

Slide 2

Ana Bartesaghi

Good morning, everyone and welcome to the Grupo Supervielle Fourth Quarter 2021 earnings call. This is Ana Bartesaghi, Treasurer and IRO.

A slide presentation will accompany today's webinar, which is available in the Investor section of Grupo Supervielle's investor relations website. Today's conference call is being recorded. As a reminder, all participants will be in listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation.

If you want to ask a question you need to be connected to the zoom platform from any device. We will not be able to take your questions if you are connected from a phone line. Also, please make sure your name and last name appear in the zoom platform you are using. To ask a question by voice please press the "raise your hand" button located in the zoom platform, and press "raise your hand" again to withdraw your question. You can also send questions in written form via the Q&A box in the zoom platform anytime during the call. We will ask you to limit yourself to one question and a follow up and then you can raise your hand again in another round.

Speaking during today's call will be Patricio Supervielle, our Chairman & CEO and Mariano Biglia, our Chief Financial Officer.

Also joining us are Alejandro Stengel, Second Vice-Chairman of the Board and Bank CEO and Jorge Ramírez, First-Vice Chairman of the Board. Alejandra Naughton, board member of several of Grupo Supervielle's subsidiaries will also be joining us for today's call. All will be available for the Q&A session.

As a reminder, today's call will contain forward-looking statements which are based on Management's current expectations and beliefs and are subject to a number of risks and uncertainties, including as a result of the COVID-19 pandemic, and I refer you to the forward-looking statement section of our earnings release and recent filings with the SEC. We assume no obligation to update or revise any forward-looking statements to reflect new or changed events or circumstances.

Mariano Biglia, our CFO will start the call discussing our performance for the quarter and our near-term outlook. Patricio Supervielle, our Chairman and CEO will follow with an update on our mid-term strategic initiatives.

Mariano, please go ahead.

Slide 4

Mariano Biglia, Chief Financial Officer

Thank you, Ana. Good morning, everyone. Thank you for joining us today. Please turn to slide 4 of our earnings presentation.

- While economic activity continued to grow above pre-pandemic levels, market conditions faced significant macro and regulatory challenges, including high inflation, negative real interest rates, weakening currency and industry loans at historical lows.
- Profitability in the quarter was negatively impacted by one-time personnel expenses related to headcount efficiencies, together with losses at IUDÚ reflecting inflation and higher loan loss provisions. Central Bank regulations and higher taxes also impacted performance. This resulted in an attributable net loss of nearly 670 million pesos, while we posted breakeven profitability when excluding non-recurring personnel charges.
- The acceleration of our strategy to capture operating efficiencies has allowed us to reduce personnel expenses. Excluding non-recurring early retirement charges, our efficiency ratio improved 170 basis points sequentially, although it remains highly impacted by a low revenue base.
- We also retain strong liquidity and an adequate capital base, closing the year with a Tier 1 ratio of 12.7% that support our strategic transformation initiatives and long-term sustainability. Capital remains hedged against inflation through real estate investments, mortgages, and sovereign bonds.
- On the ESG front, in line with our goal to integrate ESG criteria more broadly in our strategic planning, we will begin reporting under the SASB framework in our 2021 Sustainability Report, expanding on our current GRI reporting.
- Maintaining our commitment to long-term value creation, Patricio will discuss shortly how we are advancing on our value creation strategy to drive ROE improvement and related goals for 2022.

Now, please turn to slide 5.

Slide 5

In terms of lending, we recovered market share year-on-year, even while our loan book posted a low single digit contraction remaining at historical lows.

Average AR\$ loans were up just over 2% year-on-year, compensating the decline in US dollar denominated loans.

Slide 6

Now, moving on to funding on slide 6.

Liquidity levels remained strong, both in pesos and dollars, with the loan to deposit ratio at nearly 56%.

Core peso deposits increased 5% sequentially as we continued to expand our share in sight deposits, from both retail and corporate customers.

Total AR\$ deposits, however, were down 5% as we exercised liquidity management and lowered institutional funding.

Slide 7

Turning to slide 7, Total AR\$ NIM expanded 140 basis points sequentially to just over 18%.

This was driven mainly by a 100 basis points reduction in cost of funds resulting from a better funding mix. During the quarter we continued to attract low & non-interest bearing AR\$ deposits while reducing institutional funding. Higher inflation also drove higher AR\$ NIM.

In turn, the AR\$ loan portfolio NIM declined 30 bps. The decrease in cost of funds could not offset the 120 bps sequential decline in the average yield on AR\$ loans as lower interest earned on mandatory credit lines granted to SMEs at preferential rates and higher credit card volumes drove lower yields.

