SUPERVIELLE

Market Discipline

Report as of 03.31.2023

Table of Contents

INTRODUCTION .....
SECTION 1. SCOPE OF APPLICATION .....
SECTION 2. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK-WEIGHTED ASSETS (RWA)
SECTION 3. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES .....
SECTION 4. COMPOSITION OF CAPITAL AND TLAC .....
SECTION 5. MACROPRUDENTIAL SUPERVISORY MEASURES .....
SECTION 6. LEVERAGE RATIO .....
SECTION 7. LIQUIDITY .....
SECTION 8. CREDIT RISK .....
SECTION 9. COUNTERPARTY CREDIT RISK .....
SECTION 10. SECURITIZATION .....
SECTION 11. MARKET RISK .....
SECTION 12. INTEREST RATE RISK .....
SECTION 13. REMUNERATION .....
SECTION 14. OPERATIONAL RISK .....

Introduction

The Central Bank of Argentina (BCRA), through Communication "A" 5394 (as amended) – Market Discipline - decided to foster market discipline so that the information disclosed in this document allows market participants to assess data related to capital, risk exposures, risk assessment processes and capital adequacy of financial institutions. Thus, the new regulatory framework is in line with Pillar III recommendations of the Capital Accord drafted by the Basel Committee, known as "Basel II". Such communication was amended by Communication "A" 6143 dated January 7, 2017, for disclosures as of December 31, 2016, by Communication "A" 6451 dated February 20, 2018, for disclosures as of December 31, 2017, by Communication "A" 6617 dated December 26, 2018, for the disclosures as of December 31, 2018 onwards and by Communication "A" 6724 dated June 28, 2019, for the disclosures as of December 31, 2019 onwards.

In this regard, Banco Supervielle S.A. implements as of December 31, 2022 the disclosure requirements related to Pillar III, taking into account the aforementioned BCRA communications as regards qualitative and quantitative disclosures required and as regards established consolidation and frequency levels.

This Document was prepared according to the Minimum Disclosure Requirements Policy approved by the Board of Directors, which is published in the Bank's web page: https://www.supervielle.com.ar/institucional/informacion-corporativa

The quantitative information refers to December 31, 2022, unless otherwise stated.

Section 1. Scope of Application

Qualitative Information

1. Name of the top corporate entity int the group to which the provisions on "Minimum Capital of Financial institutions" applies.

Banco Supervielle S.A.

2. Outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group.

The Group is made up of:

- **Banco Supervielle S.A.:** Banco Supervielle, of family origin with a long-standing presence in the Argentine financial system. It is the 8th largest private capital bank in Argentina in terms of loans and the 11th largest among all public banks. Supervielle develops a philosophy of financial services #HUMANBANKING focused on combining a human approach with technology, through its own values - agile, simple and friendly - to transform and facilitate our clients' experiences.

- **IUDÚ Compañía Financiera S.A.:** IUDÚ is an entity regulated by the Central Bank that provides Digital Banking services. It has extensive experience in the market; since 2000 it has offered financial services through its commercial agreement with Walmart Argentina. It also offers its products through our subsidiaries Tarjeta Automática with its network of branches in the south of the country and MILA, a company that markets secured loans on brand new and used vehicles. Until the change of name and brand, IUDÚ operated as Cordial Compañía Financiera.

  It launched the new 100% digital App on the market under its new IUDÚ brand with the aim of providing the best and simplest digital banking experience, prioritizing clients' time and savings.

  With the new proposal, it seeks to develop the widest range of digital financial products and expand to a broad segment of clients who are looking for a 100% digital experience with lower costs and higher income returns.

- **Tarjeta Automática S.A.:** It was founded in 2002 to provide credit solutions to the unbanked consumer segment of the population. The company is a distribution network for consumer financing, mainly in southern Argentina. It was acquired by Grupo Supervielle in 2007. It has 20 customer service branches.

The subsidiaries that make up the consumer division IUDÚ Compañía Financiera S.A., and Tarjeta Automática S.A. signed a merger agreement with Banco Supervielle S.A. after they had transferred their client and credit portfolio during the last months of 2022.

- **Supervielle Asset Management S.A.:** Through SAM, Grupo Supervielle entered the mutual funds market, with the "Premier" family of funds. As of December 31, 2021, SAM managed 15 mutual funds and had US$73,705 million in managed funds. According to information supplied by the Argentine Chamber of Mutual Funds, SAM's market share is of approximately 2.1% in the mutual funds sector in Argentina.

- **Supervielle Seguros S.A.:** In June 2013, Grupo Supervielle and Sofital purchased 100% of the shares of Supervielle Seguros S.A. (formerly Aseguradores de Créditos del Mercosur S.A.). The Supervielle Seguros business is in a continuous process of transformation and expansion, always focusing on our policyholders. We work with the conviction of being the support of clients through our life, family, home or business insurance, providing solutions and peace of mind at every moment.

  Supervielle Seguros markets its products through the Grupo Supervielle distribution network, the purpose of which is to further develop our *bancassurance* model through reengineering and improvement of products as well as the increase in the variety of insurance products offered by Supervielle Seguros and Supervielle Productores Asesores de Seguros.

- **Supervielle Productores Asesores de Seguros S.A. (Supervielle Broker de Seguros):** In 2019, Grupo Supervielle created a new company, Supervielle Productores Asesores de Seguros, which began operating in the second half of 2019.

- **Espacio Cordial de Servicios S.A.:** Espacio Cordial was created in October 2012 and started operating in December of such year.

  Since 2014 it has provided non-financial services in the Banking industry through the categories: Services and Assistance, Electro, and Tourism.

  It seeks to contribute to the well-being of Grupo Supervielle's clients in their daily lives by covering unsatisfied needs in health services, such as dentistry, ophthalmology, medical emergencies, and telemedicine as well as personal, home, car and motorcycle assistance, and pet assistance.

  In the Electro and Tourism categories, it sells appliances, technology, home and furniture, sports products, wellness and beauty, and travel, providing clients with access to these products through financing. In this way, it identifies cross-selling opportunities by offering specific products to clients at each point of contact.

- **Micro Lending S.A.:** It is a company engaged in the origination of car loans. It was purchased by Grupo Supervielle on May 2, 2018.

- **Invertir Online S.A.U.:** With 21 years of experience, IOL invertironline is a simple and intuitive investment marketplace in which more and more people are encouraged to invest, boosting their income and savings. This platform integrates all the latest market information through Research reports with investment suggestions for each investor profile.
  In Argentina, IOL invertironline offers different investment alternatives in the local securities market, in addition to a wide range of services designed for clients to optimize their savings and the possibility of investing in the United States. It also has an academic financial education unit called IOL Academy.

- **Bolsillo Digital S.A.U.:** On June 12, 2019, Grupo Supervielle S.A. created this Company.

  BOLDI is a Fintech of the Supervielle Group that operates as PSP ("Payment Service Provider", registered for this purpose in the Central Bank of Argentina), the purpose of which is to provide payment and collection solutions, both face-to-face and digital, to the different business segments.

  Among the products developed by the company, there are an App, which works as a wallet; an International Mastercard Prepaid Card; a Mobile POS; and the possibility of generating Payment Links for WhatsApp sales. Soon it will have interoperable QR and uniform virtual key ["CVU" for it acronym in Spanish.]

  At BOLDI, the aim is to simplify the transactions of small and medium-sized businesses and, with this tool, contribute to reducing the use of cash, since it allows charging for the sale of its products or services both in person and online. The store only has to register online, and then, it can start selling.

  Currently, it has more than 20,000 affiliated stores and has operations throughout the country, with strong development in the Cuyo region, where it is the preferred banking aggregator for small and medium-sized businesses to collect payments made by their clients with Debit and Credit Cards.

- **Supervielle Agente de Negociación S.A.U.:** In December 2019, Grupo Supervielle purchased 100% of the capital stock of Futuros del Sur, a trading agent aimed at institutional and corporate customers; a negotiation agent.

- **Dólar IOL S.A.U.:** Grupo Supervielle acquired Dólar IOL in 2020, seeking to expand the offering of financial services to individuals customers throughout the country, allowing them to make changes by applying the latest technologies for such purposes.

- **Sofital S.A.F. e I.I.:** It is a company [*sociedad anónima*] mainly involved in the holding of interests in other companies. Sofital holds 2.8% of the Bank's capital stock, 5% of SAM's capital stock, 5% of Espacio Cordial, 5% of Supervielle Seguros, and 4.8% of Supervielle Productores Asesores de Seguros S.A.

Please note that the consolidated banking group for accounting and regulatory purposes, to which the minimum capital requirements apply, include Banco Supervielle S.A., IUDÚ Compañía Financiera S.A., Tarjeta Automática S.A., Bolsillo Digital S.A.U., Supervielle Asset Management S.A., Sofital S.A.F. e I.I., Invertir Online S.A.U., Dólar IOL S.A.U. and Supervielle Agente de Negociación S.A.U.

There are no differences in the consolidation basis for accounting purposes as the financial statements of Banco Supervielle S.A. and those of the different group companies are prepared following the same accounting criteria.

As regards the differences inherent in regulatory effects, see table CC2 Reconciliation of Regulatory Capital to Balance Sheet with the published Balance Sheet in Section 4 which summarizes the reconciliation of differences between the consolidation basis for accounting purposes and for regulatory capital purposes.

3. Restrictions or other major impediments (at present or in the foreseeable future) on the transfer of funds or regulatory capital within the group.

There are no legal impediments to the transfer of funds or regulatory capital within the group.

4. The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.

There are no subsidiary insurance companies included in the capital of the consolidated group.

5. The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation (i.e. that are deducted) and the name(s) of such subsidiaries.

N/A (See para. 1.4. above).

6. The aggregate amounts (e.g. current book value) of the firm's total interests in insurance entities, which are risk- weighted rather than deducted from capital or subjected to an alternate group-wide method, as well as their name, their country of incorporation or residence, the proportion of the ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method vs using the deduction or alternate group-wide method.

N/A (See para. 1.4. above).

SECTION 2. Overview of Risk Management, Key Prudential Metrics and Risk-Weighted Assets (RWA)

Template KM1 – Key Metrics

An overview of the key prudential metrics is shown below. Information as of 03.31.2023

	ITEMS	03/31/2023	12/31/2022	09/30/2022	06/30/2022	03/31/2022
		A	B	C	D	E
		T	T-1	T-2	T-3	T-4
Available capital (amounts)						
1	Common Equity Tier 1 (COn1)	67,111,947	54,046,170	50,016,232	41,485,948	37,085,132
2	Tier 1	67,111,947	54,046,170	50,016,232	41,485,948	37,085,132
3	Total Capital	69,580,074	56,646,340	52,083,277	43,393,431	38,689,560
Risk-weighted assets (amounts)						
4	Total Risk-weighted assets (RWA)	472,774,648	458,204,733	372,941,659	327,253,528	276,508,778
Risk-based capital ratios as a of RWA						
5	Common Equity Tier 1 (%)	14.20	11.80	13.41	12.68	13.41
6	Tier 1 Ratio (%)	14.20	11.80	13.41	12.68	13.41
7	Total Capital Ratio (%)	14.72	12.36	13.97	13.26	13.99
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital Conservation Buffer Requirement	2.50	2.50	2.50	2.50	2.50
9	Countercyclical Buffer Requirement (%)	0.00	0.00	0.00	0.00	0.00
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.00	0.00	0.00	0.00	0.00
11	Total of bank CET1 specific buffer requirements (%) (row 8+row 9+row 10)	2.50	2.50	2.50	2.50	2.50
12	CET1 available after meeting the bank`s minimum Capital requirements (%)	7.20	4.80	6.41	5.68	6.41
Basel III Leverage Ratio						
13	Total Basell III leverage ratio exposure measure	723,387,476	663,193,125	535,383,213	518,889,029	423,285,281
14	Basel III levarage ratio (%) (row 2 /row 13)	9.28%	8.15%	9.34%	8.00%	8.76%
Liquidity coverage ratio						
15	Total HQLA	299,175,546	238,815,094	209,672,762	199,211,539	164,169,185
16	Total net cash outflow	272,433,997	219,250,810	199,434,616	183,772,537	148,803,030
17	LCR Ratio (%)	109.82%	108.90%	105.13%	108.40%	110.33%

	ITEMS	03/31/2023	12/31/2022	09/30/2022	06/30/2022	03/31/2022
		A	B	C	D	E
		T	T-1	T-2	T-3	T-4
Net stable funding ratio						
18	Total available stable funding	372,264,500	353,355,298	272,242,037	272,379,089	231,353,456
19	Total required stable financing	265,204,963	233,304,950	196,448,295	174,766,175	146,460,119
20	NSFR Ratio	140.37%	151.46%	138.58%	155.85%	157.96%

Table OVA: Entity's Risk Management Approach

Approach to assess capital adequacy to cover present and future transactions

The economic capital model used to estimate the own funds requirements in addition to the regulatory solvency assessment. These measures are part of the Indicators Dashboard used by the Board of Directors to regularly monitor the risk evolution and solvency.
An entity's level of capitalization and the assumed risk profile, measured in terms of capital requirements, define an entity's solvency and its credit quality. In such regard, Banco Supervielle tries to have the necessary own funds or capital to cover contingent unexpected losses.

Some capital related measures are:

- **Regulatory Capital:** Capital required by the Entity to meet the requirements of the Central Bank of Argentina (BCRA), pursuant to Pillar 1 of Basel II (credit risk, operational risk and market risk). It is intended to prevent the Entity from going bankrupt, protecting the interests of customers and senior debt holders.

Economic Capital: Capital that should be available to the Entity in order to assume unexpected losses and which might endanger the business continuity of Banco Supervielle and/or IUDÚ Compañía Financiera. This entity's estimate is adjusted according to its risk tolerance level, volume and type of activity. Pursuant to the provisions of Communication "A" 5398 of the BCRA, the economic capital is the capital required to cover not only unexpected losses arising from the exposure to credit risk, operational risk and market risk but also losses arising from exposure to other risks to which the Entity may be exposed. Banco Supervielle has developed internal measurement systems (IMS) for the calculation of the economic value derived from each of these risks, in line with Basel 2 Pillar 2 provisions. Regarding IUDÚ Compañía Financiera, as provided for in para. 1.3.2.3. of the Risk Management Guidelines for Financial institutions, its Board of Directors decided to use the simplified methodology described in para. 1.3.3 of the aforementioned restated text to quantify its economic capital requirements. According to this methodology, the aggregate economic capital is the result of:

$$CE = (1{,}05 \times CM) + \max [0; \Delta EVE - 15\,\% \times PNb)]$$

Where:

CE: Economic Capital.

CM: Minimum Capital Requirements (see para. 1.1 of the regulations on "Minimum Capital Requirements for Financial Institutions" - BCRA).

ΔEVE: Economic Value of Equity

PNb: Tier 1 capital.

The Board must ensure that the Entity has at any time sufficient own funds to face any event, with a very high confidence level.

Thus, the economic capital is not a substitute of the regulatory capital but a supplement of the regulatory solvency assessment so as to be in line with the Entity's risk profile based on the risk appetite defined by the Board of Directors, and takes into account those risks that are not covered or that are covered only in part by the regulatory requirements. In addition to the risks already contemplated in Pillar 1, the interest rate risk, the liquidity risk, the securitization risk, the reputational risk and the strategic risk are included.

The Capital Self-Assessment Process carried out by the Entity is comprised of the following:

- Qualitative and quantitative assessment of the risk profile of Banco Supervielle, at consolidated level and at standalone level for each of the entities of the banking group, taking into account the most relevant risks: credit risk, market risk, operational risk, interest rate risk, cybersecurity risk, securitization risk, liquidity risk, concentration risk, reputational risk and strategic risk.

- Analysis of governance, management and control systems of each of such risks and identification of potential areas of improvement.

- Quantification of each of the above risks in terms of the economic capital required. In this regard, the Entity implements internal methodologies to measure the economic capital for the different risks assumed by it.

- Planning of the capital requirements based on a 2-year forecast considering anticipated volume and margin increases, risk profile, the expected income evolution, the capacity to generate own resources and the assessment of regulatory requirements.

- Preparation of stress tests taking into account severely adverse, infrequent but possible, scenarios and their impact on the Entity's activities. The assessed scenarios refer to the levels of the different macroeconomic variables in challenging economic situations and their effect on the Entity's activities (increase in delinquency rate, reduced activities, increase of financial market volatility, collapse of the securities market originating losses in financial assets, operating losses, reduction in financial margins, liquidity crisis, etc.) and its impact on the capital base (income/loss, reserves, capacity to issue capital instruments, provisions, risk weighted assets, etc.).

- Implementation of a contingent program for future improvements based on the result of the Capital Self-Assessment Report (ICAAP).

- Determination of the target of own funds available in excess of the minimum required by the regulations, as well as their composition. The aforementioned ICAAP, resulting from the Capital Self-Assessment Process, is submitted to the BCRA upon approval by the Board of Directors. The BCRA and the Entity then discuss about the internal and supervisory perception of the Entity's risk profile and the adequacy of own funds.

This structure facilitates the achievement of the ultimate goal of the Capital Self-Assessment Process: becoming a strategic element for the Entity which:

- enables a comprehensive capital management and includes a specific impact analysis, facilitating its integration in the Entity's Strategic Planning.
- enables an improved efficiency in capital use.
- Anticipates eventual insufficient/surplus capital scenarios.
- Supports the Entity's design of its capital management strategy.
- Facilitates the communication with the Board of Directors and the market.

General Qualitative Disclosure Requirements

General. Risk Exposure and Assessment

Banco Supervielle intends to be perceived at consolidated level as a **robust** and **efficient** organization in risk management, which provides an adequate framework to optimize the use of capital and identify good business opportunities in the markets and geographic areas in which it does business, seeking the best risk to benefit ratio for its shareholders. The risk management framework is communicated organization wide so as to reach a balance between being a **robust risk culture** entity and **a customer-centric innovative entity, recognized for its agile, simple and friendly way of operating**.

Banco Supervielle notes that the interest of the Basel Committee on Banking Supervision and regulators is that entities move towards the achievement of two basic goals:

- Segregation of duties between the risk control areas and business units or risk-taking areas
- Integration of risk control as a means to ensure an adequate risk management in line with the three pillars of the Basel II Accord and the new Basel III principles.

In this context, the Central Bank of Argentina issued in recent years relevant guidelines related to good corporate governance practices and risk management for financial institutions.

The Board of Directors considers that the guidelines and criteria for comprehensive risk management of Banco Supervielle and the other entities that are part of the banking group are key elements of its corporate governance structure. The risks to which the Entity is exposed

are those inherent in the financial intermediation, such as credit risk, market risk, interest rate risks, liquidity risk, operational risks, reputational and strategic risks, in addition to the securitization risk.

Risk Corporate Governance Scheme

Grupo Supervielle has a solid risk governance structure, aimed at ensuring effective control of its risk profile in accordance with the risk appetite defined by the Board of Directors.

This risk governance structure is based on the distribution of roles among three lines of defense, a robust structure of Committees, and a strong relationship between the Group and its subsidiaries. All backed by a well-established risk culture throughout the Group.

Lines of Defense

In Grupo Supervielle and its subsidiaries, a model of three lines of defense is established to ensure effective risk management and control.

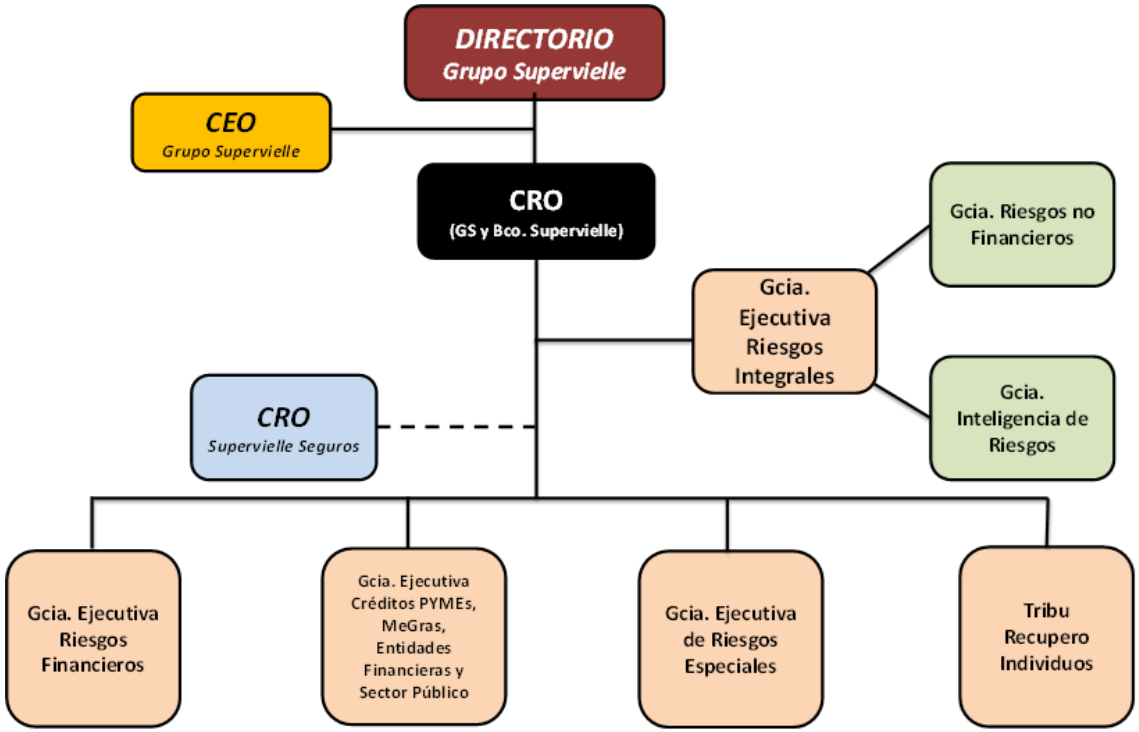
- *First Line*

It is composed of all business divisions and infrastructure areas that provide services, which are considered "owners" of the risks. These areas have to ensure that those risks are aligned with the approved risk appetite and the relevant associated limits and thresholds. Each risk originating unit is primarily responsible for managing the risk in question.

