
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

(Mark One)

Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934

or

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2023

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

or

Shell Company Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of the event requiring this shell company report.

For the transition period from _____ to _____

Commission file number: 001-32827

BANCO MACRO S.A.

(Exact Name of Registrant as Specified in its Charter)

Macro Bank, Inc.

(Translation of registrant's name into English)

Republic

of

Argentina

(Jurisdiction of incorporation or organization)

Avenida Eduardo Madero 1182, City of Buenos Aires, Argentina

(Address of registrant's principal executive offices)

Jorge Francisco Scarinci

Chief Financial Officer

Banco Macro S.A.

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(Name, telephone, e-mail and/or facsimile member and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
American Depositary Shares Class B ordinary shares, par value Ps.1.00 per share	BMA BMA	New York Stock Exchange New York Stock Exchange(*)

(*) Ordinary shares of Banco Macro S.A. are not listed for trading but only in connection with the registration of American Depositary Shares which are evidenced by American Depositary Receipts.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

11,235,670 Class A ordinary shares, par value Ps.1.00 per share

628,177,738 Class B ordinary shares, par value Ps.1.00 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of “large accelerated filer, accelerated filer and emerging growth company” in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the

filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17

Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court.

Yes

No

Auditor firm Id: PCAOB ID: 1449 Auditor Name: Pistrelli, Henry Martin y Asociados S.R.L. (member of Ernst & Young Global Limited) Auditor
location: City of Buenos Aires, Argentina.

Please send copies of notices and communications from the Securities and Exchange Commission to:

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Certain defined terms

In this annual report, we use the terms “the registrant,” “we,” “us,” “our” the “Bank” to refer to Banco Macro S.A. and its subsidiaries, on a consolidated basis. References to “Banco Macro” refer to Banco Macro S.A. on an individual basis. References to “Class B shares” refer to shares of our Class B common stock and references to “ADSs” refer to American depositary shares representing our Class B shares, except where otherwise indicated by the context.

The term “Argentina” refers to the Republic of Argentina. The terms “Argentine government” or the “government” or the “Federal government” refer to the federal government of Argentina, the term “Argentine Congress” refers to the Argentine National Congress, the legislative branch of the government of Argentina. The term “Central Bank” refers to the Banco Central de la República Argentina, or the Argentine Central Bank, the term “Superintendency” refers to the Superintendencia de Entidades Financieras y Cambiarias or the Superintendency of Financial and Exchange Entities, the term “CNV” refers to the Comisión Nacional de Valores, or the Argentine Securities Commission, the term “UIF” refers to the Unidad de Información Financiera or Financial Information Unit, the term “BYMA” refers to Bolsas y Mercados Argentinos S.A., or the Buenos Aires Stock Exchange, the term “MAE” refers to Mercado Abierto Electrónico S.A., the term “NYSE” refers to the New York Stock Exchange, the term “IGJ” refers to the Inspección General de Justicia, or Public Registry of Buenos Aires and the term “ANSES” refers to the Administración Nacional de la Seguridad Social or National Social Security Agency. The term “SMEs” refers to Pequeñas y Medianas Empresas or small- and medium-sized companies.

The terms “U.S. dollar” and “U.S. dollars” and the symbol “U.S.\$” refer to the legal currency of the United States. The terms “Peso” and “Pesos” and the symbol “Ps.” refer to the legal currency of Argentina. “Billion” refers to the number 1,000,000,000 and “Trillion” refers to the number 1,000,000,000,000. “Central Bank Rules” refers to the accounting and other regulations of the Central Bank. “IFRS” refers to the International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”).

The term “GDP” refers to gross domestic product and all references in this annual report to GDP growth are to real GDP growth. The term “INDEC” refers to the National Statistics Institute (Instituto Nacional de Estadísticas y Censos). The term “CER,” or benchmark stabilization coefficient, is an index issued by the Argentine government which is used to adjust value of credits and deposits. Pursuant to Resolution No. 203/2016 from the former Ministry of Economy and Finance, as of June 2016, the Consumer Price Index (Índice de Precios al Consumidor) currently in force and used to adjust the CER. The term “UVI” means Unidad de Vivienda, it represents the cost of construction of one thousandth square meter of housing. The term “UVA” means Unidad de Valor Adquisitivo, it is an index determined by the Central Bank, reflecting the variation of one-thousandth of the average value of a square meter built for housing in Argentina (such that 1,000 UVAs are equivalent to one square meter). This value was initially set at Ps.14.05 and is updated daily based on the variation in the CER since March 31, 2016.

Presentation of certain financial and other information

Our consolidated financial statements included in this annual report have been prepared in accordance with IFRS as issued by the IASB.

The consolidated financial statements as of December 31, 2023, and the corresponding figures for the previous fiscal years have been restated for the changes in the general purchasing power of the functional currency (Pesos) of the Bank as established by IAS 29. As a result, those consolidated financial statements are stated in terms of the current measuring unit at the end of the reporting period (December 31, 2023), except otherwise indicated. The inflation rate was 211.4%, 94.8% and 50.9% for the fiscal years ended on December 31, 2023, 2022 and 2021 respectively.

Solely for the convenience of the reader, the reference exchange rate for U.S. dollars as of December 29, 2023, as reported by the Central Bank was Ps.808.4833 to U.S.\$1.00.

The accompanying consolidated financial statements include the financial statements, as of December 31, 2023, of the Bank and the following controlled entities:

- Macro Bank Limited;
- Macro Securities S.A.U. (“Macro Securities”);
- Macro Fiducia S.A.U. (“Macro Fiducia”);
- Macro Fondos S.G.F.C.I. S.A. (“Macro Fondos”);
- Argenpay S.A.U. (“Argenpay”);
- Fintech SGR (“Fintech”);
- Macro Agro S.A.U. (“Macro Agro”) (formerly known as Comercio Interior S.A.U.);
- Banco BMA S.A.U. (“Banco BMA”) (formerly known as Banco Itaú Argentina S.A.) (consolidated since November 2023);
- BMA Asset Management S.A. (“BMA Asset Management”) (formerly known as Itaú Asset Management S.A.) (consolidated since November 2023); and
- BMA Valores S.A. (“BMA Valores”) (formerly known as Banco Itaú Valores S.A.) (consolidated since November 2023).

IFRS differs in certain aspects from Central Bank Rules. As a result, our financial information presented under IFRS is not directly comparable to our financial information presented under Central Bank Rules. Accordingly, readers should exercise caution when making any comparison.

Rounding

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Market Data

We make statements in this annual report about our competitive position and market share in, and the market size of, the Argentine banking industry. We have made these statements on the basis of statistics and other information from third-party sources that we believe are reliable. Although we have no reason to believe any of this information or these reports are inaccurate in any material respect, we have not independently verified the competitive position, market share and market size or market growth data provided by third parties or by industry or general publications.

Our internet site is not part of this Annual Report

We maintain our website at www.macro.com.ar. Information contained in or otherwise accessible through this website is not a part of this annual report. All references in this annual report to this internet site are inactive textual references to this URL, or “uniform resource locator” and are for informational reference only.

Cautionary statement concerning forward-looking statements

This annual report contains certain statements that we consider to be “forward-looking statements.” We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed elsewhere in this annual report, could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

- changes in economic, business, political, legal, social or other conditions in Argentina and worldwide;
- governmental intervention and regulation (including banking and tax regulations);
- developments in the global financial markets;
- deterioration in the Argentine financial system or regional business and economic conditions;
- inflation;
- fluctuations and declines in the exchange rate of the Peso;
- changes in interest rates which may adversely affect financial margins;
- adverse legal or regulatory disputes or proceedings;
- credit and other risks of lending, such as increases in defaults by borrowers and other delinquencies;
- increase in the provisions for loan losses;
- fluctuations and declines in the value of Argentine public debt, as well as the Argentine government’s inability to successfully restructure dollar-denominated foreign public indebtedness;
- decrease in deposits, customer loss and revenue loss;
- competition in banking, financial services and related industries and the loss of market share;
- cost and availability of funding;
- the integration of any acquisitions and the failure to realize expected synergies;
- the impact of the pandemic disease such as the coronavirus disease (“COVID-19”) on the economy, and on our customers, employees, vendors and us; and
- the risk factors discussed under Item 3.D “Risk Factors.”

The words “believe”, “may”, “will”, “aim”, “estimate”, “continue”, “anticipate”, “intend”, “expect”, “forecast” and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulations and the effects of competition. Forward-looking statements speak only as of the date they were made, and we disclaim any obligation to update publicly or to

revise any forward-looking statements after we distribute this annual report due to new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this annual report might not occur and are not guarantees of future performance.

Sections of this annual report that by their nature contain forward-looking statements include, but are not limited to, Item 3. “Key Information,” Item 4. “Information on the Bank,” Item 5. “Operating and Financial Review and Prospects” and Item 11. “Quantitative and Qualitative Disclosure About Market Risk.”

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

A. [Reserved]

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

You should carefully consider the risks described below with all of the other information included in this annual report before deciding to invest in our Class B shares or our ADSs. If any of the following risks actually occurs, it may materially harm our business and our financial condition and results of operations. As a result, the market price of our Class B shares or/and our ADSs could decline, and you could lose part or all of your investment.

Investors should carefully read this annual report in its entirety. They should also take into account and evaluate, among other things, their own financial circumstances, their investment goals, and the following risk factors.

Information provided by the Central Bank of Argentina and/or the INDEC and the information included in this section has been prepared in accordance with a methodology that may not necessarily follow the methodology used for the preparation of our consolidated financial statements included in this annual report (e.g. it has not been adjusted for inflation), as a result of the aforementioned may not be comparable.

Risks relating to Argentina

The Argentine economy could be adversely affected by the economic, social and political measures adopted by the Argentine government.

Substantially all of our operations, properties and customers are located in Argentina and, as a result, our business is to a large extent dependent upon macroeconomic, political, regulatory and social conditions prevailing in Argentina, including but not limited to, the following: (i) international demand and prices for Argentina’s commodity exports; (ii) competitiveness and efficiency of domestic industries and services; (iii) stability and competitiveness of the Peso against foreign currencies; (iv) foreign and domestic investment and financing; (v) level of foreign exchange reserves in the Central Bank which may cause abrupt changes in currency values and exchange and capital control regulations; (vi) interest rates, inflation, wage and price controls; (vii) labor disputes and work stoppages; (viii) the level of expenditure by the Argentine government and ability to sustain fiscal balance; (ix) changes in economic or fiscal policies implemented by the Argentine government; and (x) the level of unemployment, political instability and social tensions.

In the last few years, developments in economic, regulatory and social conditions in Argentina, and measures taken by the Argentine government, have had and are expected to continue to have a significant impact on our business, results of operations and financial condition. The Argentine government has been directly intervening in the economy and in private sector operations and companies, limiting certain aspects of private sector businesses, establishing (i) minimum salary levels and mandatory employees’ benefits, (ii) price controls, (iii) requirements for business to submit monthly information on prices, quantities sold of final and intermediate goods and stock, and (iv) controls over tariffs for public services. Employers, both in the public and private sector, have also been experiencing intense pressures from their personnel, or from the labor unions representing them, demanding salary increases and certain benefits for the workers, given the high inflation rates.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency devaluation.

If economic conditions in Argentina were to deteriorate, or the economy were to continue to contract, if inflation were to accelerate further, or if the Argentine government's measures to attract or retain foreign investment and international financing in the future to incentivize domestic economy activity are unsuccessful, such events could adversely affect Argentina's economic growth and in turn affect our financial condition and results of operations.

On November 19, 2023, presidential elections were held, in which Javier Milei from the "La Libertad Avanza" party was elected President, defeating the two parties that governed Argentina in recent years. We cannot foresee the impact that the new administration's actions (including the prospective dollarization of the economy) will have on the Bank's business, financial condition, results of operations and cash flows. Political uncertainty regarding measures to be adopted by the Argentine government could affect macroeconomic, political, regulatory, or social conditions in Argentina. Furthermore, the capacity of the incumbent government to secure necessary alliances to introduce or amend legislation remains uncertain.

The Argentine government faces unique macroeconomic challenges, such as reducing the inflation rate, achieving commercial and fiscal surpluses, accumulating reserves, supporting the peso, refinancing debt owed to private creditors, and improving the competitiveness of local industry based on different factors that affect it (including the invasion of Ukraine by the Russian Federation and the conflict between Israel and Hamas in the Gaza Strip). Most recently, on April 1, 2024 an air strike on an Iranian consulate building in Damascus, Syria resulted in the death of senior Iranian commanders. In retaliation, Iran launched drones and missiles towards Israel. Subsequently, on April 19, 2024, Israel conducted a military attack against targets in Iran. These developments have led to heightened regional tensions and uncertainty.

The new administration has enacted Decree No. 70/2023 contemplating several measures to reduce the size of the public administration and public expenses and to de-regularize the economy. Decree No. 70/2023 was analyzed by the Chamber of Senators on March 14, 2024 where it obtained 42 votes against, 25 in favor and 4 abstentions and despite its rejection, the rights acquired during its effectiveness will remain enforceable. Decree No. 70/2023 is yet to be analyzed by the Chamber of Deputies.

In addition, on December 27, 2023, the Argentine Executive Branch presented a draft bill to the Argentine Congress entitled "Bases and Starting Points for the Freedom of the Argentine People." The draft bill declares a public emergency in economic, financial, fiscal, social security, defense, tariff, energy, health and social matters until December 31, 2025, extendable for two additional years, and delegates a series of legislative powers to the Argentine Executive Branch for the duration of the emergency. The bill also includes a series of legal, institutional, tax and criminal reforms spanning various economic sectors, alongside a significant reformulation of the current labor scheme (e.g., individual labor relations, collective bargaining, essential services, union powers, etc.). However, due to a judicial measure requested by the General Confederation of Labor (i.e., the main labor union entity in the country), a precautionary suspension of the labor provisions of such Decree (present in Chapter IV) was ordered, pending an analysis of the constitutional validity of such Decree. Therefore, it will be important to see how the Courts proceed with respect to the enforceability of the Decree.

As of the date of this annual report, the Chamber of Deputies had preliminarily approved the bill by 144 votes in favor and 109 against. However, a subsequent article by article examination led to its rejection and referral back to the committee. Its reconsideration by the committee and the Chamber of Deputies will follow standard legislative processes, as if it had not previously been sanctioned. As of the date of this annual report, it is not possible to establish when the bill will be dealt with in committee. However, in order for the bill to pass, Javier Milei needs to forge alliances with the other political associations in order to obtain the additional votes needed for the bill to enter into force.

During the 2024 opening legislative sessions, President Milei called on governors, former presidents and leaders of the main political parties to put aside their personal interests and meet on May 25, 2024 in the province of Córdoba to sign a new social contract, called the "May Pact" (*Pacto de Mayo*), which establishes the ten principles of the proposed new Argentine economic order. These are: (i) the inviolability of private property, (ii) non-negotiable fiscal balance; (iii) the reduction of public expenditure; (iv) a tax reform that reduces fiscal pressure over the Argentine population; (v) a federal tax reform; (vi) the provinces commitment for the natural resources exploitation; (vii) a labor reform; (viii) a reform to the retirement system; (ix) a political structural reform; and (x) the opening of international trade in a way that Argentina becomes a protagonist in the global market again.

It is difficult to predict the social, political or economic impact of the measures announced and implemented by the government to date and/or future measures and/or the outcome of the ambitious deregulation scheme purported to be enforced by means of Decree No. 70/2023 and the abovementioned draft bill. Such measures could affect our financial condition and results of operations.

The Argentine economy could be adversely affected by economic, political and geopolitical developments in other countries.

Argentina's economy remains vulnerable to external shocks that could be caused by a variety of adverse regional or global developments. This includes global economic instability driven by uncertainty about trade policies, the economic conditions in its major trading partners (including Brazil, the European Union, China and the United States), and geopolitical tensions. The geopolitical conflicts, notably the ongoing dispute between Russia and Ukraine, and between Israel and Hamas in the Gaza Strip, contribute to this instability by causing heightened inflation, supply chain problems, interest rate increases, market volatility, and impacts on commodity prices, particularly crude oil and gas. These conflicts could further slow the global economy and affect the payment capacity of our customers, especially those with exposure to the Russian or Ukrainian markets.

In October 2023, the Israeli-Palestinian conflict intensified as Hamas, which has controlled the Gaza Strip for over 15 years, infiltrated the militarized border into Israel. This incursion led to swift Israeli military responses, including the declaration of a state of war and the launch of Operation Iron

Sword. The Israeli army mobilized to reinforce the borders, encircle the Gaza Strip, and search for Hamas terrorists within Israeli territory. The armed conflict continues, and additional tension in the region has increased as Israel was involved in the bombing of an Iranian consulate in Syria, which escalated tensions with Iran. As a consequence of the ongoing conflict between Israel and Hamas, which already involved several jurisdictions (given that

Israel has received attacks from Hezbollah cells spread across the region -which in many cases it responded to-, on, April 13, 2024, Iran launched an unprecedented attack on Israel in a new escalation of the violent situation in the Middle East. Iran's offensive is in retaliation for an Israeli attack on its consulate in Damascus, Syria, which resulted in the death of an Iranian military commander. This attack signals the beginning of an open conflict between two nations, and it cannot be assured that there will be no other countries involved. As of the date of this annual report, the conflict is ongoing, and the potential consequences of a broader regional escalation remain uncertain.

The imposition of economic sanctions and trade restrictions against Russia by the United States, European Union, United Kingdom, and other major economies could lead to an increase in severity, resulting in raw material shortages, higher inflation levels, and supply chain interruptions. Interruptions in the global supply chain could affect various sectors, particularly energy, and create difficulties in local markets.

Furthermore, global economic and financial crisis, the general weakness of the global economy and instability in the international financial system, negatively affect emerging economies like Argentina. The Argentine economy could suffer from lower international demand and lower prices for its products and services, lower capital inflows and higher risk aversion, which may also adversely affect our business, results of operations, and financial condition. In addition, the long-term effects of the expansionary monetary and fiscal policies adopted by central banks and financial authorities in some of the world's major economies, including the United States and China, are uncertain.

The Argentine economy may also be affected by conditions in developed economies, such as the United States, which are significant trading partners of Argentina or have an influence on international business cycles. If interest rates increase significantly in developed economies, including the United States (which has occurred in recent years), Argentina and its developing economy trading partners, such as Brazil, could find it more challenging and burdensome to borrow capital and refinance existing debt, which could adversely affect economic growth in those countries. Reduced growth in Argentina's trading partners could have a material adverse effect on Argentina's export markets and, in turn, adversely affect economic growth.

During the first quarter of 2023, the failure of significant banking entities including Silicon Valley Bank on March 10, 2023 the largest U.S. bank to fail since the collapse of Washington Mutual in 2008, and Signature Bank shortly thereafter, sparked concerns about liquidity and stability in the global banking system. These events have had a ripple effect, influencing the shares of banks such as Credit Suisse and causing concern at the European Central Bank due to the sell-off of Deutsche Bank's shares. Although the U.S. government decided not to bail out the institutions, it assured depositors that their holdings would not be affected. Subsequently, U.S. bank First Citizens agreed to purchase all Silicon Valley Bank's loans and deposits.

We cannot assure investors that developments in other markets will not affect macroeconomic, political, or social conditions in Argentina. Consequently, there is a risk that our business, results of operations, and financial condition may be adversely impacted by these multifaceted external influences. The exact consequences of these developments on the global economy and financial markets, and by extension on the Argentine economy, are challenging to predict due to the complexities involved.

Argentina's ability to obtain financing from international markets may be limited or costly, which may impair its ability to implement reforms and public policies and foster economic growth.

During recent years Argentina has experienced financial distress, which have led to difficulties in the payment of its sovereign debt.

During 2020 the Argentine government engaged in negotiations with Argentina's creditors to restore the sustainability of its public external debt. In August 2020, the Argentine government restructured approximately U.S.\$66.5 billion of its foreign currency global bonds issued under foreign laws exchanging such bonds for new bonds. Moreover, in June 2021, Argentina reached an agreement with the Paris Club members under the Paris Club 2014 Settlement Agreement to extend the maturity of its obligations until March 2022. On March 22, 2022, the Argentine government reached an agreement with the Paris Club for a new extension of the understanding reached in June 2021.

On October 28, 2022, the former Minister of Economy, Sergio Massa, announced a new agreement with the Paris Club. The agreement is an addendum to the one signed in 2014 by the then Minister of Economy, Axel Kicillof, and recognizes a principal amount of U.S.\$ 1,971 million, extending an amortization term of thirteen semi-annual installments, starting in December 2022 to be finally cancelled in September 2028. The interest rate was improved from 9.00% to 3.90% in the first three installments, with a gradual increase to 4.50%. The payment profile implies an average semiannual payment of U.S.\$ 170 million (principal and interest included). Over the next two years, Argentina will repay 40.00% of the principal due.

On June 26, 2023, the former Minister of Economy, Sergio Massa signed bilateral agreements with three members of the Paris Club to refinance the existing debt with the institution. Thus, after signing the new agreement reached in 2022, the former Minister of Economy was able to seal bilateral agreements with 15 of the 16 creditors of the institution.

In addition, the Argentine government negotiated with the International Monetary Fund (IMF) in order to renegotiate the principal maturities of the U.S.\$ 44.1 billion disbursed between 2018 and 2019 under a Stand-By Agreement, originally planned for the years 2021, 2022, and 2023.

On January 28, 2022, the Argentine government announced it had reached an agreement with the IMF on the most relevant points. On March 3, 2022, the Argentine government and the IMF announced that the agreement is based on what is known as the IMF's Extended Fund Facility, which includes 10 reviews to be carried out quarterly for two and a half years. The disbursements will be made after each review. The repayment period for each disbursement is 10 years, with a grace period of four and a half years, starting in 2026 and ending in 2034.

The program seeks to solve the problem of high inflation through the reduction of monetary financing of the fiscal deficit and a monetary policy framework that generates positive real interest rates; improve public finances through progressivity, efficiency and tax compliance; and strengthen Argentina's balance of payments through policies that stimulate reserve accumulation, net exports and maintain a competitive real effective exchange rate.

The program was approved by the Argentine Congress through Law No. 27,668 on March 17, 2022, being enacted by means of Decree No. 130/22.

On March 25, 2022 the IMF Executive Board approved a thirty-month agreement under the Extended Fund Facility for an amount equivalent to U.S.\$44 billion, including an immediate disbursement of U.S.\$9.6 billion. On June 8, 2022, the IMF approved the first review of the agreement, giving access to Argentina to U.S.\$ 4.03 billion. On October 7, 2022, the IMF approved the second review of the agreement and authorized the disbursement of U.S.\$ 3.8 billion. On December 2022, the IMF Board approved the third quarter targets (July to September 2022) and authorized a disbursement of approximately U.S.\$ 6.0 billion.

On March 13, 2023, the IMF issued a press release in response to the increasingly severe impact of the drought, announcing that the IMF staff and the Argentine authorities reached an agreement to modify the net international reserves accumulation target for 2023. On April 1, 2023, the IMF Executive Board approved the fourth review of the program with Argentina. As a result, Argentina received an immediate disbursement of U.S.\$ 5.4 billion. On August 23, 2023, the IMF confirmed the approval of the fifth and sixth reviews of the program and approved the disbursement of U.S.\$ 7.5 billion to Argentina.

On January 31, 2024, the Executive Board of the IMF concluded the seventh review of the agreement which enables and immediate disbursement of around U.S.\$ 4.7 billion, this brings total disbursements under the arrangement to approximately U.S.\$ 41 billion. As described by the IMF, Argentina is implementing an ambitious stabilization plan centered on the establishment of a strong fiscal anchor along with policies to durably bring down inflation and strengthen reserves.

In the event that the Argentine government does not comply with the economic and fiscal commitments and targets agreed with the IMF, Argentina could default on its debt with the IMF and, consequently, its financial and economic situation could be adversely affected.

We cannot assure that the conditions of the agreements with the IMF and the Paris Club will not affect Argentina's ability to implement reforms and public policies and boost economic growth. We also cannot predict the impact of the stabilization plan being implemented nor the impact of the outcome of that negotiation on Argentina's (and indirectly our) ability to access the international capital markets.

In spite of the restructuring of the Argentine public debt carried out in 2020, the international markets continue showing signs of doubts as to whether Argentina's debt is sustainable and, therefore, country risk indicators remain high. As of December 29, 2023, the country risk stood at 1,906 points. As of April 19, 2024, it was at 1,216 points. According to a Morgan Stanley Capital International ("MSCI") release, Argentina was considered an "emerging market" until June 2021, when it was reclassified as a "standalone market", investing in such markets generally carries additional risks.

There can be no assurances that Argentina's credit ratings will be maintained or that they will not be downgraded, suspended or cancelled. Any credit rating downgrade, suspension or cancellation for Argentina's sovereign debt may have an adverse effect on the Argentine economy and on our business. As such, any adverse effect on our business due in part to changes in Argentina's credit rating may adversely affect the market price and trading of our securities. Argentina's lack of access to financing in the international financial markets may have a direct impact in our ability to access the financial markets to fund our operations, including the financing of capital expenditures, which in turn may negatively affect our business financial position and results of operations.

Argentina is subject to litigation by foreign shareholders of Argentine companies and holders of Argentina's defaulted bonds, which have resulted and may result in adverse judgments or injunctions against Argentina's assets and limit its financial resources.

There are outstanding claims against the Argentine government submitted before the International Centre for Settlement of Investment Disputes ("ICSID") which may entail new sanctions against the Argentine government, which in turn could have a substantially adverse effect on the Argentine government's ability to implement reforms and to foster economic growth and to access credit or international capital markets. We cannot assure you that in the future the Argentine government will not breach its obligations.

Litigation, as well as ICSID claims against the Argentine government, have resulted in material judgments and may result in further material judgments, and could result in attachment of or injunctions relating to assets of Argentina that the government intended for other uses. As a consequence, the Argentine government may not have all the necessary financial resources to honor its obligations, implement reforms and foster growth, which could have a material adverse effect on Argentina's economy, and consequently, our business, financial condition and results of operations.

There are pending ICSID claims against the Argentine government which could result in further awards against Argentina, which in turn could have a material adverse effect on the Argentine government's ability to implement reforms and foster economic growth. As of the date hereof, there are (i) six outstanding final awards issued by ICSID tribunals against Argentina for a total of U.S.\$804 million, (ii) one ICSID award against Argentina for U.S.\$21.7 million pending annulment requested by Argentina, and (iii) five ongoing ICSID proceedings against Argentina with claims totaling U.S.\$2,950 million.

In addition to the above, there (i) are two final UNCITRAL (United Nations Commission on International Trade Law) awards against Argentina for a total of U.S.\$7.5 million, (ii) one ICC (International Chamber of Commerce) award for U.S.\$67.1 million against Argentina pending annulment requested by Argentina, (iii) one ongoing UNCITRAL proceeding against Argentina for U.S.\$11 million, and (iv) two suspended ICC proceedings with claims totaling U.S.\$200.7 million. We cannot guarantee that in the future the Argentine government will not default on its obligations.

It is important to note the ruling in the lawsuit brought by Petersen and Eton Park Capital Management, L.P., Eton Park Master Fund, LTD. and Eton Park Fund, L.P. who filed opening briefs in support of cross-motions for summary judgment with respect to a claim of liability and damages against YPF S.A. ("YPF") and Argentina. Plaintiffs requested the United States District Court for the Southern District of New York (the "District Court") for summary judgment in their favor, while each of the defendants argued that they had no liability and should not indemnify the plaintiffs and requested the District Court for summary judgment in their favor and to dismiss all remaining claims against them.

In a decision rendered on March 31, 2023, the District Court granted YPF's summary judgment motion and denied plaintiffs' summary judgment motion as to YPF in its entirety. The District Court decided that YPF has no contractual liability and owes no damages to plaintiffs for breach of contract and, accordingly, dismissed plaintiffs' claims against YPF. The District Court denied the Argentina's motion for summary judgment, and the proceeding continued between plaintiffs and Argentina. On September 15, 2023, a final judgement against Argentina was rendered, in which the District Court ordered that the plaintiffs shall recover on their claim for breach of contract from Argentina approximately U.S.\$ 16 billion and, in accordance with the decision rendered on March 31, 2023, decided to dismissed plaintiffs' claims against YPF. The plaintiffs then asked the District Court to order Argentina to deposit a guarantee equivalent to the full amount of the ruling with the court. Argentina asked for an extension to deposit such guarantees which was denied by the District Court. Additionally, Argentina is filing for an appeal of the final ruling. On October 18, the plaintiffs appealed the District Court's final judgment. Recognizing that failure to address these issues could increase the risk of political instability, distort decision-making processes and negatively affect Argentina's international reputation and its ability to attract foreign investment, the Argentine government has announced several measures aimed at strengthening Argentine institutions and reducing corruption. These measures include the reduction of criminal convictions in exchange for cooperation with the government in corruption investigations, increased access to public information, the restitution to the state of assets of corrupt officials, the increase of the powers of the Anti-Corruption Office, the presentation of a draft of a new public ethics law, among others. The ability of the Argentine government to implement these initiatives is uncertain, as it would be subject to independent review by the judiciary, as well as legislative support by the opposition parties. On February 22, 2024, the Argentine Government filed before the Second Circuit Court of Appeals in New York (United States) its arguments to initiate the appeal. The two main axes of the strategy, according to the brief, are aimed at challenging the fact that the case is being heard in the New York court, and at reviewing the millionaire amount of the indemnity established in the first instance ruling. On March 25, the plaintiffs filed reply to the appeal made by the Argentine government on February 22, challenging the decision that absolved YPF of any liability for the re-expropriation, thereby reintroducing YPF into the legal proceedings.

Also, the Bank cannot assure that no new litigation will be filed against Argentina, nor that these new cases will not affect the Argentina's economy and our business.

Exchange controls and capital inflow and outflow restrictions have limited, and could continue to limit, the availability of international credit and may adversely affect the Argentine economy.

In the last few years the Argentine government and the Central Bank have implemented certain measures that control and restrict the ability of companies and individuals to access to the foreign exchange market to purchase foreign currency and to transfer it abroad, in order to contain the decrease in the level of international reserves held by the Central Bank. Those measures include, among others: (i) restricting access to the Argentine foreign exchange market for the purchase or transfer of foreign currency abroad for any purpose, including the payment of dividends to non-residents stakeholders; (ii) restrictions on the acquisition of any foreign currency to be held as cash in Argentina; (iii) requiring exporters to repatriate and settle in Pesos, in the local exchange market, all the proceeds of their exports of goods and services; (iv) limitations on repayment of foreign debt and to the transfer of securities into and from Argentina; (v) establishing certain mandatory refinancing's; and (vi) the implementation of taxes on certain transactions involving the acquisition of foreign currency. For further information, see "Item 10.D – Exchange Controls".

As a consequence of exchange controls, the gap between the official exchange rate, which is currently used for commercial and financial transactions, and other informal exchange rates that implicitly emerged as a result of certain transactions commonly carried out in the capital market (dollar "MEP" or "blue chip swap") widened considerably, creating a gap between these rates which reached 217% by 2023 and that is currently around 17.56%. The Argentine government could maintain a single official exchange rate or create multiple exchange rates for different types of transactions, and thus split the exchange market substantially modifying the applicable exchange rate at which we acquire currency to service our outstanding foreign currency denominated liabilities. In addition, the imposition by the government of further exchange controls and restrictions and/or taking other measures in

response to capital outflows or the devaluation of the Peso could weaken public finances. Such a weakening of public finances could have an adverse effect on Argentina's economy and on our results of operations and financial condition.

It is not possible to anticipate for how long these measures will be in force or even if additional restrictions will be imposed. Such measures could undermine the Argentine government's public finances, which could adversely affect Argentina's economy, which, in turn, could adversely affect our business, results of operations and financial condition.

Significant devaluation of the Peso against the U.S. dollar may adversely affect the Argentine economy.

Despite the positive effects of the real depreciation of the Peso on the competitiveness of certain sectors of the Argentine economy, the depreciation of the Peso has had and may continue to have a negative impact on the ability of certain Argentine businesses to service their foreign currency-denominated debt, lead to inflation, significantly reduce real wages and jeopardize the stability of businesses whose success depends on domestic market demand and adversely affect the Argentine Government's ability to honor its foreign debt obligations. The Peso has suffered significant devaluations against the US Dollar in the past. The Peso depreciated by 14.7% in 2021, 42.9% in 2022 and 77.9% in 2023, against the US Dollar. As of December 29, 2023, the exchange rate was Ps. 808.4833 per US Dollar, reflecting an increase of approximately 78.0% compared to the same period of the previous year.

In reference to the above, it is important to note that in recent years the level of inflation has exceeded the level of official devaluation. In an effort to address the fiscal deficit, the newly elected government implemented a currency adjustment, leading to a devaluation of the Peso close to 55% in December 2023 and from then on, it is maintaining a monthly devaluation of 2%.

Should the Peso undergo a substantial devaluation, all of the negative effects on the Argentine economy related to such devaluation could recur, with adverse consequences to our business, financial condition and results of operations.

On the other hand, a substantial increase in the value of the Peso against the U.S. dollar would adversely affect Argentina's economic competitiveness. A significant real appreciation of the Peso would adversely affect exports and increase the trade deficit, which could have a negative effect on GDP growth and employment, as well as reduce the Argentine public sector's revenues by reducing tax collection in real terms.

High inflation levels could have adverse long-term consequences for the Argentine economy.

In the past, inflation has materially undermined the economy and Argentina's ability to create conditions conducive to growth. High inflation may also weaken Argentina's competitiveness abroad and lead to a decline in private consumption which, in turn, could also affect employment levels, wages and interest rates. In addition, a high inflation rate could undermine confidence in Argentina's financial system, reducing the peso deposit base and negatively affecting long-term credit markets.

Currently, inflation remains high and is likely to remain at similar levels in the future; according to the official data published by INDEC, consumer price inflation was 50.9% in 2021, 94.8% in 2022 and 211.4% in 2023. Regarding year 2024, inflation in January, February and March was 20.6%, 13.2% and 11.0% respectively.

In reference to the above, the newly elected government is lifting price and tariff restrictions imposed by the preceding government. This impactful policy shift has, in turn, played a crucial role in the inflation dynamics over the past few months.

There can be no assurance that inflation rates will not continue to escalate in the future or that the measures adopted or that may be adopted by the Argentine government to control inflation will be effective or successful. Inflation remains a major challenge for Argentina. Continuing significant inflation could have a material adverse effect on Argentina's economy and in turn could increase our costs of operation, in particular labor costs, and may negatively affect our business, financial condition and results of operations.

High public expenditure could result in long lasting adverse consequences for the Argentine economy.

During the last years, the Argentine government has substantially increased public expenditure and has resorted primarily to the Central Bank's monetary issuance to source part of its funding requirements.

The fiscal deficit was Ps. 1,407,641 million in 2021, Ps. 1,955,140 million in 2022 and Ps. 1,991,316 million in 2023. Public spending was Ps. 7,733,816 million in 2021 and Ps. 13,191,168 million in 2022.

It is worth mentioning that the new government is actively pursuing measures to streamline the public administration and curtail public expenditure. This involves the termination of employment contracts previously initiated by the prior administration, adjustments to public service fees, and the temporary suspension of public works, among other strategic initiatives.

We cannot assure you that the government will not seek to finance its deficit by gaining access to the liquidity available in the local financial institutions. In that case, government initiatives that increase the exposure of local financial institutions to the public sector could affect our liquidity and assets quality and have a negative effect on clients' confidence in the financial system.

In addition, further deterioration in fiscal accounts could negatively affect the Argentine government's ability to access the international financing markets and could result in increased pressure on the Argentine private sector to cover the Argentine government's financial needs. This could adversely affect the Argentine economy and our business, financial condition and results of operations.

Failure to adequately address actual and perceived risks of institutional deterioration may adversely affect Argentina's economy and financial condition.

According to the Corruption Perceptions Index published on January 30, 2024 by the organization Transparency Corruption, Argentina dropped four positions in relation to 2022 and finished 98th out of 180 countries in terms of corruption. A lack of a solid institutional framework has been identified as, and continue to be, a significant problem for Argentina. Failure to address these issues could increase the risk of political instability, distort decision-making processes and adversely affect Argentina's international reputation and ability to attract foreign investment, and consequently, may negatively affect our business, financial condition and results of operations. Although the Argentine government has taken several measures aimed at strengthening Argentina's institutions, we cannot guarantee the implementation of measures to ensure transparency and integrity in a highly polarized political context.

An outbreak of a new pandemic may have material adverse consequences on the Argentine economy.

An outbreak of a pandemic, disease or similar public health threat, such as COVID-19, which has had material adverse consequences for the global economic, financial, and business conditions, could materially and adversely affect the Argentine economy, and our business, financial condition and results of operations.

Some potential negative effects include adverse impacts on financial markets, a decrease in the demand for exports and imports leading to reduced revenue, and a significant fall in the international prices of commodities. This fall in prices can be attributed to a sharp decline in demand coupled with producers' inability to decrease supply in an orderly fashion, which would negatively affect the Argentine economic environment. Additionally, substantial changes in business and social behaviors may influence the sale of commodities.

We cannot predict or estimate the future negative impact that a new pandemic may have on the Argentine economy, and our business, results of operations, and financial condition, and it would depend on events outside of our control, including the intensity and duration of the pandemic and the measures taken by the different governments, including the Argentine government, in order to contain the pandemic and/or mitigate the economic impact.

Climate change-related risks may adversely affect Argentina's economy.

There is an increasing concern in Argentina and the world over the risks of climate change and related environmental sustainability matters.

Argentina has experienced relevant environmental disruptions such as droughts, the historic drop in the Paraná River (the country's main tributary) and a large number of wildfire outbreaks in multiple provinces. The effects from such environmental disruptions in agriculture caused and will cause significant economic problems in the country as there were significant drops in harvests and cuts in projected results. In addition, adverse weather conditions may affect the production of commodities by the agricultural sector, which represents a significant portion of Argentina's export revenues. On average, precipitation levels have been about 20% below the 30-year mean. The drought persisted until October 2023 and was responsible for leaving a negative balance in the annual accumulated rainfall. After October 2023, the rainfall recovered, which generates a good projection for the 2023/24 heavy season in the region, with 60% of the first soybean crops and 90% of the early corn reported to be in excellent to very good conditions.

A continued decrease in the international prices of the main commodities exported by Argentina or adverse weather conditions (including, but not limited to, droughts) may adversely affect agriculture activities, which in turn could have a negative effect on the level of government revenues and its ability to service its public debt and generate recessionary or inflationary pressures, depending on the government's reaction. A decrease in commodity prices could adversely affect the Argentine economy and the Argentine government's tax revenues, thereby affecting our business, financial condition and results of operations.

As evidenced by the above, climate change implies multiple drivers of financial risk that could adversely affect us:

- **Transition risks:** The move to a low-carbon economy, both at idiosyncratic and systemic levels -such as through policy, regulatory and technological changes, and business and consumers preferences- could increase our expenses and impact our strategies.
- **Physical risks:** Discrete events, such as flooding and wildfires, and extreme weather impacts and longer-term shifts in climate patterns, such as extreme heat, sea level rise and more frequent and prolonged drought, which could result in financial losses that could impair asset values and the creditworthiness of our customers. Such events could disrupt our operations or those of our customers or third parties on which we rely and do business with, including through direct damage to assets and indirect impacts from supply chain disruption and market volatility.
- **Liability risks:** Parties who may suffer losses from the effects of climate change may seek compensation from state entities, regulators, investors and lenders, among others.
- **Credit risks:** Physical climate change could lead to increased credit exposure and companies with business models not aligned with the transition to a low-carbon economy may face a higher risk of reduced corporate earnings and business disruption due to new regulations or market shifts.
- **Market and liquidity risks:** Market and liquidity changes in the most carbon-intensive sectors could affect energy and commodity prices, corporate bonds, equities and certain derivatives contracts. Increasing frequency of severe weather events could affect macroeconomic conditions, weakening fundamental factors such as economic growth, employment and inflation. Companies could face liquidity risks derived from cash outflows targeted to improve their reputation in the market or solve climate-related problems.
- **Operational risks:** Severe weather events could directly impact business continuity and operations both of customers and ours operations.
- **Regulatory compliance risks:** Increased regulatory compliance risk may result from the increasing pace, breadth and depth of regulatory expectations requiring implementation in short timeframes across multiple jurisdictions and from changes in public policy, laws and regulations in connection with climate change and related environmental sustainability matters.
- **Conduct risks:** Increasing demand for “green” products where there are differing and developing standards or taxonomies.
- **Reputational risk:** Our reputation and client relationships may be damaged as a result of our practices and decisions related to climate change, social and environmental matters, or to the practices or involvement of our clients vendors or suppliers, in certain industries or projects associated with causing or exacerbating climate change.

As climate risk is interconnected with all key risk types, we have developed and continue to enhance processes to embed climate risk considerations into our risk management strategies; however, because the timing and severity of climate change may not be predictable and is rapidly evolving, our risk management strategies may not be effective in mitigating climate risk exposure. Additionally, we may become subject to new or heightened regulatory requirements relating to climate change, including the final rules adopted by the SEC in March 2024, which requires registrants to include extensive climate-related disclosures in registration statements and annual reports. The implementation of such rules may result in increased regulatory, compliance or other costs. As the risks, perspective and focus of regulators, shareholders, employees, and other stakeholders regarding climate change are evolving rapidly, it can be difficult to assess the ultimate impact on us of climate change-related risks, compliance risks, and uncertainties. The application of these measures is currently suspended by a U.S. court order.

Any of the conditions described above, or our failure to identify other climate-related risks, could have a material adverse effect on our business, financial condition and results of operations.

Risks relating to the Argentine financial system

The growth and profitability of Argentina's financial system depends on the growth of the long-term credit market.

Since most deposits are short-term deposits, a substantial portion of the loans have the same or similar maturities, and there is a small portion of long-term credit lines.

The proportion of long-term credit lines, such as mortgage loans, is low and long-term loan originations were significantly reduced in 2021, 2022, and 2023, as a result of high interest rates and the difficult financial and macroeconomic backdrop.

The uncertainty of the level of inflation in future years is a principal obstacle to a faster recovery of Argentina's private sector long-term lending. This uncertainty has had and may continue to have a significant effect on both the supply of and demand for long-term loans, as borrowers try to hedge against inflation risk by borrowing at fixed rates while lenders hedge against inflation risk by offering loans at floating rates.

If longer-term financial intermediation activity does not grow, the ability of financial institutions, including us, to generate profits will be negatively affected.

The stability of the financial system depends upon the ability of financial institutions, including us, to retain the confidence of depositors.

The measures implemented in the past by the Argentine government regarding financial institutions, particularly the restrictions imposed on depositors in relation to the possibility of freely withdrawing funds from banks and "pesification" and restructuring of their deposits, caused losses to many depositors and weakened the confidence in the Argentine financial system.

The Argentine financial system's growth depends heavily on deposit levels, due to the small size of its capital market and the absence of foreign investments in previous years. During the last years, numerous local financial institutions, including us, have had access to global financial markets to obtain financing through the placement of debt securities, in satisfactory conditions, but this trend has come to an end due to the adverse macroeconomic conditions in recent years. Therefore, there is uncertainty about whether the current availability of funds in international markets will be regained in the coming years.

Although liquidity levels are currently reasonable, it is not possible to offer any guarantee that these levels will not decrease in the future due to adverse economic conditions that could negatively affect the financial system and our business. Furthermore, while banks' liquidity is high, a significant share of it is deposited at the Central Bank, and as a result banks have to rely on the Central Bank in order to access those funds. If we were to experience significant withdrawals by depositors, it could have a material adverse effect on our business, results of operations and financial condition.

As a result of the aforementioned, the deposit base of the Argentine financial system, including ours, may be further affected in the future by adverse economic, social and political events. If there were a further loss of confidence due to such economic, social and political events causing depositors to withdraw significant holdings from banks, there could be a substantially negative effect on the manner in which financial institutions, including us, conduct their business and on their ability to operate as financial intermediaries. International loss of confidence in the financial institutions may also affect the behavior of Argentine depositors which could have a negative impact on our business, financial condition and results of operations.

The asset quality of financial institutions could be deteriorated if the Argentine private sector is affected by economic events in Argentina or international macroeconomic conditions.

The ability of Argentine private sector debtors to repay their loans has deteriorated significantly in the past years as a result of certain economic events in Argentina and challenging macroeconomic conditions. This trend has significantly impacted the asset quality of financial institutions, including our own. However, in the recent period, there has been a noticeable enhancement in the quality of the portfolio across the financial system and within our portfolio. This improvement was partially driven by measures introduced by the previous government, which provided incentives for consumer spending, such as installment plans with subsidized interest rates on credit card payments, and created special credit lines for small and medium-sized enterprises (SMEs) to fund working capital in an advantageous environment for borrowers, characterized by negative real interest rates.

Although the agreement with the IMF has significantly reduced uncertainty about short-term macroeconomic policies, the external situation remains fragile. Against the background of a change of government, high inflation, tightened import restrictions, low international reserves and severely limited fiscal space, risks remain elevated, which will keep investment and private consumption subdued. The high and persistent inflation of recent years is leaving a very negative balance for the purchasing power. This resulted in wages losing purchasing power by -11.5 points, approximately, in the period between January and December 2023.

The irregularity ratio of credit to the private sector remained at the same levels during 2023, with a slight increase at the end of 2023 reaching a level of 3.7% as of December 2023. The irregularity levels in corporate financing reached 4.4% and with lower irregularity levels in household financing, as is the case of mortgage lines.

We cannot assure that the current economic situation and the international context will be favorable and that private sector debtors will improve their ability to pay. Despite the current quality of its portfolio, we may not be successful in recovering substantial portions of outstanding loans. If Argentina's economic growth continues to slow or the financial condition of the private sector deteriorates further, the financial system, including us, could experience an increase in the incidence of non-performing loans.

Reduced spreads between interest rates received on loans and those paid on deposits, without corresponding increases in lending volumes, could adversely affect the financial system.

The spread for Argentina's financial system between the interest rates on loans and deposits could be affected as a result of increased competition in the banking sector and the Argentine government's tightening of monetary policy in response to inflation concerns.

We cannot guarantee that interest rate spreads will remain attractive unless increases in our volume of lending or additional cost-cutting takes place. A reversal of this trend could adversely affect the financial system and our business.

The application of the Consumer Protection Law may prevent or limit the collection of payments with respect to services rendered by financial institutions.

Law No. 24,240 as amended and supplemented from time to time (the "Consumer Protection Law") sets forth certain rules and principles designed to protect consumers, which include our customers. The Consumer Protection Law, contains specific rules regarding financial activities and also general rules that may be used to support its application, pursuant to legal precedents. Additionally, the National Civil and Commercial Code has incorporated the principles of Consumers Protection Law and has established its application to banking sector contracts. Moreover, Law No. 25,065 (as amended and supplemented from time to time by Law No. 26,010 and Law No. 26,361, the "Credit Card Law") also sets forth several mandatory regulations designed to protect credit card holders. Also, Central Bank's regulations provide wide protection to clients of financial services institutions limiting the fees and charges that such institutions can charge to their clients.

Both the involvement of the applicable administrative authorities at the federal, provincial and local levels, and the enforcement of the Consumer Protection Law and the Credit Card Law by the courts are increasing.

This trend has increased general consumer protection levels. In the event of we are found responsible for violating the provisions of the Consumer Protection Law, the Credit Card Law, or the consumer protection regulations issued by the Central Bank, potential penalties may limit our ability to collect payments owed for services and credits which may, in turn, adversely affect the financial results of our operations.

Class actions against financial entities for an indeterminate amount may adversely affect the profitability of the financial system.

Certain public and private organizations have initiated class actions against financial institutions in Argentina, including us, some of which have been favorable contested while others were duly appealed by us. The Argentine National Constitution and the Consumer Protection Law, contain certain provisions regarding class actions. However, their guidance with respect to procedural rules for instituting and trying class action cases are limited. Nevertheless, by means of an ad hoc doctrine construction, Argentine courts have admitted class actions in some cases, including various lawsuits against financial entities related to "collective interests" such as alleged overcharging on products, applied interest rates and advice in the sale of public securities, among others.

If class action plaintiffs were to prevail against financial institutions, their success could have an adverse effect on the financial industry and on our business.

Governmental measures and regulatory framework affecting financial entities could have a material adverse effect on the operations of financial entities.

The Argentine government has historically exercised significant influence over the economy and the financial system. Financial institutions, in particular, have operated in a highly regulated environment. We are actively supervised by the Central Bank, the CNV and the UIF, among other agencies. As part of its supervisory duties, we may be subject to sanctions if it detects non-compliance with applicable regulations. The Central Bank has the power to supervise compliance with the regulations applicable to the financial system. Similarly, the CNV has the power to supervise compliance regarding market operations, as well as to make recommendations and instruct best practices in the area of securities trading of corporate governance regulations. Finally, the UIF regulates matters related to money laundering and has the power to supervise regulatory compliance by obligated entities. For more information, see "Item 4.B.—Business Overview—Argentine Banking Regulation".

Any insolvency proceeding against financial institutions would be subject to the powers of and intervention by the Central Bank, which may limit remedies otherwise available and extend the duration of the proceedings.

We have no control over governmental regulations or laws governing all aspects of its operations, including: minimum capital requirements; minimum cash reserve requirements; requirements on fixed-rate asset investments; limits on lending capacity and other credit restrictions, including mandatory allocations; limits and other restrictions on fees; reduced time for financial institutions to deposit the amount of credit card sales into appropriate merchant accounts; limits on the amount of interest a bank may charge or pay, or on the period for capitalizing interest; accounting and statistical requirements; restrictions on dividends; limits or restrictions on foreign exchange; limits on market share; reporting or control regimes as agents or regulated entities; and changes in the deposit insurance regime.

In this sense, following the election of the new government, the Central Bank issued a press release communicating certain measures with the purpose of clarifying and simplifying the signal of the monetary policy rate. Therefore, the monetary policy interest rate will be the rate for one-day reverse repo. A rate that has been set at 60% nominal per annum. Also, the Central Bank announced that it would cease conducting future LELIQ (are Liquidity Bills (*Letras de Liquidez*) used by the Central Bank) auctions, with overnight reverse repo operations becoming its main instrument for absorbing monetary surpluses.

It is not possible to offer any guarantee that new stricter regulations will not be implemented in the future that may generate uncertainty and adversely affect future financial activities. Such changes in the regulatory framework and further changes in the future could limit the ability of financial institutions, including us, to make long-term decisions, such as asset allocation decisions, which could cause uncertainty with respect to our future financial condition and results of operations. We cannot assure that laws and regulations currently governing the economy, or the financial sector will not continue to change in the future or that any changes will not adversely affect our business, financial condition and results of operations.

Certain changes to services and commissions charged by financial entities on debit and credit card sales may affect Argentine financial institutions.

Financial institutions receive income from the commissions they charge merchants on debit and credit card transactions. A change in applicable law that place limits on the fees that merchants may be charged may adversely reduce revenues of the Argentine financial institutions. In March 2017, the Central Bank reduced credit and debit card fees on a gradual annual plan. The maximum debit card sales commissions for 2020 was 0.70% and 0.60% for 2021 and after, and the maximum credit cards commissions for 2020 was 1.50% and 1.30% for 2021 and after. In June 2022, the Central Bank issued Communication “A” 7533, establishing that sales commission fees must not exceed 0.60% for debit card and 1.30% for credit card. Through Communication “A” 7919 of the Central Bank, these percentages were reinstated.

The application of the limits established by the Central Bank and any further reduction in credit and debit card sales commissions could adversely affect our profitability, financial condition and results of operations. Through Decree No. 70/2023, credit card transactions were simplified and the benefits for issuers were applied by eliminating the fee limit which was established by the Law No. 25,067. These limits were 3% for credit cards and 1.5% for debit cards. As from the effectiveness of the Decree No. 70/2023, section 15 provides that “the issuing entity shall mandatorily disclose to the public the financing rate applied to the credit card system.” At the same time, section 18 of the Decree No. 70/2023 stipulates that “regardless of the provisions of the substantive laws, punitive interest shall not be capitalizable.” For more information see “Risk relating to Argentina – Political uncertainty regarding measures to be adopted by the Argentine government could affect macroeconomic, political, regulatory, or social conditions in Argentina”

It is not possible to offer any guarantee that new regulations on such a matter will not be implemented in the future that may reduce future financial revenues. Such could in turn have a negative impact on the Argentine financial institutions and, in turn, on our business, financial position and results of operations.

Increased operating costs may affect the Argentine financial institutions results of operations.

Argentine financial institutions face the risk of potential claims initiated by individual workers or unions, and possible strikes or general strikes, in the context of negotiations relating to salary increases, benefits and/or compensation. The occurrence of any of the above could increase our operating costs, which could in turn have a negative impact on the Argentine financial institutions and, in turn, on our business, financial position and results of operations.

Risks relating to us

Our target market may be the most adversely affected by economic recessions.

Our business strategy is to increase fee income and loan origination in one of our principal target markets; low- and middle-income individuals and SMEs.

This target market is particularly vulnerable to economic recessions and, in the event of a recession, growth in our target market may slow and consequently adversely affect our business. The Argentine economy as a whole, and our target market in particular, is not stabilized enough for us to be certain that demand will continue to grow. Therefore, we cannot assure you that our business strategy will ultimately be successful without undue delay or at all.

Significant shareholders have the ability to direct our business and their interests could conflict with yours.

As of December 31, 2023, our significant shareholders, Banco de Servicios y Transacciones S.A., as trustee of the Guarantee Trust JHB BMA and Delfin Jorge Ezequiel Carballo, directly or beneficially owned 5,995,996 Class A shares and 104,473,881 Class B shares, and 4,901,060 Class A shares and 118,251,845 Class B shares, respectively. Following Mr. Brito's death in November 2020, the transfer of the shares remained subject to approval by the Central bank. The Central Bank approved the transfer of the shares to the Guarantee Trust JHB BMA in September 2023. The Guarantee Trust JHB BMA's beneficiaries are Mr. Jorge Horacio Brito's heirs. Guarantee Trust JHB BMA's decisions are made by the trustee, based on instructions provided by a majority of Mr. Jorge Horacio Brito's children.

Although there is no agreement among them, if voting together, they could control all decisions made by shareholders with respect to us. They might, without the attendance of the remaining shareholders, elect a majority of our directors, effect or prevent a merger, sale of assets or other business acquisition or disposition, cause us to issue additional equity securities, effect a related party transaction and determine the timing and amounts of dividends, if any.

We will continue to consider acquisition opportunities, which may not be successful.

We have historically expanded our business primarily through acquisitions. We will continue to consider attractive acquisition opportunities that we believe may offer additional value and are consistent with our business strategy. We cannot assure you, however, that we will be able to identify suitable acquisition candidates or that we will be able to acquire promising target financial institutions on favorable terms or that the Central Bank will approve any such transaction without undue delay or at all. In this sense, on November 3, 2023 the shares of: (i) Banco Itaú Argentina S.A. that represent 100% of the share capital and votes; and (ii) Itaú Asset Management S.A. and Itaú Valores S.A. which, directly and indirectly, represent 100% of the share capital and votes of each of said companies were transferred to us.

Additionally, our ability to obtain the desired effects of any such acquisitions will depend in part on our ability to successfully complete the integration of those businesses and capture expected synergies, of which there can be no assurance. The integration of acquired businesses entails significant risks, including customer retention, integration, valuation adjustments and liability assumption risks. Any integration process gives rise to costs and uncertainties and may strain management resources and business functions.

The occurrence of any of the above may have a material adverse effect on our business, results of operations, cash flow or financial condition.

Our estimates and established reserves for credit risk and potential credit losses may prove to be inaccurate and/or insufficient, which may materially and adversely affect our financial condition and results of operations.

A number of our products expose us to credit risk, including consumer loans, commercial loans and other receivables. Changes in the income levels of our borrowers, increases in the inflation rate or an increase in interest rates could have a negative effect on the quality of our loan portfolio, causing us to increase provisions for loan losses and resulting in reduced profits or in losses.

We estimate and establish reserves for credit risk and expected credit losses ("ECL") based on analytical models (statistical models related to loan portfolio management) pursuant to IFRS 9. This process involves subjective and complex judgments, including projections of economic conditions and assumptions on the ability of our borrowers to repay their loans. We may not be able to timely detect these risks before they occur, or due to limited resources or availability of tools, our employees may not be able to effectively implement our credit risk management system, which may increase our exposure to credit risk.

Our management considers that there is uncertainty about the impact that could result from the change in the economic policy regime, the implementation of a macroeconomic imbalances adjustment program and an inflation stabilization plan. In particular, we analyzed the temporary negative impact on the quality of the consumer credit portfolio, on the performance of MIPYMES and on the expected recovery of credit-impaired companies, which would result from relative price adjustments, the elimination of subsidies on public services, and/or the presence of positive real interest rates, among other measures, until certain macroeconomic variables are stable and activity levels recover, and consequently, we decided to make an additional adjustment to the provisions of Ps. 10,978.1 million as of December 31, 2023.

Overall, if we are unable to effectively control the level of non-performing or poor credit quality loans in the future, or if our loan loss reserves are insufficient to cover future loan losses, our financial condition and results of operations may be materially and adversely affected.

Changes in market conditions, and any risks associated therewith, could materially and adversely affect our financial condition and results of operations.

We are directly and indirectly affected by changes in market conditions. Market risk, or the risk that values of assets and liabilities or revenues will be adversely affected by variation in market conditions, is inherent in the products and instruments associated with our operations, including loans, deposits, securities, bonds, long-term debt and short-term borrowings. Changes in market conditions that may affect our financial condition and results of operations include fluctuations in interest and currency exchange rates, securities prices, changes in the implied volatility of interest rates and foreign exchange rates, among others.

For more information see “Risk relating to Argentina – The Argentine economy could be adversely affected by economic and political developments in other countries.”

Cybersecurity events could negatively affect our reputation, our financial condition and our results of operations.

We depend on the efficient and uninterrupted operation of internet-based data processing, communication and information exchange platforms and networks, including those systems related to the operation of our automatic teller machine (“ATM”) network. We have access to large amounts of confidential financial information and control substantial financial assets belonging to our customers as well as to us. In addition, we provide our customers with continuous remote access to their accounts and the possibility of transferring substantial financial assets by electronic means. Accordingly, cybersecurity is a material risk for us. Cybersecurity incidents, such as computer break-ins, phishing, identity theft and other disruptions could negatively affect the security of information stored in and transmitted through our computer systems and network infrastructure and may cause existing and potential customers to refrain from doing business with us.

During the last years, there has been an increase in cases of phishing, and especially of telephone phishing or Vishing and Angler phishing, through social networks, in order to deceive clients and obtain confidential information using different techniques of social engineering. In addition, our risk and exposure to these matters remain heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers. Preventive measures and security components continue to be developed to improve the preventive measures against such kinds of fraud and increase the level of protection of information. In this sense, we have taken measures to mitigate the cases of phishing and digital fraud and protect our customers.

On March 2023 the Central Bank, issued Communication “A” 7724 that seeks to prevent and combat the increasingly frequent frauds against banking customers. Through this regulation, it requires banks to improve their policies, procedures and controls in order to obtain more encouraging results in risk assessments and, to improve the mitigation of their risks related to information technology and security. The standard issued indicates that it is essential to define and implement an information technology and security risk management framework as part of the bank’s risk management and that this requires time, extensive training and commitment from senior management and the board of directors. Effective October 2023, this regulation contributes to mitigate the specific risks already mentioned and also to reduce and mitigate the entity’s reputational risk issues such as cyber resilience, security incident management and integration with integrated risk management policies.

On June 2023, the Central Bank issued Communication “A” 7777, which updates security practices and requirements to form a comprehensive regulatory framework that seeks to protect the user, promote operational resilience and preserve the stability of the financial system.

Our contingency plans are adequate to restore operations in the time required by the business, however, contingency plans in place may not be sufficient to cover liabilities associated with any such events and, therefore, applicable insurance coverage may be deemed inadequate, preventing us from receiving full compensation for the losses sustained as a result of such a disruption. Although we intend to continue to implement security technology devices and establish operational procedures to prevent such damage, we cannot assure you that all of our systems are entirely free from vulnerability and these security measures will be successful. If any of these events occur, it could damage our reputation, entail serious costs and affect our transactions, as well as our results of operations and financial condition.

Our business is highly dependent on properly functioning information technology systems and improvements to such systems.

Our business is highly dependent on the ability of our information technology systems and the third-party managers of such systems to effectively manage and process a large number of transactions across numerous and diverse markets and products in a timely manner. In addition, we provide our customers with continuous remote access to their accounts and the possibility of transferring substantial financial assets by electronic means. The proper functioning of our financial control, risk management, accounting, customer service and other data processing systems is critical to our business and our ability to compete effectively. Our business activities may be materially disrupted if there were a partial or complete failure of any of our information technology systems communication networks. Such failures could be caused by, among other things, software bugs, computer virus attacks or intrusions, phishing, identity theft or conversion errors due to system upgrading. In addition, any security breach caused by unauthorized access to information or systems, or intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, could have a material adverse effect on our business, results of operations and financial condition.

Our ability to remain competitive and achieve further growth will depend in part on our ability to upgrade our information technology systems and increase our capacity on a timely and cost-effective basis. Any substantial failure to improve or upgrade information technology systems effectively or on a timely basis could materially affect us.

An increase in fraud or transactions errors may adversely affect us.

Given the number of transactions that take place in a financial institution, although we have implemented numerous controls to avoid the occurrence of inefficient or fraudulent operations, errors can occur and aggravate even before being detected and corrected. In addition, some of our transactions are not fully automatic, which may increase the risk of human error or manipulation, and it may be difficult to detect losses quickly. Likewise, cybersecurity is a significant risk to us. Cybersecurity incidents or personal and confidential information may adversely affect the security of information stored and transmitted through our computer systems and may cause existing and potential customers to refrain from doing business with us.

Given the high volume of transactions that may occur at a financial institution, errors could be repeated or compounded before they are discovered and remedied. Losses from fraud by employees or outsiders, unauthorized transactions by employees and other operational errors could have a material

adverse effect on us.

Liquidity issues could arise that may adversely affect our business.

Any significant changes in the liquidity conditions prevailing in the market arising from material adverse effects on the Argentine economy, on the financial system, and on us, could affect our regular performance of business and, in particular, our funding sources.

We have, and we expect that we will continue to have, significant liquidity and capital resources to finance our business. However, our current and future potential indebtedness could have significant consequences, including the limitation on our ability to refinance existing debt or to borrow money to finance working capital, acquisitions and capital expenditures and the need to allocate a significant part of our cash flow to repay principal and interest, adversely affecting our ability to make dividend payments on our shares and the ADSs.

We cannot assure that changes in the liquidity conditions of the Argentine financial system, either at present or in the future, will not have an adverse effect on our business. If so, our financial, economic or other condition, our results, operations, business, and/or our general repayment ability could be significantly and adversely affected.

For more information see “Risk relating to Argentina – The Argentine economy could be adversely affected by economic and political developments in other countries”.

Argentina’s implementation of the Corporate Criminal Liability Law and other anti-corruption laws and regulations may expose us to compliance risks.

Due to the nature of our business, we are required to comply with various anti-corruption laws and regulations, including those of Argentina and the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”), regarding customer and market conduct, anti-corruption and the prevention of money laundering and the financing of terrorists. These laws and regulations generally prohibit improper payments to government officials for the purpose of obtaining or keeping business or securing any improper advantage. If we do not successfully comply with applicable anti-corruption laws and regulations designed to combat governmental corruption, we could become subject to fines, penalties or other regulatory sanctions, civil litigation as well as to adverse press coverage, which could cause our reputation and business to suffer.

Although we are committed to conducting business in a legal and ethical manner and in compliance with local and international statutory requirements and standards applicable to our business, as we directly or indirectly deal with entities whose employees are government officials, there is a risk that our management, employees or representatives may take actions that could violate applicable laws and regulations. Guilty pleas by or convictions of us or of any our affiliates (including any of our significant shareholders, employees or other agents) in criminal proceedings may have adverse effects on our business.

In addition, there is a risk that third parties using our banking network may carry out illegal or improper activities. Moreover, as technology keeps evolving, the surge of cryptocurrencies and blockchain, and adverse economic conditions, financial crimes could increase while limiting our ability to track the movement of funds.

Increased attention to environmental, social and governance (“ESG”) matters may impact our business.

Our business faces increasing public scrutiny related to ESG activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as environmental stewardship, corporate governance and transparency as well as considering ESG factors in our operations. Adverse incidents with respect to ESG activities could impact our brand, the cost of our operations and relationships with clients and other stakeholders, all of which could adversely affect our business and results of operations. Additionally, new regulatory initiatives related to ESG could adversely affect our business and increase our cost of operations.

Risks relating to our Class B shares and the ADSs

Holders of our Class B shares and the ADSs may not receive any dividends.

The dividend distribution is subject to the requirements established by the Central Bank rules, as amended from time to time. Since January 2016, pursuant to Central Bank Communication “A” 5827, additional capital margin requirements have to be complied with, including a capital conservation margin and a countercyclical margin. The capital conservation margin shall be 2.5% of the amount of risk weighted assets (“RWA”), but in the case of entities considered D-SIB, like us, this margin will be increased to 3.5% of the amount of RWA. The countercyclical margin shall be within a range of 0% to 2.5% of RWA, but Central Bank Communication “A” 5938, established countercyclical margin of 0% since April 1, 2016.

The Central Bank established, as from January 1, 2022, that financial entities authorized by it to distribute their results – in accordance with the provisions of Section 6 of the rules on “Distribution of Results”- must make such distribution in twelve equal, monthly and consecutive installments.

On March 9, 2023, the Central Bank issued Communication “A” 7719 (as further reinstated by Communication “A” 7928), which provides that as from April 1, 2023 and until December 31, 2023, those financial institutions that have the authorization of the Central Bank may distribute profits in 6 equal, monthly and consecutive installments for up to 40% of the amount that would have corresponded.

However, by means of Communication “A” 7984 dated March 21, 2024, the Central Bank extended such date until December 31, 2024 and increased the amount authorized to be distributed up to 60% of the amount that would have been applicable if the “Distribution of Results” rules had been applied.

Additionally, according to the same provision, such distribution of results must be consistent with what is reported in the Information Regime “Business plan and projections and capital self-assessment report”. The calculation of the determination of the distributable income, the verification of liquidity and solvency, the additional capital margins, as well as the amount of the installments indicated, must be made in the same currency as of the date of the meeting that decided the distribution of dividends and the payment of each of the installments, as the case may be.

We cannot assure this measure or others with similar effect will not be extended after this period nor the extent to which the measure may affect holders of our Class B shares or ADSs

Holders of our Class B shares and the ADSs located in the United States may not be able to exercise preemptive rights.

Under Argentine Corporate Law No. 19,550 (the “Argentine Corporate Law”), if we issue new shares as part of a capital increase, our shareholders may have the right to subscribe to the proportional number of shares to maintain their existing shareholding. Rights to subscribe for shares in these circumstances are known as preemptive rights. Upon the occurrence of any future increase in our capital stock, U.S. holders of Class B shares or ADSs will not be able to exercise the preemptive rights for such Class B shares or ADSs unless a registration statement under the U.S. Securities Act of 1933, as amended (the “Securities Act”), is effective with respect to such Class B shares or ADSs or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to those Class B shares or ADSs. We cannot assure you that we will file such a registration statement or that an exemption from registration will be available.

Unless those Class B shares or ADSs are registered or an exemption from registration applies, a U.S. holder of our Class B shares or ADSs may receive only the net proceeds from those preemptive rights if those rights can be sold by the depository. If they cannot be sold, they will be allowed to lapse. Furthermore, the equity interest of holders of Class B shares or ADSs located in the United States may be diluted proportionately upon future capital increases.

We are traded on more than one market, which may result in price variations and investors may not be able to easily move shares for trading between such markets.

The trading prices of our ADSs and our Class B shares may differ on different markets due to various factors. Any decrease in the price of our Class B shares on the BYMA or the MAE could cause a decrease in the trading price of the ADSs on the NYSE. Investors could seek to sell or buy our shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the ADSs available for trading on the other exchange. In addition, holders of ADSs will not be immediately able to surrender their ADSs and withdraw the underlying Class B shares for trading on the other market without effecting necessary procedures with the depository. This could result in time delays and additional cost for holders of ADSs.

Our shareholders may be subject to liability for certain votes of their securities.

Our shareholders are not liable for our obligations. Instead, shareholders are generally liable only for the payment of the shares they subscribe. However, shareholders who have a conflict of interest with us and who do not abstain from voting may be held liable for damages to us, but only if the transaction would not have been approved without such shareholders’ votes. Furthermore, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to the Argentine Corporate Law or our bylaws may be held jointly and severally liable for damages to us or to other third parties, including other shareholders.

Payments on Class B shares or ADSs may be subject to FATCA withholding.

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign pass thru payments”) to persons that fail to meet certain certification, reporting, or related requirements. We are a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Class B Shares and the ADSs, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Class B shares or the ADSs, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Class B Shares and the ADSs, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign pass thru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Class B Shares and the ADSs.

We are organized under the laws of Argentina and holders of the ADSs may find it difficult to enforce civil liabilities against us, our directors, officers and certain experts.

We are organized under the laws of Argentina. A significant portion of our and our subsidiaries’ assets are located outside the United States. Furthermore, all of our directors and officers and some advisors named in this annual report reside in Argentina. Investors may not be able to effect service of process within the United States upon such persons or to enforce against them or us in United States courts judgments predicated upon the civil liability

provisions of the federal securities laws of the United States. Likewise, it may also be difficult for an investor to enforce in United States courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including judgments predicated upon the civil liability provisions of the United States federal securities laws. It may also be difficult for an investor to bring an original action in an Argentine court predicated upon the civil liability provisions of the U.S. federal securities laws against us or such persons.

Prior to any enforcement in Argentina, a judgment issued by a U.S. court will be subject to the requirements of 517 through 519 of the Argentine Federal Civil and Commercial Procedure Code if enforcement is sought before federal courts or courts with jurisdiction in commercial matters of the Autonomous City of Buenos Aires. Those requirements are: (1) the judgment, which must be valid and final in the jurisdiction where rendered, was issued by a competent court in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an in rem action with respect to personal property which was transferred to Argentine territory during or after the prosecution of the foreign action; (2) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action; (3) the judgment must be valid in the jurisdiction where rendered, and its authenticity must be established in accordance with the requirements of Argentine law; (4) the judgment does not violate the principles of public policy of Argentine law; and (5) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court. Any document in a language other than Spanish, including, without limitation, the foreign judgment and other documents related thereto, requires filing with the relevant court of a duly legalized translation by a sworn public translator into the Spanish language.

Item 4. Information on the Bank

A. History and development of the Bank

Our legal and commercial name is Banco Macro S.A. We are a financial institution incorporated on November 21, 1966 as a Sociedad Anónima, a stock corporation, duly incorporated under the laws of Argentina for a 99-year period and registered on March 8, 1967 with the Public Registry of Commerce of the City of Bahía Blanca, in the Province of Buenos Aires, Argentina under No. 1154 of Book 2, Volume 75 of Estatutos. We subsequently changed our legal address to the City of Buenos Aires and registered it with the IGJ on October 8, 1996, under No. 9777 of Book 119, Volume A of Sociedades Anónimas.

We file reports, including our annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Any filings we make electronically with the SEC are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>.

Our principal executive offices are located at Avenida Eduardo Madero 1172, City of Buenos Aires, Argentina, and our telephone number is (+ 54-11-5222-6500). We maintain our website at www.macro.com.ar, information contained in or otherwise accessible through this website is not a part of this annual report.

We have appointed CT Corporation System as our agent for service of process in the United States, located at 28 Liberty St., New York, New York, 10005.

Our history – Banco Macro S.A.

Banco Macro commenced its operations as a non-banking financial institution in 1985, through the acquisition of Macro Compañía Financiera S.A. (created in 1977). In May 1988, it received the authorization to operate as a commercial bank and it was incorporated as Banco Macro S.A. Subsequently, as a result of the merger process with other entities, it adopted other names (among them, Banco Macro Bansud S.A.) and since August 2006, the name of “Banco Macro S.A.”

From then onwards and up to 1994, Banco Macro operated as a wholesale bank, being a pioneer in corporate bonds issuances. It mainly acted in the areas of money markets, trading of government and corporate bonds and financial services for medium and big companies.

Since 1994, Banco Macro has substantially changed its business strategy, focusing on retail banking in market areas with a low level of banking transactions and high growth potential, particularly in the regional areas outside the City of Buenos Aires. Following this strategy, in 1996, we started to acquire entities as well as assets and liabilities resulting from the privatization of provincial and other banks, including Banco Misiones, Banco Salta and Banco Jujuy.

In 2001, 2004, 2006 and 2010, Banco Macro acquired control of Banco Bansud S.A., Nuevo Banco Suquía S.A., Nuevo Banco Bisel S.A. and Banco Privado de Inversiones S.A., respectively, expanding through these acquisitions its presence in the south and center of the country. Such entities merged with us in December 2003, October 2007, August 2009 and December 2013, respectively. In addition, during 2006, Banco Macro acquired control of Banco del Tucumán S.A., which was merged with the Bank in October 2019. Additionally, on May 21, 2019, Banco Macro acquired 100% of Argenpay SAU.

On March 18, 2022, we informed that the transfer of all of our remaining shareholding in Prisma in favor of AI ZENITH (Netherlands) B.V. representing 4.4941% of Prisma's capital stock and votes was completed. The price for such participation amounts to U.S. Dollars 33,017,761.20 and will be paid as follows: (i) 30% in Pesos at a UVA rate plus 15% nominal annual rate and (ii) 70% in U.S. Dollars at a rate of 10% nominal annual rate within a term of six years. We also informed that, as part of the aforementioned transaction, it was agreed that part of the balance of the price for the sale

of 51% of the capital stock and votes of Prisma would be paid in two installments, extending the payment term to 2026 and 2027.

Additionally, on October 1, 2021, we decided to make use of the option to reach a 24.99% interest in Fintech SGR. The purpose of this company is to facilitate access to credit for micro, small and medium-sized enterprises (SMEs) through the provision of guarantees.

On October 15, 2021, we acquired shares representing 50% of the capital stock and votes of Finova SA. The purpose of this company is to develop and commercialize the electronic platform www.facturbo.com.ar, which allows the negotiation of credit instruments issued or accepted by large companies in favor of SMEs.

Additionally, on May 18, 2023, we acquired 100% of the shares of Comercio Interior S.A.U. (currently known as Macro Agro S.A.U.) for US\$ 5,218,800 payable with the proceeds of the dividends of this company. The main purpose of this company is to be a Clearing and Settlement Agent (ALyC) and grain brokerage.

During the years 2020, 2021, 2022, and 2023, we, together with other entities of the Argentine financial system, made contributions to the company Play Digital SA for a total amount of Ps. 977,225 thousand (amount not restated), reaching an equity interest of 9.4543% as of the date of this annual report. The purpose of this company is to develop and commercialize a payment solution linked to the bank accounts of users of the financial system in order to significantly improve their payment experience. Initially the shareholders, including us, were Banco de Galicia y Buenos Aires SAU, Banco BBVA Argentina SA and Banco Santander Argentina SA. and subsequently, other entities were incorporated as shareholders in addition to those mentioned above.

In August 2023, we announced that we had entered into an agreement with Itaú Unibanco Holding S.A., through its affiliates Itaú Unibanco S.A., Banco Itaú BBA S.A., and Itaú Consultoria de Valores Mobiliários e Participações S.A. (collectively, “Itaú”), for a share purchase and sale agreement, by virtue of which, subject to the fulfillment of certain conditions (substantially the approval of the transaction by the Central Bank), we acquired from Itaú the shares representing 100% of the capital stock and votes of Banco Itaú Argentina S.A. and directly 13% of the capital stock and votes of Itaú Asset Management S.A. and Itaú Valores S.A. and indirectly 87% of the capital stock and votes of Itaú Asset Management S.A. and Itaú Valores S.A. On November 2, 2023, the Central Bank’s Board of Directors authorized the aforementioned purchase, which was effective on November 3, 2023.

On March 6, 2024, we, as an incorporating company, together with Banco BMA S.A.U., as an incorporated company, entered into a pre-merger commitment, whereby we will incorporate Banco BMA retroactively as of January 1, 2024 based on the separate financial statements of each of the companies prepared as of December 31, 2023 and the special consolidated merger statement of financial position as of the same date. As of the date of this annual report, we are in the process of obtaining the administrative approval of such merger before the CNV, and have also requested the authorization of the respective merger before the Central Bank.

We currently offer traditional bank products and services to companies, including those operating in regional economies, as well as to individuals, thus reinforcing our objective to be a multi-service bank.

In addition, Banco Macro performs certain transactions through its subsidiaries and controlled entities, including mainly Macro Bank Limited, Macro Securities S.A.U., Macro Fiducia S.A.U., Macro Fondos S.G.F.C.I. S.A., Argenpay S.A.U., Fintech SGR, Macro Agro S.A.U., and Banco BMA S.A.U. and its subsidiaries.

Our shares have been publicly listed on the BYMA since November 1994 and on the NYSE since March 2006, and have been authorized to list on the MAE since October 2015.

B. Business Overview

We are one of the leading banks in Argentina and the largest in terms of number of branches, with an excellent face-to-face service complemented by digital channels. Through them, we provide solutions to key players that generate economic and social value (public sector, large companies and corporations), and promote the accessibility and financial inclusion of people from vulnerable sectors, professionals, entrepreneurs, and small and medium-sized companies.

In 2022, after a management evolution process, based on our history and culture, we launched the Corporate Strategy focused on proximity, people and sustainability. This Strategy was communicated internally and externally, being a milestone for us with its first massive communication campaign: that Argentina thinks big, in Macro (“que la Argentina piense en grande, en Macro”).

We believe this strategy offers significant opportunity for continued growth in our banking business. According to the Central Bank, as of December 31, 2023, we were ranked first in terms of branches and in terms of equity, and fourth in terms of total loans and in terms of total deposits among private banks in Argentina.

As of December 31, 2023, on a consolidated basis, we had:

- Ps. 6,718,211,111 million (U.S.\$ 8,309.6 million) in total assets;
- Ps. 1,833,657.9 million (U.S.\$ 2,268.0 million) in total loans and other financings;
- Ps. 3,370,240.6 million (U.S.\$ 4,168.6 million) in total deposits;

- approximately 4.9 million retail customers and 0.1 million corporate customers; and
- approximately, 1.1 million customers with employee payroll accounts for private sector and provincial governments and 0.8 million retiree customers.

In general, given the relatively low level of banking intermediation in Argentina, there are limited products and services being offered. We are focusing on the overall growth of our loan portfolio by expanding our customer base and encouraging them to make use of our lending products. We have a holistic approach to our banking business and do not manage the Bank by segments or divisions or by customer categories, by products and services, by regions, or by any other segmentation for the purpose of allocating resources and assessing profitability. We offer savings and checking accounts, credit and debit cards, consumer finance loans and other credit-related products and transactional services available to our retail customers and SMEs through our branch network. We also offer Plan Sueldo payroll services, lending, corporate credit cards, mortgage finance, transaction processing and foreign exchange. In addition, our Plan Sueldo payroll processing services for private companies and the public sector give us a large and stable customer deposit base.

Our competitive strengths

We believe we are well positioned to benefit from opportunities created by the economic and business environment in Argentina. Our competitive strengths include the following:

- Strong financial position. As of December 31, 2023, we had excess of regulatory capital of Ps. 1,349,335 million (35.4% capitalization ratio). Our excess capital is aimed at supporting growth, and consequently, a higher leverage of our balance sheet.
- Strong shareholders' equity. Our shareholders' equity as of December 31, 2021, 2022 and 2023 was Ps. 1,453,642.7 million, Ps. 1,595,119.9 million and Ps. 2,044,025.1 million respectively.
- Strong presence in fast-growing target customer market. We have achieved a leading position with low- and middle-income individuals and among SMEs, generally located outside the City of Buenos Aires, which have been relatively underserved by the banking system. Based on our experience, this target market offers significant growth opportunities and a stable base of depositors.
- High exposure to export-led growth. Given the geographical location of the customers we target, we have acquired banks with a large number of branches outside of the City of Buenos Aires with the aim of completing our national coverage. Our focus is particularly on some export-oriented provinces. Most of these provinces engage in economic activities primarily concentrated in areas such as agriculture, mining, cargo transportation, edible oils, ranching and tourism, which have benefited from the export-driven growth in the Argentine economy.
- Largest private-sector branch network in Argentina. With 519 branches and 1,974 ATMs, including Banco BMA, as of December 31, 2023, we have the most extensive branch network among private-sector banks in Argentina. We consider our branch network to be our key distribution channel for marketing our products and services to our entire customer base with a personalized approach. In line with our strategy, approximately 89% of these branches are located outside of the City of Buenos Aires.
- Loyal customer base. We believe that our customers are loyal to us due to our presence in traditionally underserved markets and our Plan Sueldo payroll services. We have benefited from Argentine regulations that require all employees to maintain Plan Sueldo accounts for the direct deposit of their wages. In addition, we emphasize face-to-face relationships with our customers and offer them personalized advice.
- Exclusive financial agent for four Argentine provinces. We perform financial agency services for the governments of the provinces of Salta, Jujuy, Misiones and Tucumán in northern Argentina. As a result, each provincial government's bank accounts are held in our bank and we provide their employees with Plan Sueldo accounts, giving us access to substantial low-cost funding and a large number of loyal customers.
- Strong and experienced management team and committed shareholders. We are led by committed shareholders and a senior management team with large experience in the banking industry, who have transformed us in one of the strongest and largest banks in Argentina.

Our strategy

From a culture of closeness to the people as a differentiating seal, we seek to integrate customer knowledge with innovative systems that offer solutions, products and services that go further than the traditional banking scheme; to positively impact the communities where we are present. Our strategic vision is to change the way of banking in Argentina: Argentina to think big, in Macro.

In a context in which financial customers demand agility, technology and connectivity in their daily lives, banking institutions play a key role in the development of the communities they serve that transcends economic issues. In order to achieve inclusion through education and accessibility to banking, we have updated our sustainability strategy to complement the business model with a proactive vision in the creation of social and environmental value to maximize its impact and accompany the solid, equitable, inclusive and thriving growth of people and organizations in our country.

Sustainability is part of our DNA, our culture and our purpose. Our sustainability strategy is based on three pillars: business, social and environmental, which are related to the Sustainable Development Goals (SDGs) and the strategic objectives of the business.

We work with the objective of generating value for each stakeholder group, impacting their well-being, interests and growth for:

- **SHAREHOLDERS AND INVESTORS** – We generate profitability and seek to have a close and transparent relationship with shareholders, accounting responsibly and ethically for the organization's performance, always respecting their rights and interests.

- **INDIVIDUAL CLIENTS** – We work to achieve an integrated service between face-to-face, with the largest network of branches of a private bank in the country, and digital service, with channels tailored to each profile; and an innovative ecosystem with solutions that improve people’s quality of life.
- **CORPORATE CLIENTS** – We accompany companies in their growth and business development, focusing on small and medium-sized companies and a strong presence in the productive areas of the interior of the country.
- **COLLABORATORS** – We promote the professional and personal development of the people who work in the Bank, so that they inspire Argentines to think big, putting people at the center of management.
- **SUPPLIERS** – We responsibly manage the procurement process, which is the key for the Bank to generate close and transparent ties with its suppliers from beginning to end, thus impacting the growth of their businesses and the local economic development of the country.
- **COMMUNITY** – We support the social development of the communities in which we are present, through financial inclusion, education and support to Argentine entrepreneurs who generate a high positive impact.
- **PUBLIC SECTOR AND REGULATORY ENTITIES** – We build alliances to generate social and environmental value from our own actions, in collaboration with other entities, and public and private organizations.
- **MEDIA** – We provide information to the market and society with clear and transparent data, in the same way that we support the media in all the locations where we are present.

We also have been focusing our attention to develop good environmental, social and governance practices. In order to meet these objectives, on June 21, 2019, the Bank, together with other founding banks and banking associations as honorary witnesses, subscribed the Sustainable Finance Protocol. This sustainable business protocol represents a milestone for Argentina, as sustainability is placed at the center of the agenda to address the climate change problematic. The protocol comprises 4 strategies:

- To place sustainability at the center of the agenda and in the top management of each of the financial entities;
- To understand the importance of the social-environmental risk analysis of the projects undertaken and the loans granted by the banks, focusing on analyzing not only the repayment capacity but to understand how those projects influence and affect the society and environment;
- To promote the creation of new products and services associated to the green or sustainable agenda; and
- To generate education and training to develop and extend these concepts to the entire financial system.

Within this framework, we have developed a Corporate Banking Credit Policy that encompasses the analysis of less conventional risks, including environmental, labor, human rights and transparency aspects. In particular, some of the variables considered for analysis are the environmental impact management in regard to the handling of supplies, responsible use of natural resources, waste management, greenhouse gas emissions, publication of a Corporate Social Responsibility or Sustainability report, systematic development of private social investment with strategic alliances of civil society organizations with which the Bank works and measurement of the impact on the community, implementation of a Code of Conduct or Business Ethics, certifications related to sustainable management, actions with customers that have a positive social or environmental impact, products with social and environmental purposes and inclusive purchases from vulnerable sectors, among others.

In addition, we seek to expand access to credit for vulnerable sectors, focusing on financial products for profiles that are traditionally underserved, since we believe that true financial inclusion occurs when everyone can benefit from financial products and services according to their needs and circumstances. Among the inclusive products and services we offer, we would like to highlight the following:

- Personal loan line for AUH beneficiaries;
- Financing line for beneficiaries of ex gratia pensions (former Malvinas combatants, people with different capacities, etc.);
- Actions with social impact focused on financial inclusion;
- Lines for retirees and pensioners;
- Personal loans and credit card access for informal customers, with no verifiable activity;
- Mortgage loans to finance the acquisition or construction of wooden houses;
- Programa Procrear (mortgage loans) in all its stages and Programa Procrear Joven. This segment includes SMEs, micro-enterprises and regional businesses, to whom the Bank seeks to offer products and services according to their profile, based on their size and the locality where they operate; and
- Programa Naves, which is committed to SMEs and entrepreneurs, providing tools for the development of business plans, and rewards the best initiatives with financing.

In this way, we apply our business for social and environmental purposes, contributing to sustainable development and sustainable finance as a local and global trend.

Our products and services

With a portfolio of products and services for every type of person, company and organization, we seek to transmit drive and optimism to think big from a wide range of solutions and services with knowledge, proximity and innovation.

The focus over the last two years was the Digital Ecosystemic Link, building a new approach methodology and value proposition, with solutions outside traditional banking services through partnerships with specialized providers in SmartCities, GovTech and HealthTech. In This way, we generated transversal business between the Banks, becoming the bridge that links new clients that we had not accessed through traditional products. We offer a relatively narrow range of standard products, which are generally available to both our retail and corporate customers. We have a holistic approach to our banking business and do not manage the Bank by segments or divisions or by customer categories, by products and services, by regions, or by any other segmentation for the purpose of allocating resources and assessing profitability. Our strategy is to grow our business, as demand for credit in Argentina increases, by focusing on cross-selling opportunities among our broad customer base. The following discussion of our business follows broad customer categories of retail and corporate as a way to understand who our customers are and the products and services that we provide.

The composition of our customer portfolio is as follows:

Participation by Bank in the Portfolio	2021	2022	2023(1)
Companies	34.1%	36.7%	45.2%
Individuals	58.5%	59.0%	47.3%
Corporate	6.7%	4.0%	7.3%
Government	0.6%	0.3%	0.2%
Finance	0.1%	0.0%	0.1%

(1) Banco BMA not included.

Retail customers

Overview

We serve our retail customers with the objective of satisfying their financial needs, whether savings, transactional or funding. Retail customers are classified according to their labor condition or their main income source, in the following categories: Plan Sueldo (Salary Plan), Retirees, Open Market and Professionals and Business. We provide services to them throughout Argentina, in particular in areas outside the City of Buenos Aires, which have higher concentrations of low- and middle-income individuals who are traditionally underserved by large private banks. We serve our retail customers through our extensive, nationwide branch network. Approximately 89% of our branches are located outside the City of Buenos Aires.

The table below reflects the number of retail customers broken down by category as of December 31, 2021, 2022 and 2023:

Retail Customers by category	2021	2022	2023(1)
Open Market	2,362,901	2,554,982	2,851,104
Plan Sueldo (private and public sector)	945,212	997,234	1,063,314
Retirees	706,109	733,375	766,474
Professionals and business and others	298,661	275,621	282,255
Total Retail Customers	4,312,883	4,561,212	4,963,147

(1) Banco BMA not included.

We offer our retail customers traditional banking products and services, such as savings and checking accounts, time deposits, credit and debit cards, consumer finance loans (including personal loans), mortgage loans, automobile loans, overdrafts, credit-related services, home and car insurance coverage, tax collection, utility payments, ATMs and money transfers.

Our retail customers provide us with a key source of funding as well as a significant interest and fee income. We believe that our large retail customer client base provides us with an excellent opportunity to expand the volume of our lending business.

Our efforts have been aimed at strengthening relationships with our customers by offering them the products that are best suited to their needs and circumstances, through our individualized, professional advice, which we believe is an important feature that distinguishes us in our target markets. Likewise, we have focused on increasing the volume of new customer acquisition with focus on those segments that allow greater efficiency and better result of the cost/benefit equation.

Our main goals for the retail bank are to keep our leading position in personal loans, and steady growth in the credit cards portfolio. In this regard, and aiming to continue growing in the credit card market, we intensified efforts to increase consumption and total assets. We also improved the use of our clients' information as a tool to implement better cross selling, client retention and default prevention commercial actions.

Savings and checking accounts and time deposits

We generate fees from providing account maintenance, account statements, check processing and other direct banking transactions, direct debits, fund transfers, payment orders and bank debit cards. In addition, our time deposits provide us with a strong and stable funding base.

Our commercial and customer bonding actions enable us to achieve growth in the deposit portfolio above market levels, mainly due to an increase in time deposits of retail customers which intensified funding diversification.

Accounts and account packages are the primary channels for cash deposits and are two of the main drivers of fee income. For this reason, we focus on the life cycle of the account packages, promoting loyalty measures and retention of our products. Account packages are growing year after year in terms of volume and quality. During the last few years, the offer was adapted in order to continue offering products and services according to the needs of each customer type and category.

During 2023, the user experience was enriched through the incorporation of new functionalities in the mobile application, providing customers with the necessary agility in their daily operations, as well as in the process of registering and unlocking passwords. The value offering was reinforced through the introduction and renewal of benefits and incentives aligned with the changing needs and demands of the various customer segments.

Growth also continued in the area of digital payments and collections, driving bankability with the strategic support of MODO. This proactive approach reflects our ongoing commitment to innovation and adaptation to a constantly evolving financial environment.

In order to improve our customers' experience, we implemented significant improvements in the 100% digital account opening process, allowing 7x24 management with the possibility of downloading the Macro App and starting to operate at the same time.

We continued working to improve the value proposition, with the objective of becoming the main bank for its customers. The sustained growth year after year, both in volume and quality of the packages, attests to this effort. The number of saving accounts increased by 7% in 2021, 8% by 2022 and 9% by 2023.