Slide 8

Moving on to Asset Quality on slide 8.

Our total NPL ratio improved 100 basis points sequentially to 4.3%, declining across business segments.

At the Bank, the NPL ratio dropped to 2.6% reaching pre pandemic and prerecession levels.

In turn, IUDÚ posted a 100 basis points sequential drop in the NPL ratio, mainly as we started to write-off delinquent loans of customers who did not resume payments after the expiration of the 12-month grace periods ruled by the Central Bank.

Note that during the quarter we reassessed our exposure to the public works construction sector as details on the IMF agreement became public including the extent of the expected fiscal tightening and the ability of public spending. Based on this context, we decided to write-off a portion of the portfolio reducing our exposure to this sector, impacting cost of risk and coverage.

The total coverage ratio at year-end stood at 110%.

Slide 9

Turning to capitalization on slide 9. We closed the year with a Tier 1 capital ratio of 12.7%, contracting 140 basis points sequentially, mainly explained by the following factors:

- First, our bottom line was impacted by accelerating headcount efficiencies, which increased severance costs.
- Second, in 4Q21 we also increased investments in digital transformation initiatives which are deducted from Tier 1 capital. These investments were in line with our investment plan of approximately 3 billion pesos for the full year disclosed in previous quarters.
- Third, certain write-offs in the quarter mainly related to the public construction sector reduced the expected loss regulatory easing, negatively impacting capital. Part of this effect, approximately 40 basis points will be recovered during 2022.
- Finally, the increase in RWA was more than offset by inflation adjustment of capital.

We expect at year-end 2022 an adequate Tier 1 capital in the range of 12 to 13%.

Slide 10

While guidance remains suspended due to continued limited visibility ahead, on slide 10 we share our views on the main drivers of our business for this year.

Peso-denominated consumer and commercial loans are expected to grow slightly above inflation as we continue to pursue our goal of regaining market share lost in 2020 when we took a more conservative approach in the midst of the pandemic. Growth in real terms would be lower, however, if annual inflation were to accelerate above 55%.

At the same time, while deposit growth remains fostered by FX restrictions and interest rate floors on time deposits, we expect deposits to grow slightly above inflation.

In terms of asset quality, as anticipated, NPLs ratios declined in the fourth quarter and are expected to remain stable or decline slightly in the year. We also anticipate provisions to grow above 2021 levels in line with loan growth, while cost of risk is expected to remain at similar levels of last year.

With respect to margins, we expect NIMs to increase slightly above 2021 levels. This is mainly driven by sustained improvement in our funding mix, a key pillar of our strategic plan, together with anticipated growth in higher-margin personal loans. Margin is also expected to benefit from the impact of higher inflation on inflation-adjusted assets, including government bonds and mortgages, along with a net positive effect from the Central Bank regulations enacted last January. More detail on these regulations can be found in our earnings report.

At the same time, we expect Fee income from individuals to increase in line with inflation, while insurance income is likely to grow in real terms as premiums recover from the lower levels observed in the last two years.

In turn, Personnel and administrative expenses are anticipated to increase slightly above inflation driven by additional costs related to the execution of our transformation strategy. Our plan also calls for continued implementation of headcount efficiencies, as we move ahead with our branch and channel resizing.

In connection with our network and digital transformation initiatives, we plan to invest approximately 5.1 and 1.2 billion pesos, respectively during 2022. Lastly, capital and liquidity are expected to

remain at adequate levels, with the Tier 1 ratio anticipated to range between 12 and 13%, as I noted earlier. Also recall that 100% of our capital remains hedged against inflation.

Now let me turn the call to Patricio Supervielle, who will provide an update on our strategic initiatives. Patricio, please go ahead.

Slide 11

Patricio Supervielle, Chairman & CEO

Thank you, Mariano, and good day everyone.

While work is being done to stabilize the economy, the financial sector in Argentina will continue to face considerable macroeconomic and regulatory challenges that we expect will go beyond this year.

Concurrently, the pandemic has changed how people conduct their personal and business lives, through accelerated digital adoption and remote working. And, along with these changes, we too have accelerated our initiatives to anticipate our clients' new needs and the changing environment in which we operate.

In this context, we reaffirm our focus on long-term value creation and are advancing on our six strategic pillars to improve ROE: enhance the customer experience, accelerate client acquisition, expand digital adoption, continue to capture operating efficiencies, lower cost of funding and maintain healthy asset quality.