- *Second Line*

It is composed of all independent areas of the risk control structure (Risks, Compliance, Prevention of Money Laundering). Its functions are to provide independent oversight and to challenge the risk management activities developed by the first line of defense. Its activity ensures that risks are managed in accordance with the risk appetite guidelines approved by the Board of Directors and that a robust risk culture that runs through the entire organization is promoted.

The following chart shows the position of the Chief Risk Officer within the organization chart of Grupo Supervielle and Banco Supervielle as well as the subordinated Executive Managements:



REFERENCES:	
SPANISH	**ENGLISH**
DIRECTORIO Grupo Supervielle	BOARD OF DIRECTORS Grupo Supervielle
CEO Grupo Supervielle	CEO Grupo Supervielle
CRO (GS and Bco. Supervielle)	CRO (GS and Bco. Supervielle)
CRO Supervielle Seguros	CRO Supervielle Seguros (Insurance)

Gcia. Ejecutiva Riesgos Integrales	Comprehensive Risks Executive Management
Gcia. Riesgos no Financieros	Non-Financial Risks Management
Gcia. Inteligencia de Riesgos	Risk Intelligence Management
Gcia. Ejecutiva Riesgos Financieros	Financial Risks Executive Management
Gcia. Ejecutiva Créditos PYMEs, Megras, Entidades Financieras y Sector Público	SMEs Credits, Megras, Financial Institutions and Public Sector Executive Management
Gcia. Ejecutiva Riesgos Especiales	Special Risks Executive Management
Tribu Recupero Individuos	Tribe Individual Recovery

- *Third Line*

Function discharged by Internal Audit Management, responsible for regularly evaluating policies, methodologies and processes to ensure that they are properly and effectively implemented for the management and control of all risks.

Structure of risk management related committees

The Corporate Governance model adopted by Grupo Supervielle, Banco Supervielle's parent company, seeks to correctly align the management of the different business units with a risk and control environment adjusted to the best international practices.

The **Board of Directors** is responsible for approving and supervising the implementation of the Corporate Governance Code, the general business policies and strategies, the Risk Appetite policy and all risk management policies, assuring that managers take the necessary steps to identify, monitor and mitigate the assumed risks. Additionally, the Board of Directors deals with and approves the capital self-assessment report ["IAC" for its Spanish acronym]. The specific role and responsibilities of the Board of Directors in relation to risk management are described in the section corresponding to Roles and Responsibilities.

Senior Management, composed of the CEO and Corporate Managers, is responsible for the management of the ordinary course of business. Its primary responsibility is the implementation of corporate policies and goals. Senior Management submits the strategic action plans, business and risk policies and annual budgets and plans to the Board of Directors for approval. Once approved by the Board, Senior

Management is responsible for their implementation. The specific role and responsibilities of the CEO and Corporate Managers are described in the section corresponding to Roles and Responsibilities.

The **Chief Risk Officer** (CRO) of Grupo Supervielle is in charge of Risk Management, reporting directly to the Board of Directors of Grupo Supervielle and to the Board of Banco Supervielle, since he/she is also the CRO of Banco Supervielle. Thus, the premise of good corporate governance of separating business management from risk management is met.

The CRO is responsible for the preparation and monitoring of strategies and policies regarding credit risk, financial risk (including market risk, interest rate risk, and liquidity risk) as well as non-financial risks (operational, technological, socio-environmental or related to the prevention and investigation of fraud). Likewise, it is responsible for preparing the capital adequacy's report (IAC), and the comprehensive development of stress tests as defined by the Board of Directors.

For these purposes, it develops, implements and maintains an adequate framework for a comprehensive risk management that allows identifying, evaluating, monitoring and mitigating all risks faced by the Entity in the management of its businesses. Additionally, it coordinates actions at the level of subsidiary companies.

It manages protection, ensuring confidentiality, integrity and availability of information contained in the business processes, systems and data storage media in line with the business goals and objectives.

It directs and controls credit policies in all the business units and companies of the Supervielle Group. It manages evaluations and data collection platforms in all business units. It seeks to maximize the value that the Supervielle Group offers to clients, in the search of penetrating into different socioeconomic segments through inclusive credit policies, while ensuring that prices are consistent with risk levels.

It directs and controls the processes related to credits, collections and recoveries in order to assure protection of the assets of the Supervielle Group, minimizing losses due to bad debts, and maximizing protection of rights and interests of the companies of the Supervielle Group.

It monitors the development and analysis of contingency plans relating to all risks to contribute to business continuity in the event of a contingency situation.

The governing body that is part of the highest level of risk governance, with authority delegated by the Board of Directors and whose agenda management is under the responsibility of the CRO, is the **Comprehensive Risk Management Committee**. Its functions are:

a) processing at institutional level the strategies and policies for managing credit risks, market, balance sheet structural risks (interest rate and liquidity), concentration risks, securitization risks, operational risks, reputation and strategic risks, and any other risk which may affect Banco Supervielle, pursuant to the provisions in force and the best practices, verifying their appropriate implementation and compliance. Submit the strategy and policy documents relating to risk management to the Board for approval. Said documentation shall be reviewed annually to guarantee its validity;

b) defining risk appetite levels of the Entity for their subsequent approval by the Board;
c) approving the threshold and limit structure for risk management and becoming informed on the evolution of the relevant indicators. This includes the Comprehensive Risk Dashboard reported by the Comprehensive Risk Management and the Risk Maps (Unified and at the Individual Bank level) used by the Money Desk to control trading operations in the trading portfolios included therein;
d) regularly monitoring the different risks of Banco Supervielle and the application of the defined strategies and policies for their management as well as monitoring risks corresponding to the companies controlled by the Entity;
e) assessing capital adjustment to the risk profile of the Entity, processing the Annual Capital Self-Assessment Report (IAC) prior to its submission for consideration and approval by the Board of Directors;
f) defining the policy and methodological framework for stress tests within the comprehensive risk management of Banco Supervielle. Approving the scenarios to carry out individual and comprehensive stress tests for the different risks; analyzing and discussing stress test results; and recommending the implementation of contingency plans, using test results to establish or review limits, and submitting all results to the Board of Directors for approval;
g) designing effective information channels and systems to maintain the Board of Directors and Senior Management adequately and timely informed of the different matters related to risk management;
h) approving the methodological framework and corresponding developments for the quantitative models produced for the management of the different risks as well as the methodological framework and internal models developed for the calculation of the economic capital required for each of such risks;
i) being informed of risk-related circular notes and provisions issued, in particular, by the Central Bank of Argentina and, on the whole, by any other regulatory body as well as the impact that the application of such circular notes and provisions may have on current operations of the Bank.

The Comprehensive Risk Committee is composed of at least two Directors, the CEO of Banco Supervielle, the Comprehensive Risk Manager (CRO), the Corporate Credit Manager, the Corporate Finance Manager, the CFO, the Financial Risk Executive Manager and the Credit Risk and Stress Test Executive Manager.

The **Chief Risk Officer** participates as a regular member in the following Management Committees:

- Comprehensive Risk Committee (Grupo Supervielle, Banco Supervielle and IUDÚ Compañía Financiera)
- Senior Credit Committee (Banco Supervielle)
- Audit Committee (Grupo Supervielle, Banco Supervielle and IUDÚ Compañía Financiera)
- Ethics, Compliance and Corporate Governance Committee (Grupo Supervielle)
- Information Disclosure Committee (Grupo Supervielle)

- Technology Committee (Banco Supervielle and IUDÚ Compañía Financiera)
- Cybersecurity Committee (Grupo Supervielle)

Additionally, the Chief Risk Officer participates as a member in the following Senior Management Committees and Forums:

- Assets and Liabilities Committee (ALCO) (Grupo Supervielle, Banco Supervielle and IUDÚ Compañía Financiera)
- Operational Risk Committee (Banco Supervielle, IUDÚ Compañía Financiera, IOL, Supervielle Seguros and Broker Seguros)
- Senior Fraud Forum

Corporate Principles for Risk Management

The risk management of Banco Supervielle at consolidated level is based on five pillars which are the general principles underlying both the regulations issued by the Central Bank of Argentina and the guidelines of the Basel Committee on Banking Supervision and the best practices:

Pillar I

Independence between risks control and management functions

The independence of this function allows the opinions and criteria of risks control officers to be taken into account for the decision making process in the different stages of business development and management.

Pillar II

Risk control and management integrated in a highly professional corporate structure

The Board places emphasis on a robust risk culture based on a strong corporate structure for decision making and on technical and professional expertise of the areas in charge of risk management and control. These areas are part of a structure that may be divided into two main blocks:

- ✓ A **corporate business and management structure**, oriented to the execution and integration of risk policies issued by the Board. The business areas/functions related to Corporate Banking, Retail Banking, Finance Corporate Banking and departments providing support to the risk management areas such as Credit Management, Credit Recovery and Financial Planning.

- ✓ A **corporate risk control structure** in charge of verifying that risks are in line with the policies and guidelines established by the Board, controlling and monitoring the Entity's risks.

Pillar III

Decision making by a multi-member body with a high involvement of the Board of Directors and the Senior Management

The existing Board or Management Committees guarantee the exchange of opinions, enhance the decision-making process quality, and avoid a scheme of individual powers or attributions.

Pillar IV

Risks shall be in line with the Risk Appetite framework defined by the Board and shall be constantly monitored

The Risk Appetite policy is established on an annual basis by the Board of Directors of Grupo Supervielle and is applicable to all the Group's subsidiaries. Its definitions are translated into a set of specific metrics and policies for each type of risk, the compliance of which is monitored by Risk Management.

Likewise, Banco Supervielle has its own Risk Appetite Policy, which respects the more general guidelines established at the Group level, but adds its own specificity. The Comprehensive Risk Management Policy, hierarchically subordinated to the latter, sets forth the guidelines for each of the risks faced by the Entity and constitutes the regulatory framework of risk activities and processes. The development, validation and approval of the different risk models of Banco Supervielle allow systematizing risk origination processes, estimating expected loss and assuring the sufficiency of capital required to attain the business objectives of the Entity. Risks are duly monitored and reported by the risk control structure, verifying that the Entity's risk profile is aligned with the risk policies approved by the Board and the limits set forth in Risk Appetite document.

Pillar V

Risk management based on three lines of defense and an overview at Grupo Supervielle level

All employees are responsible for risk management, each in their place in the defined lines of defense and within the framework of Grupo Supervielle's risk culture. The Comprehensive Risk Management has a scope at the corporate level with a comprehensive view of risk management, taking into account interrelationships.

Scope and Nature of Reporting Systems and Risk Measurement

Risks may be classified as follows:

- **Credit Risk** (See Section 8)
- **Liquidity Risk** (See Section 7)
- **Interest Rate Risk** (See Section 12)
- **Securitization Risk** (See Section 10)
- **Market Risk** (See Section 11)
- **Operational and Technological Risk** (See Section 14)
- **Other Risks and Stress Tests**
  - **Cybersecurity Risk**
  - **Supplier Risk**
  - **Environmental and Social Risk**
  - **Reputational Risk**
  - **Strategic Risk**
  - **Stress Tests**

Other Risks and Stress Tests

Reputational Risk

The Entity adopts the following definition of Reputational Risk:

"Reputational risk is the "risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debt-holders, market analysts and other relevant parties that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding."

It is the possible loss incurred by an entity as a result of the perceptions of stakeholders, both internal and external. Said risk may also affect the Entity's liabilities, since the public confidence and the Entity's capacity to attract funds are strongly related to its reputation.

Reputational risk may drive a Bank to give an informal or implied support, incurring credit, liquidity, market and legal risk, with possible negative impact on its income, liquidity and regulatory capital.

This support may be provided:

i. In case of securitizations, where the Bank is the originator, either for promoting them or for originating the credit exposures underlying the trust.

ii. When the Entity is involved in assets or funds management, particularly when it controls or promotes the issuers of financial instruments that are later offered to its customers. If the price of said financial instruments was not correctly determined or if the main risks were not duly disclosed, the Entity could be liable to its customers, and could even be forced to cover the loss.

Where the Entity promotes mutual or other funds through the support of the value of shares even if it is not liable in contract."

Reputational Risk Management Model

The reputational risk management is the process leading to identification, measurement or assessment, mitigation and monitoring or follow up of risks inherent in the Bank's daily activities.

This system involves a series of processes, such as:

- Identifying possible sources or reputational risk to which the Entity is exposed.
- Considering the reputational risk in its capital adequacy ratio and its liquidity contingency plans.
- Identifying possible sources of reputational risk if the Entity enters in new markets or develops new products or services.
- Monitoring the effects of reputational risk on its liquidity position.
- Developing methodologies to measure as accurately as possible the possible effects of reputational risk in terms of other risks to which the entity could be exposed.
- Evaluating if the minimum capital required due to the securitization positions and the off-balance items not associated with those programs is adequate and if it takes into account the possible negative effect of the informal or implied support.
- Estimating the Economic Capital required to cover unexpected losses arising from the current risk.

<u>Risk Identification based on Stakeholders</u>

The major stakeholders and their expectations determine the risks that could adversely affect our corporate image.

Stakeholders are:

- ✓ Internal:
  - ➢ Customers:
  - ➢ Employees
  - ➢ Sharehoders of Grupo Supervielle
  - ➢ Regulatory bodies

- ✓ External:
  - ➢ Community
  - ➢ Suppliers

There are a series of quantitative and/or qualitative indicators for each group of stakeholders that may be used to measure the reputational risk of each of the Group's companies, that are adjusted to the specific business dynamics of each of them.

Measurement

It is the process of quantitative and qualitative measurement (as applicable according to the defined indicator) of the level of reputational risk exposure.

Risk correspondents provide quantitative and qualitative information related to each group of stakenolders, which is used to assess the indicators and, based on preestablished thresholds, to generate alerts which will be dealt with by the Crisis Team of Operational Risks Committee. Measurement of this risk is very difficult, since financial consequences are often indirect, have a highly variable intensity and a high degree of uncertainty. Banco Supervielle and its consolidated companies have in place an indicator that uses different metrics to monitor the perception of the above mentioned stakeholders.

Besides, Banco Supervielle has in place a model of the Economic Capital for reputational risk that is used to estimate the unexpected losses of such risk. It also has an indicators dashboard to make the follow-up of such risk.

The Entity has started to record incidents with reputational impact (RIR). These incidents are monitored on a regular basis, and if they are of High risk, they are reported to the Comprehensive Risk Committee.

Treatment, Mitigation and Monitoring

This process is used to analyze and select the mechanisms and instruments for treatment, mitigation and minimization of the reputational risk.

The objective of this process is to centralize the useful data on potential risks and submit it to the Senior Management when deemed necessary. This process evaluates Banco Supervielle's vulnerability to reputational risk through different mechanisms/tools such as specific action and mitigation plans, and in connection with its risk profile.

The Operational Risks Committee is in charge of analyzing and defining the mechanisms for the minimization of this type of risk. Besides, the Crisis Team is responsible for providing a prompt response to events that might affect the corporate image.

Stress Tests

Stress tests are a tool to assess the economic/financial situation of the Entity in case of extremely adverse and highly unlikely but possible scenario. Its aim is to understand and analyze the Bank's capacity to overcome those scenarios and their associated impact.

These tests are used to understand the risk profile of an Entity and its resilience to internal and/or external disturbances. Said tests are used together with other risk management tools for decision making.

Stress tests are mainly important to:

- Give a prospective risk assessment;
- Overcome limitations of models and historical data;
- Support external and internal communication;
- Establish capital and liquidity planning procedures;
- Determine risk tolerance levels;
- Develop contingency and risk mitigation plans in possible stress situations.

The Entity has in place a rigorous and comprehensive stress test program, in line with the provisions of Communication "A" 5398 of the Central Bank of Argentina. Said stress tests are used to identify adverse events that could adversely affect the capital and /or liquidity position.
Stress test results are informed to the Risks Committee for review. Besides, they are included in the policies and limits established.

In addition to comprehensive stress tests, Banco Supervielle has tools for the development of individual stress tests for credit, interest rate, liquidity and market risk, as well as reverse stress tests for credit and liquidity risk.

Stress tests are an important part of Banco Supervielle's risk management culture. Stress Test Program is a comprehensive strategy to achieve several goals through the use of a series of techniques.

The framework prepared by Banco Supervielle to such end consists of:

- Policies and strategies for stress test performance, which describes the regulatory framework of the program.
- Methodology for individual or reverse comprehensive stress tests, carefully describing the methodology applied in each case, and the basis for relevant risks to be analyzed by the entity.
- Procedure Document describing the process involved in the performance and review of stress tests.
- Scenario Analysis Document, describing expert opinions and models used in the preparation and performance of stress scenarios.
- Contingency Plan, describing the framework, emergency and remediation actions as well as the responsibility levels and processes corresponding to every stress level.

- Test performance tools, consisting of applications developed by Banco Supervielle to carry out comprehensive, individual or reverse stress tests.

The Risks Committee recommends general policies to the Board, which reflect the Entity's risk tolerance. The Committee sets up the dates for the performance of stress tests and for analyzing the scenarios to be used, which must be validated by the Board of Directors.

After the analyses based on the scenarios approved by the Board, a stress test is carried out and the relevant Analysis of Results is prepared, with results obtained for every scenario, before and after the implementation of Action Plans. The results submitted to the Risks Committee, include those related to the Entity's Statement of Financial Position, the Income Statement, liquidity, capital requirements and regulatory capital, and their impact on the different risk indicators of Banco Supervielle, IUDÚ Compañía Financiera and consolidated Bank.

Contingency and Business Continuity Plan

The Bank has a business continuity plan that establishes the methodologies to be implemented for the timely and permanent Business Continuity management.

The purpose of business continuity is to ensure a reasonable operational recovery of Banco Supervielle's critical processes in the case of an event preventing their normal performance, so as to reduce the impact on activities, branch services or availability of the necessary IT systems.

In recent years the Non-Financial Risks Department, reporting to the Risks Department, implemented that program in order to manage and ensure the continuity of operations and businesses, under the best market practices.

Template OV1: Submission of Risk-Weighted Assets (RWA)

Information as of 03.31.23

		A	b	c
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk) (CCR)	329,255,044	324,697,669	27,130,616
2	Of which: standardized approach (SA)	329,255,044	324,697,669	27,130,616
4	Counterparty credit risk (CCR)	1,070,711	4,430,750	88,227
5	Of which: standardized approach counterparty credit risk (SA-CCR)	1,070,711	4,430,750	88,227
10	Credit valuation adjustment (CVA)	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	173,868	158,401	14,327
16	Market risk	18,545,200	21,174,525	1,483,616
17	Of which: standardized approach (SA)	18,545,200	21,174,525	1,483,616
19	Operational risk	123,729,825	107,743,388	9,898,386
20	Of which: basic indicator approach			
24	Floor adjustment			
25	Total (1+4+11+12+16+19+24)	**472,774,648**	**458,204,732**	**38,615,171**

Section 3. Linkages between Financial Statements and Regulatory Exposures

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Information as of 12.31.22

	a	b	c	D	E	f	g
			Carrying Values of Items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash on hand and cash in banks	47,840,193	49,671,825	49,671,825			39,326,035	
Debt securities at fair value through profit or loss	17,374,937	17,874,884	17,874,884		0	1,429,717	
Derivative financial instruments	292,496	262,506	262,506			55,699	
Reverse repurchase agreements	21,545,319	16,751,437	16,751,437			0	
Other Financial Assets	4,650,593	6,042,213	6,042,213		158,401	1,312,618	
Loans and other financing	231,980,538	232,163,829	232,163,829			17,434,529	
Other debt securities	273,636,148	245,835,214	245,835,214			9,708,490	
Financial assets used as security	14,468,607	14,468,609	14,468,609			969,553	
Assets for current income tax	1,166,113	1,547,174	1,547,174			0	
Investments in equity instruments	502,560	502,560	502,560			0	
Investment in subsidiaries, associated and joint businesses	0	160,776	160,776			0	
Property, Plant and Equipment	17,444,562	17,538,930	17,538,930			0	
Intangible Assets	10,223,542	11,461,145	11,461,145			0	11,461,145
Assets for deferred income tax	11,675,700	11,753,884	11,753,884			0	11,753,884
Other non-financial assets	21,657,116	21,690,436	21,690,436			0	0
Non-current assets for sale	0	0	0	0	0	0	
Total Assets	**674,458,424**	**647,725,422**	**647,725,422**	**0**	**158,401**	**70,236,641**	**23,215,029**

	a	b	c	D	E	f	g
			Carrying Values of Items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposits	547,826,349	0				54,937,768	0
Liabilities at fair value through profit or loss	2,139,170	0				869,077	0
Derivative financial instruments	0	0				0	0
Repurchase agreements	0	0				0	0
Other financial liabilities	17,970,056	0				13,403,800	0
Financing received from the BCRA and other financial institutions	5,826,133	0				1,710,444	0
Issued negotiable obligations	561,409					0	
Liabilities for current income tax	0					0	
Subordinated negotiable obligations	0					0	
Provisions	1,680,936					0	
Liabilities for deferred income tax	0					0	
Other non-financial liabilities	26,112,076	0				91,092	0
Total Liabilities	**602,116,129**	**0**				**71,012,181**	**0**

Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Information as of 12.31.2022

		A	b	c	d	e
			Items subject to:			
		Total	Credit Risk Framework	Securitization Framework	Counterparty Credit Risk Framework	Market Risk Framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)**	647,725,422	647,725,422	158,401	-	70,236,641
2	Liabilities carrying value amount under scope of regulatory consolidation (as per Template LI1)	-	-	-	-	71,012,181
3	Total net amount under regulatory scope of consolidation	**647,725,422**	**647,725,422**	**158,401**	**-**	**-775,540**
4	Off- balance sheet amounts	35,860,520	16,183,364	0	19,677,156	
5	*Differences in valuation*	-	-	-	-	-
6	*Differences due to different netting rules, other than those included in row 2*	-	-	-	-	-
7	*Differences due to consideration of provisions*					
8	*Differences due to prudential filters*	-	-	-	-	-
9	Subject to capital deductions	-23,215,029	-	-	-	-23,215,029
10	**Exposure amounts considered for regulatory purposes**	**660,370,913**	**663,908,786**	**158,401**	**19,677,156**	**-23,990,569**

Table LIA: Explanations of differences between accounting and regulatory exposure amounts

Regarding Template LI1

Differences between the amounts in financial statements and under the scope of regulatory consolidation include all those items that are part of the computable basis of analyzed risks.