Our "debit card" service is critical within the framework of our strategy to increase customer transactions by encouraging the use of accounts. Debit card services also help to develop account balances into transactional accounts, as deposits increase, thereby expanding our demand deposit base. During 2023, we worked on optimizing the performance of accounts and packages with a focus on customer experience and process digitalization. Every year, we grow in volume and quality of accounts, expanding our market share. This is the result of our efforts to offer a value proposition that is increasingly adapted to new needs, with the aim of positioning ourselves as the Bank of choice for our customers. For example, we developed the complete digitalization of account opening and management through digital channels at any time of the day and week, while we also extended the validity of debit cards so that customers could continue to make ATM withdrawals and not be forced to go to the branch. The number of debit cards we issued, grew 10%, 11% and 10% in 2021, 2022 and 2023 respectively. Debit card consumption reached a growth of 226.6 % and represents nearly 16.1 % of the financial system's consumption with this means of payment.

The following table reflects the number of retail accounts as of December 31, 2021, 2022 and 2023:

	2021	2022	2023 (1)
Product			
Savings			
Total savings accounts	5,453,645	5,878,116	6,432,367
Open Market	2,694,988	2,948,394	3,319,680
Retirees	975,467	1,030,594	1,096,770
Plan Sueldo (private sector)	842,480	943,124	1,015,727
Plan Sueldo (public sector)	625,275	647,021	684,090
Professionals and business and others	315,435	308,983	316,100
Checking			
Checking accounts	643,964	609,002	604,438
Electronic Account Access			
Debit cards	4,187,155	4,642,475	5,102,078

(1) Banco BMA not included.

Lending products and services

We offer personal loans, document discounts, residential mortgages, overdrafts, pledged loans and credit card loans to our retail customers.

We intend to continue to increase our retail lending by focusing our marketing efforts on underserved target markets such as low and middle income individuals. We also plan to continue to cross-sell our retail lending products to our existing customers, particularly targeting those who may choose to open savings and checking accounts with us because we already provide their payroll and pension services.

In 2021, the retail banking business model was consolidated with a diversified loan portfolio, retaining market share in consumer products and leadership in personal loans.

Different actions were carried out, deploying tools that allowed multiplying credit offers. Among them, we developed a loan offer for all socioeconomic levels, making the requirements more flexible with improvements in the credit evaluation tools. On the other hand, we have been able to provide special

financing alternatives for those who had to face the restructuring of their debts due to non-payment of installments during the pandemic.

During 2021, we launched a new indirect sales channel, “Rapicompra”, which allowed us to finance products at the point of sale. It was also added the possibility of approaching credit products in a completely digital way thanks to the sale of loans to non-digital customers, with security measures that allow validating the identity with certainty.

To complete the acquisition offer, “Adelanto Tasa” 0 % was launched, a 12-month benefit for customers who decide to collect their private salary at the Bank. The plan offers the possibility of modifying the amount of the loan by contracting it at the ATM.

During 2021, we launched the campaign “Jubilate con Macro” (Retire with Macro), aimed at customers who are about to retire and retirees and pensioners who receive their pension payments in another bank. The first internal referral campaign for employees’ relatives was also carried out, and for those people who are part of the Plan Sueldo and are about to retire, they are given the option of collecting their pension benefits in the Bank maintaining the same benefits of the bonus package according to the agreement.

In spite of the greater competition in offers and benefits aimed at Plan Sueldo customers from our competitors, we have managed to maintain our market share, keeping the fourth position in the number of Plan Sueldo customers. For this purpose, we carried out several actions to approach current and potential customers through the different channels: launching of commercial and mass communication campaigns, incorporation of new benefits and incentives and distribution of merchandising for the branches of the network to have and assign in the commercial actions of attraction, loyalty, retention and relationship with the companies and Plan Sueldo capitals.

In addition, the implementation of a new line of credit to finance the purchase of products or services directly at the points of sale, through a wide network of stores with agreements, the development of small loans or personal loans through agreements with municipalities so that people with a low level of banking access can have access to the benefits of the system, and the implementation of a product that allows having a salary advance at 0% rate for a segment of customers, with differential conditions, were also highlighted.

During 2022, a new direct sales channel was launched, which allowed us to bring financial products to people in a 100% digital way, so that they could access a loan or a card without having to go to a bank branch. This operation also allowed us to reach non-digital customers, with security measures that allow us to validate their identity with certainty.

With the aim of promoting banking penetration, in 2023 we carried out campaigns and commercial actions focused on offering a credit card, personal loans and credit assistance tailored to underbanked customers, to promote and consolidate various regional activities. The focus was on digital incorporation processes, facilitating the opening of accounts and access to benefits in different areas of the country through the use of channels and remote contact, simplifying interaction with the customer and encouraging self-management of processes to reinforce the message of simplicity and security in operations. In addition, the offer was complemented with a training proposal from the *Cuentas Sanas* program for a more conscious management of personal finances and/or their enterprises.

With the aim of multiplying credit offers, during 2023 we carried out a series of strategic actions, among which the development of a loan offer for all socioeconomic levels stands out, making requirements more flexible with improvements in the credit evaluation tools.

Also, by putting into practice the “*Pensá en Grande, Pensá en Macro*” and respecting our values such as closeness, agility, pride and protagonism, we incorporated the customer’s viewpoint in each process to better accompany them in the achievement of their goals.

Among the main value propositions, we offer a wide variety of credit options designed to meet all needs, even in remote locations in Argentina, and we develop small loans or personal loans based on agreements with municipalities, so that people with a low level of banking penetration can access the benefits of the financial system while limiting their exposure to unregulated loans. We offer personal loans through 100% digital channels for customers and non-customers and with new processes to finance the purchase of products or services, not only within the bank, but also at different points of sale, through a wide network of stores with agreements, incorporating people with a low level of banking penetration into the system.

The improvement of credit evaluation tools and engines generated an increase in the nominal rating ceilings, to provide a better quality of response to the client. In addition, we added the possibility of choosing the amount and term that best suits the client’s needs at the moment they take a loan through ATMs.

In 2023 we improved our positioning in the Retirees segment, reaching more than 760,000 retirees and pensioners, being the private bank with the largest number of beneficiaries and with a volume of benefits paid out that reaches more than Ps. 132,000 million every month. On the other hand, we launched the campaign for the recovery of retirees, aimed at people who decided to collect their assets in another bank.

As of December 31, 2021, 2022 and 2023 our consumer loan portfolio (without considering other financings) was as follows:

	Consumer loan portfolio (as of December 31, of each year) (in millions of Pesos and as percentage of consumer loan portfolio)					
	2021 (1)		2022 (1)		2023	
Overdraft	3,793.7	0.3%	8,320.6	0.7%	10,713.1	1.2%
Documents	27,957.6	2.0%	33,333.6	2.7%	52,372.2	5.6%
Mortgage and pledge	169,726.9	12.3%	147,928.3	12.0%	119,364.0	12.9%
Credit Card	557,647.6	40.6%	569,344.7	46.2%	463,307.0	49.9%
Personal loans	592,937.8	43.1%	444,030.0	36.1%	238,158.0	25.7%
Others	22,684.4	1.7%	28,220.2	2.3%	44,000.3	4.7%
Total Consumer Loans	1,374,748.0	100.0%	1,231,177.5	100.0%	927,914.5	100.0%

(1) Figures stated in millions of Pesos in terms of purchasing power of Peso as of December 31, 2023.

As of December 31, 2023, personal loans, which comprise an important share of our consumer loan portfolio, carried an annual average nominal interest rate of 127% and an average maturity of 27,5 months. Interest rates and maturities vary across products.

Plan Sueldo payroll services

Since 2001, Argentine labor law has provided for the mandatory payment of wages through accounts opened by employers in the name of each employee at financial institutions within two kilometers of the workplace, in the case of urban areas, and ten kilometers of the workplace, in the case of rural areas. There are similar requirements in place for pension payments.

We handle payroll processing for private sector companies and the public sector, which require employers to maintain an account with us for the direct deposit of employee wages. Currently, we provide payroll services for the governments of the Argentine provinces of Misiones, Salta, Jujuy and Tucumán and to the private sector for a total aggregate of 1.9 million retail clients (including retirees). Our Plan Sueldo payroll services provide us with a large and diversified deposit base with significant cross-selling potential.

Despite the increased competition in offers and benefits aimed at this segment, we were able to sustain our market share, maintaining the fourth position in the number of Plan Sueldo customers. Throughout the year, we followed up with a competitive value proposition, developing continuous improvements in benefits to meet the needs of the segment, thus achieving the following by 2023 an 6% growth in the number of active salary plan agreements for crediting assets.

Corporate customers

Overview

Legal and natural persons of the private non-financial sector that develop commercial and/or industrial activities are included in the corporate customer category. We provide our corporate customers with traditional banking products and services such as deposits, lending (including overdraft facilities), check cashing advances and factoring, guaranteed loans and credit lines for financing foreign trade and cash management services. We also provide them trust, payroll and financial agency services, corporate credit cards and other specialty products.

The corporate business is focused on classification by size and sector. We have five categories of corporate customers: (1) Businesses and Professionals, which includes individuals with commercial activity with an annual turnover of more than Ps. 7.2 million and under certain conditions; (2) small companies, which register up to Ps.7,500 million in sales per year; (3) medium-sized and large companies, which register more than Ps.7,500 million and less than Ps.60,000 million in sales per year; (4) agricultural companies, which include individuals and companies who operate in agriculture or in the commerce of agricultural products; and (5) corporate companies which register more than Ps.60,000 million in sales per year.

The following table reflects our portfolio breakdown, broken down by category as of December 31, 2021, 2022 and 2023:

Portfolio conformation from Corporate Banking	2021	2022	2023 (1)
Corporate companies	16%	10%	14%
Medium sized companies	28%	25%	18%
SMEs	22%	25%	20%
Business and Professionals	4%	6%	6%
Agricultural companies	30%	34%	42%

(1) Banco BMA not included.

We support productive activities through the promotion of development, new trends and innovation, since our goal is to continue offering the best services for market participants active in agriculture, industry and commerce. Based on values of close customer relationships, effort, hard work, dedication and community, we offer financing lines according to each customer profile that contribute to their growth, their development and that of their communities.

At present, we have a network of branches with business officials specialized in each category, offering a wide range of products, including working capital facilities, and credit for investment projects, leasing and foreign trade transactions.

Our corporate customer base also acts as a source of demand for our excess liquidity through overnight and short-term loans to large corporate customers. See Item 5.B “Operating and Financial Review and Prospects—Liquidity and Capital Resources”.

Lending products and services

We offer short-term and medium- to long-term corporate lending products.

Short-term: Products include credit lines for up to 180 days and consist mainly of overdraft facilities, corporate credit and debit cards and factoring, as well as foreign trade related financing, such as pre-export, post-shipment and import financing. These products also include contingency lines, such as short-term guarantees (performance guarantees and bid bonds) and import letters of credit. The credit risk assigned to these kinds of transactions is the debtor rating described below, unless increased as a result of a pledge or a guarantee.

Medium- to long-term: Products include credit lines and specific lending facilities of more than 180 days. Credits are usually asset-based, such as leasing, whereby a credit enhancement is achieved by means of the underlying asset.

Medium—to long-term facility risks are mitigated through different mechanisms that range from pledges and mortgages, to structured deals through financial trusts whereby the debtor pledges the underlying asset, mostly future income flows. Regardless of the term and based on the fact that these credit lines are devoted to small to medium-sized companies, our policy is to require personal guarantees from the owners, although the underlying debtor rating remains unchanged.

During the last years, our focus was SMEs and regional businesses, working to offer products and services tailored to each company profile, primarily based on size and the location of operations. Our management has been focused on consolidating our relationships with existing clients.

We supported the growth of SMEs through the development of businesses and sustainable links throughout the country. The geographic distribution, proximity, personalized attention and the knowledge of our clients and the regional economies allow us to detect their needs and support them in the financing of their projects, as well as to provide transactional solutions for the management of their payments and collections.

We have continued with actions aimed at financing small-scale client producers and suppliers of the value chain of our Megra (Medium and Large Sized Companies) customers.

Within our Corporate Banking division (“Corporate Banking”), we sought to strengthen our relationship with existing and new clients, in order to position ourselves as one of the main banks in the corporate banking sector. This allowed us to provide specialized assistance to each of the companies which constitute the different value chains, with products tailored to their needs.

Regarding our Agro Banking division (“Agro Banking”), we continued to support regional economies with tailor-made products for sectors such as tobacco, sugar and yerba mate, by financing all value chains from the primary producer to the industrial producer.

In 2021, with regard to SMEs and Micro-enterprises, we promoted self-management from digital channels, expanded additional personalized attention on the web page, and implemented a new automatic rating renewal process, which included the extension of limits and the relaxation of requirements for credit evaluations. Special financing lines were also offered for working capital, productive investment, and salary payments.

As for Corporate Banking, we generated integral proposals and transactional solutions to improve the productive capacity of our clients and help them grow. Thanks to an alliance with FINOVA, a strategic supplier, we have been able to provide capital financing solutions for suppliers of corporate clients and achieve the financial inclusion of sectors with low or no sophistication.

In 2021, in terms of Agro Banking, overcoming the challenges of the sanitary emergency, we conducted field visits and face-to-face and virtual business rounds with producers (customers and non-customers) from all over the country. In addition, we enhanced the agricultural value chain through contact with companies selling inputs, seeds and capital goods to provide customers with an exclusive digital solution that allowed them to obtain the best cash prices and to finance the purchase at harvest. We also supported our customers with special financing lines for the payment of salaries and to meet working capital needs according to commodity crop cycles and regional productions. We increased the amounts of assistance to qualified customers, in order to meet the needs of producers, and we expanded our offer with dollar-linked fixed terms and mutual funds, among others.

During 2022, we deepened our focus on SMEs value chain, providing our suppliers and customers with collection and payment solutions, special financing lines for working capital, and a differential value proposal for the Plan Sueldo. Likewise, we focused on attracting new Plan Sueldo’s capita through an exclusive working capital qualification line for those customers who did not credit salaries in the Bank.

In relation to Megra Banking, we defined a new matrix service model between the divisions and the Megra Banking Management in order to provide better customer service. We approached the client jointly with the Megra officers of each division and the specialists of each product (cash, comex, Plan Sueldo, investments), to offer an integrated proposal to the client. We also incorporate digital solutions to optimize our clients’ treasury.

Following the commercial strategy implemented in Agro Banking, we remained close to our customers with visits to their fields, lunches, business rounds, agricultural exhibitions from the north to the south of the country. In this sense, we were present in the most important auctions, bringing our integral value proposal closer. We strengthened the integration of the agricultural value chain with companies selling inputs, seeds and capital goods, achieving alliances with more than 250 regional and national businesses throughout the country, reaching the producer with very competitive rates. On the other hand, we support the customer with an exclusive digital solution “Campo Simple” that allows our customers to obtain the best prices for inputs in cash and finance them at harvest and with a unified package for all individuals in the segment, with a unified and differential product through which

they have access to all products for their personal and business use, in one single place, at a single cost.

From the financial point of view, we support our agro customers, especially SMEs, with special lines of financing for investment and working capital needs, according to the production cycles of commodities and regional productions.

To encourage the development of regional economies, we increased the lines of credit promoted by the national government (Línea de Financiamiento para la Inversión Productiva) and by the provincial governments of Salta, Jujuy, Misiones and Tucumán, with rates subsidized by FONDEP (Fondo Nacional de Desarrollo Productivo) and guaranteed by FOGAR (Fondo de Garantías Argentino) to contribute to investments and working capital financing.

Also, lines of loans with funds from the Inter-American Development Bank (Programa Global de Crédito para la Reactivación del Sector Productivo) with support from FONDEP (Fondo Nacional de Desarrollo Productivo) were made available, exclusively for the provinces of Catamarca, Salta and Tucumán, to promote productive investment by companies that invest in those jurisdictions and, throughout the country, a line of credit for SMEs to invest in goods for productive investment through leasing. In addition, a line of credit for SMEs to invest in goods for productive investment through leasing.

In addition, agreements were signed with the government of the province of Misiones to support, with a rate subsidy and pledge of a fixed-term certificate issued by the Instituto de Fomento Agropecuario e Industrial de la Provincia de Misiones (IFAI), the wood drying kilns industry (purchase of kilns for wood drying), craft beer entrepreneurs (purchase of machinery and equipment and/or adaptation of infrastructure and/or purchase of raw material) and yerba mate producers (working capital); and with the Province of Salta to grant loans for investments by SMEs with a rate subsidy from the Province.

We implemented an agreement between Banco Macro, the Federal Investment Council (CFI) and Garantizar Sociedad de Garantía Recíproca to implement operations of the CFI with a digital guarantee of the SGR and to expedite the implementation of loan operations for the credit lines for the Productive Reactivation and for Regional Exportable Production.

During 2023, we focused on attracting new customers, achieving annual growth rates of 11 % in Business and Professionals, 10 % in SMEs, and 6 % in Megra and Agro. At the same time, we increased the cross-selling of the different products, improving by 10% the number of employers of Plan Sueldo and by 8% the total number of crediting capita. We deepened the value chain of the Mining and Oil & Gas sectors, and the universe of franchises, leveraging the development of a comprehensive value proposition that includes, among other products, financing and new digital payment and collection solutions.

During 2023, we accompanied the SME segment with a better and more flexible credit offer, new self-management tools that improve the experience, digital collection and payment solutions that facilitate the daily management of customers, and the proximity and advice of specialized officers throughout the country. In addition, the year saw a significant growth in new clients as a result of the SME referral campaign and different regional actions carried out in the value chain of large companies. The alliance with Franchising Co. allowed Banco Macro to organize events throughout the country, positioning itself as a benchmark bank in the franchise sector.

With the purpose of stimulating the development of regional economies, we increased the availability of credit lines backed by the national government, such as the Línea de Financiamiento para la Inversión Productiva, as well as other lines backed by the provincial governments of Salta, Jujuy, Misiones, Catamarca and Tucumán. These lines have rates subsidized by FONDEP (Fondo Nacional de Desarrollo Productivo) and guarantees provided by FOGAR (Fondo de Garantías Argentino), to encourage investments and facilitate financing for both investment and working capital through the CreAR Federal Lines.

We signed an agreement with BICE Fideicomisos to implement guarantees for first losses in order to streamline the credit operations of MSMEs and back up their transactions.

Finally, this year Banco Macro once again generated actions in conjunction with the Federal Investment Council (CFI), Acindar Pyme SGR and Cuyo Aval SGR in order to carry out operations with digital guarantees with the purpose of accelerating the process of execution of loans destined to the credit lines for the Productive Reactivation and for Regional Exportable Production.

We recorded strong growth in Business and Professionals and Commercial clients, leveraged by the simplification of the registration process, the N&P referral campaign and the commercial alliances made throughout the country with chambers of commerce and professional associations. In addition, we continued to develop our value proposition, making our credit offer more flexible and digitalizing our services. Among the outstanding launches, we highlight the possibility of registering commerce through Internet Banking for Companies and the launching of QR Full Macro, which allows accepting payments with Debit and Credit Cards.

In 2023 we deepened the new model of matrix attention between the divisions and the Megra Banking Management implemented in 2022, given the good results obtained during its implementation. The joint approach to the client, with the Megra officers of each division and the specialists of each product (cash, comex, salary plan, investments), resulted in a significant increase in cross sell, simultaneously with an improvement in the quality of service. In addition, the incorporation of innovative digital solutions to increase automation and productivity in treasury management had a broad positive impact on the client portfolio.

We accompanied the countryside by expanding ratings, with a constant, profitable and competitive offer of financing rates for working capital and investment, standing out as an Argentine bank that closely accompanied the countryside, after a drought with a great impact on production levels and within the framework of a complex macroeconomic context. In this line, we boosted commercial interaction with more than 150 financing agreements (between manufacturers and suppliers of inputs), focused on the construction of digital solutions to be digital suppliers (Agro platform) and internal processes (New Agro Scoring) and on the incorporation of new non-banking commercial products within the bank's commercial attention model, with the purchase of the Macroagro Grain brokerage firm, and the strategic alliance with the "Campo simple" input sales store within the Macroagro integral offer.

Corporate Banking focused on capturing the flow of customers' cash balances, offering solutions in investment and financing products for the different value chains. It also focused on expanding digital solutions within the collection and payment ecosystem. In this way, it was able to increase the placement of non-traditional products, strengthening Banco Macro as a technological ally, leveraged on its proximity to customers and coordination with other related companies.

As of December 31, 2021, 2022 and 2023, our commercial loan portfolio (without considering other financings) was as follows:

	Commercial loan portfolio (1) (as of December 31, of each year) (in millions of Pesos and as percentage of commercial loan portfolio)					
	2021 (2)		2022 (2)		2023	
Overdraft	138,655.2	17.1%	142,196.0	21.5%	279,890.9	29.8%
Documents	207,609.5	25.6%	193,680.7	29.5%	238,805.3	25.4%
Mortgage and pledge	129,019.5	15.9%	74,754.5	11.4%	66,942.8	7.1%
Consumer loans (3)	25,529.0	3.2%	29,936.5	4.6%	21,529.9	2.3%
Other	308,883.2	38.1%	217,086.6	33.0%	333,465.2	35.5%
Total Commercial Loans	809,696.3	100.00%	657,654.4	100.00%	940,634.2	100.0%

- (1) Including loans to micro credit institutions and commercial loans that, for the regulatory statements of debtors, was included as consumer portfolio following the criteria described in "Argentine Banking Regulation—Credit Portfolio."
- (2) Figures stated in millions of Pesos in terms of purchasing power of Pesos as of December 31, 2023.
- (3) Includes credit card loans and personal loans.

Government Banking

The responsibility of Government Banking Management is to manage the links and actions with the National, Provincial and Municipal Public Sector at both central and decentralized levels, as well as with the autonomous entities to which we provide financial services for their administration and the development of their communities.

In 2022, in addition to the advances in the payment ecosystem and in the digitalization of banking, and in order to contribute to the reactivation of the productive sector of the regional economy, we have offered financial assistance lines for working capital and investment to SMEs for more than Ps. 2,700 million in the provinces of Salta, Jujuy, Misiones, Tucumán, and Catamarca in an articulated manner with each provincial government and with SMEs at the national level.

In 2023 we increased the availability of credit lines backed by the national government and the provincial governments of Salta, Jujuy, Misiones, Catamarca, and Tucumán. These lines have rates subsidized by FONDEP (Fondo Nacional de Desarrollo Productivo) and guarantees provided by FOGAR (Fondo de Garantías Argentino), to encourage investments and facilitate financing for both investment and working capital.

We also promoted agreements with the government of the province of Misiones to support the wood drying kilns industry for the purchase of wood drying kilns; craft beer entrepreneurs for the acquisition of machinery and equipment and/or the adaptation of infrastructure and/or the purchase of raw materials; and yerba mate producers with working capital.

We also participated in the bidding process carried out by the San Juan Agency with the awarding of funds to be placed to MSMEs with investment projects in the province, including working capital and technical assistance.

In 2023 from Government Banking, we continued with the purpose of digitizing governments and their communities, bringing solutions that simplify their daily lives, with a focus on providing technological solutions in the payment ecosystem, beyond traditional banking and financial services. It supported regional economies by implementing and renewing incentive programs and encouraged mass consumption, for example, through the extension to special holidays, with participation in discounts and financing during special holidays in collaboration with commerce chambers, the province, and Banco Macro.

Finance Banking

We serve the Institutionalized Financial Sector, which is regulated by the Central Bank, which includes Public, Private, National and Foreign Banks, who maintain relationship with the Central Bank of the Argentine Republic. It also includes institutional investors (Workers' Compensation Insurers (ART), Insurance Companies, etc.). We provide financial and investment banking services -funds, bonds, corporate bonds-within the capital market.

During 2022, we worked diligently to assist clients with their first trust issuance in the market, expanding the client base. We also supported large demanders of capital market financing, such as retail companies and Megra clients related to the agricultural sector. In this sense, we participated in the issuance of Ps. 53,830 million (expressed in senior bonds) (amount not restated) of publicly offered financial trusts and prefinanced financial trusts in the order of Ps. 4,995 million (amount not restated).

The year 2023 was characterized by constant increases in reference interest rates in response to the high levels of inflation and uncertainty in the context of an election year, complicating the structuring of the Financial Trusts (“FF”) and negatively affecting them. Additionally, the permanent increases in peso rates generated increases in the subordination of the FFs due to the permanent mismatch between the rates of the Assets and Liabilities of the FFs, generating inefficient structures for the trustees.

Despite the market conditions, we continued to maintain our leadership in organizing and financing FFs with public offerings. Thus we participated in the issuance of Ps. 127,301 millions (expressed in senior bonds) (amount not restated) of FF with public offering (54.72 % of the issues, measured over the amount in pesos of senior securities) and FF in the order of Ps. 6,202 millions (amount not restated) were pre-financed. It thus remains in the top 10 of the main issuers in the market, representing 90.03 % of the total issuers (always measured in senior bond amount), accompanying 57.64 % of such issuers. The remaining 9.97% is distributed among different entities in the market, including us.

Regarding the placement of corporate bonds, through Macro Securities we supported our clients in the issuance and placement of corporate bonds (ON) for an aggregate amount of Ps. 945,963 million (amount not restated), representing 49.8% of the market issuances, measured in Pesos. Notably, that Banco Macro was the arranger, and Macro Securities was the underwriter of six (6) green bonds for the financing of renewable energy projects. These corporate bonds are part of ByMA’s panel of Social, Green and Sustainable Bonds (SVS) and were destined to the Tocota III Photovoltaic Solar Project, La Elbita I, Wind Power Projects and Sierras de Ullum Project.

Transaction services

We offer transaction services to our corporate customers, such as cash management, collection services, payments to suppliers, payroll services, foreign exchange transactions, foreign trade services, corporate credit cards, and information services, such as our Datanet and Interpymes services, described further below. There are usually no credit risks involved in these transactions, except for intra-day gapping (payments made against incoming collections), as well as settlement and pre-settlement related to foreign exchange transactions which, in general, are approved following the debtor credit rating process.

Payments to suppliers. Our payments for supplier services enable our customers to meet their payment obligations to their suppliers on a timely basis through a simple and efficient system. This service also provides payment liquidations, tax payment receipts, invoices and any other documents required by the payer.

Collection services. Our collection services include cash or check deposits at our 519 branches, including Banco BMA, automatic and direct debits from checking or savings accounts and the transportation of funds collected from corporate customers to our branches for deposit. Our extensive branch network enables us to offer fast and efficient collection services throughout Argentina, which is of critical importance to both regional and nationwide companies.

Datanet and Interpymes. We provide our corporate clients with access to the Datanet service (“Datanet”), which is an electronic banking network linking member banks in Argentina. This service permits our clients to obtain reliable online information on a real-time basis from their bank accounts in Datanet as well as, to perform certain transactions.

Interpymes is an electronic banking system designed to meet the needs of small businesses. It does not require special installation procedures and is easily accessible through the internet, helping to simplify day-to-day operations for our customers.

Tax collection and financial agency services. We also have exclusive, long-term arrangements to provide tax collection and financial agency services to four provinces: Salta, Misiones, Jujuy and Tucumán. These contracts expire in 2026, 2029, 2024 and 2031, respectively.

Payroll services. We provide payroll services to four provinces and to the private sector. See “Our products and services—Retail customers”.

Our distribution network

As of December 31, 2023, we had the largest private sector branch network in the country, with 519 branches, including Banco BMA, spread throughout Argentina. In particular, in line with our strategy of expanding nationally, we have extensive coverage in the Argentine provinces with 89% of our branches located outside the City of Buenos Aires. Furthermore, as of December 31, 2023, we had, including Banco BMA, 1,974 ATMs, 921 self-service terminals (“SSTs”) and several service points used for social security benefit payments and servicing of checking and savings accounts and internet home banking service (“Home Banking”). The following table breaks down the distribution of our branches per province as of December 31, 2023:

Province	As of December 31, 2023	
	Branches	% of total
City of Buenos Aires	56	11%
Buenos Aires (Province)	89	17%
Catamarca	1	0%
Chaco	2	0%
Chubut	6	1%
Cordoba	70	13%
Corrientes	3	1%
Entre Rios	10	2%
Formosa	0	0%
Jujuy	18	3%
La Pampa	2	0%
La Rioja	2	0%
Mendoza	15	3%
Misiones	37	7%
Neuquén	6	1%
Rio Negro	6	1%
Salta	40	8%
San Juan	1	0%
San Luis	2	0%
Santa Cruz	2	0%
Santa Fe	104	20%
Santiago del Estero	2	0%
Tierra del Fuego	2	0%
Tucuman	43	8%
TOTAL	519	100%

Technology, automated channels and credit cards processing systems

Our technological development is continuous and the number of alternative methods to perform banking transactions is increasing. Automated channels allow our clients to perform banking transactions with enhanced speed, comfort and safety, offering a wide variety of available transactions.

During the last three years we have focused on automatic channels, giving customers more accessible and flexible services. As a result, the use of automated channels continued to expand, both in terms of volume of transactions and number of users.

In 2021, we continued with the implementation of the new Customer Service Model in more than 200 branches to enable the self-management of after-sales transactions. The new customer service model contemplates a digital experience assisted by an educator who acts when required. In 2021, we sought to offer new self-management functionalities through Operaciones Simples (Simple Operations) in our portal.

In 2022, we continued to advance in the implementation of digital solutions, incorporating operations and services to provide a better experience to customers in all segments, both for their self-management and remote virtual operations, as well as to simplify their face-to-face operations. Within this framework, the role of communications and customer training is key to achieve the changes towards digitalization.

During 2022, we improved the virtual assistant platform so that both customers and non-customers could, in addition of resolving queries, perform operations. In this way, they could: register accounts, find out where their cards are in distribution, unblock passwords, renew “Fe de vida”, etc.

With a focus on proximity, digitalization and the transformation towards a new form of banking in Argentina, during 2023 the digital strategy was consolidated and deepened, leveraging on digital assets that we had already been developing and implementing.

We completed the implementation of our own biometrics system, which allows us to store the biometric features of customers (facial features and fingerprints) in 426 branches. In 80% of the sales, the customer is enrolled, and at the moment we have reached levels above 30% of enrolled customers (over the total number of digital customers). This has allowed us to perform more than 60% of transactions in self-management channels through this biometric identification, which reduces all kinds of friction, since the customer does not have to remember passwords and users, resolving them in a more efficient and secure way. This same process of biometric customer recognition began to be expanded to other sectors within the branch, such as the teller line, so that customers can now withdraw cash from their account with the use of their fingerprint, without the need for signatures.

Likewise, we continued to expand the technological devices located in the branches to facilitate customer self-management and digital education, both for after-sales and sales transactions, as well as the digitalization of processes with the creation of the digital file and the implementation of the biometric holographic signature, which eliminates the use of paper and simplifies procedures. In addition, the digital file can be reused for other processes and future interactions with the customer, with more than 390 branches already implemented.

During 2023, we continued to advance in the implementation of digital solutions, incorporating operations and services to provide a better experience to

customers in all segments. These advances include platform upgrades and functionalities to improve ease of use, provide more services and ensure security.

Within this framework, the role of communications and customer training was key to achieving the changes towards digitalization. To this end, actions focused on improving the self-management channels for Individual, Corporate and Organizational clients and providing online training to service users.

Seeking a new way of banking in Argentina, we implemented BancoChat, a new way of operating and interacting with customers, being pioneers in the industry, so that customers can operate in an easy, agile and safe way, leveraging security through the use of their biometric features. In this way, we bring solutions to the WhatsApp platform that customers use in their daily lives. BancoChat is a solution that operates on WhatsApp, a conversational platform that allows us to reach many more people with our products and services. Today WhatsApp has 18 million users in Argentina, used by all social strata and age groups, thus allowing us to promote financial inclusion and eliminate adoption barriers as it is an application that is present in 93% of Smartphones. In this way we bring Macro closer to where people are and with the technology, they use every day in their daily lives. BancoChat's evolution will be constant, both in terms of expanding transactionality and improving the customer experience.

In 2023, the number of users of automatic channels and the transactions performed through automatic channels increased by 29% and 18%, respectively, compared to 2022, mainly due to a greater use of internet banking and mobile banking. The increase in transactions made through automatic channels has two benefits: it simplifies and eases customers' operations and, at the same time, reduces operational tasks in the branches.

We have ATMs that operate independently of the branch and offer money extraction service and balances consultation, among other operations. In 2023, we continued with the project to renew and expand the ATM fleet, which included the installation of 31 new ATMs. As of December 31, 2023, we had a total of 1,974 ATMs, including Banco BMA. Of the 1,829 ATMs from Banco Macro, 671 allow us to receive cash deposits with immediate credit, which represents one of the most extensive networks in the country and a 98% have hearing support and voice guidance so that they can be operated by visually impaired people. All this has placed us in a leading position as to service quality, which is particularly important given the number and geographical dispersion of our ATMs. In 2023, in Banco Macro more than 27 million ATM transactions were performed monthly, for a total amount of Ps. 189,459 million. As a consequence of this performance, we consolidated our position as leader within the Banelco network, processing 36 % of the transactions of such network with 21 % of our ATMs. In 2023, the average monthly amount transacted through ATMs increased by 76% compared to 2022.

We developed a project aimed at replacing the entire park of Self-Service Terminals, which comprises the renewal of all equipment and the development of a renewed Proprietary Network with state-of-the-art Software and Hardware, including -among other things- immediate accreditation of deposits. As a corollary of this project, at the end of the year, 120 new TAS were put into service in different regions of the country (most of them available 24 hours a day, 365 days a year), resulting in a friendly and intuitive channel for customers, which allows operating with an important volume of banknotes.

We have 921 SSTs terminals, including Banco BMA, distributed in our branch network across Argentina, offering an ample variety of operations, including the possibility of making deposits twenty-four hours a day, every day, all year long. In 2023, the amount transacted through Banco Macro's SSTs increased by 61% compared to 2022, with an average monthly amount traded of approximately Ps. 106,000 million.

As part of the plan to reduce branch tasks, during the last years we expanded the network of terminals with intelligent functionality that incorporates intelligent check deposits. In this way, customers can perform transactions in a more agile manner eliminating waiting times at branches. In 2023, Banco Macro reached a total of 326 smart self-service terminals installed in 209 branches throughout the country, in which an average of approximately 168,000 transactions were carried out monthly.

Regarding Home Banking, we have implemented a collections service for companies offering the following benefits: security (no cash or checks are transported to the branch), practicality (easy and safe, backup of receipts in a PDF file, possibility to review the history of payments and receipts), accessibility (from any computer) and no additional cost. We also use Home Banking to inform our retail customers about the possibility of getting a personal loan, the amount available and how to apply for it. In 2020, we added certain functionalities to our Home Banking in order to facilitate the user experience. Nowadays, customers can operate consultative and transactional modules, through administrators and operators who are fully compliant with the established powers. For example, payroll, supplier and foreign trade payments are now available, enabling us to provide a fully digital solution.

Our Macro Banca Móvil channel has developed significantly in the last years. In line with the characteristics of the users and the technological trends supporting the development of the service, the Macro Banca Móvil application is available in the main virtual stores of the principal operating systems. Over the last few years, we continue to work on new functionalities that generate value for clients: U.S. dollar purchase and sale transactions, transfers to new accounts, point checking and redemptions under our Macro Premia rewards program, and UVA loans detailed enquiries.

The significant sustained growth in the number of users and transactions made through automated channels has demonstrated the effectiveness and acceptance of this service in the market.

Human Capital

We are employment facilitators at the federal level, we support the professional development of our employees, favoring diversity and inclusion in the work environment. Considering diversity as a competitive advantage, we worked on the promotion of an inclusive culture that guarantees equal opportunities and safe spaces to grow, express opinions and debate. In each area we promote a culture of non-discrimination, respect and appreciation of diversity and inclusion so that all people feel encouraged to be authentic and feel part of it. In 2023, we continued to work in three main areas: sexual diversity, equal opportunities and social inclusion.

In recent years we have witnessed a significant change in the labor and business context, and in response to this, we took the initiative to generate changes at the level of people management, accelerating an important transformation and thinking, first and foremost, about on how to prepare the capabilities of each member to cope with these changes. Thus, this new way of managing was translated into two actions: building the loyalty of internal talent and becoming an attractive employer, in order to have the most outstanding people in the market. To this end, we began to review its value proposition, working hard on measuring the employee experience and adapting to new ways of working, becoming more agile and digital in its day-to-day management.

We focused on the continuity of a stage of organizational redesign in order to achieve a more horizontal structure that demonstrates the trust we have in each member of our organization.

With the idea of having committed and trained teams, new spaces and opportunities were created that influenced each person transversally, giving rise to a new way of working that is more autonomous, closer and based on trust. Based on the organizational redesign implemented, the foundations were laid for a new model of responsible self-management, providing more autonomy, allowing employees to take risks and make mistakes in order to improve themselves. At the same time, we fostered a leadership model, with the figure of leader-coaches who guide the actions of the teams of which they are part. These changes began to take shape in order to eliminate bureaucratic barriers to decision-making, optimizing workflows.

One of the main levers to accompany this collaborative culture was the implementation of Google Workspace for the entire staff, which fully impacted the way of working and communicating, leading us to a much more modern, agile and powerful state.

In 2022 we have reached an important level of development in terms of digital transformation, and we accompany each person and each area to amplify it, taking as a central core the creation of a good working environment and the involvement with the idea of working in a company that has a clear purpose to create value in Argentina.

In 2023, with the philosophy of *“para lograrlo, primero hay que pensar en grande”*, we challenged the country and generated continuous growth, creating new sources of employment and ensuring the development of our teams for the new work environment.

We are currently undergoing a transition process following the acquisition of Banco Itaú Argentina (today known as Banco BMA), a fact that challenges us to continue working on the consolidation of the cultural change we have been undergoing in recent years, in order to continue working on the consolidation of the cultural change we have been going through in recent years, in order to continue generating new capabilities and a mentality that allows our teams to adapt to the future of work that is already part of the present. To this end, we are working on the development of new critical competencies for the future, giving a leading role to each member through a culture that encourages self-development through flexible and constant training for the organization.

This year we have been distinguished with the #7 position in the annual Great Place to Work ranking in Argentina, consolidating us as one of the best companies to work in the country. This distinction reflects the cultural evolution of the organization, enabling us to improve 5 positions with respect to the previous year.

Within this framework, we continued to deepen our human capital model with a focus on people and the application of digital tools that allow employees to develop, think big and implement their tasks in an environment of trust and personal growth in order to attract, retain and retain the best talent.

Risk management policies

To comply with the “Risk Management Guidelines for Financial Institutions” set forth under Communication “A” 5398, as amended, we have adopted various measures at our organizational structure level and have implemented procedures to ensure the establishment of an independent risk management process.

Our Board of Directors created a Risk Management Committee (the “Risk Management Committee”) and appointed a Risk Management Manager and made them responsible for coordinating the application of risk management policies and the relevant responsible officers. For more information, see Item 6.C “Board Practices”.

The Risk Management Committee, among other responsibilities, assures the establishment of an independent management of risk, lays out policies, procedures, measurement methodologies and feedback systems in charge of the identification, measurement and monitoring of risks, as well as the responsibilities of every level of the organization involved in the process.

Our risk management process includes setting of acceptable risk levels by our Board of Directors, monitoring of our compliance with such levels by responsible officers, the issuance of regular reports for the Risk Management Committee, follow up on alerts and the application of action plans in connection with such alerts and the guidelines for the development of stress tests.

Additionally, the system is supplemented with policies and procedures specific to each risk (financial, credit, operational, counterparty credit, country risk, securitization, reputational, compliance and strategic risks, among others).

The Risk Management Department is in charge of Financing Risk, Credit Risk and Technology and Operational Risk areas. The primary procedures

developed by the Risk Management Department are:

- Stress tests: stress testing is a support tool for risk management and a complement to the results of risk measurement models. The objective of the tests is to assess the financial vulnerability potential of the Bank in light of the sensitivity of the main variables affecting each risk. In general, a variable with low probability of occurrence, but which if it materializes could lead to a significant overshoot in tolerance limits established for each risk. In addition, they are a tool for assessing the risk profile and are also used in the internal economic capital adequacy assessment process.
- Economic Capital Calculation: the economic capital calculation is developed for those risks that, due to their importance, could eventually affect our solvency. Risk management is directly related to the calculation of economic capital. Based on the internal models developed, we manage the risks, determine the risk profile, and therefore estimate the capital required for the development of the activities and business, adjusted to the degree of exposure to each risk.

Economic capital estimate

Economic capital is the estimated amount of unexpected losses identified for each one of the individual risks (financial, credit, counterparty credit, concentration, operational, securitization, strategic and reputational) determined for us on a consolidated basis.

We have implemented a formal procedure for quantifying economic capital, both current and prospective, and it is a tool used in the day-to-day management of risks, in preparing the business plan and in the stress tests.

The methods used to measure the economic capital of each risk were documented and approved by management, pursuant to the internal rules on corporate governance and risk management.

The most significant risks we manage are financial risk, credit risk and operational and technological risk.

Financial risk

Financial risk consists of liquidity, market and interest rate risks, which, independently or in an interrelated manner, can affect our liquidity and solvency.

We have strategies, policies and limits defined for each exposure which have been approved by our Board of Directors within the framework of market, liquidity and interest rate risk management. This process is reviewed periodically by the Risk Management Committee in accordance with the guidelines set forth by the Central Bank.

Liquidity risk

Liquidity risk is defined as the possibility that we may not be able to comply efficiently with expected and unexpected current and future cash flows, and guarantees without affecting our daily operations or financial condition.

Also, the market liquidity risk is understood as the risk that a position cannot be offset or unwound at the market price due to:

- That the assets do not have a sufficient secondary market; or
- Market alterations.

We have policies on liquidity, which aim to manage it in an efficient way, optimizing the cost and diversification of funding sources, and maximize the utility of the colocations through a prudential management that assures the necessary funding for the continuity of the operations and the fulfilment of the current regulation.

We have implemented a series of measurement and risk control tools, including the regular monitoring of liquidity gaps, differentiated by currency, as well as various liquidity ratios, including “bimonetary liquidity ratio”, “liquidity coverage ratio” (“LCR”), “net stable funding ratio” (“NSFR”), among others.

In the event of a liquidity crisis, we contemplate different actions within its contingency plan, such as: financing through interbank calls or borrowings against Central Bank; cash sale of securities portfolio; restriction in the granting of loans and increase in deposit interest rates in order to capture a greater volume of deposits. For more information, see note 52.2 to our audited consolidated financial statements as of December 31, 2023 and 2022.

Market risk

Market risk is defined as the possibility of suffering losses in our on and off-balance sheet positions as a result of adverse fluctuations in the market price of various assets.

Market risks include interest rate, foreign exchange and price risks. They are exposed to general and specific market movement and changes in the level of price volatility such as interest rates, credit spreads, foreign exchange rates, prices of shares and securities, among others. These risks arise from the size of the net positions held by us and/or the volatility of the risk factors involved in each financial instrument.

We have policies for the management of Market Risk in which the processes of monitoring and control of the risks of variations in the quotations of financial instruments with the objective of optimizing the risk/return relationship, using the structure of limits, models and adequate management tools. In addition, we have adequate procedures and tools that allow the Risk Management Committee and the Assets and Liabilities Committee to measure and manage this risk.

The risks to which the investment portfolios are exposed are monitored through Montecarlo “Value at Risk” (“VaR”) simulation techniques. We apply the VaR methodology to calculate the market risk of the main positions taken and the maximum expected loss based on a series of assumptions for a variety of changes in market conditions. For more information see note 52.3 to our audited consolidated financial statements as of December 31, 2023 and 2022.

Interest rate risk

Interest rate risk is the potential for changes in our financial condition resulting from adverse fluctuations in interest rates, which could have an adverse effect on capital or earnings.

Within the framework of interest rate risk management, we have a series of policies, procedures and internal controls that allow us to monitor the variation of the net present value of assets, liabilities and off-balance sheet items under certain scenarios of disturbance and stress in interest rates risk through Montecarlo simulations. For more information see note 52.4 to our audited consolidated financial statements as of December 31, 2023 and 2022.

Foreign currency exchange risk

We are exposed to fluctuations in foreign currency exchange rates prevailing in our financial position and cash flows. The largest portion of our foreign currency assets and liabilities are denominated in U.S. dollars.

The foreign currency position is composed by assets and liabilities expressed in Pesos, at the exchange rate as of the closure of the indicated dates. The open position of an institution is composed by assets, liabilities, off-balance-sheet accounts denominated in the foreign currency in which the institution assumes the risk. Any devaluation or revaluation of those currencies affects the income statement.

Our open position as of December 31, 2023, stated in Pesos by currency, is disclosed in note 27 “Foreign currency amounts” to our audited consolidated financial statements as of December 31, 2023 and 2022.

Credit risk

Credit policy and credit risk management

The Board of Directors approves our credit policy and credit assessment in order to provide a framework for the creation of businesses to attain an adequate correlation between the risk assumed and profitability.

Our Credit Risk Management area is in charge of interpreting, executing and guaranteeing the application of our General Credit Policy approved by our Board of Directors, ensuring proper identification, assessment, control, follow-up and mitigation of credit risk.

Credit risk results from the possibility of loss derived from customers or counterparties from fully or partially breaching financial obligations they have undertaken with us.

In order to manage and control the credit risk, we establish limits regarding the amount of risk we are willing to accept, so as to monitor the indicators with respect to such limits.

Credit risk rating and approval process

In order to determine the credit risk, our Credit Risk Department qualifies each individual or company by means of a risk rating model, assigning a rating to each debtor, taking into consideration quantitative as well as qualitative concepts. The Credit Risk Department has focused its actions on increasing the quality and efficiency of the credit risk rating process.

There are specific policies and procedures for loan granting for corporate and retail customers, which differ according to the segment to which they belong (public or private payroll, retirees or open market).

The risk assessment process varies depending on whether it's about Corporate Banking customers or Retail Banking customers.

Credit risk assessment for retail customers includes the use of risk applications based on screening and scoring methods, which impose a minimum threshold for the customer to be creditworthy, related to an arrears level. Qualifications are permanently available for branches in the Customer Management System (CRM) and for clients through digital channels, which allows them to operate automatically within the limits and conditions approved centrally by the Credit Risk Management.

The evaluation systems are based fundamentally on an admission score and certain rules of maximum indebtedness and installment/income ratio.

For the assessment of Corporate Banking customers, we feature different methods involving several responsible levels and which become more complex according to the magnitude of the transactions, as to amounts and type of assistance, weighted by terms and existing coverage.

For the approval of minor assistance, transitory or self-liquidating guarantees, credit powers are granted to senior officers based on their knowledge, experience and training. In any case, the use of these powers is associated with the result of an objective evaluation, avoiding any arbitrariness in credit approvals.

For the granting of predefined products and limited amounts, standardized evaluation systems are used in a decentralized manner and include origination screening methods for the admission and assignment of limits, based on economic, financial and equity information of the clients. Likewise, there is a periodic mass scale and centralized qualification process, which the Credit Risk Management Department makes available to the branches on a permanent basis.

When transactions exceed the amounts authorized by delegated powers or through decentralized risk analysis, the ratings are approved by Credit Committees. Committee resolutions establish the conditions to which the assistance is subject in terms of amounts, currencies, terms, coverage with guarantees, follow-up clauses, etc.

In order to limit the credit risk, guarantees are requested on the agreed financing. A specific area of Credit Risk Management is responsible for managing the collateral received by us, as well as for evaluating and periodically updating its appraisal value and validity, in order to monitor the quality of the risk mitigators.

We have a formal, solid and well-defined process to manage the recovery management of problem loans. Procedures are differentiated according to portfolio type and delinquency status.

We have a management information system suitable for the size of our operations. Its components include an automated tool for the calculation of key performance indicators, for which alert and limit values have been determined in order to monitor business changes according to the risk appetite defined by our Board of Directors. Other credit risk management tools used are evaluation or score models, which are used at different stages of the credit cycle, attributing an internal risk rating to customers, according to which the assigned credit limits are managed and according to which the portfolio is monitored. Those tools are complemented with expected losses and provision models.

Operational and technological risk

Operational risk consists of the risk of suffering losses due to inadequate or failed internal processes, systems or persons or due to external events. This definition includes legal risk but excludes strategic and reputational risk.

Within such framework, the legal risk –which may arise internally or externally- comprises, among other aspects, the exposure to penalties, sanctions or other economic consequences or results for failure to comply with any rule or regulation or contractual obligation.

We have policies, procedures and structures, appointing a head of operational risk, whose main objective is to secure an operational risk management plan which includes policies, programs, measurements and competencies for identifying, assessing and managing risks, with the purpose of assisting our Senior Management and our Board of Directors, in an environment of rapidly changing and significant risks.

We have a procedure to collect of events and losses for operational risk, which is composed of a collection process of operational events and losses to systematically register the frequency, severity, category and other relevant aspects related to the events and losses for operational risk. The objective is to evaluate the situation upon the event occurrence, to better understand the profile of operational risk and, if applicable, adopt the pertinent corrective measures.

In addition, we have a procedure that establishes the guidelines to prepare risk self-assessments and, in the cases of risks exceeding the tolerance limits admitted, guidelines to establish risk indicators and action plans.

The Risk Management Department produces and sends periodic reports to the Board of Directors, the Risk Management Committee and the Senior Management. Based on these reports, the results of the monitoring of the management of the main risks to which we are exposed are made known. Each report contains information on risk measurement, its evolution, trends, main exposures, control of main limits and the level of capital required by type of risk.

For more information on risk management processes see note 52 “Capital management, Corporate Governance Transparency Policy and Risk management” to our audited consolidated financial statements as of December 31, 2023 and 2022.

Competition

We believe that we have an important advantage over our competitors in providing banking products and services to small communities in some provinces of Argentina as a result of the close community relationships and strong loyalty we have developed over time with our customers in these areas.

We consider Banco Santander Argentina S.A., Banco de Galicia y Buenos Aires S.A.U., Banco BBVA Argentina S.A., Industrial and Commercial Bank of China (Argentina), HSBC Bank Argentina S.A. and Banco Patagonia S.A. to be our main competitors among private banks. We also compete with certain regional banks.

In the future, we expect competition to increase in corporate transactions products, long-term lending, mortgage lending and other secured financings, credit cards, personal loans, payroll services and investment management services.

Competitive landscape

We ranked as the fourth private bank and sixth overall in Argentina in terms of total loans and third private bank and fourth overall in terms of total deposits as of December 31, 2023. In terms of equity, we ranked as the first private bank and the second bank overall in Argentina as of December 31, 2023.

Below are the rankings of banks across these metrics, figures were prepared based on Central Bank methodology:

Total Loans (December 31, 2023)

		Ps. Million	Market Share
1	Banco de la Nación Argentina (1)	3,688,885	17%
2	Banco Santander Argentina S.A.	2,503,167	12%
3	Banco de Galicia y Buenos Aires S.A.U.	2,167,426	10%
4	Banco de la Provincia de Buenos Aires (1)	2,039,110	9%
5	Banco BBVA Argentina S.A.	1,851,259	9%
6	Banco Macro S.A. (2)	1,796,790	8%
7	Industrial and Commercial Bank of China (Argentina) S.A.	873,027	4%
8	HSBC Bank Argentina S.A.	739,247	3%
9	Banco de la Ciudad de Buenos Aires	671,832	3%
10	Banco Patagonia S.A.	649,695	3%
	Remainder of the Financial System	4,520,113	21%
	Total Financial System	21,500,552	100%

Source: Central Bank. Figures were prepared based on Central Bank methodology.

(1) Public sector banks.

(2) Figures from Banco Macro S.A. and Banco BMA S.A.U.

Total Deposits (December 31, 2023)

		Ps. Million	Market Share
1	Banco de la Nación Argentina (1)	13,174,067	21%
2	Banco de la Provincia de Buenos Aires (1)	6,830,553	11%
3	Banco Santander Argentina S.A.	6,002,502	10%
4	Banco de Galicia y Buenos Aires S.A.U.	5,544,973	9%
5	Banco BBVA Argentina S.A.	3,644,187	6%
6	Banco Macro S.A. (2)	3,319,173	5%
7	Banco de la Ciudad de Buenos Aires	2,602,163	4%
8	Industrial and Commercial Bank of China (Argentina) S.A.	2,394,056	4%
9	Banco Credicoop Limitado	1,957,497	3%
10	HSBC Bank Argentina S.A.	1,948,215	3%
	Remainder of the Financial System	15,378,923	24%
	Total Financial System	62,796,309	100%

Source: Central Bank. Figures were prepared based on Central Bank methodology.

(1) Public sector banks.

(2) Figures from Banco Macro S.A. and Banco BMA S.A.U.

Equity (December 31, 2023)

		Ps. Million	Market Share
1	Banco de la Nación Argentina (1)	5,522,338	25%
2	Banco Macro S.A. (2)	2,252,819	10%
3	Banco de Galicia y Buenos Aires S.A.U.	1,653,969	7%
4	Banco Santander Argentina S.A.	1,501,381	7%
5	Banco BBVA Argentina S.A.	1,406,170	6%
6	Banco de la Provincia de Buenos Aires	1,367,643	6%
7	La Sucursal de Citibank. N.A. establecida en la República Argentina	1,071,241	5%
8	Banco Credicoop Limitado	1,045,518	5%
9	Banco de la Ciudad de Buenos Aires	759,557	3%
10	Industrial and Commercial Bank of China (Argentina) S.A.	745,544	3%
	Remainder of the Financial System	5,071,572	23%
	Total Financial System	22,397,751	100%

Source: Central Bank. Figures were prepared based on Central Bank methodology.

(1) Public sector banks.

(2) Figures from Banco Macro S.A. and Banco BMA S.A.U.

There is a large concentration of branches in the City of Buenos Aires and in the province of Buenos Aires for the financial system as a whole, as shown by the following table. However, we have the most extensive private-sector branch network in Argentina and a leading regional presence holding 60.1% of our total branches in six provinces including Santa Fe, Córdoba, Misiones, Salta, Tucumán and Jujuy.

As of December 31, 2023

Province	Banking system		Banco Macro		Market Share (% share of total of branches in each province)
	Branches	% of total	Branches	% of total	
City of Buenos Aires	738	16.7%	56	10.8%	7.6%
Buenos Aires (Province)	1,420	32.2%	89	17.1%	6.3%
Catamarca	21	0.5%	1	0.2%	4.8%
Chaco	67	1.5%	2	0.4%	3.0%
Chubut	71	1.6%	6	1.2%	8.5%
Cordoba	452	10.2%	70	13.5%	15.5%
Corrientes	81	1.8%	3	0.6%	3.7%
Entre Rios	128	2.9%	10	1.9%	7.8%
Formosa	29	0.7%	0	0.0%	0.0%
Jujuy	37	0.8%	18	3.5%	48.6%
La Pampa	75	1.7%	2	0.4%	2.7%
La Rioja	27	0.6%	2	0.4%	7.4%
Mendoza	167	3.8%	15	2.9%	9.0%
Misiones	69	1.6%	37	7.1%	53.6%
Neuquén	84	1.9%	6	1.2%	7.1%
Rio Negro	80	1.8%	6	1.2%	7.5%
Salta	72	1.6%	40	7.7%	55.6%
San Juan	38	0.9%	1	0.2%	2.6%
San Luis	43	1.0%	2	0.4%	4.7%
Santa Cruz	52	1.2%	2	0.4%	3.8%
Santa Fe	485	11.0%	104	20.0%	21.4%
Santiago del Estero	57	1.3%	2	0.4%	3.5%
Tierra del Fuego	25	0.6%	2	0.4%	8.0%
Tucuman	96	2.2%	43	8.3%	44.8%
Total	4,414	100%	519	100.0%	11.8%

Source: Central Bank.

Argentine Banking Regulation

Unless otherwise indicated, the regulations explained in this section should be applied to financial information of the banks calculated in accordance with Central Bank Rules. IFRS differs in certain aspects from Central Bank Rules.

Overview

Founded in 1935, the Central Bank is the principal monetary and financial authority in Argentina. Its mission is to promote monetary and financial stability, employment and economic development with social equity. It operates pursuant to its charter, which was amended in 2012 by Law No. 26,739 and the provisions of the Financial Institutions Law. Under the terms of its charter, the Central Bank must operate independently from the Argentine government.

Since 1977, banking activities in Argentina have been regulated primarily by the Financial Institutions Law, which empowers the Central Bank to regulate the financial sector. The Central Bank regulates and supervises the Argentine banking system through the Superintendency. The Superintendency is responsible for enforcing Argentina's banking laws, establishing accounting and financial reporting requirements for the banking sector, monitoring and regulating the lending practices of financial institutions and establishing rules for participation of financial institutions in the foreign exchange market and the issuance of bonds and other securities, among other functions.

The powers of the Central Bank include the authority to fix the monetary base, set interest rates, establish minimum capital, liquidity and solvency requirements, regulate credit, approve bank mergers, approve certain capital increases and transfers of stock, grant and revoke banking licenses, and to authorize the establishment of branches of foreign financial institutions in Argentina and the extension of financial assistance to financial institutions in cases of temporary liquidity or solvency problems.

The Central Bank establishes certain technical ratios that must be observed by financial entities, such as ratios related to levels of solvency, liquidity, the maximum credit that may be granted per customer and foreign exchange assets and liability positions.

In addition, financial entities need the authorization from the Central Bank for certain actions, such as opening or changing branches or ATMs, acquiring share interests in other financial or non-financial corporations and establishing liens over their assets, among others.

As supervisor of the financial system, the Central Bank requires financial institutions to submit information on a daily, monthly, quarterly, semi-annual and annual basis. These reports, which include balance sheets and income statements, information related to reserve funds, use of deposits, classifications of portfolio quality (including details on principal debtors and any allowances for loan losses), compliance with capital requirements and any other relevant information, allow the Central Bank to monitor the business practices of financial entities. In order to confirm the accuracy of the information provided, the Central Bank is authorized to carry out inspections.

If the Central Bank's rules are not complied with, various sanctions may be imposed by the Superintendency, depending on the level of infringement. These sanctions range from a notice of non-compliance to the imposition of fines or, in extreme cases, the revocation of the financial entity's operating license. Additionally, non-compliance with certain rules may result in the compulsory filing of specific adequacy or restructuring plans with the Central Bank. These plans must be approved by the Central Bank in order to permit the financial institution to remain in business.

Banking Regulation and Supervision

Central Bank Supervision

Since September 1994, the Central Bank has supervised the Argentine financial entities on a consolidated basis. Such entities must file periodic consolidated financial statements that reflect the operations of parent companies as well as those of their branches in Argentina and abroad, and of their significant subsidiaries, whether domestic or foreign. Accordingly, requirements in relation to liquidity and solvency, minimum capital, risk concentration and loan loss provisions, among others, should be calculated on a consolidated basis.

Permitted activities and investments

The Financial Institutions Law governs any individuals and entities that perform habitual financial intermediation and, as such, are part of the financial system, including commercial banks, investment banks, mortgage banks, financial companies, savings and loan companies for residential purposes and credit unions. Except for commercial banks, which are authorized to conduct all financial activities and services that are specifically established by law or by regulations of the Central Bank, the activities that may be carried out by Argentine financial entities are set forth in the Financial Institutions Law and related Central Bank Rules. Commercial banks are allowed to perform any and all financial activities inasmuch as such activities are not forbidden by law. Some of the activities permitted for commercial banks include the ability to (i) receive deposits from the public in both local and foreign currency; (ii) underwrite, acquire, place or negotiate debt securities, including government securities, in both exchange and over-the-counter ("OTC") markets (subject to prior approval by the CNV, if applicable); (iii) grant and receive loans; (iv) guarantee customers' debts; (v) conduct foreign currency exchange transactions; (vi) issue credit cards; (vii) act, subject to certain conditions, as brokers in real estate transactions; (viii) carry out commercial financing transactions; (ix) act as registrars of mortgage bonds; (x) participate in foreign exchange transactions; and (xi) act as fiduciary in financial trusts. In addition, pursuant to the Financial Institutions Law and Central Bank Communication "A" 3086, as amended, commercial banks are authorized to operate commercial, industrial, agricultural and other types of companies that do not provide supplemental services to the banking services (as defined by applicable Central Bank Rules) to the extent that the commercial bank's interest in such companies does not exceed 12.5% of its voting stock or 12.5% of its capital stock. Nonetheless, if the aforementioned limits were to be exceeded, the bank should (i) request Central Bank's authorization; or (ii) give notice of such situation to the Central Bank, as the case may be. However, even when commercial banks' interests do not reach such percentages, they are not allowed to operate such companies if (i) such interest allows them to control a majority of votes at a shareholders' or board of directors' meeting, or (ii) the Central Bank does not authorize the acquisition.

Furthermore, according to the rules regarding "Complementary Services of the Financial Entities and Allowed Activities", as amended commercial banks are authorized to operate in local or foreign companies that have one or two of the exclusive corporate purposes listed in section 2.2 of Communication "A" 6342 as amended by Communication "A" 7631, in which the commercial bank's interest either exceeds 12.5% of such companies' voting stock or allows the commercial bank to control a majority of votes at a shareholders' or board of directors' meeting. The financial entities shall give notice to the Superintendency if the corporate purposes of such companies include any of the corporate purposes listed in section 2.2 of that rule.

Under Central Bank Rules regarding to "Financial Entities Minimum Capital", the holdings of a commercial bank in the capital stock of third parties, including participations in mutual funds, shall not exceed 60% of the Computable Regulatory Equity ("RPC", as per its acronym in Spanish) of such commercial bank. In addition, the total amount of a commercial bank's holdings, considered as a whole, in (i) unlisted shares, excluding holdings in companies that provide complementary services to the financial activity and holdings in state-owned companies that provide public services, (ii) listed shares and mutual fund shares that do not trigger minimum capital requirements on a market risk bases, and (iii) publicly traded shares that do not have a "market price available to the general public," is limited to 15% of such commercial bank's RPC. For this purpose, a given market price of the shares is considered to be "available to the general public" when market rates that measure the daily volume of significant transactions are available, and the sale of such shares held by such bank would not materially affect the share price.

Operations and activities that banks are not permitted to perform

Section 28 of Financial Institutions Law prohibits commercial banks from: (a) creating liens on their assets without prior approval from the Central Bank, (b) accepting their own shares as security, (c) conducting transactions with their own directors or managers and with companies or persons related thereto under terms that are more favorable than those regularly offered in transactions with other clients, and (d) carrying out commercial, industrial, agricultural or other activities without prior approval of the Central Bank, except those considered financially related activities under Central Bank Rules. Notwithstanding the foregoing, banks may own shares in other financial institutions with the prior approval of the Central Bank, and may own shares or debt of public services companies, if necessary to obtain those services.

Liquidity and solvency requirements

Since 1994, the Central Bank supervision of financial institutions has been carried out on a consolidated basis. Therefore, all of the documentation and information filed with the Central Bank, including financial statements, must show the operations of each entity's parent company and all of its branches (in Argentina and abroad), the operations of significant subsidiaries and, as the case may be, of other companies in which such entity holds stock. Accordingly, all requirements relating to liquidity, minimum capital, risk concentration and bad debts' reserves, among others, are calculated on a consolidated basis.

Legal reserve

Pursuant to the Financial Institutions Law, we are required to maintain a legal reserve which must be funded with no more than 20% and no less than 10% of yearly income, notwithstanding the aforementioned, pursuant to Central Bank Rules, we are required to maintain a legal reserve which is funded with 20% of our yearly income determined in accordance with Central Bank Rules. This reserve can only be used during periods in which a financial institution has incurred losses and has exhausted all other reserves. If a financial institution does not comply with the required legal reserve, it is not allowed to pay dividends to its shareholders.

Non-liquid assets

Since February 2004, non-liquid assets (computed on the basis of their closing balance at the end of each month, and net of those assets that are deducted to compute the regulatory capital) plus the financings granted to a financial institution's related parties (computed on the basis of the highest balance during each month for each customer) cannot exceed 100% of the Argentine regulatory capital of the financial institution, except for certain particular cases in which it may exceed up to 150%.

Non-liquid assets consist of miscellaneous assets and receivables, bank property and equipment, assets securing obligations, except for swaps, futures and derivative transactions, certain intangible assets and equity investments in unlisted companies or listed shares, if the holding exceeds 2.5% of the issuing company's equity. Non-compliance with the ratio produces an increase in the minimum capital requirements equal to 100% of the excess on the ratio.

Unless otherwise indicated, the regulations explained in this section should be applied to financial information of the banks calculated in accordance with Central Bank Rules. IFRS differs in certain aspects from Central Bank Rules.

Minimum capital requirements

The Central Bank requires that financial institutions maintain minimum capital amounts measured as of each month's closing. The minimum capital is defined as the greater of (i) the basic minimum capital requirement, which is explained below, or (ii) the sum of the credit risk, operational risk and market risk. Financial institutions (including their domestic Argentine and international branches) must comply with the minimum capital requirements both on an individual and a consolidated basis.

The capital composition to be considered in order to determine compliance with minimum capital requirements is the financial institution's RPC (rules regarding to "Financial Entities Minimum Capital", as amended).

Basic minimum capital

As from April 1, 2022, the basic minimum capital requirement to be observed by financial institutions is as follows:

<u>Banks</u>	<u>Other financial institutions (Except Cooperative Credit Unions)</u>
Ps.500 million	Ps.230 million

Likewise, financial entities in operation as of April 1, 2022, must comply with the basic capital requirement set forth in the table above as of March 31, 2024. Until that date, such operating entities were required to apply the requirements arising from the following table, according to the period in question:

Period	Banks	Other financial institutions (Except Cooperative Credit Unions)
4.1.22 to 3.31.23	Ps170 million	Ps.80 million
4.1.23 to 3.30.24	Ps.300 million	Ps.140 million

Financial institutions in operation as of April 1, 2022, that do not comply with the integration of the basic capital requirement as foreseen, must submit to the Superintendency of Financial and Exchange Institutions a compliance program within 20 calendar days following the closing of the period in which such deficiency is recorded, which must not exceed June 30, 2024 in order to comply with the basic requirement.

Regulatory Capital of Financial Institution: Tier 1 and Tier 2 capital regulations

Argentine financial institutions must comply with guidelines similar to those adopted by the Basel Committee on Banking Regulations and Supervisory Practices, as amended in 1995 (the “Basel Rules”). In certain respects, however, Argentine banking regulations require higher ratios than those set forth under the Basel Rules.

The Central Bank takes into consideration a financial institution’s RPC in order to determine compliance with capital requirements. RPC consists of Tier 1 Capital (Basic Net Worth) and Tier 2 Capital (Complementary Net Worth).

Tier 1 Capital

Tier 1 Capital consists of (i) Common Equity Tier 1 (“CO1”), (ii) deductible concepts from Common Equity Tier 1 (“CDCO1”), (iii) Additional Equity Tier 1 (“CA1”), and (iv) deductible concepts from Additional Equity Tier 1 (“CDCA1”).

CO1 Capital

CO1 includes the following net worth items: (i) capital stock (excluding preferred stock); (ii) non-capitalized capital contributions (excluding share premium); (iii) adjustments to shareholders’ equity; (iv) earnings reserves (excluding the special reserve for debt instruments); (v) unappropriated earnings; (vi) other results either positive or negative, in the following terms:

- 100% of net earnings or losses recorded until the last quarterly financial statements with limited review report, corresponding to the last full fiscal year and in respect of which the auditor has not issued the audit report;
 - 100% of net earnings or losses for the current year as of the date of the most recent audited quarterly financial statements;

- 50% of profits or 100% of losses for the most recent audited quarterly or annual financial statements; and
- 100% of losses not shown in the financial statements, arising from quantification of any facts and circumstances reported by the auditor;

(vii) other comprehensive income: i) 100% of the results recorded in the following items: revaluation of property, plant and equipment and intangibles; gains or losses on financial instruments at fair value with changes in other comprehensive income, ii) 100% of the debit balance of each of the items recorded in other comprehensive income not mentioned in section i). The recognition of these concepts, registered in accounts of other comprehensive income or other accumulated comprehensive income, as appropriate, will be made in accordance with the terms of points 8.2.1.5. or 8.2.1.6., as the case may be of Central Bank Rules regarding “Financial Entities Minimum Capital”.

(viii) share premiums of the instruments included in COn1; and

(ix) in the case of consolidated entities minority shareholdings (common shares issued by subsidiaries subject to consolidated supervision and belonging to third parties, if certain criteria are met).

In order for the shares to fall under COn1, at the time of issuance, the financial entity must not generate any expectation that such shares will be reacquired, redeemed or amortized, and the contractual terms must not contain any clause that might generate such an expectation.

For the purpose of determining the RPC, financial institutions included in Group A must compute as COn1 the positive difference between the higher of the accounting allowance stipulated in point 5.5 of IFRS 9 and the regulatory allowance calculated in accordance with the rules on “Establishment of minimum provisions for loan losses” or the accounting provision corresponding to the balance as of November 30, 2019.

Deductible Concepts

The above-mentioned items will be considered without certain deductions pursuant to subsection 8.4.1 and 8.4.2 (as applicable) of Central Bank Rules regarding “Financial Entities Minimum Capital”, as amended.

Concepts deductible from COn1 include, among other things: (a) positive balances resulting from the application of income tax withholdings above 10% of the previous months of basic net worth and balances in favor from deferred tax assets; (b) deposits maintained in a corresponding account with a foreign financial institutions that are not rated as “investment grade;” (c) debt securities not held by the relevant financial institutions, except in the case of securities registered by or in custody of the Central Bank (CRYL), Caja de Valores S.A., or Clearstream, Euroclear and the Depository Trust Company, (d) securities issued by foreign governments whose credit rating is less than ‘investment grade’ according to Communication “A” 5671; (e) subordinated debt instruments issued by other financial institutions; (f) shareholders; (g) real property added to the assets of the financial entity and with respect to which the title deed is not duly recorded at the pertinent Argentine real property registry, except where such assets shall have been acquired in a court-ordered auction sale; (h) intangible assets; (i) items pending allocation, debtor balances and other; (j) certain assets, as required by the Superintendency resulting from differences between carry amount and the fair value of assets or actions taken to distort or disguise the true nature or scope of operations; (k) those required by the Superintendency; (l) any deficiency relating to the minimum loan loss provisions required by the Superintendency; (m) equity interests in companies that have the following activities: (i) financial assistance through leasing or factoring agreements, (ii) transitory equity acquisitions in other companies in order to further their development to the extent the ultimate purpose is selling such interest after development is accomplished, and (iii) credit, debit and similar cards emissions; (n) the excess to the limits set forth for secured assets on Section 3 of the rules on “Affectation of Restricted Assets” (o) the highest balance of that month’s financial assistance granted during the month, where the advance payments set forth in Section 3.2.5 of the rules on “Lending to the non-financial public sector” surpass the authorized limit and/or are not settled within the terms established therein; (p) income from sales relating to securitization transactions, as applicable, pursuant to the provisions of Sections 3.1.4., 3.1.5.1. and 3.1.5.2., and from portfolio sales or assignments with recourse. This deduction can be applied as long as the credit risk still persists and to the extent in which the capital requirement for the underlying exposures or the sold or assigned portfolio with recourse is maintained; (q) in the case of liabilities from derivatives accounted for at fair value, unrealized gains or losses due to changes in the financial institution’s credit risk will be deductible. The deduction will be limited to the financial institution’s own credit risk adjustments only plus or minus, as the case may be; such adjustments may not be offset against adjustments for counterparty risk; (r) equity interests in financial institutions subject to consolidated oversight, except where not permitted due to the existence of deductible amounts; or in the case of foreign financial institutions. In these cases, the deductions will be the net amount of the allowance for impairment and, when controlled financial institutions subject to the provisions of Section 8.2.1.6., item iii) are involved, the deductions will be 50% of the net amount of profits derived by these entities on a proportional basis to their respective interests.

CAn1 Capital

CAn1 includes certain debt instruments of financial entities not included under COn1 that meet the regulatory criteria established in section 8.3.2 of the rules regarding “Financial Entities Minimum Capital”, as amended and supplemented, and share premiums resulting from instruments included in CAn1. Furthermore, in the case of consolidated entities, it includes instruments issued by subsidiaries subject to consolidated supervision and belonging to third parties, pursuant to applicable regulatory requirements.

The items mentioned in the previous points will be reduced, if applicable, by the deductible concepts provided in point 8.4.2 of the rules regarding “Financial Entities Minimum Capital”, as amended and supplemented, which are described below.

Moreover, debt instruments included under CAn1 must comply with the following requirements:

1) Must be totally subscribed and paid in full.

- 2) Must be subordinated to depositors, unsecured creditors and to the subordinated debt of the financial entity. The instruments must contemplate that in the case of the entity's bankruptcy and once all debts with all the other creditors are satisfied, its creditors shall have priority in the distributions of funds only and exclusively with respect to the shareholders (irrespective of their class), with the express waiver of any general or special privilege.
- 3) Must not be insured or guaranteed by the issuer or a related entity, and with no agreement improving, either legally or economically, the payment priority in the case of the entity's bankruptcy.
- 4) They shall not contemplate any type of capital payment, except in the case of liquidation of the financial entity. Provisions gradually increasing remuneration or other incentives for anticipated amortization are not allowed.
- 5) After five (5) years, as from the issuance date, the financial entity can buy back the debt instruments if: (i) it has the prior authorization of the Superintendency; (b) the entity does not create any expectations regarding the exercise of the purchase option and (c) the debt instrument is replaced by a RPC of equal or greater value sustained by its revenue capacity, or if it is demonstrated that once the purchase option is exercised, its RPC significantly exceeds at least by 20% of the minimum capital requirements.
- 6) Any capital repayment requires previous authorization from the Superintendency. In the case of a capital repayment, the financial entity must not create any market expectations regarding the granting of such authorization.
- 7) The financial entity can cancel dividends/interest coupons at any time and at its sole discretion, which shall not be considered the default in itself and shall not grant bondholders the right to demand the conversion of their notes into ordinary shares. Furthermore, there shall be no restrictions to the financial entity, except with respect to dividend distribution to the shareholders.
- 8) The payment of dividends/interest coupons shall be carried out through the noting of distributable entries, in the terms of the regulations on "Results Distribution" (Section III of the Central Bank's regulations).
- 9) The included dividends/interest coupons shall not have periodic adjustments because of the financial entity's credit risk.
- 10) They should not have been bought by the financial entity or any other entity over which the financial entity has control or significant influence.
- 11) They should not have been bought with direct or indirect financing from the financial entity.
- 12) They shall not contain elements that make re-capitalization difficult.

Instruments considered liabilities must absorb losses once a pre-established triggering event takes place. The instruments must do so through their conversion into ordinary shares or a mechanism assigning final losses to the instrument with the following effects:

- a) Reduction of debt represented by the instrument in the event of winding-up of the entity;
- b) Reduction of the amount to be repaid in case a call option is exercised;
- c) Total or partial reduction of the dividends/interest coupon payments of the instrument.

Complementary Net Worth (NWC): Tier 2

Tier 2 Capital includes (i) certain debt instruments of financial entities which are not included in Tier 1 Capital and meet the regulatory criteria established in section 8.3.3 of the rules regarding "Financial Entities Minimum Capital" as amended and supplemented, (ii) share premium from instruments included in Tier 2 Capital, and (iii) loan loss provisions on the loan portfolio of debtors classified as being in a "normal situation" pursuant to Central Bank Rules on debtor classification and of financing with preferred security "A" not exceeding 1.25% of the assets measured for credit risk. Additionally, in the case of consolidated entities, it includes (iv) debt instruments issued by subsidiaries subject to a consolidated supervision and belonging to third parties, if they meet the criteria in order to be included under NWC.

The above-described concepts will be considered less deductible concepts pursuant to section 8.4.2 of the rules regarding "Financial Entities Minimum Capital", as amended and supplemented, which is described below.

Moreover, debt instruments included under NWC must comply with the following requirements:

- Must be totally subscribed and paid in full.
- Must be subordinated to depositors, unsecured creditors and the subordinated debt of the financial entity.
- Must not be insured or guaranteed by the issuer or a related entity, and with no agreement improving either legally or economically the payment priority in case of the entity's bankruptcy.
- Maturity: (i) original maturity date within no less than five (5) years; (ii) clauses considering gradually increasing remuneration or other incentives for anticipated amortization are not allowed and (iii) from the beginning of the last five years of life of the indebtedness, the computable amount will be diminished by 20% of its nominal issuance value.

- After five (5) years as from the issuance date, the financial entity can buy back the debt instruments with the previous authorization of the Superintendency, and if the entity does not create any expectations regarding the exercise of the purchase option. The debt instrument must be replaced by an RPC of equal or greater value sustained by its revenue capacity, or if it is demonstrated that once the purchase option is exercised its RPC significantly exceeds at least in a 20% of the minimum capital requirements.

- The investor shall not be entitled to accelerate the repayment of future projected payments, except in the case of bankruptcy or liquidation.
- They cannot incorporate dividends/coupons with periodic adjustments linked to the financial entity's credit risk.
- They should not have been bought by the financial entity or any other entity over which the financial entity has control or significant influence.
- They should not have been bought with direct or indirect financing from the financial entity.

Additionally, instruments included in NWc and CAn1, shall present the following conditions in order to assure their loss-absorbency capacity:

- a) Their terms and conditions must include a provision pursuant to which the instruments must absorb losses—either through a release from debt or its conversion into ordinary capital—once a triggering event has occurred, as described hereunder.
- b) If the holders receive compensation for the debt release performed, it should be carried out immediately and only in the form of common shares, pursuant to applicable regulations.
- c) The financial entity must have been granted the authorization required for the immediate issuance of the corresponding common shares in the case of a triggering event, as described below.

Triggering events of regulatory provisions described above are: (i) when the solvency or liquidity of the financial entity is threatened, and the Central Bank rejects the amnesty plan submitted or revokes its authorization to function, or authorizes restructuring protecting depositors (whichever occurs first) or (ii) upon the decision to capitalize the financial entity with public funds.

We have issued U.S.\$400,000,000, 6.750% Series A Subordinated Resettable Notes due 2026, that are outstanding as of the date of this annual report and comply with all the requirements described above.

Further criteria regarding the eligibility of items included in the RPC calculation must be followed pursuant to the regulatory requirements of minority and other computable instruments issued by subsidiaries, subject to consolidated supervision by third parties. A minority shareholding may be included in COn1 of the financial entity if the original instrument complies with the requirements established for its qualification as common shares regarding the RPC.

Deductible concepts applied to the different capital levels

- i) Investments in computable instruments under the financial entity's RPC not subject to consolidated supervision when the entity owns up to 10% of the issuer's ordinary capital according to the following criteria: (i) investments include direct, indirect or synthetic interests; (ii) investments include the acquired net position; (iii) the holding of securities subscribed to be sold within a five business day term may be excluded; and (iv) the investments in capital instruments that do not satisfy the criteria to be classified as COn1 (Common Equity Tier 1), AT1 (Additional Equity Tier 1) or NWc (Complementary Net Worth) of the financial institution shall be regarded as COn1 –common equity shares, for the purposes of this regulatory adjustment. If the aggregate amount of these interests in the capital of financial institutions, companies providing services supplementary to the financial industry and insurance companies – which individually represent less than 10% of the COn1 of each issuer– exceeds 10% of the COn1 of the financial institution, net of applicable deductions, the amount over such 10% shall be deducted from each capital tier in accordance with the following method: i) Amount to be deducted from COn1: aggregate excess amount over 10% multiplied by the proportion represented by the COn1 holdings over the aggregate equity interests; ii) Amount to be deducted from CAn1: aggregate excess amount over 10% multiplied by the proportion represented by the CAn1 over the aggregate equity interests. iii) Amount to be deducted from NWc: aggregate excess amount over 10% multiplied by the proportion represented by the NWc holdings over the aggregate equity interest. If the financial institution does not have enough capital to make the deduction pertaining to a particular capital tier, the remaining amount shall be deducted from the next higher level. Amounts below the threshold, which are not deducted, are weighted based upon the risk or are taken into account in the calculation of the market risk requirement, as applicable.
- ii) Investments in instruments computed as regulatory capital of financial institutions and companies rendering services supplementary to the financial industry, not subject to consolidated oversight, and insurance companies, when the institution holds more than 10% of the common equity of the issuer, or when the issuer is a subsidiary of the financial institution, shall be subject to the following criteria: i) The investments include direct, indirect and synthetic interests. For these purposes, indirect interest means an investment by a financial institution in another financial institution or company not subject to consolidated oversight, which in turn has an interest in another financial institution or company not consolidated with the first one. A synthetic interest means an investment made by a financial institution in an instrument the value of which is directly related with the equity value of another financial institution or company not subject to consolidated oversight; ii) The net acquired position is included, i.e., the gross acquired position less the position sold in the same underlying exposure, when this has the same duration than the acquired position or its residual life is at least one year; iii) The holding of securities underwritten to be sold within a five business day term may be excluded; iv) Investments in capital instruments that do not satisfy the criteria to be classified as COn1, CAn1 or NWc of the financial institution shall be regarded as COn1, common equity shares, for the purposes of this regulatory adjustment. The amount of these interests, taking into account the applicable type of instrument, shall be deducted from each of the applicable capital tiers of the financial institution. If the financial institution does not have enough capital to make the deduction pertaining to a particular capital tier, the remaining amount shall be deducted from the next higher level.

- iii) Own repurchased instruments that satisfy the criteria for being included in CAn1 or NWc must be deducted from the applicable capital tier.

Limits

Rules regarding “Financial Entities Minimum Capital”, as amended and supplemented, establishes minimum thresholds regarding capital integration: (i) for COn1, the amount resulting from multiplying the capital RWA by 4.5%; (ii) for NWb, the amount resulting from multiplying RWA by 6% and (iii) for the RPC, the amount resulting from multiplying RWA by 8%. The lack of compliance with any of these limitations is considered as an infringement to minimum capital integration requirements.

Pursuant to Communication “A” 5889, as amended from time to time, RWA shall be calculated as follows:

$$RWA = RWAc + [(MR+OR) \times 12.5]$$

Where:

RWA: risk weighted assets

RWAc: credit risk weighted assets

MR: minimum capital requirement for market risk

OR: minimum capital requirement for operational risk

Economic Capital

Rules regarding “Financial Entities Risk Management Guidelines”, as amended and supplemented, require financial institutions to have an integrated global internal process in place to assess the adequacy of their economic capital based on their risk profile (the “Internal Capital Adequacy Assessment Process” or “ICAAP”), as well as a strategy aimed at maintaining their regulatory capital. If, as a result of this internal process, it is found that the regulatory capital is insufficient, financial institutions must increase regulatory capital based on their own estimates to meet the regulatory requirement.

The economic capital of financial institutions is the amount of capital required to pay not only unexpected losses arising from exposure to credit, operational and market risks, but also those arising from other risks to which the financial institution may be exposed.

Financial institutions must demonstrate that their internal capital targets are well-funded and adequate in terms of their general risk profile and operations. The ICAAP should take into consideration all material risks to which the institution is exposed. To this end, institutions must define an integral process for the management of credit, operational, market, interest rate, liquidity, securitization, graduation, reputational and strategic risks and use stress tests to assess potential adverse scenarios that may affect their regulatory capital.

The ICAAP must include stress tests supplementing and validating any other quantitative or qualitative approach employed by the institution in order to provide the board of directors and senior management with a deeper understanding of the interaction among the various types of risk under stress conditions. In addition, the ICAAP must consider the short- and long-term capital needs of the institution and ensure the prudent accumulation of excess capital during positive periods of the economic cycle.

The capital level of each entity must be determined in accordance with its risk profile, taking external factors such as the economic cycle effects and political scenario.

The main elements of a strict capital evaluation include:

- a) Policies and procedures to guarantee that the entity identifies, quantifies and informs all the important risks.
- b) A process which relates economic capital with the current level of risk.
- c) A process which sets forth capital sufficiency objectives related to the risk, taking a strategic approach from the entity and its business plan into consideration.
- d) An internal process of controls, tests and audits, with the objective to guarantee that the general risk management process is exhaustive.

The required amount of capital of each institution shall be determined based on its risk profile, taking into consideration other external factors such as the effects of the economic cycle and the economic scenario.

Communication “A” 7143, as amended from time to time, provides guidelines for the calculation of economic capital, depending on the type of financial entity. Entities considered within Group A pursuant to Central Bank rules shall use their internal models to quantify the needs of economic capital with relation to its risk profile. Conversely, Group B or C entities may opt for a simplified calculation methodology. Such option must be approved by the board of directors of such entity.

Group B or C entities which have opted for the simplified methodology shall apply the following expression:

$$EC = (1.05 \times MC) + \max [0; U \text{ EVE} - 15 \% \times \text{bNW}]$$

Where:

EC: economic capital

MC: minimum capital requirements

EVE: measure of risk calculated according to a standardized framework foreseen in section 5.4 of Communication “A” 6534

bNW: basic net worth (tier 1 capital)

Requirements applicable to dividend distribution

Dividends are calculated based on our statutory financial statements of the Bank, and prepared under Central Bank Rules, which differ in certain aspects from IFRS. The Central Bank has imposed restrictions on the payment of dividends, substantially limiting the ability of financial institutions to distribute such dividends subject to compliance with the rules set forth in the “Restated Regulations on Earnings Distributions”, by the Central Bank, under the criterion that the amount to be distributed cannot affect the institution’s liquidity and solvency, which shall be verified by the satisfaction of certain requirements, on a consolidated basis.

Such regulations provide that the payment of dividends (other than dividends on common shares), the acquisition of treasury shares, the payment on other tier 1 equity instruments (as determined in accordance with the provisions set forth in the rules on “Minimum capital of financial institutions”) and/or the payment of financial incentives (bonuses) to personnel – in this case, subject to the public order labor regulations (legal, statutory and contractual) governing the financial institutions’ relationships with their personnel– shall be subject to these rules.

Institutions may distribute earnings up to the positive amount derived from the off-balance sheet calculation set forth herein, without exceeding the limits set forth in these rules.

To such effect, the registered balances, as of the end of the fiscal year to which they belong, in the account “Unappropriated Retained Earnings” and in the voluntary reserve for future distributions of earnings shall be computed, deducting the amounts – recorded on the same date – of the legal and statutory reserves – whose creation is mandatory – and the following concepts:

1. 100 % of the negative balance of each of the items recorded under the line “Other comprehensive retained earnings.”
2. The result derived from the revaluation of property, plant and equipment and intangible assets and investment properties.
3. The net positive difference resulting from the calculation at amortized cost and the fair market value recorded by the financial institution in connection with sovereign bonds and/or currency regulation instruments issued by the Central Bank for such instruments valued at amortized cost.
4. The asset valuation adjustments notified by the Superintendency – whether accepted or not by the institution –, that are pending registration and/or those indicated by the external audit that have not been accounted.
5. The individual deductibles – regarding asset valuation – established by the Superintendency, including the adjustments derived from the failure to consider agreed adjustment plans.

In addition, financial institutions shall not distribute earnings out of the income derived from the first application of IFRS and are obliged to create a special reserve which shall only be reversed for capitalization purposes or to absorb possible negative balances in the item “Unappropriated Retained Earnings”.

The amount to be distributed, which shall not exceed the limits set forth by the Central Bank, shall not compromise the liquidity and solvency of the institution. This requirement shall be considered satisfied once it has been verified that there are no integration defects in the minimum capital position – whether individual and consolidated – as of the end of the fiscal year to which the unappropriated retained earnings pertain or in the last closed position, whichever has the lesser integration excess, recalculating them together (for such purpose only) with the following effects based on the data relevant as of each such date:

1. Those arising after deducting the concepts set forth above in points 1 to 5, if applicable, from the assets.
2. The failure to consider the deductibles established by the Superintendency affecting the requirements, integrations and minimum capital position.

3. The deduction of the amounts relating to the following concepts from the unappropriated retained earnings:
 - the amount to be distributed and, if applicable, the amount allocated to the creation of the reserve to repay debt instruments, capable of integrating the regulatory capital;
 - positive balances due to the application of the minimum presumed income tax – net of allowances for impairment – that have not been deducted from the basic shareholders’ equity, in accordance with the provisions set forth in rules on “Minimum capital of financial institutions”; and
 - adjustments made in accordance with points 1 to 5 above.
4. The failure to consider the limit set forth in paragraph 7.2. of the rules on “Minimum capital of financial institutions.”

The distribution of earnings shall only be admitted if none of the following events occurs:

- the institution is subject to the provisions of article 34 “Regularization and Recovery” and article 35 bis “Institution’s restructuring for the purpose of safeguarding loans and deposits” of the Financial Institutions Law;
- the institution has received financial assistance from the Central Bank under section 17 of its Charter, due to illiquidity;
- the institution is delayed or in breach of the reporting regime set forth by the Central Bank;
- the institution records minimum capital integration deficits – whether individually or consolidated – (without computing the effects of the individual deductibles established by the Superintendency);
- the integration of the average minimum cash – in Pesos, in foreign currency or in sovereign securities – is smaller than the requirement applicable to the last closed position or the projected position, taking into account the effect of the earnings distribution;
- the institution has failed to comply with the additional capital margins applicable in accordance with Section 4. Financial institutions shall have prior authorization of the Central Bank for the distribution of their results.

Moreover, in the midst of the COVID-19 crisis, the Central Bank issued Communication “A” 6945, as amended from time to time, by virtue of which the distribution of dividends by financial entities was temporarily suspended. On December 2021, by means of Communication “A” 7421, as amended, the Central Bank authorized financial entities to distribute dividends for up to 20% of accumulated dividends by December 31, 2021 from January 1, 2022 to December 31, 2022. Those financial entities authorized by the Central Bank to distribute their profits could only make such distribution in 12 equal, monthly and consecutive installments. The Central Bank established, as from January 1, 2022, that financial entities authorized by it to distribute their results – in accordance with the provisions of Section 6 of the rules on “Distribution of Results”- must make such distribution in twelve equal, monthly and consecutive installments.

On March 9, 2023 by means of Communication “A” 7719, the Central Bank repealed the suspension of the distribution of results of financial institutions (item 4. of communication “A” 7659), and it provided that from April 1, 2023 and until December 31, 2023, those financial institutions that had the authorization of the Central Bank were able to distribute profits in six equal, monthly and consecutive installments for up to 40% of the amount that would have corresponded.

However, by means of Communication “A” 7984 dated March 21, 2024, the Central Bank extended such date until December 31, 2024 and increased the amount and authorized to distribute profits in six equal, monthly and consecutive installments for up to 60% of the amount that would have been applicable if the “Distribution of Results” rules had been applied.

Additionally, the same provision requires that the distribution of results be consistent with the disclosures in the ‘Business Plan and Projections and Capital Self-Assessment Report’ under the Information Regime. The calculation of distributable income, along with the verification of liquidity and solvency, and the determination of additional capital margins, must all be conducted in the constant currency as of the date of the meeting at which the dividend distribution was decided. Furthermore, the amounts of the installments, where applicable, should be calculated using the same currency value.

Unless otherwise indicated, the regulations explained in this section should be applied to financial information of the banks calculated in accordance with Central Bank Rules. IFRS differs in certain respects from Central Bank Rules.

