

**Market Discipline
Report as of 09.30.2020**



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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 and by Communication "A" 6451 dated February 20, 2018, for disclosures as of December 31, 2017 and by Communication "A" 6617 dated December 26, 2018, for the disclosures as of December 31, 2018 onwards.

In this regard, Banco Supervielle S.A. implements as of December 31, 2019 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, 2019, unless otherwise stated.



Section 1. Scope of Application

Qualitative Information

1. Name of the top corporate entity in 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.:** is a private capital bank founded by the Supervielle family, which started operating in the banking sector in 1887. With a long history in the Argentine financial system, it has a leading competitive position in certain attractive market segments. The Bank developed a multi-brand business model offering a variety of financial products and services to a wide array of individuals, small, medium sized and large companies in Argentina. It is the main subsidiary of Grupo Supervielle. Since May 2016, the Group's shares are listed on Byma and the NYSE.
- **Cordial Compañía Financiera S.A.:** In August 2011, Banco Supervielle and Grupo Supervielle acquired this company formerly called GE Compañía Financiera S.A. Cordial Compañía Financiera specializes in certain credit products and consumer-oriented financial services. Its business model is based on providing financing solutions mainly to medium and medium-low income customers with focus on two basic pillars: (i) *Accessibility*: flexible customer focused proposals adequate for the bank multichannel concept, (ii) *Diversification*: tailored products to meet customers' needs in every stage of their life with customized offers and distinct value propositions.
- **Tarjeta Automática S.A.:** It was founded in 2002 to provide credit solutions to unbanked consumers. It is mainly focused on consumer loans. It was acquired by Grupo Supervielle in 2007. It has 20 public service branches and 14 points of sale disseminated in the retail chain. Most of its branches are located in Patagonia.
- **Supervielle Asset Management S.A.:** Through SAM, Grupo Supervielle entered the mutual funds market, with the Premier family of funds. As of December 2019, SAM managed 14 mutual funds and had US\$280.5 million in managed funds. According to

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information supplied by the Argentine Chamber of Mutual Funds, SAM's market share is of approximately 2.12% in the mutual funds sector in Argentina, ranking 18 among the 46 existing fund managers in the market.

- **Sofital S.A.F. e I.I.**: it is a company [*sociedad anónima*] mainly involved in the holding of interests in other companies of Grupo Supervielle. Sofital holds 2.8% of the Bank's capital stock, 5% of SAM's capital stock, 5% of Espacio Cordial and 5% of Supervielle Seguros.
- **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.). Supervielle Seguros started underwriting in October 2014, beginning with a few insurance products not related with loans, such as protected bag and personal accidents insurance. By late 2015, the company started underwriting loan related insurance policies, achieving a growth in the loan and credit card portfolio and in part through the migration of a portion of the portfolio which was formerly in other insurance companies. A resolution issued by the Central Bank in March 2016 and effective since September 1, 2016, prevents financial institutions from charging to natural persons fees and/or charges associated with loan insurance policies. This resolution also states that financial institutions must purchase life insurance on outstanding balances or, alternatively, self-insure the risk of death and permanent total disability of its customers. As a result, as from September 1, 2016, Banco Supervielle and Cordial Compañía Financiera S.A. self-insure these risks and only purchase insurance related to new mortgage loans. The Issuer intends to continue expanding this business and launching new insurance products previously offered to its customers by other insurance companies.
- **Espacio Cordial de Servicios S.A.**: Espacio Cordial was created in October 2012 and started operating in December of such year. The company markets several types of goods and services, including those related to insurance, tourism and health plans and services.

As from June 2018, the following companies became part of Grupo Supervielle S.A.:

- **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.**: it is a platform specialized in online trading, which is among the top five companies in the online Broker segment in Argentina and a referent within the Fintech sector in the country.
- **Supervielle Productores Asesores de Seguros S.A.** On December 21, 2018, Grupo Supervielle S.A., Sofital S.A.F. e I.I. and certain minority shareholders (insurance brokers registered with the Superintendence of Insurance of Argentina) created this Company to act as insurance brokers, promoting the execution of life, property and retirement insurance, providing advice to insured and insurable parties.

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- **Bolsillo Digital S.A.U.** On June 12, 2019, Grupo Supervielle S.A. created this Company to provide software design, programming and development services, mobile phone apps, web pages and/or any other digital means, to market goods and services related to management and processing of payments made by and to third parties and to develop and operate payment platforms and tools.
- **Futuros del Sur S.A.** In December 2019, Grupo Supervielle purchased 100% of the capital stock of Futuros del Sur, a trading agent.

Please note that the consolidated banking group for accounting and regulatory purposes, to which the minimum capital requirements apply, include Banco Supervielle S.A., Cordial Compañía Financiera S.A., Tarjeta Automática S.A., Supervielle Asset Management S.A., Sofital S.A.F. e I.I. and Invertir Online 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).

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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 09.30.2020

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CONCEPTOS		30/9/2020	30/6/2020	31/3/2020	31/12/2019	30/9/2019
		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
Available capital (amounts)						
1	Common Equity Tier 1 (COE1)	21.877.482	19.833.226	17.903.714	14.314.194	13.944.202
2	Tier 1	21.877.482	19.833.226	17.903.714	14.314.194	13.944.202
3	Total Capital	23.067.555	20.981.335	18.950.480	15.347.928	15.103.268
Risk-weighted assets (amounts)						
4	Total Risk-weighted assets (RWA)	162.050.246	153.534.071	140.040.940	132.413.048	123.796.140
Risk-based capital ratios as a of RWA						
5	Common Equity Tier 1 (%)	13.50	12.92	12.78	10.81	11.26
6	Tier 1 Ratio (%)	13.50	12.92	12.78	10.81	11.26
7	Total Capital Ratio (%)	14.23	13.67	13.53	11.59	12.20
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 (%)	7.25	5.92	5.78	3.81	4.26
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	226.585.680	217.723.095	189.841.669	142.665.795	155.780.816
14	Basel III leverage ratio (%) (row 2 / row 13)	9.66%	9.11%	9.43%	10.03%	8.95%
Liquidity Coverage Ratio						
15	Total HQLA	87.966.279	84.604.070	70.300.592	32.374.447	48.789.568
16	Total net cash outflow	71.507.568	67.425.755	53.973.415	21.879.042	34.791.391
17	LCR Ratio (%)	123.02%	125.48%	130.25%	147.49%	140.23%
Net Stable Funding Ratio						
18	Total available stable funding	142.792.255	135.807.091	119.453.464	94.023.288	101.303.594
19	Total required stable financing	82.337.702	74.858.723	72.829.204	69.056.487	65.142.016
20	NSFR Ratio	173.42%	181.42%	164.02%	136.15%	155.51%



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 Cordial 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 Cordial 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

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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, 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 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.

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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

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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 taking into account the role of Banco Supervielle in that activity.

Risk Corporate Governance Scheme

Pursuant to the guidelines set forth by the Central Bank of Argentina for comprehensive risk management and corporate governance, Banco Supervielle has been working for the past years on a vast comprehensive risk management program, reviewing its management model and changing its governance structures, as follows:

- 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, controlling that managers take the steps to identify, monitor and mitigate the assumed risks.
- **Senior Management**, which includes the CEO of each of the entities that are part of the banking group, the Corporate managers of Banco Supervielle and the executive officers of Cordial Compañía Financiera, are responsible for the management of the ordinary course of business. Their primary responsibility is the implementation of corporate policies and goals. The Senior Management submits to the Board of Directors for approval the strategic action plans, business and risk policies and annual budgets and plans. Once approved by the Board, the Senior Management is in charge of their implementation.

Board of Directors' Committees

The Directors are part of the committees listed below, which are also bodies of all subsidiaries, Banco Supervielle and/or Cordial Compañía Financiera:

- The **Ethics, Compliance and Corporate Governance Committee** is a body of Grupo Supervielle only. It monitors the implementation and compliance with the corporate governance code for Grupo Supervielle and its subsidiaries, and the execution of the Ethics and Compliance Program. The ethics, compliance and corporate governance committee ensures that Grupo Supervielle and its subsidiaries comply with the guidelines established by Communication "A" 5201 issued by the Central Bank of Argentina, the Capital Markets Law and the CNV Rules. The duties of the ethics, compliance and corporate governance committee include monitoring the structure and committees of the Board of Directors and establishes the basic objectives for the Board of Directors and the Senior Management in the performance of their activities and business.

The ethics, compliance and corporate governance committee regularly evaluates the operations and compliance levels of the Board of Directors and of the existing committees and may make recommendations to enhance efficiency. It also organizes annual training sessions with the attendance of the Chief of Human Resources. The ethics, compliance and corporate governance committee defines the regulatory policies and procedures of the Ethics and Compliance Program and is also responsible for the relationship with local

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regulators (such as the CNV, the Central Bank of Argentina, Merval, MAE and IGJ), international regulators and enforcing authorities, and for ensuring compliance with the recommendation or proposals made by them. The corporate governance committee also makes recommendations to our Board of Directors on compliance with the Basel Accord.

- The **Information Disclosure Committee** is a body of Grupo Supervielle and its subsidiaries in charge of ensuring the timelines, quality and transparency of the information of Grupo Supervielle and its subsidiaries that must be disclosed to holders of company securities and to the markets where those securities are listed.

The **Audit Committee** is a body of Grupo Supervielle, Banco Supervielle and Cordial Compañía Financiera is responsible for: (a) supervising the adequate and effective operation of internal control systems, so as to verify the fairness, feasibility, sufficiency and accuracy of financial statements and the accounting or financial information and of the consolidated financial statements and information of subsidiaries and related companies; (b) being informed of the compliance with the applicable provisions related to the declaration of undeclared capital, securities market behavior, data protection as well as ensuring that reporting requirements and the adoption of actions required by competent official agencies are complied with as and when due; (c) ensuring that the Code of Ethics and the provisions of internal codes of conduct applicable to the securities markets comply with the regulatory requirements and are adequate for Grupo Supervielle; (d) being informed of auditing policies to ensure that they are complete and updated and approving them and then submitting them to the Board of Directors for approval; (e) being informed of the risks of the entity (financial, reputational, legal and operational risks) and supervising compliance with the policies designed to mitigate them; (f) assessing the quality of internal processes so as to enhance customer service quality, risk control and operational efficiency of each of the entities that are part of Grupo Supervielle; (g) ensuring the participation of the Board of Directors in the ratification of the decisions adopted by the Committees when so required by the corporate governance rules and supervising compliance with such policies; and (h) maintaining an adequate internal control in each of the subsidiaries, in order to minimize risks through the implementation of good control practices generated by the experience of each subsidiary.