Equity items in general

Differences originate in the level of regulatory consolidation (maximum consolidation level) as compared to values reported in the financial statements.

Liabilities

Within the scope of regulatory consolidation only those liabilities items subject to market risk may be computed.

Regarding Template LI2

Differences between the financial statements carrying value amounts and the exposure amounts used for regulatory purposes of consolidated companies on the one hand, and the technical and regulatory specifications as compared to accounting on the other hand.

Prudent Valuation. Financial Instruments. Valuation Estimates.

Initial Reporting

The Entity reports a financial asset or liability on its consolidated Financial Statements when they become part of a financial instrument contract. Purchases and sales of financial instruments demanding the delivery of assets within the term generally established by market conditions or regulations are recognized on the trading date on which the Entity undertakes to purchase or sell an asset.

At the initial reporting, the Entity measures financial assets or liabilities at their fair value. Instruments not reported at fair value through profit or loss in income are recorded at their fair value adjusted by transaction costs directly attributable to their acquisition or issuance, such as fees and commissions.

Whenever the fair value differs from the initial reporting cost, the Entity reports the difference as follows:

- Whenever the fair value is in accordance with the market value of the financial asset or liability, or whenever it is based on a valuation technique only using market values, the difference is recognized as a gain or loss, as the case may be.

- In other cases, the difference is deferred and the reporting of the gain or loss over time is determined on an individual basis. Financial instruments are amortized over their life until the fair value can be measured according to market values.

Financial Assets

a – Debt Instruments

For the Entity debt instruments are those considered as financial liabilities for the issuer, such as loans, public and private securities, debt securities and customer receivables.

Classification

According to the IFRS 9, the Entity classifies financial assets depending whether they are measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss upon the basis of:

a) Grupo Supervielle's business model to manage financial assets; and

b) Contractual cashflow characteristics of the financial asset.

Business Model

Business model refers to the way an Entity manages a set of financial assets to achieve a specific business goal. It represents the way in which instruments are maintained for generation of funds.

Business models that may be implemented by the Entity are:
- Holding instruments until maturity;
- Holding instruments in the portfolio for cashflow collection or selling them if adequate; or
- Holding instruments for trading

The Entity determines its business model at the level which best shows how financial asset groups are managed to achieve a specific business goal.

The business model does not depend on the intentions of the Management on an individual instrument. Thus, such business model is not assesed on an instrument per instrument basis, but at a higher aggregated portfolio level and is based upon visible factors such as:

- How a business model performance is assessed and how the financial assets maintained within such business model are assessed and reported to key employees in the Entity.
- Risks affecting business model performance (and those financial assets held within that business model) and in particular, how such risks are managed.
- How the Entity's key employees are compensated (for example, whether the compensated is based on the fair value of managed assets, or on collected contractual cashflow).
- Expected frequency, value, timing and reasons for sale also constitute significant issues.

Business model assessment is based on reasonably expected scenarios, without taking into account the "worst case" or the "stress case" scenarios. If after their initial reporting, cashflows are realized other than as originally expected, the Entity does not change the classification of the remaining financial asset of that business model but takes into account that information to assess recent purchases or originations. An instrument is reclassified only when, the business model used for asset management changes.

Cashflow characteristics

The Bank determines if the cashflows from pooled instruments differs significantly from the cashflows from principal and interest. Otherwise, said cashflows should be measured at its fair value through profit or loss.

According to the above mentioned, there are three categories of Financial Assets, which are included in Annex P "Breakdown of Financial Assets and Liabilities":

i) Financial Assets at amortized cost:

Financial assets are measured at amortized cost when:

(a) the financial asset is held within a business model maintaining financial assets to obtain contractual cashflows, and,

(b) according to the contractual terms the financial asset only generates cashflows on specific dates for payment of principal and interest on the outstanding principal amount.

Such financial instruments are initially recognized at their fair value plus incremental and directly attributable transaction costs, and they are subsequently measured at their amortized cost.

The financial asset amortized cost is equal to its acquisition cost less cumulative depreciation plus accrued interest (calculated as per the effective interest rate method), net of any loss due to impairment. The effective interest rate method uses the expected discount rate of

cashflows receivable or payable over the life of the instrument or shorter period, as appropriate, matching their net carrying values. By applying this method, the Entity identifies incremental direct costs as part of the effective interest rate.

ii) Financial assets at fair value through profit or loss in other comprehensive income:

Financial assets are measured at fair value through profit or loss in other comprehensive income when:

(a) the objective of business model is to obtain contractual cashflows and sell financial assets; and

(b) according to the contractual terms the financial asset only generates cashflows on specific dates for payment of principal and interest on the outstanding principal amount.

Such financial instruments are initially recognized at their fair value plus incremental and directly attributable transaction costs, and they are measured at their fair value through profit or loss in other comprehensive income. Gains and losses arising from changes in the fair value are included in other comprehensive income as a separate item of Shareholder's equity. Losses or reversals due to impairment, interest income and exchange rate gains/losses are recognized in profit or loss.

Upon their sale or disposition, cumulative gains or losses already recognized in other comprehensive income are reclassified and recognized in the income statement instead of Shareholder's equity.

iii) Financial assets at fair value through profit or loss include:

- Instruments held for trading
- Specific Instruments recognized at fair value through profit or loss; and
- Instruments with contract terms which do not represent cashflows but are only payments of principal and interest on the outstanding principal amount.

Such financial instruments are initially recognized at their fair value and profits or losses are recognized in the income statement when earned or incurred.

Financial instruments are classified as held for trading if they acquired or sold for selling or repurchasing purposes on the short term, or if they are part of a jointly managed portfolio which gains can be evidenced in the short term, or is they are derivatives not under a classified coverage ratio. Derivatives and securities for trading purposes are classified as held for trading and are recognised at their fair value.

The fair value of such instruments is calculated by using current quotations in active markets at the closing of every financial year, if representative. If no active markets are available, valuation techniques are used, including arm's length market transactions between

duly informed and interested parties, if available, as well as references to current fair values of other substantially similar instruments, or else the analysis of discounted cashflows. Fair value estimates are explained in detail in para. "Critical Accounting Policies and Estimates".

In addition, financial assets may be valued ("designated") at fair value through profit or loss if the Bank eliminates or significantly reduces any measurement or recognition inconsistency.

b –Equity Instruments

Equity instruments are those considered as such by the issuer, i.e., those instruments that do not provide for a contractual payment obligation and that evidence a residual interest on the issuer's assets upon deduction of all liabilities.

Such instruments are valued at fair value through profit or loss, except when the management, at the time of initial recognition, decided to irrevocably measure them at their fair value through profit or loss in other comprehensive income. Such method can be only applied when instruments are not held for trading and income is recorded in Other Comprenhensive Income without the possibility to reclassify them, even if they have been realised. Dividends from such instruments, shall be recognised as income only when the right to receive payment is established.

Derecognition of Financial Assets

The Entity derecognises financial assets only in any of the following cases:

1. Expiration of rights concerning financial asset cashflows; or
2. Transfer of a financial asset pursuant to the requirements of para. 3.2.4 of IFRS 9.

The Entity derecognises transferred financial assets only in any of the following cases:

1. Contractual rights involving future cashflows have been transferred
2. Contractual rights involving future cashflows are maintained but the obligation to transfer them is assumed provided the three requirements below are met with:
    a. The Entity must not pay any amount wihout receiving the cashflow from the asset transfer;
    b. The Entity is forbidden from selling the financial asset; and
    c. The Entity must transfer the committed cashflows.

Financial Liabilites

Classification

The Entity classifies its financial liabilities held at amortised cost in accordance with the effective interest method, with the following exceptions:

- Financial liabilities at fair value through profit or loss.
- Liabilities deriving from the transfer of financial assets.
- Financial guarantee agreements.
- Undertakings for below-market interest rate loans.

Financial liabilites at fair value through profit or loss: The Entity can, at the outset, make use of the irrevocable option to recognize liabilites at fair value through profit or loss, provided it reflects more adequately the financial information, because:

- the Bank eliminates or significantly reduces measurement or recognition inconsistencies, which would otherwise appear on the valuation;
- the performance of financial assets and liabilites is assessed on a fair value basis in accordance with an investment strategy or risks management, duly documented; or
- the main agreement includes one or more embedded derivatives.

Financial Guarantee Agreements: under the terms and conditions of the original or amended terms of the debt instrument the issuer must reimburse a holder for losses incurred if a debtor defaults its payment obligations at maturity.

In the first place financial guarantee agreements and undertakings for the granting of below-market interest rate loans are recorded at their fair value, and then a comparison is made between the highest value of the commission not yet accrued at the end of the financial year and the applicable provision.

Derecognition of Financial Liabilities

The Entity derecognises financial liabilities when they are extinguished, that is, upon termination, payment or expiration of the agreement.

Critical Accounting Policies and Estimates.

Preparation of consolidated financial statements pursuant to the accounting framework according to BCRA requires the use of certain critical accounting estimates. It also requires that the Management use their discretion for the application of accounting standards set by the Central Bank of Argentina to establish the Entity's accounting policies.

The Entity identified the following areas involving greater complexity or criteria, or areas in which assumptions and estimates are significant for the consolidated financial statements, and which are essential for the understanding of underlying financial/ accounting reporting risks:

a) Fair value of derivates and other financial instruments

The fair value of financial instruments not listed on active markets is determined through the use of valuation techniques. Such techniques are validated and reviewed from time to time by independent qualified personnel from the originating area. All models are assessed and adjusted before being used, to ensure that results show up-to-date information and comparative market prices. As far as possible, models use only observable information; however, factors such as credit risk (own and counterparty), volatilities, and correlations demand the use of estimates. Changes in assumptions regarding such factors may affect the recognized fair value of financial instruments.

b) Impairment Losses on loans and advances.

As of January 1, 2020, the Bank adopted, retroactively to January 1, 2019, paragraph 5.5. of IFRS 9 regarding impairment of financial assets. In this sense, the Bank assesses the expected credit losses ["PCE" for its Spanish acronym] on a prospective basis of the credit risk associated with financial assets measured at amortized cost, debt instruments measured at fair value with changes in other comprehensive income, accounts receivable from leases as well as granted commitments and guarantees not measured at fair value, with the exception of debt instruments of the Non-Financial Public Sector that are temporarily excluded from the provisions regarding impairment of financial assets, included in paragraph 5.5 of IFRS 9.

The measurement of expected credit losses is an area that requires the use of complex models and meaningful assumptions about future economic conditions and credit behavior (for example, the customer is in default, and therefore, there are losses for the Entity).

It should be noted that, in applying the accounting requirements to measure PCE, significant judgments are necessary, such as:

- Determination of the criterion for a significant increase in credit risk
- Determination of the macroeconomic variables and relative weighting of prospective scenarios for each portfolio segment and associated PCE.

c) Impairment of Non-Financial Assets

Intangible assets with a limited useful life, and property, plant and equipment are amortized or depreciated over their estimated useful life according to the straight-line method. The Bank monitors conditions related to such assets so as to determine whether a review is required in the remaining amortization or depreciation period and whether there are factors or circumstances that imply impairment of asset value that cannot be recovered.

The Bank has applied its criterion regarding impairment ratios of property, plant and equipment and intangible assets, that amortized. The Bank determined that there were no impairment ratios for the periods included in its consolidated financial statements, so no recoverable value was estimated, except for certain real property that, due to the post-pandemic macro context and a devaluation of the dollar well below inflation, generated deterioration.

d) Income Tax and Deferred Tax

A thorough analysis has to be made for determining assets and liabilities for current and deferred taxes. Current taxes are provisioned in accordance with expected payment amounts and deferred taxes are provisioned on temporary differences on the taxable basis of assets and liabilities and their carrying values, at the rates expected to be in force at the time of reversal.

A deferred tax asset is recognized provided there is likelihood that there will be future taxable gains against which temporary differences may be used, based on assumptions regarding amounts and timing of future taxable gains. Afterwards, the possibility of using and offsetting such deferred tax assets against future taxable gains shall be determined. Actual results may differ from such estimates, such as changes in tax laws or the outcome of the final review of tax returns by tax authorities and courts.

Future tax gains and tax benefits that may be available in the future are based on a medium-term business plan prepared by the management based on reasonable expectations.

e) Modification of loans and other financing

In some circumstances, the Bank renegotiates or modifies the contractual cash flows of loans granted to customers. In these cases, the Bank evaluates whether or not the new terms are substantially different from the original terms. The Bank has this practice, considering mainly the following factors:

(i) If the customer is in financial distress, it assess whether the modification simply reduces the contractual cash flows to amounts the borrower is expected to be able to repay.

(ii) Significant extension of the loan term when the borrower is not in financial distress.

(iii) Significant change in interest rate.

(iv) Change in the currency in which the loan is denominated.

(v) Submission of guarantees or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms of the loan after the modification are substantially different, the Bank derecognizes the original financial instrument and recognizes a new asset at fair value and recalculates a new effective interest rate for the asset. The renegotiation date is consequently considered the initial recognition date for the purposes of calculating impairment and determining a significant increase in credit risk. However, the Bank also assesses whether the new recognized financial asset is considered an impaired asset, especially when the renegotiation was originated by the customer's lack of payment capacity. The differences in the book value are recognized in results as well as the gains or losses generated by the derecognition of the financial asset.

If the terms of the loan after the modification are not substantially different, the renegotiation or modification does not imply the derecognition of the financial instrument, and the Bank recalculates the gross book value based on the revised cash flow, recognizing a gain or loss due to modification in results. The new gross book value is recalculated as the discounted value of the cash flow modified at the original effective interest rate.

Template PV1: Prudent Valuation Adjustments (PVA)

No prudent valuation adjustments are made on financial instruments.

Section 4 – Composition of Capital and TLAC

Template CC1: Composition of Regulatory Capital

Information as of 12.31.22

Code	Description	Balance	Ref. Col (c) CC2
Common Equity Tier 1 capital: Instruments and Reserves			
1	**Directly issued qualifying common share capital plus related stock surplus.**	**85,579,663**	
	Common share capital - excluding net equity preferred shares (8.2.1.1.)	727,153	1
	Non-capitalized contributions (8.2.1.2)	186,687	1
	Equity Adjustments (8.2.1.3)	75,216,261	12
	Stock Surplus (8.2.1.8)	9,449,562	2
2	**Retained Earnings**	**-10,396,056**	
	Retained earnings (from previous years and the relevant part of the current financial year) (8.2.1.5 and 8.2.1.6)	**-10,396,056**	3
3	**Accumulated other comprehensive income (and other reserves)**	**7,253,887**	
	Income reserves (8.2.1.7)	**7,253,887**	4
5	**Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)**	**37,012**	
	Minority interest held by third parties (8.2.1.9)	**37,012**	5
6	**Subtotal: Common Equity Tier 1 capital before regulatory adjustments**	**82,474,506**	
Common Equity Tier 1 capital: regulatory adjustments			
7	**Prudent valuation adjustments (8.4.1.11 8.4.1.14 8.4.1.15)**		
8	**Goodwill (net of related tax liability) (8.4.1.8)**	11,461,145	7

Code	Description	Balance	Ref. Col (c) CC2
9	**Other intangibles other than mortgage servicing rights (net of related tax liability) (8.4.1.9)**		
10	**Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)**	14,870,215	11
	Credit balances due to the application of minimum notional income tax (net of provisions for devaluation risk) (8.4.1.1)		
13	**Securitization gain on sale (8.4.1.15)**	0	8
14	**Gains and losses due to changes in own credit risk on fair valued liabilities (8.4.1.16)**		
16	**Investments in own shares (if not already subtracted from paid-in capital on recognized balance sheet)**		
18	**Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the entity does not own more than 10% of the issued share capital (amount above 10% threshold) (8.4.2.1)**		
19	**Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold) (8.4.2.2)**		
26	**National specific regulatory adjustments**		
	Shareholders (8.4.1.6)		
	Investments in the common stock of financial institutions subject to consolidated supervision (8.4.1.17)	2,048,977	
	Interest in adjustable companies (8.4.1.12)		
	Other (provide significant notions) (8.4.1.2 8.4.1.3 8.4.1.4 8.4.1.5 8.4.1.7 8.4.1.9 8.4.1.10 8.4.1.11 8.4.1.14)	47,999	6
27	**Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions**		

Code	Description	Balance	Ref. Col (c) CC2
28	Total regulatory adjustments to Common Equity Tier 1	28,428,336	
29	Common Equity Tier 1 Capital	54,046,170	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus (8.2.2.1, 8.2.2.2, 8.3.2)		
31	Of which: classified as equity		
32	Of which: classified as liabilities		
33	Directly issued capital instruments subject to phase-out from additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1 (8.2.2.3)		
35	Of which: instruments issued by subsidiaries subject to AT1 phase-out		
36	Additional Tier 1 capital before regulatory adjustments	-	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own additional Tier 1 instruments, which amount shall be deducted from AT1		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (8.4.2.1)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)) (8.4.2.2)		
41	National specific regulatory adjustments		
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions		

Code	Description	Balance	Ref. Col (c) CC2
43	**Total regulatory adjustments to additional Tier 1 capital**	**0**	
44	**Additional Tier 1 capital (AT1)**	**0**	
45	**Basic Net Equity-Tier 1 Capital**	**54,046,170**	
	Supplementary Net Equity- Tier 2 capital: instruments and provisions		
46	**Directly issued qualifying Tier 2 instruments plus related stock surplus (8.2.3.1 8.2.3.2 and 8.3.3)**	0	9
47	**Directly issued capital instruments subject to phase-out from Tier 2**		
48	**Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2) (8.2.3.4)**	1,199	
49	**Of which: instruments issued by subsidiaries subject to phase-out**		
50	**Provisions (8.2.3.3)**	2,598,971	10
51	**Supplementary Net Equity - Tier 2 capital before regulatory adjustments**	2,600,170	
	Supplementary Net Equity - Tier 2 capital before regulatory adjustments		
52	**Investments in own Tier 2 instruments, which amount shall be deducted from AT2**		
53	**Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities**		
54	**Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (8.4.2.1)**		

Code	Description	Balance	Ref. Col (c) CC2
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities (amount above 10% threshold)		
56	National specific regulatory adjustments		
57	Total regulatory adjustments to Tier 2 capital	0	
58	Supplementary Net Equity - Tier 2 capital (AT2)	2,600,170	
59	TOTAL REGULATORY CAPITAL	56,646,340	
60	Total risk-weighted assets	458,204,733	
	Ratios		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	11.80%	
62	Tier 1 (as a percentage of risk-weighted assets)	11.80%	
63	Total capital (as a percentage of risk-weighted assets)	12.36%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)		
65	Of which: capital conservation buffer requirement	2.50%	
66	Of which: bank-specific countercyclical buffer requirement	0.00%	
67	Of which: higher loss absorbency requirement	0.00%	
68	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements)	4.80%	
	Amounts below the thresholds for deduction (before risk weighting)		

Code	Description	Balance	Ref. Col (c) CC2
72	Non-significant investments in the capital of other financial institutions		
73	Significant investments in the common stock of financial institutions		
75	Deferred tax assets arising from temporary differences (net of related tax liability) Minimum notional income tax (8.4.1.1)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)		
77	Cap on inclusion of provisions in Tier 2 under standardized approach		
Capital instruments subject to phase-out arrangements (between 1.01.2018 and 1.01.2022)			
82	Current cap on AT1 instruments subject to phase-out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase-out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

Template CC2 – Reconciliation of Regulatory Capital to Balance Sheet

Information as of 12.31.22

ITEMS	(a) Balance sheet as in published financial statements	(b) Column (a)+(+/-) consolidated entities in RI Superv	(c) Link with regulatory capital components
Assets			
Cash on hand and cash in Banks	47,840,193	49,671,825	
- Before items in the course of collection		49,667,167	
- Items pending allocation for regulatory capital		4,658	6
Debt securities at fair value through profit or loss	17,374,937	17,874,884	
Derivatives	292,496	295,555	
Reverse Repurchase Agreements	21,545,319	21,581,438	
Other financial assets	4,650,593	6,048,337	
- Before items in the course of collection		6,004,996	
- Items pending allocation for regulatory capital		43,341	6
Loans	231,980,538	229,047,498	
- Before loan-loss provision		244,202,486	
- Loan-loss provision for regulatory capital		-2,598,971	10
- Deferred income tax provision Regulatory Capital		-3,116,331	
- Loan-loss provisions (rest)		-9,439,686	
Other debt securities	273,636,148	273,636,164	
Financial assets used as security	14,468,607	14,468,609	
Assets for current income tax	1,166,113	1,547,174	
Investments in equity instruments	502,560	502,560	
Investment in subsidiaries, associated and joint businesses	0	160,776	
Property, Plant and Equipment	17,444,562	17,538,930	