Capital Conservation Buffer

It is also stated that financial entities shall maintain a capital conservation margin in addition to the minimum capital requirements in order to ensure the accrual of owned resources to cope with eventual losses, reducing the non-compliance risk.

Financial entities considered D-SIBs or globally systemically important (“G-SIBs”), must have a capital level that permits a greater capacity for loss absorption, by virtue of negative externalities that the effects of insolvency of such entities or their foreign holdings could create in the financial system and the economy.

The conservation capital margin shall be 2.5% of the amount of RWA. In cases of entities considered systemically important, the margin will be increased to 3.5% of the amount of capital risk weighted assets. These margins can be increased once again, according to the counter-cycle margin. The conservation capital margin, increased in the case of entities considered systemically important, must be integrated exclusively with Common Equity

Tier 1 (CO_{n1}), net from deductible concepts (CDCO_{n1}).

When such margin is used, the entities must raise capital with new capital contributions, or reduce future distributions.

The dividend distribution shall be limited whenever the level and composition of the Computable Regulatory Equity, even when it complies with the minimum capital requirements, is within the range of the capital conservation margin. This limitation reaches solely the dividend distribution, but not the operation of the entity. Entities shall be able to operate normally when levels of Con1 are within the range of conservation margin. When the coefficient of Common Equity Tier 1 (Con1 as percentage of RWA) is within the range of margins conservation of capital, the restriction to the results distribution shall be increased whenever the coefficient of Con1 comes close to the minimum required in section 8.5.1 of regulations over “Minimum Capital for Financial Entities”. The following table shows the maximum percentages of dividend distribution, according to the compliance with the conservation margin presented:

Coefficient of Common Equity Tier 1 (Con1) net of deductions (CDcon1) – as percentage of RWA - Financial Entities – That are not categorized as D-SIBs or G-SIBs-	D-SIBs and G-SIBs Financial Entities	Minimum coefficient of capital conservation –as percentage of dividend distribution -
4.5 – 5.13	4.5 – 5.38	100
> 5.13 – 5.75	> 5.38 – 6.25	80
> 5.75 – 6.38	> 6.25 – 7.13	60
> 6.38 – 7.0	> 7.13 – 8	40
> 7	> 8	0

Currently, the minimum limits required by the regulations are:

- COn1/RWA: 4.5%
- NWb/RWA: 6.0%
- RPC/RWA: 8.0%

COn1 must be used in the first place to satisfy the minimum capital requirement of 4.5% of RWA. Subsequently, and in the event the total does not have enough Additional Equity Tier 1 (CAN1) or Tier 2 Capital (NWC), the COn1 shall also be applied to meet requirements of 6% and 8% of Tier 1 Capital and total capital. Only the remaining COn1, if any, can be computed to satisfy the applicable conservation margin, increased in function of the counter-cycle margin, if applicable.

Any entity that desires to exceed the dividend distribution limits shall finance this distribution by new contributions of COn1 in the excess amount.

The Central Bank also establishes the counter-cycle margin in order to allow the financial entities' capital levels to correspond to the accumulative systematic risk associated with an excessive credit expansion and the macro-financial context. When the Central Bank considers that the credit growth is excessive, creating an increase in systematic risk, it can establish, with a twelve-month advanced notice, the obligation to constitute a counter-cycle margin within a range of 0% to 2.5% of RWA. This margin can be reduced or cancelled by the Central Bank when it considers that the systematic risk has been diminished.

Financial entities with international activity shall consider the geographic location of their credit exposure with local and foreign residents of the private sector and calculate the counter-cycle margin as the mean between the required margins in foreign jurisdictions. This includes all credit exposure to private sectors subject to the requirement of credit risk capital.

In order to determine which jurisdiction corresponds to each exposure, the principle of ultimate risk shall be applied. Pursuant to this principle, one must identify the jurisdiction where the guarantor of the risk resides. The counter-cycle margin shall be observed by means of an increase in the conservation capital margin and shall be satisfied exclusively with Common Equity Tier 1, net of deductible concepts (CDCOn1).

For more information, see Item 8.A "Consolidated Statements and Other Financial Information—Amounts available for distribution and distribution approval process".

Credit Risk

The minimum capital requirement in respect of counterparty risk ("CRC") shall be calculated with the items included, which must be computed on the basis of the balances as of the last day of each month (capital, interests, premiums, restatements – by the CER – and price differences, as appropriate, net of the non-recoverability and devaluation risks provisions and of accumulated depreciation and amortization attributable to them and other regularizing accounts, without deducting 100% of the minimum amount required for the non-recoverability risk provision in the portfolio corresponding to debtors classified as in a "Normal Situation" – points 6.5.1 and 7.2.1 of the rules on "Classification of Debtors"- and financings secured by preferential guarantees "A").

The minimum capital requirement in respect of counterparty risk must be calculated applying the following equation: $CRC = (k * 0.08 * RWA_c) + INC$

Variable "k": Minimum capital requirements also depend on the CAMELBIG rating (1 is the strongest, 5 is the weakest) assigned by the Superintendency, which also determines the "k" value. This rating system complies with international standards and provides a broad definition of the performance, risks and perspectives of financial entities. Financial entities have to adjust their capital requirements according to the following "k" factors:

CAMELBIG Rating	k Factor
1	1.00
2	1.03
3	1.08
4	1.13
5	1.19

For the purposes of the calculation of the capital requirement, the rating will be that of the third month after the month of the most recent rating informed to the entity. For so long as no notice is given, the "k" factor will be equal to 1.03.

“RWAc” stands for capital risk weighted assets calculated by adding the value obtained from applying the following formula:

$$A * p + PFB * CCF * p + \text{non-DvP} + (DVP + RCD + \text{INC significant investments in companies}) * 12.50$$

Where:

Variable “A” refers to eligible assets/exposures;

“PFB” are eligible items which are not registered on the balance sheet;

“CCF” the conversion credit factor; and

“p” refers to the weighting factor, expressed on a per unit basis.

“DvP” refers to failed delivery against payment transactions (for purposes of these rules, failed payment against payment (PvP) transactions are also included). The amount is determined by the addition of the amounts arrived at by multiplying the current positive exposure by the applicable capital requirement.

In addition, “no DvP” refers to transactions that do not involve delivery against payment. The amount is determined by the addition of the amounts arrived at by applying the weighting factor (p) on the relevant transactions.

“RCD” refers to requirements for counterparty risk in OTC transactions.

“INC” incremental minimum capital requirements based on any excess in the fixed assets and other ratios, the limitations established under “Major Exposure to Credit Risk Regulations”.

“INC (significant investments in companies)” means the incremental minimum capital requirements based on any excess over the following limits:

- equity interest held in companies: 15%
- total equity interests held in companies: 60%

The established maximum limits will be applied on the financial entity’s computable regulatory capital for the last day before the relevant date, as prescribed in the Central Bank regulations on “Credit Risk Fractioning”.

Each type of asset is weighted according to the level of risk assumed to be associated with it. In broad terms, the weights assigned to the different types of assets are:

<u>Type of Asset</u>	<u>Weighting (%)</u>
<i>Availabilities</i>	
Cash held in treasury, in transit (when the financial institution assumes responsibility and risk for transportation), in ATMs, in checking accounts and in special accounts with the Central Bank and payment orders in charge of the Central Bank, gold coins or in “good delivery” bars, in the latter case bearing the stamp of any of the refining smelting, assaying, ex-assaying and ex-smelting companies included in the list published by the Central Bank	0
Cash items in the process of collection (checks and drafts for collection), cash in armored cars and in custody at financial institutions	20
<i>Exposure to governments and central banks</i>	
To the Central Bank denominated and funded in Pesos	0
To the National Government and to the provincial and municipal governments and the Autonomous City of Buenos Aires in pesos, when their source of funds is in that currency.	0
To the public non-financial sector arising from financing granted to social security beneficiaries or public employees -in both cases with discount code-, to the extent that such transactions are denominated in pesos, the source of funds is in that currency and the installments of all the entity’s financing with a periodic amortization system do not exceed, at the time of the agreements, thirty percent (30%) of the debtor’s income and/or, as the case may be, of the co-debtors.	0

<u>Type of Asset</u>	<u>Weighting (%)</u>
To the non-financial public sector and the Central Bank. Other	
- AAA to AA-	0
- A+ to A-	20
- BBB+ to BBB-	50
- BB+ to B-	100
- Below B-	150
- Unrated	100
To other sovereign states of their central banks	
- AAA to AA-	0
- A+ to A-	20
- BBB+ to BBB-	50
- BB+ to B-	100
- Below B-	150
- Unrated	100
Entities of the non-financial public sector from other sovereigns, pursuant to the credit rating assigned to the respective sovereign	
- AAA to AA-	20
- A+ to A-	50
- BBB+ to BBB-	100
- BB+ to B-	100
- Below B-	150
- Unrated	100
To the Bank for International Settlements, the IMF, the European Central Bank and the European Community	0

<u>Type of Asset</u>	<u>Weighting (%)</u>
To the non-financial public sector of the provinces, municipalities and/or the Autonomous City of Buenos Aires arising from the acquisition of sovereign bonds issued in Pesos by the central administration, when they do not have any one of the guarantees described in the regulations on “Financing to Non-Financial Public Sector”, pursuant to the credit rating assigned to the respective jurisdiction.	
- AAA to AA-	20
- A+ to A-	50
- BBB+ to BBB-	100
- BB+ to B-	150
- Below B-	200
- Unrated	200
<i>Exposure to the Multilateral Development Banks (MDB)</i>	
Exposure to the following entities: International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Asian Development Bank (ADB), African Development Bank (AFDB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), European Investment Bank (EIB), European Investment Fund (EIF), Nordic Investment Bank (NIB), Caribbean Development Bank (CDB), Islamic Development Bank (IDB), International Finance Facility for Immunization (IFFI), Multilateral Investment Guarantee Agency (MIGA) and Council of Europe Development Bank (CEB).	0
Other	
- AAA to AA-	20
- A+ to A-	50
- BBB+ to BBB-	50
- BB+ to B-	100
- Below B-	150
- Unrated	50

<u>Type of Asset</u>	<u>Weighting (%)</u>
<i>Exposure to local financial institutions</i>	
Denominated and funded in Pesos arising from transactions with an initial contractual term of up to 3 months	20
Other. The weighting percentage to be applied will be the one for one category less favorable than the one assigned to the exposures with the Argentine government in foreign currency, as provided for the Exposure to the public non-financial sector and the Central Bank, with a maximum of 100%, except that the grade was less than B-, in which case the weighting percentage will be 150%	
<i>Exposure to foreign financial institutions, pursuant to the credit rating assigned to the sovereign of their jurisdiction of incorporation</i>	
- AAA to AA-	20
- A+ to A-	50
- BBB+ to BBB-	100
- BB+ to B-	100
- Below B-	150
- Unrated	100
<i>Exposure to companies and other legal entities in the country and abroad, including exchange institutions, insurance companies, stock exchange entities and companies in the country that are treated as non-financial private sector according to Section 1 of the rules on “Non-financial public sector financing”, except for equity investments.</i>	100
<i>Exposures included in the retail portfolio</i>	
Loans to individuals (provided that installments of loans granted by the institution do not exceed, at the time of the agreements, 30% of borrower’s Income and/or, if applicable, of the co-debtors) and to Micro, Small- and Medium-Sized Companies (“SMEs”)	75
Other	100
<i>Exposures guaranteed by reciprocal guaranty companies (sociedades de garantía recíproca) or public security funds registered with the registries authorized by the Central Bank</i>	50
<i>First mortgage loans on residential property or mortgage loans with any order of preference provided that the institution remains the creditor, irrespective of the order of preference, to the extent that the debt balance under no circumstances exceeds the valuation price of the mortgaged property</i>	
If credit facility does not exceed 75% of the appraised value of such real property	
- Sole, permanently-occupied family home	35
- Other	50
On the amount exceeding 75% of the appraised value of such real property	100
<i>First mortgage loans on other than residential property or mortgage loans with any order of preference provided that the institution is also the creditor of senior loans</i>	
Up to 50% of the lower of the real property market value or 60% of the mortgage	50
Loan	

<u>Type of Asset</u>	<u>Weighting (%)</u>
On the remaining portion of the loan	100
<i>Past due loans over 90 days</i>	
Weighting varies according to the loan and specific provisions Created	50-150
<i>Equity holdings</i>	150
<i>Securitization exposures, failed DvP transactions, non DvP transaction, exposures to central counterparty institutions (CCP) and derivative transaction not included in said exposures receive a special treatment.</i>	
<i>Non failed spot transactions to be settled</i>	0
<i>Exposures to individuals or companies originated in credit card purchases made in installments of travel tickets to foreign destinations and other touristic services abroad (lodging, car rental), either made directly to the service provider or through a travel agency or web platform</i>	1250
<i>Other assets and off-balance categories</i>	100

Excluded items include: (a) securities granted for the benefit of the Central Bank for direct obligations; (b) deductible assets pursuant to RPC regulations and (c) financings and securities granted by branches or local subsidiaries of foreign financial entities by order and on account of their headquarters of foreign branches or the foreign controlling entity, to the extent: (i) the rules of the country where the parent company or controlling entity is located, the latter defined according to the provisions in force in that jurisdiction, must cover the supervision on a consolidated basis of the local branches or subsidiaries, (ii) the entity must comply with the provisions of item 3.1. of the rules on “Credit Evaluations”, requiring for such purpose an international risk rating within the “investment grade” category; (iii) in the case of financing, such financing must be provided by the local branches or subsidiaries only with funds from lines of credit assigned to them by the aforementioned foreign intermediaries (if the assistance is granted in a currency other than that of the foreign resources, the local entity may not assume the exchange risk); and (iv) in the case of guarantees granted locally, they are in turn guaranteed by their foreign branch headquarters or the foreign controlling entity and foreclosure on such guaranty may be carried out immediately and at the sole requirement of the local entity.

Credit Risk Regulation – Large Exposures

General Overview

Communication “A” 6599 of the Central Bank, as amended and restated by Communication “A” 6620, and its consequent modifications (“Communication “A” 6620”), effective as of January 1, 2019, abrogated credit risk fractioning regulations (except for the provisions related to the non-financial public sector), and replaced the former regime by regulating “large exposures to credit risk”. The system seeks to limit the maximum loss that a financial entity may suffer upon the occurrence of an unexpected default of a counterparty or group of connected counterparties who do not belong to the non-financial public sector, therefore affecting its solvency. The regulations regarding the exposures to credit risk must be applied at all times with every counterparty of the entity.

In this regard, the regulations have established the concept of group of connected counterparties, which applies to all cases in which one of the counterparties of a financial entity have direct or indirect control over the rest or in those cases in which financial difficulties experimented by one of the counterparties causes a strong likelihood that its subsidiaries may struggle financially as well. According to the regulation, upon the detection of the existence of a group of connected counterparties by the financial entity, such group shall be considered as a single counterparty and the sum of the exposures to credit risk that a financial entity possesses with all the individual counterparties comprehended in that group shall be subject to the information and disclosure requirements provided in section 2.

One of the main aspects of Communication “A” 6620 is the introduction of the concept of large exposure to credit risk in Argentine banking regulations, which is defined as the sum of all values of exposure of a financial entity with a counterparty or group of connected counterparties when it is equal or above 10% of the Tier 1 Capital registered by the financial entity the immediately preceding month of its calculation.

However, the determination of the values of exposure to risk recognize the following exceptions:

- Intraday interbank exposures;
- Exposures of financial entities with qualifying central counterparties, as defined by the Central Bank regulations on minimum capital;
- Exposures with the Central Bank; and
- Exposures with the Argentine non-financial public sector.

Regarding the information regime, the Central Bank has established that the financial entities shall inform the Superintendency of all the values of exposure to credit risk before and after the application of mitigation techniques, detailing:

- Exposures to risk with a value equal or above 10% of Tier 1 Capital of the financial entity;
- Every other exposure to risk which value is equal or above 10% of the Tier 1 Capital of the financial entity, without applying credit risk mitigation techniques;
- Excluded exposures to risk which values are equal or above 10% of the financial entity's Tier 1 Capital; and
- The financial entity's 20 largest applicable exposures to risk, regardless of its value in relation with the financial entity's Tier 1 Capital.

Limits

On one side, Communication "A" 6620 sets at 15% the limit of exposure with a counterpart of the non-financial private sector. Nevertheless, the limit will be increased by 10 percentage points for the part of the exposures that are covered by preferred collaterals. Additionally, it sets special limits for operating with financial institutions in the country and abroad (the general rule sets it at 25%). In the case of foreign financial institutions that do not have an international risk rating included in the "investment grade" category, the maximum limit is 5%.

On the other side, Communication "A" 6620 sets the global limit of exposure to risk with respect to affiliate counterparties at 20%. In the case of stock held in an investment portfolio, the sum of all the values of exposure to risk corresponding to the total stocks not related to the portfolio shall not exceed 15% (holdings in public services companies or companies dedicated to complementary services to financial activities are excluded). The total limit of stocks and holdings shall be the sum of all the values of exposure to risk corresponding to the total amount of stock in an investment or negotiation portfolio plus the credits for forward operations and sureties entered into in authorized Argentine markets shall not exceed 50%.

Minimum controls to exposures of affiliates

The regulations set forth three stages for the control of the financial entity's affiliates exposure:

1) Reports for the entity's management:

- Report by the CEO;
- Report by the supervisory committee; and
- Acknowledgment of the reports by the entity's management.

2) Evidence of the affiliation to the financial entity: the personnel responsible for the analysis and resolution of the credit operations shall expressly register whether or not the client is affiliated with the financial entity.

3) Affidavit evidencing affiliation: affiliated clients shall file an affidavit stating if they belong to the lending entity or if its relationship with such entity implies the existence of a controlling influence.

Interest rate risk

Until January 1, 2013, financial entities had to comply with minimum capital requirements regarding interest rate risk. These requirements were intended to capture the sensitivity of assets and liabilities to changes in the interest rates. Communication "A" 5369 removed all rules and regulations regarding minimum capital requirements for interest rate risk. Notwithstanding this change, financial entities must continue to calculate the interest rate risk and remain subject to the Superintendence's supervision. By virtue of Communication "A" 6534, dated July 3, 2018, the Investment Portfolio Interest Rate (RTCI) risk shall be calculated.

Market risk

Overall capital requirements in relation to market risk are based on the sum of the five amounts of capital necessary to cover the risks. Market risk is defined as the possibility of incurring losses in on-and off-balance sheet recorded positions as a result of adverse changes in market prices. The market risk minimum capital requirement is the arithmetic sum of the minimum capital requirement for interest rate (trading portfolio), stock (trading portfolio), exchange rate, commodities and options risks (trading portfolio). To meet this capital requirement, entities must apply a "Standard Measurement Method" based on an aggregate of components that separately capture the specific and general market risks for securities positions.

General considerations. Risks subject to this minimum capital requirement include risks derived from positions in instruments – such as securities and derivatives – recorded as part of the trading portfolio, and risks from foreign currency and commodities positions recorded, indistinctly, as part of the investment or trading portfolio. For the purpose of the above accounting recording, the trading portfolio of financial entities comprises positions in financial instruments included among an entity’s assets for purposes of trading or of providing hedging to other items contained in the portfolio. Pursuant to Communication “A” 6690, as amended, a financial instrument may be accounted for as part of the trading portfolio – for purposes of meeting the minimum capital requirement for market risk – if such instrument may be traded free from any restriction or if the instrument may be hedged in full. Also, the portfolio must be actively managed, and its positions must be valued on a daily basis and with the required accuracy. Positions kept for trading purposes are those positions that the entity intends to sell in the short term or from which it intends to derive a profit as a result of changes, either actual or expected, in short-term prices, or by means of arbitrage activities. They include both positions that the entities keep for their own use and those they purchase in the course of services performed for customers or “market making” activities”. Financial entities must calculate the minimum capital requirement for the counterparty credit risk involved in OTC transactions involving derivatives and securities financing transactions, such as repo transactions (repo agreements), recorded as part of the trading portfolio on a separate and additional basis to the calculation of capital requirements for general market risk and specific market risk of the underlying securities. For this purpose, entities will be required to apply the methods and weighting factors usually applicable when those transactions are recorded as part of the investment portfolio. Entities must have clearly defined policies and procedures in place, designed to determine the exposures that are to be included into or excluded from the trading portfolio in order to calculate their minimum capital requirement for market risk. On the other hand, the investment portfolio will include all securities held by the entity which are not included in the trading portfolio.

The minimum capital requirement for exchange rate risk will apply to the total position in each foreign currency. The minimum capital requirement for securities will be computed in respect of the instruments accounted for as part of the trading portfolio, which must be valued prudently (marked to market or marked to model). Instruments whose yield is determined in relation to CER must be considered fixed-rate securities. Whether recorded as part of the trading or of the investment portfolio, items to be deducted for purposes of calculating the RPC will be excluded from the calculation of the market risk minimum capital requirement.

Minimum capital requirement for interest rate risk. The minimum capital requirement for interest rate risk must be calculated in respect of any debt securities and other instruments accounted for as part of the trading portfolio, including any non-convertible preferred shares. This capital requirement is calculated by adding two separately calculated requirements: first, the specific risk involved in each instrument, either a short or a long position, and second, the general market risk related to the effect of interest rate changes on the portfolio. A set off of the long and short positions held in different instruments will be allowed.

Minimum capital requirement for positions in stock. The capital requirement for the risk of holding equity positions in the trading portfolio applies to both long and short positions in ordinary shares, convertible debt securities that function like shares and any call or put options for shares, as well as any other instrument with a market behavior similar to that of shares, excluding non-convertible preferred shares, which are subject to the minimum capital requirement for interest rate described in the preceding paragraph. Long and short positions in the same security may be computed on a net basis.

Minimum capital requirement for exchange rate risk. The capital requirement for exchange rate risk establishes the minimum capital required to hedge the risk involved in maintaining positions in foreign currency, including gold. To calculate the capital requirement for exchange rate risk, entities must first quantify its exposure in each currency, and then estimate the risks inherent in the combination of long and short positions in different currencies.

Minimum capital requirement for commodities risk. The capital requirement for commodities risk establishes the minimum capital required to hedge the risk involved in maintaining positions in commodities – but gold. The calculation of the capital requirement shall express every commodity position in terms of the standard measure unity, and following the rules set forth in Communication “A” 6690, and its amendments.

Minimum capital requirement for positions in options. The calculation of the capital requirement for the risk involved in positions in options may be based on the “simplified method” set forth in Communication “A” 6690, and its amendments, if the entity only purchases options; provided that, the market value of all the options in its portfolio does not exceed 5% of the entity’s RPC for the previous month, or if its positions in sold options are hedged by long positions in options pursuant to exactly the same contractual terms. In all other cases, the entity must use the alternative “delta plus” method, provided for in the regulation.

Consequences of a Failure to Meet Minimum Capital Requirements

In the event of non-compliance with capital requirements by an existing financial institution, Central Bank Communication “A” 6091, as amended, provides the following:

- (i) Non-compliance reported by the institution: the institution must meet the required capital no later than the end of the second month after the date of non-compliance or submit a restructuring plan within thirty (30) calendar days after the end of the month in which such non-compliance was reported. In addition, non-compliance with minimum capital requirements will entail a number of consequences for the financial institution, including a prohibition to open branches in Argentina or in other countries, establish representative offices abroad, or own equity in foreign financial institutions, as well as a prohibition to pay cash dividends. Moreover, the Superintendency may appoint a representative, who shall have the powers set forth by the Financial Institutions Law.
- (ii) Non-compliance detected by the Superintendency: the institution may challenge the non-compliance determination within thirty (30) calendar days after being served notice by the Superintendency. If no challenge is made, or if the defense is dismissed, the non-compliance determination will be deemed to be final and the procedure described in the previous item will apply.

Furthermore, pursuant to the rules regarding to “Financial Entities Minimum Capital”, if a financial institution fails to meet market risk daily minimum capital requirements, except for any failure to meet the requirements on the last day of the month, calculated as a sum of VaR of included assets or derived from the calculation of capital requirements for interest rate, exchange rate and stock risks, the financial institution must replace its capital or decrease its financial position until such requirement is met, and has up to ten (10) business days from the first day on which the requirement was not met to meet the requirement. If the financial institution fails to meet this requirement after ten (10) business days, it must submit a regularization and reorganization plan within the following five (5) business days and may become subject to an administrative proceeding initiated by the Superintendency.

Operational risk

The regulation on operational risk (“OR”) recognizes the management of OR as a comprehensive practice separated from that of other risks, given its importance. OR is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk but excludes strategic and reputational risk.

Financial institutions must establish a system for the management of OR that includes policies, processes, procedures and the structure for their adequate management. This framework must also allow the financial entity to evaluate capital sufficiency.

Seven OR event types are defined, according to internationally accepted criteria:

- internal fraud;
- external fraud;
- employment practices and workplace safety;
- clients, products and business practices;
- damage to physical assets;
- business disruption and system failures; and
- execution, delivery and process management.

Financial entities are charged with implementing an efficient OR management system following the guidelines provided by the Central Bank. A solid system for risk management must have a clear assignment of responsibilities within the organization of financial entities. Thus, the regulation describes the roles prepared by each level of the organization in managing of OR (such as the roles of the board of directors, senior management and the business units of the financial institution).

A financial institution’s size and sophistication, and the nature and complexity of its products and processes, and the extent of the transaction determines the type of “OR unit” required. For small institutions, this unit may even consist of a single person. This unit may functionally respond to the senior management (or similar) or a functional level with risk management decision capacity that reports to that senior management.

An effective risk management will contribute to prevent future losses derived from operational events. Consequently, financial entities must manage the OR inherent in their products, activities, processes and systems. The OR management process comprises:

- a) Identification and assessment: the identification process should consider both internal and external factors that could adversely affect the development of the processes and projections created according to the business strategies defined by the financial institution. Financial entities should use internal data, establishing a process to register frequency, severity, categories and other relevant aspects of the OR loss events. This should be complemented with other tools, such as self-risk assessments, risk mapping and key risk indicators.
- b) Monitoring: an effective monitoring process is necessary for quickly detecting and correcting deficiencies in the policies, processes and procedures for managing OR. In addition to monitoring operational loss events, banks should identify forward-looking indicators that enable them to act upon these risks appropriately.
- c) Control and mitigation: financial entities must have an appropriate control system for ensuring compliance with a documented set of internal policies, which involve periodic reviews (to occur at least annually) of control strategies and risk mitigation, and adjust these as necessary.

Pursuant to Communication “A” 5282, as amended by Communications “A” 6091 and “A” 7928 among others, the minimum capital requirements regarding OR are equal to 15% of the annual average positive gross income of the last thirty-six (36) months.

The OR formula is as follow:

$$C_{RO} = \frac{\sum_{i=1}^n \alpha \cdot IB_i}{n}$$

The variables in the OR formula are defined as follows:

- “Cro”: the capital requirement for operational risk.
- “α”: 15%.
- “n”: the number of 12-month consecutive terms with positive IB, based on the 36 months preceding the month of calculation. The maximum value of n is 3.
- “IBt”: gross income from 12-month consecutive terms; provided that, it is a positive figure, corresponding to the 36 months preceding the month of calculation.

Gross income (ingresos brutos) (“IB”, as per its acronym in Spanish) is defined as the sum of (a) financial and service income net of financial and service expenses and (b) sundry gains net of sundry losses.

The following items are excluded from items (a) and (b) above:

- expenses derived from the creation or elimination of reserves during previous fiscal years and recovered credits during the fiscal year that were written off in previous fiscal years;
- profits or losses from holding equity in other financial institutions or companies, if these were deductible from RPC;
- extraordinary or unusual gains (i.e., those arising from unusual and exceptional events that resulted in gains) including income from insurance recovery; and
- gains from the sale of classified species and measures at amortized cost of fair value with changes in other integral gains.

New financial institutions must comply, in their first month, with an OR minimum capital requirement equivalent to 10% of the aggregate requirements determined for credit and market risks, in the latter case, for the positions on the last day of that month. As from the second and up to the thirty-sixth month, the monthly capital requirement will be equivalent to 10% of the average requirements determined for the months elapsed until, and including, the calculation period based on a consideration of the risks referred to in the preceding paragraph, in accordance with the following formula:

$$C_{RO,t} = \frac{\sum_{i=1}^n (C_{RC,t} + RM_{p,t})}{n} \times 10\%$$

For every t-month:

- “C_{RC,t}”: the capital requirement for credit risk.
- “R_{MP,t}”: the capital requirement for market risk for the last day of such t-month.
- “n”: the number of months preceding the month of calculation, inclusive. 2 ≤ n ≤ 36.

From the thirty-seventh month onwards, the monthly requirement is calculated based on the OR formula.

Minimum cash reserve requirements

The minimum cash reserve requirement requires that a financial institution keep a portion of its deposits or obligations readily available and not allocated to lending transactions and it is included in the Central Bank “Rules of Minimum Cash”, as amended and supplemented.

Minimum cash requirements are applicable to demand and time deposits and other liabilities arising from financial intermediation denominated in Pesos, foreign currency, or government and corporate securities, and any unused balances of advances in checking accounts under agreements not containing any clauses that permit the bank to discretionally and unilaterally revoke the possibility of using such balances.

Minimum cash reserve obligations exclude (i) amounts owed to the Central Bank, (ii) amounts owed to domestic financial institutions (excluding special deposits related to inflows of funds – Decree No. 616/2005), (iii) amounts owed to foreign banks (including their head offices, entities controlling domestic institutions and their branches) in connection with foreign trade financing facilities, and with multilateral development banks, (iv) cash purchases pending settlement and forward purchases, (v) cash sales pending settlement and forward sales (whether or not related to repurchase

agreements), (vi) overseas correspondent banking operations, (vii) demand obligations for money orders and transfers from abroad pending settlement to the extent that they do not exceed a seventy-two (72) business hour term as from their deposit; (viii) demand obligations with business for the sales made by debt, prepaid, credit card and / or for the purchase (ix) and demand obligations for securities bonds—liability—in pesos.

The liabilities subject to these requirements are computed on the basis of the effective principal amount of the transactions, including differences in rates (either negative or positive), excluding interest accrued, past due, or to become due on the aforementioned liabilities, provided they were not credited to the account of, or made available to, third parties, and, in the case of fixed-term deposit of UVIs and UVAs, the accrued amount resulting from the increment of the value of such unit.

The minimum cash requirement is determined on the basis of the average of the daily balances of the obligations covered:

- recorded at the end of each day during the period prior to that of its integration, when the requirement is in Pesos, except for deposits in Pesos in accounts of payment service providers that offer payment accounts (PSPOCP) in which their clients' funds are deposited.
- recorded at the end of each day during each calendar month, for demands in foreign currency, securities and deposits in Pesos in accounts of PSPOCP in which their clients' funds are deposited.

The averages shall be obtained by dividing the aggregate of the daily balances into the total amount of the days of each period. Those days in which no movements are registered shall repeat the balance corresponding to the immediately preceding business day.

Such requirement shall be complied with on a separate basis for each currency and/or security and/or instrument under monetary regulation in which the liabilities are denominated.

The table below shows the percentage rates that should be applied to determine the required minimum cash reserve requirement for financial institutions, depending on whether: (i) the financial entities are included in Group “A”, as provided by Section 4 of the regulations on “Authorities of financial entities” (Autoridades de entidades financieras), and/or branches or subsidiaries of foreign banks are classified as systemically important (G-SIB) not included in that group; or (ii) the remaining financial entities. Section 4 of the regulations on “Authorities of financial entities” of the Central Bank classifies the financial entities in: (a) Group “A” which includes those entities in which the amount of their assets is greater than or equal to 1% of the total of the assets of the financial system (for the purposes of calculating this indicator, the average of the assets corresponding to the months of July, August and September of the previous year will be considered, according to the data that arise from the corresponding information regime); (b) Group “B” which includes those entities in which the amount of their assets do not exceed 1% and greater than or equal to 0.25% of the total of the assets of the financial system; and (c) Group “C” which includes those institutions whose deposits do not exceed 0.25% of the total of the assets of the financial system. The following rates arise from Communication “A” 7824:

Item	Grupo A y G-SIB		Rate	
	Pesos	Foreign Currency	Remaining financial institutions	
		Pesos	Foreign Currency	Pesos
1- - Checking account deposits and demand deposits opened at credit cooperatives	45		20	
2- Savings account, salary/social security accounts, special accounts (except for deposits included on items 7, 11 and 15), and other demand deposits and liabilities, pension and social security benefits credited by ANSES pending collection and immobilized reserve funds for liabilities covered by these regulations	45	25	20	25
3- Unused balances of advances in checking accounts under executed overdraft agreements	45	-	20	-
4- Deposits in checking accounts of non-bank financial institutions, computed for purposes of meeting their required minimum cash reserve	100		100	
5- Time deposits, liabilities under “acceptances”, (including responsibilities for sale or transfer of credits to agents different from financial institutions), stock-exchange repos (cautions and stock exchange reverse repo), constant-term investments, with an option for early termination or for renewal for a specified term and variable income, and other fixed-term liabilities, except deposits included in the following items 7, 10 y 12 of this table, securities (including negotiable obligations), according to their outstanding term:				
(i) Up to 29 days	25	23	11	23
(ii) From 30 days to 59 days	14	17	7	17
(iii) From 60 days to 89 days	4	11	2	11

<u>Item</u>	<u>Rate</u>			<u>Remaining financial institutions</u>	
	<u>Grupo A y G-SIB</u>		<u>Pesos</u>		<u>Foreign Currency</u>
	<u>Pesos</u>	<u>Foreign Currency</u>			
(iv) From 90 days to 179 days	0	5	0	5	
(v) From 180 days to 365 days	0	2	0	2	
(vi) More than 365 days	0	0	0	0	
6- Liabilities owed due to foreign facilities (not including those instrumented by term deposits, unless they are made by residents abroad linked to the entity pursuant to Section 2 of the rules on “Large Exposures to Credit Risk”, nor the acquisition of debt securities, to which they must apply the requirements provided in the previous point)					
(i) Up to 29 days	-	23	-	23	
(ii) From 30 days to 59 days	-	17	-	17	
(iii) From 60 days to 89 days	-	11	-	11	
(iv) From 90 days to 179 days	-	5	-	5	
(v) From 180 days to 365 days	-	2	-	2	
(vi) More than 365 days	-	0	-	0	
7. Demand and time deposits made upon a court order with funds arising from cases pending before the court, and the related immobilized balances					
(i) Up to 29 days	22	15	10	15	
(ii) From 30 days to 59 days	14	15	7	15	
(iii) From 60 days to 89 days	4	15	2	15	
(iv) More than 90 days	—	15	—	15	
8- Special deposits related to inflows of funds. Decree 616/2005	-	100	-	100	

<u>Item</u>	<u>Grupo A y G-SIB</u>		<u>Rate</u>	
			<u>Remaining financial institutions</u>	
	<u>Pesos</u>	<u>Foreign Currency</u>	<u>Pesos</u>	<u>Foreign Currency</u>
9- Time deposits in nominative, non-transferable Peso- denominated certificates, belonging to public sector holders, with the right to demand early withdrawal in less than 30 days from its setting up	25		11	
10- Deposits and term investments —including savings accounts and securities (including Notes)— in UVIs and UVAs, according to their outstanding term				
(i) Up to 29 days	7	-	7	-
(ii) From 30 days to 59 days	5	-	5	-
(iii) From 60 days to 89 days	3	-	3	-
(iv) More than 90 days	0	-	0	-
11- Labor Work Fund for Construction Industry Workers, denominated in UVA	7		7	
12- Deposits and fixed term investments created in the name of minors for funds they receive freely	0		0	
13- Deposits in Pesos in demand accounts that constitute the assets of mutual funds (money market).	10		10	
14- Deposits in Pesos in accounts of payment service providers that offer payment accounts (PSPOCP) in which the funds of their clients are deposited	100		100	
15- Deposits in special accounts:				
15.1. In Pesos (“Special accounts for holders with agricultural activity” and “Special accounts for exporters”).	0		0	
15.2. In U.S. dollars (“Special accounts to credit export financing”).	0		0	

Financial entities included in Group “A” and branches or subsidiaries of G-SIB not included in that group may integrate the period and daily requirement in Pesos with “National Treasury Bonds in Pesos at a fixed rate due May 23, 2027” and “National Treasury Bonds in Pesos at a fixed rate due November 23, 2027” in up to:

- a) 5 percentage points of the rates described in points 1, 2 (in Pesos), 3, 9, and sections (i) and (ii) of point 5 and point 7 (both in Pesos).
- b) 2 percentage points of the rate described in section (iii) of points 5 and 7 (both in Pesos).
- c) 45 percentage points of the rate described in points 14 (both in Pesos).

Financial entities included in Group “A” and branches or subsidiaries of G-SIB not included in that group may integrate period and daily requirement in Pesos with Letras de Liquidez (“LELIQ”), Central Bank’s Notes (“NOBAC”) and/or national government securities in Pesos -including those by the CER and with yield in dual currency (dual bond) and excluding those linked to the evolution of the US dollar—with a residual term (at the time of subscription):

- a) not less than 180 days and not more than 450 calendar days acquired by primary subscription since June 1, 2021,
- b) not less than 120 days and not more than 450 calendar days acquired by primary subscription since November 1, 2021,
- c) not less than 90 days and not more than 450 calendar days acquired by primary subscription since November 1, 2021. days acquired by primary subscription since July 13, 22 and
- d) not less than 90 days and not more than 630 days acquired by primary subscription since September 27, 2022—which will continue to be computed until their maturity, as long as their integration is maintained.
- e) not less than 90 days and not more than 730 calendar days purchased by primary subscription as of March 9, 2023.
- f) not less than 90 days and not more than 760 calendar days purchased by primary subscription as of May 29, 2023.
- g) not less than 90 days and not more than 760 calendar days purchased by primary subscription as of December 20, 2023 —which will continue to be computed until their maturity, as long as their integration is maintained.

Communication “A” 7923, it provides that financial entities may integrate period and daily requirement in Pesos with LELIQ, NOBAC and/or national government securities in Pesos -including those by the CER and with yield in dual currency (dual bond) and excluding those linked to the evolution of the US dollar—with a residual term (at the time of subscription) of no less than 300 days and no more than 730 days from the time of subscription, received in exchange operations arranged by the National Government for securities acquired both by primary subscription and in the secondary market—in up to:

- a) On demand deposits provided for in items 1, 2 and 3 (in Pesos) 4 percentage points of the rate provided for.
- b) Time deposits and time investments made by holders of the non-financial private and non-financial public sectors and those provided for in item 11: all the requirement, except for the maximum proportion allowed for integration in “National Treasury Bonds in Pesos”.
- c) Term investments with variable remuneration made by clients with agricultural activity -according to item 2.5.2.2.2. of the rules on “Deposits and term investments”-: all the requirements.
- d) Other placements
 - 1) 9 percentage points of the rates provided in section (i) of point 5 (in Pesos)
 - 2) 7 percentage points of the rates provided by section (ii) of point 5 (in Pesos);
 - 3) 3 percentage points of the rates provided by section (i, (ii) and (iii) of point 10; and
 - 4) 2 percentage points of the rates provided by section (iii) of point 5.

Financial entities not included in the last paragraph in up to:

- a) Sight deposits provided for in items 1, 2 and 3 (in Pesos) 10 percentage points of the expected rate
- b) Other placements
 - b.1) 3 percentage points of the rates provided by sections (i) of point 5, and sections (i) to (iii) of point 10; and
 - b.2) 2 percentage points of the rates provided in section (ii) of point 5.

In order to be admitted for integration with “National Treasury Bonds in Pesos at a fixed rate due May 23, 2027”, “National Treasury Bonds in Pesos at a fixed rate due November 23, 2027”, and national government securities in Pesos -including those adjustable by the CER and excluding those linked to the evolution of the U.S. dollar—,LELIQ and/or NOBAC, as described above, they must be valued at market prices and be deposited in Sub-account 60, minimum cash enabled in the “Central Registry and Settlement of Public Liabilities and Financial Trusts—CRyL” (Central de Registro y Liquidación de Pasivos Públicos y Fideicomisos Financieros).

The minimum cash requirement will be reduced as explained below:

1. In accordance with the participation in the total of financing operations to the non-financial private sector in Pesos in the entity of financing to SMEs in the same currency;

Participation, in the total of financing operations to SMEs with respect of total of financing operations to the non-financial private sector, in the <u>institution</u> .	Reductions (over the total of the concepts included in Pesos) %
Less than 4	0.00
From 4 to less than 6	1.00
From 6 to less than 8	1.25
From 8 to less than 10	1.50
From 10 to less than 12	1.75
From 12 to less than 14	2.00
From 14 to less than 16	2.25
From 16 to less than 18	2.50
From 18 to less than 20	2.75
From 20 to less than 22	3.00
From 22 to less than 24	3.25
From 24 to less than 26	3.50
26 or more than 26	3.75

Financing to SMEs includes financing through the purchase of SME Electronic Credit Invoices accepted by companies complying with the provisions of point 2.2.1. of the rules on “Credit Evaluations” as from May 2023, to customers that qualify as SMEs.

It will be considered the mobile average balance at the end of the last 12 months prior to the low report of the financings in Pesos (Loans and Credits for Financial Leases) granted to SMEs in respect of the total of such financings to the non-financial private sector of the institution.

2. Depending on the granting of financing under the “Ahora 12” and “Cuota Simple” Programs (The implementation of the Consumer Promotion Program and the Production of Goods and Services named “Ahora 12” was created by Joint Resolution 671/2014 and 267/2014 of the former Ministry of Economy and Public Finance and the Ministry of Industry):
 - i. whose destination is the acquisition of goods and services included in the aforementioned resolution and its complementary regulations; or
 - ii. to non-financial companies issuing credit cards at an annual interest rate of up to 17%, insofar as these companies are part of the “Ahora 12” Program.

Effective from March 1, 2020, Communication “A” 6916, as amended, increased the 20% decrease of the requirement for “Ahora 12,” to 35% of the aggregate financings in Pesos granted by the relevant institution until September 30, 2020, and 50% of the aggregate financings in Pesos granted from October 1, 2020, to January 1, 2022 and 40% of the aggregate financings in Pesos granted as from February 1, 2022.

For those financial entities adhered to the “Cuota Simple” Program—established by Resolution No. 7/24 of the Ministry of Economy and its complementary rules—the requirement will be reduced by an amount equivalent to:

- 30 % of the amounts of the financing in pesos granted by the entity until March 21, 2024.
- 15 % of the amounts of financing in pesos granted by the entity as from March 22, 2024.

For this purpose, the balance of the financings reached in the period prior to the computation of the requirement that meet the requirements indicated above shall be considered.

The deductions contained in this item may not exceed 8% of the items in pesos subject to requirement, on average, of the month prior to the computation month.

3. Financing granted by the financial entities covered by the Minimum SMEs Quota. The requirement shall be reduced by an amount equivalent to 40 % of the financings provided for in item 6.4.1. that are granted for an average term equal to or exceeding 36 months, taking into account the capital maturities, measured as a monthly average of daily balances of the previous month.

4. For financial entities that have implemented the remote and face-to-face opening of the “Universal Free Account (CGU)” provided for in item 3.11. of the rules on “Savings, salary and special deposits”, the requirement will be reduced by an amount equivalent to the financing in Pesos granted as from April 1, 2021 to individuals and SMEs -as defined in the rules on “Determination of the status of micro, small or medium-sized enterprises”- that have not been reported by financial entities in the “Credit Information Database” (CENDEU) in December 2020, provided that they have been agreed at an annual nominal interest rate that does not exceed, at that time, the maximum rate established in the first paragraph of point 2.1.1. of the rules on “Interest rates in credit operations”- the case of entities of Groups “A”, “B” and branches or subsidiaries of G-SIBs not included in those groups, and regardless of the amount of financing- or as per point 2.1.2. “A”, “B” and branches or subsidiaries of G-SIB not included in those groups, and regardless of the amount of the financing—or the one in force according to item 2.1.2. of those rules for the rest of the financial entities. The requirement will be reduced by an amount equivalent to 50% of the financing in Pesos granted as from March 1, 2024 to individuals and SMEs -according to the definition contained in the rules on “Determination of the status of micro, small or medium-sized enterprises”- that have not been reported by financial entities in the “Financial System Debtors’ Central” (CENDEU) in December 2023. The monthly average balance of the financings reached in the period prior to the integration of the requirement shall be considered. This deduction may not exceed 3% of the items in Pesos subject to requirement on average of the month prior to the month of integration.

As from September and March of each year, institutions must consider as base month for these purposes the information contained in the “Financial System Debtors’ Central” as of the previous June and December, respectively. 100 % of the residual balances of financing in Pesos granted up to February 29, 2024, will continue to be computed as a reduction of the minimum cash requirement in pesos until maturity, proceeding in the same way -applying the corresponding proportion- in each change of base month.

5. Depending on the cash withdrawals made through institution ATMs. By the amount calculated on the basis of the monthly average of total daily cash withdrawals from ATMs, corresponding to the prior month, located in the institution’s operational houses, according to the jurisdiction in which is located, in accordance with the provisions of the “Locations for Financial Institutions Categorization Rules”.

For this purpose, the included ATMs are those that – at least – allow users to make cash withdrawals regardless of the institution in which they are customers and the network managing such equipment and that –on a monthly average, computing business and non-business days – have remained accessible to the public for at least ten hours a day.

By Communication “A” 7616 the validity of this reduction of requirement is until December 31, 2022 and by Communication “A” 7661 it is extended from January 1, 2023 to June 30, 2023. By Communication “A” 7795, as from July 1, 2023, this reduction is applicable to cash withdrawals made at ATMs located in localities included in categories III to VI, as established in the rules on “Categorization of localities for financial entities”.

6. By Communication “A” 7616 on the basis of the balances of the included financings disbursed up to 9.30.22:

6.1. In the case of financial entities included in Group “A”, the requirement will be reduced by an amount equivalent to the 30% of the aggregate of all financing in Pesos to SMEs – in accordance with the definition contained in the “Determination of the Status of Micro, Small or Medium-Sized Enterprises Rules”- agreed at a maximum interest of:

- a. 40% fixed nominal per annum until and including February 16, 2020 (which may continue to be counted until its termination).
- b. 35% fixed nominal per annum from February 17, 2020.

For this purpose, the average monthly balance of the financings granted the period before the requirement was calculated that meets the above conditions shall be included. This deduction may not exceed 2% of the items in Pesos subject to the requirement, on average, of the month prior to the calculation.

The financings calculated for the point 1.5.4 deduction cannot be included for the determination of the point 1.5.1 deduction.

- 6.2. In accordance with the special treatment provided for financings under Decree No. 260/2020.

The requirement will be reduced by an amount equivalent to 40% of the sum of the financings in Pesos agreed to an annual rate of up to 24% with the following objectives:

- a. SMEs if at least 50% of such financings are allocated to working capital.
- b. Providers of human health services if they provide hospitalization in the framework of the health emergency as provided by Decree No. 260/2020.
- c. Non-SMEs clients that agree such financings for the acquisition of machines and equipment produced by local SMEs.

This deduction may not exceed 4% of the concepts in Pesos subject to demand on average of the month immediately previous of the month of computation, and can be extended up to 6% in the case of the following financings agreed as from July 1, 2020:

- Clients that received the assistance provided for in point (5) a. above, up to the total amount equivalent to the monthly wage bill (without the supplementary annual salary) to be paid by the applicant;
- Clients that did not received such special assistance.

- 6.3. In accordance with the special treatment provided for under Decree No. 322/2020. The requirement will be reduced by an amount equivalent to:

- a. 60% of the amount of the “Zero Interest-Rate Credits”, “Loans at Subsidized Rate for Companies” and “Zero Interest-Rate CultureCredits” agreed under the framework of Decree No. 322/2020 (as amended) and disbursed until November 5, 2020;
- b. 24% of the “Loans at Subsidized Rate for Companies” disbursed until November 6, 2020, at a nominal annual rate of 27%;
- c. 7% of the “Loans at Subsidized Rate for Companies” disbursed as of November 6, 2020 at a nominal annual rate of 33%.

- 6.4. In the case of financings to SMEs not informed at the Financial System’s Debtors Center (Central de Deudores del Sistema Financiero), the requirement will be reduced by an amount equivalent to 40% of the financings in Pesos to SMEs agreed at a nominal annual rate of 24% measured on a monthly average of daily balances from the previous month.

The financing computed for the deduction provided in points 1, 3, 4, and points 6.1, 6.2 and 6.4 can only be computed in one of the above-mentioned points.

Whenever there is an excessive concentration of liabilities (in holders and / or terms), which implies a significant risk with respect to the individual liquidity of the financial institution and / or has a significant negative effect on the systemic liquidity, additional minimum cash may be set on the liabilities included in the financial entity and / or those complementary measures that are deemed pertinent.

Likewise, the minimum cash requirement may be increased due to non-compliance with the rules on the “Credit Line for productive investment”.

In addition to the abovementioned requirements, the reserve for any defect in the application of resources in foreign currency net of the balances of cash in the entities, in custody in other entities, in transit and in Transporters of Securities, for a certain month, shall be applied to an amount equal to the minimum cash requirement of the corresponding currency for each month.

The minimum cash reserve must be set up in the same currency or securities or debt instruments for monetary regulation to which the requirement applies, and may include the following:

1. Accounts maintained by financial institutions with the Central Bank in Pesos.
2. Accounts of minimum cash maintained by financial institutions with the Central Bank in U.S. dollars, or other foreign currency.
3. Special guarantee accounts for the benefit of electronic clearing houses and to cover settlement of credit card, vouchers, and ATM transactions and immediate transfer funds.
4. Checking accounts maintained by non-bank financial institutions with commercial banks for the purpose of meeting the minimum reserve requirement.
5. Special accounts maintained with the Central Bank for transactions involving social security payments by the ANSES.
6. Minimum cash sub-account 60, authorized in the Registration and Settlement Central for Public Debt and Financial Trusts – CRYL (“Central de Registro y Liquidación de Pasivos Públicos y Fideicomisos Financieros – CRYL”) for public securities and securities issued by the Central Bank at their market value.

These eligible items are subject to review by the Central Bank and may be changed in the future.

Compliance with the minimum cash reserve requirement will be measured on the basis of the monthly average of the daily balances of eligible items maintained during the period to which the minimum cash reserve refers by dividing the aggregate of such balances by the total number of days in the relevant period. The compensation of deficit positions with surplus positions corresponding to different requirements will not be accepted.

The aggregate balances of the eligible items referred to above, maintained as of each daily closing, may not, on any one day during the month, be less than 25% of the total required cash reserve, determined for the next preceding period, recalculated on the basis of the requirements and items in force in the month to which the cash reserves relate, without considering the effects of the application of the provisions of section “1.7 Transfers” of the “Minimum Cash” rules. The daily minimum required is 50% when a deficit to the admitted transfer margin occurs in the previous period.

Any deficiencies in meeting the required minimum cash reserve and the daily minimum reserve in Pesos, in foreign currency, or securities or debt instruments for monetary regulation are subject to a penalty in Pesos, equal to 1.5 times the rate of the monetary policy published on the last business day of the relevant period or, if not available, the last one available.

Minimum SMEs Quota

According to Communication “A” 7983, financial institutions included in the list of Annex II of Communication “A” 7859, including us, as from April 1st, 2024, in order to comply with this quota, they must maintain a quarterly average of daily balances (April-June; July-September; October-December and January-March of the following year) of covered financing that is at least equivalent to 7.5% of the deposits of the non-financial private sector in pesos of the entity calculated based on the monthly average of daily balances of the penultimate previous month.

In addition, in order to comply with the Minimum SMEs Quota, at least 30% of the quota must be used to finance investment projects.

Entities complying with this Minimum SMEs Quota may compute the reduction of the minimum cash requirement in pesos provided for in item 1.5.1.

LELIQ global daily position

Pursuant to Section 8 “net position in LELIQ and NOTALIQ” of the Central Bank rules “Cash settled and forward transactions, futures, bonds, surety bonds, other derivatives and mutual funds” financial institutions may maintain a net position in short term LELIQ global including those effectively imputed to integrate the minimum cash requirement in Pesos pursuant to points 1.3.7.1. and 1.3.17. of the Central Bank “Rules of Minimum Cash “- up to an amount equivalent to the average daily balance of time deposits in Pesos of the previous period.

Financial institutions that have a percentage of time deposits in Pesos in relation to the total deposits in Pesos -measured as a monthly average of daily balances of the previous period, considering only capital without interest or adjustments- equal to or higher than 20%, may maintain a joint positive net position of longer term LELIQ and variable rate Liquidity Notes (NOTALIQ).

For more information, see “Argentine Banking Regulations—Minimum Cash Reserve Requirements”.

Internal liquidity policies of financial institutions

Pursuant to the Central Bank regulations on the LCR, financial institutions must adopt management and control policies that ensure the maintenance of reasonable liquidity levels to efficiently manage their deposits and other financial commitments and must comply with the liquidity coverage ratio established thereunder, under a 30-day stress test scenario. Such policies should establish procedures for evaluating the liquidity of the institutions in the framework of prevailing market conditions to allow them to revise projections, take steps to eliminate liquidity constraints and obtain sufficient funds, at market terms, to maintain a reasonable level of assets over the long term. Such policies should also address (i) the concentration of assets and liabilities in specific customers, (ii) the overall economic situation, likely trends and the effect on credit availability and (iii) the ability to obtain funds by selling government debt securities and/or own assets.

The organizational structure of the entity must place a specific unit or person in charge of managing liquidity and assign levels of responsibility to the individuals who will be responsible for managing the LCR, which will require daily monitoring. The participation and coordination of the entity’s top management authority (e.g., CEO) will be necessary.

In addition, financial institutions must designate a director or advisor who will receive reports at least weekly, or more frequently if circumstances so require, such as when changes in liquidity conditions require new courses of action to safeguard the entity. In the case of branches of foreign financial institutions, the reports must be delivered to the highest authority in the country.

Appointed officers and managers will be responsible for managing the liquidity policy that, in addition to monitoring the LCR, includes taking the necessary steps to comply with minimum cash requirements.

Financial institutions must report the list of such officers and directors, as well as any subsequent changes, to the Superintendency within ten (10) calendar days from the date of any such change.

Liquidity Parameters

In addition to the LCR, there are other parameters that are used as systematic tools of control. These policies contain specific information regarding cash flows, balance structure and available underlying assets free of charge. These parameters, along with the LCR, offer basic information to evaluate the liquidity risk. The included parameters are:

- gaps in contractual terms;

- funding concentration;
- available assets free of restrictions;
- LCR for relevant currency; and
- Market-related monitoring tools.

Additionally, Communication “A” 6209, as amended, sets forth that financial institutions must have an adequate stock of high-quality liquid assets (“HQLA”) free of any restrictions which can be immediately converted into cash in order to cover their liquidity needs during a period of 30 days in case of a stress scenario. Also, financial institutions must carry out their own stress tests so as to determine the liquidity level they should maintain in other scenarios, considering a period higher than 30 calendar days.

The LCR must be equal to or greater than 1 (that is to say, the stock of HQLA must not be lower than the total net cash outlays) in the absence of a financial stress scenario. If this is not the case, the LCR may fall below 1.

The Central Bank describes how to categorize a stress scenario, taking into account the following: the partial loss of retail deposits; the partial loss of wholesale non-guaranteed funding capacity; the partial loss of guaranteed funding; additional fund outlays due to situations contractually provided for as a consequence of a significant decline in the financial institution’s credit quality; market volatility increases that have an effect on the quality of guarantees or on the potential future exposure of positions in derivatives; the unforeseen use of credit and liquidity facilities compromised and available but not used that the financial institution may have granted to its clients; and/or the need that the financial institution may experience to repurchase debt or to comply with non-contractual obligations so as to mitigate its reputational risk.

The LCR calculation must be made on a permanent basis and informed to the Central Bank on a monthly basis.

The HQLA can only be made up of the following portfolio assets (consider as Tier 1 (An1)) at the day of the calculation of the LCR: cash in hand, in transit, in armored transportation companies and ATMs; deposits with the Central Bank; certain national public bonds in Pesos or in foreign currency; securities issued or guaranteed by the International Payments Bank, the IMF, the European Central Bank, the European Union or Multilateral Development Banks that comply with certain conditions and debt securities issued by other sovereign entities (or their central banks).

Net Stable Funding Ratio (NSFR)

The purpose of the net stable funding ratio (“NSFR”) is to allow financial institutions to finance their activities with sufficiently stable sources to mitigate the risk of future stress situations derived from their funding requirements. By requiring financial institutions to maintain a stable funding profile relative to the breakdown of their off-balance sheet assets and transactions, the NSFR limits the strong dependence on short term wholesale funding, promotes a better assessment of balance sheet and off-balance sheet items funding risk, and favors funding sources stability. The definitions of the components of the NSFR are similar to those set forth in the “Liquidity Coverage Ratio” regulations, unless otherwise expressly set forth herein.

The NSFR is defined as the available amount of stable funding relative to the required amount of stable funding, where: AASF (Available Amount of Stable Funding) is the capital and liabilities of the financial institution – calculated in the manner set forth in Section 2 – that are expected to be available over a one-year term. RASF (Required Amount of Stable Funding) is the amount of funding necessary for such period – calculated in the manner set forth in Section 3 – based on its liquidity and remaining life of the institution’s assets and its off-balance sheet obligations.

The NSFR shall be at all times greater than or equal to 1 (NSFR > 1). It shall be supplemented with the assessment made by the Superintendency. The Superintendency may demand the institution to adopt stricter standards to reflect its funding risk profile, also taking into account the assessment made in connection with the “Risk Management Guidelines for Financial Institutions” in connection with the institution’s liquidity.

The Financial Institutions shall observe the NSFR all times and report it on a quarterly basis to the Superintendency.

Leverage Ratio

Through Communication “A” 6431, effective as of March 1, 2018, the Central Bank incorporated a ratio to limit the leverage of financial institutions in order to avoid the adverse consequences of an abrupt reduction in leverage in the supply of credit and the economy in general, and reinforce the minimum capital requirement with a minimum capital requirement simple and not based on risk.

The leverage ratio, which must be greater than or equal to 3%, arises from the following expression:

Ratio (as %) = Measure of capital / Measure of exposure where the measure of capital will be the basic net worth, and the measure of the exposure will be the sum of (i) the exposures in the asset (excluding the items corresponding to derivatives and Securities Financing Transactions (SFT)), (ii) exposures by derivatives; (iii) exposures for SFT transactions and (iv) off-balance-sheet items. Both measures must be calculated based on the closing balances of each quarter.

Interest rate and fee regulations

Maximum lending rates

Since 2020, maximum interest rates applicable to the lending transactions were restated. Currently Communication “A” 7862 establishes that the maximum interest rate applicable to credit card transactions shall not exceed a nominal annual rate of 122 % in transactions that do not exceed Ps. 200,000. When the financed amount exceeds Ps. 200,000 the only applicable limit is the one established in Article 16 of the Credit Card Law.

Regulations set forth that the fixed-rate loan agreements shall not contain clauses that allow their modification under certain circumstances, unless those modifications come from decisions taken by the competent authority and the variable-rate loan contracts must clearly specify the parameters that will be used for its determination and periodicity of variation.

With respect to transactions linked to credit cards, in addition to the above mentioned, Article 16 of the Credit Card Law establishes that:

- in those granted by financial institutions, the rate may not exceed more than 25% of the average of the interest rates applied by the entity, during the immediately preceding month, weighted by the corresponding amount of personal loans without in rem security interests granted in the same period.
- in those granted by other issuing entities, the rate may not exceed the simple average of the system's rates for open market personal loan operations (general customers) by more than 25%, with no in rem security interest, published by the Central Bank on a monthly basis, prepared on the basis of information corresponding to the second previous month, taking into account the provisions of the preceding point.

Minimum term deposit rates

Pursuant to Communication "A" 7491 (as amended by Communication "A" 7561), for financial institutions included in groups "A" and "B" -for the purposes of the rules on "Minimum Cash"- and branches or subsidiaries of foreign banks rated as systemically important (G-SIBs) not included in those groups, in the case of deposits in Pesos not adjustable by UVA or UVI on behalf of holders of the non-financial private sector, a minimum deposit rate shall apply, which shall be timely disclosed by the Central Bank, in accordance with the following:

Through Communication "A" 7949, fixed-term deposits that do not exceed a total of Ps. 30 million at the date of constitution of each fixed-term deposit and that are constituted by individuals in financial institutions, will have a passive rate of 110% of the Monetary Policy rate of the day prior to that in which the impositions are made, or the last one disclosed, as the case may be. In the case of fixed-term deposits constituted in the name of two or more individuals, the amount of the fixed-term deposit will be distributed proportionally among its holders.

For fixed term deposits not included in the preceding paragraph, the deposit rate will be 110% of the Monetary Policy rate of the day prior to the day on which the deposits are made, or the last one disclosed, as the case may be.

Through Communication "A" 7978 of the Central Bank, it is established that as from March 12, 2024, the remuneration for time deposits at fixed rates, provided for in point 1.11.1. of the rules on "Time Deposits and Investments", will be the one freely agreed upon.

Fees

Central Bank regulations granted broad protection to customers that includes, among other things, the regulation of fees and commissions charged by financial institutions for services provided. Fees and charges must represent a real, direct and demonstrable cost and should be supported by a technical and economic justification. It is worth noting that Communication "A" 5514 sets forth an exception to the enforcement of Communication "A" 5460 for certain credit agreements that have pledges as collateral and are issued before September 30, 2018. Central Bank regulations grant broad protection to financial services customers since 2013. The protection includes, among other things, the regulation of fees and commissions charged by financial institutions for services provided. According to Central Bank rules on "Protection to Financial Services Customers", fees and charges must represent a real, direct and demonstrable cost and should be supported by a technical and economic justification. It is worth noting that Section 2.3.2.2 of "Protection to Financial Services Customers" Central Bank regulations regarding protection to financial services customers sets forth certain exceptions to the application of fees and charges (for example for insurance services and SMEs for over-the-counter cash deposits).

Also, fees and charges are not applicable for immediate electronic transfers when: (i) they are ordered by final customers of financial services; (ii) the same individual or entity is the one ordering and receiving the transfer; (iii) they are ordered or received in accounts for judicial use, among others.

Central Bank Communication "A" 6212, effective as of April 1, 2017, reduced credit card and debit card sales commissions on a gradual annual plan. Pursuant to Communication "A" 6212, the maximum credit card sales commission rate for 2017 was 2.0% and for 2018, 2019 and 2020, it was 1.85%, 1.65%, 1.50%, respectively, and it was and will be 1.30% for 2021 and after. The maximum debit card sales commissions for 2017 was 1.0% and for 2018, 2019 and 2020, it was 0.90%, 0.80%, 0.70%, respectively, and it was and will be 0.60% for 2021 and after. In June 2022, the Central Bank issued Communication "A" 7533, whereby it is established that debit cards sales commission fees must not exceed 0,60% and credit cards sales commission fees must not exceed 1.30%. These rates are currently in effect.

On February 19, 2020, by means of Communication "A" 6912 the Central Bank established that for 180 business days financial entities could not communicate increases in commissions to customers of financial services, nor new commissions, except for those that have already been informed. This regulation was further extended until February 28, 2021 and afterwards by means of Communication "A" 7158 the Central Bank established that, until February 28, 2021, financial entities must not communicate to users of financial services increases of more than 9% in January 2021 and 9% in February 2021 in fees for credit cards related services (e.g. issuance, renewal, administration or maintenance services, etc.) and for savings accounts related services.

Later, on March 26, 2020, through Communication “A” 6945 (as amended by Communications “A” 6957, “A” 6963, “A” 7009, “A” 7044, “A” 7107 and lastly by Communication “A” 7181 dated December 17, 2020), the Central Bank determined that until March 31, 2021, any operation effected through ATMs would not be subject to any charges or fees. After such date, banks are authorized to charge commissions for ATM transactions, but these are still free of charge for users with salary accounts, retirement accounts and beneficiaries of social plans, by decision of the Board of Directors of the Central Bank of the Argentine Republic. The free use of ATM networks will be maintained after March 31st for all users of the financial system. After that date, only holders of debit cards associated with salary accounts, retirement payments or social plans will be able to continue using any ATM free of charge, regardless of the bank or network to which they belong. The rest of the users may use the ATM services provided by their bank free of charge.

Maximum term for payments to commerces and providers

By virtue of Communication “A” 6680, effective as of May 1, 2019, the Central Bank established a maximum term of ten business days for financial entities to deposit payments to commerces and providers for sales made via credit cards or purchase cards, calculated from the sale date. Furthermore, financial entities shall not charge any fee or interest related to such payment term, nor block this payment mechanism in any way.

Nevertheless, by virtue of Communication “A” 6680, the Central Bank excluded from the scope of the provisions disclosed by Communication “A” 6680 the credit and/or purchase cards issued to individuals or legal entities that are intended for the payment of purchases with a deferred term or more than one month related to their productive activity, i.e. agricultural or distribution activities.

On the other hand, Communication “A” 7305 issued on June 11, 2021, and effective as from July 1, 2021, provides for new maximum terms for financial entities to credit to the deposit account opened in the name of the supplier or affiliated business the amount of each sale made in one payment through the use of the credit and/or purchase cards issued by them.

The new deadlines are (i) 8 (eight) business days if they are micro or small companies and/or are human persons, (ii) 10 (ten) business days for those categorized as medium-sized companies and those whose activity is “lodging, tourism, gastronomy and/or health services” and (iii) 18 (eighteen) business days for the other cases. Through Communication “A” 7919, such deadlines remain in effect.

In all cases, such term shall be counted from the date of the corresponding consumption by the card holder or beneficiary. The financial entities will not be able to charge to the adhered merchants any interest or commission linked to the settlement terms indicated, having to observe the provisions of the rules on “Determination of the condition of micro, small or medium-sized company”. Nor shall they impede or hinder in any way the modality of consumption in a payment with these cards.

Loans and Housing Units

The Central Bank has adopted measures for taking deposits and extending loans expressed in a special measuring unit adjustable by the CER. These special units are referred to as UVAs.

In addition, Law No. 27,271 provides for the adjustment of deposits and loans by reference to the construction index, expressed in a special measuring unit referred to as Housing Units (UVIs).

Consequently, UVAs and UVIs coexist and may be used both with respect to bank loans and deposits. The initial value of the UVI was Ps.14.05 (the same as the UVA), representing the cost of construction of one thousandth square meter of housing as of March 31, 2016. As of February 22, 2024 the value of UVI and UVA are Ps. 566.52 and Ps. 645.83, respectively.

Both units are amended based on the indices published by the INDEC and the Central Bank on its website.

Foreign Exchange System

On September 1, 2019, with the purpose of strengthening the normal functioning of the economy, fostering a prudent administration of the exchange market, reducing the volatility of financial variables and containing the impact of the variations of financial flows on the real economy, the Argentine government reinstated exchange controls. The foreign exchange controls apply with respect to access to the foreign exchange market by residents for savings and investment purposes abroad, the payment of external financial debts abroad, the payment of dividends in foreign currency abroad, payments of imports of goods and services, and the obligation to repatriate and settle for Pesos the proceeds from exports of goods and services, among others.

For further information on this topic, please refer to “Item D – Exchange Controls”.

Foreign Currency Lending Capacity

The Regulations on the allocation of deposits in foreign currencies, (including Communication “A” 6428 as amended), establish that the lending capacity from foreign currency deposits, must be applied in the corresponding deposit currency to the following categories:

- a. pre-financing and financing of exports to be made directly or through principals, trustees or other brokers, acting on behalf of the owner of the merchandise;

- b. other financing to exporters, who have a flow of future income in foreign currency and verify, in the year prior to granting the financing, a billing in foreign currency for an amount that is reasonably related to that financing;

- c. financing to producers, processors or goods collectors, provided that:
 - i. They have sale contracts of their merchandise to an exporter, with a fixed price or fixed in foreign currency -independently of the currency in which the operation is settled- and in the case of fungible merchandise with quotation, in foreign currency, normal and customary in local or foreign markets, with wide diffusion and easy access to public knowledge;
 - ii. Its main activity is the production, processing and / or collection of fungible goods with quotation, in foreign currency, normal and usual in foreign markets, widely disseminated and easy access to public knowledge, and it is found, in the year prior to the granting of financing, a total billing of these merchandise for an amount that is reasonably related to that activity and its financing; and also operations aimed to finance service providers directly used in exporting process of goods (such as those provided at port terminals, international loading and unloading services, leasing containers or port warehouses, international freights). This, provided it is verified that the flow of future income linked to sales to exporters registers a periodicity and magnitude that it is enough for the cancellation of the financing and it is verified, in the year prior to the granting of the financing, a billing to exporters for an amount that is reasonably related to that activity and its financing.
- d. financing for manufacturers of goods to be exported, as final products or as part of other goods, by third-party purchasers, provided that such transactions are secured or collateralized in foreign currency by third-party purchasers;
- e. financing to suppliers of goods and / or services that are part of the merchandise production process fungibles with quotation, in foreign currency, normal and usual in local or foreign markets, widely disseminated and easy access to public knowledge, provided they have firm sales contracts for those goods and / or services in foreign currency and / or on said merchandise;
- f. financing of investment projects, working capital and / or acquisition of all kinds of goods, including temporary imports of inputs, which increases or are linked to the production of exporting products. Even though the total income of the exporting companies does not come from their sales abroad, the financing may be imputed when the cash flow in foreign currency from their exports, is enough for its cancelation;
- g. financing for commercial and commercial portfolio clients of credits for consumption or housing -according to the provisions established in the rules on "Classification of debtors", whose destination is the importation of capital goods ("BK" in accordance with the Mercosur's Common Nomenclature established in Annex I to Decree No. 690/02 and other complementary provisions), which increase the production of merchandise destined for the domestic market;
- h. foreign currency debt securities or financial trust participation certificates including other payment rights specifically recognized on trust agreements whose underlying assets are loans made by the financial entities in the manners set forth in (a) to (d) above and first sentence of (f), or documents in which cash flows in Pesos or foreign currency have been assigned to the trustee, in foreign currency credit agreements, under the terms and conditions set forth in items mentioned before;
- i. financings for purposes other than those mentioned in (a) to (d) above, included under the IDB credit program ("Préstamos BID N° 119/OC-AR"), not exceeding 10% of the lending capacity;
- j. inter-financing loans;
- k. Central Bank bills (Letras y Notas) denominated in U.S. dollars;
- l. direct investments abroad by companies that reside in Argentina, which seek the development of productive activities of non-financial goods and/or services, either through contributions and/or purchases of shares in companies, to the extent that they are constituted in countries or territories considered cooperators for the purposes of fiscal transparency according to the provisions of article 1 of Decree No. 589/13 as amended;
- m. financing of investment projects, including working capital, which allows the increase of production in the energy sector and have firm sales contracts and/or endorsements or guarantees in foreign currency;
- n. National Treasury bills in foreign currency, up to an amount equivalent to one third of the total of the applications made in accordance with the provisions of this section;
- o. financing of investment projects for bovine cattle, including their working capital, without exceeding 5% of deposits in foreign currency of the entity;
- p. financing of foreign importers for the acquisition of goods and / or services produced in the country, either directly or through credit lines to foreign banks; and
- q. financing of local residents that are secured by letters of credit ("stand-by letters of credit") issued by foreign banks or multilateral development banks that comply with the provisions of point 3.1. of regulations on "Credit assessments", requiring for that purpose an international rating of investment grade risk, to the extent that such letters of credit are unrestricted and that the accreditation of the funds is made immediately at the simple request of the beneficiary entity.

The lending capacity shall be determined for each foreign currency raised, resulting from the aggregate of deposits and inter-financial loans received, which have been reported by the granting financial institution as coming from its foreign currency deposit lending capacity net of the minimum cash

requirement on deposits, and such determination being made on the basis of the monthly average of daily balances recorded during each calendar month. Any defect in the application shall give rise to an increase in the minimum cash requirement in the relevant foreign currency.

General Exchange Position

The general exchange position (“GEP”) includes all the liquid foreign assets of the institution, such as gold, currency and foreign currency notes reserves, sight deposits in foreign banks, investments in securities issued by Organization for Economic Co-operation and Development (OECD) members’ governments with a sovereign debt rating not below “AA,” certificates of time deposits in foreign institutions (rated not less than “AA”), correspondents’ debit and credit balances and the third parties funds pending of settlement. It also includes purchases and sales of these assets already arranged and pending settlement involving foreign exchange purchases and sales performed with customers within a term not exceeding two (2) business days and correspondent balances for third-party transfers pending settlement.

It does not include, however, foreign currency notes held in custody, term sales and purchases of foreign currency or securities nor direct investments abroad.

Pursuant to Communication “A” 6244, as amended, which entered into force on July 1, 2017, entities can freely determine the level and use of their GEP, thus allowing such entities to manage their exchange positions, both regarding the composition of its assets, as well as the possibility to maintain or transfer their holdings out of the country, with its subsequent impact in the reserves.

Furthermore, the aforementioned regulation foresees that the entities shall carry out arbitrage and foreign exchange operations, to the extent that the counterparty is a branch or agency of local official banks, a foreign financial institution, total or majority ownership of an entity in foreign states, a foreign financial or exchange entity that is not incorporated in countries or territories where the Recommendations of the Financial Action Task Force, or a foreign company dedicated to the trading of banknotes from different countries and/or precious metals in coins or bars of good delivery and whose head office is located in a member country of the Basel Committee for Banking Supervision.

Further changes to the GEP regulation have been introduced by Communications “A” 6770, 6780, 6856 and 7655. Prior acceptance by the Central Bank is required to increase the ownership of foreign currency from the higher of the average foreign currency owned in August 2019 and at the close of August 31, 2019. Moreover, the institutions are not permitted to buy securities on the secondary market with liquidation on foreign currency.

Foreign Currency Net Global Position

The foreign currency net global position shall consider all assets, liabilities, commitments and other instruments and transactions through financial intermediation in foreign currency or linked to exchange rate movements, including cash, forward transactions and other derivative contracts, deposits in foreign currency in accounts opened with the Central Bank, gold position, the Central Bank monetary regulation instruments in foreign currency, subordinated debt in foreign currency and debt instruments in foreign currency.

Forward transactions under master agreements executed in authorized domestic markets paid by settlement of the net amount without delivery of the underlying asset are also included. Likewise, certificates or notes issued by financial trusts and claims under common trusts are also included in the relevant proportion, provided that the underlying assets are denominated in foreign currency. The value of the position in currencies other than U.S. dollars shall be expressed in that currency, at the respective exchange rate published by the Central Bank.

Decreases in foreign currency assets, due to the pre-cancellation of local financing to private sector customers, can only offset the foreign currency net global position up to the original term of maturity, accompanied by the net increase in holdings of National Treasury securities in foreign currency. At the original maturity of local financing in foreign currency, offsetting may occur with the purchase of any foreign currency assets computable within the foreign currency net global position.

When determining a bank’s foreign currency net global position, the following concepts shall be excluded from the calculation: (i) deductible assets to determine the Banks’s RPC, (ii) the included concepts that the financial entity registers in its branches abroad, (iii) the balances corresponding to the “Special accounts for holders with agricultural activity” and the “Special accounts for exporters”, (iv) the non-transferable domestic bills of the Central Bank of the Argentine Republic in Pesos settleable at the Reference Exchange Rate Communication “A” 3500 (“LEDIV”) at zero rate, (v) the public and private securities in Pesos adjustable by the exchange rate, provided they do not exceed the net between the deposits referenced in point 1. 2.4. and the LEDIV– and (vi) the loan agreements in Pesos with variable remuneration based on the variation in the price of the U.S. dollars that are not covered by the term investments with variable remuneration based on the U.S. dollar.

Limits

Negative Foreign Currency Net Global Position (liabilities exceeding assets): the limit—in monthly average of daily balances converted into pesos at the reference exchange rate at the close of the month prior to the computation of this ratio—is 30% of the RPC of the immediately preceding month (Communication “A” 7417).

Positive Foreign Currency Net Global Position (assets exceeding liabilities): .

- * Net Global Position: this daily position (daily balance converted to Pesos at the reference exchange rate of the immediately preceding month) cannot exceed 5% of the RPC of the immediately preceding month.
- * Cash Position: the daily cash position, which comprises the overall net foreign currency position less the net position in forward transactions, cash to be settled, futures, options and other derivative products, among other deductible items, may not exceed the amount of 0 % of the RPC of the month prior to the month to which it corresponds.

As of June 18, 2018, the Central Bank allows that the Positive Foreign Currency Net Global Position may reach up to 30% of the RCP, while the total excess over the general limit originates only as a result of:

- a) increase in the position in U.S. Treasury bills in U.S. dollars with respect to those held as of June 15, 2018, and/or
- b) position in U.S. Treasury bills in U.S. dollars as of June 15, 2018, maintained as excess admitted to the current limit as of that date.
- c) increase in the position in National Treasury bills linked to U.S. dollars with respect to those held as of May 13, 2019.

As provided by Communication “A” 7093 (as amended by Communication “A” 7395), it includes national treasury bills denominated in foreign currency that the institutions receive in exchange for National Treasury Bills – under Law 27,556 – that they have imputed to this point on the Business Day immediately preceding the day on which they are delivered in exchange.

The excesses of these ratios are subject to a charge equal to 1.5 times the rate of the monetary policy published on the last business day of the relevant period or, if not available, the last one available for a shorter term. Charges not paid when due are subject to a charge equal to one and a half times the charge established for excesses.

In addition to the above-mentioned charge, sanctions set forth in section 41 of the Financial Institutions Law shall apply (including: caution; warning; fine; temporary or permanent disqualification to dispose of a banking current account; temporary or permanent disqualification to act as promoters, founders, directors, administrators, members of surveillance committees, comptrollers, liquidators, managers, auditors, partner or shareholders; and license revocation).

Credit Ratings

Since November 28, 2014, Communication “A” 5671, as amended by Communication “A” 6558, supersedes the provisions issued by the Central Bank containing ratings requirements assigned by a local risk rating company. Where provisions require certain international ratings, the criteria set forth by Communication “A” 5671 govern.

The provisions of Communication “A” 5671 are basic guidelines to properly assess the credit risk that financial institutions must observe when implementing Central Bank Rules including the requirement of a particular rating and do not replace the credit assessment that each financial institution must make to their counterparts. International credit ratings that refer to these provisions shall be issued by rating agencies that have a code of conduct based on the “Principles of the Code of Conduct for Agents Rate Risk” issued by the International Organization of Securities Commissions.

Annex II of Communication “A” 5671 provides a table regarding the new qualification requirements for financial institutions. This table classifies the credit ratings requirements for different transactions.

Debt Classification and Loan Loss Provisions for Regulatory Purposes

Unless otherwise indicated, the regulations explained in this section should be applied to financial information of the banks calculated in accordance with Central Bank Rules. IFRS differs in certain aspects from Central Bank Rules.

Credit Portfolio

The regulations on debt classification are designed pursuant to Central Bank Rules, which differ from IFRS to establish clear guidelines for identifying and classifying the quality of assets, as well as evaluating the actual or potential risk of a lender sustaining losses on principal or interest, in order to determine (taking into account any loan security) whether the provisions against such contingencies are adequate. Banks must classify their loan portfolios into two different categories: (i) consumer or housing loans and (ii) commercial loans. Consumer or housing loans include housing loans, consumer loans, credit-card financings, loans of up to Ps. 85,260,000 to micro-credit institutions, and commercial loans of up to Ps. 426,300,000 with or without preferred guarantees when the institution elected. All other loans are considered commercial loans. Consumer or housing loans in excess of Ps. 426,300,000, the repayment of which is linked to the evolution of its productive or commercial activity, are classified as commercial loans.

At the entity’s option, financing of a commercial nature of up to Ps.426,300,000, whether or not such financing has preferred guarantees, may be grouped together with credits for consumption or housing, in such case they will receive the treatment provided for the latter. If a customer has both kinds of loans (commercial and consumer or housing loans), the consumer or housing loans will be added to the commercial portfolio to determine under which portfolio they should be classified based on the amount indicated. In these cases, the loans secured by preferred guarantees shall be considered to be at 50% of its face value.

Under the current debt classification system, each customer, as well as the customer’s outstanding debts, are included within one of six sub-categories. The debt classification criteria applied to the consumer loan portfolio are primarily based on objective factors related to customers’ performance of their obligations or their legal standing, while the key criterion for classifying the commercial loan portfolio is each borrower’s paying ability based on their future cash flow.

Commercial loans—Regulatory Classification

The principal criterion used to evaluate a loan pertaining to the commercial portfolio is its borrower’s ability to repay it, whose ability is mainly measured by such borrower’s future cash flow. Pursuant to Central Bank Rules, commercial loans are classified as follows:

Classification	Criteria
Normal Situation	Borrowers that demonstrate their ability to comply with their payment obligations. High repayment capacity.
Subject to special Monitoring/Under observation	Borrowers that, among other criteria, are up to 90 days past due and, although considered to be able to meet all their financial obligations, are sensitive to changes that could compromise their ability to honor debts absent timely corrective measures.
Subject to special Monitoring/ Under negotiation or refinancing agreement	Borrowers who are unable to comply with their obligations as agreed with the bank and, therefore, formally state, within 60 calendar days after the maturity date, their intention to refinance such debts. The borrower must enter into a refinancing agreement with the bank within 90 calendar days (if up to two lenders are involved) or 180 calendar days (if more than two lenders are involved) after the payment default date. If no agreement has been reached within the established deadline, the borrower must be reclassified to the next category according to the indicators established for each level.
Troubled	Borrowers with difficulties honoring their financial obligations under the loan on a regular basis, which, if uncorrected, may result in losses to the bank.
With high risk of insolvency Irrecoverable	Borrowers who are highly unlikely to honor their financial obligations under the loan. Loans classified as irrecoverable at the time they are reviewed (although the possibility might exist that such loans might be collected in the future). The borrower will not meet its financial obligations with the financial institution.
Irrecoverable according to Central Bank's Rules	(a) Borrower has defaulted on its payment obligations under a loan for more than 180 calendar days according to the corresponding report provided by the Central Bank, which report includes: (1) financial institutions liquidated by the Central Bank, (2) residual entities created as a result of the privatization of public financial institutions, or in the privatization or dissolution process, (3) financial institutions whose licenses have been revoked by the Central Bank and find themselves subject to judicial liquidation or bankruptcy proceedings and (4) trusts in which Seguro de Depósitos S.A. (SEDESA) is a beneficiary; or (b) certain kinds of foreign borrowers (including banks or other financial institutions that are not subject to the supervision of the Central Bank or similar authority of the country in which they are incorporated) that are not classified as "investment grade" by any of the rating agencies approved by the Central Bank.

Consumer or housing loans—Regulatory Classification

The principal criterion applied to loans in the consumer and housing portfolio is the length of period for which such loans remain overdue. Under Central Bank Rules, consumer and housing borrowers are classified as follows:

Classification	Criteria
Normal Situation	If all payments on loans are current or less than 31 calendar days overdue and, in the case of checking account overdrafts, less than 61 calendar days overdue.
Low Risk	Loans upon which payment obligations are overdue for a period of more than 31 and up to 90 calendar days.
Medium Risk	Loans upon which payment obligations are overdue for a period of more than 90 and up to 180 calendar days.
High Risk	Loans in respect of which a legal action seeking collection has been filed or loans having payment obligations overdue for more than 180 calendar days, but less than 365 calendar days.
Irrecoverable	Loans in which payment obligations are more than one year overdue or the debtor is insolvent or in bankruptcy or liquidation.
Irrecoverable by Technical Provision	Loans granted to clients who meet the conditions set for irrecoverable by technical provision clients by the Central Bank Rules.

Minimum Credit Provisions

Unless otherwise indicated, the financial regulations described in this section have been prepared in accordance with Central Bank Rules. IFRS differs in certain aspects from Central Bank Rules. See Item 5B. “Critical accounting policies” and note 3 to our audited consolidated financial statements as of December 31, 2023, 2022 and 2021.

The following minimum credit provisions are required to be made by Argentine banks in relation to the credit portfolio category:

Category	With Preferred Guarantees	Without Preferred Guarantees
“Normal situation”	1%	1%
“Under observation” and “Low risk”	3%	5%
“Under negotiation or refinancing agreement”	6%	12%
“With problems” and “Medium Risk”	12%	25%
“With high risk of insolvency” and “High Risk”	25%	50%
“Irrecoverable”	50%	100%
“Irrecoverable by technical provision”	100%	100%

The Superintendency may require additional provisioning if it determines that the current level is inadequate.

Financial institutions are entitled to record allowances for loan losses in amounts larger than those required by Central Bank Rules. In such cases and despite the existence of certain exceptions, recording a larger allowance for a commercial loan, to the extent the recorded allowance amount falls into the next credit portfolio category set forth by Central Bank Rules, shall automatically result in the corresponding debtor being recategorized accordingly.

In accordance with Central Bank Rules financial institutions are required to develop procedures for the analysis of the credit facilities assuring an appropriate evaluation of a debtor’s financial situation and a periodic revision of its situation concerning objective and subjective conditions of all the risks taken. The procedures established have to be detailed in a manual called “Manual of Procedures for Classification and Allowances” which shall be permanently available for the Superintendency. The frequency of the review of existing classifications must answer to the importance considering all facilities. The classification analysis shall be duly documented.

In the case of commercial loans, applicable regulations require a minimum frequency of review. Such review must take place: (i) quarterly for clients with indebtedness equal or greater than 5% of the financial entity’s RPC for the prior month and (ii) semi-annually for clients whose indebtedness is higher than (x) the lower of 1% and Ps. 1,198,966,000 of the financial entity’s RPC for the prior month, and (y) lower than 5% of the financial entity’s RPC for the prior month. At the end of the first calendar semester, the total review under (i) and (ii) should have covered no less than 50% of the financial entity’s commercial loan portfolio and, if less, it shall be completed by incorporating clients (in descending order) whose total indebtedness is inferior to the limits described in the preceding point (ii)(x).

In addition, financial institutions have to review the rating assigned to a debtor in certain instances, such as when another financial institution reduces the debtor classification in the “Credit Information Database” (the “Credit Information Database”) and grants 10% or more of the debtor’s total financing in the financial system. Only one-level discrepancy is allowed in relation to the information submitted by financial institutions to the Credit Information Database and the lower classification awarded by at least two other banks and total lending from such banks account for 40% or more of the total informed; if there is a greater discrepancy, the financial institution will be required to reclassify the debtor.

Allowances for loan losses

The Central Bank Rules establishes minimum requirements for allowances for loan losses, in accordance with the category assigned to the client and the type of guarantee. Entities may have allowances for amounts higher than the minimum requirements, as deemed reasonable. Allowances are designed pursuant to the Central Bank Rules which differ from IFRS. See Item 5B, “Critical accounting policies” and note 3 to our audited consolidated financial statements as of December 31, 2023 and 2022.

Increases in the allowance are based on the level of growth of the loan portfolio, as well as on the deterioration of the quality of existing loans, while decreases in the allowance are based on regulations requiring the write-off of non-performing loans classified as irrecoverable after a certain period of time and on decisions of the management to write off non-performing loans evidencing a very low probability of recovery.

Priority rights of depositors

Under section 49 of the Financial Institutions Law, in the event of judicial liquidation or bankruptcy of a bank all depositors, irrespective of the type, amount or currency of their deposits, will be senior to the other remaining creditors (such as shareholders of the bank), with exceptions made for certain labor liens (section 53 paragraphs (a) and (b)) and for those creditors backed by a pledge or mortgage, in the following order of priority: (a) deposits of up to Ps.50,000 per person (including all amounts such person deposited in one financial entity), or its equivalent in foreign currency, (b) all deposits of an amount higher than Ps. 50,000 or its equivalent in foreign currency, and (c) the liabilities originated in commercial lines granted to the financial institution and which directly affect international commerce. Furthermore, pursuant to section 53 of the Financial Institutions Law, as amended, Central Bank claims have absolute priority over other claims, except for pledged or mortgaged claims, certain labor claims, the depositors’ claims pursuant to section 49, paragraph e), points i) and ii), debt granted under section 17, paragraphs (b), (c) and (f) of the Central Bank’s Charter (including discounts granted by financial entities due to a temporary lack of liquidity, advances to financial entities with security interest, assignment of rights, pledges or special assignment of certain assets) and debt granted by the Banking Liquidity Fund backed by a pledge or mortgage.

The amendment to section 35 bis of the Financial Institutions Law by Law No. 25,780 sets forth that if a bank is in a situation where the Central Bank may revoke its authorization to operate and become subject to dissolution or liquidation by judicial resolution, the Central Bank’s Board of Directors may take certain actions. Among these actions, in the case of excluding the transfer of assets and liabilities to financial trusts or other financial entities, the Central Bank may totally or partially exclude the liabilities mentioned in section 49, paragraph (e), as well as debt defined in section 53, giving effect to the order of priority among creditors. Regarding the partial exclusion, the order of priority of paragraph (e), section 49 must be followed without treating liabilities of the same grade differently.

Mandatory deposit insurance system

Law No. 24,485, passed on April 12, 1995, as amended, created a Deposit Insurance System, or “SSGD,” which is mandatory for bank deposits, and delegated the responsibility for organizing and implementing the system to the Central Bank. The SSGD is a supplemental protection to the privilege granted to depositors by means of section 49 of the Financial Institutions Law, as mentioned above.

The SSGD has been implemented through the establishment of a Deposit Guarantee Fund, or “FGD,” managed by a private-sector corporation called Seguro de Depósitos Sociedad Anónima, (Deposit Insurance Corporation, or “SEDESA”). According to Decree No. 1292/96, the shareholders of SEDESA are the government through the Central Bank and a trust set up by the participating financial institutions. These institutions must pay into the FGD a monthly contribution determined by Central Bank Rules. The SSGD is financed through regular and additional contributions made by financial institutions, as provided for in Central Bank Communication “A” 4271, dated December 30, 2004.

The SSGD covers deposits made by Argentine individuals and legal entities in Pesos and foreign currency and maintained in accounts with the participating financial institutions, including checking accounts, savings accounts, and time deposits up to the amount of Ps.1,500,000, as set forth by Central Bank Communication “A” 6973 of the Central Bank, as amended. However, pursuant to Communication “A” 7661, the Central Bank raised the amount covered by the Deposit Insurance System to Ps.6,000,000 since January 1, 2023. By means of Communication “A” 7985, the Central Bank amends the ordered text on “Application of the Deposit Guarantee Insurance System” and establishes, effective as from April 1, at Ps. 25,000,000 the amount of the deposit guarantee referred to in items 5.3.1, 5.3.2, 5.3.3 and 6.

Effective payment on this guaranty will be made within thirty (30) business days after revocation of the license of the financial institution in which the funds are held; such payments are subject to the exercise of the depositor’s priority rights described above.

In view of the circumstances affecting the financial system, Decree No. 214/2002 provided that SEDESA may issue registered securities for the purpose of offering them to depositors in payment of the guarantee in the event it should not have sufficient funds available.

The SSGD does not cover: (i) deposits maintained by financial institutions in other financial institutions, including certificates of deposit bought in the secondary market, (ii) deposits made by persons directly or indirectly affiliated with the institution, (iii) time deposits of securities, acceptances or guarantees, (iv) any transferable time deposits that have been transferred by endorsement, (v) any deposits in which the agreed-upon interest rate is higher than the reference interest rates periodically released by the Central Bank for time deposits, with the exception of those arranged in Pesos at the minimum nominal rate, and they shall also be excluded if these interest rate ceilings are distorted by additional incentives or rewards, and (vi) immobilized balances from deposits and excluded transactions.