In addition, the Audit Committee provides advice to the Board of Directors for the appointment of independent accountants both of Grupo Supervielle and its subsidiaries. It also prepares a performance plan for the year which is submitted to the Board of Directors and the Audit Supervisory Committee within 60 (sixty) calendar days after beginning of the financial year.

- The **Anti-Money Laundering and Terrorist Financing Committee** is a body of Grupo Supervielle, Banco Supervielle y Cordial Compañía Financiera responsible for: (a) verifying compliance with the provisions on Anti-Money Laundering and Terrorist Financing directly applying to them and to all its subsidiaries in order to ensure that Grupo Supervielle and its subsidiaries adequately comply with the best practices; (b) being informed of any amendments to the rules in force and ensuring internal policy and procedure manuals are updated and adjusted; (c) being acquainted with the best market practices related to money laundering and terrorist financing and promoting their application in Grupo Supervielle and its subsidiaries; (d) complying with the applicable reporting duties; and (e) developing all those duties established by UIF and other applicable provisions.
- The **Risks Committee** is a body of Grupo Supervielle, Banco Supervielle and Cordial Compañía Financiera, to which the Board of Directors delegates the consideration and assessment of risk management policies, models, procedures and controls both at

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consolidated and standalone level in Banco Supervielle and Cordial Compañía Financiera. Its main responsibilities include, among other: (a) analyzing at institutional level the strategies and policies for managing credit, market, interest rate, liquidity, operational and any other risk which may affect Banco Supervielle at consolidated and standalone level for each of the entities of the banking group, pursuant to the provisions in force and best practices, verifying their adequate implementation and compliance; (b) defining risk appetite and tolerance levels of Banco Supervielle at consolidated and standalone level for each of the entities, as well as the global risk profile and submitting to the Board of Directors for approval; (c) approving the limit structure for credit, market, operational, interest rate and liquidity risk management (including Risk Maps used for Trading transactions); (d) regularly monitoring the different risks of the entity and the application of the defined strategies and policies; (e) assessing the capital adjustment to the risk profile of Banco Supervielle at consolidated and standalone level for each of its entities; (f) defining the policy and methodological framework for stress tests within the risk management of Banco Supervielle and of each of the consolidated companies. Approving the scenarios to carry out individual and comprehensive stress tests for the different risks; analyzing 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 adequately informed of the different matters related to the entity's risk management; (h) approving quantitative models generated for the management of the different risks as well as those for the calculation of the economic capital required for each of such risks of Grupo Supervielle's companies that apply these tools; (i) being informed of risk-related circular notes and provisions issued by any regulatory body affecting any of Grupo Supervielle's companies as well as the impact of such circular notes and provisions on current operations; and (j) analyzing and approving the Capital Self-Assessment Reports of the entities that must comply with this reporting scheme.

- The **Human Resources Committee** is a body of Grupo Supervielle and Banco Supervielle in charge of approving and monitoring incentive schemes, including those in line with the risk appetite established by the Board of Directors and all types of variable remuneration (bonus, variable remuneration, profit sharing) and of participating in the determination of fixed remuneration policies and in performance assessment systems.
- The **Credit House Limit Committee** is the top authority as regards credit decisions of Grupo Supervielle and the companies directly or indirectly controlled by Grupo Supervielle which exceed their credit authority. Its main responsibilities include: a) approving the credit policies and limits of the companies directly and indirectly controlled by Grupo Supervielle; b) reviewing and proposing the credit risk limits with customers and counterparties of the companies directly and indirectly controlled by Grupo Supervielle proposed by the relevant business platforms of such companies and related to facilities, terms, guaranties, special conditions and environmental risks related to investment projects; c) ratifying the credit authority approved by the Boards of Directors of the Credit Committees of the companies directly or indirectly controlled by Grupo Supervielle; d) monitoring the performance of the Credit Committees of Banco Supervielle and the other companies directly or indirectly controlled by Grupo Supervielle.
- The **Information Technology Committee** is a body of Banco Supervielle and Cordial Compañía Financiera that assists the Board of Directors in the evaluation and monitoring of the IT Governance Model, the Strategic Systems Plan, the Strategic Information

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Security Plan, the approval of the Systems Contingency Plan and the Business Continuity Plan, the analysis of the Entity's information technology policies in the short, medium and long term, as well as the most appropriate applications and base systems and most convenient equipment and planning and coordinating due compliance with the policies and objectives of the information systems area established by the Board.

- The **Senior Credit Committee** of Banco Supervielle is the body to which the Credit House Limit Committee of Grupo Supervielle delegates the implementation of the strategies and policies defined by the Board and which are related to the credit decision making process within the regulatory frameworks in force. Its responsibilities include:
 - a. Proposing changes in the strategy, policy, thresholds and limits for credit risks and submitting them to the Risks Committee;
 - b. Approving large loan applications under the powers conferred by the Board of Directors and within the framework of the credit risk strategy and policy in force, giving instructions on loan granting and management and seeing to compliance therewith;
 - c. Approving the powers delegated to the different Credit Committees and the levels of approval of credit risk officers, as well as those loan applications in excess of the credit authority the Recovery Committee.

Management Committees

- The **Executive Committee** is a decision-making body made up of the Senior Management of Grupo Supervielle and Banco Supervielle, and is in charge of the management of the Entity through the implementation of the policies defined by the Board of Directors. It is responsible for making proposals and executing the annual budget, analyzing new businesses and projects, monitoring the progress of strategic projects and assessing new products and services which, once approved by this body, are submitted to the Board of Directors for approval.
- The **Assets and Liability Committee (ALCO)** is the Senior Management's body to which the Risks Department delegates the responsibility for the implementation of the strategies and policies related to market, interest rate, securitization and liquidity risks. Like the Risks Committee, there are three ALCO Committees, each with a specific scope. Thus, there is an ALCO Committee for Banco Supervielle and another for Cordial Compañía Financiera, and the Global ALCO Committee which is responsible for analyzing matters related to the other subsidiaries. Their responsibilities in each of the aforementioned sectors include:
 - a. Considering proposals on strategy, policy and limits to market, interest rate and liquidity risks to submit them to the consideration of the Risks Committee;

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- b. Monitoring the degree of adjustment of the assumed risks to the risk profile and evaluating investment and funding alternatives, taking into account the different financial instruments offered by the market, investment terms and amounts involved, in line with the strategy and policy approved by the Board of Directors;
 - c. Approving lending and borrowing rate levels, seeking to obtain an adequate spread, as well as the maximum exposures to be assumed within the limit and threshold structure defined by the Risks Committee and the Board of Directors;
 - d. Defining crisis and action plans prior to increasing the risks of this area and submit all results to the Risks Committee;
 - e. Being informed of circular notes and provisions related to market, interest rate, liquidity and/or securitization risks issued by the Central Bank of Argentina and, in general, any other oversight agencies, as well as the impact of the application of such circular notes and provisions on the current operation of each of the consolidating entities;
 - f. Monitoring and controlling liquidity, interest rate and currency mismatches, and making recommendations on actions to be taken by the business areas.
- The **Credit Committee** of Cordial Compañía Financiera is the Senior Management's body in charge of:
 - a. Analyzing the credit risk management policies at institutional level, in line with applicable regulations and best practices, verifying their adequate implementation and compliance;
 - b. Defining credit assessment criteria, including among other, the cutoff points relative to scoring models, minimum income requirements, technical ratios, credit exclusion, etc.;
 - c. Regularly monitoring the portfolio's credit risk assessment and application of defined management policies;
 - d. Monitoring the adequate balance of the Risk-Benefit ratio, trying to maximize results in the long term;
 - e. Defining crisis plans and action plans in case of a credit risk increase and submit all results to the Risks Committee;
 - f. Becoming informed of circular notes and provisions on credit risk, in particular those issued by the Central Bank of Argentina and in general those issued by other controlling agencies, as well as the impact of the application of such circular notes and provisions on the Entity's current operations.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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- The **Operational Risks Committee** is the Senior Management's body of Banco Supervielle and Cordial Compañía Financiera to which the Risks Committee delegates the implementation of defined strategies and policies for management of operational, technological, environmental and social, reputational and supplier risks. Its duties include:
 - a. Becoming informed of circular notes and provisions on operational/technological risk, in particular those issued by the Central Bank of Argentina and in general those issued by other oversight agencies, as well as the impact of the application of said circular notes and provisions on the Entity's current operations;
 - b. Ensuring compliance with operational and technological strategies and policies determined by the Risks Committee and proposing those changes as are deemed convenient;
 - c. Monitoring the reports submitted by the Operational, Technological and Business Continuity Risk Department of Banco Supervielle and the Risk Management Department of Cordial Compañía Financiera, on the results of operational and technological risk management, detection of possible deviations in the planned assessment processes, the implementation of mitigation plans, the monitoring of management indicators (KRI), making recommendations as deemed convenient;
 - d. Being informed of the operational and technological risk profile of the entities and verifying the strategic and operational implications to their activity;
 - e. Ensuring that the operational and technological risk management system is disclosed to all the areas and officers of the entities or to third parties;
 - f. Becoming informed of the difficulties for the implementation of a mitigation risk for high residual risks due to operative, budget or other reasons, so as to make the recommendations that may be deemed adequate;
 - g. Becoming informed of the risk appetite assumed by the entities through operational and technological risk indicators;
 - h. Developing all those duties set forth by the Central Bank of Argentina and other applicable provisions;
 - i. Assessing the proposals for new products or services of Banco Supervielle (or material change of those already existing) in order to approve or review them. This duty shall be developed by the Product Manager of the corresponding Banking division and pursuant to the provisions of the applicable internal regulations.