ITEMS	(a) Balance sheet as in published financial statements	(b) Column (a)+(+/-) consolidated entities in RI Superv	(c) Link with regulatory capital components
Intangible Assets	10,223,542	11,461,145	7
Assets for deferred income tax	11,675,700	14,870,215	11
Other non-financial assets	21,657,116	21,690,436	
Non-current assets for sale	0	0	
Total Assets	**674,458,424**	**680,395,546**	
Liabilities			
Deposits	547,826,349	536,209,804	
Liabilities at fair value through profit or loss	2,139,170	2,139,170	
Derivatives	0	0	
Repurchase Agreements	0	59,309	
Other financial liabilities	17,970,056	31,127,803	
Financing received from the BCRA and other financial institutions	5,826,133	5,826,126	
Issued negotiable obligations	561,409	561,409	
Liabilities for current income tax	841	621,179	
Subordinated negotiable obligations	0	0	
- Computable for regulatory capital		0	9
- Non-computable for regulatory capital		0	
Provisions	1,680,936	1,680,936	
Liabilities for deferred income tax	0	640	
Other non-financial liabilities	26,112,076	26,533,507	
Total Liabilities	**602,116,970**	**604,759,883**	
Shareholders' Equity			
Capital stock	829,564	829,564	

ITEMS	(a) Balance sheet as in published financial statements	(b) Column (a)+(+/-) consolidated entities in RI Superv	(c) Link with regulatory capital components
- Computable for regulatory capital - Main Entity		829,564	1
- Computable for regulatory capital - Consolidating Entities		84,276	1
- Unauthorized group contribution		0	
- Consolidation eliminations		-84,276	
Non capitalized contributions	6,898,635	6,898,635	
- Computable for regulatory capital - Main Entity		6,898,635	2
- Computable for regulatory capital - Consolidating Entities		2,550,927	2
- Unauthorized group contribution		0	
- Consolidation eliminations		-2,550,927	
Capital adjustment	74,084,668	74,084,668	
- Computable for regulatory capital - Main Entity		75,216,261	12
- Computable for regulatory capital - Consolidating Entities		0	
- Consolidation eliminations		-1,131,593	
Reserved Earnings	0	0	
- Computable for regulatory capital - Main Entity		6,325,176	4
- Computable for regulatory capital - Consolidating Entities		928,711	4
- Consolidation eliminations		-7,253,887	
Retained earnings			4
Other comprehensive retained earnings			4
Consolidation eliminations			
unassigned results	-5,814,988	-5,814,988	
Computable for regulatory capital - Main Entity		-5,814,988	3
Computable for regulatory capital - Consolidating Entities		2	3

ITEMS	(a) Balance sheet as in published financial statements	(b) Column (a)+(+/-) consolidated entities in RI Superv	(c) Link with regulatory capital components
Other comprehensive accumulated results	675,179	675,179	
Result of the period	-4,740,190	-6,750,275	
- Computable for regulatory capital - Main Entity		-4,740,190	3
- Computable for regulatory capital - Consolidating Entities		159,120	3
- Not computable for regulatory capital - Main Entity		0	
- Not computable for regulatory capital		0	8
- Consolidation eliminations		-2,169,205	
Shareholders' equity attributable to parent	71,932,868	69,922,783	
Shareholders' equity not attributable to parent	408,586	5,712,880	
- Computable for regulatory capital		37,012	5
- Not computable for regulatory capital		5,675,868	
Total Shareholders' Equity	**72,341,454**	**75,635,663**	

Table CCA: Main Features of Regulatory Capital Instruments and of other TLAC-eligible Instruments

Regulatory capital instruments and other eligible instruments such as *TLAC* are not held.

Section 5. Macroprudential Supervisory Measures

Template CCyB1 – Geographical Distribution of Credit Exposures used in the Countercyclical Capital Buffer (4.2.2. Restated: Net Income Distribution)

There are no private sector credit exposures subject to the calculation of the countercyclical capital buffer percentage. Besides, the Central Bank established the countercyclical capital buffer percentage in zero (0) percent.

Section 6. Leverage Ratio

Template LR1 – Summary Comparison of Accounting Assets vs Leverage Ratio Exposure Measure

Information as of 03.31.23

Summary Comparison Table		
Row No.	**Item**	**Amount**
1	Total consolidated assets as per quarterly/ annually published financial statements	732,820,289
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	8,134,319
3	Adjustment for fiduciary assets recognized on the balance sheet but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	453,780
5	Adjustment for securities financing transactions (SFTs)	0
6	Adjustment for off-balance sheet items	12,583,549
7	Other Adjustments	-30,604,462
8	**Leverage ratio exposure measure**	**723,387,476**

Template LR2: Leverage Ratio Common Disclosure Template

Information as of 03.31.23

Row No	Item	Amount	
		T	T-1
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs) but including collateral)	743,420,925	683,000,652
2	(Asset amounts deducted in determining Tier 1 capital)	-33,070,779	-28,428,336
3	Total on-balance sheet exposures (excluding derivatives and SFTs).	710,350,146	654,572,316
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (net of eligible cash variation margin)	348,403	348,403
5	Add-on amounts for PFE associated with all derivatives transactions.	105,377	105,377
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets.	0	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions).	0	0
8	(Exempted CCP leg of client-cleared trade exposures)	0	0
9	Adjusted effective notional amount of written credit derivatives	0	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
11	Total derivative exposures	453,780	453,780
	Securities financing transaction exposures (SFTs)		
12	Gross SFT assets (with no recognition of netting)	-	-
13	(Netted amounts of gross SFT assets)	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total Sets exposures	-	-
Off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	25,167,099	16,334,057

Row No	Item	Amount	
		T	T-1
18	(Adjustments for conversion to credit equivalent amounts)	-12,583,549	-8,167,029
19	Total off-balance sheet items	12,583,549	8,167,029
Capital and total exposures			
20	Tier 1 Capital (as at period's end).	67,111,947	54,046,170
21	Total exposure (sum of rows 3, 11, 16 and 19).	723,387,476	663,193,125
Leverage ratio			
22	Leverage ratio	9.28%	8.15%

Section 7. Liquidity

Table LIQA – Liquidity Risk Management

Banco Supervielle defines Liquidity Risk as the risk of facing additional financing costs when unexpected liquidity needs arise. This risk is due to differences between the Entity's assets and liabilities regarding amount and maturities. The following are recognized:

- Funding Liquidity Risk: a risk that derives from the impossibility to obtain funds at customary market values, based on the perception of Banco Supervielle in the market.

- Market Liquidity Risk: a risk that arises when the Bank cannot unwind a position at market price in one or more assets to obtain funds, as a consequence of two key factors:

  - ✓ Assets are not liquid enough, that is to say, there is not a secondary market.

  - ✓ Disruptions in the market where they are listed

With a view to implementing a prudent liquidity policy, asset securitization constitutes a customary practice within the funding strategy of Banco Supervielle at consolidated level, being especially relevant in IUDÚ Compañía Financiera. Through its activities, Grupo Supervielle consolidated its presence in the domestic securitization market and thus, it has achieved a solid reputation as a financial trust dealer and arranger. Most of these transactions involve loan securitization originated in IUDÚ Compañía Financiera, in line with the maturity mismatch minimization policy.

Through the Financial Risks Department, Banco Supervielle analyzes maturity mismatches, and assesses the behavior of contractual cashflows per currency, per assets and liabilities and on a global basis. Cashflows established per time periods are used for the preparation of individual GAPs and cumulative mismatches. In addition, Banco Supervielle and IUDÚ Compañía Financiera have in place a system of indicators to detect potential risk in their liquidity, so as to adopt the relevant preventive measures. Methodologies applied, as well as the establishment of thresholds and limits, are prepared by the Corporate Risks Department together the financial areas of Banco Supervielle and IUDÚ Compañía Financiera and are part of the Risk Appetite documents approved by the Board. Besides, such indicators are continuously monitored by the Board's Risks Committee.

Indicators of liquidity and funding concentration risk are used to quantify tolerance to such risk, ranging from the more stringent or restrictive to the broadest definitions of liquidity, and which include features inherent in the Entity's business model. Prior to the consideration and approval by the Board, the determination of thresholds and limits for every indicator is the result of team work performed by the Financial

Risks and Financial Planning Departments, observing consistency criteria among them as part of a set of interconnected indicators and based on previous experience.

Core metrics used for liquidity risk management at consolidated level include:

- ✓ ***Liquidity Coverage Ratio (LCR)***: measures the ratio between high-quality liquid assets and total net cash outflows during a 30-day period. Banco Supervielle calculates this ratio on a daily basis. The regulatory estimated minimum value as well as the internally established ratio according to the risk appetite were met during the year.
- ✓ ***Net Stable Funding Ratio (NSFR)***: measures Banco Supervielle's capacity, at standalone and consolidated level, to fund its activities sufficiently stable sources to mitigate the risk of future stress situations deriving from its funding. As of 2018, Banco Supervielle calculates this ratio on a daily basis. The regulatory estimated minimum value as well as the internally established ratio according to the risk appetite were met.
- ✓ ***Coverage of Interest-Bearing Demand Accounts and Early Withdrawal Time Deposits***: this ratio, related to funding concentration, seeks to restrict dependence on more unstable funding sources in illiquid scenarios, either of an idiosyncratic or systematic nature.

Additionally, daily monitoring is carried out on follow-up metrics by the Assets and Liabilities Committee (ALCO). Such indicators intend to disaggregate the main LCR components through the assessment of the entity's liquidity and warning about possible trend changes trends that might jeopardize guidelines on risk appetite. With the monitoring indicators dashboard, the Committee assesses the availability of liquid asset in response to an outflow of more volatile deposits, including interest-bearing demand accounts and the public sector deposits in foreign currency.

Finally, appropriate intraday liquidity controls and compliance with minimum cash regulations are the other pillar on which the entity's liquidity policy is based. As regards intraday liquidity, the Financial Risks Department set up the guidelines set forth in Communication "A" 6685, starting with daily monitoring of different metrics for assessing intraday liquidity sufficiency, generating a monthly report with the conclusions for different stress scenarios and a summary on the evolution of the several metrics mentioned in the regulation. The general criterion was that that initial balance of Banco Supervielle's checking account with the Central Bank of Argentina, together with income from intraday maturity of regulatory monetary instruments and/or swaps with the monetary authority, cannot be lower than the average of time sensitive payments recorded in the immediately preceding month.

On its part, IUDÚ Compañía Financiera has its own set of indicators related to liquidity management and funding concentration. As Banco Supervielle is a significant liquidity source for the company, the Corporate Risks Department daily monitors the assistance granted within the limits set forth by regulations for transactions between subsidiaries.

The Board's Risks Committee is the highest body in charge of coordinating and supervising decisions, with an influence on the identification, measurement, and monitoring of liquidity risk. Besides, the Assets and Liabilities Committee (ALCO) determines the strategies to ensure

and/or anticipate the adequate liquidity risk management. To carry out its duties, it relies on the Corporate Finance Department and on the Corporate Administration and Management Control Department and on the Corporate Risks Department, which submit management analysis and proposals and supervise compliance with established limits, respectively. These corporate governance bodies are defined both for Banco Supervielle at consolidated level and for Banco Supervielle and IUDÚ Compañía Financiera at standalone level, thus enabling the members of the Board of Directors and Senior Management to have a comprehensive and consolidated view of risk management, as well as the specific characteristics inherent in the business of each one of the most representative entities making up the banking group.

In line with the best governance practices, Banco Supervielle has set up a clear-cut division between the implementation of the financial management strategy (responsibility of the Financial Planning Department) and its follow-up and control (responsibility of the Corporate Risks Department).

The Corporate Finance Department is in charge of liquidity management and control to verify compliance with minimum cash requirements and has legal and operating authority and capacity to monetize high quality liquid assets (HQLA). Banco Supervielle's liquidity risk management areas are assisted by the CEO and by a Director appointed to that end, who is informed, on a weekly basis or with a higher frequency considering the circumstances, especially when changes in liquidity conditions mandate that new courses of action be implemented to safeguard the Entity. The Financial Risks Department is in charge of LCR measurement and follow-up, both at standalone and consolidated level, acting as an oversight body in charge of quarterly and monthly reports associated with this new indicator. Likewise, it is in charge of warning the entity in case limits and thresholds defined for such indicator are not complied with, explaining changes occurred in a duly documented daily follow-up.

Calculation of the Economic Capital

At consolidated level, Banco Supervielle uses the following tools to ensure an adequate risk management, such as:

- Comprehensive liquidity indicators dashboard, used to monitor the liquidity level. Every indicator has its corresponding threshold and limit, which are monitored on a daily basis by the Corporate Risks Department (giving adequate warnings in case of non-compliance), on a by-weekly basis by the Assets and Liabilities Committee (ALCO), and on a monthly basis by the Risks Committee. Likewise, a weekly report is prepared for the members of the Risks Committee, the ALCO Committee and other members of the Board.

- Indicators measuring funding concentration, establishing the Entity's risk appetite.

- Daily calculation and monitoring of the liquidity coverage ratio (LCR), at standalone and consolidated level.

- Daily calculation and monitoring of the net stable funding ratio (NSFR), at standalone and consolidated level, as of January 2018.

- Calculation and monitoring of liquidity risk follow-up tools, such as contractual term mismatches, counterparty concentration, product concentration, significant currency concentration and location of freely available assets.

- Controls on intraday liquidity and on dependency of less stable funding sources under market stress conditions, such as interest-bearing accounts and public sector deposits in foreign currency.

- Daily stress tests per relevant currency.

The Entity implements the guidelines of its contingency plan in comprehensive stress tests and in case of non-compliance with limits and/or thresholds, in line with the decision adopted by the Risks Committee.

The risks management scheme herein described justifies the adequate control and monitoring of Banco Supervielle's liquidity situation, both at consolidated and individual level, of each of its entities. Based on Communication "A" 5515, in the opinion of Banco Supervielle no estimate of the Economic Capital is necessary to cover this risk, to the extent that the Entity's solvency is not affected once measures of the stress test contingency plan are implemented.

Qualitative Information

Main explanatory factors of LCR results

During the first quarter of 2023, the Entity's liquidity risk profile showed a moderate rate of expansion and at all times with levels above the regulatory minimum. A detailed analysis of balance sheet changes and certain events makes it possible to account for the deviations between each month compared to the average liquidity degree.

In **January**, the unencumbered FALAC revealed a significant increase in the reserves available at the BCRA, while the rest of the components remained practically unchanged. Regarding the composition of funding, deposits showed a better performance with increases in both time periods.

In **February**, the stock of admissible Government Securities and Monetary Regulation Instruments grew, to the detriment of the current balance of the BCRA, while on the liability side, there was a significant increase in deposits in sight accounts and computable terms in the calculation of the LCR, which were largely subject to low exit risk weighting.

Finally, in **March** a greater relevance of the credit portfolio is observed; financing with maturity of less than and greater than 30 days regains momentum. On the other hand, the dynamism registered by time deposits translated into a slight drop in the indicator.

Relevant considerations in Consolidated Banco Supervielle´s liquidity profile

The Bank's liquidity administration is grounded on the following principles:

- Important share of retail clients´ deposits in Banco Supervielle, resulting from a commercial nature balance sheet;
- Diversification of wholesale funding sources;
- Limited use of short-term financing, except for the funding of assets of similar duration;
- Availability of enough liquidity reserve, in terms of admissible government securities in REPO wheel for its utilization in adverse situations;
- Securitization of loans as additional part of funding. Banco Supervielle´s and IUDÚ capacity to securitize its loans successfully and pursuant to acceptable terms depend on both applicable regulations and, in great part, prevailing capital market conditions.
- Banco Supervielle´s important share of a factoring portfolio with less-than-90-day maturity; thus, enabling the administration of this line of business in accordance with the Bank's liquidity objectives.

Liquidity indicators and funding source concentration enable the quantification of tolerance to such risk, starting from the most acid and restrictive definitions of the liquidity concept to the most encompassing definitions that include singularities of the Bank's business model itself. It is worth to be mentioned that, prior to the Board´s evaluation and approval, the definition of limits and thresholds for every indicator result from the work carried out jointly by the Financial Planning and Financial Risk Departments in accordance with coherence criteria between such areas as part of a set of interrelated indicators and aligned with past experience.

The metrics that account for exposure levels and liquidity risk appetite on behalf of the Bank are grounded on a Drill-Down approach, where the Financial Risk Department carries out a thorough follow-up on a set of indicators, the High Management evaluates a part of such indicators and finally the Integral Risk Committee and Board analyzes the Bank´s most representative risk indicators in general terms.

It is in this sense that the Integral Risk Committee focuses its evaluation on LCR evolution at a consolidated and individual level, an indicator that concentrates all the aspects included in the Bank´s liquidity risk exposure in its calculation methodology. Levels reached by such indicator account for the combination of liquid assets availability, concentration of deposits and income under assumptions of a 30-day critical scenario. In turn, the ALCO Committee is the government body in charge of separating the analysis of such components, while adding reports on the follow-up of term mismatches, individual stress trials and evaluation of current market conditions. Therefore, members

of the senior management of ALCO Committee rely on the necessary tools for their decision-making process upon early alerts; thus, taking up before the Integral Risk Committee decisions to be taken regarding action plans to be implemented.

The execution of liquidity risk policies by the Financial Planning Department requires a special attention to such indicators in a coordinated manner. For example, the eventual raising of deposits aimed at correcting certain violation in any liquidity indicator is unfeasible without considering its impact on specific indicators of funding source concentration or in detriment to limits and thresholds defined for the accomplishment of LCR, both at a consolidated and individual level.

Structure and responsibilities of liquidity risk administration

The decision-making process regarding all financial risks, including liquidity risk and funding source concentration, is carried out by the Assets and Liabilities Committee (ALCO), jointly with the Integral Risk Board Committee.

The Integral Risk Board Committee is the highest body that coordinates and monitors decisions that affect the identification, measurement and monitoring of liquidity risk. The Committee is made up at least two directors, the CEO, the Chief Risk Officer, the Financial Risk Executive Manager and the Comprehensive Risk Executive Manager. In turn, a Director of Grupo Supervielle will be invited, as well as any other officer the Committee may consider necessary.

The Assets and Liabilities Committee (ALCO) is in charge of defining strategies that will ensure and/or anticipate the proper administration of liquidity risk. To such ends, the committee relies on the Finances Corporate Department, the Administration and Control Corporate Department, the Chief Risk Officer and the Financial Risk Executive Manager, all of whom submit their analysis and proposals and control the due compliance of already defined limits respectively.

In accordance with the best government practices, Banco Supervielle has defined a clear division between the execution of the financial administration strategy (in charge of the Financial Planning Department) and the follow-up and control (in charge of the Financial Risk Department)

The Finances Corporate Department is in charge of the administration and control of liquidity position in virtue of the compliance of the minimum cash integration; thus, its power and legal and operating capacity to monetize component assets of FALAC. Banco Supervielle´s organic structure related with the administration of liquidity risk is complemented by the participation and coordination of the CEO, as well as the assignment of an accountable Director. The latter is informed, at least on a weekly basis or more regularly as the case may be, upon any changes in liquidity conditions that may force the definition of a new course of action to safeguard the Bank. Accordingly, the Financial

Risk Executive Department participates in the measurement and follow-up of LCR; thus, acting as an opposition control and ensuring the compliance of Monthly and Quarterly Reporting Regimes related to such new indicator. Likewise, such department is in charge of both issuing violation alerts on limits and thresholds defined for such indicator and reporting on any charges followed by a duly documented daily follow-up.

The interaction among the different departments of the group is ensured by the attendance of different officers of Banco Supervielle as permanent guests, such as the CEO, Finances Corporate Manager, the Control and Administration Corporate Manager, the Chief Risk Officer and Financial Risk Executive Manager, among others, in biweekly meetings held by ALCO Committee of IUDÚ.

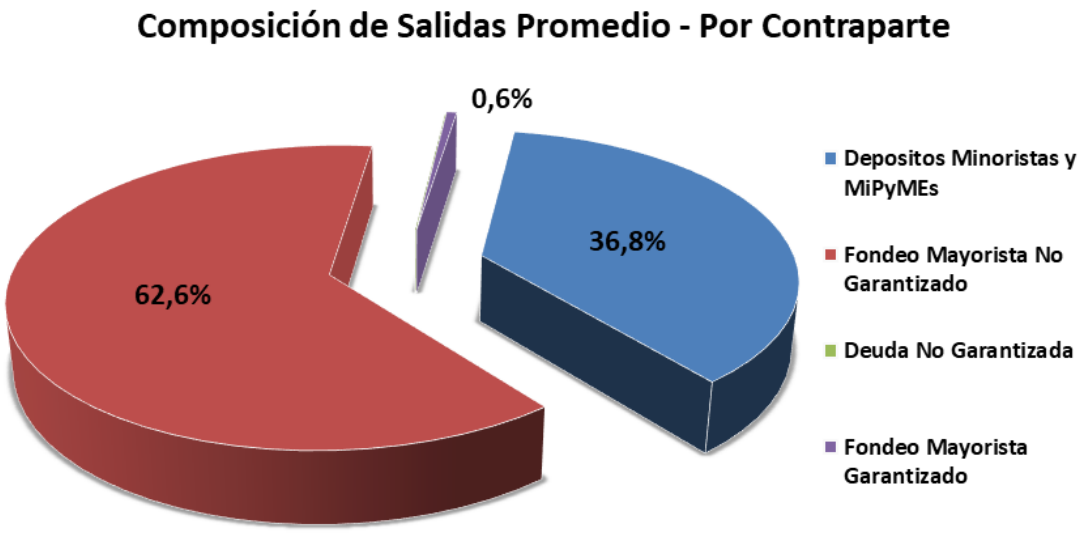
As Controlling company of IUDÚ and in virtue of its liquidity forecasts, Banco Supervielle must take into account the eventual need of assistance to said controlled company. Given the aforementioned, Banco Supervielle´s Financial Risks Executive unit carries out a daily follow-up of the existing relation between available assistance to IUDÚ and the latter´s liabilities of less-than-90-days maturities, while keeping the Board and the Senior Management of both entities informed on any limit or threshold violations.