Pursuant to Communication “A” 5943, every financial institution is required to contribute to the FGD a monthly amount of 0.015% of the monthly

average of daily balances of deposits in local and foreign currency, as determined by the Central Bank.

When fixed term deposits in U.S. dollars of the private non-financial sector are used to purchase Central Bank bills denominated in U.S. dollars, financial institutions must contribute 0.015% of the monthly average of daily balances of the net position of such bills. Prompt contribution of such amounts is a condition precedent to the continuing operation of the financial institution. The first contribution was made on May 24, 1995. The Central Bank may require financial institutions to advance the payment of up to the equivalent of two years of monthly contributions and debit the past due contributions from funds of the financial institutions deposited with the Central Bank. The Central Bank may require additional contributions by certain institutions, depending on its evaluation of the financial condition of those institutions.

When the contributions to the FGD reach the greater of Ps.2 billion or 5.0% of the total deposits of the system, the Central Bank may suspend or reduce the monthly contributions, and reinstate them when the contributions subsequently fall below that level.

Restrictions

Pursuant to the Financial Institutions Law, financial institutions cannot create any kind of rights over their assets without the Central Bank's authorization. Furthermore, in accordance with section 72 of Capital Markets Law, publicly offered companies are forbidden to enter into transactions with their directors, officers or affiliates in terms more favorable than arms-length transactions.

Capital Markets

Commercial banks are authorized to subscribe for and sell shares and debt securities. At present, there are no statutory limitations as to the amount of securities for which a bank may undertake to subscribe. However, under Central Bank Rules, underwriting of debt securities by a bank would be treated as "financial assistance" and, accordingly, until the securities are sold to third parties, such underwriting would be subject to limitations.

On September 9, 2013, the CNV published Resolution No. 622/2013 (the "CNV Rules") supplementing the Capital Markets Law. On May 9, 2018, the Argentine Congress approved the Argentine Productive Financing Law No. 27,440, which modernized and completed the legal framework of the Argentine capital markets. Law No. 27,440 amended the legal framework of the capital markets (Law No. 26,831), mutual funds (Law No. 24,083), negotiable obligations (Law No. 23,576), the Argentine Civil and Commercial Code (Law No. 26,994), financing of housing and construction (Law No. 24,441), the subjects obliged to report on concealing and asset laundering of criminal origin in the capital market framework (Law No. 25,246), and the tax relief regime for the purchase of private securities (Law No. 20,643).

TM20

Beginning October 5, 2017, the Central Bank has begun to publish on a daily basis a survey of the average interest rates paid by Banks for their fixed-term deposits of over Ps.20 million, for terms of between 30 and 35 days (the "TM20"), in order to reflect the behavior of wholesale depositors.

A TM20 denominated in U.S. dollars will also be published for deposits for the same term that are for U.S.\$20 million or more.

The information published by the Central Bank is broken down by public vs. private banks, both for operations in Pesos and foreign currencies.

Financial institutions with economic difficulties

The Financial Institutions Law provides that any financial institution, including a commercial bank, (i) with its solvency or liquidity affected, in the opinion of the Central Bank; (ii) recording deficiencies on the minimum cash reserve requirement during the periods established by the Central Bank; (iii) recording repeated failures to comply with the various limits or technical relations established; or (iv) that could not maintain the minimum asset liability required for its particular class, location or characteristics, must (upon request from the Central Bank and in order to avoid the revocation of its license) prepare a restructuring plan or a remediation and regularization plan. The plan must be submitted to the Central Bank on a specified date, no later than thirty (30) calendar days from the date on which a request to that effect is made by the Central Bank. If the institution fails to submit, secure regulatory approval of, or comply with, a restructuring plan, the Central Bank will be empowered to revoke the institution's license to operate as such, without prejudice to the application of the penalties provided for in the aforementioned law.

The Central Bank may appoint overseers with veto power, require the provision of guarantees and limit or forbid the distribution or remittance of profits, temporarily admit exceptions to the relevant limits and technical relations; exempt or defer the payment of charges and/or fines as provided by the Financial Institutions Law.

The Central Bank's charter authorizes the Superintendency to fully or partially suspend, exclusively subject to the approval of the President of the Central Bank, the operations of a financial institution for a term of thirty (30) days if the liquidity or solvency thereof is adversely affected. Such term could be renewed for up to ninety (90) additional days, with the approval of the Central Bank's Board of Directors. During such suspension term an automatic stay of claims, enforcement actions and precautionary measures is triggered, any commitment increasing the financial institution's obligations shall be null and void, and debt acceleration and interest accrual shall be suspended.

Institution restructuring to safeguard credit and bank deposits

If a financial institution meets the Central Bank's criteria and is found to be in any of the situations foreseen by Section 44 of the Financial Institutions Law, the Central Bank may authorize the restructuring of the financial institution in defense of depositors, prior to revocation of the authorization to operate. The restructuring plan may consist of certain steps, including, among others:

- adoption of a list of measures to capitalize or increase the capital of the financial institution;
- revoke the approval granted to the shareholders of the financial institution to hold interests therein;
- exclusion or transfer assets and liabilities;
- judicial intervention of the institution, displacing the statutory administrative authorities, and determine the capabilities needed to comply with the assigned function.

Revocation of the license to operate as a financial institution

The Central Bank may revoke the license to operate as a financial institution (a) as a request of the legal or statutory authorities of the institution; (b) in the cases contemplated by the Argentine Civil and Commerce Code or in the laws governing its existence as a legal entity; (c) when, as opinion of the Central Bank, the affections to the solvency and/or liquidity of the institution cannot be solved through a regularization and sanitation program; (d) in the rest cases provided by the Financial Institutions Law.

Liquidation of financial institutions

As provided in the Financial Institutions Law, the Central Bank must notify the revocation decision to a competent court, which will then determine who will liquidate the entity: the corporate authorities (extrajudicial liquidation) or an independent liquidator appointed by the court for that purpose (judicial liquidation). The court's decision will be based on whether there are sufficient assurances that the corporate authorities are capable of carrying out such liquidation properly, prior authorization of the Central Bank and in the cases provided by subsections a) and b) of section 44 of the aforementioned law.

Bankruptcy of financial institutions

According to the Financial Institutions Law, financial institutions are not allowed to file their own bankruptcy petitions. In addition, the bankruptcy shall not be adjudged until the license to operate as a financial institution has been revoked.

Once the license to operate as a financial institution has been revoked, a court of competent jurisdiction may adjudge the former financial institution in bankruptcy, or a petition in bankruptcy may be filed by the Central Bank or by any creditor of the bank, in this case after a period of sixty (60) calendar days has elapsed since the license was revoked.

Once the bankruptcy has been adjudged, provisions of the Bankruptcy Law No. 24,522 (the "Bankruptcy Law") and the Financial Institutions Law shall be applicable. In certain cases, specific provisions of the Financial Institutions Law shall supersede the provisions of the Bankruptcy Law (i.e., priority rights of depositors).

Merger and transfer of goodwill

Merger and transfer of goodwill may be arranged between entities of the same or different type and will be subject to the prior approval of the Central Bank. The new entity or the buyer must submit a financial-economic structure profile supporting the project in order to obtain authorization from the Central Bank.

Holding Companies

On June 28, 2019, the Central Bank ruled, through Communication "A" 6723, with effect from January 1, 2020, that Group "A" financial institutions (in accordance with the "Financial Institutions Authorities" rules) which are controlled by non-financial institutions (as in our case in relation with the Bank) shall comply with the Minimum Capital requirements (please see "Argentine Banking Regulation—Liquidity and Solvency Requirements—Minimum Capital Requirements"), the Major Exposure to Credit Risk regulations (please see "Argentine Banking Regulation—Credit Risk Regulation—Large Exposures"), the Liquidity Coverage Ratio (please see "Argentine Banking Regulation—Internal Liquidity Policies of Financial Institutions") and the Net Stable Funding Ratio (please see "Argentine Banking Regulation—Liquidity Parameters—Net Stable Funding Ratio") on a consolidated basis comprising the non-financial holding and all its subsidiaries (excluding insurance companies and non-financial subsidiaries).

Additionally, Group "A" financial institutions may not grant direct or indirect financial assistance of any kind to its holding company whenever it is a non-financial institution.

Financial system restructuring unit

The Financial System Restructuring Unit was created to oversee the implementation of a new approach towards those banks that benefit from assistance provided by the Central Bank. This unit is in charge of rescheduling maturities, determining restructuring strategies and action plans, approving

transformation plans, and accelerating repayment of the facilities granted by the Central Bank.

Fintech regulations

The Central Bank issued Communications “A” 6885 (as amended and restated, “Communications “A” 7226”), by means of which it regulates certain aspects of Fintech operations. Through these communications, it defined Payment Service Provider (“PSP”) as those non-financial entities in retail payments, performing under the global framework of the payment system, such as offering payment accounts to order and/or receive payments.

By means of these rules, PSPs operations are regulated and a specific registry for them was created. Particularly, Communication “A” 6885 forbids entities to operate as PSP if (i) they are not properly incorporated in Argentina; (ii) they are incorporated as a stock exchange, clearing chamber or agent under the CNV Rules; or (iii) if its capital, right votes, administrative or inspection body are integrated by people disqualified for performing financial activities in Argentina by the Financial Institutions Law, condemned by crimes against property, the public administration, the economic and financial order or public faith, privacy violations, illicit association or by section 1.b of the Foreign Exchange Criminal Regime. Shareholdings acquired on stock exchanges that do not reach the threshold of 20% of the capital or voting rights are exempt from the provisions of point (iii).

Regarding the registry, Communication “A” 6885 commands that all PSPs that offer payment account must register with the “Registry of Payment Service Providers that Offer Payment Accounts”. Additionally, all PSPs shall comply with a reporting regime to be furthered ruled by the Central Bank.

In what respects to the management of the funds, it provided that all funds credited to payment accounts offered by PSPs shall be (i) available at all times, for an amount at least equivalent to the one credited in the payment account; (ii) deposited in Pesos, in on-sight accounts in Argentine financial entities; and (iii) on an independent on-sight account from the one used for trading for own account (e.g.: creditor or salary payments).

Any breach of the rules as set on the abovementioned communication is submitted to the sanctions of the Financial Institutions Law.

By means of Communication “A” 7156, the Central Bank extended the application of the provisions of the Financial Institutions Law to “Other non-financial credit providers” covered by the rules on “Non-financial credit providers”, and among other measures, it provided that as from February 1, 2021, other non-financial credit providers and non-financial companies issuing credit and/or purchase cards will be subject to the provisions set forth in the rules on “Protection of financial services users”, for the financing they grant.

On February 24, 2022, the Central Bank issued Communication “A” 7462 (as amended and restated, “Communications “A” 7533) providing for the creation of the “Register of interoperable digital wallets” and establishing that any PSP wishing to provide a digital wallet service that allows making transfer payments initiated by reading QR codes must be registered therein. In addition, it defines a “digital wallet” service as the service offered by a financial institution or payment service provider (PSP) through an application on a mobile device or web browser that must allow making payments with transfer (PCT) and/or with other payment instruments.

Pursuant to Communication “A” 7593, the Central Bank amends the rules on “Protection of Financial Services Users” to include Payment Service Providers that offer payment accounts and Payment Service Providers that perform the function of initiation and provide the digital wallet service among the obligated parties. They will be covered by the provisions of Communication “A” 7517 and will become effective 180 calendar days from the date of dissemination of this communication.

On the other hand, as regards the rules on “Payment Service Providers”, it establishes that they must submit a compliance report prepared by professionals or associations of licensed professionals, which must be prepared in accordance with the model to be established from time to time, and verify compliance with the rules issued by the Central Bank that are applicable according to the type of provider in question and submitted to the Superintendency on an annual basis. When the model is disseminated, the Superintendency shall indicate the date on which the first submission shall be made.

Through Communication “A” 7825, the Central Bank establishes that the remuneration that payment service providers that offer payment accounts receive for the balances in pesos of deposit accounts in financial institutions, in which their customers’ funds are deposited, must be fully remitted to such customers.

Pursuant Communication “A” 7861, the Central Bank defers until December 1 the effective date of the interoperability of QR codes for charging with credit cards.

By means of Communication “A” 7783, the Central Bank approves the rules on “Minimum requirements for the management and control of technology and information security risks associated with digital financial services” which are part of the aforementioned communication.

For more information on minimum cash and reserve requirements see section “Minimum cash reserve requirements”.

Gender Parity Requirements

On September 3, 2020, by means of Communication “A” 7100 (as amended and restated, “Communications “A” 7465), the Central Bank amended the rules on “Guidelines for Corporate Governance in Financial Institutions” (Lineamientos para el gobierno societario en entidades financieras) to include a requirement of gender parity.

By virtue of such Communication, the Central Bank suggested to financial institutions to consider the progressive incorporation of women on new appointments and/or renewals, until gender parity is achieved. In this regard, the Central Bank defined gender parity as the guideline that aims at equalizing the participation of men and women in labor decision-making spaces, ensuring the right to equal opportunities and non-discrimination on the bases of gender.

Anti-Money Laundering and Terrorism Financing Regime

The concept of money laundering is generally used to denote transactions aimed at introducing funds from illicit activities into the institutional system and thus transform gains from illegal activities into assets of a seemingly legitimate source.

Terrorist financing is the act of providing funds for terrorist activities. This may involve funds raised from legitimate sources, such as personal donations and profits from businesses and charitable organizations, as well as from criminal sources, such as drug trade, weapons and other goods smuggling, fraud, kidnapping and extortion.

Financing the proliferation of weapons of mass destruction is the act of providing financial support or resources to assist in the development, manufacture, acquisition, or spread of nuclear, chemical, or biological weapons and their delivery systems.

On April 13, 2000, the National Congress passed Law No. 25,246, (subsequently amended and complemented, the “AML/CFT/CFP Law”), which created at the national level the Anti- Money Laundering, Counter- Terrorist Financing and the Financing of Proliferation of Weapons of Mass Destruction Regime (“AML/CFT/CFP Regime”), criminalizing money laundering, creating and designating the Financial Information Unit (“UIF”, for its acronym in Spanish) as the enforcement authority of the regime, and establishing the legal obligation for various public and private sector entities and professionals to provide information and cooperate with the UIF.

The UIF is a decentralized agency that operates with autonomy and financial independency under the Argentine Ministry of Justice, and its mission is to prevent and deter the crimes of money laundering, terrorist financing and proliferation of weapons of mass destruction.

The following are certain provisions relating to the AML/CFT/CFP Regime established by the AML/ CFT/CFP Law, including regulations issued by the UIF, the CNV and the Central Bank. It is recommended that holders consult their own legal advisors and read the AML/ CFT/CFP Law and its complementary regulations.

Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction

(a) Money laundering

Section 303 of the Argentine Criminal Code (the “ACC”) defines money laundering as a crime committed whenever a person converts, transfers, manages, sells, encumbers, acquires, conceals or in any other way puts into circulation in the market, property derived from an unlawful act, with the possible consequence that the origin of the original property or the subordinate property acquires the appearance of a lawful origin, provided that their value exceeds the sum of 150 minimum, vital, and mobile wages at the time of the events (currently Ps. 30,420,000), either in a single act or by the repetition of various acts linked to each other. Section 303 of the ACC establishes the following penalties:

- (i) Imprisonment for a term of three (3) to ten (10) years and fines of two (2) to ten (10) times the amount of the illicit transaction. This penalty will be increased by one third of the maximum and half of the minimum, when the perpetrator of the crime:
 - (a) regularly commits such crimes or participates in organizations or associations specially designed for committing such crimes;
 - (b) is a public official who committed the act in the exercise or occasion of their duties. In this case, he/she shall also be subject to a penalty of special disqualification of three (3) to ten (10) years. The same penalty shall be imposed to anyone who has acted in the exercise of a profession or occupation requiring special qualification.
- (ii) Anyone who receives money or other property from a criminal offense for the purpose of applying them in an operation as described above, which gives them the possible appearance of a lawful origin, shall be punished with imprisonment for a term of six (6) months to three (3) years.
- (iii) If the value of the goods does not exceed 150 minimum wages, the penalty shall be a fine of five (5) to twenty (20) times the amount of the illicit transaction.

(b) Penalties for legal persons

Furthermore, Section 304 of the ACC provides that when the criminal acts have been committed in the name of, or with the intervention of, or for the benefit of a legal person, the following sanctions shall be imposed to the entity jointly or alternatively:

- (i) fine of two (2) to ten (10) times the value of the property subject to the offense;
- (ii) total or partial suspension of activities, which in no case shall exceed ten (10) years;
- (iii) debarment for public tenders or bidding processes or any other State-related activities, which in no case shall exceed ten (10) years;

- (iv) dissolution and liquidation of the legal person when it was created for the sole purpose of committing the offense, or such acts constitute the main activity of the entity;
- (v) loss or suspension of any State benefit that it may have;
- (vi) publication of an extract of the condemnatory sentence at the expense of the legal entity.

In order to calibrate these sanctions, the Court will take into account the failure to comply with internal rules and procedures, the omission of vigilance over the activity of the authors and participants; the extent of the damage caused, the amount of money involved in the commission of the offense, the size, nature and economic capacity of the legal entity. In the cases in which it is essential to maintain the operational continuity of the entity, or of a public work, or particular service, the sanctions of suspension of activities or dissolution and liquidation of the legal person shall not be applicable.

(c) Terrorist Financing and Proliferation of Weapons of Mass Destruction

Section 306 of the ACC criminalizes the financing of terrorism and the proliferation of weapons of mass destruction. This offense is committed by any person who directly or indirectly collects or provides property or money, with the intention of it being used, or in the knowledge that it will be used, in full or in part to:

- (i) finance the commission of acts aimed at of terrorizing the population or compelling national public authorities or foreign governments, or agents of an international organization to perform or refrain from performing an act (according to section 41.5 of the ACC);
- (ii) support an organization committing or attempting to commit crimes for the purpose set out in (i);
- (iii) support an individual who commits, attempts to commit or participates in any way in the commission of offenses for the purpose set out in (i);
- (iv) finance, for themselves or for third parties, the travel or logistics of individuals and/or things to a State other than that of their residence or nationality, or within the same national territory for the purpose of perpetrating, planning, preparing or participating in the purpose set out in (i);
- (v) finance, for themselves or for third parties, the provision or receipt of training for the commission of offenses for the purpose set out in (i);
- (vi) finance the acquisition, elaboration, production, development, possession, supply, exportation, importation, storage, transportation, transfer, or any use of nuclear, chemical, or biological weapons of mass destruction, their delivery systems, means of delivery and related materials, including dual-use technologies and goods to commit any of the crimes provided for in this Code or in International Conventions.

The penalty for this offense is imprisonment for a term of five to fifteen years and a fine of two to ten times the amount of the illicit transaction. Likewise, the same penalties shall apply to legal persons as described for the crime of money laundering.

Anyone who elaborates, produces, manufactures, develops, possesses, supplies, exports, imports, stores, transports, transfers, employs, or in any way proliferates, increases, augments, reproduces or multiplies the weapons of mass destruction referred to in (vi) above, their means of delivery and related materials intended for their preparation will be subject to the same penalty of imprisonment and fine.

These penalties shall be applied regardless of whether the crime for which the financing was intended occurs and, even if the goods or money were not used for its commission.

If the penalty scale provided for the crime being financed or intended to be financed is less than that set forth in this article, the penalty scale of the crime in question shall apply to the case.

These provisions shall apply even when the criminal offense being financed or intended to be financed takes place outside the spatial scope of application of the ACC, or when in the case of paragraphs (ii) and (iii) the organization or individual is outside the national territory, provided the act is also punishable in the jurisdiction competent for its prosecution.

Reporting Subjects Obligated to Inform and Collaborate with the UIF

The AML/CFT/CFP Regime, in line with international AML/CFT/CFP standards, not only designates the UIF as the agency in charge of preventing money laundering, terrorism financing and proliferation of weapons of mass destruction. It also imposes obligations on various public and private sector entities and individuals, designated as Reporting Subjects (“*Sujetos obligados*”), to inform and collaborate with the UIF.

In accordance with the AML/CFT/CFP Law and its regulations, the Reporting Subjects before the UIF, include among others:

- (i) banks, financial entities and insurance companies;
- (ii) exchange agencies and natural and legal persons authorized by the Central Bank to intervene in the purchase and sale of foreign currency with funds in cash or checks issued in foreign currency or through the use of debit or credit cards or in the transfer of funds within or outside the national territory;
- (iii) virtual asset service providers, non-financial credit providers, issuers, operators and/or providers of collection and/or payment services, central securities depository agents and corporate and trust service providers

- (iv) settlement and clearing agents, trading agents; natural and/or legal persons registered with the CNV acting in the placement of investment funds or other collective investment products authorized by such agency; crowdfunding companies, global investment advisors and the legal persons acting as financial trustees with trust securities authorized for public offering by the CNV, and the agents registered by the above mentioned controlling agency that intervene in the placement of negotiable securities issued within the framework of the above mentioned financial trusts;
- (v) government organizations such as the Central Bank, the Federal Public Revenue Administration (“AFIP,” as per its acronym in Spanish), the Superintendence of Insurance of the Nation (“SSN,” as per its acronym in Spanish), the CNV and the IGJ; and
- (vi) professionals in economic sciences, lawyers and notaries public, when they are involved in certain transactions.

Duties of Reporting Subjects include:

- (i) obtaining documents that indisputably prove the identity, legal status, domicile and other relevant information, about their clients' operations ("know your customer" policy);
- (ii) reporting any suspicious events or transactions. For the purposes of the Anti-Money Laundering Law, suspicious transactions are those that, appear unusual, lack economic or legal justification, or are unusually or unjustifiably complex, whether conducted once or repeatedly (regardless of their amount);
- (iii) refraining from disclosing to customers or third parties any actions taken in compliance with the Anti-Money Laundering Law;
- (iv) registering at UIF;
- (v) documenting procedures for the prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction establishing internal manuals that reflect the tasks to be developed with a risk based approach;
- (vi) appointing compliance officers within the governing body who shall be responsible before the UIF (in case the obliged entity is an individual, such individual will be considered the compliance officer);
- (vii) obtaining information and determine the purpose and nature of the relationship with the client;
- (viii) determining the risk of money laundering, terrorism financing and financing of proliferation of weapons of mass destruction associated to clients and transactions;
- (ix) conducting due diligence procedures to determine the risk of money laundering, terrorism financing and financing of proliferation of weapons of mass destruction associated to clients and transactions;
- (x) performing ongoing client due diligence procedures to review transactions throughout the course of the relationship;
- (xi) identifying the individuals who exercise functions of management and representation of the client and those who have powers of disposition;
- (xii) adopting specific measures to mitigate the risk of money laundering, terrorism financing and financing of proliferation of weapons of mass destruction;
- (xiii) having appropriate risk management systems in place to determine whether the client or final beneficial owner is a politically exposed person;
- (xiv) determining the source and legality of funds; and
- (xv) keeping, for ten (10) years, all necessary records of transactions, client files and business communications.

If a Reporting Subject fails to report a suspicious transaction or submits it beyond the designated deadlines and forms provided for that purpose, a fine between one (1) and ten (10) times the total value of the assets of the transaction will be applied. In the case of other violations (due to formal non-compliance), the fixed amounts as the unit of measurement of the fine are replaced by modules that can be updated annually. The following penalties are included: (i) warning; (ii) warning with the obligation to publish the operative part of the resolution; and (iii) for compliance officers, disqualification for up to 5 years for the exercise of functions in such capacity.

Pursuant to Annex I of Resolution No. 61/2023 of the UIF (which establishes the supervision and inspection mechanism of the UIF), both the Central Bank and the CNV are considered "Specific Control Agencies" ("*Órganos de Contralor Específico*"). In such capacity, they must collaborate with the UIF in the evaluation of compliance with AML/CFT/CFP procedures by the Reporting Subjects subject to their control. For these purposes, they are entitled to supervise, monitor and inspect these entities. Denial or obstruction of inspections by the Reporting Subjects may result in administrative penalties by the UIF and criminal penalties.

The Central Bank and the CNV must also comply with the AML/CFT/CFP Regime established by the UIF, including the reporting of suspicious transactions. In turn, Reporting Subjects regulated by these agencies are subject to UIF Resolutions No. 14/2023 and 78/2023, respectively. Such regulations provide guidelines that such entities shall adopt and apply to manage, in accordance with their policies, procedures and controls, the risk of being used by third parties for criminal purposes of money laundering, financing of terrorism and proliferation of weapons of mass destruction.

Essentially, the aforementioned regulations, change the formal regulatory compliance approach to a risk-based approach ("RBA"), based on the revised recommendations issued by the Financial Action Task Force (the "FATF") in 2012, in order to ensure that the implemented measures are proportional to the identified risks. Therefore, the Reporting Subjects shall identify and evaluate their risks and, based on this, adopt measures for the management and mitigation of such risks, in order to more effectively prevent money laundering and terrorist financing. Likewise, the provisions of UIF Resolution No. 4/17 established the possibility of conducting special due diligence procedures with respect to clients supervised abroad (formerly called "international holders") and local clients who are Reporting Subjects to the UIF.

Resolution 14/2023, which sets out specific rules for the financial sector, inter alia, prohibits the maintenance of anonymous accounts or accounts under fictitious names, emphasizes the need to apply enhanced due diligence measures to clients commensurate with the risks identified, and provides for the possibility for financial institutions to rely on third parties to carry out certain due diligence measures.

In October 2021, the UIF published Resolution 112/2021 which established certain measures and procedures that all Regulated Subjects must observe to identify beneficial owners. The Resolution, in its article 2, defines beneficial owner in the following new terms: “The human person who holds at least 10% of the capital or voting rights of a legal person, trust, investment fund, affectation estate and/or any other legal structure; and/or the human person/s who by other means exercises ultimate control of the company”.

All companies, legal entities or other contractual entities or legal structures that carry out activities in Argentina and/or own property and/or assets located and/or placed in Argentina must report their final beneficiaries, for the purpose of their incorporation in the public registry of final beneficiaries. All persons or legal entities that carry out activities as virtual asset service providers, must report on their activities, for the purpose of their incorporation in the registry of virtual asset service providers.

Prevention of Disposal of Assets Linked to Terrorism Financing

Decree No. 918/2012 (amended by Decree No. 278/2024) establishes the procedures for preventing the disposal of assets linked to terrorism financing, and the creation and maintenance procedures (including the inclusion and removal of suspected persons) for registries created in accordance with the relevant United Nations Security Council’s resolutions.

Decree 278/2024 amended Decree 918/2012 aiming to strengthen the current regulatory and institutional framework regarding compliance with international standards, particularly FATF Recommendation 6, as well as United Nations Security Council resolutions. The new decree partially modifies the definitions of administrative freezing of assets and funds and incorporates the definition of the term to specify that the implementation of this measure must be immediate. Additionally, it extends the obligation to freeze assets or other assets related to suspicious terrorism financing operations to all Reporting Subjects, without delay and without prior notice. The Decree also establishes that the UIF, through the Egmont Group, may request cooperation from third countries to administratively freeze assets or other assets of individuals or entities in accordance with United Nations Security Council Resolution 1373 (2001).

Additionally, UIF Resolution No. 29/2013, regulates the implementation of Decree No. 918/2012 and establishes: (i) the procedure to report suspicious transactions of terrorism financing and the persons obligated to do so, and (ii) the administrative freezing of assets procedure on natural or legal persons or entities designated by the United Nations Security Council pursuant to Resolution 1267 (1999) and subsequent, or linked to criminal actions under Section 306 of the Argentine Criminal Code, both prior to the report issued pursuant to UIF Resolutions No. 121 and 229, and as mandated by the UIF after receiving such report.

In order to help the Reporting Subjects to fulfill these duties, Executive Decree No. 489/2019 created the Public Registry of Persons and Entities linked to acts of Terrorism and its Financing (RePET, for its acronym in Spanish), which is an official database that includes the consolidated list of the United Nations Security Council.

Politically Exposed Persons

Resolution No. 35/2023, establishes the rules that Reporting Parties must follow regarding clients that are Politically Exposed Persons (“PEP”).

Following the aforementioned RBA, Resolution 35/2023 establishes that Reporting Subjects must determine the level of risk at the time of beginning or continuing the contractual relationship with a PEP, and must take due diligence measures, adequate and proportional to the associated risk and the operation or operations involved.

This Resolution establishes (i) the measures that the Reporting Subjects must take with respect to foreign PEPs or domestic PEPs that have been classified as high risk by the Reporting Party, for example, having the approval of the compliance officer to initiate or continue commercial relations with them; (ii) each Reporting Subject must take reasonable measures to determine whether a customer and/or beneficial owner is a PEP, at the time of initiating or continuing the commercial relationship with them; (iii) the Reporting Subject must require their clients to sign a sworn statement in which they state whether or not they are a PEP, not only at the beginning of the contractual relationship, but also in the event that their status as a PEP is modified (whether they become or cease to be a PEP); (iv) the clients must inform the PEP status of the beneficial owners, if applicable; and (v) the maintenance period of the PEP status is expressly regulated, being set at 2 years. Once this term has expired, the Reporting Subject shall evaluate the level of risk of the client or beneficial owner, taking into consideration the relevance of the function performed, the power of disposition and/or administration of funds, and the seniority in the public function exercised, among other relevant factors, for the analysis of the level of risk. PEPs due to kinship or closeness will maintain their status for the same time as that of the person with whom they have or have had the relationship.

FOR A MORE SPECIFIC ANALYSIS OF THE REGIME, HOLDERS SHOULD CONSULT THEIR LEGAL COUNSEL AND/OR READ THE APPLICABLE LAWS BY VISITING THE WEBSITE OF THE FINANCIAL INFORMATION UNIT [HTTPS://WWW.ARGENTINA.GOB.AR/UIF](https://www.argentina.gob.ar/uif)). HOLDERS ARE RECOMMENDED TO CONSULT THEIR LEGAL ADVISERS AND READ THE ABOVE-MENTIONED LAWS AND THEIR REGULATORY DECREES.

CNV Regulations

The CNV Rules stipulate, among other provisions, that the Reporting Subjects under its control shall only perform the operations provided for under the public offering system when these operations are performed or ordered by persons constituted, domiciled or resident in countries, domains, jurisdictions, territories or associated states not considered to be non-cooperative or high risk by the FATF.

Similarly, they establish the payment modalities and control procedures for the reception and delivery of funds from and to clients.

Central Bank Regulations

Pursuant to Communication “A” 6399 of the Central Bank, as amended and supplemented, including without limitation, by Communication “A” 6709, Reporting Subjects must keep—for a period of 10 years—written records of the procedure applied in each case for the discontinuation of a client’s operations. Among these records, they shall keep a copy of any notification sent to the customer requesting further information and/or documentation, the corresponding notices of receipt and the documents identifying the officials who took part in the decision, in accordance with the respective procedural manuals.

Tax Amnesty System

The voluntary system of declaration under the Argentine Tax Amnesty Law No. 27,260 and its Regulatory Decree No. 895/16 (jointly the “Tax Amnesty System”) established that the information voluntarily submitted under the Tax Amnesty System may be used for the investigation and punishment of the crimes of money laundering and financing of terrorism. For such purpose, the UIF has the power to communicate information to other public intelligence or investigation agencies, based on a previous resolution of the UIF’s President and provided that there are serious, precise and concordant indications of the commission of money laundering and/or terrorism financing crimes. Furthermore, the AFIP remains obliged to report to the UIF suspicious operations detected within the framework of the Tax Amnesty System and to provide it with all information required by it, not being able to oppose fiscal secrecy.

Anti-Money Laundering and Prevention of Terrorist Financing Program of the Bank

One of the most significant operational risks that is monitored by Banco Macro is that of the activities of “Anti-Money Laundering and Prevention of Terrorist Financing.” There is a program designed to safeguard us against any unintentional involvement or participation in criminal or illicit activities or terrorist financing, and to reaffirm the policy of fully cooperating with the strict application of law and cooperation with the authorities and regulatory bodies.

In order to ensure that the financial system is not used as a channel of funds from criminal activities, employees must determine the true identity of all customers and final beneficiaries of the contracted products and services.

Roles and responsibilities of the program

All employees have roles and responsibilities in the implementation of the Anti-Money Laundering Program. These roles and responsibilities vary depending on the employee’s business line or business area.

Elements of the Anti-Money Laundering Program

We adopt specific procedures for our various operational and commercial areas as applicable.

The following are the most important components of the Bank’s Anti-Money Laundering Program:

1. Prevention: We carry out different tasks in order to mitigate the risk of money laundering:
 - a. Generation of policies and procedures;
 - b. Reliable identification of customers and knowledge of their activities (“Know Your Customer” process);
 - c. Specific risk analysis in the product and process approval process;
 - d. Training and ongoing communication to update all relevant staff;
 - e. Existence of a responsible Officer and a Committee for Money Laundering and Terrorist Financing Prevention;
2. Monitoring: We monitor the activity of clients, suppliers, etc., by setting parameters and alerts to be able to identify cases that must be reported to the appropriate authorities.
3. Relationship with regulatory agencies or industry: We maintain relations with the Central Bank/UIF/CNV by carrying out all necessary actions in order to collect and maintain adequate identification of clients and transaction records, in accordance with regulatory requirements. Likewise, we respond to the information requirements of the mentioned entities.
4. Audits and Reviews: this program will be periodically reviewed through by its own assurance program and different types of audits (internal, external, comptroller) to identify opportunities for improvement.
5. Training and Communication: All our staff (including executive staff) who have a relationship with clients or handle their transactions must receive training in anti-money laundering. This training is institutional and mandatory.
6. Know Your Client (KYC): Similar to our efforts to prevent money laundering, and terrorist financing begins with an appropriate “Know Your Customer” process.

a. Customer awareness allows financial institutions to determine if certain customers are included on terrorist lists issued by governments and regulatory agencies. This process also allows us to establish whether we are facing high-risk clients (e.g., Politically Exposed Persons) in order to carry out an Enhanced Due Diligence process).

b. We will not enter into any relationship with any individual or entity who cannot prove their true identity.

7. Recognition and reporting of unusual or suspicious activities: When employees receive indications that make them assume that clients' funds come from criminal activities, they should report this to the Money Laundering and Terrorist Financing Committee for evaluation in accordance with established procedure.

For a thorough analysis of money laundering regulations in effect as of the date of this document, please consult with your own legal counsel and read Title XIII, Second Book of the ACC and any regulations issued by the UIF, the CNV and the Central Bank in their entirety. For this purpose, interested parties may visit the websites of the Argentine Ministry of Economy, www.economia.gob.ar, the UIF, www.argentina.gob.ar/uif, the CNV, www.cnv.gob.ar or the Central Bank, www.bcra.gov.ar none of which websites are incorporated by reference herein.

Corporate Criminal Liability Law

The Corporate Criminal Liability Law No. 27,401 sets forth a criminal liability regime applicable to legal entities involved in certain corruption offenses directly or indirectly committed in their name, on their behalf or in their interest and from which a benefit may arise. The individual offenders may be employees or third parties — even unauthorized third parties, provided that the company ratified the act, even tacitly.

In accordance with such law, the Board of Directors has approved a Corruption and Anti-Bribery Policy that sets forth the ethical and compliance standards regarding officer corruption practices, under the scope of the Corporate Criminal Liability Law and the applicable international laws. The Board of Directors expressly prohibits this kind of practices and applies the same criterion in similar cases where private sector individual acts as counterparty.

In turn, the Board of Directors has implemented a Code of Conduct applicable to all employees, contractors, suppliers and agents, with the prohibitions, restrictions and conditions imposed upon them under the Integrity Program approved by us, which was previously discussed by the Appointment and Corporate Government Committee.

In addition, Ernesto López, our Legal Manager, has been appointed as our Anti-Bribery Policy Officer and our Compliance Department is responsible for the implementation of the Monitoring Program.

C. Organizational Structure

Subsidiaries and controlled entities

We have ten subsidiaries and controlled entities: (i) Argenpay S.A.U., through which we provide electronic payment services ; (ii) Macro Bank Limited, our subsidiary in the Bahamas through which we primarily provide private banking services; (iii) Macro Securities S.A.U., which is a member of the BYMA, and through which we provide investment research, securities trading and custodial services to our customers; (iv) Macro Fiducia S.A.U., a subsidiary that acts as trustee and provides financial advisory and analysis services; (v) Macro Fondos S.G.F.C.I. S.A., an asset management subsidiary, (vi) Fintech SGR., (vii) Macro Agro S.A.U. through which we facilitate access to credit for SMEs through the grant of guarantees: (viii) Banco BMA S.A.U., a financial entity; (ix) BMA Valores S.A. and (x) BMA Asset Management S.G.F.C.I. S.A.

Subsidiary / controlled entity	Banco Macro's direct and indirect interest	
	Percentage of Capital Stock	Percentage of possible votes
Argenpay S.A.U. (1)	100.000%	100.000%
Macro Bank Limited (2)	100.000%	100.000%
Macro Securities S.A.U. (1)	100.000%	100.000%
Macro Fiducia S.A.U. (1)	100.000%	100.000%
Macro Fondos S.G.F.C.I. S.A. (1)	100.000%	100.000%
Fintech SGR (1)(3)	24.999%	24.999%
Macro Agro S.A.U. (1)	100.000%	100.000%
Banco BMA S.A.U. (1)	100.000%	100.000%
BMA Valores S.A. (1)	100.000%	100.000%
BMA Asset Management S.G.F.C.I. S.A. (1)	100.000%	100.000%

(1) Country of residence: Argentina

(2) Country of residence: The Bahamas

(3) Structured entity.

D. Property, plants and equipment

Property

Our headquarters consist of 53,713 square meters of office area that we own at Avenida Eduardo Madero 1172 and Alem 1110 1st floor, in the City of Buenos Aires, and is used by our management, accounting and administrative personnel. As of December 31, 2023, we have a branch network that consists of 519 branches in Argentina, including Banco BMA, of which 189 were leased properties.

In 2011 we acquired a site, located at Avenida Eduardo Madero No. 1180, in the City of Buenos Aires, from the Government of the City of Buenos Aires, in which we have developed our headquarters. We have developed a project to build our new corporate offices on this site. Work on the site began in 2012 and was completed in 2019.

The new corporate headquarters were designed to take full advantage of natural light and maximize energy efficiency, while also using materials that do not adversely affect the environment and was built in compliance with the Leed International Sustainability Standards of the “U.S. Green Building Council”. The building has its own environmental policy and an intelligent energy system; it has a state-of-the-art architectural design that prioritizes energy efficiency in accordance with the standards of the LEED sustainable building certification system. In addition to energy efficiency, the tower has a construction mechanism that manages to reduce water consumption through the reuse and controlled use of inputs, thus being considered a building with sustainable criteria and optimization of the use of resources.

Thanks to the process initiated in previous years, during 2022 Banco Macro received the Leed certification for the “Banco Macro Corporate Headquarters”, achieving the Leed GOLD certificate with 64 points.

Selected Statistical Information

The following information is included for analytical purposes and should be read in conjunction with our audited consolidated financial statements as well as Item 5 “Operating and Financial Review and Prospects.” This information has been extracted from our internal documentation that supports our financial records.

Average balance sheets, interest earned on interest-earning assets and interest paid on interest-bearing liabilities.

The following tables show average balances, interest amounts and nominal and real rates for our interest-earning assets and interest-bearing liabilities for the years ended December 31, 2021, 2022 and 2023 based on results adjusted for inflation as of December 31, 2023, as explained in our audited consolidated financial statements.

The nominal interest rate has been calculated by dividing the amount of interest gain or loss during the period by the related average balance, both amounts not restated. The nominal rates calculated for each period have been converted into real rates using the following formulas:

$$R_p = \frac{1 + N_p}{1 + I} - 1$$
$$R_d = \frac{(1 + N_d)(1 + D)}{1 + I} - 1$$

Where:

R_p = real average rate for Peso-denominated assets and liabilities (in Ps.) for the period;

R_d = real average rate for foreign currency denominated assets and liabilities for the period;

N_p = nominal average rate for Peso-denominated assets and liabilities for the period;

N_d = nominal average rate for foreign currency denominated assets and liabilities for the period;

D = devaluation rate of the Peso to the U.S. dollar for the period; and

I = inflation rate in Argentina for the period based on the variation of the Consumer Price Index.

	2021 (1)				2022 (1)				2023			
	Average Balance	Interest Earned / (Paid)	Average Real Rate	Average Nominal Rate	Average Balance	Interest Earned / (Paid)	Average Real Rate	Average Nominal Rate	Average Balance	Interest Earned / (Paid)	Average Real Rate	Average Nominal Rate
	(In thousands of Pesos)											
ASSETS												
Interest-earning assets												
Cash and Deposits in Banks												
Pesos	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency	367,713,646	79,938	(19.08%)	0.02%	244,771,948	1,246,001	(11.05%)	0.51%	229,985,876	6,847,489	50.94%	2.98%
Total	367,713,646	79,938	(19.08%)	0.02%	244,771,948	1,246,001	(11.05%)	0.51%	229,985,876	6,847,489	50.94%	2.98%
Loans and other financing												
Non-financial Public Sector												
Pesos	23,532,995	11,013,573	(2.74%)	46.80%	10,289,229	4,714,572	(25.14%)	45.82%	21,047,223	19,130,718	(38.70%)	90.89%
Foreign currency	—	—	—	—	—	—	—	—	—	—	—	—
Total	23,532,995	11,013,573	(2.74%)	46.80%	10,289,229	4,714,572	(25.14%)	45.82%	21,047,223	19,130,718	(38.70%)	90.89%
Other Financial Entities												
Pesos	12,094,590	4,097,067	(11.30%)	33.88%	4,527,687	1,664,810	(29.79%)	36.77%	9,128,630	3,249,727	(56.46%)	35.60%
Foreign currency	59,629	3,512	(14.34%)	5.89%	61,874	4,064	(5.69%)	6.57%	1,388,465	32,205	49.97%	2.32%
Total	12,154,219	4,100,579	(11.31%)	33.74%	4,589,561	1,668,874	(29.47%)	36.36%	10,517,095	3,281,932	(42.41%)	31.21%
Non-financial Private Sector and Foreign Residents												
Pesos	1,864,244,880	675,154,103	(9.75%)	36.22%	1,768,951,584	771,548,560	(26.27%)	43.62%	1,844,070,237	1,107,803,932	(48.60%)	60.07%
Foreign currency	155,977,924	5,695,284	(16.15%)	3.65%	94,602,662	3,639,589	(8.10%)	3.85%	143,782,659	4,083,826	50.74%	2.84%
Total	2,020,222,804	680,849,387	(10.24%)	33.70%	1,863,554,246	775,188,149	(25.35%)	41.60%	1,987,852,896	1,111,887,758	(41.41%)	55.93%
Other Debt Securities												
Pesos	1,673,375,209	618,669,262	(9.26%)	36.97%	1,936,898,407	1,081,523,788	(20.00%)	55.84%	1,355,404,613	1,098,812,149	(41.85%)	81.07%
Foreign currency	76,462,275	981,213	(18.07%)	1.28%	150,295,471	1,552,635	(10.59%)	1.03%	130,313,176	9,454,257	57.21%	7.26%
Total	1,749,837,484	619,650,475	(9.64%)	35.41%	2,087,193,878	1,083,076,423	(19.32%)	51.89%	1,485,717,789	1,108,266,406	(33.16%)	74.59%
Repo Transactions												
Pesos	142,950,291	51,779,583	(9.75%)	36.22%	69,719,307	41,369,973	(18.20%)	59.34%	278,964,113	196,916,302	(45.22%)	70.59%
Foreign currency	—	—	—	—	—	—	—	—	1,085,228	2,144	46.87%	0.20%
Total	142,950,291	51,779,583	(9.75%)	36.22%	69,719,307	41,369,973	(18.20%)	59.34%	280,049,341	196,918,446	(44.86%)	70.32%
Total interest-earning assets												
Pesos	3,716,197,965	1,360,713,588	(9.49%)	36.62%	3,790,386,214	1,900,821,703	(22.92%)	50.15%	3,508,614,816	2,425,912,828	(45.69%)	69.14%
Foreign currency	600,213,474	6,759,947	(18.19%)	1.13%	489,731,955	6,442,289	(10.33%)	1.32%	506,555,404	20,419,921	52.48%	4.03%
Total	4,316,411,439	1,367,473,535	(10.70%)	31.68%	4,280,118,169	1,907,263,992	(21.48%)	44.56%	4,015,170,220	2,446,332,749	(33.30%)	60.93%
Total non interest-earning assets												
Pesos	1,139,076,367	—	—	—	946,150,878	—	—	—	926,783,938	—	—	—
Foreign currency	539,879,574	—	—	—	664,489,908	—	—	—	1,835,597,163	—	—	—
Total	1,678,955,941	—	—	—	1,610,640,786	—	—	—	2,762,381,101	—	—	—
TOTAL ASSETS												
Pesos	4,855,274,332	—	—	—	4,736,537,092	—	—	—	4,435,398,754	—	—	—
Foreign currency	1,140,093,048	—	—	—	1,154,221,863	—	—	—	2,342,152,567	—	—	—
Total	5,995,367,380	—	—	—	5,890,758,955	—	—	—	6,777,551,321	—	—	—
LIABILITIES												
Interest-bearing liabilities												
Deposits												
Non financial Public Sector												
Pesos	185,588,769	53,274,156	(14.73%)	28.71%	201,214,691	90,359,449	(25.61%)	44.91%	157,394,436	123,763,940	(42.64%)	78.63%
Foreign currency	18,616,095	27,964	(18.98%)	0.15%	18,859,859	14,823	(11.43%)	0.08%	11,200,321	8,789	46.69%	0.08%
Total	204,204,864	53,302,120	(15.12%)	26.10%	220,074,550	90,374,272	(24.39%)	41.07%	168,594,757	123,772,729	(36.71%)	73.41%
Financial Sector												
Non financial Private Sector and Foreign Residents												

Pesos	2,009,137,847	490,880,987	(17.56%)	24.43%	2,184,409,982	843,341,868	(28.84%)	38.61%	2,443,542,139	1,458,436,363	(48.72%)	59.69%
Foreign currency	414,462,494	613,844	(18.98%)	0.15%	301,867,456	145,860	(11.46%)	0.05%	472,184,578	134,712	46.62%	0.03%
Total	2,423,600,341	491,494,831	(17.80%)	20.28%	2,486,277,438	843,487,728	(26.73%)	33.93%	2,915,726,717	1,458,571,075	(33.28%)	50.02%
Financing received from the Central Bank of Argentina and other financial entities												
Pesos	7,288,716	986,782	(24.78%)	13.54%	10,326,153	4,044,503	(28.55%)	39.17%	5,597,913	8,581,333	(18.66%)	153.30%
Foreign currency	3,323,366	108,357	(16.46%)	3.26%	4,673,195	181,121	(8.07%)	3.88%	16,846,710	667,639	52.38%	3.96%
Total	10,612,082	1,095,139	(22.17%)	10.32%	14,999,348	4,225,624	(22.17%)	28.17%	22,444,623	9,248,972	34.66%	41.21%
Issued Corporate Bonds												
Pesos	24,044,233	5,229,373	(19.34%)	21.75%	5,716,632	807,661	(41.41%)	14.13%	5,618,776	1,160,943	(61.25%)	20.66%
Foreign currency	—	—	—	—	5,552,797	112,371	(9.71%)	2.02%	12,222,195	491,233	52.47%	4.02%
Total	24,044,233	5,229,373	(19.34%)	21.75%	11,269,429	920,032	(25.79%)	8.16%	17,840,971	1,652,176	16.66%	9.26%
Subordinated Corporate Bonds												
Pesos	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency	282,574,449	19,684,477	(13.46%)	6.97%	224,936,212	14,412,425	(5.83%)	6.41%	214,049,305	14,180,562	56.28%	6.62%
Total	282,574,449	19,684,477	(13.46%)	6.97%	224,936,212	14,412,425	(5.83%)	6.41%	214,049,305	14,180,562	56.28%	6.62%
Repo Transactions												
Pesos	6,316,359	1,786,840	(15.01%)	28.29%	8,677,857	3,038,227	(30.69%)	35.01%	12,575,215	13,873,646	(32.46%)	110.33%
Foreign currency	—	—	—	—	—	—	—	—	—	—	—	—

	2021 (1)				2022 (1)				2023			
	Average Balance	Interest Earned / (Paid)	Average Real Rate	Average Nominal Rate	Average Balance	Interest Earned / (Paid)	Average Real Rate	Average Nominal Rate	Average Balance	Interest Earned / (Paid)	Average Real Rate	Average Nominal Rate
Total	6,316,359	1,786,840	(15.01%)	28.29%	8,677,857	3,038,227	(30.69%)	35.01%	12,575,215	13,873,646	(32.46%)	110.33%
(In thousands of Pesos)												
Total interest-bearing liabilities												
Pesos	2,232,375,924	552,158,138	(17.37%)	24.73%	2,410,345,315	941,591,708	(28.61%)	39.06%	2,624,728,479	1,605,816,225	(48.24%)	61.18%
Foreign currency	718,976,404	20,434,642	(16.80%)	2.84%	555,889,519	14,866,600	(9.14%)	2.67%	726,503,109	15,482,935	49.69%	2.13%
Total	2,951,352,328	572,592,780	(17.23%)	19.40%	2,966,234,834	956,458,308	(24.96%)	32.24%	3,351,231,588	1,621,299,160	(27.01%)	48.38%
Total non-interest bearing liabilities and shareholders' equity												
Pesos	2,748,243,570	—	—	—	2,693,675,092	—	—	—	3,066,293,304	—	—	—
Foreign currency	295,771,482	—	—	—	230,849,029	—	—	—	360,026,429	—	—	—
Total	3,044,015,052	—	—	—	2,924,524,121	—	—	—	3,426,319,733	—	—	—
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY												
Pesos	4,980,619,494	—	—	—	5,104,020,407	—	—	—	5,691,021,783	—	—	—
Foreign currency	1,014,747,886	—	—	—	786,738,548	—	—	—	1,086,529,538	—	—	—
Total	5,995,367,380	—	—	—	5,890,758,955	—	—	—	6,777,551,321	—	—	—

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial information".

Changes in interest income and interest expense; volume and rate analysis

The following tables allocate, by currency of denomination, changes in our interest income and interest expense segregated for each major category of interest-earning assets and interest-bearing liabilities into amounts attributable to changes in their average volume and their respective nominal interest rates for fiscal year ended December 31, 2023 compared to the fiscal year ended December 31, 2022 and to the fiscal year ended December 31, 2021, all based on information adjusted for inflation as of December 31, 2023.

	2021 (1) Interest Earned / (Paid)	2022 (1) Interest Earned / (Paid)	2023 Interest Earned/ (Paid)	December 2022 / December 2021 Increase (Decrease) Due to Changes in			December 2023/ December 2022 Increase (Decrease) Due to Changes in		
				Volume	Rate	Net Change	Volume	Rate	Net Change
ASSETS									
Interest-earning assets									
Cash and Deposits in Banks									
Pesos	—	—	—	—	—	—	—	—	—
Foreign currency	79,938	1,246,001	6,847,489	(30,984)	1,197,047	1,166,063	(73,073)	5,674,561	5,601,488
Total	79,938	1,246,001	6,847,489	(30,984)	1,197,047	1,166,063	(73,073)	5,674,561	5,601,488
Loans and other financing									
Non-financial Public Sector									
Pesos	11,013,573	4,714,572	19,130,718	(6,198,214)	(100,787)	(6,299,001)	4,929,266	9,486,880	14,416,146
Foreign currency	—	—	—	—	—	—	—	—	—
Total	11,013,573	4,714,572	19,130,718	(6,198,214)	(100,787)	(6,299,001)	4,929,266	9,486,880	14,416,146
Other Financial Entities									
Pesos	4,097,067	1,664,810	3,249,727	(2,563,087)	130,830	(2,432,257)	1,691,787	(106,870)	1,584,917
Foreign currency	3,512	4,064	32,205	132	420	552	87,158	(59,017)	28,141
Total	4,100,579	1,668,874	3,281,932	(2,562,955)	131,250	(2,431,705)	1,778,945	(165,887)	1,613,058
Non-financial Private Sector and Foreign Residents									
Pesos	675,154,103	771,548,560	1,107,803,932	(34,439,839)	130,834,296	96,394,457	32,834,877	303,420,495	336,255,372
Foreign currency	5,695,284	3,639,589	4,083,826	(2,242,287)	186,592	(2,055,695)	1,896,043	(1,451,806)	444,237
Total	680,849,387	775,188,149	1,111,887,758	(36,682,126)	131,020,888	94,338,762	34,730,920	301,968,689	336,699,609
Other Debt Securities									
Pesos	618,669,262	1,081,523,788	1,098,812,149	97,402,079	365,452,447	462,854,526	(324,665,852)	341,954,213	17,288,361
Foreign currency	981,213	1,552,635	9,454,257	942,569	(371,147)	571,422	(210,409)	8,112,031	7,901,622
Total	619,650,475	1,083,076,423	1,108,266,406	98,344,648	365,081,300	463,425,948	(324,876,261)	350,066,244	25,189,983
Repo Transactions									
Pesos	51,779,583	41,369,973	196,916,302	(26,527,250)	16,117,640	(10,409,610)	124,167,332	31,378,997	155,546,329
Foreign currency	—	—	2,144	—	—	—	—	2,144	2,144
Total	51,779,583	41,369,973	196,918,446	(26,527,250)	16,117,640	(10,409,610)	124,167,332	31,381,141	155,548,473
Total interest-earning assets									
Pesos	1,360,713,588	1,900,821,703	2,425,912,828	27,673,689	512,434,426	540,108,115	(161,042,590)	686,133,715	525,091,125
Foreign currency	6,759,947	6,442,289	20,419,921	(1,330,570)	1,012,912	(317,658)	1,699,719	12,277,913	13,977,632
Total	1,367,473,535	1,907,263,992	2,446,332,749	26,343,119	513,447,338	539,790,457	(159,342,871)	698,411,628	539,068,757
LIABILITIES									
Interest-bearing liabilities									
Deposits Non financial Public Sector									
Pesos	53,274,156	90,359,449	123,763,940	4,494,582	32,590,711	37,085,293	(19,673,608)	53,078,099	33,404,491
Foreign currency	27,964	14,823	8,789	326	(13,467)	(13,141)	(5,863)	(171)	(6,034)
Total	53,302,120	90,374,272	123,772,729	4,494,908	32,577,244	37,072,152	(19,679,471)	53,077,928	33,398,457
Non financial Private Sector and Foreign Residents									
Pesos	490,880,987	843,341,868	1,458,436,363	42,770,372	309,690,509	352,460,881	100,109,752	514,984,743	615,094,495
Foreign currency	613,844	145,860	134,712	(161,043)	(306,941)	(467,984)	90,232	(101,380)	(11,148)
Total	491,494,831	843,487,728	1,458,571,075	42,609,329	309,383,568	351,992,897	100,199,984	514,883,363	615,083,347
Financing received from the Central Bank of Argentina and other financial entities									
Pesos	986,782	4,044,503	8,581,333	411,379	2,646,342	3,057,721	(1,851,800)	6,388,630	4,536,830
Foreign currency	108,357	181,121	667,639	43,989	28,775	72,764	472,531	13,987	486,518
Total	1,095,139	4,225,624	9,248,972	455,368	2,675,117	3,130,485	(1,379,269)	6,402,617	5,023,348
Issued Corporate Bonds									
Pesos	5,229,373	807,661	1,160,943	(3,986,006)	(435,706)	(4,421,712)	(13,728)	367,010	353,282
Foreign currency	—	112,371	491,233	—	112,371	112,371	134,517	244,345	378,862
Total	5,229,373	920,032	1,652,176	(3,986,006)	(323,335)	(4,309,341)	120,789	611,355	732,144
Subordinated Corporate Bonds									
Pesos	—	—	—	—	—	—	—	—	—
Foreign currency	19,684,477	14,412,425	14,180,562	(4,006,423)	(1,265,629)	(5,272,052)	(691,865)	460,002	(231,863)
Total	19,684,477	14,412,425	14,180,562	(4,006,423)	(1,265,629)	(5,272,052)	(691,865)	460,002	(231,863)
Repo Transactions									
Pesos	1,786,840	3,038,227	13,873,646	668,126	583,261	1,251,387	1,364,356	9,471,063	10,835,419
Foreign currency	—	—	—	—	—	—	—	—	—
Total	1,786,840	3,038,227	13,873,646	668,126	583,261	1,251,387	1,364,356	9,471,063	10,835,419
Total interest-bearing liabilities									
Pesos	552,158,138	941,591,708	1,605,816,225	44,358,453	345,075,117	389,433,570	79,934,972	584,289,545	664,224,517
Foreign currency	20,434,642	14,866,600	15,482,935	(4,123,151)	(1,444,891)	(5,568,042)	(448)	616,783	616,335
Total	572,592,780	956,458,308	1,621,299,160	40,235,302	343,630,226	383,865,528	79,934,524	584,906,328	664,840,852

(1) Figures adjusted for inflation as of December 31, 2023. See “Presentation of certain financial information”.

Interest-earning assets: net interest margin and spread

The following table analyzes, by currency of denomination, the levels of our average interest-earning assets and net interest income and illustrates the comparative margins and spreads for each of the years indicated all based on information adjusted for inflation as of December 31, 2023.

	2021 (1)	Year Ended December 31, 2022 (1)	2023
	(In thousands of Pesos, except percentages)		
Average interest-earning assets			
Pesos	3,716,197,965	3,790,386,214	3,508,614,816
Foreign currency	600,213,474	489,731,955	506,555,404
Total	4,316,411,439	4,280,118,169	4,015,170,220
Net interest income (2)			
Pesos	808,555,450	959,229,995	820,096,603
Foreign currency	(13,674,695)	(8,424,311)	4,936,986
Total	794,880,755	950,805,684	825,033,589
Net interest margin (3)			
Pesos	(19.33%)	(35.67%)	(36.66%)
Foreign currency	(20.94%)	(13.02%)	(10.64%)
Weighted average rate	(19.55%)	(33.08%)	(33.38%)
Yield spread real basis (4)			
Pesos	7.88%	5.69%	2.55%
Foreign currency	(1.39%)	(1.19%)	2.79%
Weighted average rate	6.53%	3.48%	(6.29%)

- (1) Figures adjusted for inflation as of December 31, 2023. See “Presentation of certain financial information”.
- (2) Defined as interest earned less interest paid.
- (3) Calculated by dividing the amount of net interest income/(loss) by the interest-earning assets. The nominal rates calculated for each period have been converted into real rates using the formulas disclosed in “Item 4. Selected Statistical Information—Average balance sheet, interest earned on interest-earning assets and interest paid on interest-bearing liabilities.”
- (4) Defined as the difference between the average real rate on interest-earning assets and the average real rate on interest-bearing liabilities.

Remaining maturity of government and private securities

We own, manage and trade a portfolio of securities issued by the Argentine and other governments and private issuers. The following table analyzes the remaining maturities of our investment portfolio as of December 31, 2023 in accordance with issuance terms (before allowances). For further information, see “Item 3—Risk Factors—Argentina’s ability to obtain financing from international markets may be limited or costly, which may impair its ability to implement reforms and public policies and foster economic growth”.

	Maturing within 1 year	Maturing after 1 year but within 5 years	Maturing after 5 year but within 10 years	Maturing after 10 years	Without due date	Total
	Book Value (In thousands of Pesos, except percentages)					
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Local						
Government securities:						
Argentine government discount bonds in dual currency - Maturity: 08-30-2024	821,881,169	—	—	—	—	821,881,169
Argentine government discount bonds in dual currency - Maturity: 04-30-2024	322,820,204	—	—	—	—	322,820,204
Argentine government discount bonds in dual currency - Maturity: 02-28-2024	241,101,548	—	—	—	—	241,101,548
Argentine government Treasury bonds tied to the US dollar - Maturity: 04-30-2024	190,164,513	—	—	—	—	190,164,513
Argentine government discount bonds in dual currency - Maturity: 06-30-2024	102,371,616	—	—	—	—	102,371,616
Neuquén government Treasury bills S01 C01 - Maturity: 04-19-2026	—	9,168,242	—	—	—	9,168,242
Argentine government Treasury bonds in pesos adjusted by CER 4.25% - Maturity: 10-14-2024	5,985,638	—	—	—	—	5,985,638
Autonomous City of Buenos Aires bonds 7.5% - Maturity: 06-01-2027	—	5,238,009	—	—	—	5,238,009
Argentine government US dollar step-up bonds - Maturity: 07-09-2030	95,256	1,524,056	762,028	—	—	2,381,340
Argentine government Treasury bonds in pesos adjusted by CER - Maturity: 11-09-2026	473,017	1,892,064	—	—	—	2,365,081
Others	5,747,494	1,548,103	1,518,332	1,351,787	—	10,165,716
Subtotal local Government securities	1,690,640,455	19,370,474	2,280,360	1,351,787	—	1,713,643,076
Private securities:						
Corporate bonds YPF SA C025 - Maturity: 02-13-2026	—	10,228,522	—	—	—	10,228,522
Corporate bonds Pampa Energía SA CL. I - Maturity: 01-24-2027	—	3,491,351	—	—	—	3,491,351
Corporate bonds Genneia SA C031 - Maturity: 09-02-2027	732,566	2,197,695	—	—	—	2,930,261
Corporate bonds Transportadora de Gas del Sur SA C002 - Maturity: 05-02-2025	—	1,983,861	—	—	—	1,983,861
Corporate bonds YPF SA C39 - Maturity: 07-28-2025	—	1,767,458	—	—	—	1,767,458
Corporate bonds Coemission Gemsa and CTR C021 - Maturity: 04-17-2025	—	1,740,002	—	—	—	1,740,002
Corporate bonds Telecom Argentina SA C005 - Maturity: 08-06-2025	747,522	770,174	—	—	—	1,517,696
Corporate bonds YPF SA C002 - Maturity: 07-25-2026	—	1,279,846	—	—	—	1,279,846
Corporate bonds Capex SA C005 - Maturity: 08-25-2028	—	1,169,504	—	—	—	1,169,504
Corporate bonds Telecom Argentina SA C001 - Maturity: 07-18-2026	—	1,065,260	—	—	—	1,065,260
Others	1,343,645	4,273,849	—	—	—	5,617,494
Subtotal local Private securities	2,823,733	29,967,522	—	—	—	32,791,255
US Treasury bills - Maturity: 06-27-2024	3,153,777	—	—	—	—	3,153,777
US Treasury bills - Maturity: 10-31-2024	2,331,621	—	—	—	—	2,331,621
US Treasury bills - Maturity: 08-08-2024	194,108	—	—	—	—	194,108
Subtotal foreign government securities	5,679,506	—	—	—	—	5,679,506
TOTAL DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	1,699,143,694	49,337,996	2,280,360	1,351,787	—	1,752,113,837

	Maturing within 1 year	Maturing after 1 year but within 5 years	Maturing after 5 year but within 10 years	Maturing after 10 years	Without due date	Total
OTHER DEBT SECURITIES						
MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME						
Local						
Government securities:						
Argentine government Treasury bonds in pesos adjusted by CER 4.25% - Maturity: 02-14-2025	—	196,595,700	—	—	—	196,595,700
Argentine government Treasury bonds in pesos adjusted by CER 3.75% - Maturity: 04-14-2024	33,259,200	—	—	—	—	33,259,200
Argentine government Treasury bonds in pesos - Maturity: 05-23-2027	1,666,992	5,000,976	—	—	—	6,667,968
Argentine government US dollar step-up bonds - Maturity: 07-09-2030	150,285	2,404,648	1,202,324	—	—	3,757,257
Argentine government Treasury bonds in pesos - Maturity: 08-23-2025	688,320	2,064,960	—	—	—	2,753,280
Argentine government Treasury bonds in pesos BADLAR x 0.7 - Maturity: 11-23-2027	649,497	1,948,494	—	—	—	2,597,991
Argentine government Treasury bonds in pesos adjusted by CER 4.25% - Maturity: 10-14-2024	2,200,700	—	—	—	—	2,200,700
Argentine government US dollar bonds 1% - Maturity: 07-09-2029	—	225,314	56,329	—	—	281,643
Subtotal local Government securities	38,614,994	208,240,092	1,258,653	—	—	248,113,739
Foreign						
Government securities:						
US Treasury bills - Maturity: 01-18-2024	25,810,639	—	—	—	—	25,810,639
US Treasury bills - Maturity: 01-11-2024	12,111,378	—	—	—	—	12,111,378
US Treasury bills - Maturity: 01-09-2024	5,653,606	—	—	—	—	5,653,606
Subtotal foreign Government securities	43,575,623	—	—	—	—	43,575,623
TOTAL OTHER DEBT SECURITIES	82,190,617	208,240,092	1,258,653	—	—	291,689,362
MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	82,190,617	208,240,092	1,258,653	—	—	291,689,362
Weighted average rate (1)	(27.59%)	(22.42%)	35.64%	0.00%		
MEASURED AT AMORTIZED COST						
Local						
Government Securities:						
Argentine government Treasury bonds in pesos - Maturity: 08-23-2025	11,238,626	33,715,878	—	—	—	44,954,504
Argentine government Treasury bonds in pesos - Maturity: 05-23-2027	8,643,126	25,929,381	—	—	—	34,572,507
Argentine government Treasury bonds in pesos BADLAR x 0.7 - Maturity: 11-23-2027	3,519,583	10,558,746	—	—	—	14,078,329
Discount bonds in pesos 5.83% - Maturity: 12-31-2033	149,480	597,912	747,390	-	-	1,494,782
Province of Río Negro Treasury bills S03 - Maturity: 06-14-2024	104,561	—	—	—	—	104,561
Subtotal local government securities	23,655,376	70,801,917	747,390	—	—	95,204,683

	Maturing within 1 year	Maturing after 1 year but within 5 years	Maturing after 5 year but within 10 years	Maturing after 10 years	Without due date	Total
Central Bank of Argentina Bills						
BCRA internal bills at benchmark exchange rate, - Maturity: 10-03-2024	10,106,040	—	—	—	—	10,106,040
BCRA internal bills at benchmark exchange rate, - Maturity: 11-18-2024	7,276,350	—	—	—	—	7,276,350
BCRA internal bills at benchmark exchange rate, - Maturity: 10-19-2024	4,042,417	—	—	—	—	4,042,417
BCRA internal bills at benchmark exchange rate, - Maturity: 11-15-2024	3,314,782	—	—	—	—	3,314,782
BCRA internal bills at benchmark exchange rate, - Maturity: 08-06-2024	2,263,753	—	—	—	—	2,263,753
BCRA internal bills at benchmark exchange rate, - Maturity: 08-08-2024	1,940,360	—	—	—	—	1,940,360
BCRA internal bills at benchmark exchange rate, - Maturity: 11-13-2024	1,697,815	—	—	—	—	1,697,815
BCRA internal bills at benchmark exchange rate, - Maturity: 11-20-2024	1,455,270	—	—	—	—	1,455,270
BCRA internal bills at benchmark exchange rate, - Maturity: 10-18-2024	808,483	—	—	—	—	808,483
BCRA internal bills at benchmark exchange rate, - Maturity: 08-03-2024	161,697	—	—	—	—	161,697
	33,066,967	—	—	—	—	33,066,967
Private securities:						
Corporate bonds Vista Energy Argentina SAU C20 - Maturity: 07-20-2025	—	2,579,153	—	—	—	2,579,153
Corporate bonds Vista Energy Argentina SAU C13 - Maturity: 08-08-2024	2,379,207	—	—	—	—	2,379,207
Corporate bonds Vista Oil y Gas Argentina SAU C15 -Maturity: 01-20-2025	—	2,194,824	—	—	—	2,194,824
Corporate bonds Volkswagen Financial Services C010 – Maturity: 10-12-2024	1,923,729	—	—	—	—	1,923,729
Corporate bonds MSU SA C06 – Maturity: 11-02- 2024	811,502	—	—	—	—	811,502
Fiduciary debt securities Confibono Financial Trust S73 Class A - Maturity: 05-20- 2024	474,426	—	—	—	—	474,426
Corporate bonds SME Liliana SRL Guaranteed S01 – Maturity: 04-18-2025	140,010	280,062	—	—	—	420,072
Fiduciary debt securities Secubono Financial Trust S230 Class A - Maturity: 06-28-2024	77,380	—	—	—	—	77,380
Fiduciary debt securities Moni Mobile Financial Trust S09 Class A - Maturity: 09-16-2024	55,448	—	—	—	—	55,448
Fiduciary debt securities Supercanal II Financial Trust Class A - Maturity: 03-21-2024	24,852	—	—	—	—	24,852
Others	32,893	—	—	—	—	32,893
Subtotal local Private securities	5,919,447	5,054,039	—	—	—	10,973,486
TOTAL OTHER DEBT SECURITIES AT AMORTIZED COST	62,641,790	75,855,956	747,390	—	—	139,245,136
Weighted average rate (1)	52.19%	42.87%	(0.63%)	—	—	

	Maturing within 1 year	Maturing after 1 year but within 5 years	Maturing after 5 year but within 10 years	Maturing after 10 years	Without due date	Total
EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Local						
Mercado Abierto Electrónico SA	—	—	—	—	1,669,450	1,669,450
Matba Rofex SA	—	—	—	—	814,957	814,957
C.O.E.L.S.A	—	—	—	—	242,424	242,424
AC Inversora SA	—	—	—	—	39,182	39,182
Sedesa	—	—	—	—	37,638	37,638
Mercado a Término Inversora Rofex SA	—	—	—	—	44,978	44,978
Provincanje SA	—	—	—	—	15,290	15,290
Pampa Energía SA	—	—	—	—	3,166	3,166
Acindar SA	—	—	—	—	1,445	1,445
Argencontrol SA	—	—	—	—	856	856
Others	—	—	—	—	447	447
Subtotal local	—	—	—	—	2,869,833	2,869,833
Foreign						
Banco Latinoamericano de Comercio Exterior SA	—	—	—	—	146,084	146,084
Cedear Vista Oil & Gas	—	—	—	—	125,423	125,423
Cedear Pepsico	—	—	—	—	40,694	40,694
Sociedad de Telecomunicaciones Financieras Interbancarias Mundiales	—	—	—	—	26,122	26,122
Cedear Thermo Fisher Scientific Inc.	—	—	—	—	5,685	5,685
Subtotal foreign	—	—	—	—	344,008	344,008
TOTAL EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	—	—	—	—	3,213,841	3,213,841

(1) The average rates are weighted average of the internal rate of return (IRR) at each drop date of the species of each category. These rates can be obtained from market data (IAMC, MAE, CAFCI, etc.) or, otherwise, from the rate calculated for the accounting accrual.

Loans and other financing portfolio

The following table analyzes our loans and other financing portfolio by type as of December 31, 2021, 2022 and 2023. Due to IFRS 9, as of December 31, 2021, 2022, and 2023, we calculate the allowances included in our financial statements under expected credit losses approach. For further information see note 3 to our audited consolidated financial statements as of December 31, 2023 and 2022.

	2021 (1)	As of December 31, 2022 (1) <i>(in thousands of Pesos)</i>	2023
To the non-financial government sector	14,412,899	6,872,565	4,716,730
To the financial sector (2)	9,183,371	2,912,945	9,976,184
To the non-financial private sector and foreign residents			
Overdrafts (3)	141,128,169	141,367,792	266,086,550
Documents (4)	240,587,291	236,401,254	299,615,286
Mortgages loans	133,543,561	73,061,497	59,306,726
Pledged loans (5)	44,440,862	29,024,393	26,653,537
Consumer loans (6)	1,143,912,809	1,019,445,247	706,796,362
Other loans	292,260,824	221,736,511	323,494,635
Accrued Interest, adjustments, foreign exchange and quoted price differences receivables	187,141,858	186,990,221	220,101,440
Other financing	9,783,593	7,956,999	17,037,203
Less: Unearned discounts	(20,692,122)	(27,417,941)	(46,478,000)
Less: Allowances	(58,424,611)	(34,262,639)	(53,648,800)
Total Loans and other financing	2,137,278,504	1,864,088,844	1,833,657,853

- (1) Figures adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information.”
- (2) Includes loans to financial institutions, inter-financing (granted call) and other financing to Argentine financial institutions.
- (3) Includes overdraft lines of credit resulting from checking accounts.
- (4) Includes the face values of drafts, promissory notes and other bills transferred to us by endorsement for which the assignor is liable, whenever the latter is part of the non-financial private sector.
- (5) Includes the principal amounts actually lent of automobile and other collateral granted, for which the obligor is part of the non-financial private sector and productive investment loans.
- (6) Includes personal loans, credit card loans and other consumer loans. Overdrafts to individuals are included under “Overdrafts”.

Maturity composition of the loans and other financing portfolio

The following table analyzes our loans and other financing portfolio as of December 31, 2023, by type and by the time remaining to maturity. Loans are stated before deduction of the allowance for loan losses. We expect most loans to be repaid at maturity in cash or through refinancing at market terms.

	Amount as of December 31, 2023	Maturing			
		Within 1 Year <i>(in thousands of Pesos, except percentages)</i>	After 1 Year but Within 5 Years	After 5 Years but Within 15 Years	After 15 Years
To the non-financial government sector	4,716,730	4,593,286	123,444	0	0
To the financial sector (1)	9,976,184	8,012,092	1,964,092	0	0
To the non-financial private sector and foreign residents	0	0	0	0	0
Overdrafts (2)	287,940,949	287,940,946	3	0	0
Documents (3)	289,904,819	289,901,513	3,306	0	0
Mortgages loans	158,174,032	26,973,981	26,597,015	94,467,802	10,135,234
Pledged loans (4)	28,132,811	10,677,744	17,453,536	1,531	0
Consumer loans (5)	722,996,016	582,812,820	140,109,995	73,201	0
Other loans	368,221,175	275,780,033	85,516,779	6,161,425	762,938
Other financings	17,243,937	12,215,193	5,028,744	0	0
Total Loans and other financing	1,887,306,653	1,498,907,608	276,796,914	100,703,959	10,898,172
Percentage of total loans and other financing portfolio	100%	79%	15%	5%	1%

- (1) Includes loans to financial institutions, interfinancing (granted call) and other financing to Argentine financial institutions.
- (2) Includes overdrafts lines of credit resulting from checking accounts.

- (3) Includes the face value of drafts, promissory notes and other bills transferred to us by endorsement for which the assignor is liable, whenever the latter is part of the non-financial private sector.
- (4) Includes the principal amount actually lent of automobile and other collateral granted, for which the obligor is part of the non-financial private sector and productive investment loans.
- (5) Includes personal loans, credit card loans and other consumer loans. Overdrafts to individuals are included under "Overdrafts".

Interest rate sensitivity of outstanding loans and other financing

The following table presents the interest rate sensitivity of our outstanding loans and other financing with maturities over one year as of December 31, 2023:

	<u>As of December 31, 2023</u> <i>(in thousands of Pesos)</i>
Loans and other financing with maturities over one year: Variable rate	
To the non-financial government sector	123,444
To the financial sector	
To the non-financial private sector and foreign residents	146,242,905
Total	146,366,349
Fixed rate	
To the non-financial government sector	
To the financial sector	1,964,092
To the non-financial private sector and foreign residents	240,068,604
Total	242,032,696
Total Loans and other financing with maturities over one year	388,399,045
Loans and other financing with maturities of less than one year:	
To the non-financial government sector	4,593,286
To the financial sector	8,012,092
To the non-financial private sector and foreign residents	1,486,302,230
Total loans and other financing with maturities of less than one year	1,498,907,608
Total Loans and other financing	1,887,306,653

Analysis of the allowance for loan losses and other financing

The allowances for the year 2021, 2022 and 2023 were calculated based on the ECL according to IFRS.

The table below sets forth the activity in the allowances for loan losses for the years ended December 31, 2021, 2022 and 2023:

	<u>Commercial portfolio</u>	<u>Consumer portfolio</u>	<u>Total</u>
	<i>(in thousands of Pesos) (1)</i>		
ECL as of January 1, 2021	18,887,197	72,015,951	90,903,148
New assets originated or purchased	24,420,273	26,827,977	51,248,250
Assets derecognized or repaid	(11,559,147)	(25,870,937)	(37,430,084)
Effect of modifications	5,770,536	(16,094,367)	(10,323,831)
Amounts Written Off	(2,765,216)	(3,445,237)	(6,210,453)
Monetary effects	(11,729,090)	(18,033,329)	(29,762,419)
As of December 31, 2021	23,024,553	35,400,058	58,424,611

	Commercial portfolio	Consumer portfolio	Total
	<i>(in thousands of Pesos) (1)</i>		
ECL as of January 1, 2022	23,024,553	35,400,058	58,424,611
New assets originated or purchased	4,269,411	18,800,723	23,070,134
Assets derecognized or repaid	(11,261,086)	(7,410,449)	(18,671,535)
Effect of other changes	(1,324,915)	6,331,301	5,006,386
Amounts Written Off	0	(5,528,868)	(5,528,868)
Monetary effects	(8,343,220)	(19,694,869)	(28,038,089)
As of December 31, 2022	6,364,743	27,897,896	34,262,639

	Commercial portfolio	Consumer portfolio	Total
	<i>(in thousands of Pesos)</i>		
ECL as of January 1, 2023	6,364,743	27,897,896	34,262,639
New assets originated or purchased	20,540,392	16,491,307	37,031,699
Assets derecognized or repaid	(2,812,951)	(4,077,021)	(6,889,972)
Effect of other changes	10,402,212	24,940,239	35,342,451
Amounts Written Off	(482,865)	(3,368,015)	(3,850,880)
Monetary effects	(10,214,494)	(32,032,643)	(42,247,137)
As of December 31, 2023	23,797,037	29,851,763	53,648,800

(1) Figures adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information.”

Ratio of net charge-off

The following table presents the ratio of net charge-offs to average loans and other financing by category for the fiscal years ended December 31, 2021, 2022 and 2023.

	As of December 31,		
	2021	2022	2023
Overdrafts	0.30%	0.05%	0.02%
Documents	0.02%	0.01%	0.00%
Mortgage loans	0.49%	0.26%	0.00%
Pledged loans	0.17%	0.28%	0.02%
Consumer Loans	0.64%	0.84%	0.91%
Other loans	1.40%	0.41%	0.23%
Other financings	0.39%	1.66%	0.85%

Allocation of the allowances for loans and other financing losses

The following table allocates the allowance for loans and other financing losses by each category of financing and sets forth the percentage distribution of the total allowance for each of the fiscal years ended December 31, 2021, 2022 and 2023.

	2021 (1)		As of December 31, 2022 (1)		2023	
	<i>(in thousands of Pesos, except percentages)</i>					
Overdrafts	4,297,077	7.35%	1,641,134	4.79%	3,593,010	4.79%
Documents	5,833,033	9.98%	1,758,145	5.13%	3,301,960	5.13%
Mortgage loans	12,120,954	20.75%	3,717,946	10.85%	4,734,888	10.85%
Pledged loans	749,487	1.28%	590,553	1.72%	349,743	1.72%
Consumer Loans	24,845,247	42.53%	21,529,025	62.84%	20,667,081	62.84%
Other loans	10,292,979	17.62%	4,916,373	14.35%	20,785,196	14.35%
Other financings	285,834	0.49%	109,463	0.32%	216,922	0.32%
TOTAL ALLOWANCES	58,424,611	100%	34,262,639	100%	53,648,800	100%

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

Deposits

The following table sets out the composition of each category of deposits that exceeded 10% of average total deposits in each of the years ended December 31, 2021, 2022 and 2023.

	2021 (1)	Year Ended December 31, 2022 (1)	2023
	<i>(in thousands of Pesos)</i>		
Deposits in Domestic Bank Offices			
Non-interest bearing Demand Deposits (2)			
Average			
Pesos	739,690,428	663,764,820	530,742,181
Foreign currency	23,170,369	12,207,351	13,242,243
Total	762,860,797	675,972,171	543,984,424
Non-interest bearing Other Deposits			
Average			
Pesos	42,694,643	42,409,916	43,582,216
Foreign currency	141,425,521	133,732,711	219,380,785
Total	184,120,164	176,142,627	262,963,001
Savings Accounts			
Average			
Pesos	628,982,611	644,770,538	706,624,665
Foreign currency	213,516,957	177,209,771	323,974,473
Total	842,499,568	821,980,309	1,030,599,138
Average real rate			
Pesos	(32.12%)	(43.88%)	(62.01%)
Foreign currency	(19.09%)	(11.49%)	46.59%
Total	(28.82%)	(36.90%)	(27.87%)
Time Deposits			
Average			
Pesos	1,565,744,005	1,740,854,134	1,894,311,910
Foreign currency	219,561,632	143,517,545	157,361,054
Total	1,785,305,637	1,884,371,679	2,051,672,964
Average real rate			
Pesos	(11.38%)	(22.90%)	(43.26%)
Foreign currency	(18.87%)	(11.42%)	46.68%
Total	(12,30%)	(22,03%)	(36,36%)
Deposits in Foreign Bank Offices			
Non-interest bearing Demand Deposits			
Average			
Pesos	0	1,255	46
Foreign currency	10,869,032	13,201,361	14,199,066
Total	10,869,032	13,202,616	14,199,112
Non-interest bearing Other Deposits			
Average			
Pesos	0	0	0
Foreign currency	44,601,432	23,030,694	28,921,966
Total	44,601,432	23,030,694	28,921,966
Savings Accounts			
Average			
Pesos	0	0	0
Foreign currency	0	0	0
Total	0	0	0
Average real rate			
Pesos	0.00%	0.00%	0.00%
Foreign currency	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%

	Year Ended December 31,		
	2021 (1)	2022 (1)	2023
<i>(in thousands of Pesos)</i>			
Time Deposits			
Average			
Pesos	0	0	0
Foreign currency	0	0	2,049,372
Total	0	0	2,049,372
Average real rate			
Pesos	0.00%	0.00%	0.00%
Foreign currency	0.00%	0.00%	46.94%
Total	0.00%	0.00%	46.94%

(1) Figures adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information.”

(2) Non-interest-bearing demand deposits consist of checking accounts.

Deposits by Type of Guarantee

The following table sets forth information regarding deposits by type of guarantee as of December 31, 2021, 2022 and 2023.

	2021 (1)			2022 (1)			2023		
	With guarantee	Without guarantee	Total	<i>(in thousands of Pesos)</i>			With guarantee	Without guarantee	Total
	With guarantee	Without guarantee	Total	With guarantee	Without guarantee	Total	With guarantee	Without guarantee	Total
Checking accounts	219,064,110	626,076,863	845,140,973	140,937,846	665,561,043	806,498,889	129,139,226	517,011,096	646,150,322
Savings accounts	794,865,848	323,198,510	1,118,064,358	623,568,128	534,878,950	1,158,447,078	559,378,982	835,191,834	1,394,570,816
Time deposits	732,696,782	756,973,212	1,489,669,994	707,188,258	1,146,878,444	1,854,066,702	547,139,450	546,196,267	1,093,335,717
Investment accounts	10,661,605	47,333,008	57,994,613	10,871,904	147,747,364	158,619,268	6,210,172	177,168,018	183,378,190
Other	37,127,030	23,976,472	61,103,502	30,605,399	25,721,930	56,327,329	26,211,643	26,593,922	52,805,565
Total Deposits	1,794,415,375	1,777,558,065	3,571,973,440	1,513,171,535	2,520,787,731	4,033,959,266	1,268,079,473	2,102,161,137	3,370,240,610

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

All deposits in Pesos and foreign currency placed in participating entities in the form of checking accounts, savings accounts, certificates of deposits or other forms of deposit that the Central Bank may determine from time to time shall be subject to the Deposit Guarantee Insurance System up to the amount of Ps. 1,500,000 as of December 31, 2021 and 2022 and of Ps. 6,000,000 as of December 31, 2023, which must meet the requirements provided for in Presidential Decree 540/1995 and other requirements that the regulatory authority may determine from time to time. On the other hand, the Central Bank provided for the exclusion of the guarantee system, among others, of any deposits made by other financial entities, deposits made by persons related to the Bank and securities deposits.

Maturity of Deposits Without Guarantee

The following table sets forth information regarding our deposits without guarantee as of December 31, 2023.

	<u>Total</u>	<u>Within 3 Months</u>	<u>Maturing After 3 but Within 6 Months</u>	<u>After 6, but Within 12 Months</u>	<u>After 12 Months</u>
	<i>(in thousands of Pesos)</i>				
Deposits without guarantee					
Checking accounts					
That exceed the guarantee	216,487,639	216,487,639	0	0	0
Without guarantee	300,523,457	300,523,457	0	0	0
Savings accounts					
That exceed the guarantee	298,429,147	298,429,147	0	0	0
Without guarantee	536,762,687	536,762,687	0	0	0
Time deposits					
That exceed the guarantee	381,485,918	374,781,446	6,003,540	574,513	126,419
Without guarantee	164,710,349	159,072,201	4,579,818	1,058,330	0
Investment accounts					
That exceed the guarantee	2,124,530	883,888	247,502	993,140	0
Without guarantee	175,043,488	109,996,488	28,547,000	36,500,000	0
Other					
That exceed the guarantee	16,939,606	16,939,409	0	0	197
Without guarantee	9,654,316	9,654,316	0	0	0
Total Deposits without guarantee	2,102,161,137	2,023,530,678	39,377,860	39,125,983	126,616

Return on equity and assets

The following table presents certain selected financial information and ratios for the years indicated.

	<u>2021 (1)</u>	<u>Year Ended December 31, 2022 (1)</u>	<u>2023</u>
	<i>(in thousands of Pesos, except percentages)</i>		
Net income for the fiscal years	138,749,520	126,972,326	587,675,141
Average total assets	5,995,367,380	5,890,758,955	6,777,551,321
Average shareholders' equity	1,364,766,092	1,468,037,310	1,783,639,371
Shareholders' equity at the end of the fiscal year	1,453,642,745	1,595,119,874	2,044,025,050

	Year Ended December 31,		
	2021 (1)	2022 (1)	2023
	<i>(in thousands of Pesos, except percentages)</i>		
Average shareholders' equity as a percentage of Average total assets	22.76%	24.92%	26.32%
Net income as a percentage of:			
Average total assets	2.31%	2.16%	8.67%
Average shareholders' equity	10.17%	8.65%	32.95%
Declared nominal dividends (2)	14,187,873	75,040,918	294,130,168
Dividend payout ratio (3)	52.31%	174.33%	50.05%

- (1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information."
(2) Figures not restated.
(3) Declared nominal dividends stated as percentage of net income calculated under Central Bank Rules. Net income in nominal value calculated under Central Bank Rules as of December 31, 2021, of Ps. 27,123,243 thousand, as of December 31, 2022, of Ps. 43,045,596 thousand and as of December 31, 2023, of Ps. 587,654,845 thousand.

Interest rate sensitivity

The following table shows the interest rate sensitivity of our interest-earning assets and interest-bearing liabilities based on contractual maturities all based on information adjusted for inflation as of December 31, 2023. Variations in interest rate sensitivity may also arise within the repricing periods presented.

	Remaining Maturity at December 31, 2023					Total
	0-1 Year	1-5 Years	5-10 Years <i>(in thousands of Pesos)</i>	Over 10 years	Without due date	
Interest-earning assets:						
Loans and other financing to non-financial Public Sector	4,593,331	122,379	0	0	0	4,715,710
Loans and other financing to non-financial Private Sector and Foreign Residents	1,460,230,319	249,698,392	24,293,505	84,754,852	0	1,818,977,068
Loans and other financing to other Financial Entities	8,015,301	1,949,774	0	0	0	9,965,075
Other Debt Securities (1)	144,832,407	284,096,048	2,006,043	0	0	430,934,498
Repo Transactions	615,582,382	0	0	0	0	615,582,382
Total Interest-Earning Assets	2,233,253,740	535,866,593	26,299,548	84,754,852	0	2,880,174,733
Interest-bearing liabilities:						
Non-financial Public Sector deposits	104,069,425	810	0	0	0	104,070,235
Non-financial Private Sector and Foreign Residents deposits	2,399,452,224	193,541	0	0	0	2,399,645,765
Financing received from the Central Bank of Argentina and other financial entities	13,259,075	6,539,936	0	0	0	19,799,011
Issued Corporate Bonds	53,397,914	5,466,099	0	0	0	58,864,013
Subordinated Corporate Bonds	5,723,805	322,503,988	0	0	0	328,227,793
Repo Transactions	23,601,328	0	0	0	0	23,601,328
Total Interest-Bearing Liabilities	2,599,503,771	334,704,374	0	0	0	2,934,208,145

	Remaining Maturity at December 31, 2023					Total
	0-1 Year	1-5 Years	5-10 Years	Over 10 years	Without due date	
Asset (Liability) Gap	(366,250,031)	201,162,219	26,299,548	84,754,852	0	(54,033,412)
Cumulative Asset/Liability Gap	(366,250,031)	(165,087,812)	(138,788,264)	(54,033,412)	(54,033,412)	
Cumulative sensitivity gap as a percentage of total interest-earning assets	(12.72%)	(5.73%)	(4.82%)	(1.88%)	(1.88%)	
Interest-earning assets in Pesos						
Loans and other financing to non-financial Public Sector	4,593,331	122,379	0	0	0	4,715,710
Loans and other financing to non-financial Private Sector and Foreign Residents	1,306,569,406	223,414,409	24,257,051	84,754,852	0	1,638,995,718
Loans and other financing to other Financial Entities	8,015,301	1,949,774	0	0	0	9,965,075
Other Debt Securities (1)	64,848,823	276,692,109	747,390	0	0	342,288,322
Repo Transactions	615,582,382	0	0	0	0	615,582,382
Total Interest-Earning Assets in Pesos	1,999,609,243	502,178,671	25,004,441	84,754,852	0	2,611,547,207
Interest-bearing liabilities in Pesos						
Non-financial Public Sector deposits	98,226,701	810	0	0	0	98,227,511
Non-financial Private Sector and Foreign Residents deposits	1,766,150,449	193,100	0	0	0	1,766,343,549
Financing received from the Central Bank of Argentina and other financial entities	3,771,702	653,692	0	0	0	4,425,394
Issued Corporate Bonds	(453,157)	5,466,099	0	0	0	5,012,942
Subordinated Corporate Bonds	0	0	0	0	0	0
Repo Transactions	23,601,328	0	0	0	0	23,601,328
Total Interest-Bearing Liabilities in Pesos	1,891,297,023	6,313,701	0	0	0	1,897,610,724
Asset (Liability) Gap	108,312,220	495,864,970	25,004,441	84,754,852	0	713,936,483
Cumulative Asset/Liability Gap	108,312,220	604,177,190	629,181,631	713,936,483	713,936,483	
Cumulative sensitivity gap as a percentage of total interest-earning assets	4.15%	23.13%	24.09%	27.34%	27.34%	
Interest-earning assets in foreign currency						
Loans and other financing to non-financial Private Sector and Foreign Residents	153,660,913	26,283,983	36,454	0	0	179,981,350
Other Debt Securities (1)	79,983,584	7,403,939	1,258,653	0	0	88,646,176
Total Interest-Earning Assets	233,644,497	33,687,922	1,295,107	0	0	268,627,526
Interest-bearing liabilities in foreign currency						
Non-financial Public Sector deposits	5,842,724	0	0	0	0	5,842,724
Non-financial Private Sector and Foreign Residents deposits	633,301,775	441	0	0	0	633,302,216
Financing received from the Central Bank of Argentina and other financial entities	9,487,373	5,886,244	0	0	0	15,373,617
Issued Corporate Bonds	53,851,071	0	0	0	0	53,851,071
Subordinated Corporate Bonds	5,723,805	322,503,988	0	0	0	328,227,793
Repo Transactions	0	0	0	0	0	0
Total Interest-Bearing Liabilities	708,206,748	328,390,673	0	0	0	1,036,597,421
Asset (Liability) Gap	(474,562,251)	(294,702,751)	1,295,107	0	0	(767,969,895)
Cumulative Asset/Liability Gap	(474,562,251)	(769,265,002)	(767,969,895)	(767,969,895)	(767,969,895)	
Cumulative sensitivity gap as a percentage of total interest-earning assets	(176.66%)	(286.37%)	(285.89%)	(285.89%)	(285.89%)	

(1) Includes instruments issued by the Central Bank.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in “Cautionary statement concerning forward-looking statements,” “Risk Factors,” and the matters set forth in this annual report in general.