We are executing our strategy on three key fronts:

- First, accelerating the digital and operational transformation of Banco Supervielle, scaling customer acquisition and executing on our omnichannel and branch transformation strategy.
- Second, at IUDÚ we are transforming the business model from a consumer finance business into a full-digital banking platform to drive profitability; and
- Third, at Cordial and IOL InvertirOnline we aim to diversify revenue generation beyond of Argentina

Over the next slides I will discuss how leading indicators of our transformation confirm we are on the right track on these initiatives and elaborate on our key goals for this year.

Now, please turn to slide 12.

Slide 12

Starting with Banco Supervielle's retail customer base, we added 53 thousand new retail customers in 2021, of which over 80% are digital.

Digitized clients, in turn, increased over 30% year-on-year.

We also expanded the share of digital and automatic personal loan customers over retail customers by 5 percentage points to 40% at year-end. Asset management retail customers were up 80% year-on-year with assets under management more than doubling as we increased share of wallet.

Our key goals for this year on this front include:

- Further accelerating digital customer acquisition.
- Continue cross selling digital products, including launching and expanding personal finance management products, as part of our initiatives to increase share of wallet.
- We will also continue to leverage our car loan alliances, including our recent alliance with Kavak to expand our share as a leader in the pre-owned car loans market.

Slide 13

Moving on to slide 12, let me share some examples of the successes we are having in boosting share of wallet at the Bank along with driving higher transactions among SMEs and Corporate Customers.

We reached the Top 5 ranking in brand awareness among private banks in the country, while increasing our customer base and share of wallet:

- As we show on the left chart, during the year we expanded SMEs & Middle market customers by nearly 4%. Moreover, over 20% of our sales to SME customers were digital following the launch of digital onboarding early last year.
- We also increased our share of total system customers by over 40 basis points in the year to 5%, regaining our leading market position in leasing and posted share increases across payroll services, sight deposits and assets, among others.

Looking ahead, we expect to continue accelerating digital customer acquisition, while also launching new features and services, including digital lending, to further drive share of wallet.

Slide 14

Please turn to page 14 to see the traction we are making on enhancing the customer experience.

The share of total digitized retail customers increased consistently during the year - up nearly 7 percentage points. We also saw significant advances in corporate clients, as we more than doubled the number of monthly collections and payment transactions. In turn, the share of online and automatic monetary transactions continued to increase to nearly 90% of total transactions by year-end, while we saw sustained growth in E-Check volumes and customers ranking 6th in this segment, above our natural market share.

We expect to continue advancing on driving digital adoption at the Bank while scaling digital onboarding and sales throughout the year.

Slide 15

As we show on page 15, during 2021 we also advanced on improving funding quality, another key pillar of our strategic plan.

The share of corporate customer sight deposits increased 18 basis points year-on-year.

At the same time, the share of retail customer sight deposits was up 5 basis points against year-end 2020 and recovered sequentially by 30 basis points, contributing to improve our funding mix.

Notably, the cost of funding of our core deposits declined by over 3 percentage points year-on-year and 5 percentage points sequentially.

During this year we aim to continue expanding corporate sight deposits, keeping our focus on driving growth in transactional products, managing reciprocities with corporate customers and increasing share of wallet to become the primary bank for more of our customers.

Slide 16

Please turn to slide 16, for an update on our initiatives to scale our branch transformation and innovation.

Starting with our hybrid model, last year we began to scale our virtual hubs expanding our footprint and enabling banking anywhere and anytime. This omnichannel model combines the efficiencies of a virtual hub with the strength of face-to-face interactions and a correspondent strategy. To-date, we have implemented three virtual hubs offering a superior customer experience with our internal customer satisfaction score at 4.5 over 5, and we are working towards scaling this model to other regions and segments.

We also made significant progress on our branch transformation front, implementing a new service model, and modernizing our network. By year-end we modernized and expanded services to SMEs and multi-segment businesses in 16 branches that until then were exclusively dedicated to senior citizens

In addition, we increased our “24 hour lobby” surface to 40% of the total branch area enabling extended banking hours and higher efficiencies.

This year we will continue working towards expanding our digital footprint, while boosting customer acquisition on the back of virtual hubs and transformed branches.

Slide 17

on rightsizing our branch network and accelerating efficiencies.

We are enhancing customer service and productivity introducing best-in-class technologies which allow us to extend service hours and facilitate self-service banking in some branches. We are also converting some branches to a full self-service format.