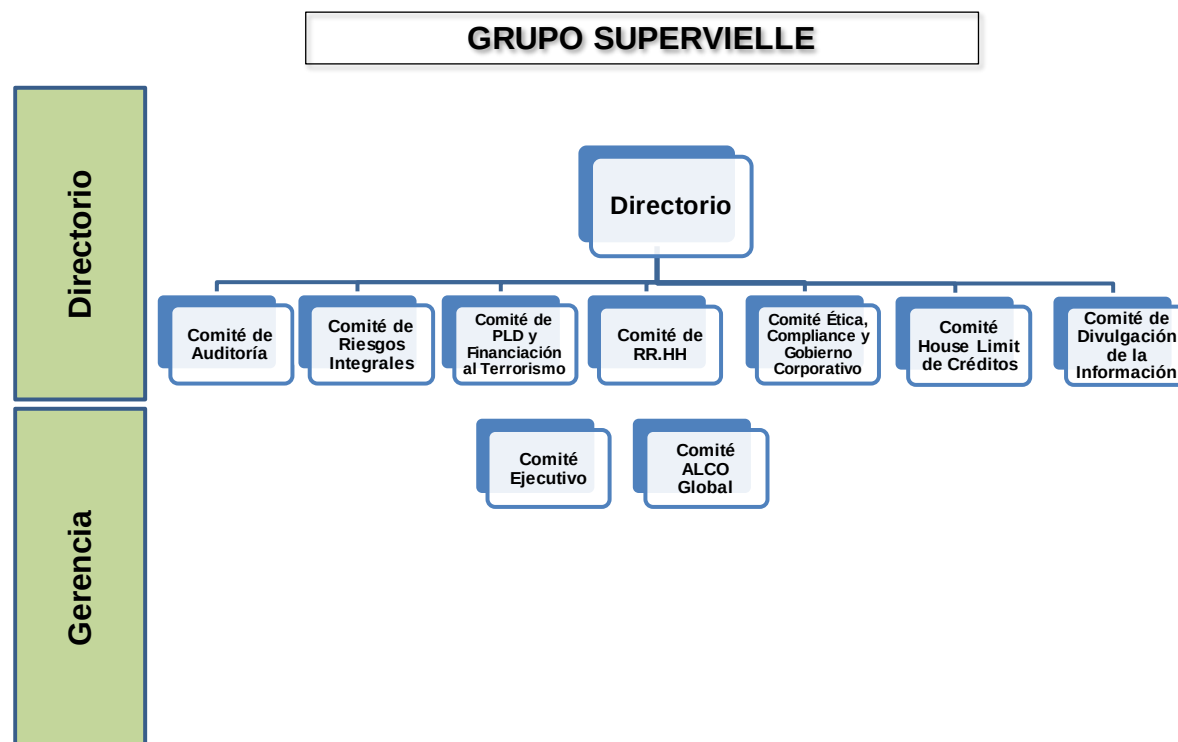
We present below the *Risk Governance structures* of Grupo Supervielle, Banco Supervielle and Cordial Compañía Financiera, taking into account the corresponding Board and Management committees.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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References:

Directorio: Board of Directors Committees

Gerencia: Management Committees

Comité de Auditoría: Audit Committee

Comité de Riesgos Integrales: Risks Committee

Comité de PLD y Financiación al Terrorismo: AML and Terrorist Financing Committee

Comité de Recursos Humanos: Human Resources Committee

Comité de Ética, Compliance y Gobierno Corporativo: Ethics, Compliance and Corporate Governance Committee

Comité House Limit de Créditos: Credit House Limit Committee

Comité de Divulgación de la Información: Information Disclosure Committee

Comité Ejecutivo: Executive Committee

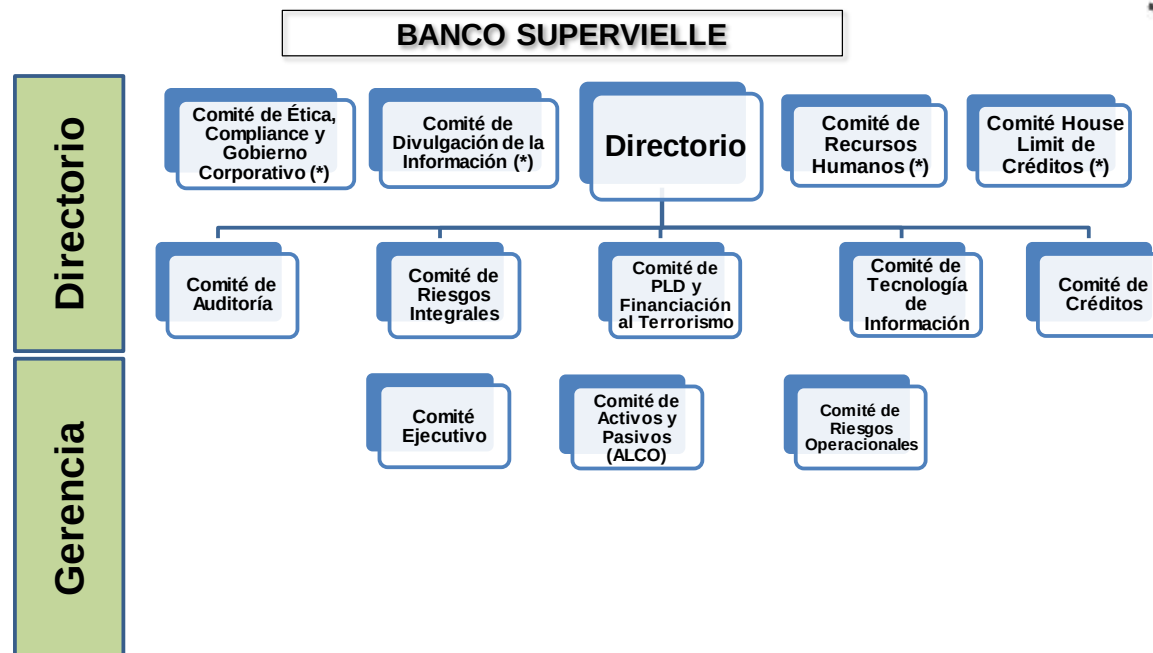
Comité (ALCO) Global: Global (ALCO) Committee]

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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(*) Comités a nivel Grupo Supervielle y sus decisiones derraman a todas las entidades que lo componen

References:

Directorio: Board of Directors Committees

Gerencia: Management Committees

Comité de Ética, Compliance y Gobierno Corporativo: Ethics, Compliance and Corporate Governance Committee

Comité de Divulgación de la Información: Disclosure Committee

Comité de Recursos Humanos: Human Resources Committee

Comité House Limit de Créditos: Credit House Limit Committee

Comité de Auditoría: Audit Committee

Comité de Riesgos Integrales: Risks Committee

Comité de PLD y Financiación al Terrorismo: AML and Terrorist Financing Committee

Comité de Tecnología de la Información: Information Technology Committee

Comité de Créditos: Credit Committee

Comité Ejecutivo: Executive Committee

Comité de Activos y Pasivos (ALCO): Assets and Liabilities Committee (ALCO)

Comité de Riesgos Operacionales: Operational Risks Committee

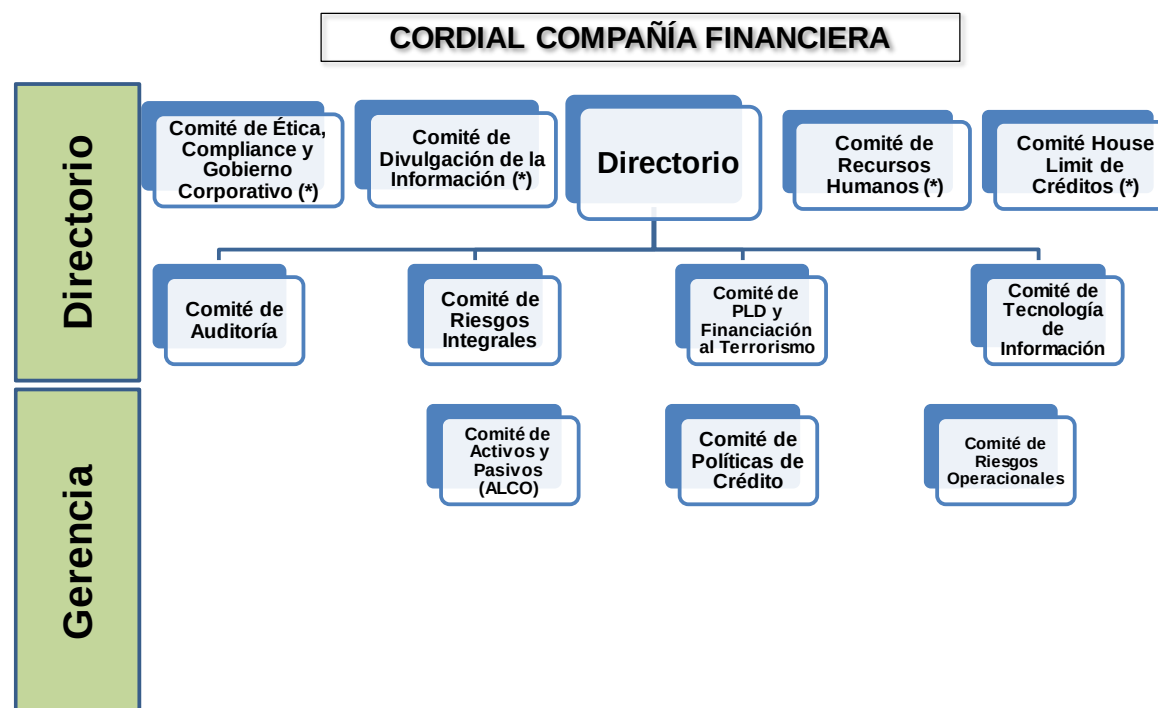
(*) Comités a Nivel de Grupo Supervielle y sus decisiones derraman a todas las entidades que lo componen: Grupo Supervielle Committees- Its decisions are applicable to all other Grupo Supervielle's entities]

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE



(*) Comités a nivel Grupo Supervielle y sus decisiones derraman a todas las entidades que lo componen

References:

Directorio: Board of Directors Committees

Gerencia: Management Committees

Comité de Ética, Compliance y Gobierno Corporativo: Ethics, Compliance and Corporate Governance Committee

Comité de Divulgación de la Información: Disclosure Committee

Comité de Recursos Humanos: Human Resources Committee

Comité House Limit de Créditos: Credit House Limit Committee

Comité de Auditoría: Audit Committee

Comité de Riesgos Integrales: Risks Committee

Comité de PLD y Financiación al Terrorismo: AML and Terrorist Financing Committee

Comité de Tecnología de la Información: Information Technology Committee

Comité de Activos y Pasivos (ALCO): Assets and Liabilities Committee (ALCO)

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



Comité de Políticas de Crédito: Credit Policies Committee

Comité de Riesgos Operacionales: Operational Risks Committee

(*) Comités a Nivel de Grupo Supervielle y sus decisiones derraman a todas las entidades que lo componen: Grupo Supervielle Committees- Its decisions are applicable to all other Grupo Supervielle's entities]

The Board defined a new Corporate Governance model to ensure the correct alignment of the management of the different business units with a control and risks environment according to international standards. Thus, at Grupo Supervielle, holding company of Banco Supervielle and Cordial Compañía Financiera, the new structure is as follows:

a) The CFO (Chief Financial Officer) of Grupo Supervielle, reports directly to Grupo Supervielle's CEO, to ensure an adequate management control framework, and to carry out all the duties related to information that, as a public company, must be provided to current and prospective shareholders.

b) The CRO (Chief Risk Officer) 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 (holding company of Cordial Compañía Financiera), since he/she is also the CRO of Banco Supervielle. Thus, the Group's CRO coordinates the risk management of Grupo Supervielle companies, among which is Cordial Compañía Financiera, thus guaranteeing that the risk corporate guidelines are followed. Through the annual shared services program, Cordial Compañía Financiera receives technical assistance from the Corporate Risk Department of Banco Supervielle regarding development and follow up of the models used for credit risk, financial risk, operational and technological risk management, among other.