The following discussion is based on, and should be read in conjunction with, our audited consolidated financial statements and related notes contained elsewhere in this annual report and the other financial information appearing elsewhere in this annual report.

A. Operating results

FINANCIAL PRESENTATION

Our accompanying consolidated financial statements as of December 31, 2023 and 2022 have been prepared in accordance with the IFRS as issued by the IASB.

Additionally, our audited consolidated financial statements as of December 31, 2023 and 2022 and the corresponding figures for previous fiscal years and the financial information included in this annual report for all periods reported have been restated for the changes in the general purchasing power of the functional currency of the Bank as established by IAS 29. As a result, those consolidated financial statements and selected financial information are stated in terms of the measuring unit current at the end of the reporting period (December 31, 2023). Due to the high inflationary level that has prevailed in Argentina in the recent past, our management has analyzed the conditions established by IAS 29 paragraph 3 for an economy to be considered as hyperinflationary. Based on such analysis, our management considers that there is evidence to determinate Argentina’s economy as “hyperinflationary” under IAS 29 for accounting periods ending after July 1, 2018. See “—Risk factors—Risks Relating to Argentina—High inflation levels could have adverse long-term consequences for the Argentine economy” and note 3 “Basis for the preparation of these financial statements and applicable accounting standards” to our audited consolidated financial statements as of December 31, 2023 and 2022. In this regard, according to the official data published by INDEC, the annual consumer price inflation rate was 50.9% in 2021, 94.8% in 2022 and 211.4% in 2023.

MACROECONOMIC ENVIRONMENT

Year 2021

Pursuant to the IMF’s estimates, global economy expanded by 5.9% in 2021, overcoming the 3.1% downturn caused by the pandemics in 2020. The GDP of developed countries increased by 5.2%, with the United States at the forefront with a growth of 6%, followed by the Euro zone and Japan with 5% and 2.4%, respectively. The GDP of emerging countries grew by 6.4%, with China standing out with an 8% growth rate, partly because of its initial success in controlling Covid-19, India with a 9.5% expansion and Latin America with a recovery surpassing 6% as compared to the previous year.

Strong recovery from the pandemic was coupled with a disturbing phenomenon, the reappearance of inflation at a global level. Several households turned to the market and, therefore, to the demand of goods and services, to invest savings accumulated throughout 2020 as a consequence of lockdown and the emergency incentives, both fiscal and monetary, implemented by the government. Increases in prices that were initially reflected in real property and other goods whose supply is significantly inelastic in the short term, rapidly spread to the other markets driven by the disruptions caused by the pandemic in global value chains and fiscal and monetary incentive policies. In that context, there was a strong rise in prices of those components associated to post-pandemic economic reopening such as restaurants, recreational services, air fares and other similar lines of business that, along with increases in prices of commodities, in particular, food and energy, boosted and spread the impact of inflation worldwide. Thus, inflation in the United States reached 7% in the year, representing the maximum figure in almost 40 years, whereas it reached 5% in the Euro zone, hitting a record since the monetary union of the bloc. In turn, the emerging world including Turkey (36.1%), Brazil (10%) and Mexico (7.4%), among other countries, also recorded a strong inflationary acceleration.

During 2021, the policy of the central banks in developed countries continued to give priority to the restoration of levels of activity and the recovery of employment in the understanding that the rise in prices was a short-lived fact and the tightening of the monetary and fiscal policies could bring the process to a halt. In that context, the lenient monetary policy was accompanied by new rounds of fiscal incentives, now of less significance and more closely targeted, as compared to those implemented in 2020. The United States extended the increased unemployment benefits and authorized transfers to low- and middle-income individuals, further renewing subsidies for education, health and pandemic-stricken small-sized businesses. The European Union extended the suspension of its fiscal pact until 2023, allowing member countries to incur fiscal deficits in excess of 3% of their GDP. Expansionary fiscal policies were also implemented in Latin America: this is the case of Brazil that increased benefits to households and Chile that authorized a third advance withdrawal by members of pension fund administrators.

It was just by the end of the year that the Bank of England adjusted its interest rate providing for a 15 base points increase in December (from 0.1 to 0.25%) and the Federal Reserve of the United States reported a gradual reduction in the purchases of financial assets and the possibility of increasing its reference interest rate during 2022 from 0% to 0.25% that had remained unchanged since the pandemic outbreak. Analysts reckon that there could be 3 or 4 rate increases. The European Central Bank adopted a similar criterion in line with its American counterpart and curtailed purchases of bonds although maintaining its reference rate at 0%. In turn, the monetary authorities of major Latin American countries adopted more aggressive measures in the light of the double risk of inflation acceleration and foreign exchange rate depreciation. The Central Bank of Brazil rose the Selic rate by 725 base points whereas its Chilean, Peruvian and Mexican counterparts rose their reference rates by 350, 225 and 125 points, respectively.

The recovery of the economic activity worldwide was conditional upon the evolution of the pandemic. The United States was among the first major countries to gain access to effective vaccination against Covid-19. By mid-2021, it had successfully immunized almost 50% of its population but it then faced strong resistance from the anti-vaccine movement, thus causing the campaign to come to a standstill. By the end of December, 61% of the population was immunized. The infection and mortality curves declined with the arrival of summer but by the end of 2021 new cases and hospitalizations were reported, in particular in those regions with lower vaccination rate.

The initial implementation of the immunization campaign in the European Union was delayed as concerns production and distribution of vaccines but it gained pace since May and by the end of 2021 almost 71% of the population was immunized. The new variants and winter weather had an impact on the rise in the infection curve in the last months of the year but, in countries such as Spain, with more than 80% of vaccinated population, mortality was considerably lower than in the previous waves. In Central and Eastern Europe, vaccination campaigns were less successful. In late December, hardly 50% of the Russian population was immunized and the rate of daily deaths was higher than that reported at any other time during the pandemic.

Access to vaccines against Covid-19 in Latin America was delayed since suppliers prioritized developed countries with which they had executed contracts. Nevertheless, in the second half of the year it was possible to speed up the vaccination campaign by reason of the greater availability of vaccines; this was widely accepted by the population. By the end of 2021, Chile and Cuba had vaccinated 86% of their population, Uruguay, 76% whereas approximately 70% of the population in Brazil and Argentina was vaccinated. Mortality peak in the region was recorded between April and June, 2021, which a sharp decline in the second semester.

The development of its own vaccines allowed China to reach the highest coverage levels in Asia as almost 84% of its population was immunized in December. Other heavily populated countries such as India and Indonesia hardly exceeded 40% of immunization coverage by the end of the year. Infection and mortality curves followed a similar pattern as those in Latin America in the first semester although Asia underwent a second wave between July and September. Africa retains its role as a continent trailing far behind the others in terms of vaccination, as the immunization coverage continued to be below 10% in December. The greatest numbers of deaths from Covid-19 took place between July and September but limitations on testing and reporting may suggest significant under-reporting.

Just like the pandemic had a very strong impact on the economy of the countries, from a social-political standpoint, a significant increase in social conflicts was recorded as well as certain deterioration in people's confidence in political systems. Colombia, Ecuador and Cuba were the scene of massive protests. The results of the elections in Peru and Chile indicated the questioning of the traditional political system. 2021 also marked the return of coups d'état: there were five, the highest figure in several years, most of them in Africa.

By the end of the year, tensions between Russia, Ukraine and the NATO member countries escalated, strongly impacting on the price of natural gas in Europe, depending to a great extent on Russian supply. Energy crisis spread all over the world. In addition to the shortage of natural gas in Europe, China was forced to ration energy usage in factories due to lack of coal. The drought in Brazil detrimentally affected hydroelectricity production and resulted in an increase- by more than 30%- in the cost of energy in that country. Moreover, in July, the disagreements between Saudi Arabia and United Arab Emirates within the OPEC (Organization of Petroleum Exporting Countries), boosted an increase in oil prices. The price of crude oil at the end of the year was U.S.\$ 78.6/barrel, with an annual upsurge of 54.5%.

In the international markets, low interest rates helped risk appetite to remain high, boosting the quotation of variable-income financial assets, in particular, in developed countries. The Standard & Poor 500 stock index rose by 26.9% in the year, Nasdaq 100 rose by 26.6% whereas the Euro Stoxx 50 and the MSCI Desarrollados compound index recorded a 21% and 16.8% increase, respectively. Conversely, it was a negative year for the emerging markets. The MSCI Asia index (excluding Japan) dropped by 4.9% and the HangSeng index fell by 23.3%. The Shanghai Composite indicator dropped by 5.2% in the year. It was not a favorable year either for the Latin America stock exchanges. The MSCI LATAM fell by 2.5% in 2021. Brazil's Bovespa index recorded the steepest decline, that is, 11.9%. The CAP index of Colombia decreased by 1.9%, whereas quotations in the stock exchanges of Santiago and Lima recorded marginal increases, 2.9% and 1.3% respectively. There are two exceptions: Mexico, whose Price and Quotations Index grew by 20.9% in the year and the S&P Merval of Argentina, which rose by 12.6% in 2021, measured in US dollars, bringing a halt to three years of negative figures. In turn, in a context of significantly abundant liquidity worldwide, the prices of commodities and cryptocurrencies gained certain importance in 2021, although in the case of cryptocurrencies such importance should be attributed to the increased quoted prices as well as the extreme volatility of the quotation thereof.

In 2021, the US 10-year Treasury Bond yield fluctuated at around 1.5%, after being below 1% for the most part of 2020. German securities for the same term continued to show negative nominal yields, although ranging from -0.52% in January to -0.18% in December. French bonds regained a positive yield, with a 0.19% return by the end of the year.

The US dollar appreciated by 6.3% in 2021 with respect to a currency basket so that the "dollar-index" at the end of the year showed the same levels as those in mid-2020. This was reflected in the parity with the Euro, ranging from 1.22 dollars in January to 1.14 dollars in late December. In turn, the Chinese Yuan followed the appreciation path that started in 2020, with its exchange rate ranging from 6.52 per US dollar by the end of 2020 to 6.35 per US dollar in December 2021, the lowest exchange rate since 2018.

The Argentine economy started 2021 amid doubts. On the one hand, the risk of drought and slow availability of vaccines created uncertainty and, on the other hand, the economy benefitted from higher international prices of export products. Even though the second wave of Covid-19 had a strong impact in April and May, the fact that the immunization campaign moved forward, facilitating the fast reopening of almost all activities still subject to restrictions, the improvement in the terms of trade and a rather mild drought, allowed the level of economic activity to recover faster than guessed by most analysts, thus ending the year with a growth rate of about 10%, recovering almost all losses in 2020.

It was a very heterogeneous but still incomplete recovery. Some sectors, such as industry or construction, which were at an advantage due to an earlier reopening, reached records close to those in the first half of 2018 despite the foreign exchange fluctuations. Instead, the recovery of services associated to tourism, food and commerce, started only in the first quarter of 2021, after Argentina having overcome the second wave of Covid-19.

On the supply side, the gradual reduction of health restrictions in mid-2021, adjustment in the formal salary late in 2021 and unemployment reduction, steadily boosted domestic consumption, whose level is deemed to have increased by 9.7% in the year, slightly below that of the GDP. It is estimated that there was a significant upsurge in gross investments, approximately 32% in 2021, although it still does not suffice to achieve a sustained growth as it does not exceed 17% of the GDP, measured at current values. Exports of goods and services grew by approximately 8% whereas a 22% increase in imports was recorded, measured in terms of volume, as shown in the domestic accounts. The leap in imports was associated to a recovery of the activity and the regulations in force to make payments abroad.

Improvements in the activity were reflected in almost all the economy sectors. In the first 10 months of 2021, the construction sector grew by 33% as compared to the figures in 2020, followed by the fishing industry that recorded an increase of almost 20% and the manufacturing industry with almost 17%. Hotels and restaurants (one of the hardest-hit sectors in 2020) and retail commerce showed signs of very satisfactory performance. Agriculture, cattle-raising and forestry recorded a drop in growth while financial intermediation growth was set at less than 1 point, seriously affected by low credit demand for much of 2021.

Automotive was the most dynamic sector in the manufacturing industry with a 54% growth throughout the year, benefitting from the sound demand from Brazil, followed by the textile and clothing sector with a 47% expansion. Mention should then be made to the sectors of non-ore minerals and metalworking industry, with a 32% growth in the year. There was an improvement in the use of installed capacity in the industry that reached 68.8% in November 2021, that is, a 5.5 percentage point increase as compared to the previous year. Basic metal industries work closer to full performance with 86.9% of used capacity.

Oil production experienced a strong upsurge, in particular as concerns the Vaca Muerta region. Increased extraction of crude oil was set at above 6.5%, surpassing the 2020 levels. As concerns gas, the recovery rate hardly reached 1%, but the last months of the year showed remarkable dynamism, as compared to the first semester, satisfactorily paving the way for 2022. There is a constraint factor for this sector, that is, the lack of a gas pipeline for the transportation of gas from production areas to consumption centers. Construction of the gas pipeline is underway.

At a retail level, the lifting of health restrictions along with the more intensive use of privately-owned automobiles in lieu of public transport for fear of infection, boosted an increase in fuel consumption. Preliminary estimates indicate that, during 2021, sales of gasoline and diesel fuel would have gone up by 29% and 14%, respectively. In contrast to the foregoing, public transport did not recover the volume recorded prior to the pandemic. The Buenos Aires subway system does not succeed in transporting half of more than 30 million individuals per month who used such means of transport before the outbreak of the pandemic.

The activity of small retailers increased by 14.8% in 2021, as reported by the Argentine Chamber of Medium-sized Businesses (Cámara Argentina de la Mediana Empresa). Shopping malls also recorded a two-digit growth rate in their activity whereas sales in supermarkets at constant prices hardly

increased by 1%. These figures are in line with the information that consumers' confidence declined by almost 4% as compared to the end of 2020, despite the economic growth. Likewise, the demand of durables has steadily increased even though, according to the surveys, the personal situation of consumers has worsened, and they have low expectations that the macroeconomic situation may improve as compared to their expectations in December 2020.

The construction sector is more optimistic than consumers. Businessmen in both public and private projects reckon that the activity will get better in the ensuing months at a ratio of 2 to 1 in private works and 5 to 1 in public works. Asphalt, mosaic tiles and concrete were the most demanded products in this sector. Cement production grew by 26% in 2021 whereas manufacturing of steel, which is also used in other high-growing sectors such as the automotive industry, purportedly grew by 33.5%.

Economic recovery permitted employment levels to conspicuously upgrade. The employment rate, which had reached a minimum 33.4% in the pandemic, recovered until reaching a 42.9% rate in the third quarter of 2021. Unemployment ranged from a maximum 13.1% to 8.2%, the lowest rate since 2017. In the third quarter of 2021, 46.7% of the economically active population worked or was looking for a job, this being slightly lower than the 47.2% rate in the third quarter of 2019.

With over 12.3 million individuals, the number of formal workers is at its peak since May 2018. In the first 10 months of 2021, 437,477 job opportunities were created, as per the following breakdown: 135,400 jobs in the private sector under an employment relationship, 92,300 in the public sector (including the federal, provincial and municipal governments) and 212,000 are new workers subject to the simplified regime for small taxpayers (monotributistas). In the private formal sector, the construction industry showed the highest records although the commercial and information technology sectors significantly grew in terms of creation of job opportunities, as well as other branches of manufacturing, such as the metalworking industry.

Prohibitions against dismissal were still in force throughout 2021 although double indemnification amounts were capped at Ps. 500,000. The foregoing represented a relief on costs to be incurred by businesses that had to dismiss their personnel. However, market rigidities did not diminish, as is shown by the fact that a significant part of improvement in employment levels was channeled through unregistered salaried employees who nowadays account for 33% of the total number of workers.

Salaries in the private formal sector were two points above the inflation rate whereas such upsurge in the public sector was slightly higher, thus breaking the streak of 3 years in a row of downfall in real salaries. Informal workers were unable to prevent their income from falling down. They saw their purchasing power decrease by 10 points in accordance with the salary index reported by the INDEC. The RIPTE index that measures the permanent salary of formal workers was Ps. 100,590 in November, increasing a 1.5% as compared to the former year, although it was 13% below the level recorded in the previous five years. In turn, the purchasing power of retirees decreased by 6% in real terms as a consequence of adjustments determined under executive orders and the application of the formula established by law, taking into account past inflation rather than the current figures.

As concerns foreign trade, Argentina was able to achieve a surplus of approximately U.S.\$ 14,750 million by the end of the year, in its balance of trade, representing almost 3% of the GDP. In 2021, prices of exports and imports grew by about 42% and 49%, respectively. Both international prices for exports and imports, as well as volumes thereof significantly increased during such year in consistence with certain normalization of the economies in the post-pandemic era. As concerns exports, assessed in US dollars, energy and natural gas exported to Brazil have experienced the highest growth rates, followed by sales of manufactures of industrial origin. Exports of food grew at a slower pace due to harvesting problems. In terms of imports, energy recorded the greatest increase since imports of liquefied gas into the Bahia Blanca port were reinstated. Imports of intermediate goods ranked second whereas consumption goods and automobiles increased the least.

Upon computing real services together with interest and dividends, the result of the balance of payment in 2021 would have been a surplus of about 1% of the GDP, one of the highest levels recorded in the last decade. However, this comparison is not totally accurate since part of such surplus should be attributed to the pandemic and the restrictions imposed on foreign exchange transactions during 2021, quite a different scenario from that of previous years.

From a fiscal standpoint, primary deficit strongly decreased from 6.37% of the GDP in 2020 to approximately 3.1% in 2021, without considering the non-recurring contributions of Special Drawing Rights (Derechos Especiales de Giro, "DEG") from the IMF in August. Primary expenditure (before interest) dropped from 24% of the GDP to approximately 21.3%. Apart from the increase in the denominator, the decrease in primary expenditure in terms of the GDP is the consequence of reduction in disbursements related to Covid-19 (such programs as the ATP and IFE were no longer in force in 2021) and reduced public pension expenditure, partially offset by increased expenses associated to subsidies to energy and transportation and investments in infrastructure.

Total revenues of the public sector are estimated at 18.1% of the GDP because, among other factors, export duties rose in 2021, partially compensated by a drop in the collection of tax on personal assets. In turn, there was an increase in the tax on financial income and non-tax revenues, in this case by the extraordinary levy on large net worth individuals that raised almost 0.5% of the GDP. Furthermore, the government obtained additional revenues on account of the extraordinary allocation of DGE from the IMF. After adding interest amounts, the aggregate deficit represents 4.6% of the GDP or Ps. 2.1 trillion. Of this aggregate amount, the sum of Ps. 736,000 million was financed by the Peso market by means of public auctions and Ps. 1.7 thousand million from the Central Bank through temporary advances and profit remittances. Such financing also proved useful to pay off international obligations to international organizations that fell due in such year.

The Argentine government sought to issue mainly fixed-interest rate instruments in Pesos. However, the persistent inflation level and foreign exchange tensions forced it to gradually rely on the issuance of CER-index linked bonds or pegged to the dollar quotation ("dollar-linked"). Thus, 58% of debt securities issued in local currency at year-end is adjusted by inflation.

In turn, 70% of the total debt is denominated in foreign currency although 60% thereof is governed by Argentine law. 63% of such debt is documented by bonds whereas the rest consists of loans from international organizations and temporary advances from the Central Bank. Approximately 40% of the gross public debt is in the hands of other governmental agencies.

There were almost no maturities of US dollar debt to the market in 2021 and payment of interest in 2022 did not exceed U.S.\$ 2,000 million. However, the country-risk by the end of the year ranged from a minimum of 1,375 to 1,914 base points until reaching 1,700 base points in late 2021, with securities yielding 25% per annum in US dollars.

Inflation significantly accelerated as compared to 2020, from a year-to-year 36.1% to 50.9% in December, after having reached a year-to-year 52.47% cap in September. In addition to the exchange and tariff policy, the government tried to give responses throughout the year, such as export quotas for some products and the freezing of certain prices. Core inflation reached 54.87% in 2021, seasonal products and services increased by 50.08% and prices for regulated goods and services recorded a 37.72% increase. The clothing sector recorded the highest increase in terms of prices that rose by 64.64%. Food, the most important component of the Consumer Price Index increased by 50.35%. Housing and communication expenses, increasing 28.35% and 35.78%, respectively, were the sub-indexes with the lowest increase, in both cases affected by regulations issued by the national and provincial governments.

Wholesale inflation was hardly higher than retail inflation, recording a 51.3% rate in 2021. Domestic products increased by 52% whereas those imported recorded a 44.6% surge, approximately twice the increase of the US dollar quoted price. Among manufactured products, food increased by 45.2% and textile products recorded a year-to-year 58.2% increase. Electricity at a wholesale level grew by 61%. Construction costs grew by 48.5% in 2021, slightly below retail and wholesale inflation on account of an increase in the price of materials, by 55.3%, but costs of labor increased by only 41.53%.

The Gini coefficient that measures the distribution of income continued to be set at 0.44 even though social security plans strongly increased during the pandemic and allowances under the Plan Alimentar rose in 2021. Health restrictions more fiercely affected low-income population and informal workers. 10% of individuals who generate more income obtains 20 times more than 10% of the poorest individuals.

In the first semester in 2021, poverty rate was 40.6% of the population, representing a slight decrease as compared to the 42% rate as of the end of the year. Extreme poverty (indigence) affects 10.7% of the population in Argentina.

The health crisis along with economic distress have caused tensions of all kinds affecting the population. At a political level, the worsening of the pandemic in the second quarter triggered off disagreements between national and provincial authorities in connection with health restrictions. After the success of the opposition in the November mid-term legislative elections (at a national level, the opposition obtained 41.7 % of votes as compared to 33.6% of the governing party) some changes took place, including those in the Ministries of Security, Agriculture, Education, Foreign Affairs and Science.

Year 2022

According to IMF estimates, the world economy grew 3.2% in 2022, sustaining a solid pace after the 6% of 2021, despite facing multiple challenges. These included Russia-Ukraine war conflict and its impact on commodity prices, the distortions caused by the Covid-19 pandemic, especially in China which had multiple quarantines throughout the year. To this was added the increase in interest rates by the central banks of developed countries due to the persistence of above-target inflation rates.

Developed countries grew 2.4% during the year. The GDP of the Euro zone expanded 3.1%, while the United States grew 1.6% and Japan 1.7%. Emerging economies advanced 4.4%, but China grew only 3.2%, one of the lowest records in the last 30 years. Latin America grew 3.5%, with a better-than-expected performance in Brazil, whose gross domestic product expanded 2.8%.

In February 2022, start the Russia-Ukraine war conflict, after months of Russian military buildup on the border, in an unprecedented escalation of the territorial conflict that began in 2014 with the annexation of Crimea. The United States and the European Union responded with financial sanctions that included disconnecting Russia from the SWIFT financial payments network, freezing Russian Central Bank assets, and a staggered ban on Russian oil and gas imports. In the quarter following the invasion, the price of oil rose 20%, natural gas 75% and coal 56%. Agricultural commodities such as wheat (34%), corn (18%) and soybeans (9%) also rose, adding pressure to international inflation, which was already a concern. At the end of 2022, the war is still going on. Ukraine regained some of its territories and the price of most commodities has returned to pre-war levels. At times, the world was rocked by threats to use nuclear weapons.

The third year of the Covid-19 pandemic was marked by normalization of economic and social activity. With 69% of the world's population vaccinated, deaths were down 66% from 2021. This allowed the relaxation of the restrictions in force in 2020 and 2021 in much of the world. The big exception was China: under its zero-Covid policy, it imposed strict quarantines in Shanghai, Beijing and other major cities between April and November. As a result, Chinese GDP contracted by 2.6% quarter-on-quarter in the second quarter. In late December 2022, amid protests and widespread discontent, China announced the lifting of some of its sanitary restrictions.

The reappearance of high inflation globally observed in 2021 continued in 2022. In the United States, CPI peaked year-on-year at 9.1% in June, although it declined to 6.5% in December. In the Euro zone, it reached 10.6% year-on-year in October and closed the year at 9.2%. According to the IMF, inflation averaged 7.2% in developed countries and was higher in emerging countries, reaching 9.9%. The central banks of developed countries abandoned the lax policy of 2021 and embarked on the most accelerated cycle of interest rate hikes since the 1980s. The Federal Reserve raised the Fed

Funds rate from 0-0.25% to 4.25-4.5%, with four consecutive 75 basis point hikes. The European Central Bank moved its refinancing rate from 0% to 2.5%.

The tightening of monetary policy hit international stock markets. The S&P 500 index fell 19% in 2022 and the Euro Stoxx 50 declined 12%. The yield on 10-year U.S. Treasury bonds climbed from 1.51% to 3.88%. Cryptocurrencies such as Bitcoin lost 64% of their value. In contrast, the US labor market showed firmness: it added 4.2 million private jobs and unemployment fell from 3.9% to 3.5%. In the Eurozone, unemployment remained at around 6.5%.

The Argentine economy grew about 5.5% in 2022. Private consumption expanded 9% and investment rose more than 11%, reaching 21% of GDP at constant values. Activity normalized after two years of pandemic and practically all sanitary restrictions were lifted.

The lifting of sanitary restrictions especially benefited sectors such as hotels and restaurants, which grew 38.2%, other community, social and personal activities (10.7%) and transport and communications (8.5%), which in 2021 were still well below their pre-pandemic level. Others such as manufacturing (5.1%), trade (6.4%) or construction (6.6%) stretched the previous year's rebound achieving real growth compared to even 2018. Mining which includes hydrocarbon production (13.8%) stood out as one of the fastest expanding sectors attracting significant foreign investment. Agriculture (-2.2%) was one of the two sectors to contract, heavily affected by the drought starting in the fourth quarter. Financial intermediation (-0.3%) also finished below 2021 levels.

Argentina's annual inflation almost doubled from 50.9% to 94.8% in December 2022. From an average monthly pace of 3.3% in Q4 2021, it jumped to 6.7% in March with food prices rising above 7% before moderating to levels close to 5% in May and June. The resignation of the Minister of Economy in early July generated great uncertainty, which was reflected in the price of the informal dollar and dollar called CCL, which increased 61%. This rise in unregulated exchange rates had an impact on domestic prices, leading to monthly inflation peaks of 7.4% in July and 7% in August. After a brief transition, the new economic team managed to lower inflation to 5% monthly levels in November and December with a combination of interest rate hikes, reduction of public spending in real terms, various controls and price agreements.

Despite these efforts, 2022 closed with the highest annual increase in the Consumer Price Index since 1991. Wholesale prices grew 94.5% and the cost of construction 97.6%. At the retail level, the highest inflation was recorded in clothing and footwear (120.8%) and restaurants and hotels (108.8%). Core inflation was 90.6%, regulated prices rose 85.7% and seasonal prices 134.1% for the year.

In this context, after dropping from 11% to 7% in 2021, the unemployment rate remained at that level during 2022. The INDEC recorded around one million new employees, however only one fifth of them were salaried employees in the formal private sector. The informality rate exceeded 37%, reaching the highest levels since 2007. Wages continued to deteriorate in real terms: purchasing power fell between 0.5% and 1%, depending on the SIPA or RIPTE index, both from the Ministry of Labor.

Exports increased 13.5% in dollar terms and totaled U.S.\$ 88.4 billion in the year, due to a 16.2% increase in prices and a 2.3% decrease in quantities, compared to 2021. Imports rose 29% to U.S.\$ 81.5 billion, with an increase of 11% in volume and 16% in prices, despite the fact that the government sought to limit them with measures such as the introduction of the SIRA system in October and the extension of Non-Automatic Licenses. The trade surplus was reduced by 53% to U.S.\$ 6.9 billion. Because of the war, energy imports soared 120% and the energy balance was in deficit by U.S.\$ 4.5 billion, its worst result since 2015. Exports of primary products increased 9.4% in the year and manufactured goods of agricultural origin, 7.1%, totaling U.S.\$ 56.2 billion between both. In September and December, the Central Bank offered special parities of Ps. 200 and Ps. 230 per dollar to soybean exporters, in order to encourage the liquidation of stocks. Through this program, some U.S.\$ 10.8 billion were exported.

The Central Bank started the year with U.S.\$ 39.7 billion of gross reserves and a very low level of net reserves. The agreement signed with the IMF in March granted U.S.\$ 4.4 billion to the Central Bank to strengthen the availability of reserves, established periodic disbursements to cover the maturities of the agreement signed in 2018 and set quarterly targets for the accumulation of reserves. To meet them, the Central Bank had to intensify import restrictions and used the aforementioned incentive programs to boost soybean export settlements. At the end of 2022, gross and net reserves increased by around U.S.\$ 5 billion in a scenario for the first half of 2023 that will be conditioned by the drought, whose impact on agricultural exports cannot yet be measured, and the expected payments to international organizations.

The IMF program established an annual target for the primary deficit for 2022 equivalent to 2.4% of GDP. In the first half of the year, primary spending expanded 11.4% in real terms. After the change in the economic team, such spending contracted 9.4% in the second half of 2022, allowing the target to be met. This was possible thanks to the 6.6% real fall in spending on economic subsidies, especially energy subsidies (-4.1%), lower transfers to the provinces (-8.6%) and the erosion of pensions and contributory pensions (-1.5%), although aggregate spending on social benefits expanded at the margin in 2022 (0.6%).

On the revenue side, collection grew 5.3% in real terms thanks to income tax (15.7%), VAT (4.2%) and import duties (1%), while the amount collected from export duties (-2.1%) and fuel tax (-29%) declined. Adding interest payments, the fiscal deficit reached 4.2% of GDP. In addition, the National Treasury faced capital maturities for 8.1% of GDP. Of these 12.3 points of GDP to be financed, the local market contributed 8 points (65%), 3.5 points were covered with loans from the IMF and other multilaterals and the remaining 0.7% had to be financed by the Central Bank with monetary issuance.

At the beginning of 2022, the exchange rate regulated by the Central Bank through Communication A 3500 was quoted at Ps. 102.75 per U.S. dollar while the quote of the CCL dollar reached Ps. 203.11, a gap of almost 100%. The Central Bank accelerated the pace of depreciation of the regulated dollar from 1.7% per month on average in 2021 to 3.4% in the first half of 2022 and 6% per month in the second half of 2022, seeking to avoid further exchange rate arrears, another of the commitments assumed with the IMF. The stability of the CCL dollar in the first months allowed the gap to fall to 76% in May. The monetary expansion and the volatility that prevailed in the Reference Stabilization Coefficient (CER) adjustable bond market during June put pressure on unregulated dollar quotes and the exchange rate gap during the replacement of the economic team, reaching prices around Ps.

300 per dollar for the former and levels above 100% and peaks of 160% for the latter. During the fourth quarter, the fall in public spending in real terms, the rise in interest rates and the accelerated devaluation allowed the Central Bank to keep the gap below 100%. The Central Bank-regulated dollar closed 2022 at Ps. 177.13 while the CCL dollar traded at Ps. 340.85, an annual variation of 72.4% and 67.8% respectively, both below the inflation rate.

Year 2023

According to IMF estimates, the world economy grew 3 % in 2023, following a 3.5 % expansion in 2022. Headline inflation moderated from 8.7% to 6.9% and is expected to fall further to 5.8% in 2024. In the United States and the Euro zone, the inflation was around 3% (2.9% in Europe and 3.4% in the United States), moving closer to the central banks' target after two years of above-normal records.

This disinflation without recession was the result of the normalization of international trade after the Covid-19 pandemic, greater stability in commodity prices, and the continuity of the contractionary monetary policy that most central banks undertook in 2022. The sharp rise in interest rates had less impact on activity than expected, but contributed to the failure of four United States banks between March and July, an episode that brought echoes of the 2008 financial crisis, although it was contained through the intervention of the Federal Reserve and the deposit guarantee scheme (FDIC).

2023 was also marked by increasing geopolitical tension. The Russia-Ukraine war entered its second year; the Hamas terrorist attack on Israel in October escalated the conflict in the Middle East; and China raised its militaristic rhetoric regarding Taiwan. Many United States companies are relocating from China to countries such as Mexico, which share low labor costs but are politically aligned with the West, a phenomenon that has been given the name "nearshoring." These tensions threaten to spill over into the global economy in the form of new disruptions to value chains and inflationary shocks to commodity prices, especially oil. As a consequence of the ongoing conflict between Israel and Hamas, which already involved several jurisdictions (given that Israel has received attacks from Hezbollah cells spread across the region -which in many cases it responded to-), on April 13, 2024, Iran launched an unprecedented attack on Israel in a new escalation of the violent situation in the Middle East. Iran's offensive is in retaliation for an Israeli attack on its consulate in Damascus, Syria, which resulted in the death of an Iranian military commander. This attack signals the beginning of an open conflict between two nations, and it cannot be assured that there will be no other countries involved. As of the date of this annual report, the conflict is ongoing, and the potential consequences of a broader regional escalation remain uncertain.

According to NASA, 2023 was the hottest year on record, influenced by the "El Niño" phenomenon. Climate change continues to gain place in the public, political and also business agenda, with the issuance of ESG bonds, or sustainability-related bonds, in the order of U.S.\$ 800 billion per year in 2022 and 2023.

Within the developed countries, the United States led in terms of growth with GDP expansion estimated at 2.6% for 2023. The Euro zone grew 0.7%, well below the 3.3% of the previous year, with the impact of the war in Ukraine. Emerging countries grew at a stable rate of 4 %. Growth in China accelerated from 3 % to 5 %, thanks to the elimination of the strict sanitary controls applied during the pandemic, although the real estate sector is still in crisis and many developers went bankrupt. The Chinese boom was offset by the slowdown in India, which went from growing 7.2% in 2022 to 6.3% in 2023, and in Latin America, which failed to sustain the 4.1% pace of the previous year and grew 2.3% according to International Monetary Fund estimates.

After raising the Fed Funds rate from 0-0.25 % to 4.25-4.5 % in 2022, the Federal Reserve raised it another 100 basis points between January and July 2023 to the 5.25-5.50 % range, maintaining it at that level thereafter. The European Central Bank, which had raised the rate from 0% to 2.5% the previous year, raised it to 4% in September 2023. With inflation falling, policy rate cuts of between 50 and 150 basis points are expected in 2024, although without returning to the near 0% rates of the previous decade.

International stock markets recovered from the sharp declines of the previous year. The S&P 500 index, which had fallen 19 % in 2022, rebounded 24 % in 2023. The Euro Stoxx index was down 12 % and is now up 19 %. The yield on 10-year US Treasury bonds showed a lot of volatility, climbing from 3.9% in January to a peak of almost 5% in October, but closed the year at 3.8%. The cryptocurrency Bitcoin, which had lost 64 % of its value in 2022, rebounded 157 % in 2023, ending the year at U.S.\$ 42,505.

Unemployment is at historic lows in developed countries: the rate is 3.7% for the United States and 6.4% in the Eurozone. Most forecasts agree that economic growth in 2024 will be similar or slightly lower than in 2023. The battle against inflation is entering its final stage. However, the risk of a new geopolitical shock in 2024, stemming from the aforementioned conflicts in Europe, the Middle East and Asia or from the US presidential elections in November, cannot be minimized.

After growing by almost 5% in 2022, the Argentine economy contracted by 1.6% in 2023, hit hard by the drought in the core region during the first half of the year and the instability associated with the presidential elections in the second half of the year. Agricultural activity plunged by more than 20%, which illustrates the severity of the drought, comparable to those of 2009 or 2018. It also shows the resilience of the other sectors, which grew 0.4 % as a whole despite high inflation, exchange rate volatility and the lack of inputs in many items as a result of import restrictions.

The three-stage presidential election, with primaries on August 13, a first round on October 22 and a second round on November 19, had a profound impact on the economy. The candidate of the ruling party was the former Minister of Economy Sergio Massa. In the second half of the year, the minister and candidate decided to delay the scheduled adjustments in utility tariffs and the official exchange rate, a decision that deepened the fiscal, external and relative price imbalances of the Argentine economy. In turn, the opposition candidate Javier Milei, winner of the primaries and elected president in the second round, made as a campaign proposal the dollarization of the economy and the closing of the central bank, a discourse that exacerbated the exchange rate volatility, although he moderated these proposals in view of the second round.

The Central Bank's strategy regarding the official exchange rate varied throughout the year. Until the August primaries, the Central Bank increased the official exchange rate at an average rate of 6.6% per month, taking it from \$ 177.13 at the end of 2022 to \$ 287.29 on August 11, 2023. This devaluation, lower than the accumulated inflation in the period, led to a loss of exchange competitiveness, aggravated by the shortage of foreign currency due to the

drought. After the primaries, the Central Bank allowed a discreet 22% jump in the official exchange rate to \$ 350 per dollar, fixing this value for three months as an anti-inflationary strategy. However, the devaluation proved insufficient to balance the exchange market and in the last quarter the Central Bank had to strongly restrict foreign trade, so that import payments fell to the lowest levels since the 2020 quarantine. As of November 15, the Central Bank began to raise the official exchange rate at a rate of 4.6% per month. After the change of government, on December 13, the incoming administration raised official exchange rate from \$ 366.50 to \$ 800.00, a discrete jump of 118%, and announced that from then on it would run at a rate of 2% per month. This decision allowed compressing the gap with the blue chip rate to 20% at the end of December, the lowest level in four years, after having hovered around 113% throughout the year and reached peaks of 181% after the second round.

Year-on-year inflation doubled from 94.8% in 2022 to 211.4% in 2023, with successive accelerations in line with jumps in the official or parallel exchange rates. The monthly rate first climbed from 5.1% in December 2022 to 8.4% in April 2023, driven by a jump in the blue chip rate from \$ 368.12 to \$ 472.64 in a few weeks and expectations of a further devaluation of the official exchange rate from the drought. However, in June and July the monthly rate moderated to 6% and 6.3%, respectively. The exchange rate jump that followed the defeat of the ruling party in the August primaries accelerated monthly inflation to 12.4%, surpassing the April 2002 record and marking a new maximum since 1991. In September a similar inflation was measured, but the fixing of the official dollar and the freezing of utility and fuel rates managed to lower the monthly record to 8.3% in October. In November it rose again to 12.8% and after the 118% devaluation and the liberalization of several regulated prices, monthly inflation climbed to 25.5% in December 2023. The variation of the core index was even higher, 28.3% monthly, and the price of food and beverages increased 29.7% in the last month of the year.

Despite these difficulties, the Argentine economy grew at an annual rate of 1.4% in the first quarter of 2023. In the second quarter it fell 5 % as a result of the drought: the agricultural component of GDP was 40.1 % below the same period of 2022, while the rest of the economy fell 0.7 %. In the third quarter, GDP contracted by 0.8% and in the last quarter it grew by about 1.3%, due to the low base of comparison with the end of 2022, when the drought was already affecting the wheat harvest.

The impact of the drought, caused by the “La Niña” weather phenomenon, reduced the soybean harvest from 43.3 M tons in 2022 to 21 M tons in 2023, corn from 52 M tons to 34 M tons, and wheat from 22.4 M tons in the 2021/22 season to 12.2 M tons in the 2022/23 season. The loss of exports is estimated at U.S.\$ 20 MM. The collection of export duties by the national government dropped from 1.8% to 0.6% of GDP, aggravating the fiscal crisis. This drought, among the most severe of the 21st Century, also had ramifications on the transportation and food industries and the regional economies of the core zone.

As a result, exports fell 24.7% in dollar terms and totaled U.S.\$ 66.6 billion during the year. At the same time, imports fell 8.9%, totaling U.S.\$ 74.2 million. The SIRA system implemented in October 2022, which made import approvals more discretionary, was in place for practically all of 2023. Thanks to the drop in international prices and the completion of the Néstor Kirchner Gas Pipeline, the energy deficit was reduced from U.S.\$ 4.4 billion in 2022 to U.S.\$ 0.5 billion in 2023.

The Central Bank lost practically half of its gross reserves, from U.S.\$ 44.6 billion in December 2022 to U.S.\$ 23.1 billion at the end of 2023. Although it agreed with the International Monetary Fund an advance of funds for U.S.\$ 7.3 billion in August, net payments to the organization amounted to U.S.\$ 0.9 billion. The drought and the government’s policies led to a breach of the fiscal and exchange rate targets agreed in 2022 and, at the end of December, the agreement with the IMF was virtually collapsed while awaiting a negotiation with the new government. Until December, the Central Bank had to sell U.S.\$ 1.6 billion in the foreign exchange market and intervened with U.S.\$ 9.6 billion in the bond and futures market.

Extractive industries, which include mining and hydrocarbon exploitation, grew around 7.4% in 2023, standing out as the best performing sector based on favorable international prices and both public and private investment. They were followed by hotels and restaurants (+5.8%), which continued to enjoy the post-pandemic boom, and construction (+1.6%). Retail trade managed to grow 1 % for the year despite the deterioration of real wages, while manufacturing industry contracted 0.8 %. Transportation and communications (-1.2 %) and financial intermediation (-2.3 %) were other sectors that lost weight in the economy in 2023.

The drop in the level of activity did not translate into higher unemployment. The unemployment rate fell from 6.3% in the fourth quarter of 2022 to 7.1% in the third quarter of 2023, although it will probably have returned to the 5.7% zone in the last quarter of 2023. Registered private employment grew in monthly terms through September. However, the informality rate rose to 37%, reaching the highest levels since 2007. Growing informalization was one of the main problems in the labor market, together with the fall in real wages. Although the purchasing power of informal workers’ wages fell the most, the purchasing power of dependent workers fell by around 2% according to the SIPA (*Sistema Integrado Previsional Argentino*) index of the Ministry of Labor.

As regards the fiscal accounts, in the first half of the year the government showed a willingness to reduce public spending by adjusting public service tariffs and reducing spending in real terms on pensions and social programs. Tax policy was erratic: in July the tax base of the PAÍS tax on the purchase of foreign currency was broadened, raising 0.4% of GDP in a few months by charging on freight, imports of services and non-essential goods. But in September a VAT refund program was implemented which lasted until the end of the year and in October Congress raised the minimum non-taxable income tax for individuals from 6 to 15 minimum salaries. The fiscal cost of both measures was 0.3% of GDP for the national government, in addition to taking resources away from the provinces as these are co-participable taxes. In short, and notwithstanding the reduction in inflation-adjusted spending, the 2023 primary deficit closed at around 2.6% of GDP, similar to that of 2022 but with the help of the revenues from the 5G frequencies bidding and the advance payment of taxes to be collected in 2024. After interest payments, the fiscal deficit amounted to 4.7% of GDP.

Money market and Argentine financial system

Information presented in this section has been prepared in accordance with economic indicators and historical information of the financial system, as published by the Central Bank of Argentina or INDEC and therefore has not been adjusted for inflation.

Year 2021

During 2021, the monetary policy was perceived as multifaceted. From a nominal approach, interest rates remained significantly stable. The monetary policy rate remained unchanged throughout 2021, at 38%, whereas the rate for one-day and seven-day swaps was set at 32% and 36.5%, respectively.

The Badlar rate remained at about 34%, consistently with the remuneration of corporate time deposits in excess of one million Pesos during the same period. Interest rates for retail time deposits in amounts of less than one million Pesos remained at 37% for the entire period. The rate of interest on advances to companies was not subject to any material changes either, with an average rate of 35%, while interbank rates ranged from 28% to 30% throughout 2021.

The monetary base by the end of the year was Ps. 3.65 trillion, representing a 47.9% increase as compared to the previous year-end (2020), that is, three (3) percentage points below the inflation rate. By the end of the year, the private deseasonalized M2 indicator- as a GDP percentage- recorded a 5% increase compared to the historical average, an indication of certain excess money supply.

The factors for the expansion of the monetary base by Ps. 1.18 billion during 2021 were basically three-fold. The National Treasury financing demanded Ps. 1.76 billion, net, for temporary advances and profit remittance. Furthermore, the issuance of a net amount of Ps. 451,000 million was required to purchase foreign exchange in an amount equal to U.S.\$ 5,049 million in the exchange market. For the purposes of neutralizing the monetary impact of this issuance, it was necessary for LELIQS and Swaps to be placed in the financial system in an amount of nearly Ps. 1.9 trillion along with the intervention in the bond market and Rofex for the purpose of sterilizing an additional amount of Ps. 490,000 million. As a compensatory measure, an amount of nearly Ps. 1.4 trillion as interest on the interest-bearing debt was issued.

In 2021, the exchange market retained the same structure that was in place during the previous year with certain additional restrictions on some of its segments. In the official exchange market, the US dollar quotation underwent three clearly differentiated stages. In the first quarter, Peso devaluation in that market went hand in hand with inflation figures, even exceeding such figures at times. Since April, devaluation rate decreased, ranging from 1% to 1.2% per month and became delinked from inflation. Such policy lasted until the November midterm legislative elections. In the last month of the year, the Central Bank allowed the Peso to depreciate further until reaching a monthly depreciation of 2%, still below the inflation rate. In the “point to point” measurement, the official dollar grew by 22.1%, as compared to a 41% increase in domestic prices adjusted by a 7% inflation in the United States. This implies a real appreciation of Peso vs. commercial US dollar of over 13% in 2021. Measured in multilateral terms and using the Central Bank’s index, the real exchange rate for commercial transactions appreciated by 21%.

The gap between the official exchange rate and the quoted price of the US dollar in those markets whose counterpart is not the Central Bank, followed the same timeline. Between August and December, the dollar in the market known as blue-chip swap market or “CCL” by its Spanish acronym, was quoted at a price higher -98% in average- than that of the official dollar. Between January and July such gap fluctuated at 70%, partly for reasons proper to the market and also due to the government intervention in the foreign currency denominated bond market. Following the elections, such gap rose again until reaching almost 100% by the end of the year.

Transactions in the official exchange market faced two very dissimilar scenarios throughout the year. Driven by the good international export prices and the settlement of proceeds thereof through the foreign exchange market, during the first half of 2021, the Central Bank accumulated international reserves in excess of 7,100 million dollars, which were partially sold (2,100 million on net basis) during the last months of the year. Moreover, it received an amount of 4,334 million dollars in the nature of Special Drawing Rights (Derechos Especiales de Giro, “DEG”) from the IMF to which Argentina was entitled as a result of the authorization granted to the Central Bank by the IMF member countries to issue domestic currency on account of the health emergency situation. The cancellation of debt service due to the international organization, payment of some private sector indebtedness and other public sector and market transactions almost totally depleted inflows into reserves during such year, as a result of which the Central Bank could hardly retain 275 million dollars by the end of the year. It is worth mentioning that the Argentine government resolved to postpone the negotiation of a new credit facility program and honor its debts with the international organization that fell due in the last months of the year with the DEGs received from the IMF.

Thus, the Central Bank’s gross reserves, including those associated to the minimum cash requirements for deposits in foreign currency accepted by the banks, amounted to US \$39,662 million by the end of the year, virtually the same level of gross and net reserves held at the beginning of the year.

The trend of real growth in Peso deposits recorded in 2020 continued in 2021. Total deposits in Pesos increased by 61.1%, based on a point-to-point measurement, that is, slightly over 6% in real terms. As concerns the private sector deposits, such increase was somewhat lower, that is, a 59.2% nominal growth and 5.2% in real terms. Sight deposits increased by almost 8%, adjusted for inflation, whereas time deposits rose by 3% in similar terms. The increase in time deposits was extremely uneven: the balance of customary deposits rose by 1% in real terms while those adjusted for inflation increased by 91%. Dollar deposits from the private sector marginally fell in nominal terms -1.1% or -7.5% if adjusted for inflation in the United States. Deposits in Pesos and Dollars from the public and private sectors accounted for almost 25% of the GDP.

The minimum cash requirements established by the Central Bank acting as the system’s regulatory authority, reached 45% of the average balance for sight deposits in larger entities, 32% for time deposits with a maturity of less than 29 days, 22% for deposits with a maturity of between 30 and 59 days and 4% for deposits with a maturity of up to 89 days. Smaller-sized entities have a lower minimum cash requirement. Deposits adjusted for inflation (UVA) are subject to a reserve requirement pattern of 7%, 5% and 3% based on their length (less than 29, less than 59 and less than 89 days, respectively). The minimum cash requirement for deposits in foreign currency with a maturity of up to 29 days is set at 23% of the average but, in a context of low demand of loans in foreign currency, liquidity balances in foreign currency are significantly higher.

Loans in Pesos to the private sector increased by 49.2%, based on a point-to-point measurement, that is, a slight 1% decline in real terms. The balance of loans to the private sector in dollars dropped by 25% in view of the private sector expectations that an increase in the quoted price of the US dollar in the official exchange market would surpass interest rates in Pesos. In the consumption segment, credit card financing decreased by 8% whereas personal loans remained unchanged after being adjusted for inflation. There was a 3.7% recovery in the demand of commercial credit facilities, in real terms. In turn, there was a 11% drop in mortgage loans while pledge loans rose by 46%.

Delinquency levels recorded a slight increase until reaching 4.3% by the end of 2021. This represents an increase from the 4.2% reported in December 2020; however, the figures are not totally comparable since the Central Bank had modified the rules for recording late payments during the pandemics and the situation returned to normal after June 2021. Upon comparing such figures with those in 2019, arrearage fell from the 5.7% recorded at that time and even more following a peak of 6.1% in February 2020, just before the outbreak of the pandemics. Coverage of late payments by means of allowances is 110%, a decrease from the 136% recorded at the end of 2020.

Delinquency is quite heterogeneous based on the type of financial institutions. Late payments reported by private banks is only 2.8% with a 151.7% coverage by means of allowances. Likewise, in the case of official banks, such figure has more than doubled, with an uncollectibility ratio of 6.6% and allowances providing arrearage coverage (85%). The uncollectibility charges of the system ranged from an average of Ps. 21,600 million per month in 2020 to Ps.13,500 million per month in 2021, on a constant currency basis, in consistence with late payments reduction.

As part of a set of initiatives aimed at channeling the supply of bank loans to some segments in the market and the National Treasury, the Central Bank has authorized that minimum cash requirements be partially satisfied by means of certain government securities purchased at auctions and debt of the monetary authority that entities may use in accordance with their participation in credit programs under the regulation. Hence, the share of revenues from holdings of debt of the National Treasury and the Central Bank for the entire system in the aggregate financial revenues rose from 50% to 57%, whereas interest on loans dropped from 40% to 34%.

Without experiencing significant changes in expense coverage with revenues from non-financial services, the evolution of bank profitability was driven by the results of financial intermediation. Slow payment recovery fell short in compensating the drop in intermediation margin so that aggregate earnings in 2021 significantly decreased. After recording average monthly profits in an amount of Ps.27,600 million in 2020, an amount equal to Ps.17,600 million per month was recorded in 2021. Mention should be made to the factors that impaired bank profitability during that term such as, among others, low credit demand, subsidized loans, regulated interest rates that impacted on the margin of financial intermediation. There was a 36% decrease in profits for the entire system and 46% for the private sub-system. Thus, accumulated ROA for 2021 adjusted for inflation declined from 2.4% to 1.1%. In turn, accumulated ROE was 7.2% for the total financial system and 8.0% for the private bank subsystem.

The system is capitalized to a very satisfactory extent. Capital integration is 25.6%, that is, 239% more than is required according to the Central Bank's statistics. Private banks have an excess of capital as payment is higher than 27%. These sound figures with respect to capital are supplemented by the entities' satisfactory liquidity levels. Liquid assets accounted for as the aggregate of cash and cash equivalents, minimum cash requirements, swaps, securities for minimum cash requirements and drafts issued by the Central Bank (LELIQS), represent 68.7% of total deposits, which figure has remained considerably stable throughout the year.

Year 2022

After two years in which it kept its monetary policy rate fixed at 38%, throughout 2022 the Central Bank increased the Liquidity Bills rate to 75%, accompanying the increase in inflation and the exchange rate gap. The private Badlar rate rose from 34.1% to 69.4% during the year. In this context, the Central Bank's interest-bearing liabilities increased from Ps. 4,506 billion to Ps. 9,947 billion. The direct issuance by the Central Bank's transitory advances or transfer of profits to the Treasury totaled Ps. 620 billion or 0.7% of GDP, considerably less than the 3.7% of 2021. But the Central Bank intervened on several occasions in the secondary market for government securities, buying around Ps. 1,850 billion throughout 2022 and had to use LELIQ and reverse repurchase transactions to sterilize the resulting issuance.

The situation of the Peso bond market was at its most pressing between June and July. Uncertainty over a potential default on CER-adjusted securities caused yields on certain bonds in the secondary market to soar from -8% to +11% in a matter of weeks. Volatility spilled over to stocks and dollar-denominated Treasury bonds and began to improve from August onwards, leading to a year of widespread improvement in dollar-denominated Treasury yields. In fact, the Treasury was able to carry out two asset conversion operations that contributed to clear public debt maturities until the end of the year.

The Merval index expressed in dollars at the CCL exchange rate grew 44% in the year and closed at U.S.\$ 673, the highest price since August 2019. Sovereign bonds in dollars fell 19% for the full year, although they rose 34% in the last quarter. The JPMorgan country risk index started the year at 1,703 basis points surpassed 2,800 basis points in July and October, and by the end of December had dropped to 2,196 basis points.

The monetary base grew 42.5% in 2022, or Ps. 1,438 billion. In addition to the assistance to the Treasury and the purchase of government securities, the main factors for the expansion of the monetary base were the payment of interest on Central Bank liabilities (Ps. 3,386 billion) and the purchase of foreign currency (Ps. 1,244 billion), while it absorbed Ps. 5,839 billion through the issuance of Liquidity Bills. The public money in circulation grew 51.9%, almost half the inflation rate, but bank reserve requirements increased only 17.3%, partly because the real growth of Peso deposits observed in 2021 was reversed in 2022 and, on the other hand, because the Treasury offered banks the possibility of integrating reserve requirements with Treasury bonds and with LELIQ for those who grant loans under government-subsidized lines, among other conditions. In this way, the Central Bank encouraged the granting of financing to both the public and private sectors.

Total Peso deposits fell 1.9% in real terms measured on an end-to-end basis, after having grown 4.7% the previous year. Fixed-term deposits rose 12.5% in real terms, but current account deposits fell 14.8% and savings deposits fell 5.6%, a phenomenon that reflects the weakening demand for money during the year.

For their part, dollar deposits fell sharply again, closing the year 10% below the December 2021 level, after having fallen 16.2% during that year. At December 2022 prices, public and private sector Peso and dollar deposits reached Ps. 21,536 billion or 26% of GDP.

On the credit front, demand has continued to fall steadily. The total balance fell for the fifth consecutive year in real terms, ending 2022 at Ps. 7,635 billion, 16% below the December 2021 level. Credit in Pesos to the private sector contracted 13.7% in the year, mainly in mortgages (-31.8%), personal loans (-19.1%) and credit cards (-14.2%). As a result, commercial credit fell 8.8% in real terms and consumer credit fell 16%.

In this context of rising nominal interest rates and falling financial intermediation in real terms, the financial system preserved most of its solvency ratios, maintaining moderate risk exposure and high coverage margins with liquid assets, provisions for uncollectibility and capital.

In particular, the stocks market exposure of all financial institutions to credit risk remained at relatively low levels compared to recent years, around 44% when measured as the ratio of total credit (to the private and public sector) to total assets. At the same time, the ratio of non-performing of financing to the private sector continued to decline, reaching 3.1%.

In terms of profitability, the Central Bank's decisions regarding interest rates, the behavior of Treasury debt and regulations have become increasingly important factors in determining the results of banking institutions. Nevertheless, banks have generally maintained positive indicators throughout the year, which have reinforced the solvency of the system.

Year 2023

The monetary base grew by 85% in 2023 measured end-to-end, i.e. less than half that of prices. This reveals that there was a notable drop in the demand for money. The monetary base went from 5.2 trillion to 9.6 trillion Pesos. Of the 4.4 trillion increase, the main factors were interest payments on Central Bank debt of 16 trillion Pesos and purchases of government securities and exchange rate-adjusted bills issued by the Treasury in both the primary and secondary markets for more than 5 trillion pesos. This was offset by the issuance of debt instruments placed in the banking system for more than 16 trillion pesos. Net purchases of foreign exchange totaled only U.S.\$ 480 billion, while the Central Bank assisted the Treasury with \$1.7 billion in profit sharing and temporary advances. On the other hand, the National Government deposits at the Central Bank during the year amounted to more than 3 trillion, basically as a result of the securities auctions in December.

The monetary policy rate defined as the yield on Leliqs (28-day bonds) started the year at 75 % (TNA) and gradually increased to 133 %, implying an effective yield of 254 %. With the new government, the definition of the monetary policy rate was changed to the TNA of the 1-day passive bonds. The central bank stopped issuing Leliqs and all the liquidity of the banks was concentrated in passive liabilities. The new rate for deposits became 100% per annum.

At the same time, the Central Bank set a minimum rate for retail fixed term deposits of 110%. This was a big change with respect to the past since the BADLAR rate (sample of fixed term deposits of more than one million pesos) was always below the policy rate. This reduces the incentive for banks to take fixed term deposits and, at the same time, since the interest rate is lower than projected inflation by a wide margin, depositors shifted their deposits to inflation-adjustable fixed term deposits that banks are obliged to take. Simultaneously, the Central Bank extended the minimum term of adjustable deposits to six months and limited them to \$ 5 million per customer.

The Central Bank's liabilities ended the year at 2.4 trillion pesos, an increase of 179 % with respect to the end of 2022. If we take all interest-bearing liabilities including the remainder of Leliqs and exchange rate adjusted instruments, total interest-bearing liabilities reached 2.8 trillion pesos. Taking the last quarter of the year, Central Bank instruments represented 9% of GDP, exactly the same as at the end of 2022. Their relative importance will most likely decline during 2024. At the end of 2023, the Central Bank's interest-bearing liabilities were equivalent to three monetary bases.

The Argentine financial system had a new fall in terms of GDP as a result of interest rates that at almost no time during the year compensated the loss due to inflation. Total deposits reached 46 trillion Pesos at the end of 2023, of which more than 38 trillion Pesos corresponded to the private sector. This represented 16 and 14% of GDP in the last quarter of the year. At the end of 2022 those numbers were 18.4 and 15.4 % of GDP. In real terms, average private deposits in December 2023 were 30% lower than in December 2022. A good part of this drop occurred in December when the Central Bank decided to reduce interest rates at the same time that the adjustment of some relative prices caused inflation to rise. In the previous months, when it was clear that devaluation was inevitable, the Central Bank authorized exchange rate-adjusted deposits for companies with pending import payments. At the same time, it allowed banks to buy Central Bank securities with the same qualities. Once the devaluation materialized, the market began to get rid of these instruments.

In terms of loans, a similar trend was verified. Loans to the private sector fell from 6.6 % of GDP in the last quarter of 2022 to 5.7 % of GDP in the last quarter of 2023, marking a new decline. In real terms, the private sector reduced its debt with the financial system by 25%, as a consequence of the fall in economic activity, a certain tendency towards self-financing and the acceleration of inflation, which reduced medium and long-term loans in the consumer and corporate segment.

On the other hand, and in view of the minimum interest rates established by the Central Bank for time deposits and the fall in the demand for credit, especially from private sector companies, banks sought to channel their surpluses to debt instruments issued by the Central Bank and/or the Treasury. The former because of the liquidity they provide, as is the case of the Pases and Leliqs, and the latter because it allows them to maintain their purchasing power by adjusting for inflation or the exchange rate, gives them the possibility of acquiring put options on these securities and, thirdly, because part of them could be used to constitute part of the legal reserve. In fact, the banks kept in the Central Bank's current account about 5% of the deposits. Thus, more than half of the banks' lending capacity ended up invested in highly liquid public sector instruments.

Selected Financial Data

The following tables present summary historical consolidated financial data for each of the periods indicated. You should read this information in conjunction with our audited consolidated financial statements and related notes included in this annual report.

<u>Selected Consolidated Statement of Financial Position Data</u>	<u>2021 (1)</u>	<u>As of December 31, 2022(1)</u>	<u>2023</u>
		<i>(in thousands of Pesos)</i>	
ASSETS			
Cash and Deposits in Banks	1,045,370,900	778,796,544	1,203,105,095
Investments in Debt Securities and Equity Instruments	1,954,250,823	2,955,462,211	2,186,262,176
Derivative Financial Instruments	7,862	133,591	13,143,270
Repo Transactions	190,507,850	192,852,624	615,582,382
Loans and other financing	2,137,278,504	1,864,088,844	1,833,657,853
Other Financial Assets	322,276,917	275,797,559	334,272,473
Current Income Tax Assets	3,296,506	—	877,771
Investment in associates and joint arrangements	2,969,332	3,555,025	1,685,111
Property, Plant and Equipment	320,723,359	317,211,464	356,787,386
Intangible Assets	50,980,447	54,308,754	75,170,628
Deferred Income Tax Assets	289,893	229,096	995,545
Other Non-financial Assets	14,143,646	38,779,189	54,782,584
Non-current assets held for sale	19,663,097	27,579,033	41,888,837
TOTAL ASSETS	6,061,759,136	6,508,793,934	6,718,211,111
Average Assets	5,995,367,380	5,890,758,955	6,777,551,321
LIABILITIES			
Deposits	3,571,973,440	4,033,959,266	3,370,240,610
Liabilities at fair value through profit or loss	9,873,835	1,638,088	13,825,475
Derivative Financial Instruments	15,361	7,382	2,837,879
Repo Transactions	—	—	23,601,328
Other Financial Liabilities	408,810,941	420,684,684	374,491,943
Financing received from the Central Bank of Argentina and other financial entities	2,655,245	7,627,436	19,799,011

Selected Consolidated Statement of Financial Position Data	As of December 31,		
	2021 (1)	2022(1)	2023
	<i>(in thousands of Pesos)</i>		
Corporate Bonds	272,757,944	233,074,276	387,091,806
Current Income Tax Liabilities	2,130,974	33,785,982	213,883,957
Provisions	10,030,478	8,682,459	8,812,936
Deferred Income Tax Liabilities	37,895,695	40,903,089	45,415,891
Other Non-financial Liabilities	291,972,478	133,311,398	214,185,225
TOTAL LIABILITIES	4,608,116,391	4,913,674,060	4,674,186,061
SHAREHOLDERS' EQUITY			
Net Shareholders' Equity attributable to controlling interest	1,453,412,970	1,594,856,139	2,043,559,163
Net Shareholders' Equity attributable to non-controlling interests	229,775	263,735	465,887
TOTAL SHAREHOLDERS' EQUITY	1,453,642,745	1,595,119,874	2,044,025,050
Average Shareholders' Equity	1,364,766,092	1,468,037,310	1,783,639,371

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information"

Selected Consolidated Statement of Income Data	For the year ended December 31,		
	2021 (1)	2022(1)	2023
	<i>(in thousands of Pesos, except for number of shares, net income per share and dividends per share)</i>		
Net Interest Income	794,880,755	950,805,684	825,033,589
Net Commissions income	202,926,921	211,722,898	220,768,667
Subtotal (Net Interests income plus Net Commissions income)	997,807,676	1,162,528,582	1,045,802,256
Net gain from measurement of financial instruments at fair value	101,180,879	140,628,194	974,315,271
Profit from sold or derecognized assets at amortized cost	1,480,419	528,229	342,331
Differences in quoted prices of gold and foreign currency	28,192,905	193,924,698	798,217,991
Other operating income	47,519,939	65,948,223	72,887,469
Credit loss expense on financial assets	(15,745,665)	(21,480,302)	(45,968,747)
Net Operating Income before expenses, depreciation and amortization	1,160,436,153	1,542,077,624	2,845,596,571
Total Operating Expenses (2)	(612,321,136)	(644,930,360)	(822,104,673)
Net operating income after expenses, depreciation and amortization	548,115,017	897,147,264	2,023,491,898
Income/(Loss) from associates and joint arrangements	530,759	(353,496)	155,403,295
Loss on net monetary position	(402,701,777)	(712,616,273)	(1,308,898,985)
Income before tax on continuing operations	145,943,999	184,177,495	869,996,208

Selected Consolidated Statement of Income Data

	For the year ended December 31,		
	2021 (1)	2022(1)	2023
	<i>(in thousands of Pesos, except for number of shares, net income per share and dividends per share)</i>		
Income tax on continuing operations	(7,194,479)	(57,205,169)	(282,321,067)
Net Income from continuing operations	138,749,520	126,972,326	587,675,141
Net Income for the fiscal year	138,749,520	126,972,326	587,675,141
Net Income for the fiscal year attributable to controlling interest	138,744,986	126,950,267	587,324,400
Net Income for the fiscal year attributable to non-controlling interest	4,534	22,059	350,741
Other Comprehensive Income	7,428,030	(17,318,905)	40,371,382
Foreign currency translation differences in financial statements conversion	(4,648,591)	(2,238,986)	9,758,855
Profit or losses for financial instruments measured at fair value through other comprehensive income	12,076,621	(15,079,919)	30,612,527
Total Comprehensive Income for the fiscal year	146,177,550	109,653,421	628,046,523
Total Comprehensive Income attributable to controlling interest	146,173,016	109,631,362	627,695,782
Total Comprehensive Income attributable to non-controlling interests	4,534	22,059	350,741
Basic earnings per share (3)	216.99	198.54	918.54
Dividends per share approved by the shareholders' meeting (4)	22.18	117.36	460(6)
Dividends per share in U.S.\$ approved by the shareholders' meeting (5)	0.22	0.66	0.57(6)
Weighted average number of outstanding common shares (in thousands)	639,413	639,413	639,413

- (1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information".
- (2) Includes employee benefits, administrative expenses, depreciation and amortization of fixed assets and other operating expenses.
- (3) Net income for the fiscal year attributable to controlling interest divided by weighted average number of outstanding shares.
- (4) Not adjusted for inflation.
- (5) Dividends per share approved by the shareholders' meeting divided by the exchange rate as of December 31 of each year.
- (6) Pursuant to the provisions of Communiqué "A" 7984, the financial entities authorized by the BCRA to distribute profits, must do it in 6 monthly equal and consecutive installments. The amount of each dividend instalment shall be paid in constant currency as of each payment date, after re-expression of the relevant payable amount by applying the most recently published rate before the date on which each of the above mentioned instalments is made available according to the payment schedule duly fixed by the Board. Please be advised that for all references contained herein as to re-expressing any amounts in constant currency, the applicable rate shall be the national consumer price index (CPI) published by Instituto Nacional de Estadísticas y Censos (INDEC).

As of and for the year ended December 31,
2021 2022 2023
(in thousands of Pesos)

Selected consolidated ratios:			
Profitability and performance			
Net interest margin (%) (1)	18.42%	22.20%	20.55%
Fee income ratio (%) (2)	22.01%	19.81%	22.95%
Efficiency ratio (%) (3)	38.21%	28.81%	18.58%
Fee income as a percentage of administrative expense (%)	38.55%	40.38%	24.51%
Return on average equity (%)	10.17%	8.65%	32.95%
Return on average assets (%)	2.31%	2.16%	8.67%
Liquidity			
Loans and other financings as a percentage of total deposits (%)	61.47%	47.06%	56.00%
Liquid assets as a percentage of total deposits (%) (4)	90.05%	94.60%	118.00%
Capital			
Total equity as a percentage of total assets (%)	23.98%	24.50%	30.42%
Regulatory capital as a percentage of risk-weighted assets (%)	36.06%	39.91%	35.39%
Asset Quality			
Non-performing loans and other financings included in Stage 3 as a percentage of total loans and other financings (%) (5)	0.91%	0.82%	1.06%
Allowances for loan losses as a percentage of total loans and other financings	(2.66%)	(1.80%)	(2.84%)
Allowances for credit losses as a percentage of non-performing loans and other financings included in Stage 3 (%) (5)	(291.99%)	(219.52%)	(268.33%)
Operations			
Number of branches	466	467	519(6)
Number of employees	8,005	7,796	9,192(7)

- (1) Net interest income divided by average interest earning assets.
- (2) Commissions income divided by the sum of net interest income.
- (3) The efficiency ratio is equal to operating expenses over operating income. Operating expense includes employee benefits, administrative expenses, depreciation and amortization of fixed assets and other operating expenses. Operating income includes net interest income, net commissions income, net gain from measurement of financial instruments at fair value through profit or loss, differences in quoted prices of gold and foreign currency and other operating income.
- (4) Liquid assets include cash, cash collateral, reverse repos, instruments issued by Central Bank, other government securities and interbank loans.
- (5) As of December 31, 2023, 2022 and 2021, non-performing loans are calculated according to our internal credit rating grades disclosed in note 52.1 to our consolidated financial statements.
- (6) Includes 58 branches of Banco BMA
- (7) Includes 1,411 employees of Banco BMA and its subsidiaries

RESULTS OF OPERATIONS FOR YEARS 2023 – 2022

The following discussion of our results of operations is for the Bank as a whole and without reference to any operating segments.

We do not manage our Bank by segments or divisions or by customers, by products and services by regions, or by any other segmentation for purpose of accounting resources or assessing profitability.

As indicated in the “Macroeconomic Environment” section above, for the years 2023 and 2022, as well as in the “Money Market and Argentine Financial System” for the same period, the Argentine economy contracted by approximately 1% in 2023. This contraction was largely due to a severe drought in the core region during the first half of the year, compounded by instability related to the presidential elections in the latter half.

In 2023, within Argentina, banks faced with the Central Bank’s minimum interest rates for time deposits and a decline in credit demand—particularly from private sector companies—sought to allocate their surplus funds to debt instruments issued by the Central Bank and/or the Treasury. They did so first for the liquidity provided by instruments such as Pases and Leliqs, and second to preserve their purchasing power by choosing instruments adjusted for inflation or the exchange rate.

The year was characterized by an increase in nominal rates and a fall in intermediation in real terms, within a framework of a solid and increasingly liquid financial system, with a large participation of the public sector due to the growing increase of securities portfolios in banks’ balance sheets.

Even though our net income totaled Ps.587,675.1 million in 2023, 363% higher than the Ps.126,972.3 million in 2022 but our net interest margin slightly deteriorate to 20.5% in 2023 from 22.2% in 2022. Our return on equity (ROE) and return on assets (ROA) of 32.9% and 8.7% respectively, remained healthy and showed our earnings potential.

As of December 31, 2023, the accumulated efficiency ratio reached 18.6% improving from the 28.8% in 2022, showing the strict cost control policies adopted by us and our higher results registered.

On the loan side, our loans and other financing portfolio to the private sector increased by 7% in average, compared to 2022. The Peso financing portfolio increased 4% and the dollar-financing portfolio grew 52%, in average.

During 2023, we maintained a leading position in terms of personal loans, with 11.6% of market share, also and maintain our market share in credit card products, reaching 8.8%.

In accordance with the internal rating grade, the delinquency rate reached the 1.06% of the total portfolio as of December 31, 2023, slightly deteriorated from last year level (0.82%).

Our coverage ratio reached 268.32% as of December 31, 2023 (considering the internal rating grade), increasing from the 219.52% reached as the end of 2022.

On the funding side, our total deposits increased 9% in average in 2023 compared to 2022. Regarding the composition of deposits, there was an increase in demand deposits and to a lesser extent in time deposits.

We rank third among private entities with the highest volume of deposits and a market share of 5.6% of the financial system as a whole as of December 31, 2023.

It is worth noting that during 2023 and 2022, we invested part of our excess liquidity in government and private securities and in repo transactions, which explain in the variations in such portfolios by 28% (decrease) and 161% (increase) compared to 2022. As of December 31, 2023, the Bank’s liquidity reached Ps. 3,964,164 million, maintaining a 118% of liquidity ratio greater than the one achieved at the end of 2022.

In August 2023, we announced that we had entered into an agreement with Itaú Unibanco Holding S.A., through its affiliates Itaú Unibanco S.A., Banco Itaú BBA S.A., and Itaú Consultoria de Valores Mobiliários e Participações S.A. (collectively, “Itaú”), for a share purchase and sale agreement, by virtue of which, subject to the fulfillment of certain conditions (substantially the approval of the transaction by the Central Bank), we acquired from Itaú the shares representing 100% of the capital stock and votes of Banco Itaú Argentina S.A. and directly 13% of the capital stock and votes of Itaú Asset Management S.A. and Itaú Valores S.A. and indirectly 87% of the capital stock and votes of Itaú Asset Management S.A. and Itaú Valores S.A. On November 2, 2023, the Central Bank’s Board of Directors authorized the aforementioned purchase, which was effective on November 3, 2023.

YEAR ENDED DECEMBER 31, 2023, COMPARED TO YEAR ENDED DECEMBER 31, 2022

Net income

The following table sets forth certain components of our statement of income for the years ended December 31, 2022, and 2023:

INCOME STATEMENT

	Year Ended December 31,		Change December 31,	
	2022(1)	2023	2023 - 2022	
	<i>(in thousands of Pesos, except for number of shares, net income per share and dividends per share)</i>			
Interest income	1,907,263,992	2,446,332,749	539,068,757	28%
Interest expense	(956,458,308)	(1,621,299,160)	(664,840,852)	70%
Net interest income	950,805,684	825,033,589	(125,772,095)	(13%)
Commissions income	234,809,397	245,712,549	10,903,152	5%
Commissions expense	(23,086,499)	(24,943,882)	(1,857,383)	8%
Net commissions income	211,722,898	220,768,667	9,045,769	4%
Subtotal (Net interest income + Net commissions income)	1,162,528,582	1,045,802,256	(116,726,326)	(10%)
Net gain from measurement of financial instruments at fair value through profit or loss	140,628,194	974,315,271	833,687,077	593%
Profit from sold or derecognized assets at amortized cost	528,229	342,331	(185,898)	(35%)
Differences in quoted prices of gold and foreign currency	193,924,698	798,217,991	604,293,293	312%
Other operating income	65,948,223	72,887,469	6,939,246	11%
Credit loss expense on financial assets	(21,480,302)	(45,968,747)	(24,488,445)	114%
Net operating income before expenses, depreciation and amortization	1,542,077,624	2,845,596,571	1,303,518,947	85%
Employee benefits	(241,771,572)	(278,509,138)	(36,737,566)	15%
Administrative expenses	(121,933,757)	(164,225,989)	(42,292,232)	35%
Depreciation and amortization of fixed assets	(47,485,393)	(58,098,766)	(10,613,373)	22%
Other operating expenses	(233,739,638)	(321,270,780)	(87,531,142)	37%
Net operating income after expenses, depreciation and amortization	897,147,264	2,023,491,898	1,126,344,634	126%
Income (Loss) from associates and joint arrangements	(353,496)	155,403,295	155,756,791	44,062%
Loss on net monetary position	(712,616,273)	(1,308,898,985)	(596,282,712)	84%
Income before tax on continuing operations	184,177,495	869,996,208	685,818,713	372%
Income tax on continuing operations	(57,205,169)	(282,321,067)	(225,115,898)	394%
Net income from continuing operations	126,972,326	587,675,141	460,702,815	363%
Net income for the fiscal year	126,972,326	587,675,141	460,702,815	363%
Net income for the fiscal year attributable to controlling interests	126,950,267	587,324,400	460,374,133	363%
Net income for the fiscal year attributable to non-controlling interests	22,059	350,741	328,682	1490%

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2023 and 2022

Our consolidated net income from continuing operations for fiscal year ended as of December 31, 2023 totaled Ps.587,675.1 million and increased Ps. 460,702.8 million or 363% as compared to fiscal year ended as of December 31, 2022. Results from Banco BMA and its subsidiaries are consolidated since November 2023.

This increase was primarily attributable to:

- A higher net income from measurement of financial instruments at fair value through profit or loss of Ps.833,687.1 million or 593%.
- A higher difference in quoted prices of gold and foreign currency of Ps.604,293.3 million or 312%.
- A higher result from associates and joint ventures of Ps.155,756.8 million.

The aforementioned increases in consolidated net income from continuing operations were partially offset by:

- A higher loss on net monetary position of Ps. 596,282.7 million or 84%.
- A higher income tax on continuing operations of Ps. 225,115.9 million or 394%.
- A less results in net interest income of Ps. 125,772.1 million or 13%.
- An increase in other operating expenses of Ps. 87,531.1 million or 37%.
- An increase in employee benefits and administrative expenses of Ps. 79,029.8 million or 22%.

The increase in the net income for the year was the consequence of the increase in net income from measurement of financial instruments at fair value through profit or loss (basically dual bonds) and more gains from difference in quoted prices of gold and foreign currency.

In 2023, there was a higher devaluation that was even deeper in the last two weeks of December (356%) in comparison to 2022 (72.4%). However, we maintain long dollar position, which resulted in a higher gain on exchange rate differences.

Related to Banco BMA and its subsidiaries, as the amount of the net assets acquired exceed the fair value that was paid, we registered a gain generated by acquisition for Ps.156,768.1 million, recorded as Income from associates and joint ventures. The fair value of assets totaled Ps.1,014,427.3 million while liabilities totaled Ps.835,200.2 million and net assets acquired at fair value total Ps.179,227.1 million.

Those increases were partially offset by loss on monetary inflation, which grew approximately by 116.6 percentage points—eroding the results obtained-, and by a high level of income tax.

Moreover, during 2023 the Net interest income decreased 13%, mainly due to the increase in interest expenses was higher than the increase in interest income (considering the minimum interest rates established by the Central Bank for time deposits).

On the other hand, the increase in Income tax was according of the level of our results and was higher than to 2022.

Interest income

The components of our interest income for the years ended December 31, 2023 and 2022 were as follows:

<u>INTEREST INCOME</u>	Year Ended December 31,	
	2022 (1)	2023
	<i>(in thousands of Pesos)</i>	
Interest on Cash and bank deposits	1,246,001	6,847,489
Interest from government securities	1,082,475,406	1,106,881,315
Interest from debt securities	601,017	1,385,091
Interest on loans and other financing		
To the financial sector	1,668,874	3,281,932
To the non-financial public sector	4,714,572	19,130,718
To the non-financial private sector		
Interest on overdrafts	79,096,190	174,729,584
Interest on documents	79,667,890	156,844,618
Interest on mortgages loans	117,138,656	145,806,768
Interest on pledged loans	9,268,468	9,907,765
Interest on personal loans	278,318,665	244,302,502
Interest on credit cards	126,764,513	199,061,254
Interest on financial leases	1,073,358	3,444,764
Interest on other	83,860,409	177,790,503

Interest in Repos	—	—
From the Central Bank	39,348,987	196,203,904
Other financial institutions	2,020,986	714,542
Total Interest income	1,907,263,992	2,446,332,749

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2023 and 2022

Our interest income increased 28% or Ps. 539,068.8 million as compared to fiscal year ended December 31, 2022, due to higher interest on loans and higher interest on repos.

Interest from government securities and debt securities combined increased 2% or Ps.25,190 million. Interest derived from government securities increased by 2%, or Ps. 24,405.9 million, given the results from LELIQs of the Central Bank.

Interest on repos increased by 376% or Ps. 155,548.5 million as compared to fiscal year ended December 31, 2022, due to an increase of 302% in average volume and an increase of 11 percentage points in nominal average interest rate.

Interest on loans and other financing increased by 45% or Ps.352,552 million, basically due to an increase in average interest rate and an increase in the average volume of loans to the private sector of 7% in fiscal year 2023 compared to 2022. In fiscal year 2023, the interest on loans represented 46% of total interest income, while in fiscal year 2022 it represented 41%.

The average nominal interest rate for private sector loans and other financing increased by 14.3 basis points (from 41.6% in average in 2022 to 55.9% in average in 2023).

Within commercial loans we observed an increase in interest on overdrafts, in interest on documents and in interest on others, of 121% or Ps.95,633.4 million and 97% or Ps.71,176.7 million and 112% or Ps.93,753.3, respectively, in line with the level of economic activity.

Within consumer loans, interest in mortgage loans increased by 24% or Ps.28,668.1 million, on credit cards increased by 57% or Ps.72,296.7 million. Conversely, interest on personal loans decreased 12% or Ps.34,016.2 million.

Interest expenses

The components of our interest expenses for the years ended December 31, 2022 and 2023 were as follows:

<u>INTEREST EXPENSE</u>	Year Ended December 31,	
	2022(1)	2023
	<i>(in thousands of Pesos)</i>	
From deposits		
Interest on checking accounts	48,198,997	111,189,841
Interest on saving accounts	11,858,081	18,119,619
Interest on time deposits and investments accounts	873,804,922	1,453,034,330
Interest other	—	14
Interest on financing received from Central Bank of Argentina and Other financial institutions	1,575,216	2,048,973
For repo transactions		
Other financial institutions	3,038,227	13,873,646
Interest on corporate bonds	920,032	1,652,176
Interest on subordinated corporate bonds	14,412,425	14,180,562
Interest on other financial liabilities	2,650,408	7,199,999
Total interest expense	956,458,308	1,621,299,160

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2023 and 2022

Interest expense increased by 70% or Ps. 664,840.9 million, compared to 2022, due to higher average volume of time deposits and higher interest paid on such deposits.

Interest on deposits represented 98% of total interest expense and increased by 69% or Ps.648,481.8 million, as compared to fiscal year ended December 31, 2022. Interest on time deposits increased by 66% or Ps.579,229.4 million and interest on demand deposits increased by 115% or Ps.69,252.4 million. The increase in interest on deposits was mainly due to a higher interest rate for private sector deposits (approximately an increase of 16.1 percentage points).

Additionally, during 2023 the average volume of interest-bearing deposits from private sector increased by 17%, the deposits in Pesos increased by 12% and foreign currency deposits increased by 56%.

Interest for repos transactions grew 357% or Ps.10,835.4 million. The volume of this transactions increased by 45% and the interest rate increased 75.32 basis points.

Net gain from measurement of financial instruments at fair value through profit or loss

2023 and 2022

Net gain from measurement of financial instruments at fair value through profit or loss increased by 693% or Ps.833,687.1 million compared to 2022. This increase was due:

- i. Primarily to a higher gain from government securities by Ps.808,752.8 million (basically Argentine government discount bonds in dual currency), and
- ii. Secondary to a higher gain from sales or decreases of financial assets at fair value by Ps.25,358.2 million (net amount of reclassifications to profit of instruments classified at fair value through other comprehensive income that were derecognized or charged during the fiscal year).

Net Commissions income

The following table provides a breakdown of our commissions income by category for the years ended December 31, 2023 and 2022:

<u>NET COMMISSIONS INCOME</u>	<u>Year Ended December 31,</u>	
	<u>2022 (1)</u>	<u>2023</u>
	<i>(in thousands of Pesos)</i>	
AFIP & Collection services	723,248	488,491
Fees charged on deposit accounts	88,234,379	89,124,216
Mutual funds & securities fees	3,934,683	8,041,734
ATM transactions fees	1,616,545	14,759,083
ANSES fees	247,570	118,918
Insurance fees	13,160,484	12,210,984
Corporate services fees	31,756,294	36,208,665
Financial agent fees (Provinces)	12,962,938	12,777,906
Debit card fees	14,816,488	13,654,063
Credit card fees	43,757,429	51,455,424
Credit related fees	5,599,339	6,873,065
Total commissions income	234,809,397	245,712,549
Total commissions expense	(23,086,499)	(24,943,882)
Net commissions income	211,722,898	220,768,667

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2023 and 2022

Net commission income increased 4%, or Ps. 9,045.8 million in 2023, due to an increase in total commissions income by 5% and an increase in total commissions expense by 8%.

Total commissions income increased by 5% or Ps. 10,903.2 million in 2023 compared to fiscal year ended December 31, 2022, primarily due to a 18% or Ps.7,698 increase in fees charged on Credit cards, a 14% or Ps.4,452.4 million increase in Corporate service fees and a 104% or Ps.4,107.1 million increase in fees charged on mutual funds and securities fees. Partially offset by a decrease in ATM transaction fees of 25% or Ps.4,857.5 million. The increase in commissions reflects a slight improvement in economic activity compared to the previous year.

Total commissions expense increased by 8% or Ps.1,857.4 million compared to fiscal year ended December 31, 2022, due to an 95% or Ps.740.1 million increase in commissions related to trading and foreign exchange transactions and an increase in checkbooks commissions and clearing houses by 13% or Ps.556.4 million.

Other Operating Income

The components of our other operating income for the years ended December 31, 2022 and 2023 were as follows:

<u>OTHER OPERATING INCOME</u>	<u>Year ended December 31,</u>	
	<u>2022 (1)</u>	<u>2023</u>
Credit and debit cards	5,642,849	9,017,147
Lease of safe deposit boxes	6,673,888	6,926,569
Other service related fees	17,608,821	23,406,413
Other adjustments and interest from other receivables	12,638,867	18,399,842
Sale of property, plant and equipment	109,690	165,369
Others	23,274,108	14,972,129
Other Operating Income	65,948,223	72,887,469

- (1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2023 and 2022

In fiscal year 2023 other operating income totaled Ps.72,887.5 million and increased 11% or Ps.6,939.3 million compared to 2022. The increase was attributable to: a) Other service related fees: a 33% or Ps.5,797.6 million increase in Other service related fees, b) Other adjustment and interests from other receivables: a 46% or Ps.5,761 million increase in other adjustment and interests from other receivable and c) Credit and debit cards: a 60% or Ps.3,374.3 million increase in fees from credit and debit cards.

The increase was partially offset by decrease in Others: 36% or Ps.8,302 million decrease in Others.

Differences in quoted prices in gold and foreign currency

The components of our difference in quoted prices of gold and foreign currency for the years ended December 31, 2022 and 2023 were as follows:

<u>DIFFERENCE IN QUOTED PRICES OF GOLD AND FOREIGN CURRENCY</u>	<u>Year ended December 31,</u>	
	<u>2022 (1)</u>	<u>2023</u>
Difference in quoted prices of gold and foreign currency:		
Translation of FX assets and liabilities to Pesos	190,210,057	795,283,241
Income from foreign currency exchange	3,714,641	2,934,750
Differences in quoted prices of gold and foreign currency	193,924,698	798,217,991

- (1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2023 and 2022

In fiscal year ended December 31, 2023, the differences in quoted prices of gold and foreign currency totaled Ps. 798,218 million representing a 312% or Ps. 604,293.3 million increase compared to 2022. This increase was a result of an increase in Translation of FX assets and liabilities to Pesos by 318% or Ps.605,073.2 million (mainly from government securities). Our average net foreign exchange position increased by around 141%, and the year-over-year change in the exchange rate increased and generated gains in revaluation results with respect to the previous year (the exchange rate (Ps. Per dollar) increased by 72.4% in 2022 and by 356% in 2023).

Credit loss expense on financial assets

Credit loss expense on financial assets increased 114% or Ps. 24,488.4 million compared to 2022, totaling Ps. 45,968.747 million in 2023. On the one hand, there was a slight deterioration in the quality of the portfolio compared to 2022.

On the other hand, (as explain in Note 52.1.4 “Additional Forward-looking allowances based on expert credit judgment” of our consolidated financial statements as of December 31, 2023) the Bank resolved to carry out an adjustment with a prospective vision as a consequence of estimating an incremental effect in the forecasts determined by ECL for the purposes of covering a scenario of uncertainty regarding the impacts that could originate from the change in the economic policy regime, the implementation of a program to adjust macroeconomic imbalances and an inflation stabilization plan. As of December 31, 2023, said adjustment was estimated at 10,978.1 million, and as of December 31, 2022, it was 5,720,6 million, as explained in the section “Adjustment for uncertainty about conditions of accessing loans to MIPYMES and Federal Government Securities” of the aforementioned Note.

Employee benefits and administrative expenses

The components of our employee benefits and administrative expenses for the years ended December 31, 2022 and 2023 were as follows:

<u>EMPLOYEE BENEFITS AND ADMINISTRATIVE EXPENSES</u>	<u>Year ended December 31,</u>	
	<u>2022 (1)</u>	<u>2023</u>
	<i>(in thousands of Pesos)</i>	
Employee benefits	241,771,572	278,509,138
Remunerations	166,849,835	188,854,414
Social Security Contributions taxes	41,170,900	47,630,616
Compensation and bonuses to employees	25,271,715	33,353,002
Employee services	8,479,122	8,671,106
Administrative Expenses	121,933,757	164,225,989
Taxes	19,979,498	26,941,364
Maintenance, conservation, and repair expenses	19,420,752	21,441,643
Fees to directors and syndics	6,150,654	26,925,241
Security services	11,715,106	11,899,472
Electricity and communications	10,789,374	10,395,529
Other fees	11,766,928	16,572,872
Leases	540,357	470,912
Advertising and publicity	7,395,622	9,292,109
Representation, travel, and transportation expenses	2,127,956	2,829,322
Stationery and office supplies	846,370	1,069,576
Insurance	1,285,097	1,177,393
Hired administrative services	830,539	3,025,778
Other	29,085,504	32,184,778
Total Employee benefits and Administrative Expenses	363,705,329	442,735,127

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2023 and 2022

Employee benefits and administrative expenses increased by 22%, or Ps.79,029.8 million in 2023.

Employee benefits increased 15% or Ps.36,737.6 million, due to an increase in remunerations by 13% or Ps.22,004.6 million, compensation and bonuses by 32% or Ps.8,081.3 million and social security contributions of 16% or Ps.6,459.7 million.

Administrative expenses increased 35% or Ps.42.292,2 million from the previous year. Within administrative expenses, charges in taxes increased by 35% or Ps.6,961.9 million, fees to directors and syndics increased by 338% or Ps.20,774.6 million, other fees increased 41% or Ps.4,806 million and Other increased 11% or Ps.3,099.3 million.

Other operating expenses

The components of our other operating expenses for the years ended December 31, 2022 and 2023 were as follows:

OTHER OPERATING EXPENSES	Year ended December 31,	
	2022 (1)	2023
	<i>(in thousands of Pesos)</i>	
Turnover tax	128,711,123	190,149,358
Charges for other provisions	7,625,876	8,790,103
Deposit guarantee fund contributions	5,957,321	5,707,873
Donations	1,308,743	1,262,484
Insurance claims	1,357,839	2,570,038
Initial loan recognition	1,760,369	14,838,959
Punitive interests and other Central Bank's penalties	1,239	11,568
Other	87,017,128	97,940,397
Other Operating Expenses	233,739,638	321,270,780

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2023 and 2022

Other operating expenses increased by 37% or Ps. 87,531.1 million, mainly due to an increase in turnover tax by 48% or Ps. 61,438.2 million, an increase in initial loans recognition by 743% or Ps. 13,078.6 million and an increase in Other by 13% or Ps. 10,923.3 million.