We closed 1 branch last year and plan to close another 16 this year, subject to Central Bank authorization. This includes 7 branches that were expected to be closed last year but are still subject to Central Bank approval.

These initiatives have allowed us to reduce headcount by nearly 6% year-on-year and 11% since December 2018. During this year we expect to obtain additional headcount efficiencies and remain vigilant to opportunities to extract further value generation.

Slide 18

Please turn to slide 18 to review our strategic pillar related to maintaining healthy asset quality at the Bank.

As Mariano explained earlier, NPLs declined to the low 2.6% levels observed in 1Q19, while net cost of risk contracted significantly to low single digits as we implemented portfolio limits, further atomized economic sector as well as our exposure to our top 10 customers. Looking ahead we expect to maintain low levels of NPLs.

Slide 19

Finally, our strategy to transform our former consumer finance business to a neobank via our fully digital banking APP – IUDÚ – is picking up speed. We are well positioned to continue to attract new customers with our wide range of offerings including savings accounts, personal loans, credit cards, insurance, wellness offerings and many others that will be launched in the current year to increase customer engagement with the aim of making IUDÚ its client's primary bank.

As I noted in our last call, we launched the retail digital savings account in the fourth quarter with the aim of attracting lower cost funding for this business. Between December and February, we opened nearly 70 thousand new deposit accounts. And, while we had almost 300 thousand downloads of the APP in 2021, during January and February alone of this year, we saw over 100 thousand additional downloads. At year- end, we registered 20 thousand digital customers and that number tripled in the first two months of 2022, closing February with nearly 100 thousand digital customers.

Our strategy to convert this business online includes reducing IUDÚ's physical presence. In 2021, we were able to reduce headcount by 7% and expect an additional 25% reduction by the end of the first quarter 2022 along with branch closures in the coming months.

In summary, while the financial services industry faces significant macro and regulatory challenges ahead, that go beyond this year, we remain focused on executing on our six strategic pillars to improve ROE. Leading indicators demonstrate we are on track to further accelerate digital customer acquisition and capture additional operating efficiencies when long-term demand resumes. All while lowering cost of funding and maintaining healthy asset quality.

Now we are ready to open the floor for questions. Ana, please go ahead.

Q&A Session

Ana Bartesaghi

Thank you, Patricio. At this time, we will be conducting the question and answer session. As a reminder, to ask a question you need to be connected to the zoom platform. We will not be able to take your questions if you are connected from a phone line. To ask a question by voice please press the “raise your hand” button and press it again to withdraw your question. You can also send your questions in written form via the Q&A box.

We will ask you to limit yourself to one question and a follow up and then you can raise your hand again in another round.

One moment while we poll for questions.

The first question comes from Ernesto Gabilondo with Bank of America. Please go ahead, Ernesto.

Ernesto Gabilondo

Thank you, Ana. Hi, good morning, Patricio, and Mariano, and all your team. Thanks for your presentation and for the opportunity.

I have three questions, but I will make one question, and then I will raise my hand again. So my question is on IUDÚ. We continue to see high level of NPLs and cost of risk of around 19% and 16% respectively. And also, if we're looking to the recent coverage ratio of IUDÚ, it seems to be low at 60% for this type of segment. So it would be interesting to know what would be IUDÚ's target for asset quality. And when do you expect to start like showing some key performance indicators for IUDÚ? And when do you expect IUDÚ to become profitable?

Also related to the same question, it will be interesting to understand the IUDÚ's strategy in the short-term. Would it be more focused on client growth over profitability? Or do you expect both to be aligned in the short-term? Thank you.

Patricio Supervielle

Mariano, would you like to answer the question on asset quality?

Mariano Biglia

Sure, Patricio. Hi, Ernesto. Thank you for your question. Regarding NPLs at IUDÚ, we are seeing the NPL ratio between 19% and 20%. What we expect, we're still seeing the effects of the automatic deferrals set during the pandemic, which ended at the end of March, regarding personal loans ended at the end of March 2021. And so, we still have the NPLs from that loan portfolio, which was much more punitive for this business segments as compared with the bank, for example. So we are still working in the recovery of this portfolio. And finally, these NPLs will be eventually not recovered, will be written off the last part in April 2022. So in the next two quarters, we may see some write-offs, which will lower cost of risk -- will lower the NPL ratio without the distortion that this portfolio made.