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

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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

Banco Supervielle considers that decisions made by a multi-member body through different Board or Management committees guarantee the exchange of opinions, enhancing the decision-making process.

Pillar IV: Risks must be in line with the Risk Appetite defined by the Board and must be constantly monitored

The Risk Appetite policy defines the risk types and amounts that the Entity is willing to assume in the development of its activity. The Risk Management Policy, included in the Risk Appetite Policy, sets forth the guidelines for each of the risks faced by the Entity and constitutes the regulatory framework of risk activities and processes. Both the Risk Appetite Policy and the Risk Management Policy are defined at consolidated level for Banco Supervielle and, following the proportionality and significance principles, both documents also have versions applicable individually to Banco Supervielle and Cordial Compañía Financiera. The development, validation and approval of the different risk models of Banco Supervielle and Cordial Compañía Financiera allow the systematization of risk origination processes, the estimates of expected loss and guarantees the capital required to attain the business objectives of the banking group. 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 documents.

Pillar V: Clear definition of powers and centralized risk control

Banco Supervielle has, at consolidated level and at standalone level for the Bank and for Cordial Compañía Financiera, different risk approval and monitoring bodies at Board and Senior Management level, which participate in risk governance activities. Each of the risk originating business units, as well as those management units that participate in the transaction approval process, have clearly defined business segments activities, limits and risks, based on a scheme of delegation of power or higher instances to which they may refer. The frequent meetings of the Senior Management bodies guarantee agility in the decision on proposals with a high degree of involvement in the daily risk management. Besides, the decision-making bodies of the Board of Directors meet regularly to ensure that the Entity has in place an

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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adequate framework for the management of risks, policies and guidelines in line with the established Risk Appetite and that they have the necessary information to guarantee that risks are duly monitored and controlled.

Corporate Risk Department (Chief Risk Officer)

The centralized control of risks is made in an integral way through the Corporate Risk Department, which is made up of three Corporate Departments in Banco Supervielle, in charge of matters related to the management of each of the relevant risks, not only in that entity but also in the different subsidiaries at consolidated level:

- ✓ Corporate Financial Risks Department, in charge of the management of market, interest rate, liquidity and securitization risk, and of the preparation of the capital self-assessment document.
- ✓ Corporate Credit Risk and Stress Test Department, in charge of credit risk management, including: the development of Grupo Supervielle scoring and rating models, PD, EAD and LGD parameters estimation and monitoring/review of credit portfolio. Additionally, it is in charge of the implementation of comprehensive stress tests and risk adjusted profitability models. This area is also in charge of the calculation of loan loss provisions and accounting charges.
- ✓ Corporate Non-Financial Risks Department: in charge of operational, technological, environmental, reputational and supplier risk. It is also in charge of business continuity, comprehensive fraud management and internal control testing.

The main duties of the Corporate Risk Department include:

- Proposing and submitting to the Senior Management and the Board's Risks Committee the strategy, policies, plans and procedures necessary for the risk identification, evaluation, control and mitigation pursuant to applicable regulations;
- Proposing to the Board's Risks Committee the limits and indicators to be used for an adequate risk management, according to the strategic objectives, the internal rules – including the Risk Appetite document and the risk management policies – and the BCRA provisions in force. The department supervises the approved indicators, alerting on possible vulnerabilities and promoting corrective actions;
- Participating, together with other areas of the Bank and of Cordial Compañía Financiera, in the process of the definition of new products, services, processes and systems, ensuring that the results of the analysis made are examined by the Operational Risks Committee;
- Preparing and submitting the Stress Test results and the related documents so as to monitor the Stress Test Program of the Entity;

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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- Developing the quantitative methodologies and models for the management of different risks, conduct a regular follow up and gauging and submit them for approval to the Board's Risks Committee;
- Informing the CEO and to the Board's Risk Management of any deviation from the comprehensive risk management, exceptions to the limits established and any other aspect that might be of relevance to maintain the Entity's risk profile in line with the Risk Appetite Policy;
- Preparing the Capital Self-Assessment Report of Banco Supervielle and Cordial Compañía Financiera, at consolidated level and at standalone level, and submit them for approval to the Risks Committee.
- Estimating the provisions for loan losses of the Bank at consolidated level.

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**
 - **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:

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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"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.

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- 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.

Risk Identification based on Stakeholders

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

Stakeholders are:

- ✓ Internal:
 - Customers:
 - Employees
 - Shareholders 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 stakeholders, 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.

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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.

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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.
- Starting Points for Stress Test, consisting of the regular monitoring of the domestic and international macroeconomic context, as well as the evolution of internal indicators and the financial system, and the relevant regulations.
- 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.

The Credit Risk and Stress Test Department, reporting to the Corporate Risks Department, is in charge of the Stress Test Program and the interaction with the different participating Bank areas.

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.

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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.

Calculation of the Economic Capital for the Other Risks

For the calculation of the economic capital for **other risks**, Banco Supervielle has developed specific internal models for strategic and reputational risks. In order to determine the **economic capital for reputational risk**, Banco Supervielle developed an internal model based on risk drivers and the provisions of Communication "A" 5398 so as to reduce unexpected losses due to events that may affect the Entity's reputation. The Bank estimates the **economic capital for strategic risk** by means of drivers that may affect the strategy embedded in the business plan forecasts. The holding period used for estimating this risk is twelve months.

Taking into account risks inherent to modernization and in particular, those risks with a greater calculation complexity (Reputational Risk and Strategic Risk), the entity following a prudential criterion maintains a buffer, which is reviewed on an annual basis in accordance with the progress observed due to the implementation of existing models.

The above-mentioned buffer is estimated as 2.5% of the aggregate Economic Capital deriving from Banco Supervielle's internal models, and is allocated as follows:

✓ **Reputational Risk = 50%**

Strategic Risk = 50%

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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

Information as of 09.30.20

		a	b	c
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk) (CCR)	116,475,409	110,530,699	9,597,574
2	Of which: standardized approach (SA)	116,475,409	110,530,699	9,597,574
4	Counterparty credit risk (CCR)	255,788	215,725	21,077
5	Of which: standardized approach counterparty credit risk (SA-CCR)	255,788	215,725	21,077
10	Credit valuation adjustment (CVA)	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	6,029	78,685	497
16	Market risk	4,824,550	4,463,213	385,964
17	Of which: standardized approach (SA)	4,824,550	4,463,213	385,964
19	Operational risk	40,488,488	38,245,750	3,239,079
20	Of which: basic indicator approach			
24	Floor adjustment			
25	Total (1+4+11+12+16+19+24)	162,050,263	153,534,071	13,244,190



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 12.31.19

	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	25,833,030	26,668,953	26,668,953			10,322,209	
Debt securities at fair value through profit or loss	405,068	473,930	473,930		0	0	
Derivative financial instruments	257,587	257,587	257,587			0	
Reverse repurchase agreements	0	0	0			0	
Other Financial Assets	939,852	1,291,879	1,291,879		0	8,937,560	
Loans and other financing	88,381,949	88,518,477	88,518,477			4,716,382	
Other debt securities	10,257,784	10,266,797	10,266,797		355,481	281,010	
Financial assets used as security	5,326,949	5,332,681	5,332,681			-6,150	
Assets for current income tax	317,215	399,858	399,858			0	
Investments in equity instruments	14,579	14,579	14,579			0	
Investment in subsidiaries, associated and joint businesses	42,783	48,622	48,622			0	
Property, Plant and Equipment	2,866,220	2,874,031	2,874,031			0	
Intangible Assets	754,238	871,125	871,125			0	871,125

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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Assets for deferred income tax	1,502,267	1,589,056	1,589,056			0	
Other non-financial assets	4,699,460	4,707,212	4,707,212			0	30,014
Non-current assets for sale	0	0	0	0	0	0	
Total Assets	141,598,981	143,314,787	143,314,787	0	355,481	24,251,011	901,139
Liabilities							
Deposits	91,477,466	0				23,340,234	0
Liabilities at fair value through profit or loss	189,554	0				0	0
Derivative financial instruments	0	0				0	0
Repurchase agreements	319,817	0				0	0
Other financial liabilities	6,918,551	0				3,854,732	0
Financing received from the BCRA and other financial institutions	9,014,608	0				8,075,472	0
Issued negotiable obligations	6,070,917					0	
Liabilities for current income tax	209,471					0	
Subordinated negotiable obligations	2,119,888					2,119,888	
Provisions	655,298					0	
Liabilities for deferred income tax	0					0	
Other non-financial liabilities	7,060,329	0				22,042	0
Total Liabilities	124,035,899	0				37,412,368	0

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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

Information as of 12.31.2019

		a	b	c	d	e
		Total	Items subject to:			
			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)	143,314,787	143,314,787	355,481	-	24,251,011
2	Liabilities carrying value amount under scope of regulatory consolidation (as per Template LI1)	-	-	-	-	37,412,368
3	Total net amount under regulatory scope of consolidation	143,314,787	143,314,787	355,481	-	-13,161,357
4	Off- balance sheet amounts	1,699,353	892,963	-	806,390	-
5	<i>Differences in valuation</i>	-	-	-	-	-
6	<i>Differences due to different netting rules, other than those included in row 2</i>	-	-	-	-	-
7	<i>Differences due to consideration of provisions</i>	-	-	-	-	-
8	<i>Differences due to prudential filters</i>	-	-	-	-	-
9	Subject to capital deductions	-901,139	-	-	-	-901,139
10	Exposure amounts considered for regulatory purposes	144,113,001	144,207,750	355,481	806,390	-14,062,496



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.

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- 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 assessed on an instrument per instrument basis, but at a higher aggregated portfolio level and is based upon visible factors such as:

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- 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

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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

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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 Comprehensive 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 without 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.

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Financial Liabilities

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 liabilities at fair value through profit or loss: The Entity can, at the outset, make use of the irrevocable option to recognize liabilities 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 liabilities 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.

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Critical Accounting Policies and Estimates.

Preparation of consolidated financial statements pursuant to the accounting framework based on IFRS 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 derivatives and other instruments

The fair value of 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.

Data related to instruments not valued according to market information is described in Note 5 on fair values.

b) Impairment Losses on loans and advances.

The Entity assesses customer repayment capacity so as to determine the required amount of provisions as per the standards issued by the Central Bank of Argentina.

Such estimates are made with the frequency required by the minimum provisioning standards issued by the Central Bank of Argentina.

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 Entity 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 Entity has applied its criterion regarding impairment ratios of property, plant and equipment and intangible assets. Likewise, the Entity determined that there were no impairment ratios for the periods included in its consolidated financial statements, so no recoverable value was estimated.