Quantitative Information

In virtue of the evaluation of the Bank´s liquidity position and balance structure, the Financial Risks Executive unit considers as timely the disclosure of the main items of the lines that make up the indicator under analysis. Therefore, the main goal is to show the greatest possible accountability regarding the information to be released.

Below is a chart with a breakdown of main items that make up high-quality liquid assets and a chart with the composition of 30-day outflow portfolio according to the type of counterparty.

ITEM	WEIGHTED VALUE	SHARE
HIGH QUALITY LIQUID ASSETS	**299,175,546**	
Bills and coins	**19,641,851**	**6.6%**
Reserves in Argentine Central Bank	**39,984,994**	**13.4%**
Debt securities to be negotiated by Argentine Central Bank or National Government	**239,539,518**	**80.1%**
Issued by the National Government	50,554,751	16.9%
Monetary regulation instruments	188,984,768	63.2%
Deposits of non-banking financial entities in commercial banks	9,183	**0.0%**



[**References**:
Composición de salidas promedio – por contraparte: breakdown of average outflows – by counterparty

Fondeo Mayorista no garantizado: unsecured wholesale funding

Deuda no garantizada: unsecured debt

Depósitos minoristas y MIPyMes: Retail and Small &Medium Size deposits

Fondeo Mayorista Garantizado: Secured wholesale funding]

LIQ1 Form: Liquidity Coverage Ratio (LCR)
LCR template: Disclosure

Information as of March 31, 2023, average daily values for the first quarter (Number of data: 90).

	COMPONENT	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
	High-quality liquid assets		
1	**Total HQLA**		299,175,546
2	**Retail deposits and deposits from MIPyMes, of which customers, of which:**	**185,516,619**	**23,248,352**
3	Stable deposits	72,555,573	3,627,779
4	Less stable deposits	112,961,046	19,620,574
5	**Unsecured wholesale funding, of which:**	**316,149,302**	**259,692,358**
6	Operational deposits (all counterparties)	28,359,813	7,089,953
7	Non-operational deposits (all counterparties)	287,789,489	252,602,404
8	**Unsecured debt**	**-**	**-**
9	**Secured wholesale funding**	**3,045,487**	**83,627**
10	**Additional requirements, of which:**	**94,585,096**	**5,006,870**
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	94,585,096	5,006,870
14	**Other contractual funding obligations**	**-**	**-**
15	**Other contingent funding obligations**	**25,519,509**	**8,420,291**
16	**TOTAL CASH OUTFLOWS**		**296,451,498**
17	Secured lending (reverse repos)	34,760,125	-
18	Inflows from fully performing exposures	43,617,479	22,726,083
19	Other cash inflows	2,197,129	1,291,418
20	**TOTAL CASH INFLOWS**		**24,017,501**

21	**TOTAL HQLA**		**299,175,546**
22	**TOTAL NET CASH OUTFLOWS**		**272,433,997**
73,8	**LIQUIDITY COVERAGE RATIO (%)**		**109.8%**

LIQ2 template: Net Stable Funding Ratio (NSFR)

NSFR Common Disclosure Form

Information as of 12.31.22

	(In currency amount)	a	b	c	D	E
		Unweighted value by residual maturity				Weighted value
		No maturity (1)	< 6 months	6 months to 1 year	≥ 1 year	
Available stable funding (ASF) item						
1	Capital:	76,013,294	-	-	-	76,013,294
2	Regulatory capital	76,013,294	-	-	-	76,013,294
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from MIPyMes	120,852,365	80,189,342	373,741	6,362	184,801,423
5	Stable deposits	70,141,306	280,528	1,334	27	66,902,037
6	Less stable deposits	50,711,059	79,908,814	372,406	6,335	117,899,387
7	Wholesale funding:	68,390,558	310,873,634	2,357,949	3,599,679	92,540,581
8	Operational deposits	27,676,499	-	-	-	13,838,249
9	Other wholesale funding	40,714,059	310,873,634	2,357,949	3,599,679	78,702,332
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	5,067,758	-	-	-	-
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	5,067,758	-	-	-	-
14	**Total ASF**	**270,323,975**	**391,062,976**	**2,731,690**	**3,606,041**	**353,355,298**
15	Total NSFR high-quality liquid assets (HQLA)	106,551,906	227,158,416	-	-	2,779,710
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities: (2)	1,604,265	152,508,328	27,919,507	79,977,923	147,116,481

	(In currency amount)	a	b	c	D	E
		Unweighted value by residual maturity				Weighted value
		No maturity (1)	< 6 months	6 months to 1 year	≥ 1 year	
18	Performing loans to financial institutions secured by Level 1 HQLA	-	16,696,793	-	-	1,669,679
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,604,265	17,502	24,044	-	255,287
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	135,552,992	27,631,327	48,857,633	123,373,737
21	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk (2)	-	-	-	-	-
22	Performing residential mortgages, of which:	-	241,041	264,136	23,172,339	15,062,020
23	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	-	241,041	264,136	23,172,339	15,062,020
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	7,947,950	6,755,758
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	78,061,005	-	-	-	78,019,014
27	Physical traded commodities, including gold	279,942	-	-	-	237,951
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	NSFR derivative assets	137,411	-	-	-	137,411
30	NSFR derivative liabilities before deduction of variation margin posted	118,421	-	-	-	118,421
31	All other assets not included in the above categories	77,525,231	-	-	-	77,525,231
32	Off-balance sheet items	107,794,888				5,389,744
33	**Total RSF**	**293,988,272**	**379,666,743**	**27,919,507**	**80,001,714**	**233,304,950**
34	**Net Stable Funding Ratio (%)**					**151.5%**

Section 8. Credit Risk

1. General Information about Credit Risk

CRA Table:

Credit Risk management includes the strategy, policies, practices, procedures and organizational structure needed by Banco Supervielle so as to identify, assess, follow-up, control and mitigate this risk. The Risk Appetite document of Banco Supervielle describes the aspects related to the objectives and strategies applicable to Personal and Business Banking, Corporate Banking and Finance Banking as risk taking areas.

Credit Risk Management is the process for identification, measurement or assessment, mitigation and monitoring or follow-up of risk, taking into account that said risk is present in all the credit cycle, from its origination to collection, recovery or loss, in the case of non-performance.

The system involves a series of processes, such as:

- Granting;
- Determination of credit limit;
- Follow-up of individual credits and portfolios;
- Generation of internal ratings;
- Use of stress tests;
- Planning of contingencies;
- Control of involved processes.

Through this management process an independent analysis is made of the credit risk generating areas, and assessments and recommendations are made. Assessments are used as basis for the analysis and report of all the credit risk identification, measurement, monitoring and mitigation process, which is a constant, iterative and evolutionary process.

The Comprehensive Risk Management Policy describes the organizational structure and risk governance, including the specific roles and responsibilities in line with the applicable BCRA regulations. The specific responsibilities of each area are described therein, as well as some responsibilities common to all areas, including shared controls.

The Entity has a set of Indicators with thresholds and limits, as well as regular portfolio and delinquency reports. The Executive Risks Management regularly analyses many indicators and reports and submits to the CEO and the Risks Committee those reports that are more relevant.

General

Credit Risk is the possibility that an Entity suffers losses and/or impairment of its assets as a result of non-performance or irregular performance of its debtors or counterparties with the terms agreed on the credit agreements. Any event that implies an impairment of the current value of credits granted is considered a credit risk, irrespective of whether there is or not an actual non-performance by the counterparty. This risk is also present in the settlement risk, i.e. when a financial transaction cannot be completed or settled as agreed. The amount of the losses due to credit risk depends mainly on two factors:

a. The amount of the exposure at default;
b. The recoveries obtained by the Entity as a result of payments made by debtor and of the implementation or risk mitigators, such as collateral for credit transactions that reduce loss severity.

The Credit risk management also includes the follow-up and control of the concentration risk related to this risk. Concentration risk is the risk of exposures or group of exposures with similar characteristics likely to generate material losses – in income/loss, regulatory capital, assets or global risk level – that may impair the creditworthiness of the financial institution or its capacity to maintain its main operations and may cause a significant change to its risk profile.

The Boards of Banco Supervielle and IUDÚ Compañía Financiera approve the credit risk strategies and policies submitted by the Risks Committees, in reliance upon the Risks, Credit, Legal Affairs, Compliance and Commercial Banking departments, and in compliance with the BCRA regulations. The aim of the credit strategies and policies is to develop commercial opportunities within the scope and under the conditions of Banco Supervielle and IUDÚ Compañía Financiera business plan, while keeping risk at prudent levels. The credit policy is aimed at companies and individuals of all segments.

As regards Corporate Banking credit, in addition to the traditional factoring and leasing businesses, the Bank focuses on becoming the first-choice bank for companies of growth potential segments. As regards Personal and Business Banking, in addition to the payroll payment and senior citizen segments, the Bank focuses on the Entrepreneurs and SMEs segments, as well as the Identité segment. The focus of IUDÚ Compañía Financiera is on consumption, mainly the granting of personal loans, credit cards and car loans.

It is the will of the Entity to adopt a strategy that allows meeting its contractual commitments, both under normal market conditions and in adverse situations. In relation to this, the entity has scoring and rating models in order to estimate the probability of default (PD) of the different customer portfolios. In relation to the risk appetite framework, the Entity has cut offs for each segment that reflect the maximum risk it is willing to assume in terms of probability of default.

Loan portfolio diversification is a pillar of Banco Supervielle' credit risk management, and is aimed at distributing the risk by economic segment, type of customer and amount of the loan. The safeguards required for an adequate risk coverage are equally important. In the corporate segment a substantial portion of the amount of a loan must be secured through credit instruments. Finally, procedures are constantly implemented to control and follow-up the early warning indicators of loan portfolio performance. To this end, the entity has a dashboard of indicators related to the credit and concentration risk appetite. The evolution of the NPL, Coverage and Cost of Risk indicators is monitored in relation to target limits established according to the risk appetite and the strategy determined in the entity's business plan. Moreover, there is a scheme of portfolio limits that measure concentration of balances by debtor or economic group, concentration of main debtors, concentration by value chain, economic activities, portfolio by risk level based on the facility risk rating and exposure in foreign currency, both at a total level and by type of product.

Credit Risk Measurement Models

The Entity has models to estimate the distribution of possible losses of its credit portfolio due to counterparty default (PD – Probability of Default), and to the exposure assumed by them (EAD – Exposure at default) and the proportion of each defaulted loan that the Entity is able to recover (LGD – Loss Given Default). the Expected Loss (EL) and the Economic Capital are calculated based on these parameters. On that basis, some methodologies were developed to calculate the Risk Adjusted Return on Capital (RAROC) of Banco Supervielle, so as to optimize credit risk management. IUDÚ Compañía Financiera also has parameters related to credit risk.

Statistical Provisions

The associated statistical provisions are calculated on the basis of the results of PD (Probability of Default), EAD (Exposure at Default) and LGD (Loss Given Default) estimates.

The objective of the calculation of statistical provisions is to analyze the own portfolio data of the Entity so as to estimate, in general terms, the average value of the loss distribution function for an annual time horizon in the case of non-impaired loan transactions, and for the life span in the case of impaired loan transactions (provisions for expected losses).

Economic Capital

The economic capital for credit risk represents the difference between the value at risk of the portfolio and the expected loss calculated over the confidence interval determined by the Entity. The Entity has in place two models of Economic Capital for credit risk (one for Individuals with a level of confidence of 99.9% and another for companies with a level of confidence of 99%). Both quantitative models include:

- Capital for counterparty risk

- Exacerbation of capital for concentration risk
- Capital for credit risk in securitized transactions.

Template CR1– Credit Quality of Assets

Information as of 12.31.22

		a	b	c	d
		Gross accounting value of		Provisions/ impairment	Net value (a+b-c)
		Past-due exposures	Performing exposures		
1	Loans	9,352,397	235,611,448	12,212,812	232,751,033
2	Debt Securities		5,658,928		5,658,928
3	Off-balance sheet exposure	92,138	16,091,226		16,183,364
	Total	9,444,535	257,361,602	12,212,812	254,593,325

Template CR2: Changes in stock of defaulted loans and debt securities

Information as of 12.31.22

		A
1	**Defaulted loans and debt securities at end of the previous reporting period**	7,124,691
2	Loans and debt securities that have defaulted since the last reporting period	10,834,740
3	Return to non-defaulting status	465,553
4	Amounts written off	8,141,481
5	Other changes	
6	**Defaulted loans and debt securities at end of the reporting period**	9,352,397
	(1+2-3-4+5)	

Table CRB: Additional Disclosure on the Credit Quality of Assets

Qualitative Disclosures

(a) The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.

- Past due exposures: includes those customers with non-performance of their obligations for more than 31 days.
- Impaired exposures: Includes those customers who are unable to repay their obligations, and with a 2 or higher rating according to the BCRA.

As regards the legal situation of debtors, consideration is given as to whether they entered into payment agreements resulting from court or out-of-court arrangements expiring prior to the payment of 15% of the total amount of said agreements. In order to determine the amount of the repayment, 50% may be computed of additional guarantees, on property not related to the debtor's activity – except for mortgages on rural property, which are computable – considering the coverage margins set forth in the rules on "Guarantees".

Customers who have refinanced their debt through payment of monthly or bi-monthly installments may be reclassified to the immediate higher level provided they have paid timely or within 31 days following the due date two consecutive installments, and customers who have refinanced their debt through one-time payment agreements or in installments that are due at irregular intervals or at intervals longer than 2 months may be reclassified provided they have repaid at least 5% of their refinanced obligations (principal) plus the number of installments or the applicable cumulative percentage, if debtors were in a lower level at the time of the refinancing.

In case of payment of refinanced debts which are more than 31 days past due as from the date of customer reclassification to that category, debtors will be immediately reclassified to the corresponding level taking into account the total number of days past due since the date when the first default of a refinanced installment occurred, and the minimum arrears set forth in the regulations for the category in which the debtor is included in the month of the new arrears.

(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

These cases occur particularly in the Bank's commercial portfolio. The term impairment only applies to classifications higher than 2 (two) according to the BCRA.

The BCRA subjectively sets forth different parameters for classification of the commercial portfolio, which take into account not only past due days but also a wider set of variables, such as:

- Customer's situation in other entities.
- Repayment capacity.
- Legal condition of debtor (arrangement with creditors, complaint filed by the bank, petition for bankruptcy filed by third parties).
- Classification by technical condition (when the customer is a debtor of other liquidated financial institutions).
- Arrears.
- Reporting systems.
- Economic activity or line of business.
- Track record in the market.
- Degree of professionalism of managers.

It encompasses commercial refinancing, repayment of which derives from a productive activity, services or trading.

(c) Description of the methods used to quantify credit risk and determine asset impairment

To determine impairment, the Bank, including the IUDU portfolio, calculated the allowances for bad debt risk in accordance with IFRS 9.

Calculation of allowances for bad debt risk in accordance with IFRS 9 (applies to Banco Supervielle)

The Bank measures Expected Credit Loss (ECL) of financial instruments reflecting the following:

(a) a probability amount, weighed and unbiased, that is defined through the evaluation of a range of possible results;

(b) the temporal value of money; and

(c) the reasonable and sustainable information available at no cost or excessive effort on the submission date on past events, current conditions and future economic condition forecasts.

IFRS 9 sets forth the following "three stages" model for impairment based on changes in the credit quality from initial recognition:

• If, on the submission date, the credit risk of a financial instrument has not increased significantly since its initial recognition, the Bank will classify such instrument as in "Stage 1".

• If a significant increase in credit risk ("SICR") is detected, from its initial recognition, the financial instrument is moved to "Stage 2", but such instrument is not deemed to have a credit impairment.

• If the financial instrument has credit impairment, it is moved to "Stage 3".

• For financial instruments in "Stage 1", the Bank measures ECL at an amount equivalent to the amount of expected credit loss during the useful life term of the asset that result from potential default events within the next 12 months. As for Financial Instruments in "Stage 2" and "Stage 3", the Bank measures ECL during the useful life term of the asset (hereinafter "lifetime").

• A generalized concept in the measurement of ECL pursuant to IFRS 9 is that prospective information has to be considered.

• Financial assets with impairment on credit value, either purchased or produced, account for those financial assets which have been impaired since initial recognition. ECL of this type of financial instruments is always measured during the asset lifetime ("Stage 3").

The following chart summarizes the impairment requirements pursuant to IFRS 9 (for financial assets that do not entail impairment on credit value, either purchased or produced:

Changes in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(initial recognition)	(significant increase of credit risk since initial recognition)	(impaired credit)
ELC over the next 12 months	Lifetime ELC of the financial instrument	

The following describes the Bank's judgments and assumptions for ECL measurement:

The Bank considers that a financial asset has experienced a significant credit risk increase when one or more of the following qualitative and quantitative criteria have been observed:

Personal and Business Banking

- Maximum delay at the financial asset level higher than 30 days.
- If the financial asset is a refinancing.
- The credit origination score has deteriorated by more than 30% with respect to the current performance score.
- Internal Behavior Score at customer level less than cut off.
- E&P and SMEs segment customers that belong to a vulnerable economic sector.

Corporate Banking

- More than 30 days past due.
- BCRA 2 Situation.
- Behavior rating PD higher than 30%.
- Its rating deteriorated by more than two grades from its credit approval rating.
- Customers which belong to a vulnerable economic sector.

The Bank considers that a financial instrument is in a state of default when it meets one or more of the following criteria:

Personal and Business Banking:

- Maximum delay at the financial asset level higher than 90 days.

Corporate Banking:

- More than 90 days past due.
- Irregular situation (Situation of BCRA 3 or higher).
- Its rating is C or D.

The above criteria are applied in a consistent manner to all financial instruments and are aligned with the definition of default used by the Bank for credit risk management. Likewise, such definition is consistently applied to define PD ("Probability of Default"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

ECL is measured on a 12-month or lifetime basis of the instrument, depending on whether a significant increase in credit risk has been recorded since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of the Probability of Default ("PD"), Exposure at default ("EAD") and Loss Given Default ("LGD"), defined as follows:

• PD represents the likelihood of a debtor defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime (lifetime PD) of the financial asset.

• EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months or the remaining lifetime (lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

• LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim, and availability of collateral or other type of credit support. LGD is expressed as a percentage per unit of exposure at the time of default (LGD) and is calculated on a 12-month or lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financial instrument.

ECL is determined by projecting PD, LGD and EAD for each future month and each individual exposure or collective segment. Thus, in the case of Stage 1, the expected loss at 12 months is contemplated, while for Stage 2 and 3, the lifetime of the customer's operations is contemplated. In this way, PE at time t of a given operation is calculated using the following formula:

$$PE_t = PD_t * EAD_t * LGD$$

Finally, the estimated Expected Loss in each of the periods is totaled, considering the effective interest rate of each operation,

$$PE_{Total} = \sum_{t=1}^{VIDA} \frac{PE_t}{(1 + i_{12})^t}$$

In order to estimate the parameters used for the calculation of the above-mentioned ELC, the Entity based its calculation on the experience of developing internal models for the estimation of the parameters, adapting such development in accordance with IFRS 9.

The evaluation of significant credit increases and the calculation of ECL include prospective information. The Bank carried out a historical analysis and identified key economic variables that affect the credit risk and expected credit losses for each portfolio.

Forecasts of these economic variable ("base economic scenario") are provided by the Research team of the Bank and offer the best estimated outlook of the economy for the next 12 months. The impact of such economic variables on DP and LGD resulted from the statistic regression analysis to understand the impact the changes in these variables has had historically on default rates and LGD components.

In addition to the base economic scenario, the Research team of the Bank also provides two potential scenarios together with scenario analysis. The number of other scenarios is defined in accordance with the analysis of the main products to ensure the lineal effect between the future economic scenario and related expected credit losses.

(d) The bank's own definition of a restructured exposure

The bank has in place a debt restructuring and refinancing policy.

Restructuring Policy

This policy sets forth the necessary criteria, requirements and conditions for the restructuring of unsecured loans.

The aim of the restructuring is to help customers who are undergoing temporary financial distress but are willing to pay and regularize their situation through the granting of a restructuring loan without debt reduction.

Individual cardholders who are undergoing temporary distress and can't pay the minimum account, loan installments and/or are unable to pay the debit balance of the checking account are eligible for restructuring.

This tool is available to customers whose debt is 0-45 days past due, and applies to one or several products and for the whole or part of the balance due, according to the applicant's repayment capacity.

Those cases which only imply a postponement of the loss should not be admitted, giving priority only to those who are willing to pay and honor the new obligation.

In all these cases, requests for restructuring are not automatically accepted or renewed; they are analyzed by the Bank for approval or rejection, according to applicable credit policies.

This policy does not apply to Banco Supervielle employees; those cases are dealt with by the Human Resources Department.

Refinancing Policy

This policy sets forth the necessary criteria, requirements, conditions and parameters for the refinancing of unsecured loans.

This debt recovery tool is the last step of the negotiation, once the regular debt collection efforts have been exhausted.

A refinancing loan implies the repayment of all unsecured credit products that a customer has with the Bank, irrespective of the arrears or the status. At present, the policy allows refinancing the product only in arrears or the overdue debt of the product in arrears.

Refinancing applies to individuals whose debt is 30-270 days past due.

Those cases which only imply a postponement of the loss should not be admitted, giving priority only to those who are willing to pay and have repayment capacity.

This policy does not apply to Banco Supervielle employees; those cases are dealt with by the Human Resources Department.

Additionally, those cases that do not meet the above-mentioned requirements may be exceptionally refinanced as Extraordinary Refinancing in cases of unemployment or financial distress.

A "refinancing loan" managed by the Individual Recovery area will be granted.