Loss on net monetary position

2023 and 2022

Loss on net monetary position in fiscal year 2023 was 84% or Ps.596,282.7 million higher than that recorded in 2022, moving from Ps.712,616.3 million in 2022 to Ps. 1,308,899 million in 2023, as a consequence of the increase of the inflation rate around 116.6 basis points, moving from 94.8% for 2022 to 211.4% for 2023. Moreover, the monetary assets grew approximately by 109% and monetary liabilities increased approximately by 86%, generating a higher revaluation in both items.

It is worth noting that monetary assets generate losses for inflation exposure and monetary liabilities generate gains. The net monetary position is the difference between losses and gains.

Income tax

2023 and 2022

Income tax increased by 394% or Ps. 225,115.9 million in fiscal year 2023 and the effective income tax rate was 31.1% for 2022 and 32.5% for 2023.

For more information, please see Note 29 “Income Tax” of our audited consolidated financial statements as of December 31, 2023 and 2022.

This table shows the reconciliation between income tax and the amounts obtained by applying the current tax rate in Argentina to the income carrying amount:

Composition	Year ended December 31,	
	2022	2023
	<i>(in Pesos)</i>	
Income carrying amount before income tax	184,177,495	869,996,208
Applicable income tax rate	35%	35%
Income tax on income carrying amount	64,462,123	304,498,673
Net permanent differences and other tax effects including the fiscal inflation adjustment	(7,256,954)	(22,177,606)
Total income tax	57,205,169	282,321,067

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

RESULTS OF OPERATIONS FOR YEARS 2022 – 2021

The following discussion of our results of operations is for the Bank as a whole and without reference to any operating segments.

We do not manage our Bank by segments or divisions or by customers, by products and services by regions, or by any other segmentation for purpose of accounting resources or assessing profitability.

During 2022, the Argentine economy grew about 5.5%, private consumption expanded 9% and investment rose more than 11%, reaching 21% of GDP at constant values. Economic activity normalized after two years of pandemic and practically all sanitary restrictions were lifted. Some domestic issues affected the economy with two turning points: in March, the signing of the new agreement with the IMF was jeopardized, and in July and August there were two changes in the government's economic team, amid exchange rate tensions and an acceleration of inflation.

The year was characterized by an increase in nominal rates and a fall in intermediation in real terms, within a framework of a solid and increasingly liquid financial system, with a large participation of the public sector due to the growing increase of securities portfolios in banks' balance sheets.

Even though our net income totaled Ps. 126,972.3 million in 2022, 8% lower than the Ps. 138,749.5 million in 2021 but our net interest margin improved to 22.2% in 2022 from 18.4% in 2021. The Bank's ROE and ROA of 8.7% and 2.2% respectively, remained healthy and showed the Bank's earnings' potential.

As of December 31, 2022, the accumulated efficiency ratio reached 28.8% improving from the 38.2% in 2021, showing the strict cost control policies adopted by the Bank.

On the loan side, our loans and other financing portfolio to the private sector decreased by 13%, compared to 2021. The Peso financing portfolio decreased 14% or Ps. 278,498.1 million and the dollar financing portfolio declined 30% or U.S.\$ 88 million.

During 2022, we maintained a leading position in terms of personal loans, with 12.8% of market share. In 2022 we improved our market share in credit card products, reaching 8.8%.

Our coverage ratio reached 219.52% as of December 31, 2022 (considering the internal rating grade), decreasing from the 291.98% reached as of the end of 2021. In 2022, the agreement with the IMF was reached and approved by the Argentine Congress, so we began to reverse the additional ECL accounting for Ps. 12,047.1 million as of December 31, 2021, and now there is no additional provision for this item. Therefore, our management decided to record an additional allowance for Ps. 5,720.6 million as of December 31, 2022 that represents the estimation of the impact that it would have on the ECL for companies (MIPYMES's) if there is a negative change in the interest rate policy and certain uncertainty mainly related to our long-term holdings of Federal Government instruments.

Although there was an improvement in the quality of the portfolio with respect to the previous year, the reverse of the adjustment in the allowances recorded in the previous year had an impact on the drop in the coverage ratio.

In accordance with the internal rating grade, the delinquency rate reached the 0.82% of the total portfolio as of December 31, 2022, slightly improving from last year level (0.91%) due to the economic reactivation during 2022. This behavior occurred in a context of negative real interest rates and a rising inflation scenario, which favored the repayment of obligations, improving payment conditions for both individuals and companies.

On the funding side, our total deposits increased 13% in 2022 compared to 2021. Regarding the composition of deposits, there was an increase in time deposits and to a lesser extent in demand deposits.

We rank third among private entities with the highest volume of deposits and a market share of 5.7% of the financial system as a whole as of December 31, 2022.

It is worth noting that during 2022 and 2021, we invested part of our excess liquidity in government and private securities, which explain the increase in such portfolio by 51% compared to 2021. As of December 31, 2022, the Bank's liquidity reached Ps. 3,816,135.6 million, maintaining a 94.6% of liquidity ratio greater than the one achieved at the end of 2021.

YEAR ENDED DECEMBER 31, 2022 COMPARED TO YEAR ENDED DECEMBER 31, 2021

Net income

The following table sets forth certain components of our statement of income for the years ended December 31, 2021 and 2022:

<u>INCOME STATEMENT</u>	<u>Year Ended December 31,</u>		<u>Change December 31,</u>	
	<u>2021 (1)</u>	<u>2022 (1)</u>	<u>2022 - 2021</u>	
	<i>(in thousands of Pesos, except for number of shares, net income per share and dividends per share)</i>			
Interest Income	1,367,473,535	1,907,263,992	539,790,457	39%
Interest Expense	(572,592,780)	(956,458,308)	(383,865,528)	67%
Net Interest Income	794,880,755	950,805,684	155,924,929	20%
Commissions income	224,345,705	234,809,397	10,463,692	5%
Commissions expense	(21,418,784)	(23,086,499)	(1,667,715)	8%
Net commissions income	202,926,921	211,722,898	8,795,977	4%
Subtotal (Net Interest Income + Net Commissions Income)	997,807,676	1,162,528,582	164,720,906	17%
Net gain from measurement of financial instruments at fair value through profit or loss	101,180,879	140,628,194	39,447,315	39%
Profit from sold or derecognized assets at amortized cost	1,480,419	528,229	(952,190)	(64%)
Differences in quoted prices of gold and foreign currency	28,192,905	193,924,698	165,731,793	588%
Other operating income	47,519,939	65,948,223	18,428,284	39%
Credit loss expense on financial assets	(15,745,665)	(21,480,302)	(5,734,637)	36%
Net operating income before expenses, depreciation and amortization	1,160,436,153	1,542,077,624	381,641,471	33%
Employee benefits	(239,493,427)	(241,771,572)	(2,278,145)	1%
Administrative expenses	(121,877,712)	(121,933,757)	(56,045)	0%
Depreciation and amortization of fixed assets	(43,224,593)	(47,485,393)	(4,260,800)	10%
Other operating expenses	(207,725,404)	(233,739,638)	(26,014,234)	13%
Net operating income after expenses, depreciation and amortization	548,115,017	897,147,264	349,032,247	64%
Income/(Loss) from associates and joint arrangements	530,759	(353,496)	(884,255)	(167%)
Loss on net monetary position	(402,701,777)	(712,616,273)	(309,914,496)	77%
Income before tax on continuing operations	145,943,999	184,177,495	38,233,496	26%
Income tax on continuing operations	(7,194,479)	(57,205,169)	(50,010,690)	695%
Net income from continuing operations	138,749,520	126,972,326	(11,777,194)	(8%)
Net income for the fiscal year	138,749,520	126,972,326	(11,777,194)	(8%)
Net income for the fiscal year attributable to controlling interest	138,744,986	126,950,267	(11,794,719)	(9%)
Net income for the fiscal year attributable to non-controlling interest	4,534	22,059	17,525	386%

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information"

2022 and 2021

Our consolidated net income from continuing operations for fiscal year ended as of December 31, 2022 decreased Ps. 11,777.2 million or 8% as compared to fiscal year ended as of December 31, 2021. This decrease was primarily attributable to:

- A higher loss on net monetary position of Ps. 309,914.5 million or 77%.
- A higher income tax on continuing operations of Ps. 50,010.7 million or 695%.
- An increase in other operating expenses of Ps. 26,014.2 million or 13%.

The aforementioned decreases in consolidated net income from continuing operations were partially offset by:

- An increase in net interest income of Ps. 155,924.9 million or 20%.
- A higher difference in quoted prices of gold and foreign currency of Ps. 165,731.8 million or 588%.
- A higher net gain from measurement of financial instruments at fair value through profit or loss of Ps. 39,447.3 million or 39%.
- An increase in other operating income of Ps. 18,428.3 million or 39%.
- An increase in net commission income of Ps. 8,796 million or 4%.

The decrease in the net income for the year was the consequence of the increase in the level of inflation. Inflation rate increased approximately 44 pp, eroding the results obtained.

However, the decrease in net income for fiscal year 2022 mentioned above was partially offset by the increase in results from government and private securities, due to the increase in interest income from notes issued by Central Bank (LELIQs/NOTALIQs) and the increase in CER adjusted government securities, and higher gains from bonds issued by the national government. Moreover, during 2022 the interest on loans increased 12%, mainly due to the increase in average interest rate.

In 2022, there was a higher devaluation (72.4%) in comparison to 2021 (22.1%). However, we maintain long dollar position, which resulted in a higher gain on exchange rate differences.

Interest income

The components of our interest income for the years ended December 31, 2022 and 2021 were as follows:

<u>INTEREST INCOME</u>	<u>Year Ended December 31,</u>	
	<u>2021 (1)</u>	<u>2022 (1)</u>
	<i>(in thousands of Pesos)</i>	
Interest on Cash and bank deposits	79,938	1,246,001
Interest from government securities	617,813,239	1,082,475,406
Interest from debt securities	1,837,236	601,017
Interest on loans and other financing		
To the financial sector	4,100,579	1,668,874
To the non-financial public sector	11,013,573	4,714,572
To the non-financial private sector		
Interest on overdrafts	48,966,016	79,096,190
Interest on documents	56,858,979	79,667,890
Interest on mortgages loans	92,705,372	117,138,656
Interest on pledged loans	6,450,988	9,268,468
Interest on personal loans	292,010,854	278,318,665
Interest on credit cards	89,353,520	126,764,513
Interest on financial leases	511,104	1,073,358
Interest on other	93,992,554	83,860,409
From the Central Bank	51,460,032	39,348,987
Other financial institutions	319,551	2,020,986
Total Interest income	1,367,473,535	1,907,263,992

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information".

2022 and 2021

Our interest income increased 39% or Ps. 539,790.5 million as compared to fiscal year ended December 31, 2021, due to higher interest income from government securities and higher interest on loans.

Interest from government securities and debt securities combined increased 75% or Ps. 463,425.9 million. Interest derived from government securities increased by 75%, or Ps. 464,662.2 million, given the higher gain from LELIQs of the Central Bank for Ps. 445,135.4 million, due to a higher volume on these instruments (the average placements in instruments issued by the Central Bank increased approximately 37% in 2022) and the higher nominal interest rates of these instruments (increased on average 24.9 percentage points in such year, from 37.5% in 2021 to 62.4% in 2022). On the other hand, we had gains from bonds and notes adjusted by CER for Ps. 104,162.7 million and loss from other bonds (adjusted by BADLAR and others) for Ps. 52,720.1 million. Since 2020 we have been investing the excess of liquidity in others government securities adjusted by Badlar, by CER or Dual bonds.

Interest on repos decreased 20% or Ps. 10,409.6 million as compared to fiscal year ended December 31, 2021, due to a decrease of 51% in average volume partially compensated by an increase of 23.1 percentage points in nominal average interest rate.

Interest on loans and other financing increased 12% or Ps. 85,608.1 million, basically due to an increase in average interest rate. This increase was partially offset by 8% drop in the average volume of loans to the private sector in fiscal year 2022 compared to 2021, given the level of economic activity observed in Argentina and deepened by the consequences of the slowly recovery from COVID 19 pandemic. In fiscal year 2022, the interest on loans represented 41% of total interest income, while in fiscal year 2021 it represented 51%.

The average nominal interest rate for private sector loans and other financing increased by 7.9 percentage points (from 33.7% in average in 2021 to 41.6% in average in 2022).

Within commercial loans we observed an increase in interest on overdrafts and in interest on documents, 62% or Ps. 30,130.2 million and 40% or Ps. 22,808.9 million respectively, in line with the level of economic activity. This increase was partially offset by others (mostly loans to SMEs, as part of the relief package given the Covid-19 pandemic) which declined by 11 % or Ps. 10,132.1 million. Within consumer loans, interest in mortgage loans increased by 26% or Ps. 24,433.3 million, on credit cards by 42% or Ps. 37,411 million and interest on pledge loans by 44% or Ps. 2,817.5 million (mortgages and pledge were in line with CER adjustment). Conversely, interest on personal loans decreased 5% or Ps. 13,962.2 million.

Interest expenses

The components of our interest expenses for the years ended December 31, 2021 and 2022 were as follows:

<u>INTEREST EXPENSE</u>	<u>Year Ended December 31,</u>	
	<u>2021 (1)</u>	<u>2022 (1)</u>
	(in thousands of Pesos)	
From deposits		
Interest on checking accounts	7,984,396	48,198,997
Interest on saving accounts	7,502,306	11,858,081
Interest on time deposits and investments accounts	529,310,249	873,804,922
Interest on financing received from Central Bank of Argentina and other financial institutions	948,439	1,575,216
For repo transactions		
Other financial institutions	1,786,840	3,038,227
Interest on corporate bonds	5,229,373	920,032
Interest on subordinated corporate bonds	19,684,477	14,412,425
Interest on other financial liabilities	146,700	2,650,408
Total interest expense	572,592,780	956,458,308

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information".

2022 and 2021

Interest expense increased 67% or Ps. 383,865.5 million as compared to 2021, due to higher average volume of time deposits and higher interest paid on such deposits.

Interest on deposits represented 98% of total interest expense and increased 71% or Ps. 389,065.1 million, as compared to fiscal year ended December 31, 2021. Interest on time deposits increased 65% or Ps. 344,494.7 million and interest on demand deposits increased 288% or Ps. 44,570.4 million. The increase in interest on deposits was mainly due to a higher interest rate for private sector deposits (approximately an increase of 13.7 percentage points). Additionally, during 2022 the average volume of interest-bearing deposits from private sector increased 3%, the deposits in Pesos increased 9% and foreign currency deposits decreased 27%.

The increase in interest on deposits was offset by a 27% or Ps. 5,272.1 million decrease in interest on subordinated bonds and an 82% or Ps.

4,309.3 million decrease in interest on corporate bonds.

Net gain from measurement of financial instruments at fair value through profit or loss

2022 and 2021

Net gain from measurement of financial instruments at fair value through profit or loss increased 39% or Ps. 39,447.3 million compared to 2021, primarily due to higher gains from private securities by 715% or Ps. 53,920.5 million (corporate bonds) and higher gains from investment in equity instruments at fair value through profit or loss by 434% or Ps. 27,321.0 million (mainly PRISMA S.A. Ps. 21,487.1 million).

Both concepts were offset by a decrease of 44% or Ps. 45,478.3 million in government securities, mainly due to a decrease in CER adjusted bonds issued by the National Government and Letters of National Government adjusted by CER to discount.

Net Commissions income

The following table provides a breakdown of our commissions income by category for the years ended December 31, 2021 and 2022:

<u>NET COMMISSIONS INCOME</u>	<u>Year Ended December 31,</u>	
	<u>2021 (1)</u>	<u>2022 (1)</u>
	<i>(in thousands of Pesos)</i>	
AFIP & Collection services	964,800	723,248
Fees charged on deposit accounts	86,187,168	88,234,379
Mutual funds & securities fees	4,600,113	3,934,683
ATM transactions fees	20,964,352	19,616,545
ANSES fees	318,407	247,570
Insurance fees	13,860,073	13,160,484
Corporate services fees	25,034,905	31,756,294
Financial agent fees (Provinces)	12,518,102	12,962,938
Debit card fees	14,622,846	14,816,488
Credit card fees	39,957,443	43,757,429
Credit related fees	5,317,496	5,599,339
Total commissions income	224,345,705	234,809,397
Total commissions expense	(21,418,784)	(23,086,499)
Net commissions income	202,926,921	211,722,898

(1) Figures adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2022 and 2021

Net commission income increased 4%, or Ps. 8,796 million in 2022, due to an increase in total commissions income by 5% and an increase in total commissions expense by 8%.

Total commissions income increased by 5% or Ps. 10,463.7 million in 2022 compared to fiscal year ended December 31, 2021, primarily due to a 27% or Ps. 6,721.4 million increase in corporate service fees, a 10% or Ps. 3,800 million increase in fees charged on Credit cards and a 2% or Ps. 2,047.2 million increase in fees charges on deposits accounts, partially offset by a decrease in ATM transaction of by 6% or Ps. 1,347.8 million and a decrease in insurance fees of 5% or Ps. 699.6 million. The increase in commissions reflects a slight improvement in economic activity compared to the previous year.

Total commissions expense increased by 8% or Ps. 1,667.7 million compared to fiscal year ended December 31, 2021, due to an 8% or Ps. 1,130.7 million increase in commissions paid for ATM exchange and increase in checkbooks commissions and clearing houses by 13% or Ps. 479.3 million.

Other Operating Income

The components of our other operating income for the years ended December 31, 2021 and 2022 were as follows:

<u>OTHER OPERATING INCOME</u>	<u>Year Ended December 31,</u>	
	<u>2021 (1)</u>	<u>2022 (1)</u>
	<i>(in thousands of Pesos)</i>	
Credit and debit cards	2,344,916	5,642,849
Lease of safe deposit boxes	7,101,177	6,673,888
Other service related fees	16,614,137	17,608,821
Sale of real estate and other non-financial assets	237,032	—
Other adjustments and interest from other receivables	8,907,746	12,638,867
Sale of property, plant and equipment	28,533	109,690
Others	12,286,398	23,274,108
Other Operating Income	47,519,939	65,948,223

(1) Figures stated in thousands of Pesos adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”.

2022 and 2021

In fiscal year 2022 other operating income totaled Ps. 65,948.2 million and increased 39% or Ps. 18,428.3 million compared to 2021. The increase due to:

- a) Others: 89% or Ps. 10,987.7 million increase in others, due to a difference in quoted prices in gold and foreign currency from loans granted, the sale of PRISMA of Ps. 3,363.2 million and an increase in reversed provisions of Ps. 7,713.6 million (partially connecting with debt cancelation from specific corporate client).
- b) Other adjustment and interests from other receivables: 42% or Ps. 3,731.1 million increase in other adjustment and interests from other receivable, due to higher yields from Fintech's risk fund of Ps. 3,353.9 million and higher results from credit card guarantee funds of Ps. 2,142.5 million.
- c) Credit and debit cards: 141% or Ps. 3,297.9 million increase in other fees from credit and debit cards

Differences in quoted prices in gold and foreign currency

The components of our difference in quoted prices of gold and foreign currency for the years ended December 31, 2021, and 2022 were as follows:

	Year Ended December 31,	
	2021 (1)	2022 (1)
	(in thousands of Pesos)	
Differences in quoted prices of gold and foreign currency:		
Translation of FX assets and liabilities to Pesos	24,863,783	190,210,057
Income from foreign currency exchange	3,329,122	3,714,641
Differences in quoted prices of gold and foreign currency	28,192,905	193,924,698

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information".

2022 and 2021

In fiscal year ended December 31, 2022, the differences in quoted prices of gold and foreign currency totaled Ps. 193,924.7 million representing a 588% or Ps. 165,731.8 million increase compared to 2021. This increase was a result of: (i) an increase in income from foreign currency exchange of 12% or Ps. 385.5 million (mainly from government securities) and, (ii) an increase in translation of FX assets and liabilities to Pesos, by 665% or Ps. 165,346.3 million respectively. Our average net foreign exchange position increased around 193% (due to the contraction of dollar deposits), the year-over-year change in the exchange rate increased and generated gains in revaluation results with respect to the previous year (the exchange rate (Ps. per dollar) increased by 22.1% in 2021 and by 72.4% in 2022).

Credit loss expense on financial assets

2022 and 2021 Credit loss expense on financial assets increased 36% or Ps. 5,734.6 million compared to 2021, totaling Ps. 21,480.3 million in 2022. It is important to remember that during 2021 the Central Bank established a gradual transition in the debtors classification for clients who chose to postpone the payment of installments (measures adopted by the Central Bank of Argentina in the pandemic context Covid19). However, during all 2022 the entity must classify their debtor according to the general debtor classification.

At the end of the year 2021, we decided to record an additional adjustment, based on expert credit judgment and on a prospective basis after estimating an incremental effect on ECL allowances in order to cover an uncertain macroeconomic scenario due to the lack of an agreement between the national government and the IMF to restructure the debt for an amount of Ps. 12,047.1 million. When the agreement with the IMF was reached and approved by the Argentine Congress we began to reverse the additional ECL. As of December 31, 2022, the circumstances that generated the additional adjustment ceased to exist, therefore no other adjustment was recorded for this concept.

As of December 31, 2022, the ECL were calculated with adjusted parameters considering a reduction in the default rates of MIPYMES that is explained by the application of subsidized interest rates through financing programs to MIPYMES, which benefits the commercial portfolio enabling them to access to loans with negative interest rates, in a growing inflationary context. Our management considers that there is uncertainty about the conditions of the interest rate policy and the access to loans from the portfolio that was able to reduce its default rates. It is also understood that there are elements to doubt if these conditions will prevail in the future. In addition, our management has considered the macroeconomic environment of Argentina, including the actions performed by the Federal Government to manage its debt instruments and certain uncertainty mainly related to our long-term holdings of Federal Government instruments. Therefore, we decided to record an additional allowance for Ps. 5,720.6 million that represents (i) the difference between the ECL amount generated by the application of the adjustment for MIPYMES's portfolio and the estimation of the impact that it would have on the ECL for companies if there is a negative change in the interest rate policy for an amount of Ps. 4,714.7 million and (ii) the management estimation related to certain Federal Government securities for an amount of Ps. 1,005.8 million.

Employee benefits and administrative expenses

The components of our employee benefits and administrative expenses for the years ended December 31, 2021 and 2022 were as follows:

<u>EMPLOYEE BENEFITS AND ADMINISTRATIVE EXPENSES</u>	Year ended December 31,	
	2021 (1)	2022 (1)
	<i>(in thousands of Pesos)</i>	
Employee benefits	239,493,427	241,771,572
Remunerations	169,979,792	166,849,835
Social Security Contributions taxes	39,220,338	41,170,900
Compensation and bonuses to employees	23,703,343	25,271,715
Employee services	6,589,954	8,479,122
Administrative Expenses	121,877,712	121,933,757
Taxes	17,764,631	19,979,498
Maintenance, conservation, and repair expenses	20,123,079	19,420,752
Fees to directors and syndics	4,740,930	6,150,654
Security services	12,370,028	11,715,106
Electricity and communications	12,329,521	10,789,374
Other fees	10,331,148	11,766,928
Leases	707,770	540,357
Advertising and publicity	5,293,379	7,395,622
Representation, travel, and transportation expenses	1,463,854	2,127,956
Stationery and office supplies	764,777	846,370
Insurance	1,647,887	1,285,097
Hired administrative services	756,692	830,539
Other	33,584,016	29,085,504
Total Employee benefits and Administrative Expenses	361,371,139	363,705,329

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information".

2022 and 2021

Employee benefits and administrative expenses increased by 1%, or Ps. 2,334.2 million, in 2022.

Employee benefits increased 1% or Ps. 2,278.1 million, due to an increase in Social security contributions taxes by 5% or Ps. 1,950.6 million, compensation and bonuses by 7% or Ps. 1,568.4 million and employee services by 29% or Ps. 1,889.2 million, partially offset by a decrease in remunerations by 2% or Ps. 3,130million, showing the strict cost control policies adopted by the Bank.

Administrative expenses were almost unchanged from the previous year, increasing only Ps. 56 million. Within administrative expenses, fees in taxes increased by 12% or Ps. 2,214.9 million, fees to directors and syndic by 30% or Ps. 1,409.7 million, advertising and publicity fees increased 40% or Ps. 2,102.2 million and other fees increased 14% or Ps. 1,435.8 million. These increase in administrative expenses were partially compensated by a decrease in electricity and communications and in others, by 12% or Ps. 1,540.1 million and 13% or Ps. 4,498.5 million respectively.

Other operating expenses

The components of our other operating expenses for the years ended December 31, 2021, and 2022 were as follows:

<u>OTHER OPERATING EXPENSES</u>	<u>Year ended December 31,</u>	
	<u>2021 (1)</u>	<u>2022 (1)</u>
	<i>(in thousands of Pesos)</i>	
Turnover tax	109,594,057	128,711,123
Charges for other provisions	9,886,274	7,625,876
Deposit guarantee fund contributions	6,318,981	5,957,321
Donations	179,039	1,308,743
Insurance claims	543,355	1,357,839
Initial loan recognition	6,078,773	1,760,369
Punitive interests and other Central Bank's penalties	630	1,239
Other	75,124,295	87,017,128
Other Operating Expenses	207,725,404	233,739,638

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information".

2022 and 2021

Other operating expenses increased 13% or Ps. 26,014.2 million, mainly due to an increase in turnover tax by 17% or Ps. 19,117.1 million and an increase in other which increased 16% or Ps. 11,892.8 million and was offset by a decrease in initial loan recognition by 71% or Ps. 4,318.4 million. The increase in other is mainly related to an increase in life insurance of the remain of different kinds of loans by Ps. 4,593.3 million and higher cost from brands like MasterCard and Visa by Ps. 11,170.2 million.

Loss on net monetary position

2022 and 2021

Loss on net monetary position in fiscal year 2022 was 77% or Ps. 309,914.5 million higher than that recorded in 2021, moving from Ps. 402,701.8 million in 2021 to Ps. 712,616.3 million in 2022, as a consequence of the increase of inflation rate around 44 percentage points, moving from 50.94% for 2021 to 94.79% for 2022. Moreover, the monetary assets grew approximately Ps. 2,164 million and monetary liabilities decreased Ps. 1,784 million, generating a higher revaluation loss.

It is worth noting that monetary assets generate losses for inflation exposure and monetary liabilities generate gains. The net monetary position is the difference between losses and gains.

Income tax

2022 and 2021

Income tax increased 695% or Ps. 50,010.7 million in fiscal year 2022 and the effective income tax rate was 4.9% for 2021 and 31.1% for 2022.

As of December 31, 2022, and 2021, all the conditions established by the income tax Law to practice the inflation adjustment were met and the current and deferred income tax was recognized, including the effects of the application of the inflation adjustment on income taxes established by Law. For more information, please see note 29 "Income Tax" of our audited consolidated financial statements as of December 31, 2022 and 2021.

This table shows the reconciliation between income tax and the amounts obtained by applying the current tax rate in Argentina to the income carrying amount:

	<u>2021(1)</u>	<u>2022 (1)</u>
	<i>(in thousands of Pesos)</i>	
Income carrying amount before income tax	145,943,999	184,177,495
Applicable income tax rate	35%	35%
Income tax on income carrying amount	<u>51,080,400</u>	<u>64,462,123</u>
Net permanent differences and other tax effects including the fiscal inflation adjustment	<u>(43,885,921)</u>	<u>(7,256,954)</u>
Total income tax	<u>7,194,479</u>	<u>57,205,169</u>

(1) Figures adjusted for inflation as of December 31, 2023. See “Presentation of certain financial and other information”. In fiscal year 2022 the effective tax rate was affected by the implications of inflation adjustments on accounting and tax balances and the determination of income tax due and deferred income tax. For more information, please see Note 29 “Income Tax” to our audited consolidated financial statements as of December 31, 2022 and 2021.

B. Liquidity and Capital Resources

Our main source of liquidity consists of deposits, which totaled Ps. 3,370,240.6 million as of December 31, 2023, Ps. 4,033,959.3 million as of December 31, 2022, and Ps. 3,571,973.4 million as of December 31, 2021. These deposits include deposits generated by our branch network, from institutional, very large corporate clients and from provincial governments for whom we act as financial agent. We consider the deposits generated by our branch network and the provincial deposits to be stable.

Approximately 6% of our total deposits as of December 31, 2023, were derived from the non-financial public sector, in particular as a consequence of our role as financial agent of four provinces. This is an important source of low-cost funding.

Total deposits, which decrease in real values 16.5% in 2023 compared to 2022, represented 72% of our total liabilities as of December 31, 2023. Deposits were used primarily to finance the growth in credit made available to the private sector and the balance was invested in liquid assets. This approach has enabled us to maintain a high liquidity to deposits ratio while we await a return to stronger demand for private sector loans.

As of December 31, 2023, we had liquid assets up to Ps. 3,964,164 million, primarily comprised of cash and due from banks (Ps. 1,203,105 million) and other public securities (Ps. 2,077,027 million). During 2023, the liquidity ratio reached a level of 118% as of December 31, 2023. Our liquidity ratio exceeds the aggregate liquidity ratio of the Argentine financial system as a whole, which it reached 89% at the end of 2023.

With respect to the marketable debt securities issued, during the last three years we cancelled the Class B Notes due May 8, 2022 with an outstanding nominal amount of Ps. 2,889.2 million (amount not restated) and the Class C Notes due April 9, 2021 with an outstanding nominal amount of Ps. 2,413 million (amount not restated). On the other hand, Class E and F Notes were issued.

Banco Macro S.A.

- Class A Subordinated Notes issued on November 4, 2016 for a face amount of U.S.\$ 400,000,000 at a fixed rate of 6.643% nominal annual rate, with full repayment at maturity on November 4, 2026. Interest is payable semiannually in arrears.
- Class E Unsecured Notes issued on May 2, 2022 for a face amount of U.S.\$ 17,000,000 at a fixed rate of 1.45% nominal annual rate, with full repayment at maturity on May 2, 2024. Interest is payable quarterly in arrears.
- Class F Unsecured Notes issued on October 31, 2023 for a face amount of U.S.\$ 53,000,000 at a fixed rate of 5.00% nominal annual rate, with full repayment at maturity on October 31, 2024. Interest is payable semiannually in arrears.

Banco BMA S.A.U.

- Non-subordinated corporate bonds Series XXXII issued on March 14, 2022 for a face amount of Ps. 1,000,000,000 at a fixed rate of 2.78% plus UVA adjustment, fully amortizable upon maturity August 18, 2025. Interest is paid quarterly, in arrears.

Additionally, we currently have access to uncommitted lines of credit with foreign banks and to letters of credit. We manage the excess liquidity by analyzing interest rates from a limited number of liquid and short-term assets including Central Bank bills, deposits with the Central Bank and overnight loans to highly rated companies. The amount allocated to overnight loans is determined by the amount of deposits received from institutional investors, and as such, there is a high degree of volatility in our overnight allocations.

We believe that we have adequate working capital to meet our current and reasonably foreseeable needs. As of December 31, 2023, we had excess regulatory capital of Ps. 1,349,335 million. Our excess capital is aimed at supporting growth, and consequently, a higher leverage of our balance sheet.

The following table represents our contractual obligations and commercial commitments, excluding undrawn commitments of credit cards and checking accounts, as of December 31, 2023:

	Total	Maturing (In thousands of Pesos)			
		Less than 1 year	1-3 years	3-5 years	After 5 years
Contractual Obligations					
Financing received from the Central Bank of Argentina and other financial entities	19,799,011	13,259,075	6,446,702	93,234	—
Issued Corporate Bonds	58,864,013	53,397,914	5,466,099	—	—
Subordinates Corporate Bonds	328,227,793	5,723,805	322,503,988	—	—
Other Financial Liabilities	365,103,153	362,944,057	1,276,504	882,592	—
Operating Leases	9,388,790	3,533,047	3,423,616	1,528,081	904,046
Total Contractual Obligations	781,382,760	438,857,898	339,116,909	2,503,907	904,046
Commercial Commitments					
Lines of Credit	5,103,283	5,103,283	—	—	—
Guarantees	185,041,419	121,175,865	61,923,774	1,719,967	221,813
Standby Letters of Credit	71,589,683	71,158,983	294,158	136,542	—
Total Commercial Commitments	261,734,385	197,438,131	62,217,932	1,856,509	221,813

For additional information, please see the tables with the maturity of the contractual future cash flows of the financial liabilities, including interest and charges to be accrued until maturity of the contracts, in note 52.2 to our audited consolidated financial statements as of December 31, 2023, and 2022.

For further information regarding liquidity and capital resources please see note 48 “Corporate Bonds Issuance”. Regarding management and administration guidelines in relation to liquidity risk please see note 52 “Capital Management, Corporate Governance Transparency and Risk Management”. Regarding our restricted assets and trust agreements please see notes 44 “Restricted assets” and 45 “Trust activities” to our audited consolidated financial statements as of December 31, 2023, and 2022.

Minimum capital requirements

Our excess capital (representing the amount in excess of minimum reserve requirements of the Central Bank) is as set forth in nominal value in the following table:

	As of December 31,		
	2021 (1)	2022 (1)	2023 (1)
<i>(in thousands of Pesos, except ratios and percentages)</i>			
Calculation of excess capital:			
Allocated to assets at risk	36,726,108	60,581,111	250,774,061
Market risk	3,585,146	11,708,822	38,334,772
Operational risk	17,437,654	32,771,047	114,387,855
Required minimum capital under Central Bank Rules	57,748,908	105,060,980	403,496,688
Ordinary capital Level 1 (Con1)	233,700,159	500,503,912	1,745,360,317
Deductible concepts COn1	(14,585,034)	(27,620,076)	(121,538,185)
Additional capital level 1 (CA n1)	—	—	14,565
Capital Level 2 (COn2)	36,400,671	42,446,596	128,995,282
Total regulatory capital under Central Bank Rules	255,515,796	515,330,432	1,752,831,979
Excess capital	197,766,888	410,269,452	1,349,335,291

(1) These amounts are not adjusted for inflation.

As of December 31, 2023, we had no material commitments for capital expenditures. We believe that our capital resources are sufficient for our present capital requirements on an individual and a consolidated basis.

Funding

Our principal source of funding is mainly deposits from individuals and corporate clients located in Argentina. Deposits include checking accounts, savings accounts and time deposits. The following table sets forth our sources of funding as of December 31, 2021, 2022 and 2023.

	2021 (1)	As of December 31, 2022(1) <i>(in thousands of Pesos)</i>	2023
Deposits			
From the non-financial government sector	342,138,226	342,399,722	187,100,670
From the financial sector	5,830,593	5,148,961	20,185,431
From the non-financial private sector and foreign residents			
Checking accounts	611,869,261	495,523,560	509,621,461
Savings accounts	1,123,703,812	1,307,102,600	1,430,030,343
Time deposits	1,393,083,473	1,771,977,942	1,048,237,134
Investment accounts (2)	41,221,092	63,790,115	125,215,026
Other (3)	54,126,983	48,016,366	49,850,545
Financing received from the Central Bank of Argentina and other financial entities			
Central Bank	130,766	144,673	86,198
Banks and international institutions	1,678,355	7,466,423	15,373,605
Financing received from Argentine financial entities	846,124	16,340	4,339,208
Other Financial Liabilities	408,810,941	420,684,684	374,491,943
Issued Corporate Bonds	18,142,278	8,456,451	58,864,013
Subordinated Corporate Bonds	254,615,666	224,617,825	328,227,793
Shareholders' equity	1,453,642,745	1,595,119,874	2,044,025,050
Total funding	5,709,840,315	6,290,465,536	6,195,648,420

(1) Figures adjusted for inflation as of December 31, 2023. See "Presentation of certain financial and other information."

(2) Time deposit payable at the option of the depositor.

(3) Includes, among others, expired time deposits and judicial deposits.

Critical accounting policies

Our audited consolidated financial statements are prepared in accordance with IFRS as issued by the IASB. The preparation of our consolidated financial statements require management to make, in certain cases, estimates and assumptions to determine the book value of assets and liabilities, income, expenses and contingencies. Our financial position and results of operations are based on the best estimate regarding the probability of occurrence of different future events and, thereof, the final amount may differ from such estimates, which may have a positive or negative impact on future years.

Critical accounting policies are those accounting policies that require management to make estimates based on assumptions about matters that are highly uncertain at the time the estimate is made and such estimates reasonably could have a material effect on the financial condition. Several factors are considered in determining whether or not a policy is critical in the preparation of our financial statements. These factors include, among others, whether the estimates are material to our financial statements, the nature of the estimates, the ability to readily validate the estimates with other information including information from third parties or available prices, and sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized. Note 3 to our audited consolidated financial statements contain a summary of our significant accounting policies. See also section "Accounting judgement, estimates and assumptions" of Note 3 for a discussion of our critical accounting estimates.

Income tax

In estimating accrued taxes, we assess the relative merits and risks of the appropriate tax treatment considering statutory, judicial and regulatory guidance in the context of the tax position.

On June 16, 2021, through Decree 387/2021, was issued the Law 27630 which established, for fiscal years beginning on January 1, 2021, included, a progressive tax rates scheme of 25%, 30% and 35% which will be applied, on a progressively basis, to the taxable accumulated net profit at the end of each the fiscal year. Significant matters related to the tax reform are discussed in Notes 3.14) and 29 to our audited consolidated financial statements as of December 31, 2023 and 2022.

Because of the complexity of tax laws and regulations, interpretation can be difficult and subject to legal judgment. It is possible that others, given the same information, may reach different reasonable conclusions regarding the estimated amounts of accrued taxes.

Changes in the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of the status of examinations being conducted by various taxing authorities, and newly enacted statutory and regulatory guidance that impact the relative merits and risks of tax positions. These changes, when they affect accrued taxes, can be material to our operating results.

There were no unrecognized tax benefits as of December 31, 2023, and 2022.

Fair Value of financial instruments

As described in note 3 section “Statement of financial position—Disclosure” to our audited consolidated financial statements, a portion of our financial assets and liabilities are measured at fair value.

The fair value is the amount at which an asset can be exchanged, or at which a liability can be settled, in mutual independent terms and conditions between participants of the principal market (or most advantageous market) duly informed and willing to transact in an orderly and current transaction. The valuation of financial instruments often involves a significant degree of judgement and complexity, in particular where valuation models make use of unobservable inputs.

To measure fair value, IFRS has established a three-level hierarchy to prioritize the valuation input among (1) quoted prices (unadjusted) for identical assets or liabilities in an active market that we have the ability to access, (2) other than quoted prices that are observable for the asset or liability, either directly or indirectly and (3) prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

When observable quoted prices are not available, fair value is based upon internally developed valuation techniques that use quoted prices for similar assets or liabilities in active markets. For instruments classified in Levels 1 and 2, where inputs are principally based on observable market data, there is less judgment applied in arriving at the fair value measurement.

For assets and liabilities that do not have similar or identical instruments traded in the market we used an internally developed model to measure significant instruments. Those instruments would be classified as Level 3 of the fair value hierarchy, which requires significant management judgment or estimation. In arriving at an estimate valuation policies and procedures for Level 3 instruments are under the direction of the accounting and financial management.

At level 3, we mainly hold Equity instruments at fair value through profit or loss, provisional debt securities of financial trusts and corporate bonds (see Note 13 to our audited consolidated financial statements).

Management is in charge of developing, reviewing, approving and monitoring the key model inputs, critical valuation assumptions and proposed discount rates utilized for the valuation of Level 3 instruments. In addition, the management is also in charge of monitoring the changes in fair values of Level 3 instruments from period to period.

Our management believes its valuation approach and techniques are appropriate and consistent with other market participants, however, the use of different methodologies, or assumptions, to determine the fair value could result in a different estimate or fair value at different reporting dates. For further details, see also Note 13 to our audited consolidated financial statements.

Impairment of financial assets

The expected credit losses (ECL) allowance is a forward-looking approach which is based on the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months expected credit loss. We are required to record an allowance for ECL for all loans and other financing, other debt financial assets not held at Fair Value through Profit or Loss (FVPL) and other financial assets, together with loan commitments and financial guarantee contracts. Inherent in any ECL model is the estimate of the probability that a financial asset will default (probability of default, or PD), the estimate of the loss we expect to experience upon a default, expressed as a percentage of financial asset amount (loss given default, or LGD) and the drawn exposure at the time of default (EAD). We use an expert credit judgment (ECJ) overlay to reflect factors not captured in the results produced by the ECL models, such as market or economic disruptive events.

Considering that the measurement of ECL is based not only on relevant information about past events, including historical experience, and current conditions, but also on reasonable and supportable forecasts that affect the collectability of the reported amount, our management developed assumptions and estimations for its calculation. For further detail regarding our impairment method and its quantitative impact, see also Note 3.2.4. and Note 52.1 to our audited consolidated financial statements as of December 31, 2023 and 2022.

Business combinations

Business combinations are accounted for using the acquisition method when we take effective control of the acquired company. We recognize in our

financial statements the acquired identifiable assets, the assumed liabilities, any non-controlling interest and goodwill according to IFRS 3, if any. The acquisition cost is measured as the aggregate of the transferred consideration, measured at fair value on that date, and the amount of any non-controlling interest in the acquiree. Goodwill is measured at cost, as excess of the transferred consideration regarding our acquired identifiable assets and net assumed liabilities. If the fair value

of the net assets acquired is higher than the consideration paid, we reassess whether we have properly identified all the assets acquired and all the liabilities assumed and review the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired in comparison to the consideration paid, then the gain is recognized in the consolidated statement of income. As described in Note 14.2, of the consolidated financial statements as of December 31, 2023 and 2022, we completed the acquisition of Banco BMA SAU (formerly known as Banco Itaú Argentina SA), BMA Asset Management SA (formerly known Itaú Asset Management SA) and BMA Valores SA (formerly known as Itaú Valores SA) during the year ended December 31, 2023 for a total aggregated purchase consideration of US\$ 50,000 thousand plus an additional amount resulting from the adjustment of the result obtained by acquired entities between April 1, 2023 and the closing date established in the purchase contract.

The business combination was accounted for using the “acquisition method” set forth in IFRS 3. As a result of the application of such method, we consider that the consideration transferred is lower than the fair value of the assets acquired, and liabilities assumed at the acquisition date. We reassessed whether it has properly identified all the assets acquired and all the liabilities assumed and reviewed the procedures used to measure the amounts to be recognized at the acquisition date. After the reassessment there was still an excess of the fair value of the net assets acquired in comparison to the consideration paid. Therefore, we recognized a gain from bargain purchase amounting to Ps. 156,768 million in the consolidated statement of income for the year ended December 31, 2023.

C. Research and Development

Patents and Licenses, Etc.

We incur research and development expenses in connection with information technology projects. The amount spent during each of the last three years was not material. We plan infrastructure development (processing, telecommunications, Internet, information security) based upon present and projected future demand of such services. See Item 4. “Information on the Bank—Business Overview—Technology”.

D. Trend Information

We believe that the macroeconomic environment and the following trends in the Argentine financial system and in our business have affected and will, for the foreseeable future, continue to affect our results of operations and profitability. Our continued success and ability to provide value to our shareholders will depend, among other factors, upon the economic growth of the Argentine economy and the related growth of the private sector lending. For information regarding the macroeconomic environment see Item 5.A. “Operating Results”.

Principal Trends Related to Argentina

2024 began¹ with a sincere adjustment of numerous economic variables likely to generate high inflation and some damage to the level of activity. In addition to the devaluation on December 13, 2023, it is expected that there will be adjustments in transportation, electricity, gas, prepaid medicine and other regulated prices that had been lagging behind those of non-regulated goods and services. Initial data at the beginning of 2024 already indicated a contraction in demand across many sectors. Market expectations surveyed by the Central Bank indicate that inflation in 2024 would be similar to that of 2023, around 210%, which implies high monthly inflation rates at the beginning of 2024 and a gradual decrease in the following months.

According to the Central Bank’s survey, it is expected that during 2024 the activity level will contract by 3.5%. This decline would occur despite the recovery of the agricultural activity which, at least in terms of gross harvest, is expected to be very robust. In addition, this scenario suggests that goods producers could have a better year than the service sectors, such that the downturn will have a bigger impact on the large urban centers.

In addition, the government has reached an agreement with the International Monetary Fund to recover the previously agreed program with new targets adjusted to the current economic conditions and the economic policy of the new administration. The economic agents’ and the general population’s expectations will generally be focused on the performance of the stabilization plan. Its success will be reflected in the recovery of international reserves and the fulfillment of the fiscal plan, which by the end of 2024 is expected to result in a primary surplus of two points of GDP. The proposal announced by the government is to improve the fiscal situation by 5 points of GDP with tax increases (profits, imports, exports by two points) and a reduction in expenditures by three points. In order to achieve this, it will be essential for the government to obtain parliamentary approval of its initiatives, particularly the tax measures contained in the bill sent to Congress at the end of 2023 and any additional measures it must promote in order to achieve that goal.

Moreover, government announcements include a list of public companies that may be privatized, a series of deregulation and bureaucratization measures and other structural reforms aimed at reducing production costs, especially tax and labor costs for companies, thereby improving formal employment and workers’ purchasing power, and lowering transaction costs for consumers. Not all stakeholders support these initiatives, so that the management of consensus to approve and implement them implies that the economic and political situation during the first months of 2024 have been very dynamic and challenging for the government.

Principal Trends Related to Argentine Financial System

When evaluating the potential vulnerabilities of the financial system along with its strengths, during 2023 there were no significant changes with respect to 2022, with an increase in coverage levels being a notable development. It is expected that, should an adverse scenario materialize, it is anticipated that a systemic response will be sustained, characterized by a high degree of resilience.

At the same time, the level of irregularity in the loan portfolio and other financing to the private sector reached 3.7%, a 0.5% increase compared to the previous year. The potential materialization of certain risk factors mentioned in this annual report could impact the payment capacity of debtors, generating a certain degree of stress on the aggregate balance sheet of the financial system. However, in general terms, financial institutions maintain comfortable and growing levels of provisions and capital to face possible stress situations.

The performance of financial intermediation activity continues to be a potential source of vulnerability for financial institutions. In this context, during 2023, the Central Bank's credit policy focused on supporting the neediest sectors, by promoting financing on affordable terms for SMEs through the SME Productive Investment Financing Line ("LFIP"). Looking ahead to 2024, there is room for intermediation activity with the private sector to regain momentum, based on higher levels of savings in local currency, especially due to the dynamism of traditional time deposits and the elimination of certain regulations (minimum rate for time deposits) by the Central Bank.

A possible scenario of greater volatility in the financial markets or an economic performance below expectations could generate changes in the level or composition of deposits and present challenges for the financial system. To mitigate these possible effects, the group of entities maintains ample liquidity coverage.

At the end of 2023, the aggregate financial system continued to show high and growing liquidity levels. The sector's broad liquid assets accounted for 88.6% of deposits in December, 4.5% higher than the previous month's figure and 14.2% higher in the year-on-year comparison.

The Argentine financial system continues to show a significant degree of soundness, backed by high levels of solvency, liquidity and coverage margins, which would allow it to act resiliently in the event of a possible stress situation that may arise from the materialization of the identified risk factors.

During 2023, the sector's aggregate solvency indicators continued to be high and on an uptrend. The financial entities collectively integrated capital for the equivalent of 32.4% of risk-weighted assets at the end of 2023, a 2.6% increase from 2022. As of December 31, 2023, the capital position of the financial system totaled 302.7% of the requirement (28.9% above the previous year).

The financial system closed 2023 with total comprehensive income in homogeneous currency equivalent to 5.4% of assets (ROA) and 27.6% of equity (ROE), surpassing the preceding three years. For 2024, the central objective of the monetary program is the elimination of the fiscal deficit and avoidance of monetary issuance for its financing. Other key objectives are the elimination of regulations and restrictions and the correction of relative prices, especially the exchange rate. The aim is to restore the level of international reserves through the normalization of foreign trade flows.

In December 2023, the Central Bank decided that the monetary policy rate would be the passive rate for the Central Bank and set it at a level of 100% (later reduced to 60% in April 2024) while simultaneously ceasing LELIQ biddings, making passive operations the main instrument for absorbing monetary surpluses, all this with the purpose of providing financial entities with incentives to act as financial intermediaries that take deposits to provide credit.

For more information on risks, see "Risk Factors—Risks relating to the Argentine financial system".

Principal Trends Related to Our Business

For 2024, we estimate that loans will grow below inflation levels, while deposits will grow at the pace of inflation and margins are expected to remain stable or even marginally increase as a result of the Central Bank's rate reductions and the elimination of the minimum rate for time deposits. In addition, efficiency defined as expenses over net financial income and commissions is expected to remain stable.

From a portfolio quality perspective, the current political and economic climate, in which an acceleration of monthly inflation is observed, suggests that the devaluation of the currency would have an unfavorable impact on people's ability to pay, cause a loss of purchasing power and possibly a decrease in economic activity for SMEs, as well as for those economic activities related to agriculture. As a result, a deterioration in the credit quality of the portfolio and an increase in irregularity is expected. In this context, an increase in the uncollectible charge is expected, which will be offset by the adjustment to the expected loss model already foreseen and contemplated by management as of December 31, 2023.

The Argentine Financial System

The Argentine financial system has maintained a consistent positive trend in the last years with our performance improving accordingly, as evidenced by the following indicators:

	2021 (1)	As of December 31, 2022(1)	2023
	<i>(In millions of Pesos)</i>		
Financial System (Central Bank Rules)			
Total loans	5,351,932	8,952,259	22,688,612
Total deposits	12,345,095	23,261,846	62,785,946
Banco Macro (Central Bank Rules)			
Total loans	360,112	606,546	1,868,548
Total deposits	588,851	1,295,395	3,370,241

Source: Central Bank for Financial System.

- (1) Figures detailed in the table above have not been adjusted for inflation nor restated for the changes in the general purchasing power of the Peso as established by IAS 29.

Total loans in the financial system increased in nominal values by 153% in 2023, and amounted to Ps. 22,688,612 million as of December 31, 2023, driven by private sector loans. Our portfolio shows the same trend in nominal value that the financial system as a whole, but at a higher growth rate increasing 208% year-over-year in nominal values.

Total deposits in the financial system increased in nominal values by 170% in 2023, driven by a significant increase in private sector deposits and a lesser increase of public sector deposits. Private sector deposits increased by 171% in 2023, amounting to Ps. 51,584,180 million as of December 31, 2023 and public sector deposits increased by 156% in 2023, amounting to Ps. 9,435,700 million. Our portfolio shows the same trend that the financial system as a whole achieving a 160% grow year-over-year in nominal values.

Private sector loans

In 2023, loans to the private sector grew 153% in nominal values for the financial system as a whole. This trend was also reflected in the evolution of our portfolio. Our private sector loan portfolio increased also 207% in nominal value compared to the balance as of December 31, 2022, as shown in the following table:

	2021 (1)	As of December 31, 2022 (1) <i>(In millions of Pesos)</i>	2023
Financial System (Central Bank Rules)			
Private sector loans	5,137,190	8,643,518	21,888,711
Banco Macro (Central Bank Rules)			
Private sector loans	356,466	603,906	1,855,370

Source: Central Bank for Financial System.

- (1) Figures detailed in the table above have not been adjusted for inflation nor restated for the changes in the general purchasing power of the Peso as established by IAS 29.

Asset Quality

Throughout 2023, the non-performing ratio of credit to the private sector decreased month by month, but jumped in December. The increase in the month was explained by the segment of financing to companies, mainly due to the effect of the revaluation of previously existing debt in foreign currency in an irregular situation. The irregularity ratio of credit to the private sector closed 2023 at 3.7%, up 0.5 percentage points year ago. The non-performing ratio of loans to companies reached 4.4% in December, while the irregularity ratio of financing to households stood at 2.8% of the portfolio.

The financial system as a whole ended the year with a non-performing ratio of 3.5%, remaining low with respect to the values observed in other economies of the region and emerging economies. Regarding the coverage ratio, the provisioning levels of the financial system continue to be high closing the year with a coverage level of 140%.

In our case, we observed a level of non-performing similar to the previous year, lower than that of the financial system, and an increase in the coverage ratio reaching a level of 201%, continuing to be above the level of the system as a whole.

The table below reflects our asset quality and that of the financial system as of December 31, 2021, 2022 and 2023:

	As of December 31,		
	2021	2022	2023
Financial System (Central Bank Rules)			
Non-performing lending ratio (1)	4.3%	3.1%	3.5%
Coverage ratio (2)	110%	128%	140%
Banco Macro (Central Bank Rules)			
Non-performing lending ratio (1)	1.3%	1.3%	1.3%
Coverage ratio (2)	202%	142%	201%

Source: Central Bank for Financial System.

- (1) Non-performing lending includes all lending to borrowers classified as “3—troubled/medium risk,” “4—with high risk of insolvency/high risk,” “5—irrecoverable” and “6—irrecoverable according to Central Bank Rules” under the Central Bank loan classification system.
- (2) Allowances for un-collectability risk as a percentage of non-performing credit portfolio.

Profitability

In 2023 the profitability of the financial system increased approximately by 600% in nominal values, achieving a total of Ps. 4,401,771 million as of December 31, 2023 representing a 5.4% return on average assets and 27.6% on average equity. The year-over-year increase in profitability was due to foreign currency revaluation and adjustments for CER and CVS clauses. These effects were partially offset by an increase in interest expense paid and inflation exposure losses.

The table below reflects our profitability and that of the financial system as of December 31, 2021, 2022 and 2023:

	<u>2021 (1)</u>	<u>As of December 31,</u>	
		<u>2022 (1)</u>	<u>2023</u>
Financial System (Central Bank Rules)			
Total income (in millions of Pesos)	211,277	631,214	4,401,771
Return on average equity	7.2%	10.9%	27.6%
Return on average assets	1.1%	1.9%	5.4%
Banco Macro (Central Bank Rules)			
Total income (in millions of Pesos)	27,123	43,046	587,655
Return on average equity	12.3%	9.7%	33.2%
Return on average assets	2.8%	2.3%	8.7%

Source: Central Bank for Financial System.

- (1) Figures detailed in the table above have not been adjusted for inflation nor restated for the changes in the general purchasing power of the Peso as established by IAS 29.

Commercial and balance sheet strategies

We have the most extensive branch network among private-sector banks in Argentina, with 89% of our branches located outside of the City of Buenos Aires. Our extended presence in Argentine regional economies and sectors that have benefited from Argentina’s economic recovery grant us a key advantage with respect to other banks in terms of competing in the credit expansion service in Argentina. In addition, our strong network of branches and our role as the financial agent of various provinces provide us with a source of growth and low cost in our deposit base.

We will continue our diversification strategy regarding the credit portfolio, thus enabling to obtain satisfactory efficiency, growth, security and profitability in commercial management. We will continue to focus our assistance to SMEs, emphasizing the election of dynamic economic sectors and growth potential in industrial, commercial and service areas for the purpose of contributing to companies’ expansion and ensuring an acceptable return of the funds assigned. At the same time, we will also offer these enterprises a complete range of corporate financial services, including exports and imports financing, letters of credit confirmation and opening, and granting guarantees to third parties on behalf of its customers.

We maintain a strong position with respect to excess capital, the liquidity ratio and the level of our provisions for loan losses. To prevent a run on deposits, one of our main priorities is to give depositors confidence that we would be able to absorb losses and fulfill our obligations to them.

Our practice of maintaining high liquidity levels throughout the business cycles has allowed us to withstand the economic crisis by serving two key purposes. First, we have funds available in the face of adverse systemic events. Second, we give our depositors confidence that they would be able to have access to their deposits at any time, even during the depth of a crisis. We also minimize excess cash deposited in the Central Bank, without harming our overall liquidity position. In this way, we maximize the return on our liquidity stock by keeping funds in more profitable assets, such as instruments issued by the Central Bank.

E. Critical Accounting Estimates

Not Applicable

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

We are managed by our Board of Directors, which as of the date of this annual report is comprised of 13 members and 3 alternate members. On April 16, 2012, our shareholders approved a proposal of the Board of Directors and amended our bylaws increasing the maximum size of our Board from 12 to 13 members. Currently, the shareholders may present at any annual ordinary meeting that may determine the size of the Board of Directors, provided that there shall be no less than three and no more than thirteen members of the Board of Directors. Any director so appointed will serve for three fiscal years. If the shareholders elect more than nine board members, each director will be reelected as a staggered board, to be renewed by thirds, provided that in all cases no less than three directors shall be renewed each time. The annual ordinary shareholders' meeting may also appoint an equal or lesser number of alternate directors, to hold office for the same term than regular directors, to fill any vacancy in the board occurring for any reason whatsoever, and shall further determine the order of substitution. Alternate directors shall hold office until the regular directors in whose place they have acted as substitutes shall resume office, and in case any such absence is permanent, until the next ordinary meeting of shareholders where at directors shall be appointed. Both regular and alternate directors may be re-elected indefinitely.

DUTIES AND LIABILITIES OF DIRECTORS

Under Argentine Corporate Law, directors have the obligation to perform their duties with the loyalty and the diligence of a prudent businessperson. Directors are jointly and severally liable to a corporation, the shareholders and third parties for the improper performance of their duties, for violating the law, the bylaws and/or regulations, if any, and for any damage caused by fraud, abuse of authority or gross negligence. The following are considered integral to a director's duty of loyalty: (i) the prohibition on using corporate assets and confidential information for private purposes; (ii) the prohibition on taking advantage, or to allow another to take advantage, by action or omission, of the business opportunities of the Bank; (iii) the obligation to exercise board powers only for the purposes for which the law, the corporation's bylaws or the shareholders' or the Board of Directors' resolutions have intended; and (iv) the obligation to take strict care so that acts of the board do not go, directly or indirectly, against the Bank's interests. A director must inform the Board of Directors and the supervisory committee of any conflicting interest he may have in a proposed transaction and must abstain from voting thereon.

Under Argentine law, the Board of Directors is in charge of our management and administration and, therefore, makes any and all decisions in connection therewith, as well as those decisions expressly provided for in the Argentine Corporate Law, the Bank's bylaws and other applicable regulations. Furthermore, the board is generally responsible for the execution of the resolutions passed by shareholders' meetings and for the performance of any particular task expressly delegated by the shareholders.

BOARD OF DIRECTORS

The following table sets forth certain relevant information of the members of our board as of the date of this annual report:

Name	Position	Age	Year First Appointed as Director	Year of Expiration of Term
Jorge Pablo Brito	Chairman	44	2002	2024
Carlos Alberto Giovanelli	Vice Chairman	66	2016	2024
Nelson Damián Pozzoli	Director	57	2016	2024
Fabián Alejandro de Paul (1)	Director	60	2019	2024
Constanza Brito	Director	42	2007	2026
Mario Luis Vicens (1)	Director	72	2016	2026
Sebastian Palla (1)	Director	49	2021	2026
José Alfredo Sanchez	Director	67	2016	2026
Juan Facundo Etchenique (1) (2) (3)	Director	50	2024	2026
Delfín Federico Ezequiel Carballo	Director	39	2015	2025
Marcos Brito	Director	41	2007	2025
Hugo Raúl Cayetano Lazzarini (1)(2)	Director	75	2023	2025
Nicolás Valenzuela (1) (2)	Director	25	2024	2024
Santiago Horacio Seeber	Alternate Director	46	2012	2024
Juan Ignacio Catalano	Alternate Director	40	2024	2024
Guido Agustín Gallino (1)(2)	Alternate Director	36	2023	2024

(1) Independent Director.

(2) Proposed by ANSES-FGS.

(3) On April 24th, 2024, Mr. Etchenique informed us, his resignation due to strictly personal reasons. Such resignation shall be discussed at the next meeting of the Board.

The following family relationships currently exist within our Board of Directors:

- (i) Constanza Brito, Jorge Pablo Brito and Marcos Brito are siblings; and

- (ii) Delfin Federico Ezequiel Carballo and Jorge Pablo Brito, Marcos Brito and Constanza Brito are cousins.

SENIOR MANAGEMENT

Our senior management oversees our day-to-day operations to ensure that our overall strategic objectives are being implemented. The actual composition is a deputy general manager that reports to the Board of Directors and Senior managers that report to the general manager. In addition, we have, among others the following committees comprised of different directors and senior management:

- internal audit committee,
- technology and information security governance committee,
- senior credit committee,
- assets and liabilities committee,
- asset laundering and terrorist financing prevention committee,
- senior recovery committee,
- risk management committee,
- ethics and compliance committee,
- corporate governance and appointments committee,
- personnel incentives committee, and
- financial services users protection committee

The following table sets forth certain relevant information on our executive officers and our senior management, of the date of this annual report:

Name	Position	Age
Gustavo Alejandro Manriquez	Chief Executive Officer and General Manager	54
Jorge Francisco Scarincz	Chief Financial Officer and Finance Manager	53
Gerardo Adrián Álvarez	Human Resources and Administration Manager	54
Marcelo Agustín Devoto	Investment Banking Manager	47
Alberto Figueroa	Comprehensive Risk Manager	63
Ana María Magdalena Marcet	Credit risk Manager	63
Brian Anthony	Commercial Banking Manager	50
Juan Domingo Mazzon	Government Banking and Management Control Manager	49
Ernesto Eduardo Medina	Technology Manager	57
Francisco Muro	Distribution and sales Manager	51
Adrián Mariano Scosceria	Corporate Banking Manager	58
Ernesto López	Legal Manager	51

Set forth below are brief biographical descriptions of members of our directors and our senior management:

Jorge Pablo Brito was born on June 29, 1979. Mr. Brito is the Chairman of our Board of Directors since March 15, 2023. Previously he was the Vice Chairman of our Board since November 30, 2020, Director since April 30, 2020 until November 30, 2020 and the vice chairman of our board since April 27, 2018 until April 30, 2020. He has been a member of our Board of Directors since 2002 and our Chief Financial Officer since April 16, 2012 until November 8, 2017. He also serves as chairman of the Board of Directors of Banco BMA S.A.U., BMA Valores S.A., Inversora Juramento S.A., and Fiduciaria JHB S.A. and as incumbent director of Genneia S.A.

Carlos Alberto Giovanelli was born on April 6, 1957. He is a Vice Chairman of our Board of Directors since March 15, 2023 and he has been a member of our Board since April 26, 2016. In the financial sector, he worked as Deputy Credit Manager (1980-1983), Branch Deputy Manager (1983-1986), Credit Officer (1986-1989) and Deputy Commercial Manager (1991-1997) of La Sucursal de Citibank N.A., established in Argentina. He was Vice President of Investment Banking in Citibank, N.A. (1989-1991) and Vice President of Planning in La Sucursal de Citibank N.A., established in Argentina (1997-2002). He also held the position of Deputy Chairman of Asociación de Bancos (2001-2002) and incumbent director of Banco Patagonia S.A. (2007-2016). Mr. Giovanelli also serves as chairman of Havanna S.A., and Inverlat Investments S.A. He is also Vice-Chairman of Banco BMA S.A.U., BMA Valores S.A., Impresora Contable S.A, Havanna Holding S.A., and Aspro Servicios Petroleros S.A. and as incumbent director of Desarrollo Epsilon S.A.

Nelson Damián Pozzoli was born on May 6, 1966. He has been a member of our Board of Directors since April 26, 2016. Mr. Pozzoli holds a degree in public accounting from Universidad Católica Argentina. In the financial sector, he was Director of La Sucursal de Citibank N.A., established in the República Argentina (1989-1992), Head of Capital Markets (1992-1994) and Corporate Banking Manager (1996-1997) of ABN AMRO Bank Argentina, Head of Equity (LATAM origination) of ABN AMRO Netherlands (1994- 1995) and Corporate Banking Manager of ABN AMRO Bank USA (1995-1996). He also held the position of Director of Banco Liniers Sudamericano (1997-1998), Investment Banking Manager of the Bankers Trust (1997-1999) and worked for the Chase Manhattan Bank and the First National Bank of Chicago from 1998 to 1999. He was also General Manager of Deutsche Bank Argentina (1999-2003). He also serves as chairman of Aspro Servicios Petroleros S.A. He is also Vice-Chairman of Inverlat Investments S.A. and Desarrollo Epsilon S.A and he is incumbent director of Macro Bank Limited, Impresora Contable S.A., and Cablevisión Holding S.A. Furthermore, he serves as alternate Director of Havanna S.A. and Havanna Holding S.A.

Fabián Alejandro de Paul was born on September 6, 1963. He was appointed as director on April 30, 2019. He has been an alternate member of our Board of Directors since April 28, 2017. Mr. de Paul holds a degree in accounting from Universidad de Buenos Aires. Mr. de Paul worked in the Corporate Finance area of Citibank, N.A. (1989-1994), was Director of Investment Banking at Merrill Lynch & Co. (1994-1997), was Manager of CEI Citicorp Holdings S.A. (1997-2000), he served as Regional Financial Director of Louis Dreyfus Commodities (2001-2009) and served as Regional Executive Director of Louis Dreyfus Commodities (2007-2009).

Constanza Brito was born on October 2, 1981. Ms. Brito has been a member of our Board of Directors since April 27, 2018. Previously, she served as Director from 2007 through 2015 and as alternate director since April 2016. She joined us in May 2005. Ms. Brito holds a degree in Human Resources Administration from Universidad del Salvador. Ms. Brito also serves as director of Visora Desarrollos Inmobiliarios S.A and Fiduciaria JHB S.A. Previously, he served as Vice-Chairman of Mediainvest S.A.

Mario Luis Vicens was born on July 14, 1951. He has been a member of our Board of Directors since April 26, 2016. Mr. Vicens holds a degree in economics from Universidad Católica Argentina and a superior course degree in monetary and banking finance of Universidad Católica Argentina. In the financial industry, he worked assessing investment projects for Caja Nacional de Ahorro y Seguro/Consejo Federal de Inversiones (1975-1978). In the Public Sector, he served as economist at the Central Bank (1980-1981) and incumbent director (1986-1988) and as Treasury Secretary of the Ministry of Economy (1999-2001). In the banking sector, he served as Planning Manager of Banco de Crédito Argentino (1981-1986), incumbent director of Banco Sudameris (2001-2002), chief executive officer of Asociación de Bancos de la Argentina (2002-2011), incumbent director of Federación Latinoamericana de Bancos (2002-2004/2008-2010), incumbent director of Seguro de Depósitos S.A. (2008-2011), incumbent director of BBVA Consolidar Seguros S.A. (2012-2016), incumbent director of Generali Arg. Cia. de Seguros (2014-2015), incumbent director of PSA Finance Arg. Cia. Financiera S.A. (2012), incumbent director of Rombo Cia. Financiera S.A. (2012-2016) and incumbent director of BBVA Francés S.A. (2012-2016). He also acted as advisor on economic and financial matters for companies and banks (1989-1999).

Sebastian Palla was born on June 12, 1974. He has been a member of our Board of Directors since April 30, 2021. Mr. Palla holds a degree in Economics from Universidad Torcuato Di Tella and an International General Certificate of School Education (IGCSE) from the University of Cambridge. He currently holds the position of CPO—Chief Procurement Officer of Telecom S.A. since August 2016. Previously, he served in the Bank as Advisor to the President from February 2009 to July 2010, as Investment Banking and New Projects Manager from July 2010 to March 2015 and as Government Banking from April 2015 to July 2016. In turn, he served as President of Unión de Administradoras de Fondos de Jubilaciones y Pensiones from April 2007 to January 2009 and as Executive Director from February 2006 to April 2007. In the public sector he served as Undersecretary of Financing of the Ministry of Economy, Secretariat of Finance from May 2003 to November 2005 and as Chief of Staff of Advisors to the Secretary of Finance of the Ministry of Economy, Secretariat of Finance, from May 2002 to May 2003. He is also a member of the Young Global Leaders Forum since 2005 and of the Eisenhower Fellowships Community since 2008.

Delfin Federico Ezequiel Carballo was born on July 4, 1984. He has been a member of our Board of Directors since April 26, 2016, and previously served on our Board from 2009 through 2011. He holds a degree in business economics from Universidad Torcuato Di Tella. Mr. Carballo also serves as incumbent director of Colbrey S.A., Milsbor Corporation S.A., Havanna S.A. and Havanna Holding S.A. and as alternate director of Genneia S.A. Previously, he served as vice chairman of Argenpay S.A. and Santa Genoveva S.A.

Marcos Brito was born on October 5, 1982. He was appointed as Director on April 21, 2009 and previously served as an alternate director of the Bank from April through July 2021, as a director from April 2009 through April 2020, and as an alternate director from November 2007 through April 2009. He joined us in October 2005. Mr. Brito holds a degree in Business Economics from Universidad Torcuato Di Tella. Additionally, he is Chairman of Macro Agro S.A.U. (formerly known as Comercio Interior S.A.U.), and Macro Fiducia S.A.U. and Vice-Chairman of Vizora Desarrollos Inmobiliarios S.A. and Inversora Juramento S.A. He also serves as a director of Banco BMA S.A.U., Fiduciaria JHB S.A. and as an alternate director of Genneia S.A. Previously, he served as a director of Nuevo Banco Bisel S.A. from November 2007 to August 2009, as a director of Banco Privado de Inversiones S.A. from September 2010 to December 2013, as an alternate director of Banco del Tucumán S.A. from January 2014 to December 2018 and as chairman of Argenpay S.A.U. from May 2019 to May 2023.

José Alfredo Sanchez was born on January 27, 1956. He was appointed as Director on April 25, 2023 and previously he has been a member of our Board from 2016 through 2019. Additionally, he was appointed as Director of Banco BMA S.A.U. on November 3, 2023. Mr. Sanchez holds an actuary degree from Universidad de Buenos Aires, he graduated with a Gold Medal from Colegio de Graduados de Ciencias Económicas (1979) and holds a master's degree in of Business Administration (M.B.A.) specialized in international business and finance from Chicago University, Dean's Honor List (1983). In the financial industry, he was a Trainee in Citibank N.A. Argentina (1983-1986), Vice President of Citibank N.A. USA (1987-1988), Vice President of Banque Nationale de Paris USA (1988-1990), Investment Banking Responsible Officer of Banque Nationale de Paris Argentina (1990-1998), Assistant Director in West Merchant Bank LTD (representation office in Argentina) (1998), consultant of Banco Comafi S.A. (1998-1999), Director of Comafi Soc. Gte. Fondo Común de Inversión (1999-2001), Investment Banking Responsible Officer of Banco Comafi S.A. (2000-2001), Incumbent Director of Banco Comafi S.A. (2002-2006), Seconded Director of Banco Comafi S.A. (2014-2016), Alternate Director of Banco del Tucumán S.A. (2000-2001), Incumbent Director of The Capita Corporation (2004-2006), Incumbent Director of MBA Asset Management S.G.F.C.I.S.A. (2008-2010), Incumbent Director of MBA Lazard Soc. de Bolsa S.A. (2008-2014), Incumbent Director of MBA Lazard Banco de Inversiones S.A. (2010-2014) and Alternate Director of MBA Lazard Holdings S.A. (2010-2011). He also served as director of Banco Macro S.A. (2016-2018), Macro Securities S.A., Argencontrol S.A. and Mercado Abierto Electrónico S.A. He acted as regular director of Camuzzi Gas Pampeana and Camuzzi Gas del Sur from June 2020 to April 2023. He is manager and controlling partner of Del San SRL, a company dedicated to the cattle breeding business in Entre Ríos, Republic of Argentina, from the year 2000 to date.

Hugo Raúl Lazzarini was born on August 7, 1948. He was appointed as Director on April 25, 2023, as a representative of the ANSES-FGS. Mr. Lazzarini holds a degree in Architecture from the Universidad Católica de Santa Fe. He served in the Public Administration as General Director of the General Directorate of Housing and Urbanism of the Province of Santa Fe (1995-1999), as technical advisor of the Judicial Infrastructure Commission of the Judiciary - Council of the Judiciary (2010-2012) and as General Director of Judicial Infrastructure of the Judiciary - Council of the Judiciary (2012-2015).

Santiago Horacio Seeber was born on March 27, 1977. Mr. Seeber was appointed as alternate director on April 29, 2022 and previously was appointed as director from November 30, 2020 through April 29, 2022 and he has been an alternate member since 2018 to 2020 and since 2012 to 2016. Mr. Seeber served in different positions in the Bank since November 2002. He also serves as chairman of the Board of Directors of LAB Real Estate S.A., as vice-chairman of Macro Agro S.A.U. and Anglia S.A. and as director of Inversora Juramento S.A. and MediaInvest S.A.

Guido Agustín Gallino was born on March 16, 1988. He was appointed as Alternate Director on April 25, 2023, as a representative of the ANSES-FGS. He holds a law degree from the Universidad de Buenos Aires and a diploma in Family Law from the Universidad Austral Argentina. He serves as Legal Coordinator of Financial and Diversified Entities (DGAS/FGS-ANSeS) since August 2022.

Juan Ignacio Catalano was born on January 25, 1984. He was appointed as alternate director on April 12, 2024. Mr. Catalano holds a degree in Business Economics from Universidad Torcuato Di Tella and a Postgraduate Degree in Finance from Universidad Católica Argentina. Previously, he held different positions at Macro Securities SAU from 2009 to 2018.

Juan Facundo Etchenique was born on March 21, 1974. He was appointed as Director on April 12, 2024, as a representative of the ANSES-FGS. He holds a law degree from the Universidad del Salvador.

Nicolás Valenzuela was born on March 30, 1999. He was appointed as Director on April 12, 2024, as a representative of the ANSES-FGS. He holds a degree in Business Economics and a master's degree in finance from the Universidad Torcuato di Tella.

Gustavo Alejandro Manriquez was born on August 23, 1969. He has been our General Manager since May 2016 and our Chief Executive Officer since November, 2017. He is a member of the Assets and Liabilities Committee, the Senior Credit Committee, the Technology Governance and Security of the Information Committee, and the Risk Management Committee. Mr. Manriquez holds a degree in Business Management from Universidad de Belgrano and a master's degree in finance from Universidad del CEMA, as well as a Management degree and a Directive Development degree from IAE. Mr. Manriquez joined us in February 2015. He also is a member of the board of directors of Play Digital S.A.

Jorge Francisco Scarinci was born on May 19, 1970. He is our Finance Manager since October 2006 and our Chief Financial Officer since November 2017. He is a member of the Assets and Liabilities Committee and the Risk Management Committee. Mr. Scarinci holds a BA in Economics from Universidad de Belgrano and a master's degree in finance from Universidad del CEMA and a CFA degree from Association for Investment Management and Research (AIMR). Mr. Scarinci joined us in May 2006. He also is a member of the board of directors of Argecontrol S.A. and Mercado Abierto Electrónico S.A.

Gerardo Adrián Alvarez was born on December 13, 1969. He is our Human Resources Manager since October 2020 and our Administration Manager since April 2010, and a member of the Ethics and Compliance Committee. Mr. Alvarez holds a law degree from the Instituto Universitario Policía Federal Argentina and a post-graduate degree in Money Laundering from Universidad Torcuato Di Tella. He has been with us since January 2006.

Marcelo Agustín Devoto was born on April 11, 1976. He is our Investment Banking Manager since May 2015. Mr. Devoto holds a degree in Business Management from Universidad Católica Argentina and a post-graduate degree in Finance from Universidad Torcuato Di Tella. He joined us in December 2000. He also serves as chairman of Macro Bank Limited, as vice chairman of Macro Securities S.A.U., as director of Macro Fiducia S.A.U. and alternate member of the administrative council of Fintech SGR.

Alberto Figueroa was born on September 1, 1960. He is our Comprehensive Risk Manager since October 2019 and member of the Technology Governance and Security of the Information Committee. Mr. Figueroa holds a degree in Public Accounting from Universidad de Buenos Aires. Mr. Figueroa joined us in March 2007 and was our Manager of Comprehensive Risk Management since March 2009 until October 2019.

Ana María Magdalena Marcet was born on February 24, 1961. She is our Credit Risk Manager since January 2002 and a member of the Senior Credit Committee, the Risk Management Committee and the Senior Recovery Committee. Mrs. Marcet holds a degree in Public Accounting, Economics and Business Management from Universidad de Buenos Aires and a master's degree in Bank Management from Universidad del CEMA. Mrs. Marcet joined us in December 1996. She also serves as member of the administrative council of Fintech SGR and as director of Macro Warrants S.A. and Finova S.A.

Brian Anthony was born on April 17, 1973. He has been Manager of Commercial Banking since March 2021. Mr. Anthony has held various positions in the bank in the past, such as Manager of Distribution and Sales, Human Resources, Management Control and Strategic Planning. Mr. Anthony holds a bachelor's degree in business administration from CAECE University. He also serves as chairman of Argenpay S.A.U., as director of COELSA S.A. and as alternate director of Play Digital S.A.

Juan Domingo Mazzon was born on April 14, 1974. He is our Manager of Government Banking and Management Control since August 2019 and member of the Assets and Liabilities Committee and the Technology Governance and Security of the Information Committee. Mr. Juan Mazzon holds a degree in Public Accounting from Universidad Argentina de la Empresa (UADE) and holds an MBA from Vanderbilt University (USA). Mr. Mazzon joined us in October 2017.

Ernesto Eduardo Medina was born on January 9, 1967. He is our Technology Manager since August 2020 and has been our Human Resources Manager since October 2016. He is a member of the Technology Governance and Security of the Information Committee and the Risk Management Committee. Mr. Medina holds degrees in Public Accounting and Business Management from Universidad de Buenos Aires. He also has a degree in computer science from Universidad de Buenos Aires and a Psychology degree from Universidad de Ciencias Empresariales y Sociales. He holds two master's degree in Renewable Energies and Environment Management, both from Universidad de Cádiz and a master's degree in clinical Neuropsychology from Universidad Europea Miguel Cervantes.

Mr. Medina joined us in February 1989.

Francisco Muro was born on March 2, 1973. He is our Distribution and Sales Manager since October 2014. Mr. Muro holds a degree in Accounting from Universidad de Buenos Aires and a master's degree from IAE (Universidad Austral). Mr. Muro joined us in August 2004.

Adrian Mariano Scosceria was born on January 22, 1966. He is our Corporate Banking Manager since May 2017 and a member of the Senior Credit Committee. Mr. Scosceria holds a degree in Business Administration from Universidad Católica Argentina and a specialization in Administration and Management from Harvard University. He also serves as director of Finova S.A.

Ernesto López was born on October 5, 1972. He is our Legal Manager since December 2019 and a member of the Asset Laundering and Terrorist Financing Prevention Committee, the Senior Recovery Committee, the Ethics and Compliance Committee, the Senior Credit Committee and the Financial Services Users Protection Committee. Mr. López holds a Law degree from University of Buenos Aires. He also serves as syndic of Mediainvest S.A.

B. Compensation

General Corporation Law provides that the compensation paid to all directors and syndics in a financial year may not exceed 5.0% of the company earnings if we are not paying dividends in respect of such net income. General Corporation Law increases the annual limitation on director compensation to up to 25.0% of net income based on the amount of such dividends, if any are paid. In the case of directors that perform duties at special commissions or perform administrative or technical tasks, the aforesaid limits may be exceeded if a shareholders' meeting so approves and such issue is included in the agenda and is in accordance with the CNV Rules. In any case, the compensation of all directors and members of the supervisory committee requires shareholders' approval at an ordinary meeting.

The aggregate amount of compensation to all directors, alternate directors and members of supervisory committee for fiscal year 2023 was Ps. 26,925.2 million. The aggregate nominal amount of compensation paid by Banco Macro to its senior management during 2023 was Ps. 1,595.2 million, including salaries and bonuses. Neither we nor any of our subsidiaries have entered into any agreement that provides for any benefit or compensation to any director after the expiration of his term or upon his retirement.

On November 28, 2023, our Nominating and Corporate Governance Committee approved a new clawback policy (the "Clawback Policy") in accordance with the listing requirements of the NYSE. Subsequently, the Board of Directors took notice of the committee's minutes and the approval of the policy on December 13, 2023. The Clawback Policy, which became effective immediately, provides for the recovery of erroneously awarded incentive-based compensation received by current and former executive officers in connection with a financial restatement. The policy is administered by the Incentives Committee. A copy of our Clawback Policy is attached hereto as Exhibit No. 97.1

C. Board Practices

Corporate Governance

As a listed company on the NYSE, we are required under the rules governing listed companies to:

- (i) comply with SEC's requirements concerning an audit committee,
- (ii) submit an annual written affirmation to the NYSE and interim written affirmations, if applicable,
- (iii) disclose any significant ways in which our corporate governance practices differ from those followed by domestic companies under the NYSE listing standards, and
- (iv) our CEO must promptly notify the NYSE in writing after any executive officer becomes aware of any non-compliance with any of the applicable NYSE corporate governance rules.

We incorporate the information regarding the significant ways in which our corporate governance practices differ from those followed by domestic companies under the NYSE listing standards by reference to our website www.macro.com.ar. For further information see item 16.G.

Independence of the Members of the Board of Directors and the Supervisory Committee

Within ten (10) business days from the date of the appointment of members of the Board of Directors and supervisory committee such members of the Board of Directors and/or the supervisory committee shall inform the CNV whether they are "independent" pursuant to CNV Rules.

In accordance with the general principles of corporate governance established by the CNV, the Board of Directors shall have adequate levels of independence and diversity to enable it to make decisions in the best interest of the company, avoiding groupthink and decision-making by dominant individuals or groups within the Board.

Pursuant to CNV Rules, a director is not considered independent in certain situations, including where a director:

- (a) is a member of the board of directors the parent company or another company belonging to the same economic group of the issuer through a pre-existing relationship at the time of his or her election, or if said relationship had ceased to exist during immediately the previous three years;
- (b) is or has been associated with the company or any of its shareholders having a direct or indirect “significant participation” on the same, or with corporations with which also the shareholders also have a direct or indirect “signification participation”; or if he or she was associated with them through an employment relationship during the last three years;
- (c) has any professional relationship or is a member of a corporation that maintains frequent professional relationships of significant nature and volume, or receives remuneration or fees (other than the one received in consideration of his performance as a director) from the issuer or its shareholders having a direct or indirect “significant participation” on the same, or with corporations in which the shareholders also have a direct or indirect “significant participation.” This prohibition includes professional relationships and affiliations during the last three years prior to his or her appointment as director;
- (d) directly or indirectly owns 5% or more of shares with voting rights and/or a capital stock of the issuer or any company with a “significant participation” in they;
- (e) directly or indirectly sells and/or provides goods and/or services (different from those accounted for in section c)) on a regular basis and of a significant nature and volume to the company or to its shareholders with direct or indirect “significant participation”, for higher amounts than his or her remuneration as a member of the board of directors. This prohibition includes business relationships that have been carried out during the last three years prior to his or her appointment as director;
- (f) has been a director, manager, administrator or principal executive of not-for-profit organizations that have received funds, for amounts greater than those described in section I) of article 12 of Resolution No. 30/2011 of the UIF and its amendments, from the issuer, its parent company and other companies of the same group of which it is a part, as well as of the principal executives of any of them;
- (g) receives any payment, including the participation in plans or stock option schemes, from the company or companies of the same economic group, other than the compensation paid to him or her as a director, except dividends paid as a shareholder of the company in the terms of section d) and the corresponding to the consideration set forth in section e);
- (h) has served as member of the board of director of the issuer, its parent company or another company belonging to the same economic group for more than ten years. If said relationship had ceased to exist during the previous three years, the independent condition will be recovered;
- (i) is the spouse or legally recognized partner, relative up to the third level of consanguinity or up to the second level of affinity of persons who, if they were members of the board of directors, would not be independent, according to the above listed criteria;

Pursuant to the CNV Rules, a director who, after his or her appointment, falls into any of the circumstances indicted above, must immediately report to the issuer, which must inform the CNV and the authorized markets where it lists its negotiable securities immediately upon the occurrence of the event or upon the instance becoming known.

In all cases, the references made to “significant participation” set forth in the aforementioned independence criteria will be considered as referring to those individuals who hold shares representing at least 5% of the capital stock and or the vote, or a smaller amount when they have the right to elect one or more directors by share class or have other shareholders agreements relating to the government and administration of the company or of its parent company.

The Argentine independence standards under the CNV Rules differ in many ways from U.S. federal securities law standards.

The structure of the Board of Directors must be in conformity with the foregoing by the first shareholders’ meeting held after December 31, 2018. As of the date of this annual report, Mario Luis Vicens, Fabián Alejandro de Paul, Sebastián Palla, Hugo Raúl Lazzarini, Juan Facundo Etchenique, Nicolás Valenzuela and Guido Agustín Gallino qualified as independent members of our Board of Directors under these criteria specified by the CNV.

Pursuant to the Capital Markets Law, all of the members of the supervisory committee of companies admitted to the public offering regime shall have independent status.

Additionally, the Buenos Aires Professional Council of Economic Sciences (Consejo Profesional de Ciencias Económicas de la Ciudad de Buenos Aires or “CPCECABA”) also established certain requirements regarding the independence of public accountants which act as members of the supervisory committee. Pursuant to regulations issued by the CPCECABA and the CNV, syndics must be independent from the company they are auditing. A syndic will not be independent if it:

- (i) is the owner, partner, director, administrator, manager or employee of the company or economically related entities;
- (ii) is the spouse or relative (collateral until fourth grade), or relatives by affinity until second grade, of one of the owners, partners, directors, administrators or managers;

- (iii) is a shareholder, debtor, creditor or guarantor of the company or economically related entities, representing a significant amount if compared with its own wealth or the company's net equity;
- (iv) possesses a significant amount of interest in the company or economically related entities (or if it has had such interest during the period to be audited);
- (v) if the remuneration depends on or is contingent with the conclusions or results of its auditing work;
- (vi) if the remuneration agreed depends on the result of the operations of the company.

As of the date of this annual report, Alejandro Almarza, Carlos Javier Piazza, Vivian Haydeé Stenghele, Francisco Javier Piazza, Horacio Roberto Della Rocca and Claudia Inés Siciliano are qualified as independent members of our supervisory committee under these criteria.

Banco Macro's Board of Directors is responsible for approving policies that promote inclusion and diversity, ensuring the existence of training and coaching policies on gender issues and prevention or treatment of gender violence.

For information on the expiration of current terms of directors see Item 6.A "Directors and Senior Management." For information on service contracts with directors providing benefits upon termination of employment see Item 6.B "Compensation."

Supervisory Committee

Our bylaws provide for a supervisory committee, which consists of three syndics and three alternate syndics that serve for a term of one fiscal year. Pursuant to the Argentine Corporate Law, only lawyers and accountants admitted to practice in Argentina or civil partnerships composed of such persons may serve as syndics of an Argentine sociedad anónima, or limited liability corporation.

The primary responsibilities of the supervisory committee are to monitor the management's compliance with the Argentine Corporate Law, the bylaws, its regulations, if any, and the shareholders' resolutions, and to perform other functions, including:

- (i) attending meetings of the Board of Directors, and shareholders meetings,
- (ii) calling special shareholders' meetings when deemed necessary and ordinary and special shareholders' meetings when not called by the Board of Directors and
- (iii) investigating written complaints of shareholders. In performing these functions, the supervisory committee does not control our operations or assess the merits of the decisions made by the Board of Directors.

The supervisory committee has unlimited access to our books and registers and a right to request as much information as necessary for the performance of its duties.

The following table sets forth certain relevant information of the members of our supervisory committee as of the date of this annual report:

Name	Position	Age	Year of Appointment	Current Term Ends
Alejandro Almarza	Syndic	66	2024	April 2025
Carlos Javier Piazza	Syndic	65	2024	April 2025
Vivian Haydeé Stenghele (1)	Syndic	54	2024	April 2025
Francisco Javier Piazza	Alternate Syndic	36	2024	April 2025
Horacio Della Rocca	Alternate syndic	70	2024	April 2025
Claudia Ines Siciliano (1)	Alternate syndic	65	2024	April 2025

(1) Appointed by ANSES—FGS, as instructed by the Sindicatura General de la Nación.

The business address of the members of the Supervisory Committee is Eduardo Madero 1172, City of Buenos Aires, Argentina. Set forth below are brief biographical descriptions of the members of our supervisory committee:

Alejandro Almarza was born on January 16, 1958. Mr. Almarza holds an accounting degree from the University of Buenos Aires in Argentina. Mr. Almarza also serves as a member of the supervisory committee of Banco BMA S.A.U., BMA Valores S.A., Macro Securities S.A.U., Macro Fiducia S.A.U., Argenpay S.A.U., Macro Agro S.A.U., Fintech S.G.R., Genneia S.A., and Seguro de Depósitos S.A. and as alternate member of the supervisory committee of Banco de Valores S.A., Empresa de Energía Río Negro S.A. and Opción Seguros S.A. Mr. Almarza was admitted to the Accountants Professional Association of the City of Buenos Aires in 1983.

Carlos Javier Piazza was born on September 16, 1958. Mr. Piazza holds an accounting degree from the University of Buenos Aires in Argentina. Mr. Piazza serves as a member of the supervisory committee of Central Tucumano S.A., Banco BMA S.A.U., BMA Valores S.A., Macro Securities S.A.U., Argenpay S.A.U., Banco de Valores S.A., Macro Agro S.A.U. Mercado de Futuros y Opciones S.A., and al alternate member of supervisory committee of Genneia S.A. Mr. Piazza was admitted to the Accountants Professional Association of the City of Buenos Aires in 1983.

Vivian Haydeé Stenghele was born on October 7, 1969. Ms. Stenghele holds an accounting degree from the University of Buenos Aires in Argentina. Ms. Stenghele serves as member of the supervisory committee of YPF S.A., RTA S.A. and, Fabricaciones Militares S.A. and as alternate member of the supervisory committee of Banco Hipotecario S.A., Banco de Inversión y Comercio Exterior S.A. and Intercargo.

Horacio Roberto Della Rocca was born on June 25, 1953. Mr. Della Rocca holds an accounting degree and a degree in Business Administration from the University of Buenos Aires in Argentina. Mr. Della Rocca also serves as a member of the supervisory committee of Culturagro S.A., Guadamar, Otoba S.A., Santa Olimpia S.A., Tikalar S.A., Banco BMA S.A.U., Macro Fondos S.G.F.C.I.S.A., Macro Fiducia S.A.U., Argenpay S.A.U., Macro Agro S.A.U. and Argentina Sono Film and as alternate member of the supervisory committee of Gativideo, Casino Buenos Aires S.A., BMA Valores S.A., Macro Securities S.A.U. and CRIBA Sociedad Anonima.

Francisco Javier Piazza was born on December 17, 1987. Mr. Piazza holds an accounting degree from the University of Buenos Aires in Argentina. Mr. Piazza also serves as alternate member of the supervisory committee of Banco BMA S.A.U. and Banco de Valores S.A.

Claudia Siciliano was born on July 28, 1958. Ms. Siciliano holds an accounting degree from Universidad Católica Argentina and the title of Certified Financial Advisor at the Spanish Institute of Financial Analysts and the Argentine Institute of Finance Executives.

Audit Committee

As of the date of this annual report, our audit committee is comprised of three directors, Sebastián Palla, Fabián Alejandro de Paul and Mario Luis Vicens, all of which satisfy the independence requirements of Rule 10A-3. The Argentine independence standards under the CNV Rules differ in many ways from the NYSE and U.S. federal securities law standards. See item 16.G “Corporate Governance.”