And then during 2022, we'll start to see what we expect to become more similar to a medium term trend, which we expect to start 5 percentage points lower after write-offs and then keep lowering until the end of the year. Remember, this business segment has a new customer profile. It's not only the old customer profile from the Walmart stores, now Changomás. It's becoming a digital bank. So we expect to see a different profile of customers with better credit behavior, but we still -- as it is a new development, just still more of uncertainty than what we can expect at the bank level. So, we expect the NPL to be decreasing, first because of the facts that are explained, and second, because of the new portfolio.

Patricio Supervielle

Thank you, Mariano. Let me take the part of the strategy. First, a straight answer when you ask whether the strategy is focused more on client growth or profitability or if both are aligned. The answer is yes. They are aligned -- absolutely aligned, profitability and client growth. Let me take a description of what the context we see in Argentina for neobanks. And if you look at the performance of neobanks in Argentina, they are not profitable.

None of them are. And by the same token, another aspect, which is a critical aspect, I believe, which is the funding. On the funding side, although, let's say, some of the -- let's say, the best neobanks in Argentina in terms of UX and number of customers, they've achieved certain level of funding. It's frankly very low, and it's almost irrelevant.

I would like to show as a comparison what happened with funds that are being managed by the biggest company in Argentina with our fantastic UX, Mercado Pago, Mercado Libre. They have maybe 2.5 million customers, but the funds they manage is -- the volume is around 1% of the fund industry. So it's frankly irrelevant. And even though it's a fantastic company with a UX, which is absolutely fantastic, they have not been able to attract funding. And I believe that the neobanks to be successful, they need to attract customers that become -- that they transform, or they choose IUDÚ as their principal bank. This is the key factor.

In order to do this, you need to be able to offer certain types of services that we believe that we are doing and we are providing, which are the services that actually -- let's say, a traditional bank does, which are loans, credit cards and insurances. If you look at the transactional savings in Argentina, they are mainly in the banks or in the fund industry but not in neobanks, as I said. So -- or in big techs, they are in the traditional banks. So our target for us at IUDÚ is to -- with a disruptive move to attract customers from traditional banks and get their principality with our company. This is the way we want to go further. And we have in our products, the product suites that we have, we believe, will enable us to acquire this principality with clients.

By the same token, as I said, for us, the strategy will be not only client growth, but also efficiency and profitability. For us, this year will be a transformational year in terms of the operating business model. And you will see a drastic reduction in cost all along your 2022. And I think that we will become -- we expect that our company IUDÚ will become profitable as of 2023.

Ernesto Gabilondo

This is very, very helpful. Thank you very much.

Ana Bartesaghi

Thank you, Ernesto. Our next question -- I think you said you will be raising your hand later on. So our next question comes from Rodrigo Nistor with AR Partners.

Pedro Maulhardt

Yes. Hi, good morning. Thank you for the opportunity. This is Pedro Maulhardt filling in for Rodrigo Nistor. Once again, congratulations on the clarity of the disclosures, they are really helpful. In your presentation, you talked about the transformation the bank is embarking. But banks can't control many things like the macro or Central Bank regulations. Could you comment briefly on what you're doing to address your current weak spots and minimize the negative impacts of the operating environment?

Patricio Supervielle

Alejandro, would you like to follow on that question?

Alejandro Stengel

Yes. Thank you for your question, Rodrigo -- sorry, Pedro. Your comment is actually right on, and we are focusing on the things that, regardless of the context, we can control. One of them is very tight expense controls. This includes every efficiency that we can make, and it extends to rightsizing our network. We believe that the transformation we embarked on for some time now is allowing us to be able to capture many efficiencies, while at the same time, enhancing customer experience and extending our reach through our digital network.

The other thing we're focusing on is enhancing our cost of funding. This is very important in the context that we face, and we are, as we presented, showing some progress in that regard.

And finally, to continue the digital transformation will allow us to increase our acquisition of digital clients to adopt or get a higher proportion of our customer base to continue to adopt digital and automatic channels and also to leverage cross-sell opportunities in our portfolio. These are the key things that we're focusing on in what you well described as a challenging environment.

Pedro Maulhardt

Thank you very much.

Ana Bartesaghi

Thank you, Pedro. So our next question comes from Juan Recalde with Scotiabank. Hi, Juan.

Juan Recalde

Okay. Hi, thank you for taking my question. Can you hear me well?

Ana Bartesaghi

Yes. Very clear, Juan.

Juan Recalde

Okay, perfect. So I have two questions. One is related to IUDÚ and the relationship with what used to be Walmart. So how are you leveraging that partnership -- the partnership we'd now -- let's call Dorinka. How are you leveraging that partnership to benefit IUDÚ? Can you leverage, for example, the co-branded credit cards to bring more customers to IUDÚ, for example? So that will be the first question.