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The assessment of a potential asset impairment with an undefined useful life is subjective and demands a significant analysis encompassing several items, including the identification of its cash generating unit, the identification and allocation of its assets and liabilities to the cash generating unit and the determination of its recoverable value. The recoverable value is compared with its carrying value to establish the non-recoverable portion. When estimating the recoverable value of a cash generating unit for the annual or regular impairment analysis, the Bank makes estimates and significant analysis on future cashflows of such cash generating unit. Its cashflow estimates are based on assumptions representing the highest and best use for its cash generating unit.

Even though the Bank considers that assumptions and estimates used are appropriate as per the information available, changes in assumptions or circumstances may demand changes in such analysis. Adverse changes in the assumptions used within the impairment test of an intangible asset having an undefined useful life may cause a reduction or elimination of the fair value in excess of carrying value, resulting in the recognition of a potential impairment.

The Entity concluded that it is not necessary to recognize any impairment loss of intangible assets having an undefined useful life under such conditions.

d) Structured Entities.

In structured entities voting or similar rights are not critical to decide who controls the entity. An analysis is also necessary to determine whether the relationship between the Bank and the structured entity indicates that the structured entity is under the control of the Bank. Consolidation does not include structured entities that are not controlled by the Entity.

In order to determine whether an Entity controls a structured entity, the management evaluates the authority of the Entity to carry out relevant activities and whether it is entitled to variable yields, and if it may use such authority to cause an impact on yields. In those cases where there is evidence of the existence of control, the structured entity is consolidated. The Entity has assessed the following to determine whether control exists or not:

- Purpose and design of the Trust
- Identification of relevant activities
- Decision-making process concerning such activities
- Whether the Bank is authorized to conduct the trust's relevant activities
- Whether the Bank is exposed or has a right to variable results deriving from its participation in such trust
- Whether the Bank may use its authority to cause an impact on the results of the trust

e) Income Tax and Deferred Tax

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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.

Template PV1: Prudent Valuation Adjustments (PVA)

No prudent valuation adjustments are made on financial instruments.

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Section 4 – Composition of Capital and TLAC

Template CC1: Composition of Regulatory Capital

Information as of 09.30.20

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.	27,317,410	
	Common share capital - excluding net equity preferred shares (8.2.1.1.)	645,340	1
	Non-capitalized contributions (8.2.1.2)	186,687	1
	Equity Adjustments (8.2.1.3)	19,586,748	12
	Stock Surplus (8.2.1.8)	6,898,635	2
2	Retained Earnings	-16,963,329	
	Retained earnings (from previous years and the relevant part of the current financial year) (8.2.1.5 and 8.2.1.6)	-16,963,329	3
3	Accumulated other comprehensive income (and other reserves)	17,542,085	
	Income reserves (8.2.1.7)	17,542,085	4
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	363,110	
	Minority interest held by third parties (8.2.1.9)	363,110	5
6	Subtotal: Common Equity Tier 1 capital before regulatory adjustments	28,259,276	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudent valuation adjustments (8.4.1.11 8.4.1.14 8.4.1.15)		

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8	Goodwill (net of related tax liability) (8.4.1.8)	2,029,772	7
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)	4,302,923	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)	-	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)		
	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)	49,099	6

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27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common Equity Tier 1	6,381,794	
29	Common Equity Tier 1 Capital	21,877,482	
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		

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42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to additional Tier 1 capital	0	
44	Additional Tier 1 capital (AT1)	0	
45	Basic Net Equity-Tier 1 Capital	21,877,482	
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)	210,097	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)		
49	Of which: instruments issued by subsidiaries subject to phase-out		
50	Provisions (8.2.3.3)	979,976	10
51	Supplementary Net Equity - Tier 2 capital before regulatory adjustments	1,190,073	
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)		

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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)	1,190,073	
59	TOTAL REGULATORY CAPITAL	23,067,555	
60	Total risk-weighted assets	162,050,246	
Ratios			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	13.50%	
62	Tier 1 (as a percentage of risk-weighted assets)	13.50%	
63	Total capital (as a percentage of risk-weighted assets)	14.23%	
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)	7.00%	
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)	6.50%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial institutions		

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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)		

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Template CC2 – Reconciliation of Regulatory Capital to Balance Sheet

Information as of 09.30.20

ITEMS	(a)	(b)	(c)
	Balance sheet as in published financial statements	Column (a)+(+/-) consolidated entities in RI Superv	Link with regulatory capital components
Assets			
Cash on hand and cash in Banks	27,704,818	29,771,467	
- Before items in the course of collection		29,770,038	
- Items pending allocation for regulatory capital		1,429	6
Debt securities at fair value through profit or loss	4,372,112	4,525,941	
Derivatives	112,088	112,088	
Reverse Repurchase Agreements	22,059,850	22,059,850	
Other financial assets	3,946,137	4,400,555	
- Before items in the course of collection	-	4,352,885	
- Items pending allocation for regulatory capital		47,670	6
Loans	97,427,140	95,793,826	
- Before loan-loss provision		105,391,131	
- Loan-loss provision for regulatory capital		-979,976	10
- Deferred income tax provision Regulatory Capital		-1,712,970	
- Loan-loss provisions (rest)		-6,904,359	
Other debt securities	51,090,899	51,147,421	
Financial assets used as security	5,156,215	5,165,867	
Assets for current income tax	712,662	782,518	
Investments in equity instruments	87,569	87,569	
Investment in subsidiaries, associated and joint businesses	31,536	72,505	
Property, Plant and Equipment	5,126,997	5,175,625	

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Intangible Assets	1,650,114	2,029,772	7
Assets for deferred income tax	2,474,465	4,302,923	11
Other non-financial assets	6,498,682	6,513,314	
Non-current assets for sale	-	-	
Total Assets	228,451,284	231,941,241	
Liabilities			
Deposits	170,523,637	167,529,737	
Liabilities at fair value through profit or loss	189,074	189,074	
Derivatives	-	-	
Repurchase Agreements	-	-	
Other financial liabilities	8,326,571	13,150,592	
Financing received from the BCRA and other financial institutions	7,643,743	7,625,145	
Issued negotiable obligations	4,229,026	4,229,026	
Liabilities for current income tax	1,695,788	1,861,477	
Subordinated negotiable obligations	1,050,485	1,050,485	
- Computable for regulatory capital	-	210,097	9
- Non-computable for regulatory capital	-	840,388	
Provisions	740,707	748,553	
Liabilities for deferred income tax	-	17,412	
Other non-financial liabilities	9,124,885	9,325,275	
Total Liabilities	203,523,916	205,726,776	
Shareholders' Equity			
Capital stock	829,564	829,564	
- Computable for regulatory capital - Main Entity	-	829,564	1
- Computable for regulatory capital - Consolidating Entities	-	2,463	1
- Unauthorized group contribution	-	-	
- Consolidation eliminations		-2,463	

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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
- Unauthorized group contribution	-	-	
- Consolidation eliminations	-	-	
Capital adjustment	19,586,747	19,586,747	
Reserved Earnings		19,586,748	
- Computable for regulatory capital - Main Entity	-	-	4
- Computable for regulatory capital - Consolidating Entities	-	-1	4
- Consolidation eliminations	14,121,870	14,121,870	
Retained earnings	-	17,226,481	
Other comprehensive retained earnings	-	315,604	
Consolidation eliminations	-	-3,420,215	
unassigned results	-18,421,539	-18,421,539	
Computable for regulatory capital - Main Entity	-	-18,421,539	3
Other comprehensive accumulated results	187,436	187,436	
Result of the period	1,585,872	893,183	
- Computable for regulatory capital - Main Entity	-	1,298,361	3
- Computable for regulatory capital - Consolidating Entities	-	159,849	3
- Not computable for regulatory capital - Main Entity	-	-	
- Not computable for regulatory capital	-	-	8
- Consolidation eliminations	-	-565,027	
Shareholders' equity attributable to parent	24,788,585	24,095,896	
Shareholders' equity not attributable to parent	138,783	2,118,569	
- Computable for regulatory capital	-	363,110	5
- Not computable for regulatory capital		1,755,459	
Total Shareholders' Equity	24,927,368	24,214,465	

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

A breakdown and terms of regulatory capital instruments issued by the Bank as included in Code 46 of the Template CC1 above, in connection with composition of regulatory capital, is shown below.

Information as of 09.30.20

Date of placement	Currency	Class No.	Amount (in USD thousands)	Amortization	Term	Due Date	Annual nominal rate (percentage)	09/30/2020	
								Book value (in thousands of \$)	Computable CNW value for regulatory capital (in thousands of \$)
08/20/13	USD	III	22,500	100% maturity at	84 Months	08/20/20	7	-	1,599,788
11/18/14	USD	IV	13,441	100% maturity at	84 Months	11/18/21	7	1,050,485	992,623
Total								1,050,485	2,592.411

These are Subordinated Negotiable Obligations under the Global Issuance Program for up to a par value of \$750,000 (increased to a par value of \$2,000,000).

On March 25, 2013, the Special Shareholders' Meeting decided to approve the creation of a Global Negotiable Obligations Issuance Program for up to a maximum outstanding amount at any time during the term of the program of \$750,000. In such regard, on April 15, 2016 the Annual and Special Shareholders' Meeting decided to increase the maximum amount of such program up to a par value of \$2,000,000 or its equivalent in other currencies, approved by the CNV through resolution No. 18,224 dated September 22, 2016.

On May 16, 2013, the Board of Directors approved the issuance of Class III Subordinated Negotiable Obligations for up to a maximum amount of USD 30,000 par value under the Global Negotiable Obligations Program. The bidding period ended on August 15, 2013. The negotiable obligations were placed on August 20, 2013.

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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On October 14, 2014, the Board of Directors approved the issuance of Class IV Subordinated Negotiable Obligations for up to a maximum amount of USD30,000 par value under such Program. The bidding period ended on November 14, 2014. The negotiable obligations were placed on November 18, 2014.

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 12.31.19

Summary Comparison Table		
Row No.	Item	Amount
1	Total consolidated assets as per quarterly/ annually published financial statements	228,451,284
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	3,056,553
3	Adjustment for fiduciary assets recognized on the balance sheet but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	39,428
5	Adjustment for securities financing transactions (SFTs)	-
6	Adjustment for off-balance sheet items	440,233
7	Other Adjustments	-5,401,818
8	Leverage ratio exposure measure	226,585,680

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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Template LR2: Leverage Ratio Common Disclosure Template

Information as of 09.30.20

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)	232,487,813	222,730,540
2	(Asset amounts deducted in determining Tier 1 capital)	-6,381,794	-5,500,470
3	Total on-balance sheet exposures (excluding derivatives and SFTs).	226,106,019	217,230,070
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (net of eligible cash variation margin)	-	8,470
5	Add-on amounts for PFE associated with all derivatives transactions.	39,428	28,087
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets .	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions).	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	Total derivative exposures	39,428	36,557
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	-	84,814
15	Agent transaction exposures	-	-
16	Total Sets exposures	-	84,814
Off-balance sheet exposures			

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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17	Off-balance sheet exposure at gross notional amount	880,466	743,309
18	(Adjustments for conversion to credit equivalent amounts)	-440,233	-371,655
19	Total off-balance sheet items	440,233	371,655
Capital and total exposures			
20	Tier 1 Capital (as at period's end).	21,877,482	19,833,226
21	Total exposure (sum of rows 3, 11, 16 and 19).	226,585,680	217,723,095
Leverage ratio			
22	Leverage ratio	9.66%	9.11%



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 Cordial Compañía Financiera. Through its activities, Banco 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 Banco Supervielle and Cordial 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 Cordial 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 Cordial 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

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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.