The audit committee is responsible for the fulfillment of the duties within its powers, as set forth under the Capital Markets Law, including, among others, the following:

- (i) delivering an opinion regarding the board of director’s proposal of appointment of our external auditors and controlling their independent status,
- (ii) supervising the correct performance of our internal control and accounting systems,
- (iii) supervising the observance of the policies regarding information about our risk management and
- (iv) delivering an opinion regarding transactions with related parties or transactions that may threaten any conflicts of interest.

We currently comply with the requirements of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder, as applicable to foreign private issuers with respect to the composition and functions of our audit committee.

Committees Reporting to the Board of Directors and to the CEO and the CFO

The following committees are under the supervision of our Board of Directors:

Internal Audit Committee. The internal audit committee is comprised of at least two directors (a majority of them satisfies the independence requirements as per the CNV Rules), and the Internal Audit Manager of the Bank. The term of each member is for a minimum period of two years (provided their directorship does not expire beforehand) and a maximum of three years. The internal audit committee is responsible for supervising the correct functioning of our internal control systems and procedures. Furthermore, this committee takes notice of our annual and quarterly financial statements, the external auditor's reports, the syndic's reports, the relevant financial information and the audit committee's reports.

Technology Governance and Security of the Information Committee. The technology governance and security of the information committee must be composed of, at least, one director or equivalent authority and the manager of the informatics technology and systems area. Our system committee has three directors, the General Manager, the Technology Manager and the Government Banking and Management Control Manager. The technology governance and security of the information committee is responsible for the issuance of the systems and operations management policies. Furthermore, this committee verifies that the several management plans are in accordance with our business strategy and oversees the implementation of our strategic projects.

The main functions of the technology governance and security of the information committee are to:

- (i) oversee the proper functioning of Information Technology and Systems,
- (ii) contribute to the improvement of the information technology and systems environment effectiveness;
- (iii) take notice of the Information Technology and Systems Plan;
- (iv) periodically evaluate the Information Technology and Systems Plan and review its compliance;
- (v) review the reports issued by environmentally related audits of Information Technology and Systems and oversee the implementation of corrective actions designed to stabilize or minimize any weaknesses observed; and
- (vi) maintain timely communication with officials of the External Audit Management Systems Division of the Superintendence in relation with any problems identified in inspections and monitor actions undertaken to solve such problems.

Senior Credit Committee. The senior credit committee is comprised of two directors, the General Manager, the Credit Risk Manager, the Corporate Credit Risk Manager, the Corporate Banking Manager, the Commercial Banking Manager and the Legal Manager.

The senior credit committee is responsible for the issuance of our credit policy and credit analysis guidelines. Furthermore, this committee reviews and approves margins of credit and/or extraordinary operations which exceed Ps.3,000,000,000 and examines periodic reports related to our loan portfolio.

Assets and Liabilities Committee. The assets and liabilities committee is comprised of three directors, the General Manager, the Commercial Banking Manager, the Government Banking and Management Control Manager and the Finance Manager. The committee is responsible for the financial strategy of the Bank. In addition, it carries on deep market analysis and establishes strategic policies related to our liquidity, market, interest rate and currency risks.

Asset Laundering and Terrorist Financing Prevention Committee. The Committee is made up of four directors, one of whom is a responsible officer designated as Compliance Officer, the Legal Manager the Comprehensive Risk Manager and the senior officer responsible for the anti-laundering unit. The asset laundering and terrorist financing prevention committee is responsible for planning, coordinating and monitoring compliance with anti-money laundering policies approved by the Board of Directors and its powers include to:

- (i) define policies for compliance with anti-money laundering corporate guidelines,
- (ii) be a permanent forum for the discussion of money laundering and terrorist financing risks that affect the Bank,
- (iii) promote the definition of strategies controls to prevent money laundering and terrorist financing and implement such controls,
- (iv) be responsible for the continued update of the manual of procedures for the prevention of money laundering and terrorist financing, in accordance with regulatory changes and new Bank needs,
- (v) monitor the implementation of a program designed to provide training and raise awareness regarding the prevention and control of money laundering and terrorist financing,
- (vi) establish appropriate mechanisms for internal reporting of unusual or suspicious activities,
- (vii) analyze any unusual or suspicious transactions to be reported to the relevant governmental agencies in compliance with applicable regulations, and subsequently inform to the Board of Directors,
- (viii) provide support to the head of the asset laundering and terrorist financing prevention committee in the examination of unusual or suspicious transactions,

- (ix) approve and follow-up on the work program submitted by the asset laundering and terrorist financing prevention committee for the relevant fiscal year, for which it will report to the Board of Directors and
- (x) perform any other duties that may be imposed under applicable laws and regulations.

Senior Recovery Committee. The senior recovery committee is made up of two directors, the Credit Risk Manager, the Senior Recovery Manager and the Legal Manager. The committee manages outstanding loans on behalf of the Board of Directors, which nevertheless retains its power in that regard. This committee is in charge of the implementation of the predefined policies for the granting of withdrawals and refinancing, to define the payment arrangements that exceed the preferential parameters, as well as the decisions of which portfolios are transferred to judicial management or accounting losses.

Risk Management Committee. The risk management committee is made up of three directors, the General Manager, the Risk Management Manager, the Finance Manager, the Senior Recovery Manager, the Credit Risk Manager, the Banking Operations Manager and the Technology Manager.

The committee is responsible for monitoring senior management activities involving the management of credit, market, liquidity, operational, compliance and reputational risks, among others. The committee's mission is to supervise and ensure that the controls and procedures in place are adequate to mitigate any risk, and to recommend and implement updates to risk management policies and procedures. In addition, this committee gives advice to the Board of Directors regarding the Bank's overall risk. This committee is also responsible for notifying the Board of Directors and senior management about any failure to comply with applicable limits to risk exposure, suggesting remedies, such as assuming the risk or mitigating the risk.

Ethics and Compliance Committee. The ethics and compliance committee is comprised of three directors, the Compliance Manager, the Human Resources and Administration Manager and the Legal Manager.

This committee is responsible for implementing ethic guidelines set forth by the Board of Directors and supervising compliance. In addition, this committee promotes the implementation of our social responsibility policies and fosters the adoption of such policies by setting forth tools and procedures that will enable our management to incorporate social responsibility policies and consequently implement those policies within the Bank.

Corporate Governance and Appointments Committee. The committee is comprised of three directors.

This committee is responsible for processes related to the renewal, substitution and succession of members of our senior management. This committee is also responsible for the implementation of our corporate governance code at the Bank and its subsidiaries.

Personnel Incentives Committee. The personnel incentives committee is comprised of three directors.

The committee's main functions are to control those incentives plans to all personnel, excluding directors, are consistent with our business culture, goals, long term business plan, business strategy, control environment of the Bank.

Financial Services Users Protection Committee. The Committee is comprised of one director, the Institutional Relations and Customer Services Manager, the Legal Manager, the Compliance Manager and the Credit Risk Manager. The committee is responsible for complying with the data protection standard of the User of Financial Services and Analysis of Existing Claims.

Advisors and Auditors

Advisors

Our main legal advisor is Bruchou & Funes de Rioja, at 12th floor, Ing. Butty 275, City of Buenos Aires (C1001AFA). Bruchou, & Funes de Rioja provides us legal advice in the creation of the Program and the issuance of negotiable obligations. Our tax advisor in Argentina is Estudio Della Roca-Piazza-Almarza, 15th floor, 432, 25 de Mayo St., City of Buenos Aires, Argentina.

Our auditor is Pistrelli, Henry Martin y Asociados S.R.L. (member of Ernst & Young Global Limited), at 487, 25 de mayo St., city of Buenos Aires, Argentina.

All the auditing firm's members are enrolled in the Professional Council in Economic Sciences of the City of Buenos Aires (C.P.C.E.C.A.B.A.).

D. Employees

Regarding our organizational structure, as of December 31, 2023, we had 9,192 employees, 47% of whom worked at our headquarters and the remaining 53% at our branches. Our employees are represented by a national bank union, which negotiates a collective bargaining agreement setting minimum wages for all of its members. We maintain good relationship with our employees and have never experienced a work stoppage.

Employees	As of December 31,		
	2021	2022	2023 (1)
Headquarters	3,185	2,499	4,275
Branches	4,820	5,297	4,917
Total	8,005	7,796	9,192

(1) This includes 1,411 employees of Banco BMA S.A.U. and its subsidiaries, entities that we acquired in November 2023.

E. Share Ownership

As of December 31, 2023, the persons who were members of Banco Macro S.A.'s Board of Directors and Supervisory Committee held as a group a total of 128,733,349 shares of our capital stock, representing 20.13% of our share capital and 21.68% of the votes. With the exception of Delfín Jorge E. Carballo, Jorge Pablo Brito, Sebastián Palla and Santiago H. Seeber, no member of the Board of Directors or the Supervisory Committee owned shares of the Bank. In addition, Alberto Figueroa and Juan Domingo Mazzon, members of our senior management, owned less than one per cent (1%) of Class B Shares.

The following table sets forth the beneficial ownership of our shares by the members of Banco Macro S.A.'s Board of Directors and Supervisory Committee, as of December 31, 2023:

Shareholder Name	Number of Class A shares owned	Number of Class B shares owned	Percentage of Capital stock (%)	Percentage of Voting rights (%)
Delfín Jorge Ezequiel Carballo	4,901,060	118,251,845	19.26%	20.86%
Other members	—	5,580,444	0.87%	0.82%
Total	4,901,060	123,832,289	20.13%	21.68%

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation.

Not Applicable

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

As of December 31, 2023, we had 639,413,408 outstanding shares of common stock, consisting of 11,235,670 Class A shares and 628,177,738 Class B shares. Each share of our common stock represents the same economic interests, except those holders of our Class A shares are entitled to five votes per share and holders of our Class B shares are entitled to one vote per share. Other than noted differences among holders of Class A shares and holders of Class B shares, the holders of these shares listed in the table below do not have different voting rights.

The following table sets forth information regarding the ownership of our Class A and Class B shares as of December 31, 2023:

Shareholders	Class A	Class B	Total	% of capital	% of votes
ANSES	—	184,156,124	184,156,124	28.80%	26.91%
Delfin Jorge Ezequiel Carballo	4,901,060	118,251,845	123,152,905	19.26%	20.86%
Banco de Servicios y Transacciones S.A., as trustee of Guarantee Trust JHB BMA (1)	5,995,996	104,473,881	110,469,877	17.28%	19.65%
Other (2)	338,614	221,295,888(2)	221,634,502	34.66%	32.58%
Total	11,235,670	628,177,738	639,413,408	100.00%	100.00%

- (1) The Guarantee Trust JHB BMA's beneficiaries are Mr. Jorge Horacio Brito's heirs. Guarantee Trust JHB BMA's decisions are made by the trustee, based on instructions provided by a majority of Mr. Jorge Horacio Brito's children.
- (2) Includes The Bank of New York Mellon as depository of our ADSs. The Bank of New York Mellon holds 148,549,350 Class B shares, 23.23% of capital and 21.71% of votes.

The table below represents the evolution of our capital stock and the material changes in equity participation of the significant shareholders, in both cases, for the last three years:

Date	Capital Stock (Shares)	Significant Shareholders
December 31, 2021	639,413,408	Banco de Servicios y Transacciones S.A., as trustee of Guarantee Trust JHB BMA (1) 17.28%; Delfin Jorge Ezequiel Carballo 17.47%; ANSES (as manager of the Fondo de Garantía de Sustentabilidad) 28.80%
December 31, 2022	639,413,408	Banco de Servicios y Transacciones S.A., as trustee of Guarantee Trust JHB BMA (1) 17.28%; Delfin Jorge Ezequiel Carballo 18.38%; ANSES (as manager of the Fondo de Garantía de Sustentabilidad) 28.80%
December 31, 2023	639,413,408	Banco de Servicios y Transacciones S.A., as trustee of Guarantee Trust JHB BMA (1) 17.28%; Delfin Jorge Ezequiel Carballo 19.26%; ANSES (as manager of the Fondo de Garantía de Sustentabilidad) 28.80%

B. Related Party Transactions

We are not party to any transactions with, and have not made any loans to, any of our directors, key management personnel or other related parties, nor are there any proposed transactions with such persons, except for those permitted by applicable law. Some of our directors have been involved in certain credit transactions with us. The Argentine Corporate Law and Central Bank Rules allow directors of a corporation to enter into a transaction with such corporation if the transaction is in line with prevailing market practice.

A related party is a person or entity that is related to us that:

- has control or joint control of the Bank;
- has significant influence over the Bank;
- is a member of the key management personnel of the Bank or of the parent of the Bank;
- are members of the same group; or
- in which one entity is an associate (or an associate of a member of a group of which the other entity is a member).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. We consider as key management personnel, for the purposes of IAS 24, the members of the Board of Directors and the senior management members of the Risk Management Committee, the Assets and Liabilities Committee and the Senior Credit Committee.

For the years ended December 31, 2021, 2022 and 2023 an aggregate of Ps. Ps. 21,006.9 million, Ps. 13,761.5 million, and Ps. 38,870.3 million respectively, in financial assistance granted by us (including loans, leases and guarantees granted) was outstanding to related parties (not including main subsidiaries). All financial assistance to related parties (a) were made in the ordinary course of business; (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and (c) did not involve more than

the normal risk of collectability or present other unfavorable features.

Likewise, as of December 31, 2021, 2022 and 2023, the total amount of deposits made by related parties (not including main subsidiaries) to us amounted to Ps. 33,131.9 million, Ps. 20,384.1 million and Ps. 46,665.3 million respectively.

For further information regarding related party transactions see note 20 “Related parties” to our audited consolidated financial statements as of December 31, 2023, and 2022.

C. Interest of experts and counsel

Not Applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See Item 18 and our audited consolidated financial statements as of December 31, 2023 and 2022 included in this annual report.

Legal Proceedings

We are involved in normal collection proceedings and other legal proceedings in the ordinary course of business. Also, we are involved in some class actions, some of which have been settled and others appealed by the Bank. However, we are not involved in any litigation or other legal proceedings that, if adversely determined, would individually or in the aggregate have a material adverse effect on our operations.

For further information regarding legal proceedings, see note 50 “Tax and other claims” to our audited consolidated financial statements as of December 31, 2023 and 2022. In connection with such claims, our management and its tax and legal advisors believe there are no additional significant effects to those already recognized in the books that may result from the final outcome of such claims.

Please note that we have been subject to the imposition of certain sanctions imposed by the Central Bank or the UIF and summaries at CNV or UIF. Nevertheless, these potential penalties would not involve the payment of material amounts. As of the date of this annual report, the total amount of monetary penalties received, pending to be paid for being appealed amount to Ps.500 thousand, which was registered according to Communication “A” 5689 and 5940 of the Central Bank, as amended or supplemented from time to time. Our management and our legal advisors believe that no further significant accounting effects could arise from the effect of the mentioned situations.

Dividend Policy

The decision to distribute the dividends also corresponds to the Shareholders’ Meeting, based pursuant to the Central Bank Rules and on the recommendation of the Board of Directors. We are not obliged to distribute profits, being at the exclusive discretion of the Shareholders’ Meeting the determination of the maximum amount, pursuant to the Central Bank Rules and opportunity and the form of payment of the dividends to the network, being able to delegate this power to the Board of Directors. Likewise, the Shareholders’ Meeting may create special reserves for future distributions of dividends, provided that they are reasonable and respond to a prudent administration, which it can disaffect if it considers its distribution pertinent. Article 32 of the Bank’s bylaws establishes the purpose that the Shareholders’ Meeting should give to the net and realized profits, resulting from the financial statements approved by such body.

Our dividend distribution policy is based on maintaining an adequate balance between the amounts distributed and the investment and expansion policies. It should be noted that this dividend policy may be conditioned in the future by the existence of regulations in the market and/or by the strategic plans that we adopt at any time.

Dividends are distributed under financial results calculated under Central Bank Rules, which may differ in certain aspects from IFRS.

The following table sets forth the cash dividends paid to our shareholders from 2003 to 2023. All banks were prohibited by the Central Bank from paying dividends from the earnings of 2001 and 2002.

Based on financial statements for year ended December 31,	Payment Dates	Dividends per Share (in Pesos, not adjusted for inflation)	Aggregate Dividend Payment (in millions of Pesos, not adjusted for inflation)
2003	July 2004	0.10	60.9
2004	April 2005	0.05	30.4
2005	May 2006	0.10	68.4
2006	May 2007	0.15	102.6
2007	May 2008	0.25	171.0
2008	September 2009	0.25	149.9(1)
2009	June 2010	0.35	208.1

Based on financial statements for year ended December 31,	Payment Dates	Dividends per Share (in Pesos, not adjusted for inflation)	Aggregate Dividend Payment (in millions of Pesos, not adjusted for inflation)
2010	May 2011	0.85	505.3
2011	—	0.00	0.0
2012	—	0.00	0.0
2013	July 2014	1.02	596.3
2014	March 2016	0.39	227.7(2)
2015	August 2016	1.10	643.0
2016	June 2017	1.20	701.5
2017	May 2018	5.00	3,348.3
2018	May 2019	10.00	6,394.0
2019	(3)	(3)	(3)
2020	(4)	(4)	(4)
2021	June/December 2022	30.89(5)	19,751.4(5)
2022	May/October 2023	117.36(6)	75,040.9(6)
2023	(7)	(7)	(7)

- (1) For fiscal year ended December 31, 2008, dividends paid in cash were Ps.148.3 million based on the outstanding number of shares on the payment dates.
- (2) For the fiscal year ended December 31, 2014, we sought authorization from the Central Bank to distribute Ps.596.3 million (Ps.1.02 per share) and in February 2016 we received authorization to distribute Ps.227.70 million (Ps.0.3895 per share).
- (3) The shareholders' meeting held on April 30, 2020 resolved to approve a cash dividend in the total amount of Ps. 12,788.3 million, Ps. 20 per share, subject to the prior authorization of the Central Bank. In addition, the shareholders' meeting held on October 21, 2020 resolved to approve a final dividend in an aggregate amount not to exceed Ps. 3,791.7 million (Ps. 5.93 per share) subject to the prior authorization of the Central Bank. Pursuant to Central Bank Communication "A" 7312, profit distributions were suspended until December 31, 2021. See more information in (5).
- (4) The shareholder's meeting held on April 30, 2021, resolved to approve a cash dividend for a total amount of Ps. 10,000.4 million which represented Ps.15.64 per shares subject to prior authorization of the Central Bank. Pursuant to Communication "A" 7312 of the Central Bank, the distributions of profits were suspended until December 31, 2021. See more information in (5).
- (5) The shareholder's meeting held on April 29, 2022, resolved to approve a dividend (in cash or kind) for an amount of Ps. 22.18 per share, which shall mean a total amount to be distributed of Ps. 14,187.9 million subject to prior authorization of the Central Bank. As of April 29, 2022, a total amount of Ps. 26,580.4 million (Ps 41.57 per share) was pending distribution, which was approved by the Meetings held on April 30 and October 21, 2020, and April 30, 2021. Through Communication "A" 7421", the Central Bank provided that the entities could distribute profits, with prior authorization, from 1.1.22 to 12.31.22 for up to 20% of distributable profits. On May 12, 2022, the Bank obtained the authorization for the partial distribution of the dividends already approved by the aforementioned meetings, for a total amount of Ps. 19,751.4 million, which represented a value of Ps. 30.89 per share and 20% of the total distributable profits. The payment was made in 12 equal installments, with the first payment for the first 6 installments to be made on June 7, 2022.
- (6) The shareholder's meeting held on April 25, 2023, resolved to approve a dividend (in cash or kind) for an amount of Ps. 117,359 per share, which shall mean a total amount to be distributed of Ps. 75,040.9 million subject to prior authorization of the Central Bank. On May 12, 2023, the Bank obtained the authorization for the distribution of the dividends already approved by the aforementioned meetings and the payment was made in 6 equal installments, and the Board of Directors approved the payment of a dividend in kind through the delivery of 346,680,043.74 nominal values of Bono de la Nación Argentina en Moneda Dual (Argentina's Dual Currency Public Bond) due on April 30, 2024 (Bond Code TDA24) with the first payment on May 31, 2023.
- (7) The shareholder's meeting held on April 12, 2024, resolved to approve a dividend (in cash or kind) for an amount of Ps. 294,130,167,680 (amount expressed in constant currency as of December 31, 2023), which expressed in constant currency as of February 29, 2024 amounts to Ps. 401,735,819,252 and represents Ps. 628.2880750164 per share, subject to prior authorization from the Banco Central. However, by means of Communication "A" 7984 dated March 21, 2024, the Central Bank extended such date until December 31, 2024 and increased the amount authorized to be distributed up to 60% of the amount that would have been applicable if the "Distribution of Results" rules had been applied.

For fiscal years ended December 31, 2011 and 2012 we were not able to distribute dividends because we did not reach the regulatory threshold for dividend distribution under Central Bank Rules. For more information, see "Item 4.B—Argentine Banking Regulation—Liquidity and Solvency Requirements—Requirements Applicable to Dividend Distribution."

Amounts available for distribution and distribution approval process

Under the Argentine Corporate Law, declaration and payment of annual dividends, to the extent funds are legally available, is determined by our shareholders at the annual ordinary shareholders' meeting. Generally, but not necessarily, our Board of Directors makes a recommendation with respect to the payment of dividends.

Dividends may be lawfully declared and paid only out of our retained earnings stated in our yearly financial statements according to Central Bank Rules and approved by a shareholders' meeting as described below.

The Board of Directors submits our financial statements for the preceding fiscal year, together with reports thereon by the supervisory committee, at the annual ordinary shareholders' meeting for approval. Within four months of the end of each fiscal year, an ordinary shareholders' meeting must be held to approve the financial statements and determine the allocation of our net income for such year.

In accordance with the applicable CNV Rules, cash dividends must be paid to shareholders within thirty (30) days of the shareholders' meeting approving such dividends. According to the BYMA rules, entities whose pay their dividends in cash, must start with the payments within ten (10) days as of the shareholders' meeting approval. In the case of stock dividends, shares are required to be delivered within three months of our receipt of notice of the CNV authorization for the public offering of the shares arising paid as dividends.

Central Bank and contractual limitations on distribution of dividends

In the past, the Central Bank has imposed restrictions on the payment of dividends, substantially limiting the ability of financial institutions to distribute such dividends without its prior consent.

The Central Bank has eased these restrictions through Communication "A" 4589, as amended by Communication "A" 4591, "A" 5072, "A" 5827 and others, by providing for a mechanism for the calculation of distributable profits of the financial institutions.

The amount to be distributed, may be limited to Central Bank Rules, which may differ in certain aspects with IFRS and shall not compromise the liquidity and solvency of the entity, pursuant to the aforementioned.

This requirement shall be deemed fulfilled only if there are no defects in the integration of the minimum capital position, both individual and consolidated, for the closing for the corresponding year to the unassigned results considered or in the last closed position verified, both of which present less excess of integration with respect to the requirement. We have obtained authorization from the Central Bank to distribute dividends for fiscal years 2003 through 2010. For fiscal years ended December 31, 2011 and 2012 we were not able to distribute dividends because we did not reach the regulatory threshold for dividend distribution under Central Bank Rules. For fiscal year 2013, 2014, 2015 and 2016, we sought authorization from the Central Bank to distribute dividends, which we paid in July 2014, March 2016, August 2016 and June 2017. As a result of certain regulatory modifications introduced by the Central Bank, dividend payments made for the years 2017 and 2018 did not require prior authorization.

On January 31, 2020, the Central Bank issued Communication "A" 6886, pursuant to which financial entities must obtain prior approval of the Central Bank in order to distribute dividends.

On March 19, 2020, in the midst of the COVID-19 crisis, the Central Bank issued Communication "A" 6939, as amended from time to time, by virtue of which the distribution of dividends by financial entities was temporarily suspended until December 31, 2021.

On December 2021, by means of Communication "A" 7421, as amended, the Central Bank authorizes financial entities to distribute dividends up to 20% of the accumulated profits up to December 31, 2021 from January 1, 2022 to December 12, 2022. Those financial entities authorized by the Central Bank to distribute their profits must make such distribution in 12 equal, monthly and consecutive installments.

On March 9, 2023 by means of Communication "A" 7719, the Central Bank repeals the suspension of the distribution of results of financial institutions (item 4. of Communication "A" 7659), and it provides that as from April 1, 2023 and until December 31, 2023, those financial institutions that have the authorization of the Central Bank may distribute profits in 6 equal, monthly and consecutive installments for up to 40% of the amount that would have corresponded.

By means of Communication "A" 7984 dated March 21, 2024, the Central Bank established that until December 31, 2024, financial entities may distribute profits in 6 equal, monthly and consecutive installments and increased the amount authorized to be distributed up to 60% of the amount that would have been applicable if the rules on "Distribution of Results" had been applied.

Additionally, according to the same provision, such distribution of results must be consistent with what is reported in the Information Regime "Business plan and projections and capital self-assessment report". The calculation of the determination of the distributable income, the verification of liquidity and solvency, the additional capital margins, as well as the amount of the installments indicated, must be made in the constant currency as on the date of the meeting that decided the distribution of dividends and the payment of each of the installments, as the case may be.

Legal reserve requirement

Pursuant to the Financial Institutions Law, we are required to maintain a legal reserve which must be funded with no more than 20% and no less than 10% of yearly income (which is calculated over the income that arise from the statutory financial statements), in accordance with Central Bank Rules. Pursuant to Central Bank Rules, we maintain a legal reserve which is funded with 20% of our yearly income, which may differ in certain significant aspects with IFRS (For more information see note 51 "Restriction on dividends distribution" of our audited consolidated financial statements as of December 31, 2023 and 2022"). This reserve can only be used during periods in which a financial institution has incurred losses and has exhausted all other reserves. If a financial institution does not comply with the required legal reserve, it is not allowed to pay dividends to its shareholders.

Under the Argentine Corporate Law and our bylaws, our yearly net income (as adjusted to reflect changes in prior results) is allocated in the following order:

- (i) to comply with the legal reserve requirement,
- (ii) to pay the accrued fees of the members of the Board of Directors and statutory supervisory committee;
- (iii) to pay fixed dividends, which are applied first to pending and unpaid dividends and holders of preferred stock (if applicable);
- (iv) for voluntary or contingent reserves, as may be resolved from time to time by our shareholders at the annual ordinary or special shareholders' meeting; and
- (v) the remainder of the net income for the year may be distributed as dividends on common stock or as otherwise decided by our shareholders at the annual ordinary shareholders' meeting.

B. Significant Changes

Except as otherwise disclosed in this annual report, there has been no undisclosed significant change since the date of the most recent annual financial statements included herein.

Item 9. The Offer and Listing

A. Offer and listing details Not Applicable.

B. Plan of Distribution

Not Applicable.

C. Markets

Our Class B shares are currently traded on the BYMA (since November 1994) and MAE (since October 2015) under the symbol “BMA”. Additionally, our ADSs have been trading on the NYSE since March 2006 under the symbol “BMA”.

Our notes are currently listed on the BYMA and MAE. Our Series A Subordinated Resettable Notes are also currently listed on the Luxembourg Stock Exchange.

D. Selling Shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the issue

Not Applicable.

Item 10. Additional Information

A. Share Capital

Not Applicable

B. Memorandum and Articles of Association

General

We are a financial institution incorporated under the laws of Argentina on November 21, 1966 as a sociedad anónima, or a stock corporation, for a 99-year period and registered on March 8, 1967 with the Public Registry of Commerce of Bahía Blanca, Province of Buenos Aires, Argentina, under No. 1154 of Book 2, Folio 75 of Estatutos. We subsequently changed our legal address to the City of Buenos Aires and registered it with the IGJ on October 8, 1996 under No. 9777 of Book 119, Volume A of Sociedades Anónimas.

As of December 31, 2023, our capital stock consisted of Ps.639,413,408, represented by 11,235,670 common, book-entry Class A shares, with a par value of one Peso each and the right to five votes per share, and 628,177,738 common, book-entry Class B shares, with a par value of one Peso each and the right to one vote per share.

According to our bylaws, we may issue different classes of shares of common stock entitled with one or five votes per share. However, as long as we remain in the public offering regime, we cannot issue additional shares of any class of capital stock that could entitle the holder thereof to more than one vote per share. All outstanding shares are fully paid.

Our Class B shares are listed on the BYMA since November 1994 and on the MAE since October 2015. Our ADSs are listed in the NYSE since March, 2006. Holders of Class A shares are permitted to convert their shares into Class B shares on a one-for-one basis.

Corporate Purpose

Our bylaws provide that our corporate purpose is to engage within or outside of Argentina in any banking transaction contemplated and authorized under the Financial Institutions Law and any other laws, rules and regulations governing banking activities in the place of performance, under the guidelines and with prior authorization, if appropriate, of the Central Bank. In addition, we are capable of acting as any category of “agent” under the Capital Markets Law and supplementing regulations, in connection with securities in the transactions contemplated under the legal provisions in effect governing the activity, under the guidelines and with the prior authorization, if appropriate, of the CNV. To that effect, we have full legal capacity to develop rights, incur obligations, and execute any kind of act and transaction related thereto. Furthermore, we are capable of having interests in other domestic or foreign financial institutions and or companies with the prior authorization of the Central Bank and in compliance with the rules of such entity, as applicable.

In respect of the different categories of agents established by the Capital Markets Law, and the CNV Rules, Banco Macro, and certain of their subsidiaries are registered with the CNV in one or more of the following categories: negotiation, clearing and settlement agent (ALyC), custody of collective investment products agent (AC PIC FCI), placement and distribution of mutual funds agent (ACYD FCI), financial trustees agent (FF) and nonfinancial trustees agent (FNOF), as applicable. In addition, on November 4, 2022, the CNV authorized Banco Macro to be included in the “List of Entities Qualified to Guarantee Capital Market Instruments”, under the Regime set forth in Chapter VII of Title II of the CNV Rules.

Shareholders’ liability

Shareholders’ liability for losses of a company is limited to the value of their shareholdings in the company. Under the Argentine Corporate Law, however, shareholders who voted in favor of a resolution that is subsequently declared void by a court as contrary to Argentine laws or a company’s bylaws (or regulations, if any) may be held jointly and severally liable for damages to such company, other shareholders or third parties resulting from such resolution. See also Item 3.D “Risk Factors - Risks relating to our Class B shares and the ADSs - Our shareholders may be subject to liability for certain votes of their securities.”

Redemption and rights of withdrawal

Our shares are subject to redemption in connection with a reduction in capital by the vote of a majority of shareholders at a special shareholders’ meeting. Whenever our shareholders approve a spin-off or merger in which we are not the surviving corporation, the change of our corporate legal status, a fundamental change in our corporate purpose, change of our domicile outside of Argentina, voluntary withdrawal from public offering or delisting, our continuation in the case of mandatory delisting or cancellation of the public offering authorization, or a total or partial recapitalization following a mandatory reduction of our capital or liquidation, any shareholder that voted against such action that was approved or did not attend the meeting at which the decision was taken, may withdraw and receive the book value of its shares, determined on the basis of our latest balance sheet prepared or that should have been prepared in accordance with Argentine laws and regulations, provided that such shareholder exercises its appraisal rights within a determined period. However, because of the absence of legal precedent directly on point, there is doubt as to whether holders of ADSs will be able to exercise appraisal rights either directly or through the depository with respect to Class B shares represented by ADSs. rights of withdrawal must be exercised within the five (5) days following the adjournment of the meeting at which the resolution was adopted, in the event that the dissenting shareholder voted against such resolution, or within fifteen (15) days following such adjournment if the dissenting shareholder did not attend such meeting and can prove that he was a shareholder on the date of such meeting. In the case of merger or spin-off, appraisal rights may not be exercised if the shares to be received as a result of such transaction are authorized for public offering or listed. Appraisal rights are extinguished if the resolution giving rise to such rights is revoked at another shareholders’ meeting held within seventy-five (75) days of the meeting at which the resolution was adopted.

Payment on the appraisal rights must be made within one year of the date of the shareholders’ meeting at which the resolution was adopted, except when the resolution was to delist our stock or to continue following a mandatory delisting, in which case the payment period is reduced to sixty (60) days from the resolution date.

Preemptive and accretion rights

In the event of a capital increase, a holder of existing common shares of a given class has a preemptive right to subscribe for a number of shares of the same class sufficient to maintain the holder’s existing proportionate holdings of shares of that class. In addition, shareholders are not entitled to the right to subscribe on pro-rata basis for the unsubscribed shares remaining at the end of a preemptive rights offering, known as accretion rights.

Holders of ADSs may be restricted in their ability to exercise preemptive rights if an annual report under the Securities Act relating thereto has not been filed or is not effective or an exemption is not available. Preemptive rights are exercisable during the thirty (30) days following the last publication of notice to the shareholders in the Official Bulletin of the Republic of Argentina, or the Official Gazette and an Argentine newspaper of wide circulation. Pursuant to the Argentine Corporate Law, in the case of public companies, such thirty (30) days period may be reduced to a minimum of ten (10) days if approved by the company’s shareholders at a special shareholders’ meeting.

Shares not subscribed by the shareholders by virtue of their exercise of preemptive rights may be offered to third parties.

Voting rights

Under our bylaws, each Class A share entitles the holder thereof to five votes at any meeting of our shareholders and Class B shares entitle the holders thereof to one vote per share. However, according to the Argentine Corporate Law, shares entitle the holder to only one vote per share to vote the approval of: an early dissolution, a merger or spin-off when we are not the surviving entity, a reduction of capital stock and redemption of shares, a transformation from one type of entity to another, a limitation of shareholders' preemptive rights, a transfer of our domicile outside Argentina, and a fundamental change of our corporate purpose set forth in our bylaws. In such cases Class A shares are entitled to only one vote per share and Class B shares are entitled to only one vote per share. In addition, pursuant to Argentine applicable law, as long as we remain public we cannot issue additional shares of any class of capital stock that could entitle the holder thereof to more than one vote per share.

Registration requirements of foreign companies that hold Class B shares directly

There are no restrictions imposed by Argentine law or our by-laws or other organizational documents regarding the rights of non-residents or foreign persons to hold or vote our shares or our ADSs.

Under Argentine regulations, foreign companies that hold shares directly (and not as ADSs) in an Argentine company must be registered with the IGJ to exercise certain shareholder rights, including voting rights. The registration requires the filing of corporate and accounting documents in order to demonstrate that the foreign shareholder's main activity is conducted outside of Argentina.

Liquidation rights

In the case of our liquidation or dissolution we are requested to communicate such event to the Central Bank, and our assets will be applied to satisfy our outstanding liabilities and proportionally distributed first among our holders of preferred stock as per the terms of the preferred stock, if any. If any surplus remains, it will be proportionally distributed among holders of our common stock.

Other shareholders' rights

In addition to the rights mentioned above, the shareholders of Argentine corporations are entitled to the following additional rights that cannot be subject to any kind of limitation or suspension as they protect the minority shareholders in such capacity:

- (i) the right to participate in the company's profits;
- (ii) the right to be informed and receive information from the company through the syndics or supervisory committee, including the right to request information or reports (shareholders representing at least 2% of the capital stock of the company are entitled to request the syndic or the members of the supervisory committee information related to their functions and certain investigations);
- (iii) the right to request a shareholders' meeting (shareholders representing at least 5% of the capital stock of the company may request the call of a shareholders' meeting);
- (iv) the right to disapprove the performance of the members of the Board of Directors (the liability of the company's directors and managers shall be extinguished if their performance is later approved by the shareholders at a shareholders' meeting, or if they resign, provided that such liability is not incurred as a consequence of the violation of the applicable laws or the company's bylaws and if it does not mediate opposition of at least 5% of the capital stock); and
- (v) the right to judicially object those shareholders' meetings resolutions violating the law or company's regulations and a right to ask for a judicial or administrative intervention when the administrator or administrators of a company execute acts or neglect acts whose omission places the company in serious danger.

Ordinary and extraordinary meetings

Shareholders' meetings may be ordinary or extraordinary. We are required to convene and hold an ordinary meeting of shareholders within four months of the close of each fiscal year to consider the matters specified in the first two paragraphs of Section 234 of the Argentine Corporate Law, such as the approval of our financial statements, allocation of net income for such fiscal year, approval of the reports of the board of directors and the supervisory committee and election and remuneration of directors and members of the supervisory committee. In addition, pursuant to the Capital Markets Law, at an ordinary shareholders' meetings, our shareholders must consider:

- (i) the disposition of, or creation of any lien over, our assets as long as such decision has not been performed under the ordinary course of business;
- (ii) the execution of administration or management agreements; and
- (iii) whether to approve the payment of any agreement providing assets or services to us as long as such payment is material when measured against the volume of the ordinary course of business and our shareholders' equity.

Other matters which may be considered at an ordinary meeting convened and held at any time include the responsibility of directors and members of the supervisory committee, capital increases and the issuance of certain corporate bonds. Special shareholders' meetings may be called at any time to

consider matters beyond the authority of an ordinary meeting, including amendment of the bylaws, issuance of debentures, early dissolution, merger, spin off, reduction of capital stock and redemption of shares, transformation from one type of entity to another and limitation of shareholders' preemptive rights.

Notices of meetings

Notices of shareholders' meetings are governed by the provisions of Argentine Corporations Law, and in case of publicly traded companies, Capital Markets Law. Furthermore, notice of shareholders' meetings must be published for five (5) days in the Official Gazette, in an Argentine newspaper of wide circulation and in the publications of Argentine exchanges or securities markets in which our shares are traded, at least twenty (20) but not more than forty-five (45) days prior to the date on which the meeting is to be held. Such notice must include information regarding the type of meeting to be held, the date, time and place of such meeting and the agenda. If a quorum is not available at such meeting, a notice for a second meeting, which must be held within thirty (30) days of the date on which the first meeting was called, must be published for three (3) days, at least eight (8) days before the date of the second meeting. The above-described notices of shareholders' meetings may be effected simultaneously for the second meeting to be held on the same day as the first meeting, only in the case of ordinary meetings. Shareholders' meetings may be validly held without notice if all shares of our outstanding capital stock are present, and resolutions are adopted by unanimous vote of such shares.

Quorum and voting requirements

The quorum for ordinary meetings of shareholders on first call is a majority of the shares entitled to vote, and action may be taken by the affirmative vote of an absolute majority of the shares present that are entitled to vote on such action. If a quorum is not available at the first meeting a second meeting may be held at which action may be taken by the holders of an absolute majority of the shares present, regardless of the number of such shares. The quorum for a special shareholders' meeting on first call is 60% of the shares entitled to vote, and if such quorum is not available, a second meeting may be held, for which the quorum is 30% of the shares entitled to vote.

Action may be taken at special shareholders' meetings by the affirmative vote of an absolute majority of shares present that are entitled to vote on such action, except that: the approval of a majority of shares with voting rights (for these purposes non-voting preferred shares shall have voting rights), without application of multiple votes, is required at both the first and second meeting for:

- (i) the transfer of our domicile outside Argentina,
- (ii) a fundamental change of the corporate purpose set forth in our bylaws,
- (iii) our anticipated dissolution,
- (iv) the total or partial redemption of shares,
- (v) our merger or spin-off, if we are not the surviving entity, or
- (vi) the transformation of our corporate legal status, in which cases resolutions shall be adopted by the affirmative vote of the majority of shares with the right to vote.

Preferred shares will be entitled to one vote in these circumstances.

The Argentine Corporate Law permits companies to establish cumulative voting in order to elect up to one third of the directors and one third of the members of the supervisory committee to fill vacancies of the board of directors and of the supervisory committee, respectively, sharing such part with candidates voted for by means of the plural system. Cumulative voting is a system designed to protect minority interests, as it gives rise to the possibility, but does not ensure, that minority interests will be able to elect some of their candidates. Each shareholder who votes cumulatively shall have a number of votes equal to the result of multiplying his/her own votes by the number of vacancies. On the other hand, shareholders who vote by the ordinary procedure and those who vote by cumulative vote will compete for the election of one third of the vacancies. The larger the number of vacancies, the greater the possibility that minority groups or shareholders will win positions in the board of directors or the supervisory committee.

Shareholders' meetings may be called by the board of directors or the members of the supervisory committee whenever required by law or whenever they deem it necessary. Also, the board or the members of the supervisory committee are required to call shareholders' meetings upon the request of shareholders representing an aggregate of at least five percent of our outstanding capital stock. If the board or the supervisory committee fails to call a meeting following such a request, a meeting may be ordered by the CNV or by the courts. In order to attend a meeting, a shareholder must also deposit with us a certificate of book-entry shares registered in its name and issued by Caja de Valores S.A. at least three (3) business days prior to the date on which the meeting is to be held. If so entitled to attend a meeting, a shareholder may be represented by proxy. Proxies may not be granted to our board, members of the supervisory committee, officers or employees.

By means of CNV's General Resolution No. 830/2020, dated April 3, 2020, publicly offered entities are allowed to hold remote shareholders and board of directors' meetings, via electronic means, even if their respective bylaws do not provide for this, respecting the minimum requirements to ensure the integrity of the vote of each participant and the presence of all shareholders and members, respectively. By means of CNV's interpretation No. 80 the provisions of CNV's General Resolution No. 830/2020 were restated. According to this, and as a consequence of Decree 867/2021 extending the sanitary emergency until 12/31/2022, General Resolution 939/2022 CNV maintains the provisions of General Resolution 830/2020 of the CNV, which regulates the holding of virtual meetings under the terms and conditions set forth therein. The management bodies must evaluate the particular conditions and situations of each company and choose whether to hold the meeting in person or virtually, ensuring due compliance with the corresponding legal and sanitary requirements.

CNV's General Resolution No. 939/2022 provided that remote meetings must be held from the corporate headquarters or the place corresponding to the jurisdiction of the corporate domicile, guaranteeing the possibility of participation in person by the shareholders who so wish. This Resolution shall be

applicable to the extent that virtual assemblies are provided for in the Bylaws.

Election of directors

The shareholders present at any annual ordinary meeting may determine the size of the board of directors, provided that there shall be no less than three (3) and no more than thirteen (13) directors. Any director so appointed will serve for three fiscal years. If the shareholders elect nine or more board members, each director will be re-elected as a staggered board, to be renewed by thirds, provided that in all cases no less than three directors shall be renewed each time. The annual ordinary shareholders' meeting may also appoint an equal or lesser number of alternate directors, to hold office for the same term than regular directors, to fill any vacancy in the board occurring for any reason, and shall further determine the order of substitution. Alternate directors shall hold office until the regular directors in whose place they have acted as substitutes shall resume office, and in case any such absence is permanent, until the next ordinary meeting of shareholders where at directors shall be appointed. Both regular and alternate directors may be re-elected indefinitely.

Change in capital

Our by-laws do not establish conditions for the changes in our capital more stringent than those conditions imposed by the Argentine Corporate Law. For a description of conditions for the changes in our capital imposed by the Argentine Corporate Law see “—Ordinary and extraordinary meetings.” Purchases of Equity Securities by the Issuer

According to the Argentine Corporations Law, the Capital Markets Law and the CNV Rules, a stock corporation may acquire the shares it issued, provided that the public offering and listing thereof has been authorized, subject to the following terms and conditions and those set forth by the CNV. The above-mentioned conditions are:

- (a) the shares to be acquired shall be subscribed and paid-off;
- (b) there shall be a resolution signed by the board of directors to such effect (duly reported to the supervisory committee and the audit committee);
- (c) the acquisition shall be made using the net profits or free or voluntary reserves; and
- (d) the total amount of shares acquired by the issuer, including previously acquired shares (and are held as treasury stock by the issuer), shall not exceed 10% of the capital stock or such lower percentage determined by the CNV.

The shares acquired by the issuer in excess of such limit shall be disposed of within a period of ninety (90) days after the date of the acquisition originating such excess. The shares acquired by the issuer shall be disposed of by the issuer within the maximum term of three years counted as from the date of acquisition thereof or cancelled. Upon disposing of the shares, the issuer shall make a preemptive offer thereof. Such preemptive offer will not be mandatory in certain specific cases, pursuant to which shares may be sold in the open market. For more information, please see Item 16E. “Purchases of Equity Securities by the Issuer and Affiliated Purchasers.”

Anti-takeover provisions

Our bylaws do not contain any provision that would (i) oblige us to disclose information regarding our shareholders; and (ii) have the effect of delaying, deferring or preventing a change in control, the last of which may happen only in the event of a merger, acquisition or public offering for acquisition.

Tender offer regime

Tender offer regime in the case of a change in control

Mandatory tender offer or exchange in Argentina

Pursuant to the rules set forth in the Capital Markets Law, the Productive Financing Law and the CNV Rules, anyone who, either individually or collectively, effectively achieves a “controlling interest” in a publicly traded company, will be bound to submit a mandatory tender offer (“OPA”, acronym in Spanish for Oferta Pública de Adquisición Obligatoria) in any of the scenarios set forth below:

- a) acquisition of shares or share subscription rights or options granted by the company, corporate bonds convertible into shares or similar securities which, directly or indirectly, may give a right a controlling interest in the company;
- b) execution of agreements by and among other holders of securities, which grant the necessary votes to control the company's decisions or to appoint or revoke a majority of the members of the Supervisory Committee, as well as any other agreement which regulates the right to vote in the Board of Directors or in any of its delegate bodies. This scenario shall be applicable when the parties to the agreement have acquired the voting shares of the company, acting either individually or jointly, within the 12 months prior to the execution of the agreement; or when a new shareholder agrees to a joint control of the company with existing shareholders. Furthermore, this scenario shall not be applicable when the acquired interest is below 50% of a controlling subsidiary of a publicly traded company; or
- c) indirectly or contingently, including the cases of mergers or other corporate reorganizations, involving a company that has direct or indirect shareholding with the right to vote in a publicly traded third party.

The OPA must be addressed to any and all shareholders of the company and any person with rights to share subscription or stock options granted by the company, corporate bonds or other similar securities which directly or indirectly may give right to share subscription and/or acquisition of securities, or conversion of voting shares. The addressees of the OPA must be offered an equitable price, in the terms of section 88 of the Capital Markets Law, and section III, Chapter II, Title III of the CNV Rules.

In the above mentioned cases, the prospective purchase must file the request to submit a mandatory tender offer before the CNV no later than one month after the takeover has been completed.

The mandatory tender offer must be launched by the prospective purchaser within five (5) days of obtaining the approval of the CNV. The term for the investors to accept or reject the offer will have to be at least ten (10) days and no more than twenty (20).

Concept of “Controlling Interest”

In accordance with the Capital Markets Law, a person can be considered to have a controlling interest, either individually or collectively, if:

- i) voting rights exceed 50% of the company, excluding the shares owned directly or indirectly by the affected Company from the calculation base; or
- ii) even though the shareholding is below 50%, the person acts as the “controller” of the Company in the terms of the capital markets law.

Determination of the price of the OPA in the case of a change in control

The equitable price of mandatory tender offers must be the higher between:

- (i) the higher price that the offeror, acting individually or jointly, may have paid or agreed to pay for the securities to be offered by virtue of the OPA during the 12 months prior to the beginning of the period during which the OPA must take place;
- (ii) the average price of the shares for the last six months before the “offer.”

Determination of the price of the OPA in other cases (minority drag along right, for example)

The equitable price in this scenario must be considered the same criteria as in a change of control event, but also should bear into account (i) the face value of shares; (ii) the value of the company according to international valuation standards; and (iii) the value of liquidation of the company.

Penalties for breach

Without prejudice to the penalties established by the CNV, the Capital Markets Law provides that purchases of shares of a company in violation of the OPA regime shall be declared irregular and ineffective for administrative purposes by the CNV and cause the invitation of an auction of the shares acquired on infringement, without prejudice to the penalties that may correspond.

Tender offer regime in the case of a voluntary withdrawal from the public offering and listing system in Argentina

The Capital Markets Law and its regulations also established that when a company whose shares are publicly offered and listed in Argentina, agrees to voluntarily withdraw from the public offering and listing system in Argentina, it must follow the procedures provided for in the CNV’s regulations and it must likewise launch an OPA for its aggregate shares and/or subscription rights or securities convertible into shares or stock options under the terms provided for in such regulation. It is not necessary to extend the public offering to those shareholders that voted for the withdrawal at the shareholders’ meeting. The public offering can only be made as a purchase and sale and the consideration must be cash.

The acquisition of one’s own shares must be made with liquid and realized profits or with free reserves, whenever paid up in full, and for the amortization or disposition thereof, within the term set forth in section 221 of the Argentine Companies Law and the company must present the CNV with evidence that it has the necessary solvency to effect such purchase and that the payment for the shares will not affect its solvency. The price offered should be an equitable price. To determine if an equitable price is offered, the criteria set forth for mandatory tender offers must be followed.

Form and transfer

Our current capital stock is represented by book-entry shares. Our shareholders are required to hold their shares through book-entries directly made by Caja de Valores S.A. in the stock registry of the company carried by Caja de Valores S.A. or through book-entries with brokers, banks and other entities approved by the CNV that have accounts with Caja de Valores S.A., or with the participants of the Caja de Valores S.A.

Caja de Valores S.A. is in charge of maintaining a stock registry on our behalf based on information received from shareholders that choose to hold their shares directly by registration on the stock registry of the company and from participants of the Caja de Valores S.A. Under Argentine law, only those holders listed in the stock registry, either directly or through participants of the Caja de Valores S.A., will be recognized as shareholders. Shares held by participants of the Caja de Valores S.A. have the same rights as shares recorded in our shareholders' register.

C. Material Contracts

During the past two years we did not enter into or become party to any contract that is required to be disclosed under this item, other than the ones mentioned in Item 4.A "Information on the Bank— History and development of the Bank." For further information, see "History and Description of the Bank's Business—History—Banco Macro S.A." and Item 4.B "Business Overview"/ Technology, automated channels and credit cards processing systems.

D. Exchange Controls

On September 1, 2019, after the market disruptions caused by the results of the primary elections, with the purpose of strengthening the normal functioning of the economy, fostering a prudent administration of the exchange market, reducing the volatility of financial variables and containing the impact of the variations of financial flows on the real economy, the Argentine government issued Decree No. 609/2019 whereby foreign exchange controls were temporarily reinstated. The decree: (i) reinstated, originally until December 31, 2019, the exporters' obligation to repatriate the proceeds from exports of goods and services in the terms and conditions set forth by the Central Bank's implementing regulations and settle for Pesos through the FX Market; and (ii) authorized the Central Bank to (a) regulate access to the FX Market for the purchase of foreign currency and outward remittances; and (b) set forth regulations to avoid practices and transactions aimed to circumvent, through the use of securities and other instruments, the measures adopted through the decree. On the same date, the Central Bank issued Communication "A" 6770, which was subsequently amended and supplemented by further Central Bank communications.

At present, foreign exchange regulations have been consolidated in a single regulation, Communication "A" 7953, as subsequently amended and supplemented from time to time by Central Bank's communications (the "FX Regulations"). Below is a description of the main exchange control measures implemented by the FX Regulations:

Specific provisions for income from the foreign exchange market

Entry and settlement of the proceeds from the export of goods through the foreign exchange market

The Argentine exchange regime established that proceeds from exports of goods must be entered and settled in Argentine pesos through the foreign exchange market within 5 business days following their collection.

The Decree No. 28/2023 published on December 13, 2023, established: (i) the export countervalue of the services included in subsection c) of paragraph 2 of Article 10 of the Law No. 22,415 ("Customs Code") and its amendments (which refers to services rendered in the country, whose effective use or exploitation is carried out abroad); and (ii) the countervalue of the export of goods included in the Common Nomenclature of MERCOSUR ("NCM"), including pre-financing and/or post-financing of exports from abroad or a liquidation advance; 80% brought into the country in foreign currency and/or negotiated through the foreign exchange market, and for the remaining 20% must be carried out through purchase and sale transactions with negotiable securities acquired with liquidation in foreign currency and sold with liquidation in local currency.

In the case of funds received or credited abroad, the deposit and liquidation for the amount equivalent to the usual expenses debited by the financial entities abroad for the transfer of funds to the country may be considered completed.

There are some exceptions to the obligation to settle through the foreign exchange market, including, but not limited to: (i) collections from exporters under the Regime for the Promotion of Knowledge Economy Exports (established by Decree No. 679/2022); and (ii) certain collections from exports of services of human beings, as established by Article 2.2.2.1. of the Ordered Text.

Amounts collected in foreign currency for claims related to exported goods must also be entered and settled in Argentine pesos in the foreign exchange market, up to the amount of the insured exported goods.

The exporter must designate a financial entity to follow up each export transaction. The obligation to enter and settle foreign currency through the foreign exchange market corresponding to a shipment permit will be considered satisfied when the financial entity designated to follow up certifies that the entry and settlement has taken place.

Local charges for exports under the regime of farms to foreign-flagged means of transport

With respect to local charges for exports under the regime of farms to foreign-flagged means of transport, it will be considered as fully or partially compliant with the follow-up of the shipping permit, for an amount equivalent to that paid locally in Argentine pesos and/or in foreign currency to the exporter by a local agent of the company owning the foreign-flagged means of transport, provided that the following conditions are met:

- (i) The documentation shows that the delivery of the exported goods has taken place in the country, that the local agent of the company owning the foreign-flagged means of transport has made the payment to the exporter locally and the currency in which such payment was made.

- (ii) The company has a certification issued by a financial entity stating that the referred local agent would have had access to the foreign exchange market for the equivalent amount in foreign currency that is intended to be imputed to the permit. The financial entity issuing such certification must previously verify compliance with all the requirements established by the exchange regulations for access to the foreign exchange market by Article 3.2.5.2. of Exchange Regime, with the exception of the provisions of Article 3.16.1 of such regulations and have a sworn statement from the referred local agent stating that it has not transferred and will not transfer funds abroad for the proportional part of the transactions included in the certification.
- (iii) In the event that the amounts have been received in the country in foreign currency, the company has the certification of settlement of the funds in the foreign exchange market.

The local agent of the company owning the foreign-flagged means of transport must not have used this mechanism for an amount exceeding US\$ 2,000,000 in the charged calendar month.

Obligation to settle foreign currency from exports of services

Payments received for the provision of services by residents to non-residents must be entered and settled through the foreign exchange market within 5 business days from the date of its collection abroad or in the country or its crediting to foreign accounts.

In the case of funds received or credited abroad, the collection and liquidation may be considered completed for the amount equivalent to the usual expenses debited by the financial entities abroad for the transfer of funds to the country.

The aforementioned provisions of Decree No. 28/2023 are also applicable to the export of services (see “—Entry and settlement of the proceeds from the export of goods through the foreign exchange market”).

Application of export revenues

The Argentine exchange regime authorizes the application of export revenues to the repayment of: (i) pre-financing of exports and export financing granted or guaranteed by local financial entities; (ii) pre-financing of exports and export advances settled in the foreign exchange market, provided that the corresponding transactions have been executed through public deeds or public registries; (iii) financial indebtedness under contracts entered into prior to August 31, 2019 that provide for the cancellation thereof through the application abroad of export funds; (iv) other foreign financial indebtedness subject to certain requirements as set forth in Articles 7.9 and 7.10 of the Exchange Regime; and (v) advances, pre-financing and post-financing from abroad with partial liquidation under the provisions of Decrees No. 492/2023, No. 549/2023, No. 597/2023 and No. 28/2023. Likewise, it allows keeping export revenues abroad to guarantee the payment of new indebtedness, provided certain requirements are met.

Financial indebtedness with foreign countries

According to Article 2.4 of the Exchange Regime for resident debtors to be able to access the foreign exchange market to repay financial indebtedness with foreign countries disbursed as from September 1, 2019, the loan proceeds must have been settled through the foreign exchange market and the transaction must have been declared in the External Assets and Liabilities Survey (“Relevamiento de Activos y Pasivos Externos”). Accordingly, although settlement of the loan proceeds is not mandatory, failure to settle will preclude future access to the foreign exchange market for repayment purposes.

Access to the foreign exchange market to make such payments more than three days in advance of the due date is, as a general rule, subject to the Central Bank’s prior authorization. Prepayments made with funds from new foreign loans duly settled or in connection with debt refinancing or liability management processes may be exempt from such prior authorization from the Central Bank to the extent they comply with several requirements as set forth in Article 3.5 of the Exchange Regime.

Until December 31, 2024, prior Central Bank approval is required for local residents to access the foreign exchange market to make principal and interest payments under cross-border financial borrowings with related parties. Certain specific exceptions apply and are included in item 3.5.6. of the Ordered Text. (unless the loan proceeds were settled through the foreign exchange market after October 1, 2020, and the loan has an average life of at least 2 years).

Specific provisions on access to the foreign exchange market

General requirements

As a general rule, and in addition to the specific rules of each transaction for access, certain general requirements must be complied with by a local company or individual to access the foreign exchange market for the purchase of foreign currency or its transfer abroad (i.e., payments of imports and other purchases of goods abroad; payment of services rendered by non-residents; distribution of profits and dividends; payment of principal and interest on foreign indebtedness; interest payments on debts for the import of goods and services, among others) without requiring prior approval from the Central Bank. In this regard, the local company or individual must file a sworn statement stating that:

(a)(i) At the time of access to the foreign exchange market, all of its foreign currency holdings in the country are deposited in accounts in financial institutions, and (ii) at the beginning of the day on which it requests access to the foreign exchange market, it does not hold Argentine certificates of deposit (for its acronym in Spanish, “CEDEARs”) representing foreign shares and/or available liquid foreign assets that together have a value greater than US\$ 100,000 (funds deposited abroad that constitute reserve or guarantee funds under debt contracts with foreign countries, or funds granted as guarantee for derivatives arranged abroad are excluded from this limit). If the customer is a local government, foreign currency holdings deposited with local financial institutions must also be accounted up to December 31, 2024. For these purposes, “liquid foreign assets” are considered to be holdings of banknotes and coins in foreign currency, cash in gold coins or bars of good delivery, demand deposits in financial institutions abroad and other investments that allow immediate availability of foreign currency. On the other hand, funds deposited abroad that cannot be used by the client because they are reserve or guarantee funds created by virtue of the requirements set forth in foreign debt contracts or funds created as guarantee for derivative transactions arranged abroad should not be considered as liquid foreign assets available. In the event that the client is a local government and exceeds the established limit, the institution may also accept an affidavit from the client stating that the excess was used to make payments for the foreign exchange market through swap and/or arbitrage operations with the deposited funds.

- (b). It undertakes the obligation to settle in the foreign exchange market, within five business days of its availability, the funds received abroad from the collection of loans granted to third parties, time deposits, or the sale of any type of asset, to the extent that the asset subject to the sale was acquired, the deposit constituted or the loan granted after May 28, 2020.
- (c). On the date of access to the foreign exchange market and in the previous 90 calendar days in the case of securities issued under Argentine Law and in the 180 calendar days prior in the case of transactions that are not carried out with securities issued under Argentine Law, it: (i) did not arrange sales in the country of securities with settlement in foreign currency; (ii) did not exchange securities issued by residents for foreign assets, (iii) did not transfer securities to depository entities abroad, (iv) did not acquire in the country securities issued by non-residents with settlement in Argentine pesos, (v) did not acquire CEDEARs representing foreign shares, (vi) did not acquire securities representing private debt issued in foreign jurisdiction, and (vii) did not deliver funds in local currency or other local assets (except funds in foreign currency deposited in local financial institutions) to any entity (whether human or legal, resident or non-resident, related or not), receiving as prior or subsequent consideration, directly or indirectly, by itself or through a related, controlled or controlling entity, foreign assets, crypto-assets or securities deposited abroad.
- (d). It undertakes the obligation not to enter into any of the transactions described in paragraph (c) above from the time it requests access to the foreign exchange market and for 90 calendar days thereafter in the case of securities issued under Argentine Law and for the following 180 calendar days in the case of transactions that are not carried out with securities issued under Argentine Law.
- (e). Article 3.16.3 of the Exchange Regime adds that, in the event that the customer requesting access to the exchange market is a legal entity, in order for the transaction not to be covered by the requirement of prior approval by the Central Bank must be submitted to the corresponding financial institution:
 - (A) a sworn statement evidencing that within the term provided in section 3.16.3.4. (180 days prior to accessing the foreign exchange market) it has not delivered in the country any funds in local currency or other liquid local assets, except funds in foreign currency deposited in local financial institutions, to any person or legal entity, except those directly associated with regular transactions in the course of its business (this sworn statement shall be called “Sworn Statement—Section 1”); or
 - (B)(i) as required by Article 3.16.3.3. of the Exchange Regime, an affidavit stating details of the human or legal persons exercising a direct control relationship over the client and of other legal persons with which it is part of the same economic group. In determining the existence of a direct control relationship, the types of relationships described in item 1.2.2.1 of the Large Exposures rules should be considered. Companies sharing a control relationship of the type defined in items 1.2.1.1 and 1.2.2.1 of the Large Exposures rules should be considered as members of the same “economic group” (the “Economic Group Description Affidavit”); and (ii) that on the day on which it requests access to the market and in the 180 days prior to that date, it has not delivered in the country any funds in local currency or other liquid local assets, except funds in foreign currency deposited in local financial institutions, to any individual or legal entity that exercises a direct control relationship over it, or to other companies with which it is part of the same economic group, except those directly associated with regular transactions between residents for the acquisition of goods and/or services (the “Sworn Statement of Non-Delivery of Pesos to the Economic Group”). It also provides that in the case of individuals or legal entities exercising a direct control relationship, the term of 180 calendar days shall only be applicable for deliveries made as from April 21, 2013, and the term of 90 calendar days shall be applicable for deliveries made prior to that date. While for legal entities that are part of the same economic group but did not exercise a direct control relationship over the customer as of May 11, 2023, the provisions shall be applicable only for deliveries made as of May 12, 2023.
 - (C) The provisions of item 3.16.3.4. (as detailed in (B)(ii) above) may be deemed to have been complied with if the customer seeking access has submitted:
 - (i) an affidavit initialed by each human or legal person detailed in item 3.16.3.3. to whom the client has delivered funds under the terms provided in item 3.16.3.4., recording what is required in items 3.16.3.1., 3.16.3.2. and 3.16.3.4.; or
 - (ii) an Economic Group Affidavit of each person or legal entity declared in the affidavit indicated in item 3.16.3.3. (i.e., all Direct Controlling Entities and the declared members of the economic group), stating the provisions of Articles 3.16.3.1. and 3.16.3.2. of the Exchange Regime; or
 - (iii) a statement from each of the individuals or legal entities declared in the sworn statement indicated in item 3.16.3.3.3 (i.e., all the Direct Controlling Entities and the declared members of the economic group), stating that within the term set forth in item 3.16.3.4. has not received in the country any funds in local currency or other liquid local assets, except for funds in foreign currency deposited in local financial entities, except for those directly associated to usual transactions between residents for the acquisition of goods and/or services, which have come from the client or from any person detailed in item 3.16.3.3. to whom the client has delivered funds under the terms set forth in item 3.16.3.4.

Article 3.16.4 of the Exchange Regime establishes that companies shall require the prior approval of the Central Bank to grant access to the foreign exchange market to individuals or legal entities included by the AFIP in the database of invoices or equivalent documents classified as apocryphal by such agency. This requirement will not be applicable for access to the foreign exchange market for the cancellation of foreign currency financing granted by local financial institutions, including payments for foreign currency consumption made by credit or purchase cards.

Imports payments

Article 3.1 of the Exchange Regime allows access to the foreign exchange market for the payment of imports of goods, establishing different conditions depending on whether they are payments of imports of goods with customs entry registration, or payments of imports of goods with pending customs

entry registration. It also provides for the reestablishment of the “SEPAIMPO”, the import payment tracking system, for the purpose of monitoring import payments, import financing and the demonstration of the entry of goods into the country.

In addition, the local importer must designate a local financial entity to act as a monitoring bank, which will be responsible for verifying compliance with applicable regulations, including, among others, the settlement of import financing and the entry of imported goods.

Communication “A” 7,917 issued on December 13, 2023, later amended by Communication “A” 7,953 issued on January 26, 2024, substantially modified the regime of access to the foreign exchange market for the payment of imports of goods and services, establishing the following regarding the access to the foreign exchange market for the payment of imports of goods, effective as of December 13, 2023:

- (a) Entities may provide access the foreign exchange market to make deferred payments for imports of goods with customs entry registration as from December 13, 2023, when in addition to the other applicable regulatory requirements, it is verified that the payment respects the following schedule, according to the type of goods:
- (i) from its customs entry registration, the payment of the FOB value corresponding to the following goods may be made: (a) petroleum or bituminous mineral oils, their preparations and residues (subchapters 2709, 2710 and 2713 of the NCM); (b) petroleum gases and other gaseous hydrocarbons (subchapter 2711 of the NCM); c) bituminous coal without agglomeration (subchapters 2701.12.00 of the NCM), when the importation is carried out by an electric generation plant; d) electric energy (subchapters 2716.00.00 of the NCM).
 - (ii) from 30 days from the date of registration of customs entry, payment of the FOB value corresponding to the following goods may be made: (a) pharmaceutical products and/or inputs used in their local processing, other goods related to health care or food for human consumption covered by the provisions of the Article 155 Tris of the Argentine Food Code, whose tariff positions according to the NCM are detailed in Article 12.3. of the Exchange Regime; (b) fertilizers and/or phytosanitary products and/or inputs that may be intended for local processing, whose tariff positions are detailed in Article 12.2. of the Exchange Regime. The entity must have the importer’s affidavit stating that the goods will be used for the purposes foreseen in this item.
 - (iii) from 180 calendar days from the date of registration of customs entry, payment of the FOB value corresponding to the following goods may be made: (a) finished automobiles (subchapter 8703 of the NCM); (b) those corresponding to the tariff positions detailed in Article 12.1 of the Exchange Regime that are not covered in the preceding Articles, regardless of their FOB unit value.
 - (iv) for the remaining goods, the payment of their FOB value may be made within the following terms counted from the registration of the customs entry of the goods:
 - a) 25% after 30 calendar days.
 - b) An additional 25% after 60 calendar days.
 - c) An additional 25% after 90 calendar days.
 - d) The remaining 25% as from 120 calendar days.
 - (v) Freight and insurance as part of the purchase condition agreed with the seller may be paid in full as from the first date on which the importer has access by virtue of the goods covered.

Entities may also grant access to the foreign exchange market without the prior approval of the Central Bank to make deferred payments for new imports of goods with customs entry registration as from December 13, 2023 before the terms set forth in item (b) above when, in addition to the other applicable regulatory requirements, the payment falls within the situations set forth in item 3 of the Communication “A” 7,917.

Access to the foreign exchange market to make payments with pending customs registration shall require the prior approval of the Central Bank except when, in addition to the other applicable requirements, the payment falls within the situations foreseen in item 3 of the Communication “A” 7,917.

- (b) Access to the foreign exchange market to make payments with pending customs entry registration or deferred payments before the terms set forth in item (b) above, when the remaining applicable requirements are met, only in the case of financing, new pre-financing or advance payments or under specific benefits.
- (c) Access to the foreign exchange market to make import payments for goods whose customs entry registration occurred up to December 12, 2023, in addition to the remaining applicable requirements, shall require the prior conformity of the Central Bank except when they are transactions financed by financial entities or official credit agencies or international organizations; among other situations.
- (d) Access to financial entities to cancel obligations derived from letters of credit or guaranteed letters issued or granted as from December 13, 2023, within the framework of an import in which it is required to have a SIRA declaration will be conditioned to the entity having documentation that proves, at the date of issuance or granting, the guaranteed transaction was compatible with the terms and conditions set forth in item (b) above.

Payment of foreign debts for the importation of goods and/or for services effectively rendered and/or accrued

On December 22, 2023, the Central Bank issued Communication “A” 7,925 establishing the requirements for importers who have outstanding debts with foreign countries for the import of goods with customs entry registration until December 12, 2023 and/or for services effectively rendered and/or accrued until that date (the “Import Debt Stock”), to subscribe Bonds for the Reconstruction of a Free Argentina (“BOPREAL”).

Importers of goods may subscribe the BOPREAL for up to the amount of the outstanding debt for their imports of goods with customs entry registration up to and including December 12, 2023. The amount of the BOPREAL that importers may subscribe will be adjusted to the outstanding amount registered in the Central Bank’s SEPAIMPO system. Importers of services accrued up to December 12, 2023, may also subscribe the BOPREAL for up to the amount of the outstanding debt for such transactions. Importers of goods and services that, prior to January 31, 2024, subscribe the series offered

(maturity in 2027), and for an amount equal to or greater than 50% of the outstanding amount of the Import Debt Stock, will be able to access the foreign exchange market as from February 1, 2024 to pay the Import Debt Stock for the equivalent of 5% of the amount subscribed of such series.

Likewise, access to the foreign exchange market is authorized for the payment of the Import Debt Stock by means of an exchange and/or arbitrage with the funds deposited in a local bank account and originated in collections of principal and interest in foreign currency of the BOPREAL.

Importers subscribing to BOPREAL may sell them with settlement in foreign currency in the country or abroad or transfer them to depositories abroad, for up to the amount acquired in the primary subscription without limiting their ability to access the foreign exchange market. Likewise, Communication “A” 7,935 established that those who have subscribed BOPREAL in primary bidding may, as from April 1, 2024, carry out sales transactions of securities against foreign currency for the difference between the nominal value bid and the sale price in the secondary market obtained from the sale of the BOPREAL, without violating the sworn statements set forth in Articles 3.16.3.1. and 3.16.3.2. of the Exchange Regime.

Payment for services rendered by non-residents

Pursuant to Article 3.2 of the Exchange Regime, entities may access the foreign exchange market to make payments for services rendered by non-residents as long as they have documentation to support the existence of the service.

In the case of commercial debts for services, access is granted as from the expiration date, provided that it is verified that the operation is declared, if applicable, in the last due presentation of the “External Assets and Liabilities Survey”.

Communication “A” 7,953 issued on January 26, 2024, substantially modified the regime of access to the foreign exchange market for the payment of imports of goods and services. Said Communication established the following regarding access to the foreign exchange market for the payment of imports of services, effective as of December 13, 2023:

- (a) Access to the foreign exchange market for the payment of services.
- (b) Entities may give access to the foreign exchange market to make payments for non-residents services that were or will be rendered as of December 31, 2023, when, in addition to the other applicable regulatory requirements, the transaction falls within one of the situations detailed below:
 - (i) The payment corresponds to a transaction that falls under the following concept codes:
 - S03. Passenger Transportation Services.
 - S06. Travel (excluding transactions associated with withdrawals and/or consumption with resident cards with non-resident suppliers or non-resident cards with Argentine suppliers).
 - S23. Audiovisual services.
 - S25. Government services.
 - S26. Health services by travel assistance companies.
 - S27. Other health services.
 - S29. Transactions associated with withdrawals and/or consumptions with resident cards with non-resident suppliers or non-resident cards with Argentine suppliers.
 - ii) Expenses paid to foreign financial entities for their usual operations.
 - iii) The payment corresponds to an operation that falls under the concept “S30. Freight services for goods import operations” and is made after a period of time equivalent to that in which payment for the goods transported could begin to be made as per item 10.10.1 has elapsed since this date the service rendered.
 - iv) The payment corresponds to an operation that falls under item “S24. Other personal, cultural and recreational services” and is made after a period of 90 calendar days from the date of rendering or accrual of the service.
 - v) The payment corresponds to a service not included in Articles 13.23.1 to 13.2.4 of the Exchange Regime by a counterparty not related to the resident and the payment is made after a period of 30 calendar days from the date of rendering or accrual of the service.
 - vi) The payment corresponds to a service not included in Articles 13.23.1 to 13.2.4 of the Exchange Regime by a counterparty related to the resident and the payment is made after 180 calendar days from the date of rendering or accrual of the service.
- (c) Stock of debt of Imports of Services

Access to the foreign exchange market for payments for non-resident services rendered and/or accrued up to December 12, 2023, in advance of the deadlines foreseen in Articles 13.2.3 to 13.2.6, of the Exchange Regime when in addition to the other applicable requirements, the following situations are verified, the access shall be admissible.

- i) The customer accesses the foreign exchange market with funds originated in a financing of imports of services granted by a local financial institution from a foreign line of credit to the extent that the maturity dates and the amounts of principal to be paid of the financing granted are compatible with those provided for in Article 13.2 of the Exchange Regime. If the granting of the financing is prior to the date of rendering or accrual of the service, the terms set forth in Article 13.2 of the Exchange Regime shall be computed as from the estimated date of rendering or accrual plus 15 calendar days.

- ii) The customer has access to the foreign exchange market simultaneously with the settlement of funds for advances or pre-financing of exports from abroad or pre-financing of exports granted by local financial entities with funding in foreign credit lines, to the extent that the stipulations of Article 13.3.1 of the Exchange Regime regarding maturity dates and the amounts of principal to be paid for the financing are complied with.

The entity must also have an affidavit from the importer stating that the prior approval of the Central Bank will be required for the application of foreign currency from export collections prior to the maturity date arising from the term conditions stipulated for situations associated with a financing.

- iii) The customer accesses the foreign exchange market simultaneously with the settlement of funds originated in a financial indebtedness abroad, to the extent that the provisions of Article 13.3.1 of the Exchange Regime regarding maturity dates and principal amounts payable on the financing are complied with.

The portion of the financial indebtedness abroad that is used by virtue of the provisions of this item may not be computed for the purposes of other specific mechanisms that enable access to the foreign exchange market as from the entry and/or settlement of this type of transactions.

- iv) In the case that the payment for imports of services is performed within the framework of the mechanism provided for in Article 7.11 of the Exchange Regime.
 - v) The customer has a “Certification for the regimes of access to foreign currency for the incremental production of oil and/or natural gas (Decree No. 277/22)” issued within the framework of the provisions of Article 3.17 of the Exchange Regime.
 - vi) The payment corresponds to transactions financed or guaranteed prior to December 12, 2023, by local or foreign financial entities.
 - vii) The payment corresponds to operations financed or guaranteed prior to December 12, 2023, by international organizations and/or official credit agencies.
- (d) Payments of services abroad up to December 12, 2023.

The Central Bank’s prior approval shall be required for access to the foreign exchange market to make payments for non-resident services rendered or accrued up to December 12, 2023, except when in addition to the other applicable requirements, the entity verifies the Articles 13.4.1 to 13.4.8 of the Exchange Regime.

External financial indebtedness

In order for resident debtors to be able to access the foreign exchange market to cancel foreign financial indebtedness disbursed as of September 1, 2019, it is necessary that the loan proceeds have been settled through the foreign exchange market and that the transaction has been declared in the External Assets and Liabilities Survey.

Repayment of foreign currency debt among residents

Access to the foreign exchange market for the repayment of debts and other obligations in foreign currency between residents, contracted as of September 1, 2019, is prohibited.

However, it establishes as exceptions the cancellation as from its maturity of principal and interest of:

- Financing in foreign currency granted by local financial entities (including payments for consumption in foreign currency through credit cards).
- Foreign currency liabilities between residents instrumented through public registries or deeds on or before August 30, 2019.
- Issuances of debt securities made on or after September 1, 2019, with the purpose of refinancing foreign currency obligations between residents instrumented through public registries or public deeds before August 30, 2019, and involving an increase in the average life of the obligations.
- The payment, at maturity, of the principal and interest services of new issues of debt securities made on or after November 29, 2019, with public registration in the country, denominated and payable in foreign currency in the country, to the extent that: (i) they are denominated and subscribed in foreign currency; (ii) the respective principal and interest services are payable in the country in foreign currency; and (iii) the totality of the funds obtained with the issue are settled through the foreign exchange market.
- Issues made between October 9, 2020, and December 31, 2023, of debt securities with public registration in the country, with an average life not inferior to two years, denominated in foreign currency and whose services are payable in a foreign country or foreign currency in the country, that were delivered to creditors of financial indebtedness and or/ debt securities with public registry in the country denominated in foreign currency with maturities between October 15, 2020 and December 31, 2023, that has been delivered to creditors as a part of the refinancing parameters timely required in Article 3.17 of the Exchange Regime, following the requirements of Article 3.6.1.4 of the Exchange Regime.
- Issues made as from January 7, 2021 of debt securities with public registration in the country denominated in foreign currency and whose services are payable in foreign currency in the country, to the extent that they have been delivered to creditors to refinance pre-existing debts with extension of the average life, when it corresponds to the amount of the refinanced capital, interest accrued up to the refinancing date and, to the extent that the new debt securities do not mature before 2023, the amount equivalent to the interest that would accrue until December 31, 2022 on the indebtedness that is refinanced early and/or on the deferral of the refinanced principal and/or on the interest that would accrue on the amounts so refinanced.
- The issuance of debt securities with public registry in the country that were included in Article 7.11.1.5, to the extent that the record of customs entry of goods for a value equivalent to the financing received is demonstrated.

Principal payments under related counterparty debt until December 31, 2024

Central Bank's prior approval is required to access the foreign exchange market to make payments abroad of principal and interest of financial debts when the creditor is a counterparty related to the debtor. This requirement is applicable until December 31, 2024, in accordance with Article 3.5.6 of the Exchange Regime. Likewise, these debts will continue to be subject to prior approval even if there is a change in the creditor or the debtor which means that there is no longer a link between the creditor and the resident debtor.

The Central Bank's prior approval shall not be required: (i) in the case of local financial institutions' own transactions; (ii) in the case of a financial indebtedness abroad with an average life of not less than two years and the funds have been deposited and settled through the foreign exchange market as from October 2, 2020; (iii) in the case of a financial indebtedness abroad that meets all of the following conditions: (a) the funds have been used to finance projects within the framework of the Plan for the Promotion of Argentine Natural Gas Production -Supply and Demand Scheme 2020-2024 established in Article 2 of Decree No. 892/2020 ("Plan GasAr 2020-2024), (b) the funds have been deposited and settled through the foreign exchange market as from November 16, 2020, (c) the indebtedness has an average life of not less than two years. Likewise, the aforementioned conformity shall not be applicable when (1) the client has a "Certification of Increase of Exports of Goods" for the years 2021 to 2023, issued within the framework of the provisions of Article 3.18 of the Exchange

Regime for the equivalent of the amount of capital to be paid, (2) in the case of a financial indebtedness abroad with an average life of not less than 2 (two) years, settled between August 21, 2021 and December 12, 2023, and which was originally used to pay commercial debts for the import of goods and services that originated the issuance of a Certificate of Entry of New Financial Indebtedness Abroad within the framework of Article 3.19 of the Exchange Regime; (3) in the case of a financial indebtedness abroad with an average life of not less than 2 (two) years originated between August 27, 2021 and December 12, 2023, originated in a refinancing with the creditor of commercial debts for the importation of goods and services within the framework of the provisions of Article 3.20 of the Exchange Regime; the entity must have a certification for access to the foreign exchange market issued within the 5 (five) previous business days, by the entity that registered with the Central Bank within the concept code “P17. Registration of refinancing of commercial debt under item 20 of Communication “A” 7,626”; (4) the customer has a Certification for the regimes of access to foreign currency for the incremental production of oil and/or natural gas, issued within the framework of the provisions of Article 3.21 of the Exchange Regime, for the equivalent of the amount of capital to be paid; (5) it is a financial indebtedness abroad included in the mechanism of Article 7.11 of the Exchange Regime and the access date is consistent with the conditions required to be included in such mechanism.

Article 3.5.4 of the Exchange Regime establishes that, as long as the requirement to obtain prior approval to access the foreign exchange market to pay, at maturity, the principal and interests of external financial indebtedness, such requirement will not be applicable when the use of the funds has been the financing of projects within the framework of the Plan GasAr 2020-2024; when the funds have been deposited and settled through the foreign exchange market as from November 16, 2020 and the average life of the indebtedness is not less than two years.

Access to the foreign exchange market for the payment of new issues of debt securities

Entities may access to the foreign exchange market for the payment of principal and services of debt securities denominated and publicly registered abroad when the debtor has settled through the foreign exchange market an amount equivalent to the face value of the external indebtedness.

The aforementioned requirement will be deemed to be met for the portion of debt securities publicly registered abroad issued as from January 7, 2021, intended to refinance pre-existing debt by extending their average life, for an amount equivalent to the refinanced principal, and provided that the new securities do not have a principal maturity schedule within two years, for interest accrued through the date of refinancing and, interest that would accrue during the first two years on the refinanced indebtedness and/or on the deferral of the refinanced principal and/or interest that would accrue on the refinanced amounts.

Duly registered securities that are denominated and payable in foreign currency in Argentina

Pursuant to Article 2.5 of the Exchange Regime, resident debt issuers will have access to the foreign exchange market for the payment at maturity of principal and interest of duly registered debt security issues that are denominated and payable in foreign currency in Argentina, to the extent that (i) they are fully subscribed in foreign currency, and (ii) provided that the proceeds of the issue are previously settled through the foreign exchange market.

Non-resident access to the foreign exchange market

Pursuant to Article 3.13 of the Exchange Regime, the prior approval of the Central Bank will be required for access to the foreign exchange market by non-residents for the purchase of foreign currency, with the exception of the following situations: (a) international organizations and institutions that perform the functions of official export credit agencies; (b) diplomatic representations and consular and diplomatic personnel accredited in the country for transfers made in the exercise of their functions; (c) representatives of courts, authorities or offices, special missions, commissions or bilateral organizations established by treaties or international agreements, to which the Argentine Republic is a party, to the extent that the transfers are made in the exercise of their functions; (d) transfers abroad on behalf of persons who are beneficiaries of retirement and/or pensions paid by the National Administration of Social Security (“ANSES”), for up to the amount paid by such agency in the calendar month and to the extent that the transfer is made to a bank account owned by the beneficiary in his/her registered country of residence; (e) purchase of foreign currency in cash by non-residents for tourism and travel expenses, up to a maximum amount of US\$ 100, to the extent that the financial institution can verify in the online system implemented by the Central Bank that the customer has settled an amount equal to or greater than the amount to be purchased within the 90 days prior to the transaction; (f) transfers to offshore bank accounts of persons who are beneficiaries of pensions granted by the National State in accordance with Laws Nos. 24,043, 24,411, 25,914 and complementary laws; and (g) repatriations of direct investments of non-residents in companies that are not controlling companies of local financial entities, to the extent that the capital contribution has been entered and settled through the foreign exchange market as from October 2, 2020 and the repatriation takes place at least two years after its entry.

Access to the foreign exchange market for savings or investment purposes by individuals

Pursuant to Article 3.8 of the Exchange Regime, Argentine residents may access the foreign exchange market for purposes of asset formation abroad, family assistance and derivative transactions (with some expressly stated exceptions) for up to US\$ 200 (through debits to local bank accounts) or US\$ 100 (in cash) per person per month through all authorized exchange entities. If the access involves a transfer of funds abroad, the destination account must be an account owned by the same person.

In all cases, the general requirements detailed under “—Specific Provisions on Access to the Foreign Exchange Market—General Requirements” apply.

Purchases in Argentine pesos made abroad with debit cards and amounts in foreign currency acquired by human persons in the foreign exchange market as from September 1, 2020, for the payment of obligations between residents within the framework of Article 3.6 of the Exchange Regime, including payments for purchases with credit cards in foreign currency, will be deducted, as from the following calendar month, from the monthly quota of US\$

200. If the amount of such purchases exceeds the quota available for the following month or such quota has already been absorbed by other purchases made since September 1, 2020, such deduction shall be made from the quotas of the following months until the amount of such purchases is completed.

The corresponding entity will verify in the online system implemented by the Central Bank whether the person has not reached the limits set for the corresponding calendar month or has not exceeded them in the previous calendar month and, therefore, is entitled to perform the exchange transaction, and will request the customer to submit a sworn statement stating that such person is not a beneficiary of any “Zero Rate Credits” referred to in Article 9 of Decree No. 332/2020, as amended, “Subsidized Rate Credits for Companies” and/or “Zero Rate Credits for Culture”.

In addition, by means of Communication “A” 7,606, the Central Bank established that users of public utilities that requested and obtained the subsidy in the tariffs derived from the supply of natural gas and/or electric energy, as well as those that had obtained it automatically, and those that maintain the subsidy in the potable water tariffs, may not, while maintaining the mentioned benefit: (i) access the foreign exchange market to make purchases of foreign currency by human persons for the formation of foreign assets of residents, remission of family aid and for operations with derivatives, under the terms of Article 3.8. of the rules on exterior and foreign exchange; nor (ii) to carry out the transactions set forth in Article 4.3.2. of the rules on exterior and foreign exchange.

Finally, through Communication “A” 7,609 the Central Bank established, effective as from September 20, 2022, that customers who are legal persons residing in the country engaged in agricultural activities who sell goods within the framework of Decree No. 576/2022 to those who export them directly or as a result of a productive process carried out in the country may not: (i) access the foreign exchange market to make purchases of foreign currency by human persons for the formation of foreign assets of residents, remission of family assistance and for transactions with derivatives, under the terms of Article 3.8. of the regulations on exterior and foreign exchange; nor (ii) to carry out the transactions set forth in Article 4.3.2. of the regulations on exterior and foreign exchange. These last provisions are not applicable to human persons.

Access to the foreign exchange market by other residents -excluding entities- for the formation of foreign assets and for derivative transactions

Pursuant to Article 3.10 of the Exchange Regime, access to the foreign exchange market for the constitution of foreign assets and for derivative transactions by local governments, investment funds, other universalities established in Argentina, requires the prior authorization of the Central Bank.

Access to the foreign exchange market by guarantee trusts for the payment of principal and interest

Pursuant to Article 3.7 of the Exchange Regime, Argentine guarantee trusts created to guarantee principal and interest payments of resident debtors may access the foreign exchange market to make such payments at their scheduled maturity, to the extent that, in accordance with the applicable regulations in force, the debtor would have had access to the foreign exchange market to make such payments directly. Also, under certain conditions, a trustee may access the foreign exchange market to guarantee certain principal and interest payments on foreign financial debt and anticipate access to the foreign exchange market.

Derivative transactions

Article 3.12 of the Exchange Regime requires that, as from September 11, 2019, the settlement of futures transactions in regulated markets, “forwards”, options and any other type of derivatives entered into in the country, be made in Argentine pesos.

Likewise, access to the foreign exchange market will be allowed for the payment of premiums, constitution of guarantees and cancellations corresponding to interest rate hedging contract transactions for the obligations of residents abroad declared and validated, as applicable, in the Relevance of Foreign Assets and Liabilities, provided that such guarantees do not cover risks higher than the foreign liabilities incurred by the debtor at the interest rate of the risk being hedged through such transaction. The client that access the local market through this mechanism must designate an authorized institution to operate in the foreign exchange market that will do the follow up the operation and will submit a sworn statement committing to repatriate and settle the funds corresponding to it as a consequence of such operation or as a consequence of the release of the money from the guarantee, within 5 business days following the date on which such payment or release occurs.

Profit and dividend payment

Pursuant to Article 3.4 of the Exchange Regime, access to the foreign exchange market for the transfer of foreign currency abroad for the payment of dividends and profits to non-resident shareholders is subject to the prior approval of the Central Bank, unless the following requirements are met:

- (i) Dividends must correspond to closed and audited balance sheets.
- (ii) The total amount paid to non-resident shareholders shall not exceed the amount in Argentine pesos that correspond according to the distribution determined by the shareholders’ meeting.
- (iii) If applicable, the External Assets and Liabilities Survey must have been complied with for the transactions involved.
- (iv) The company falls within one of the following situations and fulfills all the conditions stipulated in each case:
 - (a) Records direct investment contributions settled as of January 17, 2020. In which case, (i) the total amount of transfers made in the foreign exchange market for the payment of dividends to non-resident shareholders may not exceed 30% of the total value of the capital contributions made in the relevant local company that have entered and been settled through the foreign exchange market as of January 17, 2020, (ii) access will only be granted after the expiration of a term of not less than 30 calendar days as from the settlement date of the last capital contribution taken into account to determine the aforementioned 30% capital cap, and (iii) the definitive capitalization of the capital contributions must be accredited or, failing that, the filing of the registration procedure of the capital contribution with the Public Registry must be evidenced. In this case, the accreditation of the definitive capitalization must be made within 365 calendar days following the date of the initial filing with the Public Registry.

- (b) Profits generated in projects under the Plan GasAr 2020-2024. In this case, (i) the profits generated by the foreign direct investment contributions entered and settled through the foreign exchange market as from November 16, 2020, destined to the financing of projects framed within the Plan GasAr 2020-2024. If the client is a direct beneficiary of Decree No. 277/2022, the value of the benefits of the client, directly or indirectly, shall be deducted from the amount allowed in the preceding paragraph, (ii) the access to the foreign exchange market occurs no earlier than two years from the date of settlement in the foreign exchange market of the contribution that allows the framing in this section, and (iii) the client must submit the documentation supporting the definitive capitalization of the contribution.

- (c) The client must have a Certification of Increased Exports of Goods.
- (d) It has certification under the foreign exchange access regimes for incremental production of oil and/or natural gas.

Cases that do not comply with the above conditions will require the prior approval of the Central Bank to access the foreign exchange market for the purchase of foreign currency for the distribution of profits and dividends.

Other specific provisions

Swaps, arbitrage and securities transactions

Financial institutions may carry out foreign exchange operations and arbitrage operations with their clients in the following cases:

- (i) An individual transfers funds from his local accounts (which are already in foreign currency) to his own bank accounts outside of Argentina.
- (ii) The transfer of foreign currency abroad by local common depositaries of marketable securities in connection with income received in foreign currency on account of principal and interest services on Argentine treasury bonds when such transaction is part of the payment procedure at the request of foreign common depositaries.
- (iii) Foreign currency transfers abroad made by individuals from their local accounts denominated in foreign currency to offshore collection accounts up to an amount of US\$ 500 in any month, provided that the individual submits a sworn statement stating that the transfer is made to assist in the support of Argentine residents who were forced to remain abroad in compliance with the measures adopted in response to the COVID-19 pandemic.
- (iv) Arbitrage transactions not originating in transfers from abroad may be carried out without any restriction, to the extent that the funds are debited from a foreign currency account held by the customer with a local financial institution. To the extent that the funds are not debited from a foreign currency account held by the customer, these transactions may be carried out by individuals, without the prior approval of the Central Bank, up to the amount allowed for the use of cash under Articles 3.8. and 3.13 of the Exchange Regime.
- (v) Exchange and arbitrage transactions by non-resident individuals may be carried out without restrictions to the extent that the funds are credited to a tourist savings bank in accordance with the regulations on savings deposits, salary and special accounts.
- (vi) Payments of debts originated in the importation of goods with customs goods with customs entry registration up to December 12, 2023 or in services rendered or accrued by non-residents up to the aforementioned date, to the by non-residents up to the mentioned date to the extent that the remaining regulatory requirements are met and they are and are realized with funds deposited in a local account and originated in collections of capital and interest in foreign and interest in foreign currency of the Bonds for the Reconstruction of a Free Argentina (BOPREAL).
- (vii) Transfer of foreign currency abroad of customers from their special account for the Regime of Promotion of the Knowledge Economy to the extent that the regulatory requirements established for such purposes for each type of operation are complied with.
- (viii) All other exchange and arbitrage operations may be carried out by customers without the prior approval of the Central Bank to the extent that they would be permitted without such approval under other exchange regulations. This also applies to local common securities depositaries with respect to income received in foreign currency as payments of principal and interest on foreign currency securities paid in Argentina.