Deregistration of credit lines / products: credit card holders and additional holders will be included in the data protection form and rejected by the processing system and loans will be cancelled. The balance of these products will be included in the refinancing loan.

In all these cases, requests for refinancing are not automatically accepted or renewed; they are analyzed by the Bank for approval or rejection, according to applicable credit policies.

Refinancings will classify pursuant to the scheme set forth in the BCRA communication "A" 4738, as amended and supplemented.

Quantitative Disclosures

(e) Breakdown of Exposures by geographic area

Information as of 12.31.22

Province	Debt in thousands of $	%
Autonomous City of Buenos Aires	146,796,272	55%
BUENOS AIRES	47,554,690	18%
MENDOZA	30,384,986	11%
SAN LUIS	9,413,430	4%
CORDOBA	15,390,456	6%
TUCUMAN	5,417,574	2%
SANTA FE	8,040,755	3%
SAN JUAN	2,412,123	1%
NEUQUEN	1,212,560	0%
Total	**266,622,846**	**100.00%**

Breakdown of exposures by economic sector

Information as of 12.31.22

Segment	Debt in thousands of $	%
Households	142,567,408	53%
Manufacturing Industry	35,843,284	13%
Services	29,123,794	11%
Businesses	16,642,023	6%
Construction	3,959,337	1%
Retail	12,217,786	5%
Primary production	21,571,553	8%
Other	4,697,662	2%
Total	**266,622,846**	**100.00%**

Breakdown of exposures by residual maturity

Information as of 12.31.22

Sector	Up to 30 days	31 to 90 days	91-180 days	181-360 days	+361 days	Total in thousands of $
Documents/ Unsecured loans	22,461,273	19,517,927	17,336,840	6,578,804	5,489,564	**71,384,409**
Loans	7,926,820	2,462,841	3,489,631	6,453,156	23,793,007	**44,125,454**
Credit Cards	10,724,690	18,934,071	13,388,407	5,675,330	156,704	**48,879,203**
Foreign Trade	8,692	12,569	18,805	9,155	29,172	**78,394**
Advances	7,596,330	6,116,418	179,818	280,008	17,733	**14,190,308**
Leasing	4,419,073	262,917	373,527	853,089	5,000,458	**10,909,064**
Call	551,939	-	-	-	-	**551,939**
Other	14,958,544	209,975	202,075	317,257	23,139,709	**38,827,559**
Pledge	278,112	507,759	786,503	1,482,888	3,833,914	**6,889,174**
Mortgages	68,503	128,617	189,362	385,295	20,438,203	**21,209,980**
Possible Guar./ Resp.	-	-	-	-	9,577,361	**9,577,361**
Total	**68,993,976**	**48,153,094**	**35,964,968**	**22,034,982**	**91,475,826**	**266,622,846**

(f) Amount of impaired exposures (according to the definition used by the entity for accounting matters) and allocations and cancellations, by geographic area and economic sector.

Information as of 12.31.22

Geographic distribution (Province)	Debt in thousands of $	%
Autonomous City of Bs. As.	3,795,272	40%
BUENOS AIRES	1,527,781	16%
MENDOZA	1,012,649	11%
CORDOBA	1,557,471	16%
SAN LUIS	560,099	6%
SANTA FE	206,025	2%
TUCUMAN	566,020	6%
SAN JUAN	63,504	1%
NEUQUEN	155,715	2%
Total	**9,444,535**	**100%**

Segment	Debt in thousands of $	%
Households	7,245,779	77%
Manufacturing Industry	100,386	1%
Services	18,127	0%
Businesses	3,163	0%
Construction	220,192	2%
Retail	369,270	4%
Primary production	1,464,844	16%
Other	22,773	0%
Total	**9,444,535**	**100.00%**

(g) Breakdown of maturity of impaired exposures (situation 3, 4, 5 and 6) per type of portfolio.

Information as of 12.31.22

Past due from	Consumption	Commercial	Similar to consumption	Total in thousands of $
Not past due	565,189	1,638,107	102,541	2,305,837
1 to 30 days	219,749	789	57,969	278,506
31 to 60 days	140,715	-	19,342	160,057
61 to 90 days	209,681	-	23,448	233,129
91 to 180 days	3,186,311	-	121,367	3,307,678
181 to 360 days	2,026,653	-	109,928	2,136,582
More than 360 days	548,214	313,177	161,354	1,022,746
Total	**6,896,513**	**1,952,073**	**595,949**	**9,444,535**

(h) Breakdown of restructured exposures in impaired and not impaired exposures

Information as of 12.31.22

Non-Impaired restructured exposures	
Debtor situation according to BCRA	Debt amount
1	965,675
2	669,452
Total	**1,635,127**

Impaired restructured exposures	
Debtor situation according to BCRA	Debt amount
3	447,822
4	155,813
5	41,449
6	-
Total	**645,084**

1. Credit Risk Coverage

Table CRC– Qualitative Disclosure Requirements related to Credit Risk Mitigation techniques

Policies and Processes to set off on-balance and off-balance sheet items

The Bank does not set off on-balance and off-balance sheet items except where it is specifically authorized by the internal rules and the regulatory agency.

Policies and Processes for the assessment and management of assets admitted as collateral

Collateral is a property or asset given as an additional guarantee by the debtor or a third party which reduces the creditor's risk in a credit transaction.

As a general rule, prior to the granting of the credit facility the bank must verify that the collateral used to secure a credit complies with all the local legal requirements.

In order to minimize the credit risk, the Bank must comply with all legal formal requirements. The credit transaction must be duly documented (applications, credit instruments, etc.) according to legal requirements in force. All credit amounts given and payments made must be duly recorded. In this way, the transaction (the loan and the guarantees) will have legal backing.
Non-recording or deficient recording may give rise to difficulties for recovery or non-recovery at all of the loan, resulting in a loss for the bank.

Authorization Limits

Registration of guarantees
Once Credit Managers/analysts have approved secured credit facilities or obtained the corresponding approval from senior officers, no disbursements are to be made until the guarantee is satisfactorily recorded.
If the guarantee recording process takes longer than expected due to bureaucratic steps, the credit facilities may be authorized by Credit Managers, subject to the following conditions:

- if there are no other formalities, credit facilities may be granted prior to the registration in the corresponding registers, provided the documents have been duly executed, authenticated or legalized, as required;

- if Credit Managers consider that delays in the reimbursements of credit facilities could hinder the strengthening of the relationship with the customer and are completely sure that the registration is a mere formality, credit facilities may be used within their limits, provided that:

-all documents have been executed, authenticated or legalized, as required;

- customers grant a power of attorney drafted by the Bank's counsel authorizing the Bank's offices to take all necessary action, in their name and on their behalf, to carry out the registration.

Collateral Insurance

The assets given by customers as collateral must be covered by an insurance against damage to such assets, including fire.

Description of main assets admitted as collateral

The Entity uses as collateral for the calculation of capital requirement the coverage set forth by the BCRA regulations.

The main security interests admitted by the Bank are:

• Mortgage: First degree mortgage, and irrespective of order of priority, provided the entity is always the mortgagee.

• Pledge: First degree security interest or pledge on cars and machinery – agriculture, road and industrial - (provided they are registered with the corresponding Automobile Registry and there is a market that sets a benchmark price).

• Cash Guarantee: In Pesos or in US Dollars, Swiss Francs, Sterling Pounds, yens and Euro, taking into account their Exchange rate.

• Bank guarantees and letters of credit issued by foreign Banks: these Banks must have an international credit rating, and must not be the controlling Company, its subsidiaries and branches, or the controlled Company or its branches of the local entity, or otherwise related, and the funds must be unrestricted and immediately available at the request of the beneficiary entity.

•"Warrants" on fungible goods that are frequently quoted in the local or international markets, well known and easily accessible for the public.

•Assignment of Accounts Receivable for services already rendered, issued by utilities (electricity, gas, telephone, water, etc.) provided the total number of bills represents not lower than 1,000 customers.

•Assignment of collection rights of credit card vouchers.

•Negotiable instruments (promissory notes, bills of exchange, invoices, credit notes, deferred checks) of the assignor.

•Negotiable instruments (deferred checks promissory notes, bills of exchange, invoices, credit notes) discounted with responsibility for the assignor.

• Guarantees granted by MGSs registered with the BCRA.

• Certificate of time deposits with the same financial institution, in Pesos, US Dollars, Swiss Francs, Sterling Pounds, Yens and Euro.

• Credit for Financial Leasing agreed on real property and cars, machinery – agriculture, road and industrial - (provided they are registered with the corresponding Automobile Registry and there is a market that sets a benchmark price).

Template CR3: Credit Risk Coverage Techniques – General

Information as of 12.31.22

		a	b	c	d	e	f	g
		Unsecured exposures: book value	Collateralized exposures	Collateralized exposures; of which: secured amount	Financial secured exposures	Financial secured exposures, of which: secured amount	Credit derivative secured exposures	Credit derivative secured exposures, of which: secured amount
1	Loans	211,264,079	33,699,766	33,699,766	-	-	-	-
2	Securities	5,658,928			-	-	-	-
3	**Total**	216,923,007	33,699,766	33,699,766	-	-	-	-
	Of which, past-due	7,430,237	1,922,160	1,922,160	-	-	-	-

B. Credit Risk – Standardized Approach

Table CRD– Qualitative Disclosures on banks' use of external credit ratings under the standardized approach for credit risks

No external credit ratings available.

Template CR4: Standardized approach: Credit risk exposure and credit risk mitigation (CRM) effects

Information as of 12.31.22

		a	b	c	d	e	f
		Exposures before CCF and CRM		**Exposures post CCF and CRM**		**RWAs and RWA density**	
	Asset Classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Cash and banks	46,355,486		46,355,486		1,786,565	0.5%
2	Sovereigns and their central banks	310,004,232		310,004,232		7,591,870	2.3%
3	Multilateral development banks	0		0		0	0.0%
4	Domestic and foreign financial institutions	5,303,956		5,303,956		2,923,839	0.9%
5	Domestic and foreign companies	101,157,266		101,157,266		97,505,350	30.0%
6	Retail	111,398,458		111,398,458		101,378,338	31.2%
7	Secured by MGSs/Default funds	1,049,404		1,049,404		524,702	0.2%
8	General Residential Real Estate	22,339,170		22,339,170		19,571,069	6.0%
9	Other Real Estate	9,648,479		9,648,479		5,325,283	1.6%
10	Defaulted exposures	5,487,751		5,487,751		5,730,483	1.8%
11	Other assets	68,645,144		68,645,144		68,290,684	21.0%
12	Exposure to securitization and re-securitization	158,401		158,401		158,401	0.0%
13	Off-balance sheet items included in para.3.7.1. of rules on Minimum Capital Requirements for Financial institutions		16,137,213		13,228,225	13,477,884	4.1%
14	Off-balance sheet items related to securitization transactions		0		0	0	0.0%
15	Non DvP Transactions	0		0		0	0.0%
16	Production investment credit line not accounted for as minimum requirement	0		0		0	0.0%
17	Central counterparty (CCP) exposure	14,170		14,170		0	0.0%
18	Equity interests	394,408		394,408		591,612	0.2%

Template CR5– Standardized Approach - Exposures by asset classes and risk weights.

Information as of 12.31.22

		a	b	C	d	e	f	g	h	i	J	k
	Risk weighting											
	Asset Classes	0%	10%	20%	35%	50%	75%	100%	125%	150%	1250%	Total credit exposures amount (post-CCF and post-CRC)
1	Cash and banks	37,422,767	0	8,932,692	0	0	0	27	0	0	0	46,355,486
2	Sovereigns and their central banks	302,412,362	0	0	0	0	0	7,591,870	0	0	0	310,004,232
3	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0
4	Domestic and foreign financial institutions	181,500	0	2,757,809	0	0	0	2,349,387	0	15,260	0	5,303,956
5	Domestic and foreign companies	3,652,043	0	0	0	0	0	97,505,212	0	0	11	101,157,266
6	Retail	0	0	0	0	0	40,117,788	71,279,859	0	0	811	111,398,458
7	Secured by MGSs/Default funds	0	0	0	0	1,049,404	0	0	0	0	0	1,049,404
8	General Residential Real Estate	0	0	0	4,140,396	153,687	0	18,045,087	0	0	0	22,339,170
9	Other Real Estate	0	0	0	0	8,646,392	0	1,002,087	0	0	0	9,648,479
10	Defaulted exposures	0	0	0	0	1,137,746	2,091	2,722,748	3,316	1,621,816	34	5,487,751
11	Other assets	0	0	0	0	0	0	68,290,684	0	0	354,460	68,645,144
12	Exposure to securitization and re-securitization	0	0	0	0	0	0	158,401	0	0	0	158,401
13	Off-balance sheet items included in para.3.7.1. of rules on Minimum Capital Requirements for Financial institutions	0	0	0	0	0	0	13,224,897	0	3,329	0	13,228,225
14	Off-balance sheet items related to securitization transactions	0	0	0	0	0	0	0	0	0	0	0
15	Non DvP Transactions	0	0	0	0	0	0	0	0	0	0	0
16	Production investment credit line not accounted for as minimum requirement	0	0	0	0	0	0	0	0	0	0	0
17	Central counterparty (CCP) exposure	14,170	0	0	0	0	0	0	0	0	0	14,170
18	Equity interests	0	0	0	0	0	0	0	0	394,408	0	394,408

Section 9. Counterparty Credit Risk

CCRA Table – Qualitative Disclosure related to Counterparty Credit Risk

Counterparty Risk Management

Banco Supervielle has in place an proper framework for the management of this risk. The Entity assesses the counterparty's creditworthiness prior to a transaction, taking into account the risk at settlement and previously. Said risk is managed in an comprehensive manner, both at counterparty level – adding the counterparty credit risk exposure to other credit risk exposures associated to the same counterparty – and at entity level.

According to the Bank's risk appetite, the Entity has a counterparty risk map which defines per counterparty the following: credit exposure limits and settlement, settlement risk in exchange, securities, swaps, among other which are approved by the Credit Committee of the Entity, defining the scope of action for the Finance Department.

Exposure follow up and control are conducted by the Operations Coordination Office controls exposures outside the mentioned system.

In addition, the Entity may use comprehensive stress tests to assess different stress scenarios related to that risk.

As regards the economic capital for counterparty credit risk, it is included in the quantitative model of the Economic Capital for credit risk.

Template CCR1– Analysis of Counterparty Credit Risk (CCR) Exposure by approach.

Information as of 12.31.22

		a	b	c	d	e	f
		Replacement cost	Potential Future exposure	Effective expected positive exposure	Alpha used for computing regulatory EAD	EAD Post-CRM	RWA
1	SA-CCR (for derivatives)				1.4		
3	Simple approach for credit risk mitigation (for SFTs)					354,460	4,430,750
4	Comprehensive approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	**Total**						4,430,750

Template CCR2: Credit Valuation Adjustment (CVA) capital charge

The bank has no transactions that require calculating the CVA.

Template CCR3: Standardized approach - CCR Exposures by Regulatory Portfolio and Risk Weights

Information as of 12.31.22

	a	b	c	d	e	f	g	h	i	j	k	l	m
Risk weighting	0	2	4	10	20	35	50	75	100	125	150	1250	Total credit exposure
Regulatory portfolio	%	%	%	%	%	%	%	%	%	%	%	%	
Cash and banks													
Sovereigns and their central banks													
Multilateral development banks													
Domestic and foreign financial institutions													
Domestic and foreign companies													
Retail													
Secured by MGSs/Default funds													
General Residential Real Estate													
Other Real Estate													
Defaulted exposures													
Other assets													
Exposure to securitization and re-securitization													
Off-balance sheet items included in para.3.7.1. of rules on Minimum Capital Requirements for Financial institutions													
Off-balance sheet items related to securitization transactions													
Non DvP Transactions													
Production investment credit line not accounted for as minimum requirement													
Central counterparty (CCP) exposure	14,170												14,170
Equity interests													

Template CCR5– Composition of Collateral for CCR Exposure

The Entity does not apply techniques to reduce counterparty credit risk requirements in the use of collateral received or delivered.

Template CCR6: Credit Derivatives Exposures

Notional Derivative Amounts and Fair Values (Market values)

The Entity does not have credit risk derivatives to cover its credit exposures.

Template CCR8: Exposures to Central Counterparties.

Information as of 12.31.22

		a	b
		EAD (post-CRM)	RWA
1	**Exposure to QCCP (total)**		
2	Exposures for trades at QCCPs (excluding initial margins and default fund contributions), of which:	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange traded derivatives	151,258,514	-
5	(iii) Securities' financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund c	-	-
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions), of which:	-	-
13	(i) OTC Derivatives	354,214,018	4,427,675,231
14	(ii) Exchange traded derivatives	-	-
15	(iii) Securities' financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
	Unfunded default fund contributions	-	-

Section 10. Securitization

Table SECA– Qualitative Disclosure Requirements related to Securitization Exposures

The Capital Markets Department of Banco Supervielle is in charge of the structuring and placement of debt securities (Negotiable Obligations) and Financial Trusts. Although market conditions reduced securitization transactions in recent years, Banco Supervielle had an active presence in the local securitization market, which allowed it to achieve a solid reputation as an organizer of financial trusts and underwriter.

Many of these transactions included the securitization of loans originated by Banco Supervielle and other entities of Grupo Supervielle, such as IUDÚ Compañía Financiera. This shows the Entity's policy to minimize maturity mismatches, because originated mid and long-term loans are regularly securitized and placed in capital markets.

When market conditions allow it, Banco Supervielle and IUDÚ Compañía Financiera usually use loan securitization as an additional part of their funding. Loan securitization is part of the liquidity policy of the Entity. Its capacity to securitize loans successfully and pursuant to acceptable terms depends on applicable regulations and mostly on the prevailing conditions of Argentine capital markets.

In these securitization transactions the Trustee issues senior debt securities, subordinated securities and participation certificates which Banco Supervielle places in the Argentine capital market. The only repayment source of the securities issued under the trusts comes from the securitized portfolio.

Banco Supervielle acts as trustor, administrator, arranger, main dealer, collection agent and escrow in the securitization process of self-originated loans.

In third party transactions, Banco Supervielle acts as arranger, main dealer and in case of subsidiaries it also acts as general administrator.

In its capacity as administrator, the process for monitoring credit risk changes is the same used for the Bank's portfolio. This is supplemented by the trustee's monthly monitoring through the Control and Review Agent and the quarterly monitoring of rating agencies and the independent auditor.

Banco Supervielle and the other entities of Grupo Supervielle do not carry out resecuritization transactions, they do not include early repayment clauses in the restructuring of trusts, or other backing arrangements, whether in contract or otherwise. At the time of placement of securities, the Entity tries to get rid of the most subordinated tranche (participation certificate), provided the market conditions so allow and based on the assessment of its capital requirements.

The exposures that Banco Supervielle or IUDÚ Compañía Financiera may have retained do not pose an additional risk that requires a special coverage.

Although securitization offers benefits in terms of comprehensive risk management and access to additional funding sources, there are risks inherent in the securitization that are borne by the originating Entity and/or investors. Banco Supervielle and its consolidated entities are originators of underlying assets of financial trusts, and Banco Supervielle also acts as investor of other securitized funds the underlying assets of which are not originated by it. The Entities are exposed to the following risks:

- The Interest Rate Risk within the financial trust is mitigated by the determination of a maximum rate applicable to debt securities accrual, thus transforming a variable rate position into a fixed rate position.

- Credit Risks: when credited funds do not timely and duly meet the contractual requirements, so that the underlying assets that back the securities originated are impaired. All issuances of Banco Supervielle and its consolidated companies are assessed by credit rating agencies that rate the securities, which are especially monitored.

- Market and Liquidity Risk: is the way the Entity would respond to pressures, particularly on funding and capital, in case access to the securities market were reduced. Additionally, as part of the assumed market risk, the Entity must analyze how to face the difficulties to value any contingent illiquid position in the trading book. The positions held in Banco Supervielle and IUDÚ Compañía Financiera portfolios are part of the banking book and, as such, they are considered part of the interest rate risk management tool.

- Operational and Reputation Risk: the operational risk is managed just like the other processes and business lines within the framework of the operational risk management model described in the specific policy. As regards reputation risks, the policy applicable to this type of risks is referred to a specific section for financial trusts.

Comprehensive securitization risk management is monitored by the Assets and Liabilities Committee (ALCO) and is implemented by the Capital Markets Department. The Corporate Risks Department is in charge of supervising compliance with, and implementation, of approved strategies and policies, and of preparing reports on a regular basis that enable an adequate follow up, together with the Financial Planning Department.

Calculation of the Economic Capital

Banco Supervielle at a standalone level calculates its economic capital for securitization risk on a monthly basis, as from the exacerbation that asset securitization generates on the calculation of credit risk and interest rate risk. Thus, the economic capital assigned to that risk derives from the addition of the abovementioned exacerbations.

In the case of IUDÚ Compañía Financiera, as a Group "C" financial institution and pursuant to the provisions of para. 1.3.2.3. of the "Risk Management Guidelines for Financial institutions", the Board decided to measure its economic capital needs by applying the simplified methodology described in para. 1.3.3 of the abovementioned restated text. Pursuant to that methodology, the aggregated economic capital derives from the following formula:

CE = (1,05 x CM) + max [0; ∆EVE – 15 % x PNb)]

Where:

CE: Economic Capital.

CM: Minimum Capital Requirements (see para. 1.1 of the regulations on "Minimum Capital Requirements for Financial Institutions" - BCRA).

∆EVE: Economic Value of Equity

PNb: Tier 1 capital.

Thus, the entity does not calculate the specific economic capital for securitization risk using internal models.

Overview of the Entity's Accounting Policies for Securitization Activities.

1. Criteria for derecognizing securitized assets:

Upon assignment / settlement, credits that become the underlying asset of a trust are memorandum accounts. The Bank continues acting as portfolio manager and at the same time the proceeds from securities placed and/or the securities not placed in the market (debt securities and/or certificate of participation) are recorded.