And the second one would be related to the dividends. We know that this new regulation from the Central Bank that limits the percentage of profits that can be distributed as dividend. So what should we expect in terms of dividend payments for 2022?

Patricio Supervielle

Regarding the question of the, let's say, the arrangements with the Grupo de Narvaez, basically, we signed a new contract. This contract gives us a complete control of our customers. Before what in the period or the era of Walmart, you would go to the branches and you would see a Walmart financial services and below in little letters the name of our brand. Now this is gone. I mean, all customers that we have, let's say, we have originated in this franchise, they belong to IUDÚ, and they know that. So there's no confusion on that. And we're able for us, and we don't have any more the concern what's happened every time we renegotiate with the supermarket. These clients are in our franchise, and what we've been doing is transforming them to full digital clients working with the IUDÚ app.

Looking forward, the opportunities with the Changomas franchise, we believe they are important in the sense that, of course, there is -- when you have traffic in a supermarket, there's opportunities to get new customers. And the people from Changomas, they have plans probably in 2023 not this year, but next year, to put in place a loyalty program, which they know is extremely effective to -- with data analytics to basically to do data mining and get new customers. And we know that for that, it's going to be -- for us, it's a powerful tool also for attracting customers for, let's say, into IUDÚ.

But that's, I would say, in a nutshell, we have a very good relation. We talk with them all the time how to basically perform better in stores and so on. But they know that we -- the operational model will be fully digital. Particularly, for instance, when in the post sales of customers, they have to work through the app, no longer with people in the stores.

Having said that, the main, let's say, origination we believe in the next few years will come from, let's say, Internet from basically from -- all the plan we have on digital marketing, trying to attract customers from traditional banks and come to IUDÚ. That's basically my answer.

Juan Recalde

Okay. That's very clear. That's helpful. And in terms of dividend, yes?

Mariano Biglia

Yes, let me add the answer in terms of dividends. Central Bank regulations needs on dividend apply for the bank and IUDÚ, which are the financial companies, which are subject to Central Bank regulations. But the holding company, Grupo Supervielle is only affected indirectly, because it only needs the dividends that the holding company can receive from the bank and IUDÚ. But in past years, where we approve dividends of approximately 10% of our net profit, we funded all 100% of the dividend at the holding company, was funded by dividends, received from other subsidiaries, not subject to Central Bank regulation as Supervielle Seguros and Supervielle Asset Management mainly.

So we don't expect to approve dividends from the bank or IUDÚ as we haven't done that in the last years. The dividend for this year that we recommended the shareholders to approve is only to offset the personal asset tax. So that can be funded with dividends from again Supervielle Seguros and Supervielle Asset Management and will not be limited by this regulation.

Juan Recalde

That's helpful. Thank you very much.

Mariano Biglia

Okay.

Ana Bartesaghi

Thank you, Juan. Our next question comes from Marlon Medina Robles with JP Morgan. Hi, Marlon. You can proceed with your question now.

Yuri Fernandes

Hello, Ana. Hi, Patricio. Actually, it's Yuri Fernandes here. No worries. I was using Marlon's link. I have the first one on margins. You mentioned you are expecting a better funding. We saw a decrease in deposits, which is still good, loan to deposit ratio, good liquidity ratios. So my question is what should be see for margins in 2022? Because we saw some expansion this quarter, but I don't know how much sustainable it is given, I guess, we have a new deposit regulation taking place in January, right? So maybe in the first Q 2022 may be more challenging given now to pay minimum remuneration for a larger chunk of your deposit base. So the first question is margins. What do you see, what should you expect for 2022?

I have a second one regarding capital. We saw some decrease. You explained very well in the release. But my question is regarding the RWAs. We saw RWAs growing faster than loans. So if you can provide more color. And also your general view for capital during the year, like how do you expect to review this capital during the year, what you see as the outlook for capital? Thank you very much.

Patricio Supervielle

Thank you, Yuri, for your question. Mariano, can you answer the question on margins?

Mariano Biglia

Yes. Hello, Yuri. Thanks for your questions. First, regarding margins. I think you mentioned recent regulations from January and February. Although it raised the interest rates on time deposits and it also raised the limit from ARS1 million to ARS10 million of deposits that are set at the highest interest rate, now at 39%. These regulations also increased the Leliqs rate and the Repo rate that we received from instruments from the Central Bank. And also to increase the cap on certain interest rates. With credit cards going from 34% to 39%, and also increasing the interest rates on subsidized loans. So all in all, the increase in interest rates, although it impacts both assets and liabilities, we think the net effect will be positive for 2022.

