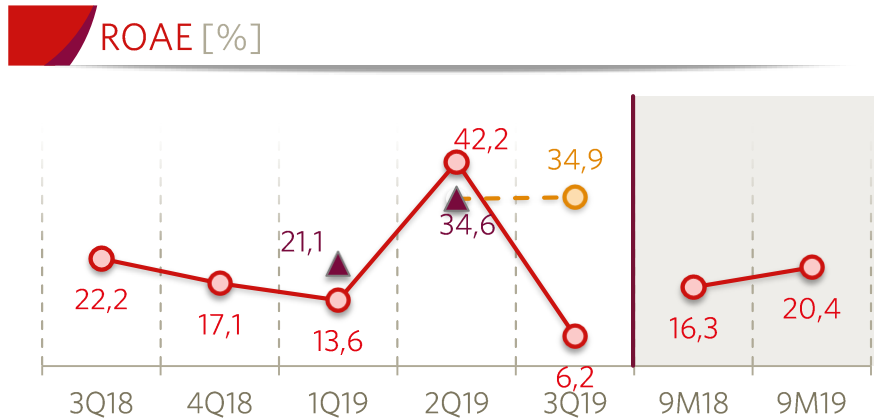
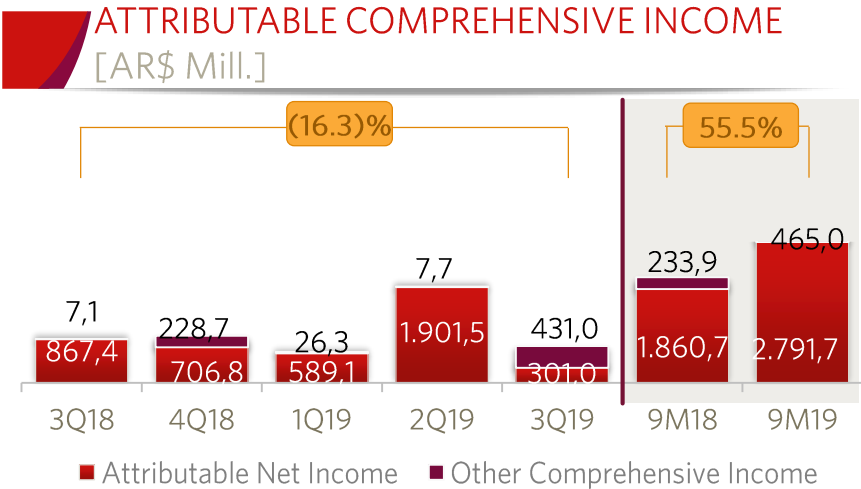
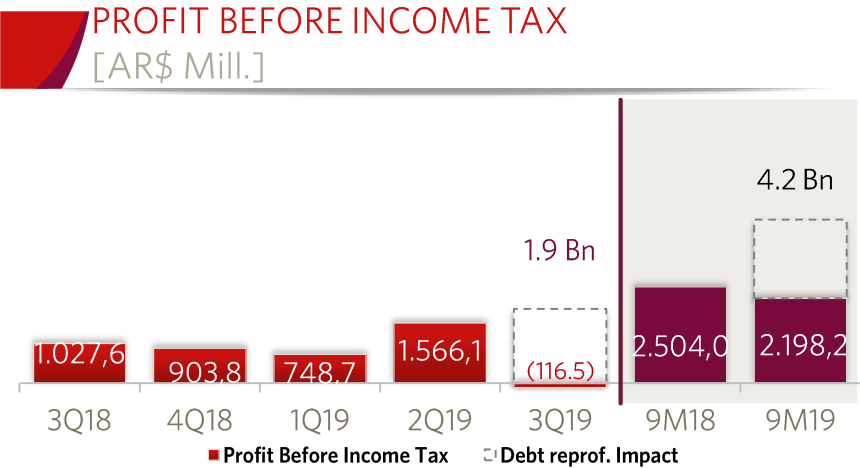
Efficiency ratio of 70.4% reflects weaker revenues due to impact from the debt reprofiling. Excluding reprofiling, efficiency ratio would have improved to 53%.