During 2019, the liquidity stress test was reviewed. The significant outflow of foreign currency deposits affected the financial system as a whole as of the second half of August, evidencing the need of liquidity stress tests per relevant currency. Thus, two new metrics were proposed to the indicators dashboard of the ALCO Committee to replace the prevailing follow-up ratio, taking into account the experience of the 2019 liquidity events, in pesos and 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, as of June 30, 2019, 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.

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On its part, Cordial 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 Cordial 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.

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



- 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

Over the course of the 3Q 2020, LCR is stable, closing the period with slightly lower levels than initial ones. A more thorough analysis of changes in the balance sheet and certain events explains the differences between each month regarding the average liquidity level.

In July, liquidity seems to be comforting, although it has shown a decreasing trend since July 16. Free disposal liquid assets computable to FALAC have increased especially in the government securities trend and were counteracted by a decrease in cash and due from banks. Such

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increase results from an increase in deposits. Additionally, a ratio decrease is recorded due to the inclusion of the 30-day window for the next payment of services of two Negotiable Obligations.

Liquidity recorded in August seems to be stable and closes the month under analysis with slightly lower levels than initial ones. A decrease in free disposal liquidity assets computable to FALAC is observed, especially government securities, due to a decrease in deposits and payments of services of two Negotiable Obligations. Likewise, an increase in credit portfolio is observed in factoring and advances lines.

Finally, in September, said indicator shows an upward trend. An increase of FALAC is observed in government securities and cash and due from banks. It is worth mentioning the credit portfolio increase mainly in loans and advances lines.

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;
- 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 Cordial Compañía Financiera's 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.

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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 Credit Corporate Manager, the Finance Corporate Manager, the Administration and Control Corporate Manager, the Chief Risk Officer, the Financial Risk Executive Manager and the Credit Risk and Stress Test Executive Manager. In turn, a Director of Grupo Supervielle and the Non-Financial Risk Executive Manager 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,

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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 Cordial Compañía Financiera.

As Controlling company of Cordial Compañía Financiera 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 Cordial Compañía Financiera 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.

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).

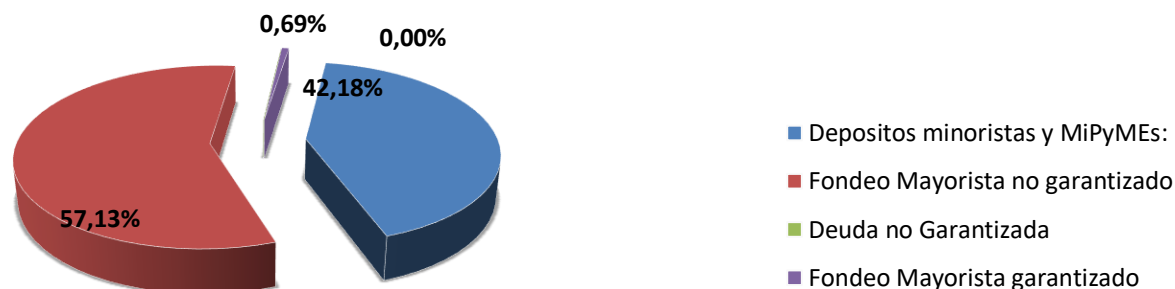


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Accordingly, the first chart includes a breakdown of main items that make up high quality liquid assets, and the second one includes the composition of 30-day outflow portfolio according to the type of counterparty.

ITEM	WEIGHTED VALUE	SHARE
HIGH QUALITY LIQUID ASSETS	91,773,279	
Bills and coins	7,826,996	8.5%
Reserves in Argentine Central Bank	18,392,788	20.0%
Debt securities to be negotiated by Argentine Central Bank or National Government	65,539,982	71.4%
Issued by the National Government	8,337,047	9.1%
Monetary regulation instruments	57,202,936	62.3%
Deposits of non-banking financial entities in commercial banks	13,512	0.0%

Composición de Salidas Promedio - Por Contraparte



[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]

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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LIQ1 Form: Liquidity Coverage Ratio (LCR)

LCR template: Disclosure

Information as of September 30, 2020, average daily values for the last quarter (Number of data: 92).

COMPONENT		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
High-quality liquid assets			
1	Total HQLA		90,432,041
Cash outflows			
2	Retail deposits and deposits from MIPyMes, of which customers, of which:	63,135,707	7,156,967
3	Stable deposits	33,780,313	1,689,016
4	Less stable deposits	29,355,394	5,467,951
5	Unsecured wholesale funding, of which:	85,501,096	69,413,001
6	Operational deposits (all counterparties)	9,442,621	2,360,655
7	Non-operational deposits (all counterparties)	76,058,475	67,052,346
8	Unsecured debt	-	-
9	Secured wholesale funding	1,036,639	30,589
10	Additional requirements, of which:	29,810,368	1,544,086
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	29,810,368	1,544,086
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	35,963,255	6,310,121
16	TOTAL CASH OUTFLOWS	-	84,454,764
CASH INFLOWS			
17	Secured lending (reverse repos)	14,393,734	-
18	Inflows from fully performing exposures	17,071,356	9,989,032
19	Other cash inflows	1,289,426	644,713
20	TOTAL CASH INFLOWS	32,754,516	10,633,745
21	TOTAL HQLA		90,432,041.38
22	TOTAL NET CASH OUTFLOWS		73,821,018.80
73,8	LIQUIDITY COVERAGE RATIO (%)		122.5%

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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LIQ2 template: Net Stable Funding Ratio (NSFR)

Information as of 06.30.20

(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:	24,499,930	-	-	-	24,499,930
2	Regulatory capital	23,753,553	-	-	-	23,753,553
3	Other capital instruments	746,377	-	-	-	746,377
4	Retail deposits and deposits from MIPyMes	53,119,300	23,504,091	687,689	43,094	71,588,743
5	Stable deposits	34,425,010	4,813,810	74,719	3,385	37,351,246
6	Less stable deposits	18,694,290	18,690,281	612,970	39,710	34,237,497
7	Wholesale funding:	21,471,504	81,714,802	2,833,069	8,216,222	39,718,418
8	Operational deposits	8,350,696				4,175,348
9	Other wholesale funding	13,120,808	81,714,802	2,833,069	8,216,222	35,543,070
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	2,527,963	-	-	-	-
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	2,527,963	-	-	-	-
14	Total ASF	101,618,697	105,218,893	3,520,758	8,259,317	135,807,091
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)	39,404,648	57,509,298	-	-	494,881
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities: (2)	3,590,455	54,508,423	19,895,598	25,387,721	56,127,862
18	Performing loans to financial institutions secured by Level 1 HQLA	-	4,633,358	-	-	463,336

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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(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	
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	3,590,455	9,640	11,354	-	545,691
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:	-	48,721,094	18,715,186	18,451,812	50,558,875
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:	-	1,144,330	1,169,059	6,677,814	4,340,579
23	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	-	1,144,330	1,169,059	6,677,814	4,340,579
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	258,095	219,381
25	Assets with matching interdependent liabilities					
26	Other assets:	15,691,599	-	-	-	15,687,457
27	Physical traded commodities, including gold	27,609				23,468
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets	22,300	-	-	-	22,300
30	NSFR derivative liabilities before deduction of variation margin posted	3,291	-	-	-	3,291
31	All other assets not included in the above categories	15,638,399	-	-	-	15,638,399
32	Off-balance sheet items	52,902,613	-	-	-	2,548,522
33	Total RSF	111,589,315	112,017,721	19,895,598	25,387,721	74,858,723
34	Net Stable Funding Ratio (%)					181.42%



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 Corporate Risks Management regularly analyses many indicators and reports and submits to the CEO and the Risks Committee those reports that are more relevant.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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 Cordial 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 Cordial Compañía Financiera business plan, while keeping risk at prudent levels. The credit policy is aimed at companies and individuals of all segments.

The pillars of Banco Supervielle's credit policy are the analysis of customers' cash flows and their repayment capacity. 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, such as energy and infrastructure. 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 Cordial Compañía Financiera is on consumption, mainly the granting of personal loans, credit cards and car loans.

Loan portfolio diversification is a pillar of Banco Supervielle's 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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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. Cordial Compañía Financiera also has parameters related to credit risk and a follow up model for the RAROC metrics.

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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

Template CR1– Credit Quality of Assets

Information as of 06.30.200

		a	b	c	d
		Gross accounting value of		Provisions/ impairment	Net value (a+b-c)
		Past-due exposures	Performing exposures		
1	Loans	6,304,368	97,225,524	7,746,738	95,783,154
2	Debt Securities	-	78,718	-	78,718
3	Off-balance sheet exposure	469	1,147,118	-	1,147,587
	Total	6,304,837	98,451,360	7,746,738	97,009,459

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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

Information as of 06.30.20

		A
1	Defaulted loans and debt securities at end of the previous reporting period	7,027,308
2	Loans and debt securities that have defaulted since the last reporting period	400,506
3	Return to non-defaulting status	414,929
4	Amounts written off	708,517
5	Other changes	-
6	Defaulted loans and debt securities at end of the reporting period	6,304,368
	(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 approved court or out-of-court arrangements (including approved out-of-court arrangements with creditors) 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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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 approaches used for determining impairment.

To determine impairment the Bank makes provisions for loan losses according to the restated minimum provisions for loan losses determined by the BCRA.

Basic criterion for classification:

According to the customer classification, as stated above and as described in section 2 of the restated minimum provisions for loan losses of the BCRA, and the guarantees received, the amount of the provision for loan losses is as follows:

1) Commercial portfolio

Classification	Secured	Unsecured
1. Performing	1%	1%
2. a) Ongoing monitoring and low risk	3%	5%
2. b) under negotiation or financing agreement	6%	12%
3. Non-performing and middle risk	21%	25%
4. High insolvency risk and high risk	25%	50%
5. Non-recoverable	50%	100%
6. Non-recoverable as per applicable technical resolution	100%	100%

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

2) Consumption portfolio

Classification	Secured	Unsecured
1. Performing	1%	1%
2. Low risk	3%	5%
3. Moderate risk	21%	25%
4. High risk	25%	50%
5. Non-recoverable	50%	100%
6. Non-recoverable as per applicable technical resolution	100%	100%

This percentage applies to the total amount owed by the customer on the last business day of the month.