The value of assigned credits is calculated on the basis of the balance of principal on the cutoff date. Interest accrued as of the cutoff date goes to the trust. Therefore, on the date of settlement said accrual is reverted, because said interest is not an income/loss for the Bank.

However, as a result of the application of the IFRS, some additional movements are made:

The memorandum account balance is included in mirror items to neutralize the net balance.

The assigned balance of principal and interest to be collected are reclassified in assets separated from non assigned credits, and the interest accrued as of the cutoff date is recorded in income/loss separately from non-assigned credits.

The value of debt securities and/or certificates of participation held by the Bank is set off through the entry in mirror items that regularize the balance originally recorded.

2. Criteria for recording of income/loss in case of balance sheet assets written off:

In addition to the provisions of para. 1. above, as regards the reversal of accrued interest, it is necessary to consider also the recognition of the income/loss obtained from the placement of securities, which is made up of the net value of the proceeds from the placement plus the non placed securities minus the assigned capital portfolio. The Bank generally applies the interest rate bidding method. Therefore, the price of financial trust debt securities remains unchanged at 100% with no loss for the Bank.

3. Valuation of exposures that are to be securitized:

Credits that are securitized are assigned at the value of principal balance, which is the same criterion used for their recognition during the securitization process. The residual value of the debt plus the accrued interest to be collected, as well as all the loan portfolio of the Bank. As stated in para. 1, recognition of interest in separate items is as of the Cutoff Date, when they become part of the Trust.

I. Quantitative Disclosure: description of the bank's exposure to securitization.

Template SEC1: Securitization Exposures in the Banking Book

Information as of 12.31.22

There is no Securitization exposure in the trading book.

Template SEC2: Securitization Exposures in the Trading Book

Information as of 12.31.22

There is no Securitization exposure in the trading book.

Template SEC3: Securitization Exposures in the Banking Book and Associated Regulatory Capital Requirements

Information as of 12.31.22

There is no Securitization exposure in the trading book.

II. Quantitative Disclosure: calculation of capital requirements

Template SEC3: Securitization Exposures in the Banking Book and Associated Regulatory Capital Requirements (bank acting as originator or sponsor)

Information as of 12.31.22

There is no Securitization exposure in the trading book.

Template SEC4: Securitization Exposures in the Banking Book and Associated Regulatory Capital Requirements (bank acting as investor).

Information as of 12.31.22

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure value (by RWA interval)					Exposure value (by regulatory method)				RWA (by regulatory method)				Capital requirement after the ceiling			
		≤20% RWA	>20% a 50% RWA	>50% a 100% RWA	>100% a <1250% RWA	1250% RWA	IRB RBA (incluido IAA)	IRB SFA	SA	12,5	IRB RBA (incluido IAA)	IRB SFA	SA	12,5	IRB RBA (incluido IAA)	IRB SFA	SA	12,5
1	**Total Exposure**		0	158,401	0	0			158,401	0			158,401	0			13,052	0
2	Traditional securitization		0	158,401	0	0			158,401	0			158,401	0			13,052	0
3	Of which, Securitization																	
4	Of which, retail underlying			158,401					158,401	0			158,401	0			13,052	0
5	Of which, wholesale underlying																	
6	Of which, resecuritization																	
7	Of which, preferential																	
8	Of which, no preferential																	
9	Sintetic Securitization																	

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure value (by RWA interval)					Exposure value (by regulatory method)				RWA (by regulatory method)				Capital requirement after the ceiling			
		≤20% RWA	>20% a 50% RWA	>50% a 100% RWA	>100% a <1250% RWA	1250% RWA	IRB RBA (incluido IAA)	IRB SFA	SA	12,5	IRB RBA (incluido IAA)	IRB SFA	SA	12,5	IRB RBA (incluido IAA)	IRB SFA	SA	12,5
10	Of which, Securitization																	
11	Of which, retail underlying																	
12	Of which, wholesale underlying																	
13	Of which, resecuritization																	
14	Of which, preferential																	
15	Of which, no preferential																	

Section 11. Market Risk

Table MRA– Qualitative Disclosure Requirements related to Market Risk

Banco Supervielle defines Market Risk as the risk from deviations in the trading book value as a result of market fluctuations during the period required to settle the portfolio positions.

The measurement, control and follow up by the Financial Risks Department encompasses transactions with a risk of loss of the Entity's worth, at consolidated and standalone level, as a result of changes in market factors. This risk derives from the changes in the risk factors considered (interest rate risk, exchange rate risk, equity risk and option risk), as well as liquidity risk of the different products and markets in which the Entity operates.

- The Interest Rate Risk is the possibility that interest rate fluctuations may adversely affect the value of a financial instrument or the trading book.

- The Exchange Rate Risk is defined as the sensitivity of the value of a position in a currency other than the local currency to a potential movement of exchange rates. Thus, a long (or buy) position in a foreign currency may result in a loss in case said currency depreciates against the local currency.

- The Equity Risk is the sensitivity of the value of positions in equity assets (mainly shares of stock) to adverse movements on the market prices of those equity assets.

Banco Supervielle implements a conservative strategy regarding market risk, so as to be able to meet its commitments and maintain the desired profitability and capital levels, both in normal and in adverse market conditions.

In order to make a consistent measurement of risk of the different positions to establish a structure of limits and thresholds for management and control purposes, Banco Supervielle uses the VaR (value at risk) model, which may be defined as the maximum expected loss in the value of a financial assets portfolio in normal market conditions over a determined a determined time horizon and subject to a specified level of confidence. On this basis, indicators are defined to detect the level in which a potential market risk may be identified so as to take preventive action. The methodologies applied as well as the setting of thresholds and limits are prepared by the Corporate Risks Department together with the Corporate Finance Department, and must be approved by the Board's Risks Committee.

Comprehensive management is monitored by the Assets and Liabilities Committee (ALCO) and is implemented by the Corporate Finance Department. The Financial Risks Department is in charge of supervising compliance and implementation of the approved strategies and policies, and of preparing reports on a regular basis that enable an adequate follow up.

As regards market risk management, focus is on the trading book managed by the Trading Desk of Banco Supervielle, although a more stringent control is carried out which includes liquidity management positions. Thus, regarding a more comprehensive trading book, controls are limited to the risk exposure assumed, as per the VaR methodology, in relation to the Regulatory Capital (RC).

A VaR is calculated daily for each group of assets, limiting the Entity's risk if these assets are considered separately. The aim is to introduce a warning in case of credit events that affect the relationship between groups of assets which could be disregarded in the case of a diversified VaR.

Based on the falls observed in the sovereign debt market at the beginning of June 2022 and the consequent increase in price volatility, the Entity implemented more frequent monitoring and review of the already existing indicators of exposure to the National Treasury.

These metrics are supplemented by stress tests for market risk, both for the whole trading book of Banco Supervielle and for the other ones managed by its Trading Desk and by Cordial Compañía Financiera. The applied methodology implies a selection of one or more historical stress events that could increase the market risk assumed. On that basis, those historical variances and covariances are introduced to the assessment of current trading books.

Controls on the Trading Desk of Banco Supervielle are more stringent. The approved strategies and policies are reflected in what is internally known as Uniform Risks Map, which explains in detail the transactions that the Trading Desk is authorized to carry out. That document refers to the control framework applicable to the Entity's risk appetite. Thus, limitations are set on the position of certain financial instruments, maximum VaR on the diversified portfolio, maximum loss admissible before implementation of a stop loss policy and conditions that could give rise to the implementation of a stop gain strategy. This control scheme is supplemented by action plans that must be implemented when those limits are exceeded.

Models for Measuring Market Risk
Value at Risk (VaR)

The Value at Risk, VaR, may be defined as the maximum expected loss in the value of a financial assets portfolio in normal market conditions over a determined time horizon and subject to a specified level of confidence. It must be applied on a daily basis.

For a better understanding this definition may be broken down as follows:

- The maximum expected loss is the maximum amount of money that a financial assets portfolio may lose.
- The determined time horizon refers to the period of time in which the maximum expected loss may take place. It must be the shortest period necessary to achieve one of the following goals:
    - ✓ Portfolio Settlement: the time required to realize the assets of the portfolio;
    - ✓ Portfolio Coverage: the time required to implement a coverage on the assets of the portfolio.

- The specified level of confidence is the percentage of confidence for the maximum expected loss. The Entity measures VaR at 99% confidence level in all cases.
- Normal market conditions means that the methodology provides acceptable risk measures in periods when there is no severe financial turmoil.

This technique enables a consistent measurement of the risk of all positions, and is the basis for the determination of limits and thresholds applicable to market risk management, and for the implementation of control and reporting schemes.

The Financial Risks Department monitors the VaR of the trading book on a daily basis and reports to the Board's Risks Committee on a monthly basis. It also reports on a daily basis to the Corporate Finance Department, who is in charge of the portfolio management based on the level of risk exposure.

Banco Supervielle and IUDÚ Compañía Financiera use this measuring model to assess their capital adequacy for their risk profile, in order to mitigate the assumed market risk with capital reserves.

In line with the BCRA guidelines, the VaR calculation for the assessment of market risk takes into account local bonds and shares of stock, foreign bonds and shares of stock, foreign exchange and options held in the trading book of Banco Supervielle's consolidated entities.

Trading and Banking Books

Segmentation in these two groups enables the Entity to determine which financial instruments are exposed to market risk factors (interest rate risk, equity risk, exchange rate risk, option risk) and which are exposed only to the risk of interest rate fluctuations.

Following the changes implemented by Communication "A" 5867, Banco Supervielle and IUDÚ Compañía Financiera set specific policies for the determination of their trading books.

The trading book used to calculate the economic capital and the minimum capital requirement for market risk is made up of positions in financial instruments in addition to the assets of these entities for trading purposes or as coverage of other assets in that book. Those financial instruments may be traded without restrictions, or full coverage may be obtained for them.

Trading book positions are held for short term sale or to obtain profit from the short-term price fluctuations, whether actual or expected.

Additionally, trading book positions must meet the following requirements:

- ✓ Be managed by a trading team: this requirement is met because they are managed by the Trading Desk of the Corporate Finance Department of Banco Supervielle and by the Finance and Capital Markets Department of IUDÚ Compañía Financiera.
- ✓ Be subject to limits that are supervised to monitor adequacy: Market Risk management is implemented on the basis of the uniform risk map, the methodology and procedures of which set forth the limits, controls and action plans to be implemented in case of non-

compliances. The Corporate Risks Department is in charge of the control and warning in case of non-compliances. One of the limits set by the Board is the risk exposure of the trading book herein defined, using internal models for the calculation of VaR and the provisions of the BCRA restated text on minimum capital requirements of financial institutions.

- ✓ Be assumed and managed by employees with decision making power, within the limits and the strategy agreed upon.
- ✓ Be valued at market price at least daily, and if valued using a model, that the parameters be measured on a daily basis.
- ✓ The results of the risk management process are reported on a weekly basis to the Senior Management and the Board.

Spot Rate Curves

Based on the characteristics of the Argentine capital market, Banco Supervielle developed a series of spot rate curves.

These curves serve as input for the generation of interest rates used to simulate historical prices for parametric VaR calculation described below.

Methods used for Market Risk management

Banco Supervielle and IUDÚ Compañía Financiera use two approaches: one in line with the provisions of "minimum capital requirement for financial institutions" of the Central Bank of Argentina (hereinafter BCRA); the other consists of a management VaR using the EWMA volatility model.

Regulatory VaR

Pursuant to the applicable regulation "*minimum capital requirements for financial institutions",* as of 08.31.2016 the Entity uses the methodology explained in Communication "A" 5867 as amended to calculate the capital requirements for market risk.

According to this methodology, the capital requirement for market risk (RM) is the sum of the capital requirement multiplied by interest rate risk (RT), equity risk (RA), exchange rate risk (RTC) and option risk (ROP).

RM = RT + RA + RTC + ROP

RM = Market Risk

RA = Stocks Risk

RT = Interest rate Risk

RTC = Exchange Rate Risk

ROP = Options Risk

The regulation stipulates that the Entity must define the trading book that will be used to calculate the market risk exposure. Thus, as already mentioned, Banco Supervielle established a specific policy for the determination of that trading book.

The results of this new calculation methodology are disclosed in para. C.6.2. hereof, as set forth in Communication "A" 5936.

Parametric VaR (Delta-Normal)

The calculation of the Value at Risk by application of the Parametric methodology consists in determining the portfolio volatility through a standard deviation. The User/analyst must define and calculate certain parameters, such as:

Volatility: to calculate volatility 500 observations are considered of each asset in the trading book. Variables, the variance-covariance matrix and relative weights are calculated, as explained below.

Level of confidence**:** 1%. Indicates the expected probability of the result to be calculated (α).

Holding period: 10 days. It is the amount of time the portfolio is held or the risk profile is expected to be significantly modified.

The short formula to calculate the VaR of a given portfolio is:

$$\boldsymbol{VaR}(\$) = \left[\boldsymbol{\sigma_p} * \sqrt{\boldsymbol{hp}} * \boldsymbol{N}[\mathbf{0};\mathbf{1}](\boldsymbol{\alpha})\right] * \boldsymbol{V_p} + \boldsymbol{VaR_0} \qquad \textbf{(1)}$$

Where:

Value at Risk $(\boldsymbol{VaR})(\$)$**:** is a measure of the risk of loss for investments. It estimates how much a set of investments might lose (with a given probability), given normal market conditions in a set time period such as a day.

Standard Deviation $\boldsymbol{\sigma_p}$**:** the standard deviation is equal to the square root of the variance. Hence, the standard deviation is the average amount of deviation and is commensurate with the dispersion of the outcomes about the mean

Holding Period(hp): Is the amount of time the investment is held by an investor, or the period between the purchase and sale of a security. Corresponds to the longest period needed for an orderly portfolio liquidation.

$\boldsymbol{N(0;1)(\alpha)}$ **:** The simplest case of a normal distribution is known as the standard normal distribution. This is a special case when mu(=0 and and sigma(=1.is the cumulative value in the normal standard distribution at the established confidence percentage.

$\boldsymbol{V_p}$**:** is the value of the given portfolio.

$\boldsymbol{VaR_O}$**:** is the VaR of the options portfolio, calculated as a separate term.

If we multiply the term (1) by the value of the given portfolio we will obtain the value at risk (in Pesos), which is the value assigned to the economic capital for market risk.

The Sigma parameter of the term (1) determines the VaR value that will be obtained, since all the other parameters are fixed, defined by the Entity and do not depend on risk factors.

The calculation of the volatility parameter $(\boldsymbol{\sigma_{p)}}$implies a sequence of previous steps, which are:

I) Variable calculation.
II) Calculation of Variance-covariance matrix.
III) Calculation of the relative weight of each asset in the total portfolio.
IV) Calculation of portfolio variance and volatility (measuring the standard deviation).

One of the disadvantages of the delta-normal methodology is the slow response to stochastic shocks in the price of portfolio assets. The cause of this behavior lies in the linear weighting in the time of price variation. For the above-mentioned reason, the EWMA (Exponential Weighted Moving Average) model is used, which allows, through the adjustment of parameters, to make a non-linear weighting of historical data. More precisely, the $\boldsymbol{\lambda}$ parameter allows the asymmetrical weighting of historical data.

Banco Supervielle validates the method used through Backtesting, a program regularly used to compare results obtained with model predictions, and based on a specified level of confidence, different statistical tests are made that validate or not the VaR models used.

This calibration and contrast measure focuses on what is known as *"clean" Backtesting* whereby the daily VaR is compared to the results obtained without considering intraday results or changes in the trading book positions. This method compares the benefit of individual models used to value and measure the risks of the different positions.

Economic Capital Calculation

Banco Supervielle implements the parametric VaR methodology for the calculation of its economic risk for market risk, both at consolidated and at standalone level for each of its regulated entities. To that end, the trading book of the last business day of the corresponding month is used, with a holding period of 10 days and a level of confidence of 99%. The performance distribution values are obtained through the

Parametric VaR methodology (normal distribution), also known as Delta-Normal. For the use of this methodology the trading book must be subdivided in fixed income instruments, shares, foreign currency, futures and options. This is so due to the different risk factors affecting each of them; in the case of fixed income instruments the different interest rates used to discount cash flows. In the case of shares and foreign currency, their risk factors are the listing price and exchange rate, while for futures the risk factor is the interest rate implied in their price. Besides, the methodology applied for the calculation of the economic value takes into account the risk reduction effects arising from the trading book diversification. In the case of options, affected by their own risk factors (price of underlying asset, volatility and time to maturity), the regulatory provisions were implemented to simplify the calculation of the associated risk, in addition to the economic capital calculated for the rest of the trading book. This simplified treatment shows that this type of instruments is almost negligible to the Entity's trading book.

In the case of IUDÚ Compañía Financiera, a Group "B" financial institution, and pursuant to the provisions of para. 1.3.2.3. of the Risk Management Guidelines for Financial institutions the Board decided to quantify its economic capital needs by applying the simplified methodology described in para. 1.3.3. of the above-mentioned restated text. According to the methodology, the aggregate economic capital results from the following formula:

$$CE = (1{,}05 \times CM) + \max [0; \Delta EVE - 15\,\% \times PNb)]$$

Where:

CE: Economic Capital.

CM: Minimum Capital Requirements (see para. 1.1 of the regulations on "Minimum Capital Requirements for Financial Institutions" - BCRA).

ΔEVE: Economic Value of Equity

PNb: Tier 1 capital.

Template MR1: Market Risk – Standardized Approach

Risk Weighted Assets.

Information as of 12.31.22

		A
		RWA
	Outright products	
1	Interest rate risk (general and specific)	12,845,863
2	Equity risk (general and specific)	537,925
3	Foreign Exchange risk	7,790,738
5	Options	
6	Simplified Approach	
7	Delta-plus Method	
9	**Total**	**21,174,525**

Section 12. Interest Rate Risk

IRRBB – Objectives and Policies - IRRBB Management

Banco Supervielle defines interest rate risk as the possibility of changes occurring to the Entity's financial condition as a result of fluctuations in the interest rates prevailing in the market, affecting the Entity's financial income and economic value.

The following risk factors are identified that affect the Interest Rate Risk in the Banking Book (IRRBB):
- ✓ Different maturity dates and rate readjustment dates of assets, liabilities and off-balance holdings.
- ✓ Local rate and foreign rate as regards forecast, evolution and volatility.
- ✓ The base risk resulting from an imperfect correlation in the adjustment of lending and borrowing rates for instruments with similar revaluation characteristics.
- ✓ The explicit or implied options of certain assets, liabilities and off-balance items of the Entity.

The goal of IRRBB management is to keep the Bank's exposure in line with the risk appetite profile accepted by the Board in case of interest rate movements in the market. With this goal in mind, the interest rate risk management depends on the monitoring of metrics according to two approaches:

- ***Economic Value of Equity (EVE) Approach***: measures the changes in the economic value of the Entity' equity for interest rate movements.

- ***Net Interest Income (NII) Approach***: measures the changes in the expected income within a specified period (12 months) in case of a shift in the interest curve.

Within these approaches, different metrics are calculated on a monthly basis

- ***Economic Value of Equity (EVE) Approach***:

  - **Standardized Approach:** Communication "A" 6397 of the BCRA sets forth the guidelines for IRRBB management as well as the methodology for capital calculation based on the EVE approach. This method defines 6 scenarios of interest rate curve changes, calculating for each of them the EVE spread in relation to the market curves. These scenarios include:

    a. Parallel up or parallel down changes in market interest rate curves
    b. Flattener or steepener
    c. Short term rate up or short-term rate down

One base curve per market rate is considered for each of the relevant currencies in the balance sheet of each entity. If in the worst of the 6 scenarios the EVE variation exceeds 15% of the CET1, capital must be allocated for the amount in excess. Although it is reported on a quarterly basis, this calculation is made monthly both for Banco Supervielle and for IUDÚ Compañía Financiera.

- **EVE Approach based on IMS:** In addition to the standardized approach, Banco Supervielle and IUDÚ Compañía Financiera, both at standalone and at consolidated level, calculate on a monthly basis their exposure to Interest Rate Risk based on the EVE-VaR approach, using an Internal Measurement System (IMS). That system consists of the simulation of different interest rate shock and stress scenarios and its impact on the economic value of each entity within a holding period of 3 months, 100,000 simulations and a level of confidence of 99%. The model includes a component of exacerbation for Securitization Risk.

- **Stress Test:** Both for the internal methodology and for the standardized approach, EVE variations are calculated for different scenarios, whether interest rate movements or exacerbation of rate volatilities. Besides, the EVE may be calculated for those scenarios that the Entity deems relevant in the prevailing market conditions.

- ***Net Interest Income (NII) Approach***:

  - **Internal Measurement Systems (IMS):** Derived from the same internal model used to quantify the interest rate risk exposure with the EVE approach, it is used to calculate the financial income changes originated in a simulation drill of different interest rate shock and stress scenarios within a holding period of 12 months and a level of confidence of 99%. This calculation generates a metric known as Earnings at Risk (EaR).

  - **Stress Test:** The NII variations are measured for different interest rate movement scenarios. Besides, the Bank may decide to calculate the NII in scenarios deemed relevant in the prevailing market conditions.

In addition to those approaches and as a starting point for the management of interest rate risk, the analysis of interest rate gaps is introduced which monitors the gaps in the rate renegotiation periods, both in balance sheet (assets and liabilities) and memorandum accounts (off-balance sheet) items. This allows a basic representation of the balance sheet structure and allows spotting interest rate risk concentrations in different time buckets. This is also used to estimate the impact of possible interest rate movements on the economic value or the income of the Entity. All the item flows are disaggregated and placed in the position of repricing/maturity. For those assets or liabilities items that do not have a maturity date, an internal model is used to analyze and estimate their term and sensitivities. The same modeling is used to analyze the behavior required by Communication "A" 6397 for financial institutions according to the Standardized Approach and for the ISM used in the interest rate risk management.