Also, and I think more important, we expect during 2022 to also increase our cost of funds. We've seen that during the fourth quarter of 2021. And in cost of funds also will be very important, the role of IUDÚ starting to add customers that are also saving account customers are not only lending customers that IUDÚ have in the past.

And last, inflation. As we are long on inflation, because we haven't hedged our net equity 100% against inflation, mainly through inflation adjusted instruments like mortgages and sovereign bonds. Also high inflation will increase margins. So those will be the main factors playing in the financial margin for 2022.

Then regarding capital and risk-weighted assets. Risk-weighted assets have three components. The first and more important is the risk-weighted assets of credits, and that is very linked to the loan growth. Of course, is not a one-to-one relationship, because there are certain particularities of the regulations, but it tends to go one-on-one with loan growth. And then we have markets risk weighted assets and operational risk. Those other two components, although less material, can also have an impact, for instance for market risk, sometimes on the hedge, we have against loans can increase market requirements of capital. And operational is related mainly to -- operational requirement of capital is mainly linked to revenues. So in the long-term, the increase on risk-weighted assets will be linked to increasing loans. But in the shorter term, there can be some mismatches.

And lastly, for our capital in 2022, we expect to remain at adequate levels in the range of 12% to 13%. Now we are 12.7%, having decreased in the last quarter from 14.1%. But the write-offs in the quarter made an extraordinary decrease, due to the technicalities of the regulations that allow us to recover part of the expected loss provisions and add the bank capital. We expect to recover 0.4% of Tier 1 ratio to our capital. So adjusting for that, we would be in 13%, 13.1%. So increasing risk-weighted assets would lead to a small decrease in the tier 1 capital ratio but always, we see it above 12%.

Yuri Fernandes

That's very clear, Mariano. Thank you very much.

Ana Bartesaghi

Thank you, Yuri. Our next question comes from Alejandra Aranda with Itaú. Please, Alejandra. Go ahead.

Alejandra Aranda

Hi. Good morning. Thank you for the opportunity. Most of my questions have been answered. But regarding the rightsizing, I mean, how long should we expect this to continue? And what should we expect in terms of additional costs coming from this and the additional investments for this year?

Patricio Supervielle

Well, as I said, in consumer finance, rightsizing will be particularly, let's say, large. And this year, it will be very large. And this is already -- we can see this in the first quarter already. But in the first quarter of consumer finance, as we said, we stated we are reducing 25% of the workforce by first quarter 2022 through the change of operation model that we might expect to continue to see this along the year.

Regarding the bank, the capital efficiencies will continue, because the transformation is ongoing and it has a lot to do with the new digital processes, automation, digital adoption of clients, branch transformation. I don't know if you want to add something there Alejandro on that on the capital efficiencies?

Alejandro Stengel

Yes. As Patricio was saying, we will continue to capture these efficiencies, which as you know, have been driven by a combination of digital adoption, that is accelerated during the pandemic, and also our investments of increasing automated channels and their availability to the public. In effect, what has happened is that our clients are going to the bank at different hours, extended hours and even during weekends, deciding when and how to serve or self-serve from our services. And this is creating huge opportunities to rethink and optimize our branch network and also to extend our reach as our investments in digital transformation allow for digital acquisition of digital-native clients.

In terms of investments, I recall Mariano mentioned earlier on that the investments planned for 2022 in terms of our network are at approximately ARS5.1 billion. Just to give you an idea of second question and digital transformation initiatives are at around ARS1.2 billion.

Mariano Biglia

Let me comment on investments. What we mentioned in the presentation is ARS5.1 billion as Alejandro said for IT and digital transformation-related investments, ARS1.2 billion for the transformation of the network. And regarding severance, I don't know if you're asking also on the investment on severance. During 2022, we had ARS2.6 billion of severance at the bank level. And on top of that, ARS500 million at IUDÚ, where we restarted the reductions already in the fourth quarter. And for 2022, we still have efficiencies at the time and increasing due to the -- on a consolidated basis, the ARS3.1 billion of costs in severance, that is Banco Supervielle plus IUDÚ,

will be a bit lower in 2022, maybe in real terms 10% lower. Still at high levels due to these efficiencies at both companies.

Alejandra Aranda

Okay. Thank you very much.

Ana Bartesaghi

Thank you, Alejandra. And I think now we can go back to Ernesto Gabilondo with Bank of America. Ernesto, please go ahead.