Computation of Guarantees:

In connection with the computation of guarantees and in order to determine provisions, financing is considered to be secured in the amount resulting from the application of coverage margins set forth in the rules on guarantees.

If the financing exceeds the coverage margin, a provision must be created in the percentage set forth for unsecured transactions. For a financing wholly covered by "A" preferred guarantees, a general provision is made for performing portfolios.

For debts of debtors in level 6 (Debtors of liquidated financial institutions) provisions are created for 100% of the financed amount, pursuant to the provisions of section 6 of the rules on "Debtor Classification".

(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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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.

Refinancing applies to individuals whose debt is 0-270 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" will be granted through the Collection Department.

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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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 12.31.19

Province	Debt in thousands of \$	%
Autonomous City of Buenos Aires	42,226,845	43.98%
Buenos Aires	19,292,646	20.09%
Catamarca	83,548	0.09%
Córdoba	4,142,820	4.31%
Corrientes	226,583	0.24%
Chaco	145,788	0.15%
Chubut	385,075	0.40%
Formosa	151,893	0.16%
Entre Ríos	239,580	0.25%
Jujuy	129,027	0.13%
La Pampa	103,855	0.11%
La Rioja	113,365	0.12%
Mendoza	13,308,943	13.86%
Misiones	128,993	0.13%
Neuquén	695,997	0.72%
Río Negro	462,172	0.48%
Salta	142,437	0.15%
San Juan	1,041,019	1.08%
San Luis	5,440,838	5.67%
Santa Cruz	59,534	0.06%
Santa Fé	3,533,513	3.68%
Santiago del Estero	97,993	0.10%
Tierra del Fuego	15,485	0.02%
Tucumán	3,856,374	4.02%
Total	96,024,323	100.00%

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

Breakdown of exposures by economic sector

Information as of 12.31.19

Segment	Debt in thousands of \$	%
Households	40,818,217	42.51%
Manufacturing Industry	12,070,178	12.57%
Services	10,496,522	10.93%
Businesses	11,092,857	11.55%
Construction	8,084,391	8.42%
Retail	6,164,089	6.42%
Primary production	3,658,572	3.81%
Other	3,639,496	3.79%
Total	96,024,323	100.00%

Breakdown of exposures by residual maturity

Information as of 12.31.19

Sector	Up to 30 days	31 to 90 days	91-180 days	181-360 days	+361 days	Total in thousands of \$
Documents/ Unsecured loans	5,760,404	6,964,640	4,492,004	612,170	770,680	18,599,898
Loans	3,479,546	1,208,388	1,754,632	3,372,728	10,681,280	20,496,574
Credit Cards	2,672,241	4,405,234	3,324,204	1,867,475	159,924	12,429,078
Foreign Trade	2,254,190	1,565,709	3,700,590	4,843,289	5,299,286	17,663,064
Advances	4,094,355	644,761	295,563	114,729	137,067	5,286,475
Leasing	181,954	218,453	302,035	569,082	1,929,604	3,201,128
Call	-214,132	0	0	0	0	-214,132
Other	7,572,966	0	0	0	182,838	7,755,804
Pledge	50,081	104,935	152,961	274,278	627,480	1,209,735
Mortgages	710	1,111	1,612	3,302	7,665,036	7,671,771
Possible Guar./ Resp.	0	0	0	0	1,924,927	1,924,927
Total	25,852,314	15,113,231	14,023,601	11,657,054	29,378,122	96,024,323

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

(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 12.31.19

Geographic distribution (Province)	Debt in thousands of \$	%
Autonomous City of Bs. As.	2,006,642	28.55%
Buenos Aires	1,154,991	16.43%
Catamarca	10,913	0.16%
Córdoba	562,776	8.01%
Corrientes	36,962	0.53%
Chaco	22,053	0.31%
Chubut	61,465	0.87%
Formosa	24,243	0.34%
Entre Ríos	33,855	0.48%
Jujuy	19,737	0.28%
La Pampa	17,490	0.25%
La Rioja	11,657	0.17%
Mendoza	999,300	14.22%
Misiones	27,956	0.40%
Neuquén	68,787	0.98%
Río Negro	79,687	1.13%
Salta	22,044	0.31%
San Juan	39,045	0.56%
San Luis	476,679	6.78%
Santa Cruz	18,027	0.26%
Santa Fé	110,403	1.57%
Santiago del Estero	18,539	0.26%
Tierra del Fuego	5,466	0.08%
Tucumán	1,199,178	17.06%
Total	7,027,892	100.00%

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



Segment	Debt in thousands of \$	%
Households	2,310,438	32.88%
Manufacturing Industry	283,770	4.04%
Services	154,881	2.20%
Businesses	1,123,908	15.99%
Construction	1,816,250	25.84%
Retail	367,181	5.22%
Primary production	707,086	10.06%
Other	264,379	3.76%
Total	7,027,892	100.00%

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

Information as of 12.31.19

Past due from	Consumption	Commercial	Similar to consumption	Total in thousands of \$
Not past due	293,227	167,654	111,129	572,010
1 to 30 days	78,189	18,902	57,032	154,123
31 to 60 days	62,414	54,370	41,591	158,375
61 to 90 days	67,771	39,656	47,493	154,920
91 to 180 days	802,708	1,312,738	259,050	2,374,496
181 to 360 days	994,587	2,037,202	252,361	3,284,150
More than 360 days	46,897	81,180	201,741	329,818
Total	2,345,793	3,711,702	970,397	7,027,892

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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

Information as of 12.31.19

Non-Impaired restructured exposures	
Debtor situation according to BCRA	Debt amount
1	788,685
2	179,343
Total	968,028

Impaired restructured exposures	
Debtor situation according to BCRA	Debt amount
3	151,006
4	251,970
5	21,975
6	6,467
Total	431,417

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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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:

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

- 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) of the assignor, in which one of the payors, as issuer, endorser, guarantor, meets at least one of the following conditions:
 - ✓ Its indebtedness ratio is equal to or higher than 170% of the total reference amount set forth in item 1.4 of the restated text of Guarantees pursuant to the latest information available of the "Central de deudores del sistema financiero" and according to at least two financial institutions, the indebtedness ratio – in each of them – is at least 85% of the reference amount. That person must be classified as "performing" by all financial institutions according to the "Central de deudores del sistema financiero", and in case it has negotiable obligations or other debt securities, compliance with the provisions of item 1.1.14.2 of the restated text of Guarantees must be verified.
 - ✓ The total amount of the financing granted to different assignors and granted by the entity under that scheme to the same payor cannot exceed the lower of 10% of its total indebtedness in the financial system, as reported by the "Central de deudores del sistema financiero", or 5 % of the regulatory capital of the entity for the prior month. That limit shall not apply if the obligor has a credit file with the entity, in which case transactions will be computed within the margins set forth by applicable regulations.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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- ✓ The negotiable obligations or other debt securities in the local market must not exceed 90% of the reference amount set forth in item 1.4 of the restated text of Guarantees, and comply with the provisions of item 2.2.1 of the regulations on "Credit Assessments"
- ✓ The total amount of the financing granted to different assignors and assigned by the entity under this scheme to the same payor cannot exceed 5% of the regulatory capital of the entity for the prior month. That limit shall not apply if the obligor has a credit filed with the entity, in which case transactions will be computed within the margins set forth by applicable regulations.

Reference amount: The amount to be considered shall be the maximum value of total annual sales for the "Micro" category of "Businesses" as set forth in item 1.1. of the regulations on "Determination of the status of Micro, Small, Medium or Large Companies" (12.500).

- 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).

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

Template CR3: Credit Risk Coverage Techniques – General

Information as of 06.30.20

		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	82,007,625	21,522,267	21,522,267	-	-	-	-
2	Securities	78,718	-	-	-	-	-	-
3	Total	82,086,343	21,522,267	21,522,267	-	-	-	-
	Of which, past-due	4,261,309	2,043,059	2,043,059	-	-	-	-

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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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

Information as of 06.30.20

		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	27,576,383	-	27,576,383	-	981,415	0.9%
2	Sovereigns and their central banks	74,835,366	-	74,835,366	-	169,487	0.2%
3	Multilateral development banks	-	-	-	-	-	0.0%
4	Domestic and foreign financial institutions	6,389,292	-	6,389,292	-	3,671,806	3.3%
5	Domestic and foreign companies	38,632,261	-	38,632,261	-	38,254,997	34.6%
6	Retail	39,760,269	-	39,760,269	-	36,427,300	32.9%
7	Secured by MGSs/Default funds	591,274	-	591,274	-	295,637	0.3%
8	General Residential Real Estate	8,428,297	-	8,428,297	-	5,414,308	4.9%
9	Other Real Estate	6,557,399	-	6,557,399	-	3,412,517	3.1%
10	Defaulted exposures	7,037,721	-	7,037,721	-	8,171,232	7.4%
11	Other assets	12,976,975	-	12,976,975	-	12,959,717	11.7%
12	Exposure to securitization and re-securitization	78,685	-	78,685	-	78,685	0.1%
13	Off-balance sheet items included in para.3.7.1. of rules on Minimum Capital Requirements for Financial institutions	-	1,147,411	-	630,929	633,412	0.6%
14	Off-balance sheet items related to securitization transactions	-	-	-	-	-	0.0%
15	Non DvP Transactions	-	-	-	-	-	0.0%
16	Production investment credit line not accounted for as minimum requirement	-	-	-	-	-	0.0%
17	Central counterparty (CCP) exposure	71,210	-	71,210	-	-	0.0%
18	Equity interests	92,584	-	92,584	-	138,876	0.1%

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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

Information as of 06.30.20

		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	22,669,414	-	4,906,942	-	-	-	27	-	-	-	27,576,383
2	Sovereigns and their central banks	74,665,879	-	-	-	-	-	169,487	-	-	-	74,835,366
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
4	Domestic and foreign financial institutions	331,698	-	2,983,964	-	65	-	3,070,733	-	2,832	-	6,389,292
5	Domestic and foreign companies	377,736	-	-	-	-	-	38,254,484	-	-	41	38,632,261
6	Retail	-	-	-	-	-	13,631,107	26,122,657	-	-	6,505	39,760,269
7	Secured by MGSs/Default funds	-	-	-	-	591,274	-	-	-	-	-	591,274
8	General Residential Real Estate	-	-	-	4,475,404	212,368	-	3,740,420	-	-	105	8,428,297
9	Other Real Estate	-	-	-	-	6,289,764	-	267,635	-	-	-	6,557,399
10	Defaulted exposures	-	-	-	-	1,503,157	518	1,763,608	-	3,770,438	-	7,037,721
11	Other assets	-	-	-	-	-	-	12,959,717	-	-	17,258	12,976,975
12	Exposure to securitization and re-securitization	-	-	-	-	-	-	78,685	-	-	-	78,685
13	Off-balance sheet items included in para.3.7.1. of rules on Minimum Capital Requirements for Financial institutions	-	-	-	-	45	-	626,251	-	4,634	-	630,929
14	Off-balance sheet items related to securitization transactions	-	-	-	-	-	-	-	-	-	-	-
15	Non DvP Transactions	-	-	-	-	-	-	-	-	-	-	-
16	Production investment credit line not accounted for as minimum requirement	-	-	-	-	-	-	-	-	-	-	-
17	Central counterparty (CCP) exposure	71,210	-	-	-	-	-	-	-	-	-	71,210
18	Equity interests	-	-	-	-	-	-	-	-	92,584	-	92,584



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 Credit Coordination Office and 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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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

Information as of 06.30.20

		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)					17,258	215,725
4	Comprehensive approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	Total						215,725

Template CCR2: Credit Valuation Adjustment (CVA) capital charge

The bank has no transactions that require calculating the CVA.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

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

Information as of 06.30.20

	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	71,210												71,210
Equity interests													

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



SUPERVIELLE

Template CCR8: Exposures to Central Counterparties.