The comprehensive Interest Rate Risk management is monitored by the Assets and Liabilities Committee (ALCO) and is implemented by the Corporate Finance Department. The Financial Risks Department is in charge of supervising compliance with, and implementation of, the approved strategies and policies, and of preparing reports on a monthly basis that enable an adequate follow up, together with the Financial Planning Department.

The assumptions behind the IMS differ from those defined by the standardized approach, as follows:

✓ The standardized approach considers the worst loss of the 6 scenarios established by the rule, which are:

- Parallel shock for currency c: a constant parallel shock up or down across all time buckets:

$$\Delta Rparallel, c(tk) = \pm \bar{R}parallel, c$$

- Short rate shock for currency c: shock up or down that is the greatest at the shortest tenor midpoint.

  That shock, through the shaping scalar $Sshort(tk) = e^{\frac{-tk}{x}}$, where x = 4, diminishes towards zero at the tenor of the longest point in the term structure.

$$\Delta Rshort, c(tk) = \pm \bar{R}short, c \times Sshort(tk) = \pm \bar{R}short, c \times e^{\frac{-tk}{x}}$$

- Long rate shock for currency c: (note: this is used only in the rotational shocks): Here the shock is greatest at the longest tenor midpoint and is related to the short scaling factor as:

$$Slong(tk) = 1 - Sshort(tk)$$

$$\Delta Rlong, c(tk) = \pm \bar{R}long, c \times Slong(tk) = \pm \bar{R}long, c \times (1 - e^{\frac{-tk}{x}})$$

- Rotation shocks for currency c: involving rotations to the term structure (i.e. steepeners and flatterners) of the interest rates whereby both the long and short rates are shocked and the shift in interest rates at each tenor midpoint is obtained by applying the following formulas to those shocks:

$$\Delta Rsteepener, c(tk) = -0{,}65 \times |\Delta Rshort, c(tk)| + 0{,}9 \times |\Delta Rlong, c(tk)|$$

$$\Delta Rflattener, c(tk) = +0{,}8 \times |\Delta Rshort, c(tk)| - 0{,}6 \times |\Delta Rlong, c(tk)|$$

Where shocks are instantaneous and absolute ($\bar{R}c$)

Scenario	Shock	
	ARS	USD
Parallel	400	200
Short	500	300
Long	300	150

Conversely, in the IMS, the calculation methodology starts the simulation scheme by modelling the "general base rate", which is the lowest volatility rate of all shorter maturity rates of each interest rate curve (measured according to the logarithmic variation) considering the applicable historical information. Once this trajectory is obtained, the movements of "individual base rates" (shorter term rates of each curve) are modelled taking into account the historical behavior of risk factors. Then an analogous procedure is used to obtain the trajectory for the other nodes in each of the curves. The "general base rate" trajectories are replicated based on an Exponential Model which depends on the rate trend and volatility and a random shock with a standardized normal distribution. The model assumes that if this is the asset value, then logarithmic yields (the logarithm of quotient of the asset value in a near future and the current value) are a Normal random variable with a mean value **μ** and a deviation equal to **σ**.

Thus, in the IMS the different interest rate curves are generated for each of the simulated scenarios and the VaR is that which obtains 99% of the EVE loss distribution. This may cause that the rate shock in the critical scenario simulated in the IMS differs significantly from other scenarios of the standardized approach, depending on the historical volatility of the analyzed rate.

- ✓ The standardized approach assumes that variable interest rate instruments are repriced on the first rate repricing date. Therefore, capital is assigned to the time band corresponding to that date, while the spread is not repriced therefore it is distributed throughout the life of the facility. Conversely, in the IMS both capital and the spread for the whole life of the instrument are distributed, simulating the base rate that is added to the spread. The mid term for repricing of non maturity deposits (NMD) is determined by the average term of loans to the private sector. The term generated by this internal model is compared with the maximum terms determined by the standardized approach to assign the NMDs, of 4-5 years according to the type of deposit.

- ✓ For the retail portfolio, early repayment rates for loans, as well as early withdrawal rates for time deposits used for the standardized approach as calculated on the basis of historical information available for each of the involved facilities. Besides, the tool used in the IMS allows the use of early repayment and early withdrawal rates.

- ✓ In the standardized method, a factor is added for the rate options sold for the wholesale portfolio, called KAO. This factor is calculated from an American options valuation model.

- ✓ Both in the internal model and in the standardized approach flows and discount rates are calculated independently for instruments in Pesos and in US Dollars, but are stated in Pesos at the applicable exchange rate.

Banco Supervielle intends to implement certain measures when the interest rate risk exposure exceeds the limits and/or thresholds defined by the Entity's Risk Appetite Policy. These measures could also apply when the ALCO Committee, ratified by the Board's Risks Committee, cosiders that the level of exposure to interest rate risk and the market rate perspectives require the implementation of actions to mitigate the risk assumed. Some of the possible measures that could be implemented are:

- ✓ Go to the derivatives market if market liquidity so allows, through the swap transaction concentration, to align the interest rate risk exposure to the Risk Appetite Policy.

- ✓ Gradually adjust the Entity's balance sheet/ALM structure on assets and liabilities items, provided the market conditions so allow.

- ✓ In line with the above, adopt measures on the maximum placement terms in certain assets items.

IRRBB1 – Quantitative Information on IRRBB

Information as of 12.31.22 (Corresponding to Consolidation Level 2)

In reporting currency	**EVE**		**NII**	
Period	**Dec/22**	**Dec/21**	**Dec/22**	**Dec/21**
Parallel up	3,214,250	902,073	-	-
Parallel down	24,017	-	147,263	260,612
Steepener	1,085,778	19,044		
Flattener	754,848	427,772		
Short rate up	3,224,504	856,711		
Short rate down	84,766	-		
Maximum	3,224,504	902,073	147,263	260,612
Period	**Dec/22**		**Dec/21**	
Tier 1 Capital	77,619,877		30,860,266	

Section 13. Remuneration

Qualitative Disclosures	
(a)	Information relating to the bodies that oversee remuneration. - Name, composition and mandate of the main body overseeing remuneration. The Human Resources Committee is in charge of approving and monitoring incentive schemes of Banco Supervielle (BS), including those in line with the risk appetite determined by the Board of Directors, and all types of variable remuneration; to that end it participates in the determination of fixed remuneration policies and the performance assessment systems. Said Committee is made up of three Directors. The Chief of Human Resources Officer is invited to participate as executive member. The CEO of any of the Group's companies is invited to participate depending on the agenda to be dealt with and other officers and consultants may also attend at the Committee's discretion. - External Consultants whose advice has been sought The Human Resources Department occasionally retains ad hoc external consultants to obtain market information mainly related to remunerations and benefits. - Description of the scope of the bank's remuneration policy. The remuneration policy applies at national level. Each line of business has a variable remuneration scheme aligned with its objectives and the mitigation of risks associated to the financial intermediation activity. - Description of the types of employees considered as material risk taker. The organization defines that material risk takers are those acting as i) Chief Executive Officer (CEO) and ii) the Head Officers directly reporting to him in charge of the different corporate areas (Finance and Capital Market, Human Resources, Retail Banking, Corporate Banking, Administration and Management Control, Legal Affairs, Risks, Customer Experience, Credit and Information Operations and Technology). The CEO and the Head Officers make up the Executive Committee (EC) of the organization.

	The Shareholders' Meeting establishes the remuneration of the directors according to reasonability criteria, based on the results obtained during their term of office, and taking into account the provisions of the Companies' Law No. 19.550, as amended and supplemented, and the provisions of Banco Supervielle's (BS) bylaws.
(b)	Structure of remuneration processes. - Overview of the key features and objectives of remuneration policy. The policy of Banco Supervielle is to remunerate and reward the contribution of its employees to the achievement of individual, department and corporate goals in a context of meritocracy, performance-based payment and healthy competition. The underlying philosophy of the remuneration structure of the Entity seeks to strike an adequate balance between obtaining results and managing risk in general. The design of remuneration processes aims at remunerating and rewarding the contribution of its employees to the achievement of individual, department and corporate goals in a context of meritocracy, performance-based payment and healthy competition, in a robust risk control framework. The Human Resources Committee is in charge of approving and validating the policies proposed by the experts in each field so that they are implemented and managed by the corresponding areas. The decisions that impact the salary above those made as a result of collective bargaining agreements are based on market movements, trends on salaries and benefits and the Budget restrictions of the current year. - An overview of any changes that were made. Variable remuneration schemes were reviewed so as to introduce indicators that maintain the risks inherent in the activity of each area within the desirable limits and align them to the challenges of the new business environment. Besides, payment rules were simplified so as to facilitate the communication to employees and the management of schemes. Besides, variable incentive schemes were created for specific areas which did not have said remuneration schemes. - A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the business they oversee. Employees in Risk and Compliance functions, as well as those in the Audit area, receive an annual variable remuneration (annual bonus), related to the achievement of specific objectives that do not depend specifically on results of the areas where they work.

	Said objectives are focused on the fulfilment of processes related to control and compliance with regulations both internal and of regulatory agencies.
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. Performance assessment, that evaluates objectives, is carried out on a yearly basis and starts with the definition and setting of objectives. Within the objectives of the Senior Management, which performs duties directly or indirectly related to the different types of risks, objectives are set for each of the following components. The variable remuneration schemes of risk takers take into account most of the risks associated to the financial intermediation activity, depending on specific challenges of each area, and which, therefore, have an impact on the variable remuneration. Variable remuneration schemes of material risk takers take into account most of the risks associated with the financial intermediation activity, namely: credit risk, strategic risk, financial risk. The organization has in place a Risk Management policy and specific Policies and Procedures for each of the risks associated with the banking business. In that sense, we have a risk map based on the identification, measurement, monitoring and control of each of those risks, as well as indicators, warning threshold indicators and regular reports. The main risks associated with the banking business are credit risk, market risk, rate and liquidity risk, operational risk, reputational risk and compliance risk. Therefore, risk is adequately measured and monitored by those responsible for the follow up of each risk and by the Risks Committee. The CEO and the Head Officers that report directly to the CEO are considered risk takers (i.e. those who assume and/or control risks). At the level of Operational and Regulatory Risk there is an Audit Detractor scheme, which evaluates the degree of compliance and takes into account whether the determined risk appetite was complied with or not. One of the objectives of the Head Officers of the Corporate Credit and Commercial (Retail and Corporate Banking) areas is to maintain credit risk within the desired parameters. They include concepts such as: i) arrears; ii) percentage of non- performing portfolio (determined by the Board) as compared to the Total Portfolio; iii) Allowances for bad debts, among other. One of the objectives of the CEO and the CFO (Objective No. 4) is to warn about any deviations from the main financial performance variables of the entity set forth in the annual plan, and to take measures to adjust said deviations. One of the objectives of the Head of Finance and Capital Markets is to monitor achievement of profitability goals through different transactions, which are carried out in a defined framework of limits that guarantee that risks referred to herein are assumed within the ranges desired by the entity and those permitted by the regulatory agency.

	The profitability margin is determined by the policies in force in the financial area, which are monitored by the Assets and Liabilities Committee (ALCO).
(d)	Description of the ways in which the entity seeks to link performance during a performance measurement period with levels of remuneration. - An overview of main performance metrics of the entity. The cross-sectional performance indicator of the Entity is income net of income tax. Likewise, each area takes into account their own cross-sectional indicators, ranging from Net Banking Income (PNB) to Income net of taxes. - A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance. The formula used to calculate the annual bonus of each of the material risk takers links individual performance and the performance of the entity as a whole: **Bonus =** A x B x C x D X E A = Target bonus B = % of achievement of individual objectives C= % of achievement of the business area results D = Correction factor - audit E = Correction factor – Bank's results Note: • If the achievement percentage is lower than 80% the officer receives no bonus, or if the Budget performance percentage is lower than 80%, none of the officers receive a bonus. • Even if according to the above formula the calculated bonus is higher than 130% of the target bonus, no bonus is paid in excess of 130% of the target bonus.

	• In case real inflation differs by 20% from that estimated in the current Budget and/or there are critical macroeconomic deviations, the business plan budgets will be reviewed, and the variable incentives agreed upon may be adjusted in line with the new circumstances. - Measures that the entity will implement in general to adjust the remuneration in case the performance is lower than expected. In case of adverse performance indicators, the payment of the variable remuneration may be reduced or even suspended for that period. The criteria for determination that performance indicators are adverse are the reports prepared by the Management Control area of the general income statement and the income statement of each business line, the Internal Audit reports and the reports of the individual performance management system.
(e)	Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. - A discussion of the bank's policy on deferral and vesting variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance. Each corporate department has a variable remuneration scheme that links payment with achievement of individual objectives and bank objectives. Individual objectives define a performance assessment score that has an impact on the calculation of the remuneration. The bank's result is an indicator that adjusts the variable incentive upwards or downwards. - A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by Argentine laws) after vesting through clawback arrangement. Banco Supervielle does not make deferred Remuneration payments.
(f)	Description of the different forms of variable remuneration. - An overview of the forms of variable remuneration offered. Banco Supervielle uses cash to pay variable remuneration. - A discussion of the use of the different forms of variable remuneration.

	Only cash is used to pay variable remuneration.

Template REM1: Remuneration awarded during the financial year.

Information as of 12.31.22

	Remuneration amount		a	b
			Senior Managers	Other material risk takers
1	Fixed remuneration	Number of employees	14	5
2		Total fixed remuneration (3+5+7)	381,881,090	104,612,298
3		Of which: cash-based	381,881,090	104,612,298
4		Of which: Deferred		
5		Of which: Shares or other share-linked instruments		
6		Of which: Deferred		
7		Of which: Other forms		
8		Of which: Deferred		
9	Variable remuneration	Number of employees	14	5
10		Total variable remuneration (11+13+15)	267,675,263	65,840,135
11		Of which: cash-based	267,675,263	65,840,135
12		Of which: Deferred		
13		Of which: Shares or other share-linked instruments		
14		Of which: Deferred		
15		Of which: Other forms		
16		Of which: Deferred		
17	Total remuneration (2+10)		401,783,751	649,556,353

Template REM2: Special payments

Extraordinary payments	**Guaranteed Bonuses**		**Hiring incentives**		**Severance pay**	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Top management	0	0	1	15,925,000	2	57,419,224
Other employees who take substantial risks	0	0	0	0	2	176,441,787

Template REM3: Deferred remuneration

Information as of 12.31.22

During fiscal year 2022, Banco Supervielle did not make deferred Remuneration payments.

Section 14. Operational Risk

(a) Strategies and Processes.

Within the framework of Risk Management, the strategy for operational and technological risk management is focused on risk generating activities, through evaluations and recommendations. The evaluation process is comprehensive and includes identification, analysis, measurement, monitoring and mitigation of the different operational and technological risks, and is a constant, iterative and evolutionary process.

The analysis includes the evaluation of all the Entity's processes aimed at identifying exposure to operational loss events.

Tools used to manage operational and technological risks are:

- ✓ **Key Risk Indicators (KRI's):** Accurate metrics that identify and monitor trends and deviations.
- ✓ **Operational Risk Training:** They are aimed especially at Product Owners, Tribe Leaders, Experience Leaders, COE and support areas Leaders, and are intended to raise awareness of the importance of operational risk within the organization.
- ✓ **Operational Risk Self-Assessments:** Survey and quantification of operational risks to which the entity is exposed, and of the controls that minimize the occurrence of said risks.
- ✓ **Follow up of action plans:** Monitoring of action plans that aim at mitigating exposure to operational risk events.
- ✓ **Follow up of Audit observations:** Audit observations are monitored both internally and externally, in order to survey new operational risks.
- ✓ **Survey of operational loss events:** Operational losses are surveyed and reported to the loss event reporting system, and used in the economic capital calculation process.
- ✓ **Operational Incident Report (OIR):** Incidents that affect the operation are documented, detailing the resolution area, affected area, impact and action plan.

The final strategy of the process is to reduce the entity's level of operational/technological risk exposure and respect the risk appetite levels.

(b) Structure and organization of the unit in charge of operational and technological risk management.

The Non-Financial Risk Management reports to the Chief Risk Officer of Grupo Supervielle. In the case of IUDÚ Compañía Financiera (IUDÚ), management is carried out using the modality of shared services through Non-Financial Risk Management.

Additionally, 2 officers are involved in each of the entity's processes (in the case of CCF only the first two):

- **Operational Risk Owners:** Each process of the Entity must have at least one operational risk owner, appointed by mutual agreement between the owner of the process and the area of Operational and Digital Risks, in charge of:

  - ✓ Implementing the policies and procedures for operational risk management within the framework defined by this policy.
  - ✓ Assisting the process referent in matters related to operational risk, and acting as referent on that matter in its specific area, with an adequate knowledge of operational risks of that process.
  - ✓ It is responsible for keeping the RCSA updated, identifying, analyzing and evaluating risks, as well as for permanently updating the risk matrices, supported by risk analysts.
  - ✓ Submitting approval requests to the Operational Risk Committee in the event of new processes, functionalities, channels or products.
  - ✓ Define mitigation plans, reporting to the Operational and Technological Risk area.
  - ✓ Reporting operational incidents as soon as they become aware of them to the Operational and Technological Risks area, and also to the process referent through the procedure applicable to that end.
  - ✓ Generating the key risk indicators at the request of the Operational and Technological Risk area or providing the information necessary for the preparation of said indicators as frequently as required.

- **Operational Risk Delegates:** In order to have an adequate geographic coverage regarding operational risks in every branch and service center of Banco Supervielle, Operational Risk Delegates is appointed. They will be the operational heads of each branch or service center, as the case may be. They will be in charge of:

  - ✓ Reporting operational incidents as soon as they become aware of them to the Operational and Technological Risks area through the procedure applicable to that end.
  - ✓ Providing information on any Operational Risk in the branch or service center.
  - ✓ Be a referent regarding operational risks in their branch or service center.

(c) Scope and Nature of Reporting and/or risk measurement systems.

The Operational and Technological Risks area has in place different reporting systems, such as data exploitation tools, management tools and reports submitted by the different areas of the organization.

Own management tools are mainly used for the treatment of operational losses, operational risk self-assessment, calculation of the Economic Capital for that risk and the monitoring of risk indicators, among other.

Reports from other areas consist mainly of internal loss reports, and metrics used to prepare key risk indicators (KRIs), among other.

(d) Coverage and/or risk mitigation policies, strategies and processes to monitor the constant efficiency of coverage/mitigating measures

The Entity establishes control processes and procedures and has in place a system that guarantees compliance with internal policies. By means of risk control self-assessments (RCSA), each of the processes is reexamined as frequently as decided by the Entity. The frequency of review is determined according to the criticality of risks, taking into account the minimum established term.

During the review, the introduction of new risks and/or change of existing risks is considered, and the relevant recommendations are made:

- ✓ Implementation of the mitigation plan, changing the residual risk.
- ✓ Changes in the business or process conditions which modify any risk.
- ✓ Operational incidents or losses which require that the level of a risk be changed and that a mitigation plan be implemented.
- ✓ Newly assessed risk mitigation controls.

At the same time, and on a regular basis, some matters are submitted to the Operational Risk Management Committee, such as:

- ✓ General report on developments related to RCSA and the risk map.
- ✓ Reports on the evolution of operational losses, industry benchmarks and an analysis on incidents that present a particular situation due to their impact or frequency.
- ✓ The status of mitigation plans for high or very high residual risks.
- ✓ Reports on the evolution of key risk indicators.
- ✓ Performance of KRIs that have shown non-compliances.

Additionally, part of the controls implemented also imply being informed of and following up on those from other areas such as internal audit, independent audit, among other.

(e) Description of the method for capital evaluation due to this type of risk.

Banco Supervielle and IUDÚ Compañía Financiera have in place an internal process, comprehensive and global, to evaluate the adequacy of its economic capital for operational risk. Within this framework and based on Communication "A" 5398, the entity defines the capital required to cover expected and unexpected losses originating from exposure to operational risks as economic capital for operational risk.

Banco Supervielle calculates it economic capital for operational risk by modelling the probability of impact and the frequency of operational risk, and by means of the "loss distribution approach" (LDA), which calculates the distribution of the operational loss amount according to the specified holding period (currently one year, according to the industry standard practice).

Based on that distribution of operational loss, the maximum loss for operational risk to which the bank is exposed is calculated. "Maximum loss" is the percentage with a level of confidence of 99% of the total distribution of operational loss, or "Value at Risk" as internationally known. The unexpected loss is the difference between VaR and the expected loss for operational risk. As of January 2018, the economic capital for operational risk is the addition of all the expected and unexpected losses, the latter being calculated with a level of confidence of 99.9%. This change of methodology implied that the bank ceased to have a capital buffer for operational risk, which was previously calculated as 2.5% of the sum of the Economic Capitals resulting from the internal measurement systems.

It should be noted that the statistical inference is fed both by the operational risk loss base and by the results of the self-assessment processes. The combination of various sources of information and scenario simulations makes it possible to satisfy the regulatory requirements associated with the adequacy of information to estimate the economic capital.

In the case of IUDÚ Compañía Financiera, as of July 2018 and as set forth in para. 1.3.2.3. of the Risk Management Guidelines for Financial institutions, the Board decided to quantify its economic capital needs by applying the simplified methodology described in para. 1.3.3 of the abovementioned restated text. According to that methodology, the aggregate economic value is the result of the following formula:

$$CE = (1{,}05 \times CM) + \max [0; \Delta EVE - 15\,\% \times PNb)]$$

Where:

CE: Economic Capital.

CM: Minimum Capital Requirements (see para. 1.1 of the regulations on "Minimum Capital Requirements for Financial Institutions" - BCRA).

ΔEVE: Economic Value of Equity

PNb: Tier 1 capital.