Ernesto Gabilondo

Thank you, Ana. So my last question is on your ROE expectations. I think the ROE of last year was minus 2%. So considering now your '22 perspectives, where do you see the ROE?

Patricio Supervielle

Yes. Mariano?

Mariano Biglia

Yes. Let me comment. We are not giving the ROE for net income guidance, let me expand on the main factors that we see improving in 2022 or affecting 2022 results.

Although there are still many moving parts to see the exact level -- the precise level of net profits or ROE for the full year. As we saw during the presentation, 2021 net profit or net loss was negatively impacted by regulations and taxes. Although that I explained some improvements, but most of them will be still in place during 2022.

We will also keep a high level of additional costs due to efficiencies a bit lower than 2021. But on the other hand, we'll start to reduce the net loss from the IUDÚ business segment, which is very significant in 2021, reaching or expecting to reach a breakeven by the end of the year or beginning of 2023, as Patricio said earlier. So reducing loss from IUDÚ mainly from customers with deposits, which is very important in a high inflation environment that affects this company more than other businesses, will be very important in 2022. Also, although we are keeping additional costs from efficiencies, we're starting to see lowering costs from the reductions we made in 2020 and particularly in 2021. So with 6%, less headcount at the bank level, will allow us to have less personnel costs.

And also during 2021, we reduced the space that we leased for the corporate business. And according to IFRS 16, the savings of that agreement will be seen in 2022, 2023, not in 2021. That's because of the accounting rule. But in the net of the contract, that would be a significant saving. So those, what I explained before that we expect to -- allow us to have a higher NIM and reducing cost and trying to maintain cost of risk will be the main factors that will play in 2022 ROE.

Ernesto Gabilondo

Thank you, Mariano. And then can you just remind us your macro expectations regarding inflation, interest rates and FX? And also, you were mentioning high inflation will help NIMs on higher inflation in government bonds. But how do you see this could be impacting the net monetary position?

Mariano Biglia

Well, high inflation, as we are hedged against inflation for real estate assets, pledged, adjusted bonds and mortgages is positive for our margin. But at the end of the day, it's neutral for the P&L because we have a higher margin, but a higher loss from the monetary position. So our monetary position is now, and we expect in this environment to be the same during the year. It's long on inflation to cover 100% of net equity. On top of that, we might have also a long position in U.S. dollar. And that is mainly tactical as we expect to see a higher devaluation or not. So that will be the effect of inflation. Higher inflation impacts mainly the IUDÚ business segment, but we are covered on a consolidated basis.

And also for loans and deposits, the inflation we started to work on 2022 forecast with a 50% inflation, then started to work with a 55% inflation projected. If inflation goes beyond that or much higher, let's say, beyond 60%, the growth on loans in real terms will be lower because that will, at some point affect credit demand. Deposits may still be growing at or slightly above inflation because that is fiscal deficit financed through the Central Bank at the end of the day plays -- fosters together with the foreign exchange restriction fosters the deposits growth. So, I don't know if it really answered your question.

Ernesto Gabilondo

Yes. Thank you very much, Mariano.

Mariano Biglia

You're welcome.

Ana Bartesaghi

Yes. I think we have some questions in the panel. It says, could you please provide an update on InvertirOnline, its growth and growth prospects?

Patricio Supervielle

Okay. Thank you for an opportunity to talk about InvertirOnline. Last year, 2021, we were able to, let's say, increase our number of clients around 25% in terms of active users. We are above 110,000 active users. This is the metric. This is one of the metrics -- by meaning active users, users that have been using -- have been operating transacting with the InvertirOnline over the last 60 days.

InvertirOnline, we believe that for us, it's important to gain traction in terms of growth in Argentina. For this, we are launching in this quarter the new app mobile, which we believe will help us to gain traction as well as we are in the process of connecting to a digital wallet to provide customers who and to refer, let's say, our customers to a digital wallet that eventually they want to transact with cryptocurrencies. We are doing this with an absolutely according to the standards of Argentine regulation.

At the same time, substantial number of the people at InvertirOnline engineers and software developers, they are working on the international platform. We are working in the implementation of a plan in order to launch services in the region. And this is in process, and that's basically my answer.

Ana Bartesaghi

Okay. Ladies and gentlemen, we have reached the end of today's Q&A session. Thank you for joining us today. We appreciate your interest in our company. We look forward to meeting more of you over the coming months and providing financial and business updates next quarter. In the interim, we remain available to answer any questions that you may have. Thank you and stay safe and healthy.