- Expenses declined 2.3% QoQ, mainly due to lower personnel expenses which fell 6.4% in the period reflecting AR\$ 273 million in non-recurring severance charges in 2Q19, while administrative expenses were up 3.5% in the period.
- On a comparable basis, personnel expenses would have increased 3.6% in 3Q19 reflecting the salary increases applied in the quarter with total expenses up 3.8 %.

# Profitability

Pre-tax results impacted by debt reprofiling and non-performing commercial loans. Excluding debt reprofiling, pre-tax profit would have risen 88% YoY and 23% QoQ.



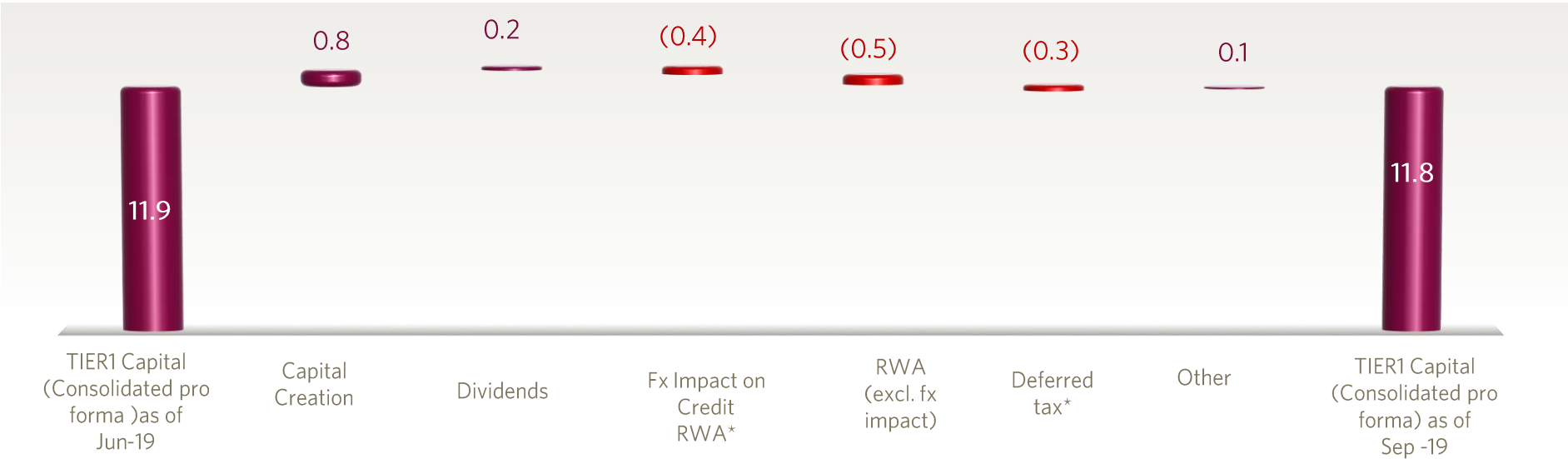
— 3Q19 ROAE and ROAA excluding impact from Debt Reprofiting

▲ Adj ROAE & ROAA including inflation adjustment in income tax provision in each quarter

# Capitalization

Solid capitalization levels in a particularly challenging quarter with common Equity Tier 1 Ratio (Consolidated Proforma) of 11.8% in 3Q19

## CAPITAL DEPLOYMENT [Tier I ratio %] <sup>(1)</sup>



The QoQ performance reflects:

- > 8% increase in operational risk
- > 15% increase in the amount of deductions to the Tier 1 capital,
- > Partially offset by a 40% decrease in market risk

\* Deferred tax on loan loss provisions and losses on Consumer Finance