Information as of 06.30.20

		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	21,934,150	-
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	28,687,251	358,590,641
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. Through these activities, Banco Supervielle consolidated its presence in the local securities market, reaching a solid position as arranger and dealer of financial trusts.

Many of these transactions include the securitization of loans originated by Banco Supervielle and other entities of Grupo Supervielle, such as Cordial 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.

Banco Supervielle and Cordial Compañía Financiera use loan securitization as additional 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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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The exposures that Banco Supervielle or Cordial 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 Cordial 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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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In the case of Cordial Compañía Financiera, as 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 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:

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

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.

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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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 06.30.20

There is no Securitization exposure in the trading book.

Template SEC2: Securitization Exposures in the Trading Book

Information as of 06.30.20

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 06.30.20

There is no Securitization exposure in the trading book.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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 06.30.20

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RWA	>20% to 50% RWA	>50% to 100% RWA	>100% to <1250% RWA	1250% RWA	IRB RBA (including IAA)	IRB SFA	SA	1250%	IRB RBA (including IAA)	IRB SFA	SA	1250%	IRB RBA (including IAA)	IRB SFA	SA	1250%
1	Total exposures																	
2	Traditional securitization																	
3	Of which, securitization																	
4	Of which, retail underlying																	
5	Of which, wholesale																	
6	Of which, re-securitization																	
7	Of which, senior																	
8	Of which, non-senior																	
9	Synthetic securitization																	
10	Of which, securitization																	
11	Of which, retail underlying																	
12	Of which, wholesale																	
13	Of which, re-securitization																	
14	Of which, senior																	
15	Of which, non-senior																	

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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

Information as of 06.30.20

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RWA	>20% to 50% RWA	>50% to 100% RWA	>100% to <1250% RWA	1250% RWA	IRB RBA (including IAA)	IRB SFA	SA	12.5	IRB RBA (including IAA)	IRB SFA	SA	12.5	IRB RBA (including IAA)	IRB SFA	SA	12.5
1	Total exposures																	
2	Traditional securitization																	
3	Of which, securitization																	
4	Of which, retail underlying			78,685					78,685				78,685				6,484	
5	Of which, wholesale																	
6	Of which, re-securitization																	
7	Of which, senior																	
8	Of which, non-senior																	
9	Synthetic securitization																	
10	Of which, securitization																	
11	Of which, retail underlying																	
12	Of which, wholesale																	
13	Of which, re-securitization																	
14	Of which, senior																	
15	Of which, non-senior																	



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.

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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.

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.

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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- 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 Cordial 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 Cordial 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 Cordial 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

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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 seven spot rate curves:

- Spot rate curve PESOS
- Spot Rate Curve PESOS + BADLAR
- Spot Rate Curve PESOS + CER
- Spot Rate Curve DOLLAR
- Spot Rate Curve for futures in USD
- Spot Rate Curve for futures in GOLD
- Spot Rate Curve for futures in EURO

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

Methods used for Market Risk management

Banco Supervielle and Cordial 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.

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Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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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:

$$VaR(\$) = [\sigma_p * \sqrt{hp} * N[0; 1](\alpha)] * V_p + VaR_o \quad (1)$$

Where:

Market Discipline

Figures in thousands of pesos as of 12.31.2019 (unless otherwise stated).



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Value at Risk (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 σ_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.

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

V_p : is the value of the given portfolio.

VaR_0 : 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 (σ_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 λ 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.

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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 Cordial 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.

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Template MR1: Market Risk – Standardized Approach

Risk Weighted Assets.

Information as of 06.30.20

		a
		RWA
	Outright products	
1	Interest rate risk (general and specific)	4,221,163
2	Equity risk (general and specific)	70,125
3	Foreign Exchange risk	171,925
5	Options	
6	Simplified Approach	
7	Delta-plus Method	
9	Total	4,463,213



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, foreign rate and CER and UVA adjustments 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. Flatteners or steepeners
 - c. Short term rate up or short-term rate down

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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 Cordial Compañía Financiera.

- **EVE Approach based on IMS:** In addition to the standardized approach, Banco Supervielle and Cordial 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. Unlike the Standardized Approach, the IMS used by the Entity consider that UVA adjusted assets and liabilities are subject to interest rate risk, therefore the UVA variable is included as an additional risk factor, as well as the lending rates and funding rates in pesos and in US Dollars.
- **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

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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 IMS includes CER/UVI/UVA adjusted facilities, which are excluded from the standardized approach. This increases the risk measurement according to the IMS since it uses a different discount curve for this type of instruments which are considered fixed rate instruments in another pseudocurrency, originating an additional mismatch of currencies and terms.
- ✓ 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:

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

- 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 $S_{short}(tk) = e^{\frac{-tk}{x}}$, where $x = 4$, diminishes towards zero at the tenor of the longest point in the term structure.

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

- 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:

$$S_{long}(tk) = 1 - S_{short}(tk)$$

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

- Rotation shocks for currency c: involving rotations to the term structure (i.e. steepeners and flatteners) 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:

$$\Delta R_{steepener,c}(tk) = -0,65 \times |\Delta R_{short,c}(tk)| + 0,9 \times |\Delta R_{long,c}(tk)|$$

$$\Delta R_{flattener,c}(tk) = +0,8 \times |\Delta R_{short,c}(tk)| - 0,6 \times |\Delta R_{long,c}(tk)|$$

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

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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.
- ✓ 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.
- ✓ 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,

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considers 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.

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Information as of 12.31.19 (Corresponding to Consolidation Level 2)

(continued)

That drop in rates had the opposite effect in the NII approach, reducing the risk on financial results.



Section 13. Remuneration

Qualitative Disclosures

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

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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.

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.

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- 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.

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-

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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).

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:

$$\text{Bonus} = A \times B \times C \times D \times E$$

A = Target bonus

B = % of achievement of individual objectives

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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 70% the officer receives no bonus, or if the Budget performance percentage is lower than 70%, none of the officers receive a bonus.
 - Even if according to the above formula the calculated bonus is higher than 150% of the target bonus, no bonus is paid in excess of 150% 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.

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.

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- 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.

The Bank implemented a two-year objective-based incentive payment. The evaluation to determine that those objectives are achieved is made at the end of the first year and the second year. If some objectives are still under way, the Human Resources Committee analyses the degree of achievement and progress to determine if said objectives were achieved or not.

To be eligible to that incentive, employees must be active at the time of payment of said deferred remuneration determined in the first quarter following the term of one year. In case of resignation or termination by the organization for any cause, the officer will not be eligible to receive that bonus, in whole or in part.

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. It also has in place a retirement insurance program with specific 2-year business objectives.

- A discussion of the use of the different forms of variable remuneration.

Only cash and a retirement insurance program are used to pay variable remuneration.

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Template REM1: Remuneration awarded during the financial year.

Information as of 12.31.19

	Remuneration amount		a	b
			Senior Managers	Other material risk takers
1	Fixed remuneration	Number of employees	15	3
2		Total fixed remuneration (3+5+7)	130,565	25,664
3		Of which: cash-based	130,565	25,664
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	15	3
10		Total variable remuneration (11+13+15)	52,994	23,100
11		Of which: cash-based	52,994	23,100
12		Of which: Deferred	194,880	-
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)		183,559	48,764

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Template REM2: Special payments

No special payments were made (Guaranteed bonuses, Sign-on Awards, Severance payments) during 2019 to Senior Management or other material risk takers.

Template REM3: Deferred remuneration

Information as of 12.31.19

	a	b	c	d	s
Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustments	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior Management					194,880
Cash					
Shares					
Cash-linked instruments					
Other					
Other material risk takers					
Cash					
Shares					
Cash-linked instruments					
Other					
Total					194,880



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:** Addressed particularly to referents of processes and correspondents, to raise awareness on 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.

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 Risks Department reports to the Chief Risk Officer of Grupo Supervielle. In the case of Cordial Compañía Financiera (CCF), the Operational Risk Unit is within the scope of the Risks Department, which reports to the Chief Risk Officer of Grupo Supervielle.

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Additionally, 3 officers are involved in each of the entity's processes (in the case of CCF only the first two):

- **Process Referent:** is the person in charge of:
 - ✓ Designing and achieving the process goals, and of their continuous improvement.
 - ✓ Defining and implementing the actions and mechanisms intended to maintain the process under control and to make it reliable.
 - ✓ Defining the level of service provision to internal and/or external customers.
 - ✓ Identifying and agreeing on changes and/or improvements related to the process.
 - ✓ Managing the process risks within an adequate internal control framework, taking an active part in the annual RCSA process.
 - ✓ Taking the steps required for an adequate process documentation.
 - ✓ Identifying situations that reflect flaws, irregularities or lack of knowledge related to the process.
 - ✓ Managing the needs to provide training or adopting the necessary corrective measures.
- **Operational Risk Correspondents:** Each process must have at least one operational risk correspondent involved, appointed by mutual agreement by the process owner and the Operational and Technological Risk area, 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.
 - ✓ Actively participating in the annual RCSA process, assisting the process referent in the preparation, identification, analysis and evaluation of risks and in the constant update of risk matrices under the supervision of the Operational Risk Unit.
 - ✓ Assisting the process owner in the follow up of 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:

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- ✓ 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 processes, 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.

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- ✓ 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 Cordial 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 its 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.

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In the case of Cordial 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.