If the transfer is made in the same currency in which the account is denominated, the financial institution will credit or debit the same amount as that received or sent from abroad. When the financial institution charges a commission or fee for these transactions, it will be instrumented in a specifically designated item.

Securities transactions

According to CNV General Resolution No. 988/2023, sales of marketable securities with settlement in foreign currency, in any jurisdiction and regardless of the law under which they are issued may be made, provided that a minimum holding period of 1 business day counted as of its accreditation at the Central Depository Agent of Negotiable Securities, to the extent that the purchases of the marketable securities in question have been made against Argentine pesos.

Likewise, transfers to foreign depository institutions of marketable securities purchased with Argentine pesos, regardless of the law under which they are issued, must comply with a minimum holding period of 1 business day as from the date of deposit of such marketable securities, unless such accreditation (i) results from a primary placement of marketable securities issued by the National Treasury or by the Central Bank of the Argentine Republic, in the framework of the Communication "A" 7.918, as amended, (ii) is made under the terms of the provisions of points 3.16.3.6.v) and 4.7.2.2.2. of the Exchange Regime, and the Agents must verify compliance with the conditions set forth therein prior to making any of the aforementioned transfers, keeping the supporting documentation in the respective files, or (iii) refers to Argentine shares and/or certificates of deposit (CEDEAR) traded in markets regulated by the CNV. Intermediaries and trading agents must verify compliance with the aforementioned minimum holding period of marketable securities.

In addition, (i) the beneficiaries of refinancings provided for in Article 1.1.1. of the rules on "Financial Services within the Framework of the Sanitary Emergency provided for by Decree No. 260/2020 Coronavirus (COVID-19)", until their total cancellation, (ii) the beneficiaries of "Zero Rate Credits",

“Zero Rate Credits 2021”, “Zero Rate Credits Culture” or “Subsidized Rate Credits for Companies”, provided for in Articles 1.1.2. and 1.1.3. of the rules on “Financial Services within the Framework of the Sanitary Emergency provided by Decree No. 260/2020 Coronavirus (COVID-19)”, until their total cancellation, (iii) the beneficiaries of financing in Argentine pesos under section 2 of the Communication “A” 6,937, Articles 2 and 3 of Communication “A” 7.006, as supplemented; until its total cancellation, (iv) the beneficiaries of Article 2 of the Decree No. 319/2020 and complementary and regulatory rules, for the duration of the benefit with respect to the update of the value of the installment, and (v) the persons included in the Joint Resolution of the President of the Honorable Senate of the Nation and of the President of the Honorable Chamber of Deputies of the Nation No. 12/2020; will be prevented from selling marketable securities issued by residents to be settled in foreign currency in Argentina or transferring such marketable securities to foreign depositories or exchanging marketable securities issued by residents for foreign assets or the acquisition in the country with settlement in Argentine pesos of marketable securities issued by non-residents. Customers included in the Central Bank Communications “A” 7,606 and “A” 7,609 may not carry out these transactions either.

Special provisions for financing under the Plan GasAr

Article 3.5.5 of the Exchange Regime states that to the extent that the Central Bank's prior conformity requirement is in effect for access to the foreign exchange market for the cancellation at maturity of principal and interest on foreign financial debt, this requirement shall not apply to the extent that all of the following conditions are met:

- (i) The funds were used to finance projects within the framework of the Plan GasAr.
- (ii) The funds have been deposited and settled by the foreign exchange market as of November 16, 2020; and
- (iii) The indebtedness has an average life of not less than two years.

Special provisions for the Export Investment Promotion Regime established by Decree No. 234/2021

The Decree No. 234/2021 established a new Export Investment Promotion Regime (the "Promotion Regime"), with the objective, among others, of increasing exports of goods and promoting sustainable economic development. The Ministry of Economy and the Ministry of Productive Development will be the authorities for the application of the Promotion Regime.

The Promotion Regime covers investments for new productive projects in, among others, forestry, mining, hydrocarbon, manufacturing and agro-industrial activities, as well as the expansion of existing business units that require investments to increase their production. The benefits of the Promotion Regime do not apply to commodities such as wheat, corn, soybeans and biodiesel, among others. Although the regulatory entities may include and/or exclude activities from the Promotion Regime, the decree establishes that vested rights will not be affected.

The requirements are as follows:

- (i) Both legal entities and individuals, resident or non-resident, may apply.
- (ii) Presentation of an "Export Investment Project" consisting of a minimum direct investment of US\$ 100,000,000.
- (iii) Comply with the terms and conditions of the projects submitted and approved by the regulators.
- (iv) The followings time are not eligible to apply for the Promotion Regime: (a) individuals and legal entities whose representatives or directors have been convicted of certain crimes with prison sentences and/or disqualification for a specific period of time; (b) individuals and legal entities with overdue and unpaid tax or social security debts; (c) individuals and legal entities with tax or social security debts; (d) individuals and legal entities that have unpaid taxes, fees, fines or surcharges imposed on them by a final judicial or administrative decision in customs, exchange, tax or social security matters; and (e) individuals that have unjustifiably failed to comply with their obligations in connection with other promotion schemes.

Once the relevant requirements have been verified, the application authority will approve the project and will issue an "Export Investment Certificate" for the purpose of accessing the benefits established by the Promotion Regime, which will have a term of 15 years.

Beneficiaries participating in the Export Promotion Regime may apply up to 20% of the foreign currency income obtained from exports related to the project to (i) the payment of principal and interest of financial or commercial debts with foreign countries, (ii) the payment of dividends, and (iii) the repatriation of direct investments of non-residents. However, this benefit may not exceed an annual maximum of 25% of the gross amount of foreign currency liquidated by such beneficiary through the foreign exchange market to finance the development of the project. In estimating the gross amount of foreign currency settled by the beneficiary in the foreign exchange market to finance the project, foreign currency flows from exports will not be taken into account.

In the case of projects involving investments in excess of US\$ 500,000,000, the beneficiaries may opt to access an extended benefit for each year in which the benefit previously provided for has not been used.

In the case of projects involving investments between US\$ 500,000,000 and US\$ 1,000,000,000, for each year in which the benefit has not been used, they may enjoy, for two consecutive years, an amount of free application equivalent to double the percentage previously foreseen.

The calculation of the benefit will be made on the foreign exchange earned from exports related to the project during the year in which the extended benefit is used.

The amount of the free application benefit may not exceed an annual maximum of 40% of the gross amount of the foreign currency effectively entered by the beneficiary in the foreign exchange market to finance the development of the project, at the time of making use of the same.

The benefits of the Promotion Regime will cease (i) upon expiration of the term of use, (ii) in certain cases, when the beneficiary ceases to have the capacity to carry out the activity that is the reason for the investment project, as established in the applicable regime, or (iii) if the beneficiary fails to comply with its obligations under the Promotion Regime without justification.

Criminal Exchange Regime

The Exchange Regime establishes that transactions that do not comply with the exchange regulations established by the Exchange Regime will be subject to the Criminal Exchange Regime (Law No. 19,359 and amendments).

For further information on the exchange control restrictions and regulations in force, you should consult your legal advisors and read the applicable rules mentioned in this document, as well as their amendments and complementary regulations, which are available on the website: <http://www.infoleg.gob.ar> or on the Central Bank's website <https://www.bcra.gob.ar>, as applicable. The information contained in these websites is not part of this annual report and is not deemed to be incorporated herein.

E. Taxation

Material U.S. federal income tax considerations relating to our Class B shares and ADSs

The following discussion is a summary of the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of our Class B shares or ADSs. This discussion applies only to beneficial owners of Class B shares or ADSs that are “U.S. holders” (as defined below) that hold Class B shares or ADSs as “capital assets” (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), final, temporary and proposed Treasury regulations, administrative pronouncements of the U.S. Internal Revenue Service (“IRS”) and judicial decisions, all as of the date hereof and all of which are subject to change (possibly on a retroactive basis) and to different interpretations. This discussion does not purport to address all U.S. federal income tax considerations that may be relevant to a particular U.S. holder (including consequences under the alternative minimum tax or the Medicare tax on net investment income) and you are urged to consult your own tax advisor regarding your specific tax situation. The discussion does not address the tax considerations that may be relevant to U.S. holders in special tax situations, such as:

- dealers in securities or currencies;
- insurance companies;
- individual retirement accounts and other tax deferred accounts;
- tax-exempt organizations;
- traders in securities that elect to mark to market;
- certain financial institutions;
- entities or arrangements treated as partnerships or other pass-through entities for U.S. federal income tax purposes;
- holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- U.S. expatriates;
- holders that hold Class B shares or ADSs as part of a hedge, straddle, conversion transaction, constructive sale transaction or other integrated transaction;
- holders that own, directly, indirectly, or constructively, 10% or more of our shares (by vote or value);
- real estate investment trusts; or
- regulated investment companies.

This discussion does not address the estate or gift tax consequences of holding Class B shares or ADSs or the indirect consequences to holders of equity interests in entities or arrangements treated as partnerships for U.S. federal income tax purposes that own our Class B shares or ADSs. Moreover, this discussion does not address the U.S. state, local, or non-U.S. income or other tax consequences of an investment in our Class B shares or ADSs, or any aspect of U.S. federal taxation other than income taxation.

Except as otherwise noted, this discussion assumes that we are not a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes. Our possible status as a PFIC must be determined annually and therefore may be subject to change. If we were to be a PFIC in any year, materially adverse consequences could result for U.S. holders. See “Passive Foreign Investment Company Considerations” below.

For the purposes of this discussion, you are a “U.S. holder” if you are a beneficial owner of Class B shares or ADSs and you are for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our Class B shares or ADSs, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and upon the activities of the partnership. A prospective investor who is a partner of an entity or arrangement treated as a partnership for U.S. federal income tax purposes holding our Class B shares or ADSs should consult its own tax advisor.

In general, for U.S. federal income tax purposes, U.S. holders that are beneficial owners of ADSs will be treated as the beneficial owners of the Class B shares represented by those ADSs. No gain or loss will be recognized on the exchange of ADSs for the U.S. holder’s proportionate interest in Class B shares. A U.S. holder’s tax basis in the Class B shares received will be the same as the U.S. holder’s tax basis in the ADSs surrendered, and the holding period of the Class B shares will include the holding period of the ADSs.

Taxation of Dividends.

Distributions of cash with respect to the Class B shares or ADSs (including any amounts withheld in respect of Argentine taxes) generally will, to the extent made from our current or accumulated earnings and profits as determined under U.S. federal income tax principles, constitute dividends for U.S. federal income tax purposes. To the extent that a distribution by us exceeds the amount of our earnings and profits, it will be treated as a non-taxable return of capital to the extent of the U.S. holder’s adjusted tax basis in the Class B shares or ADSs, and thereafter as capital gain.

However, we do not maintain calculations of our earnings and profits under U.S. federal income tax principles. U.S. holders should therefore assume that any distribution by us with respect to Class B shares or ADSs will be reported as ordinary dividend income for U.S. federal income tax purposes. In general, cash dividends (including amounts withheld in respect of Argentine taxes) paid with respect to:

- the Class B shares generally will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the U.S. holder; or
- the Class B shares represented by ADSs generally will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the depository;

and, in either case, these dividends will not be eligible for the dividends received deduction allowed to corporations.

Dividends paid by us in respect of ADSs generally will be treated as “qualified dividend income”, which is taxable to a non-corporate U.S. holder at the reduced rate normally applicable to long-term capital gains, provided that (i) the ADSs are readily tradable on an established securities market in the United States (such as the NYSE, on which the ADSs are currently listed), (ii) we were not in the year prior to the year in which the dividend was paid, and are not in the year in which the dividend is paid, a PFIC, and (iii) certain other requirements are met. The ADSs (but not the Class B shares) should qualify as readily tradable on an established securities market in the United States so long as they are listed on the NYSE. See “Passive Foreign Investment Companies” below for a discussion of the PFIC rules. Dividends paid by us in respect of Class B shares will be subject to tax as ordinary dividend income.

In addition, the U.S. Treasury Department has indicated that it continues to consider whether detailed information reporting guidance is necessary pursuant to which holders of ADSs and intermediaries through whom such securities are held will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividend income. However, no such detailed procedures have yet been issued and therefore we are not certain that we will be able to comply with them. You should consult your own tax advisors regarding the availability of the reduced rate discussed above with respect to qualified dividend income in light of your own particular circumstances.

Dividends paid in Pesos will be includible in the gross income of a U.S. holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day they are received by the U.S. holder, in the case of Class B shares, or the depository, in the case of Class B shares represented by ADSs, regardless of whether the payment is in fact converted to U.S. dollars. If dividends paid in Pesos are converted into U.S. dollars on the day they are received by the U.S. holder or the depository, as the case may be, U.S. holders should not be required to recognize foreign currency gain or loss in respect of the dividend income. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in the gross income of a U.S. holder through the date such payment is converted into U.S. dollars (or otherwise disposed of) will be treated as U.S. source ordinary income or loss. However, U.S. holders should consult their own tax advisors regarding the treatment of any foreign currency gain or loss if any Pesos received by the U.S. holder or the depository are not converted into U.S. dollars on the date of receipt.

A U.S. holder generally will be entitled, subject to a number of complex limitations and conditions, to claim a U.S. foreign tax credit in respect of any Argentine income taxes withheld on dividends received on Class B shares or ADSs. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, the dividends should generally constitute “passive category income”. The rules governing foreign tax credits are complex and recently issued final U.S. Treasury Regulations (“Final FTC Regulations”) have imposed additional requirements that must be met for a foreign tax to be creditable, and we do not intend to determine whether such requirements will be met in case Argentine taxes are withheld. However, recent notices (the “Notices”) from the IRS indicate that the U.S. Treasury and the IRS are considering proposing amendments to the Final FTC Regulations and allow taxpayers, subject to certain conditions, to defer the application of many aspects of the Final FTC Regulations until the date when a notice or other guidance withdrawing or modifying this temporary relief is issued (or any later date specified in such notice or other guidance). U.S. holders who do not elect to claim a credit for any foreign taxes paid during the taxable year may instead claim a deduction of such Argentine income taxes, provided that the U.S. holder elects to deduct (rather than credit) all foreign income taxes paid or accrued for the taxable year. Dividends received with respect to the Class B shares or ADSs will be treated as foreign source income for U.S. foreign tax credit purposes. The IRS has expressed concern that intermediaries in connection with depository arrangements may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. persons who are holders of depository shares. Accordingly, investors should be aware that the discussion above regarding the availability of foreign tax credits for Argentine withholding tax on dividends paid with respect to Class B shares represented by ADSs could be affected by future action taken by the IRS. U.S. holders are urged to consult their independent tax advisors regarding the availability of foreign tax credits with respect to any Argentine income taxes withheld from a dividend on the Class B shares or ADSs.

Sale, Exchange or Other Taxable Disposition.

In general, gain or loss realized by a U.S. holder on the sale, exchange or other taxable disposition of Class B shares or ADSs will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between the amount realized on the sale, exchange or other taxable disposition and such U.S. holder’s basis in the Class B shares or the ADSs, in each case as determined in U.S. dollars. Such capital gain or loss will be long-term capital gain or loss if the U.S. holder’s holding period in the Class B shares or ADSs exceeds one year. The deductibility of capital losses is subject to limitations. Any gain or loss realized by a U.S. holder will generally be treated as a U.S. source gain or loss for U.S. foreign tax credit purposes. U.S. holders should consult their own tax advisors about how to account for proceeds received on the sale, exchange or other taxable disposition of Class B Shares that are not paid in U.S. dollars.

If Argentine withholding tax is imposed on the sale, exchange or other taxable disposition of Class B shares or ADSs, the amount realized by a U.S. holder will include the gross amount of the proceeds of such sale, exchange or other taxable disposition before deduction of the Argentine withholding tax. Any gain from the sale, exchange or other taxable disposition of Class B shares or ADSs generally will be treated as U.S. source income. Subject to the Notices described above, under the Final FTC Regulations, Argentine taxes on disposition gains of U.S. Holders are likely not creditable for U.S. federal income tax purposes. If the Argentine tax is not a creditable tax, the tax may reduce the amount realized on the sale or other disposition of the shares even if the U.S. Holder has elected to claim a foreign tax credit for other taxes in the same year. U.S. holders are urged to consult their own tax advisors regarding the application of the U.S. foreign tax credit rules to their investment in, and disposition of, Class B shares or ADSs.

Passive Foreign Investment Companies.

A non-U.S. corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules,” either (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. Passive income for this purpose generally includes interest, dividends, royalties, rents and gains from commodities and securities transactions. Although interest income generally is treated as passive income for this purpose, a special rule allows banks to treat their banking business income as non-passive. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. We believe that we currently meet, and expect that we will continue to meet, these requirements. Based on this, and the composition of our income, the value of our assets and the activities conducted by us, we do not believe that we were a PFIC for our most recent taxable year and do not expect to be a PFIC for our current taxable year or in the foreseeable future. However, our possible status as a PFIC must be determined annually and therefore may be subject to change, for example, if we fail to qualify under this special rule for any year.

If we were a PFIC for any taxable year during which a U.S. holder holds Class B shares or ADSs, gain recognized by a U.S. holder on a sale or other disposition of the Class B shares or ADSs would generally be allocated ratably over the U.S. holder’s holding period for the Class B shares or ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to U.S. federal income tax at the highest rate in effect in that year for individuals or corporations, as appropriate, and an interest charge would be imposed on the resulting U.S. federal income tax liability. The same treatment would generally apply to any distribution in respect of Class B shares or ADSs to the extent the distribution exceeds 125% of the average of the annual distributions received by the U.S. holder on the Class B shares or ADSs during the preceding three years or the U.S. holder’s holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the Class B shares or ADSs. In addition, if we were a PFIC for a taxable year in which we pay a dividend or in the prior taxable year, the reduced rate discussed above with respect to qualified dividend income paid to certain non-corporate U.S. holders would not apply.

Furthermore, if we are characterized as a PFIC, a U.S. holder generally will be required to annually file an IRS Form 8621 and the statute of limitations on assessment and collections will remain open with respect to any unreported PFIC interests. In addition, if we are a PFIC for any taxable year during which a U.S. holder holds Class B shares or ADSs and any of our non-U.S. subsidiaries is also a PFIC, such U.S. holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. Prospective purchasers should consult their tax advisors regarding the potential application of the PFIC rules, including elections that may be available to mitigate certain adverse implications of the PFIC regime if we were to become a PFIC.

Information Reporting and Backup Withholding. Information reporting requirements will apply to dividends in respect of the Class B shares or ADSs and the proceeds from the sale, exchange or other taxable disposition of the Class B shares or ADSs paid within the United States (and, in some cases, outside of the United States) to U.S. holders, unless, in either case, the U.S. holder is an exempt recipient (such as a corporation). Backup withholding may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with applicable certification requirements. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. U.S. holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of Class B shares or ADSs, including requirements related to the holding of certain “specified foreign financial assets”.

Material Argentine tax considerations relating to our Class B shares and ADSs

The following discussion is a summary of the material Argentine tax considerations relating to the purchase, ownership and disposition of our Class B shares or ADSs. The following summary is based upon tax laws of Argentina as in effect on the date of this document and is subject to any change in Argentine law that may come into effect after such date any change could apply retroactively and could affect the continued validity of this summary.

This summary includes the modifications under the mentioned regulations, nevertheless, please note it does not include all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules.

This summary does not purport to be a comprehensive description of all the Argentine tax considerations that may be relevant to a holder of such securities. No assurance can be given that the courts or tax authorities responsible for the administration of the laws and regulations described in this report will agree with this interpretation. In this regard, it is important to highlight that, notwithstanding the issuance of the above mentioned regulations, it is expected that more regulations and explanations would be issued shortly, since to date it is not possible to determine how the recent modifications incorporated to the Argentine tax regime will be applied and/or construed by the tax authorities of Argentina. Holders are encouraged to consult their tax advisors regarding the tax treatment of our ADSs or common shares as it relates to their particular situation.

Income Tax

Taxation on Dividends

According to the amendments introduced to the Income Tax Law (“ITL”), taxation applicable on the distribution of dividends from Argentine companies would be as follows:

- (i) Dividends originated in profits obtained during tax periods beginning up to December 31, 2017, whether disbursed in cash, property or other equity securities: no Argentine income tax withholding would apply on dividend distributions except for the application of the Equalization Tax. The equalization tax is applicable when the dividends distributed are higher than the “net accumulated taxable income” of the immediate previous fiscal period from when the distribution is made. To determine the “net accumulated taxable income” from the income calculated by the Income Tax Law, the income tax paid in the same fiscal period should be subtracted and the local dividends received in the previous fiscal period should be added to such income. The Equalization Tax would be imposed as a 35% withholding tax on the shareholder receiving the dividend. Dividend distributions made in property (other than cash) would be subject to the same tax rules as cash dividends. Stock dividends on fully paid shares (“*acciones liberadas*”) are not subject to Equalization Tax.
- (ii) Dividends on Argentine shares originated in profits obtained during fiscal years initiated on or after January 1, 2018, and paid to Argentine resident individuals and/or non-Argentine residents would be subject to a 7% income tax withholding on the amount of such dividends (“Dividend Tax”). However, if dividends are distributed to Argentine Entities (in general, entities organized or incorporated under Argentine law, certain traders and intermediaries, local branches of non-Argentine entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina), no Dividend Tax should apply. Equalization Tax is not applicable.

For Argentine individuals and undivided estates not registered before the Argentine tax authorities as taxpayers for income tax purposes, as well as for non-Argentine residents, the Dividend Tax withholding will be considered a final payment. Argentine individuals and undivided estates are not allowed to offset income arising from the distribution of dividends on Argentine shares with losses from other types of operations.

The Income Tax Law provides a first in-first out rule pursuant to which distributed dividends correspond to the former accumulated profits of the distributing company.

Holders are encouraged to consult a tax advisor as to the particular Argentine income tax consequences derived from profit distributions made on Class B shares and ADSs.

Capital gains tax

According to income tax regulations, the results derived from the transfer of shares, quotas and other equity interests, titles, bonds and other securities, are subject to Argentine income tax (unless an exemption applies), regardless of the type of beneficiary who realizes the gain.

Capital gains obtained by Argentine corporate entities (in general, entities organized or incorporated under Argentine law, certain traders and intermediaries, local branches of non-Argentine entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina, among others) derived from the sale, exchange or other disposition of shares in Argentine entities are subject to income tax on the net income at a progressive tax rate system (set from 25% to 35% depending on the net accumulated taxable income). The applicable scales for fiscal periods commencing on January 1, 2024, are as follows: (i) net taxable income accumulated up to \$34,703,523.08 will be subject to a rate of 25%; (ii) net taxable income accumulated over \$34,703,523.08 up to \$347,035,230.79 will incur a payment of \$8,675,880.77 plus 30% on the excess over \$347,035,230.79; and (iii) net taxable income accumulated from \$347,035,230.79 onwards will be subject to a payment of \$102,375,393.08 plus 35% on the excess over \$347,035,230.79.

The amounts stated above are annually updated since January 1, 2022 based on an inflation index.

Losses arising from the sale of shares can only be offset against income derived from the same type and source of operations, for a five-year carryover period.

Starting in 2018, income obtained by Argentine resident individuals and undivided estates located in Argentina from the sale of shares and other securities are exempt from capital gains tax in the following cases: (i) shares placed through a CNV- authorized public offering; and/or (ii) shares traded on CNV- authorized stock markets with segments ensuring priority of price-time and interference of offers; and/or (iii) the sale, exchange or other disposition of shares through CNV-authorized tender offer regimes and/or share exchanges.

In addition, Section 34 of Law No. 27,541, provides that since tax period 2020, in the case of securities under the provisions of Section 98 of the Income

Tax Law, not included in the first paragraph of Section 26 subsection u) of the Income Tax Law, Argentine resident individuals and undivided estates located in Argentina are exempt from capital gains tax derived from their sale, exchange, or disposal to the extent said securities are listed on stock exchanges or securities markets authorized by the CNV, without being applicable the provisions of Section 109 of the Income Tax Law. In this sense, Section 109 of the Income Tax Law provides that the total or partial exemptions established or that will be established in the future by special laws regarding securities, issued by the national, provincial, or municipal States or the City of Buenos Aires, will not have effects on income tax for Argentine resident individuals and undivided estates located in Argentina. ADSs would not qualify for the exemption applicable to Argentine resident individuals since the referred conditions would not apply.

If the exemption does not apply, the income derived by Argentine resident individuals and undivided estates located in Argentina from the sale, exchange or other disposition of ADSs (and shares, if applicable) is subject to income capital gains tax at a 15% rate on net income (calculated in Argentine currency). The acquisition cost may be updated pursuant to the IPC inflationary index rate to the extent the equity participation was acquired after January 1, 2018. Losses arising from the sale of non-exempt Argentine shares can only be offset by Argentine individuals and undivided estates located in Argentina against income derived from operations of the same source and type (understanding by “type” the different concepts of income included under each article of Chapter II, Title IV of the Income Tax Law), for a five-year carryover period.

If Argentine resident individuals and undivided estates located in Argentina perform a conversion procedure of securities representing shares, that do not meet the exemption requirements stated in the conditions mentioned in points (i), (ii) and (iii) of the paragraph above, with the intention to hold instead the underlying shares that do comply with said requirements, such conversion would be considered a taxable transfer of the securities representing shares for which the fair market value by the time the conversion takes place should be considered. The same tax treatment will apply if the conversion process involves shares that do not meet the exemption requirements stated above that are converted into securities representing shares to which the exemption is applicable.

Once the underlying shares or securities representing shares are converted, the results obtained from the sale, exchange, swap or any other disposition thereof would be exempt from income tax provided that the conditions mentioned in points (i), (ii) and (iii) of the paragraph above are satisfied.

In light of amendments introduced by Law No. 27,541, it could also be construed that a capital gains exemption could also apply for Argentine resident individuals and undivided estates located in Argentina if the securities involved in the conversion process are listed on stock exchanges or securities markets authorized by the CNV (although the matter is not free from doubt and further clarifications should be issued).

Due to the amendments introduced to the Income Tax Law, as from 2018, non-Argentine resident individuals or legal entities (“Foreign Beneficiaries”) are also exempt from income tax derived from the sale of Argentine shares in the following cases: (i) when the shares are placed through a public offering authorized by the CNV; and/or (ii) when the shares are traded on CNV- authorized stock markets, under segments that ensure priority of price-time and interference of offers; and/or (iii) when the sale, exchange or other disposition of shares is made through a tender offer regime and/or exchange of shares authorized by the CNV. The applicable exemption on the sale of Argentine shares will proceed as long as the Foreign Beneficiary does not reside or the funds do not originate from “non-cooperative jurisdictions” (as defined below) and, in accordance with Section 90 of the Regulatory Decree of the Income Tax Law (RD ITL).

In addition, the Law No. 27,430 stated that income derived from the sale of ADSs is categorized as Argentine source income. However, capital gains obtained from the sale, exchange or other disposition of ADSs by Foreign Beneficiaries that reside in jurisdictions that are not considered “non-cooperative jurisdictions” and, in accordance with Section 90 of the RD ITL, whose funds do not originate from jurisdictions considered “non-cooperative jurisdictions”, are exempt from income tax on capital gains derived from the sale of ADSs to the extent the underlying shares are authorized for public offering by the CNV.

In case Foreign Beneficiaries conduct a conversion process of shares that do not meet the exemption requirements, into securities representing shares that are exempt from income tax pursuant to the conditions stated above, such conversion would be considered a taxable transfer for which the fair market value by the time the conversion takes place should be considered.

In case the exemption is not applicable, and the Foreign Beneficiaries are not resident nor their invested funds are not originated in a non-cooperative jurisdictions, the gain derived from the disposition of ADSs would be subject to Argentine income tax at a 15% rate on the net capital gain or at a 13.5% effective rate on the gross price.

For Foreign Beneficiaries resident in or whose funds come from jurisdictions considered as non-cooperative for purposes of fiscal transparency, the tax rate applicable to the sales of shares and/or ADSs is assessed at 35% rate applicable on a presumed net gain basis set at 90%. General Resolution (AFIP) No 4,227/2017 also provides different payment mechanisms depending on the specific circumstances of the sale transaction. In line with Section 252 of the RD ITL, in the cases included in the last paragraph of Section 98 of the ITL (i.e., when the acquirer and the seller of the security involved are non-Argentine residents), the tax shall be paid by the foreign seller directly through the mechanism established for such purpose by the tax authorities, or (i) through an Argentine individual resident with sufficient mandate or (ii) by the foreign seller’s legal representative domiciled in Argentina.

Holdes are encouraged to consult a tax advisor as to the particular Argentine income tax consequences derived from holding and disposing of Class B shares and ADSs and whether any different treatment under a treaty to avoid double taxation could apply.

Tax treaties

Argentina has signed tax treaties for the avoidance of double taxation with Australia, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Italy, Mexico, the Netherlands, Norway, Qatar, Russia, Spain, Sweden, Switzerland, the UK, and Uruguay. The treaties signed with China, Luxembourg, Turkey, Austria and Japan are still undergoing the respective ratification procedures. There is currently no tax treaty for the avoidance of double taxation in effect between Argentina and the United States. Since January 2021 an international administrative agreement for the exchange of information between the Argentine tax administration (“AFIP”) and the United States tax administration (Internal Revenue Service, “IRS”), has been in force.

Additionally, it should be noted that a legislative bill has undergone parliamentary consideration, approving the “Multilateral Convention to Implement

Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting,” signed within the framework of the OECD. The approval of this bill will result in modifications to the agreements signed with 17 jurisdictions.

It is not clear when, if ever, a treaty and/or MLI will be ratified or entered into effect. As a result, the Argentine tax consequences described in this section will apply, without modification, to a holder of our Class B shares or ADSs that is a U.S. resident. Foreign shareholders located in certain jurisdictions with a tax treaty in force with Argentina may be (i) exempted from the payment of the personal assets tax and (ii) entitled to apply for reduced withholding tax rates on payments to be made by Argentine parties if certain conditions are met.

Holders are encouraged to consult a tax advisor as to the potential application of the provisions of a treaty in their specific circumstances.

Personal assets tax

Argentine entities have to pay the personal assets tax corresponding to Argentine and foreign resident individuals and foreign resident entities for the holding of company shares by December 31 of each year. For tax period 2019, inclusive, and onwards the applicable tax rate is 0.50% and is levied on the proportional net worth value (“valor patrimonial proporcional”) by December 31st of each year, of the shares arising from the last balance sheet. Pursuant to the Personal Assets Tax Law, the Argentine company is entitled to seek reimbursement of such paid tax from the applicable Argentine resident individuals and/or foreign resident shareholders. The Argentine company may seek this reimbursement of Personal Assets Tax by setting off the applicable tax against any amount due to its shareholders or in any other way or, under certain circumstances, waive its right under Argentine law to seek reimbursement from the shareholders.

Holders are encouraged to consult a tax advisor as to the particular Argentine personal assets tax consequences derived from the holding of Class B shares and ADSs.

Value added tax

The sale, exchange or other disposition of our Class B shares or ADSs and the distribution of dividends are exempted from the value added tax.

Tax on debits and credits on Argentine bank accounts

All credits and debits originated in bank accounts held at Argentine financial institutions, as well as certain cash payments, are subject to this tax, which is assessed at a general rate of 0.6%. There are also increased rates of 1.2% and reduced rates of 0.075%. According to Section 45 of Law N° 27,541, the applicable rate of tax on debits and credits on Argentine bank accounts (the “TDC”) is doubled for certain cash withdrawals made by certain Argentine legal entities. Owners of bank accounts subject to the general 0.6% rate may consider 33% of the tax paid as a tax credit against specific taxes. The taxpayers that are subject to the 1.2% rate may consider 33% of all tax paid as a credit against specific taxes. Such amounts can be utilized as a credit for income tax or for the special contributions on cooperatives capital. The remaining amount is deductible for income tax purposes. If lower rates were applied, the available credit would be reduced to 20%. Additionally, Law No. 27,264 establishes that the 100% of the tax paid may be considered as credit against income tax by entities that are characterized as “micro” and “small” and a 60% of the tax paid by those entities related to the manufacturing industry that are characterized as “medium- stage 1-” by means of section 1 of Law No. 25,300 and its complementary ones.

TDC has certain exemptions. Debits and credits in special checking accounts (created under Communication “A” 3250 of the Argentine Central Bank) are exempted from this tax if the accounts are held by foreign legal entities and if they are exclusively used for financial investments in Argentina. For certain exemptions and/or tax rate reductions to apply, bank accounts must be registered with the Tax Authority (AFIP-DGI) in accordance with General Resolution (AFIP) No.3900/2016.

Whenever financial institutions governed by Law No. 21,526 make payments acting in their own name and behalf, the application of this tax is restricted to certain specific transactions. Such specific transactions include, among others, dividends or profits distributions.

Pursuant to Law No. 27,432 (published in the Official Gazette on December 29, 2017), the TDC shall apply until December 31, 2022, inclusive.

It is noted that according to Decree No. 796/2021, the TDC exemptions foreseen in Decree No. 380/2001 and other regulations of the same nature shall not be applicable in those cases where cash payments are related to the purchase, sale, exchange, intermediation and/or any other type of operation on crypto assets, cryptocurrencies, digital currencies or similar instruments, in the terms defined by the applicable rules.

By means of Law 27.702 (B.O. 11/30/2022), those taxes whose validity expired on 12/31/2022 were extended until 12/31/2027: Income Tax, Personal assets tax and TDC

Whenever financial institutions governed by Law No. 21,526 make payments acting in their own name and behalf, the application of this tax is restricted to certain specific transactions. Such specific transactions include, among others, dividends or profits distributions.

Tax on minimum presumed income

Pursuant to Law No. 27,260, passed by the Argentine Congress on June 29, 2016, the tax on minimum presumed income was eliminated for tax periods beginning as of January 1, 2019.

PAIS Tax (“Impuesto para una Argentina inclusiva y solidaria”)

Law N° 27,541 establishes, on an emergency basis and for the term of five fiscal periods from the entry into force of said law (i.e. December 23,2019), a federal tax applicable to certain transactions for the purchase of foreign currency for saving purposes or without a specific destination and other operations of currency exchange and acquisition of services performed by Argentine tax residents (individuals, undivided estates, legal entities, among others). The applicable rate is, in general, 30%.

Investors should consider the provisions that apply to them according to their specific case.

In addition, General Resolution (AFIP) N° 4815/2020 established on the operations subject to PAIS Tax and for the taxpayers defined in Article 36 of Law No. 27,541 that qualify as Argentine residents, in the terms of Article 116 and subsequent of the Income Tax Law, the application of a thirty percent (30%) income tax collection on the amounts in Ps. that, for each case, are detailed in Article 39 of the Law No. 27,541.

Said collection will be considered an advance payment of the income tax and will be computable in the annual income tax return or, where appropriate, the annual personal assets tax return, corresponding to the fiscal period in which they were incurred. If a surplus is generated in the corresponding tax, it will be considered direct income and can be used to offset other tax obligations.

Additionally, this general resolution establishes a refund regime for those persons or entities to whom the established collection has been applied and who are not taxpayers of income tax or, where appropriate, personal assets tax.

Gross turnover tax

This tax is a provincial tax, which is also levied in the City of Buenos Aires, applicable to gross revenues resulting from the regular and onerous exercise of commerce, industry, profession, business, services or any other onerous activity conducted on a regular basis within the respective Argentine jurisdiction. Each of the provinces and the City of Buenos Aires apply different tax rates depending on the type of activity.

In addition, gross turnover tax could be applicable on the transfer of Class B shares or ADSs and on the perception of dividends to the extent, such activity is conducted on a regular basis within an Argentine province or within the City of Buenos Aires. However, under the Tax Code of the City of Buenos Aires, any transaction with shares as well as the perception of dividends are exempt from gross turnover tax.

Holders of Class B shares and ADSs are encouraged to consult a tax advisor as to the particular gross turnover tax consequences of holding and disposing of Class B shares and ADSs in the involved jurisdictions.

Regimes for the Collection of Provincial Tax Revenues on the Amounts Credited to Bank Accounts

Different tax authorities (i.e., City of Buenos Aires, Corrientes, Córdoba, Tucumán, Province of Buenos Aires and Salta, among others) have established collection regimes for gross turnover tax purposes applicable to those credits verified in accounts opened at financial entities, of any type and/or nature and including all branch offices, irrespective of territorial location. These regimes apply to those taxpayers included in the lists provided monthly by the tax authorities of each jurisdiction. The applicable rates may vary depending on the jurisdiction involved. Collections made under these regimes shall be considered as a payment on account of the gross turnover tax. Note that certain jurisdictions have excluded the application of these regimes on certain financial transactions.

Holders of Class B shares and ADSs shall corroborate the existence of any exclusions to these regimes in accordance with the jurisdiction involved.

Stamp tax

Stamp tax is a provincial tax, which is also levied in the City of Buenos Aires, applicable to the execution of onerous transactions within an Argentine provincial jurisdiction or the City of Buenos Aires or outside an Argentine provincial jurisdiction or the City of Buenos Aires but with effects in such jurisdiction.

In the City of Buenos Aires, acts or instruments related to the negotiation of shares and other securities duly authorized for its public offering by the CNV are exempt from stamp tax to the extent their placement is made within a 180-days term counting as from such authorization is granted.

Holders of Class B shares and ADSs are encouraged to consult a tax advisor as to the particular stamp tax consequences arising in the involved jurisdictions.

Prospective investors should consider the tax consequences in force in the above mentioned jurisdictions at the time the concerned document is executed and/or becomes effective.

Other taxes

There are no federal inheritance or succession taxes applicable to the ownership, transfer or disposition of our Class B shares or ADSs. At the provincial level, the province of Buenos Aires imposes a tax on free transmission of assets, including inheritance, legacies, donations, etc. For tax period 2024, any

gratuitous transfer of property lower than or equal to Ps.2,038,752 is exempt. This amount is increased to Ps.8,488,486 in the case of transfers among parents, sons, daughters and spouses. The amount to be taxed, which includes a fixed component and a variable component that is based on differential rates (which range from 1.6026% to 9.5131%), varies according to the property value to be transferred and the degree of kinship of the parties involved. Free transmission of Class B shares or ADSs could be subject to this tax. Holders of Class B shares and ADSs are encouraged to consult a tax advisor as to the tax consequences arising in the involved jurisdictions.

Court tax

In the event that it becomes necessary to institute enforcement proceedings in relation to our Class B shares and ADSs in the federal courts of Argentina or the courts sitting in the City of Buenos Aires, a court tax (currently at a rate of 3.0%) will be imposed on the amount of any claim brought before such courts. Certain court and other taxes could be imposed on the amount of any claim brought before the Province courts.

Incoming Funds Arising from Non-Cooperative or Low or Nil Tax Jurisdictions

According to Section 82 of the Law No. 27,430, for fiscal purposes, any reference to “low tax or no tax countries” or “non-cooperative countries” should be understood to be “non-cooperative jurisdictions or low or nil tax jurisdictions,” as defined in Section 19 and Section 20 of the Income Tax Law.

As defined under Section 19 of the Argentine Income Tax Law, “non-cooperative jurisdictions” are those countries or jurisdictions that do not have an agreement in force with the Argentine government for the exchange of information on tax matters or a treaty to avoid international double taxation with a broad clause for the exchange of information. Likewise, those countries that, having an agreement of this type in force, do not effectively comply with the exchange of information will also be considered as non-cooperative. The aforementioned treaties and agreements must comply with international standards of transparency and exchange of information on fiscal matters to which the Argentine Republic has committed. The Executive Branch published a list of the non-cooperative jurisdictions based on the criteria above. In this sense, Section 24 of the RD ITL lists the jurisdictions that should be considered as “non-cooperative” under the disposition of Section 19 of the ITL.

In turn, “low or nil tax jurisdictions” are defined as those countries, domains, jurisdictions, territories, associated states or special tax regimes in which the maximum corporate income tax rate is lower than 60% of the minimum corporate income tax rate established in the first paragraph of Section 73 of the ITL. In light of Section 25 of the RD ITL, for purposes of determining the taxation level referred to in Article 20 of the ITL, the aggregate corporate tax rate in each jurisdiction, regardless of the governmental level in which the taxes were levied must be considered. In turn, “special tax regime” is understood as any regulation or specific scheme that departs from the general corporate tax regime applicable in said country and results in an effective rate below that stated under the general regime.

According to the legal presumption under Section 18.2 of Law No. 11,683, as amended, incoming funds from non-cooperative or low or nil jurisdictions could be deemed unjustified net worth increases for the Argentine party, no matter the nature of the operation involved. Unjustified net worth increases are subject to the following taxes:

- income tax would be assessed at 110% of the amount of funds transferred.
- value added tax would be assessed at 110% of the amount of funds transferred.

Although the concept of “incoming funds” is not clear, it should be construed as any transfer of funds:

- (i) from an account in a non-cooperative/low or nil tax jurisdiction or from a bank account opened outside of a non-cooperative or low or nil tax jurisdiction but owned by an entity located in a non-cooperative or low or nil tax jurisdiction;
- (ii) to a bank account located in Argentina or to a bank account opened outside of Argentina but owned by an Argentine party.

The Argentine party may rebut such legal presumption by duly evidencing before the Argentine tax authority that the funds arise from activities effectively performed by the Argentine party or by a third party in such jurisdiction, or that such funds have been previously declared.

F. Dividends and Paying Agents

Not Applicable.

G. Statement by Experts

Not Applicable.

H. Documents on Display

We are required to file annual reports, including exhibits, and other information with the SEC and to furnish interim information on Form 6-K. You may read and copy any documents filed by the Company at the SEC’s public reference room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> which contains reports and other information regarding registrants that file electronically with the SEC.

We are subject to the reporting requirements of the Exchange Act of 1934, as applied to foreign private issuers. Because we are a foreign private issuer, the SEC’s rules do not require us to deliver proxy statements or to file quarterly reports. In addition, our “insiders” are not subject to the SEC’s rules that prohibit short-swing trading.

We prepare quarterly and annual reports containing consolidated financial statements in accordance with Central Bank Rules which are translated into English and filed with the SEC. Our annual consolidated financial statements are certified by an independent accounting firm.

We have appointed The Bank of New York Mellon to act as depository for our ADSs. During the time the deposit agreement remains in force, we will furnish the depository with:

- our annual reports; and
- summaries of all notices of general meetings of shareholders and other reports and communications that are made generally available to our shareholders.

The depository will, as provided in the deposit agreement, if we so request, arrange for the mailing of summaries in English of the reports and communications to all record holders of our ADSs. Any record holder of ADSs may read the reports, notices, or summaries thereof, and communications at the depository’s office located at 101 Barclay Street, 22W, New York, New York 10286.

I. Subsidiary Information

Not Applicable.

J. Annual Report to Security Holders

Not Applicable.

Item 11. Quantitative and Qualitative Disclosure about Market Risk

Market Risk

As of August 1, 2016, we define market risk as the possibility of incurring losses in on- and off-balance sheet recorded positions as a result of adverse changes in market prices. The market risk minimum capital requirement is the arithmetic sum of the minimum capital requirement for interest rate, stock price, exchange rate and options risks.

The risks subject to the requirement for market risk are the risks of positions in instruments—securities and derivatives—imputed to the trading portfolio and the risks of positions in foreign currencies, regardless of the portfolio—investment or trading—to which they are charged.

To meet this capital requirement, entities must apply a “Standard Measurement Method” based on an aggregate of components that separately capture the specific and general market risks for securities positions. The capital requirement for general market risk is obtained through the residual term method, which consists of the arithmetic sum of the absolute value of the net weighted position in the trading book, the vertical rejection (percentage of positions offset within each time band), horizontal rejection (percentage of positions offset through different time bands) and the net change in option positions.

The requirements are calculated separately for positions in Pesos and in foreign currency, depending on the applicable area, term and coupon value.

The capital requirement for stock price risk is equivalent to the arithmetic sum of the requirement for specific stock price risk (equivalent to 8% of the gross position in shares) and the requirement for general market risk (equivalent to 8% of the net position in shares—total long position minus total short positions in each stock). The capital requirement for exchange rate risk is equivalent to 8% of the total net position.

For measuring options risk, entities that only buy options (and their value is less than 5% of the computable Regulatory Equity of the previous month) or whose positions are covered by positions purchased under the same conditions, may use the option so-called “Simplified method”. This requirement incorporates both the general market risk and the specific risk. In the remaining cases, entities must use the delta-plus method, which uses Greek letters (delta, gamma and vega) to determine the delta equivalent of each position

The chart below, shows the maximum, minimum, average and closing values for the years 2023 and 2022 of the market risk requirements of foreign currency status and status in securities charged to the Trading portfolio:

	2022	2023 (in million Pesos)	Variation 2023
Minimum	3,845.2	10,471.5	6,626.3
Maximum	11,708.8	38,334.8	26,626.0
Average	6,628.8	20,851.7	14,222.9
December 31,	11,708.8	38,334.8	26,626.0

Market risk for foreign exchange position	2022	2023 <i>(in million Pesos)</i>	Variation 2023
Minimum	2,948.0	7,991.2	5,043.2
Maximum	8,930.8	32,338.5	23,407.7
Average	4,977.8	15,815.1	10,837.3
December 31,	8,930.8	32,338.6	23,407.8

Market risk for securities position	2021	2022 <i>(in million Pesos)</i>	Variation 2023
Minimum	729.8	2,462.4	1,732.6
Maximum	3,140.2	12,808.2	9,668.0
Average	1,633.2	5,005.4	3,372.2
December 31,	2,756.6	5,968.2	3,211.6

The increase in market risk year over year (Ps. 26,626 million or 227%) was mainly due to an increase in the market risk for foreign exchange position by Ps. 23,407.8 million or 262% and to an increase in the market risk for securities position by Ps. 3,211.6 million or 116%.

Regarding market risk for foreign exchange position, the reason for the VaR increase was the increase in the forex exchange rate from Ps. 177.13 in 2022 to Ps. 808.48 in 2023, showing a 356% increase. For the other side, a reduction in the foreign currency position was observed.

Regarding market risk for securities position, the main reason for the VaR increase compared to previous year was the increase in the prices of our securities portfolio and to a lesser extent to a growth of government securities portfolio. Government securities portfolio generated an increase in the Var of Ps. 1,531.9 million, compared with December 2022 due to price increases and corporate securities portfolio generated a VaR increase of 1,675.3 million, compared to December 2022, due to both price and volume increases (equally).

Sensitivity to interest rate

Sensitivity to interest rate arises in our normal course of business as the re-pricing characteristics of its interest-earning assets do not necessarily match those of its interest-bearing deposits and other borrowings. The re-pricing structure of assets and liabilities is matched when an equal amount of assets and liabilities re-price for any given period. Any excess of assets or liabilities over these matched items results in a gap or mismatch.

Our interest rate sensitivity analysis measures the risk arising from the different sensitivity of assets and liabilities when interest rate changes occur (“duration” approach). It covers all the assets and liabilities excluding tradable portfolios.

The following table shows changes in economic value of equity (‘EVE) for last two years (in millions of Pesos):

	<u>2022</u>	<u>2023</u>
Minimum	3,125.0	6,385.1
Maximum	13,053.3	18,095.6
Average	6,569.5	11,248.0
December 31	13,053.3	18,095.6

For the year 2023, in average as well as in the maximum and closing values, the Delta EVE measure increased when compared to the previous year. This variation observed in 2023 is primarily justified by the increase in balances at nominal values, due to the impact of inflation and depreciation during the year.

Furthermore, changes in interest rate curves during 2023 caused an increase in the economic value of equity and consequently in the mentioned measure.

The Central Bank removed all rules and regulations regarding minimum capital requirements for interest rate risk. Notwithstanding this, financial entities must continue to calculate the interest rate risk and remain subject to the Superintendency’s supervision.

For additional information regarding market and interest rate risk management see note 52 “Capital Management, Corporate Governance Transparency and Risk Management” to our audited consolidated financial statements as of December 31, 2023 and 2022.

Item 12. Description of Securities Other Than Equity Securities

A. Debt Securities

Not Applicable

B. Warrants and Rights

Not Applicable

C. Other Securities

Not Applicable

D. American Depositary Shares

1. – 2. See Exhibit 2.1.

3. Fees and Charges Applicable to ADS Holders

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary also collects fees for making distributions to investors, by deducting those fees from amounts being distributed or by selling a portion of the distributable property to pay the fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares may be requested to pay:

U.S.\$5.00 (or less) per 100 ADSs (or portion thereof)

A fee equivalent to the fee that would be payable if securities distributed had been shares and the shares had been deposited for issuance of ADSs

For:

- Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
- Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
- Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS registered holders

U.S.\$0.02 (or less) per ADS (or portion thereof)	• Any cash distribution to ADS registered holders
Registration fees	• Registration of transfer of shares on our stock registry to or from the name of the depository or its nominee or the custodian, or its nominee when making deposits or withdrawals
Expenses of the depository	• Cable, telex and facsimile transmissions
	• Conversion of foreign currencies into U.S. dollars
Taxes and other governmental charges the depository or the custodian, have to pay on any ADS or share underlying an ADS	• As necessary
Any charges incurred by the depository or its agents, including the custodian, for servicing the deposited securities	• As necessary

4. Fees and Direct and Indirect Payments Made by the Depository to us

Future Fees and Payments

The depository has agreed to reimburse us for expenses incurred by us in connection with the administration and maintenance of the ADSs program, including, but not limited to, investor relation expenses, annual NYSE listing fees or other program related expenses. The depository has also agreed to pay its standard out-of-pocket administrative, maintenance and shareholder services expenses for providing services to the registered American depository receipts holders, which consist, without limitation, of expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls. There are limits and conditions on the amount of expenses for which the depository will reimburse us. In 2023, we have received the agreed reimbursement from the Depository.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of December 31, 2023. There are, as described below, inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon and as of the date of our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities Exchange Act is recorded, processed, summarized and reported as and when required.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;

- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors of the Bank; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Bank's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As allowed under SEC guidance, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. As such, our management's assessment of internal control over financial reporting excluded the internal control activities of Banco BMA S.A.U. and their respective subsidiaries, which were acquired on November 3, 2023. We have included the financial results of these in the consolidated financial statements from the date of acquisition. These entities represented approximately 13.1% and 10.4% of our total assets and our shareholders' equity, respectively, as of December 31, 2023 and 3.0% and 5.4% of our interest income and net income, respectively, for the year then ended.

Our management assessed the effectiveness of the Bank's internal control over financial reporting as of December 31, 2023. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). Based on its assessment and those criteria, the Bank's management concluded that, as of December 31, 2023 the Bank's internal control over financial reporting was effective.

The effectiveness of the Bank's internal control over financial reporting as of December 31, 2023, has been audited by Pistrelli, Henry Martin y Asociados S.R.L. (Member of Ernst & Young Global Limited), an independent registered public accounting firm, as stated in their report which appears herein.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Pistrelli, Henry Martin y Asociados S.R.L. (Member of Ernst & Young Global Limited), has issued an attestation report on the effectiveness of the Bank's internal control over financial reporting as of December 31, 2023. The report follows below:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of BANCO MACRO S.A.

Opinion on Internal Control over Financial Reporting

We have audited Banco Macro S.A. and its subsidiaries' internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Banco Macro S.A. and its subsidiaries (the Bank) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Banco BMA S.A.U. and their respective subsidiaries, which are included in the 2023 consolidated financial statements of the Bank and constituted 13.1% and 10.4% of total assets and shareholders' equity, respectively, as of December 31, 2023 and 3.0% and 5.4% of interest income and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of the Bank also did not include an evaluation of the internal control over financial reporting of Banco BMA S.A.U. and their respective subsidiaries.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of Banco Macro S.A. and its subsidiaries as of December 31, 2023 and 2022, the related consolidated statements of income, other comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated April 29, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Bank's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Pistrelli, Henry Martin y Asociados S.R.L.

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.

Member of Ernst & Young Global Limited

City of Buenos Aires, Argentina

April 29, 2024

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

As of the date of this annual report, Fabián Alejandro de Paul, independent member of the audit committee, met the standards set forth in Item 16A of Form 20-F for "audit committee financial experts."

Item 16B. Code of Ethics

We have established a Code of Ethics for directors and senior management, including specifically to our chief executive officer, chief financial officer, as well as persons performing similar functions, expecting that their members act according to the highest standards of personal and professional integrity in all aspects of their activities; to comply with the applicable law, to discourage reproachable behaviors and to comply with our Code of Conduct and other policies and procedures governing employee conduct. This Code of Ethics is supplemental to our Code of Conduct.

Our Code of Ethics for our directors and senior management was published on our website at <https://www.macro.com.ar/relaciones-inversores/en/corporate-governance/corporate-governance-policy>.

Item 16C. Principal Accountant Fees and Services

Fees Paid to Our Principal Accountant

Since 2006 Pistrelli, Henry Martin y Asociados S.R.L. (Member of Ernst & Young Global Limited) has served as our principal external auditor. Fees payable to Pistrelli, Henry Martin y Asociados S.R.L. (Member of Ernst & Young Global Limited) in 2022 and 2023 are detailed below.

	<u>2022 (1)</u>	<u>2023</u>
	<i>(in thousands of Pesos)</i>	
Audit Fees	884,725	1,046,393
Audit Related Fees	3,083	58,301
Tax Fees	6,234	0
All Other Fees	3,899	455
Total	897,941	1,105,149

(1) Figures adjusted for inflation as of December 31, 2023.

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit and limited review of our consolidated financial statements and services.

Audit-Related Fees

Audit-related fees are typically services that are reasonably related to the performance of the audit or review of the consolidated financial statements and are not reported under the audit fees item above. This item includes fees for attestation services on our financial information.

Tax Fees

Tax fees consist of tax advisory services.

All Other Fees

Fees disclosed in the table above under “All Other Fees” consisted of other fees paid for professional services.

Audit Committee’s Pre-approval Policies and Procedures

Our audit committee is responsible for, among other things, the oversight of our independent auditors. During the year, the audit committee reviews together with management and the independent auditor, the audit plan, audit related services and other non-audit services. The Audit Committee has approved policies and procedures for pre-approving all non-audit work that would be performed by the Bank’s external auditor. All of the services provided by Pistrelli, Henry Martin y Asociados S.R.L. were approved by the Audit Committee pursuant to these approval policies. None of the hours expended on the principal accountant’s engagement to audit our financial statements for 2023 were attributed to work performed by persons other than the principal accountant’s full-time, permanent employees.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not Applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not Applicable.

Item 16F. Change in Registrant’s Certifying Accountant

None.

Item 16G. Corporate Governance

NYSE Corporate Governance Rules

Companies listed on the NYSE must comply with certain standards regarding corporate governance as codified in Section 303A of NYSE’s Listed Company Manual, as amended. Nevertheless, the Bank, while a listed company, qualifies also as a foreign private issuer and, as such, is permitted to follow its home country corporate governance practices, governed by the Argentine Corporate Law, the Capital Markets Law and the standards of the CNV and the Central Bank, in lieu of the provisions of Section 303A, except that it is required to comply with the requirements of Sections 303A.06, 303A.11 and 303A.12 (b) and (c). Accordingly: we must comply with four principal NYSE corporate governance rules: (i) we must satisfy the audit committee requirements of Rule 10A-3 under the Securities Exchange Act of 1934 (the “Exchange Act”) (Section 303A.06); (ii) we must provide a brief

description of any significant differences between our corporate governance practices and those followed by U.S. companies under NYSE listing standards (Section 303A.11); (iii) our Chief Executive Officer must promptly notify the NYSE in writing after any of our executive officers become aware of any non-compliance with the applicable NYSE corporate governance rules (Section 303A.12(b)); and (iv) we must submit an executed written affirmation (in relation to the members of our audit committee) annually or interim written affirmations, if required by the NYSE (Section 303A.12(c)).

The table below discloses any significant differences between the NYSE rules and our corporate governance practices pursuant to Argentine corporate governance rules.

Section	NYSE corporate governance rule for U.S. domestic issuers	Banco Macro Corporate Practices
303A.01-Independent Directors	Listed companies must have a majority of independent directors on their Boards of Directors.	Neither Argentine law nor our bylaws require us to have a majority of independent directors.
303A.02-Independence Tests	<p>This section establishes general standards to determine directors' independence.</p> <p>(a) (i) No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). The board of directors is required to identify its independent directors.</p> <p>(ii) In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of the listed company's board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:</p> <p>(A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the listed company to such director; and</p> <p>(B) whether such director is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.</p> <p>(b) In addition, a director is not independent if: A. the director is or has been within the last three years, an employee, or an immediate family member is, or has been within the last three years, an executive officer, of the listed company, its parent or a consolidated subsidiary. Employment as interim chairman or CEO or other executive officer shall not disqualify a director from being considered independent;</p>	<p>Pursuant to the CNV Rules, a director will be considered as "independent" if its main relation with the listed company is his / her position in the board of directors. He / she will be appointed taking into account his professional career, suitability, qualified knowledge, and criteria, economic and interest independence, considering also that he can perform his functions objectively and impartially.</p> <p>For the purposes of this definition, it shall be understood that a director does not meet the condition of independent, when one or more of the following circumstances apply to him / her:</p> <p>(a) is a member of the board of directors the parent company or another company belonging to the same economic group of the issuer through a pre-existing relationship at the time of his or her election, or if said relationship had ceased to exist during immediately the previous three years;</p> <p>(b) is or has been associated with the company or any of its shareholders having a direct or indirect "significant participation" on the same, or with corporations with which also the shareholders also have a direct or indirect "signification participation"; or if he or she was associated with them through an employment relationship during the last three years;</p> <p>(c) has any professional relationship or is a member of a corporation that maintains frequent professional relationships of significant nature and volume, or receives remuneration or fees (other than the one received in consideration of his performance as a director) from the issuer or its shareholders having a direct or indirect "significant participation" on the same, or with corporations in which the shareholders also have a direct or indirect "significant participation." This prohibition includes professional relationships and affiliations during the last three years prior to his or her appointment as director;</p> <p>(d) directly or indirectly owns 5% or more of shares with voting rights and/or a capital stock of the issuer or any company with a "significant participation" in it;</p> <p>(e) directly or indirectly sells and/or provides goods and/or services (different from those accounted for in section c)) on a regular basis and of a significant nature and volume to the company or to its shareholders with direct or</p>

- B. the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than U.S.\$120,000 in direct compensation from the listed company, its parent or a consolidated subsidiary, other than director and committee fees and pension or other forms of deferred compensation for prior services (provided such compensation is not contingent in any way on continued service);
- C. (i) the director is a current partner or employee of a firm that is the listed company's internal or external auditor; (ii) the director has an immediate family member who is a current partner of such firm; (iii) the director has an immediate family member who is a current employee of such firm and personally works on the company's audit; or (iv) the director or an immediate family member was within the last three years a partner or employee of such firm and personally worked on the company's audit within that time;
- D. the director, or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee;
- E. the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from the listed company its parent or a consolidated subsidiary for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of U.S.\$1 million, or 2% of such other company's consolidated gross revenues.

A non-independent director will only be deemed independent upon the elapse of a three-year look-back period.

"Immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who share such person's home.

indirect "significant participation", for higher amounts than his or her remuneration as a member of the board of directors. This prohibition includes business relationships that have been carried out during the last three years prior to his or her appointment as director;

(f) has been a director, manager, administrator or principal executive of not-for-profit organizations that have received funds, for amounts greater than those described in section I) of article 12 of Resolution No. 30/2011 of the UIF and its amendments, from the issuer, its parent company and other companies of the same group of which it is a part, as well as of the principal executives of any of them;

(g) receives any payment, including the participation in plans or stock option schemes, from the company or companies of the same economic group, other than the compensation paid to him or her as a director, except dividends paid as a shareholder of the company in the terms of section d) and the corresponding to the consideration set forth in section e);

(h) has served as member of the board of director of the issuer, its parent company or another company belonging to the same economic group for more than ten years. If said relationship had ceased to exist during the previous three years, the independent condition will be recovered;

(i) is the spouse or legally recognized partner, relative up to the third level of consanguinity or up to the second level of affinity of persons who, if they were members of the board of directors, would not be independent, according to the above listed criteria;

In all cases, the references made to "significant participation" set forth in the aforementioned independence criteria will be considered as referring to those individuals who hold shares representing at least 5% of the capital stock and or the vote, or a smaller amount when they have the right to elect one or more directors by share class or have other shareholders agreements relating to the government and administration of the company or of its parent company.

In accordance with the provisions of the Central Bank in Communication "A" 5201 and amendments —"Guidelines for Corporate Governance in Financial Entities", a director does not meet the status of independent if any of the following situations are met:

- (a) a control relationship according to the guidelines established in point 2.2.1. of the rules on "Large exposures to credit risk".

- (b) performs executive functions or has performed the aforementioned during the last three years as from the day following the last one in which it has effectively exercised such position. In the case of public financial entities, this term will be one year.

In accordance with the provisions of the Central Bank in Communication “A” 5201 and amendments —“Guidelines for Corporate Governance in Financial Entities”, a director does not meet the status of independent if any of the following situations are met:

- (a) a control relationship according to the guidelines established in point 2.2.1. of the rules on “Large exposures to credit risk”.
- (b) performs executive functions or has performed the aforementioned during the last three years as from the day following the last one in which it has effectively exercised such position. In the case of public financial entities, this term will be one year.
- (c) is a spouse or relative up to the second degree of consanguinity or first of affinity of those who are in the condition of the preceding points.

In this regard, the following individuals and entities shall be considered “related” to the Bank:

- i) any entity or person other than from the non-financial public sector of the country, having direct or indirect control over the Bank.
- ii) any entity or person, other than from the non-financial public sector of the country, directly or indirectly controlled by an entity or person having direct or indirect control over the Bank.
- iii) any entity or person directly or indirectly controlled by the Bank, pursuant to the provisions of section 28, subsection a) of the Law on Banks and the regulations on “Services supplementary to the financial activity and permitted activities” and “Credit Grading.”
- iv) any Bank or entity engaged in the provision of supplementary services to the financial activity other than those contemplated in the preceding items, subject to consolidated supervision with the Bank.

v) any entity other than those contemplated in the preceding items, having directors in common with the institution or entity, other than from the non-financial public sector of the country, having direct or indirect control over of with the Bank, to the extent such directors represent a simple majority of the members of the boards of each such entities or the Bank.

To this end, it shall be considered “related” to the director who holds such office in another legal entity or his spouse or partner (by registered cohabiting union) or a relative up to the second degree of consanguinity or first degree of affinity or have exercised it. during the period referred to in item i) of section 1.2.2.2 of the aforementioned rule.

vi) The parent company and the other branches thereof, in the case of local branches of financial entities abroad.

vii) Exceptionally, any person who has a relationship with the financial institution or its direct or indirect controller, which may result in financial loss to the financial institution, as of the effective date of the resolution in which it determine the Board of the Central Bank, at the proposal of the Superintendent of Financial and Exchange Institutions.

Likewise, control by one person or entity over another is defined as:

i) holding or controlling, directly or indirectly, 25% or more of the total voting stock in the other entity.

ii) having held, directly or indirectly, 50% or more of the total voting stock in the other entity, at the last election of directors or managers.

iii) holding a direct or indirect interest in the other entity, even if its voting rights do not amount to 25%, sufficient to adopt resolutions in shareholders’ meetings or meetings of the board or a similar corporate body.

iv) having direct or indirect controlling influence over the management and/or policies of the other entity, as of the effective date of the relevant resolution of the board of directors of the Central Bank of the Republic of Argentina, based on the recommendation of the Head of the Supervisory Board of Financial and Exchange Institutions (Superintendencia de Entidades Financieras y Cambiarias).

303A.03-Executive Sessions	Non-management directors of each listed company must meet at regularly scheduled executive sessions without management.	Neither Argentine law nor our by-laws require the holding of such meetings and we do not hold non-management directors' meetings. Our by-laws provide, however, that the board shall meet as often as required in the best interest of the Bank and at least once a month.
303A.04-Nominating/Corporate Governance Committee	Listed companies must have a nominating/corporate governance committee composed entirely of independent directors, with a written charter that covers certain minimum specified duties and details about committee members and the committee structure.	<p>Neither Argentine law nor our by-laws require a nominating/corporate governance committee, however, our by-laws provide for the possibility to create a nominating/corporate governance committee. As a result of a general recommendation issued by the Central Bank to all financial institutions, we have created a Corporate Governance and Appointments Committee.</p> <p>The Committee will be formed so that the independent Directors constitute the majority. It has been defined that this Committee is chaired by an independent director.</p> <p>This Committee has an approved charter establishing its functions and responsibilities.</p> <p>Directors are nominated and appointed by the shareholders, with no involvement of the Corporate Governance and Appointments Committee.</p>
303A.05-Compensation Committee	Listed companies must have a compensation committee composed entirely of independent directors, with a written charter that covers certain minimum specified duties and details about committee members and the committee structure.	<p>Neither Argentine law nor our by-laws require the establishment of a compensation committee. The compensation of our directors is determined at the annual ordinary shareholders' meeting. Additionally, the audit committee must issue an opinion regarding the reasonableness of such compensation.</p> <p>However, as a result of a general recommendation issued by the Central Bank to all financial institutions, we have created a Personnel Incentives Committee. The Committee will be formed so that the independent Directors constitute the majority. This Committee has an approved charter establishing its functions and responsibilities, and shall meet at least bi-annually.</p> <p>This Committee is chaired by an independent director.</p> <p>The Committee's main function is to control that the fixed and variable staff incentives – excluding directors- are consistent with the business culture, long term business plan, goals and business strategy of the Bank as well as with the applicable regulations governing the Bank.</p> <p>The Bank has a Compensation Policy that covers both fixed remuneration and variable remuneration, the latter in the framework of an evaluations process of targets and skills</p>
303A.06/07- Audit Committee/Requirements	<p>Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.</p> <p>(a) The audit committee must have a minimum of three members. All of its members shall be financially literate or must acquire such financial knowledge within a reasonable</p>	<p>(a) Argentine law requires that the audit committee be composed of three or more members from the Board of Directors (with a majority of independent directors), all of whom must be well-versed in business, financial or accounting matters.</p>

period of time after the appointment and at least one of its members shall have experience in accounting or financial management. In addition to meeting any requirement of Rule 10A-3 (b) (1), all audit committee members must satisfy the independence requirements set out in Section 303A.02.

- (b) The audit committee must have a written charter that establishes the duties and responsibilities of its members, including, at a minimum, some of the duties and responsibilities required by Rule 10A-3 of the Exchange Act and the following responsibilities set forth in NYSE Sections 303A.07(b)(iii)(A)-H) of the NYSE Manual.
- A. at least annually, obtain and review a report by the independent auditor describing: the firm’s internal quality-control procedures; any material issues raised in the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor’s independence) all relationships between the independent auditor and the listed company;
 - B. meet with management and the independent auditor to review and discuss the listed company’s annual audited financial statements and quarterly financial statements, including a review of the company’s specific disclosures under Operating and Financial Review and Prospects”;
 - C. discuss the listed company’s earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
 - D. discuss risk assessment and risk management policies;
 - E. hold separate regular meetings with management, the internal auditors (or other personnel responsible for the internal audit function) and the independent auditors;
 - F. review any issue or difficulty arising from the audit or management’s response with the independent auditor;
 - G. set clear policies for the recruitment of employees or former employees of the independent auditors; and
 - H. report regularly to the board of directors.
- (b) Neither Argentine law nor the CNV Rules contain provisions relating to an audit committee member’s simultaneous service on the audit committee of other public companies.
- (c) The responsibilities of the audit committee, as provided for in the Capital Markets Law, as regulated by Decree No. 1023 and the CNV Rules regarding the functions of the Committee, are essentially the same as those provided for under Rule 10A-3 of the Exchange Act, including, without limitation, the following:
- i. issuing an opinion about the Board of Directors’ proposal for the appointment of the external auditors to be retained by the Bank, and ensuring that auditors are independent;
 - ii. overseeing the performance of the internal control systems and the administrative-accounting system as well as the reliability of the latter and of all financial information or other facts which could be submitted to the CNV and self-regulated entities in compliance with the applicable reporting regime;
 - iii. supervising the enforcement of the Bank’s risk management information policies;
 - iv. providing the market with full disclosure with respect to transactions that give rise to conflict of interests with the members of the Bank’s corporate bodies or controlling shareholders;
 - v. issuing an opinion on the reasonableness of any proposal regarding the Directors’ and management fees and stock option plans proposed by the Board of Directors;
 - vi. issuing an opinion on the compliance with applicable legal requirements and on the reasonableness of the terms of any issuance of stock or convertible securities in case of capital increase excluding or limiting pre-emptive rights;
 - vii. assessing compliance with relevant rules of conduct;
 - viii. Issuing a well-founded opinion on transactions with related parties as established in this Decree. Issue a well-founded opinion and inform the same to the self-regulated entities as determined by the CNV in the event of a conflict of interest or a potential conflict of interest.

Our Audit Committee is composed by three directors and the Committee’s presidency is in charge of an independent Director. All the members of the Audit Committee, according to its designation on April 12, 2024, satisfy the independence requirements of Rule 10A-3

(c) Rule 303A.07(c) establishes that each listed company must have an internal audit function to provide management and the audit committee with ongoing advice on the company's risk management processes and internal control systems

If a member of the audit committee is simultaneously a member of the audit committee of more than three public companies the board of directors shall determine whether such simultaneous service would prevent such members from effectively serving on the listed company's audit committee, and disclose such determination in the order of business of the annual shareholders' meeting of the listed company or in the company's annual report on Form 10-K filed with the SEC.

In addition, pursuant to the provisions of the CNV Rules, the audit committee is responsible for:

- reviewing external and internal auditors' plans, evaluating their performance, and issuing an opinion on such regard upon the publication of the annual financial statements;
- analyzing the various services provided by the external auditors and their independence, as established in the Professional Technical Resolutions of the Federación Argentina De Consejos Profesionales De Ciencias Económicas and any other regulations of the applicable supervisory authorities;
- reporting on invoiced fees, broken down as follows: 1) external audit and other related services aiming to ensure reliability (e.g. special analyses on the verification and assessment of internal controls, taxes, involvement in offering memorandums, certifications and special reports required by supervisory authorities, etc.); 2) special services other than those mentioned in item 1) above (e.g. design and implementation of information systems, legal, financial aspects, etc.). Said assessment shall be made by the audit committee including a verification of their respective independence policies to ensure compliance therewith.

303A.08-Shareholder Approval of Equity Compensation Plans-

Shareholders must be given the opportunity to vote on all equity compensation plans and material amendments thereto, except for employment inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and certain specific types of plans.

We do not currently offer equity-based compensation to our directors, executive officers or employees; therefore, we have no policy on this matter.

303A.09-Corporate Governance Guidelines

Listed companies must adopt and disclose corporate governance guidelines. The corporate governance guidelines must address director qualification standards, director responsibilities, director access to management, director compensation, director orientation and continuing education, management succession, and annual performance evaluation of the board.

Neither Argentine law nor our by-laws require the adoption or disclosure of corporate governance guidelines. However, due to our size and the importance of our business we have implemented a Corporate Governance Code based on the recommended Code of Corporate Governance for listed companies issued by the CNV and the recommended corporate governance guidelines for financial institutions issued by the Central Bank.

303A.10-Code of Business Conduct and Ethics

Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for the benefit of directors or executive officers. Each listed company may determine its own policies, which should address conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of listed company assets, compliance with laws, rules and regulations, and encouraging the reporting of any illegal or unethical behavior.

Neither Argentine law nor our by-laws require the adoption or disclosure of a code of business conduct and ethics.

However, we have adopted a Code of Conduct applicable to all our employees. In addition, we have adopted a specific Code of Ethics applicable to our Directors and Senior Management.

Regarding the ethical standards, we have implemented an Ethical Line or channel for reports that is managed by a third party who assures the confidentiality and anonymity.

303A.12-Certification Requirements	<p>(a) The CEO of each listed company must certify to the NYSE, on an annual basis, that he or she is not aware of any breach by the company of NYSE corporate governance listing standards, qualifying the certification to the extent necessary.</p> <p>(b) The CEO of each listed company must promptly notify the NYSE in writing upon any executive officer of the listed company becoming aware of any non-compliance with any applicable provisions of this Section 303A.</p> <p>(c) Each listed company must submit an annual executed Written Affirmation to the NYSE. In addition, each listed company must submit an interim written affirmation as and when required and using the interim written affirmation form specified by the NYSE.</p>	<p>No comparable provisions exist under Argentine law. However, the Bank is in compliance with the certification requirements of Section 303A.12 (b) and (c) of the NYSE rules.</p>
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Item 16H. Mine Safety Disclosure.

Not Applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspection.

Not Applicable

Item 16J. Insider Trading Policies.

Not Applicable

Item 16K. Cybersecurity.

Risk management and strategy.

(1) The entity’s risk management framework includes those related to cybersecurity. The processes range from the identification of potential risks, their analysis, monitoring, as well as the recording of incidents that allow a more robust risk assessment both internally and for third parties. The management framework also contemplates the treatment and escalation of risks at different levels of the company and according to their level of exposure. In addition, internal and external audits assess the adequacy of the established framework.

Banco Macro S.A.’s Cyber Incident Management Policy defines guidelines for the efficient management of these events, in order to minimize impacts and contain their propagation.

Given the current integration of the technological infrastructure, it is important the correct management of Cyber incidents and the mitigation of their associated risks since they may arise from vulnerabilities or critical technical failures and/or produce a significant impact, affecting the confidentiality, integrity or availability of the information.

The activities contemplated in the policy are aligned with:

- The business continuity policy, with the objective of establishing an integral cyber-resilience framework, through the integration of the Operational Plans for Technological Recovery (recovery of the Processing Centers, anti-ransoware recovery) and Business Recovery (continuity of manual processes), which must be maintained respecting this premise.
- The management of technology and information security risks, respecting the provisions of the Entity’s Risk Management Policy.
- The Entity’s critical processes and those associated with the financial services user protection regulations.

We have established metrics and tools that include: indicators, control reports, evaluation of the tasks developed and identification of opportunities for improvement, which allow us to control deviations from the defined standards and establish corrective action plans for efficient response to incidents. This information is regularly presented to the **Technology and Information Security Governance Committee** at each of its meetings.

The regulatory framework includes procedures for the collection and incorporation of lessons learned in the Cyber Incident resolution process. The results along with metrics feed into training plans and continuous improvement activities along with an ongoing vulnerability management update.

The policy states that significant Cyber incidents must be recorded in a Cyber incident repository detailing all actions from detection to final resolution, allowing integrated analysis for the improvement of productive processes and systems.

Formalized processes must be defined for the development of the forensic investigation of incidents, requiring them to have audit records of the systems and technological devices that make up the services provided by the Bank.

The response to a cyber incident must be immediate and preventive. In addition, it must include root cause analysis and the necessary forensic analysis, as well as a long-term solution that prevents the incident from recurring and a documented record of the problem.

Upon the occurrence of a Cyber Incident involving the violation of customers' personal data, which is considered significant, it is reported to the Compliance area of the Integral Risk Management Department, in compliance with the regulations in force (Law No. 25,326—Personal Data Protection).

We have a test plan to evaluate the capacity to respond to cyber incidents, ensuring the coordination and timely communication of the areas involved.

The Bank has procedures in place to manage, control and document cyber incident management activities. These activities are reflected in three specific action plans:

- **Business Continuity Plan:** aims to provide the methodological framework to be followed by the Entity in the event of contingency situations that affect the normal development of business processes.
- **Processing Continuity Plan:** Aims to establish a methodology to facilitate and contribute to the proper planning, implementation, evaluation and continuous improvement of operational plans to ensure the continuity of the Entity's Information Technology.
- **Ransomware Response Test:** The purpose of this test is to provide the methodological framework to be followed by the Entity in the event of contingency situations that affect the normal development of business processes.

These plans are coordinated in order to respond comprehensively to cyber incidents.

The objective of these plans is based on the following points:

- Minimize interruptions to the normal operation of business processes and customer service.
- Minimize the economic impact of the interruption.
- Establish procedures and instructions to manage the contingency.
- Identify the threats that may affect business continuity and design measures to minimize the impacts of the interruption of activities.
- Identify the necessary intervening members for the activation of the plan.

(2) During 2023 and to date, there have been no cybersecurity incidents materially affecting the bank. Considering the nature of the business and the changing technological environment in which we operate, we are exposed to risks related to cybersecurity which have been described in the risk factors section below.

Governance

Information Technology Governance is a shared responsibility between Senior Management and the Bank's Board of Directors, in order to involve the heads of all areas of the organization and ensure that the decisions adopted are in line with the strategies defined in the Bank.

The Board of Directors is responsible for promoting a culture of technology and information security risk management throughout the organization, as well as for promoting the implementation of an effective information security management framework and monitoring its efficiency.

The Information Technology and Security Governance Committee should monitor and evaluate the performance of the information technology management framework and contribute to its optimization. This Committee is responsible for overseeing the comprehensive management of cyber-incidents and related reports, keeping the Board of Directors duly informed of the issues discussed and the decisions adopted. This Committee is comprised of three directors, the General Manager, the Systems Manager, and members of the Senior Management (including the Systems Manager, and Government and Management Control Manager), all of whom are officers with experience and expertise in the field. Currently, the committee is

also joined by the Chief Information Security Officer and area managers such as the Integrated Risk Management Manager, the Development Manager, and the Technology Manager, along with other attendees who are invited on an ad-hoc basis.

Senior Management is responsible for implementing strategies, plans and policies for the management of technology and information security, including the level of exposure to risks, ensuring that the Board of Directors is updated on the aforementioned activities. To this end, he/she must know and understand the risks related to technology and information security, guaranteeing their inclusion in the established management programs and defining plans for the mitigation of the risks detected.

For effective control and operation, the IT areas are correctly defined, with clear and non-overlapping responsibilities, respecting the principles of controls by opposition and functional segregation.

Those responsible for the areas of Information Technology and Security coordinate, monitor and report on the execution of activities in accordance with the guidelines defined by Senior Management.

PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

See pages F-1 through F-128 of this annual report.

Item 19. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
1.1	<u>Restated Bylaws of the Bank, as amended and restated on April 30, 2019, incorporated by reference to the Form 6-K filed by the Bank on July 24, 2019 (File No. 199-70013).</u>
2.1	<u>Deposit Agreement among the registrant, The Bank of New York, as depositary, and the holders from time to time of American depositary shares issued thereunder, including the form of American depositary receipts, incorporated by reference to the Registration Statement on Form F-1, as amended, filed by the Bank on March 20, 2006 (File No. 333-130901).</u>
8.1*	<u>List of subsidiaries of the Bank as of December 31, 2023.</u>
12.1*	<u>Certification by the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
12.2*	<u>Certification by the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
13.1*	<u>Certification by the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
13.2*	<u>Certification by the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
97.1*	<u>Bank's Executive Remuneration Clawback Policy.</u>
101. INS*	XBRL Instance Document.
101. SCH*	XBRL Taxonomy Extension Schema Document.
101. CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101. LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101. PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
101. DEF*	XBRL Taxonomy Extension Definition Linkbase Document.

* Filed herewith

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BANCO MACRO S.A.

By: /s/ Gustavo Alejandro Manriquez

Name: Gustavo Alejandro Manriquez

Title: Chief Executive Officer

Date: April 29, 2024.



**CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 AND 2022, TOGETHER WITH THE REPORT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

BANCO MACRO SA AND ITS SUBSIDIARIES
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
BANCO MACRO S.A.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of BANCO MACRO S.A. and its subsidiaries (the Bank) as of December 31, 2023 and 2022, the related consolidated statements of income, other comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the internal control over financial reporting of the Bank as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 29, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on the Bank's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (i) relate to accounts or disclosures that are material to the financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment of financial assets

Description of the matter

As more fully described in Note 3.2.4. to the consolidated financial statements, the Bank recognized an allowance for credit losses related to loans and investments in private and government debt securities not held at fair value through profit or loss, together with loan commitments and financial guarantee contracts, using an expected credit loss model (ECL). This allowance, that amounts to 57,348,555 thousand Argentine pesos as disclosed in Note 52.1., represents a probability-weighted amount, which is determined by evaluating a range of possible outcomes and reasonable and supportable information about past events, current conditions and forecasts of economic conditions including the usage of an expert credit judgment (ECJ) overlay to reflect factors not captured in the results produced by the ECL model. The allowance is based on the portion of the lifetime ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination or there is objective evidence of impairment. In those cases, the allowance is based on the change in the ECL over the life of the financial instrument.

Auditing the allowance for credit losses was complex and required the application of significant judgment due to the inherent complexity of the models, assumptions and the interrelationship of the variables used in measuring the ECL, that could have a material effect on its measurement, including the effects of the current and future Argentine macroeconomic and financial environment in relation to the Bank's exposure to government securities and Argentine Central Bank bills. Significant assumptions and judgments with respect to the estimation of the allowance for credit losses include the determination of significant changes in credit risk; the forecast of multiple alternative economic scenarios and the probability weighting of those scenarios, and the application of management's ECJ to reflect factors not captured in the results produced by the ECL models.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Bank's controls, including those related to information systems used in the determination of the allowance for credit losses. The controls we tested included, among others, controls over the development and review of inputs and models used to calculate the ECL, data completeness and accuracy, economic forecasting, including the probability weighting of the economic scenarios and the governance and oversight over the modelled results and the use of ECJ.

To test the allowance for credit losses, our audit procedures included, among others, involving our credit risk modelling specialists to assist in assessing whether the methodology and assumptions used to estimate ECL are consistent with the requirements of IFRS, the Bank's own historical data and industry standards; assessing significant changes in credit risk triggers; evaluating management's forecasting methodology and comparing management's forward-looking information to third party forecasts and publicly available information; evaluating the scenario probability weights used in the ECL models and performing independent recalculations to test the mathematical accuracy of management's models; evaluating whether the assumptions used were reflective of the credit quality and macroeconomic trends and testing the completeness and accuracy of data used in the measurement of the ECL and the ECJ overlays to the ECL used by the Bank by applying our knowledge of the industry and credit judgment to evaluate the Bank's underlying considerations. We also assessed the adequacy of the allowance for credit loss financial statement disclosures.

Business combinations

Description of the matter

As described in Note 14.2. to the consolidated financial statements, the Bank completed the acquisition of Banco BMA SAU (formerly known as Banco Itaú Argentina SA), BMA Asset Management SA (formerly known Itaú Asset Management SA) and BMA Valores SA (formerly known as Itaú Valores SA) during the year ended December 31, 2023 for a total aggregated purchase consideration of USD 50 million, subject to certain adjustments. Such transactions were accounted for as business combinations, in accordance with the requirements of IFRS 3 Business Combinations, and the Bank estimated the fair value of net assets acquired and liabilities assumed for each one of those acquisitions, including acquired intangible assets.

Auditing the Bank's valuation of intangible assets from such acquisitions was complex and involved a higher degree of subjective auditor judgement due to the underlying significant assumptions in the Bank's determination of the fair value of identified intangible assets which consisted mainly of core deposits. The significant estimation uncertainty was primarily due to the sensitivity of the respective fair value to underlying assumptions. The Bank used valuation technique "Favorable source of funds" to estimate the fair value of the core deposits. The significant assumptions used to estimate the value of this intangible asset included the interest and inflation rates. These significant assumptions are forward looking and could be affected by future economic events and market conditions.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Bank's controls over accounting for business combinations, including controls over the recognition and measurement of identifiable intangible assets. For example, we tested controls over management's evaluation of underlying assumptions in the valuation models applied, and we also tested management's controls over the data used in the valuation models.

To test the estimated fair value of the core deposits, our audit procedures included, among others, evaluating the valuation methodology and the significant assumptions used by the Bank; obtaining the reports prepared by the Bank's valuation specialist; testing the completeness and accuracy of underlying data used in the estimation of fair value of the core deposits intangible asset; involving our valuation specialists to assist with the evaluation of the methodology and significant assumptions used by the Bank. We also performed sensitivity analysis of significant assumptions to evaluate the changes in the fair value of the acquired core deposits intangible asset that would result from changes in the assumptions. We also assessed the adequacy of this business combination financial statement disclosures.

/s/ Pistrelli, Henry Martin y Asociados S.R.L.

Member of Ernst & Young Global Limited

We have served as the Bank's auditor since 2003

City of Buenos Aires, Argentina

April 29, 2024

BANCO MACRO SA AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022**

(Figures stated in thousands of pesos in constant currency)

<u>Items</u>	<u>Notes</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
ASSETS			
Cash and deposits in banks	13	1,203,105,095	778,796,544
Cash		397,357,431	85,987,793
Central Bank of Argentina		515,946,216	446,952,618
Other local and foreign entities		289,745,411	245,818,395
Other		56,037	37,738
Debt securities at fair value through profit or loss	5 and 13	1,752,113,837	657,238,645
Derivative financial instruments	6 and 13	13,143,270	133,591
Repo transactions	7 and 13	615,582,382	192,852,624
Other financial assets	8, 9, 13 and 52.1	201,381,389	180,443,674
Loans and other financing	9, 13, 52.1 and 52.2	1,833,657,853	1,864,088,844
Non-financial public sector		4,715,710	6,872,050
Other financial entities		9,965,075	2,887,593
Non-financial private sector and foreign residents		1,818,977,068	1,854,329,201
Other debt securities	9, 10, 13 and 52.1	430,934,498	2,295,609,430
Financial assets delivered as guarantee	11, 13 and 44	132,891,084	95,353,885
Current income tax assets	29.c)	877,771	0
Equity instruments at fair value through profit or loss	12 and 13	3,213,841	2,614,136
Investments in associates and joint arrangements	15	1,685,111	3,555,025
Property, plant and equipment	16	356,787,386	317,211,464
Intangible assets	18	75,170,628	54,308,754
Deferred income tax assets	29.c)	995,545	229,096
Other non-financial assets	17 and 19	54,782,584	38,779,189
Non-current assets held for sale		41,888,837	27,579,033
TOTAL ASSETS		6,718,211,111	6,508,793,934

BANCO MACRO SA AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022**

(Figures stated in thousands of pesos in constant currency)

Items	Notes	12/31/2023	12/31/2022
LIABILITIES			
Deposits	13 and 52.2	3,370,240,610	4,033,959,266
Non-financial public sector		187,100,670	342,399,722
Financial sector		20,185,431	5,148,961
Non-financial private sector and foreign residents		3,162,954,509	3,686,410,583
Liabilities at fair value through profit or loss	13 and 52.2	13,825,475	1,638,088
Derivative financial instruments	6, 13 and 52.2	2,837,879	7,382
Repo transactions	7 and 13	23,601,328	0
Other financial liabilities	13,21 and 52.2	374,491,943	420,684,684
Financing received from the Central Bank of Argentina and other financial institutions	13 and 52.2	19,799,011	7,627,436
Issued corporate bonds	13, 48 and 52.2	58,864,013	8,456,451
Current income tax liabilities	29.c)	213,883,957	33,785,982
Subordinated corporate bonds	13, 48 and 52.2	328,227,793	224,617,825
Provisions	23	8,812,936	8,682,459
Deferred income tax liabilities	29.c)	45,415,891	40,903,089
Other non-financial liabilities	24	214,185,225	133,311,398
TOTAL LIABILITIES		4,674,186,061	4,913,674,060
SHAREHOLDERS' EQUITY			
Capital stock	41	639,413	639,413
Non-capital contributions		12,429,781	12,429,781
Capital adjustments		567,267,912	567,267,912
Earnings reserved		1,219,190,868	1,264,342,788
Unappropriated retained earnings		(383,821,734)	(376,931,163)
Accumulated other comprehensive income		40,528,523	157,141
Net income for the fiscal year		587,324,400	126,950,267
Net shareholders' equity attributable to controlling interests		2,043,559,163	1,594,856,139
Net shareholders' equity attributable to non-controlling interests		465,887	263,735
TOTAL SHAREHOLDERS' EQUITY		2,044,025,050	1,595,119,874
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		6,718,211,111	6,508,793,934

Notes 1 to 54 to the consolidated Financial Statements are an integral part of these consolidated Financial Statements.

BANCO MACRO SA AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Figures stated in thousands of pesos in constant currency)

Items	Notes	12/31/2023	12/31/2022	12/31/2021
Interest income	30	2,446,332,749	1,907,263,992	1,367,473,535
Interest expense	31	(1,621,299,160)	(956,458,308)	(572,592,780)
Net interest income		825,033,589	950,805,684	794,880,755
Commissions income	32	245,712,549	234,809,397	224,345,705
Commissions expense	33	(24,943,882)	(23,086,499)	(21,418,784)
Net commissions income		220,768,667	211,722,898	202,926,921
Subtotal (Net interest income plus Net commissions income)		1,045,802,256	1,162,528,582	997,807,676
Net gain from measurement of financial instruments at fair value through profit or loss	34	974,315,271	140,628,194	101,180,879
Profit from sold or derecognized assets at amortized cost		342,331	528,229	1,480,419
Differences in quoted prices of gold and foreign currency	35	798,217,991	193,924,698	28,192,905
Other operating income	36	72,887,469	65,948,223	47,519,939
Credit loss expense on financial assets		(45,968,747)	(21,480,302)	(15,745,665)
Net operating income before expenses, depreciation and amortization		2,845,596,571	1,542,077,624	1,160,436,153
Employee benefits	37	(278,509,138)	(241,771,572)	(239,493,427)
Administrative expenses	38	(164,225,989)	(121,933,757)	(121,877,712)
Depreciation and amortization of fixed assets	16, 17 and 18	(58,098,766)	(47,485,393)	(43,224,593)
Other operating expenses	39	(321,270,780)	(233,739,638)	(207,725,404)
Operating income after expenses, depreciation and amortization		2,023,491,898	897,147,264	548,115,017
Income / (loss) from associates and joint arrangements	14 and 15	155,403,295	(353,496)	530,759
Loss on net monetary position		(1,308,898,985)	(712,616,273)	(402,701,777)
Income before tax on continuing operations		869,996,208	184,177,495	145,943,999
Income tax on continuing operations	29.c)	(282,321,067)	(57,205,169)	(7,194,479)
Net income from continuing operations		587,675,141	126,972,326	138,749,520
Net income for the fiscal year		587,675,141	126,972,326	138,749,520
Net income for the fiscal year attributable to controlling interests		587,324,400	126,950,267	138,744,986
Net income for the fiscal year attributable to non-controlling interests		350,741	22,059	4,534
Basic earnings per share	42	918.5368	198.5419	216.9881

BANCO MACRO SA AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

(Figures stated in thousands of pesos in constant currency)

<u>Items</u>	<u>Notes</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Net income for the fiscal year		587,675,141	126,972,326	138,749,520
Items of Other Comprehensive Income that will be reclassified to profit or loss				
Foreign currency translation differences from Financial Statements conversion		9,758,855	(2,238,986)	(4,648,591)
Foreign currency translation differences for the fiscal year		9,758,855	(2,238,986)	(4,648,591)
Profit or loss from financial instruments measured at fair value through other comprehensive income (FVOCI) (IFRS 9(4.1.2)(a))		30,612,527	(15,079,919)	12,076,621
Profit or loss for the fiscal year from financial instruments at fair value through other comprehensive income (FVOCI)		47,943,484	(9,596,362)	3,330,076
Reclassification to profit or loss		(569,043)	(13,104,724)	16,082,210
Income tax	29.c)	(16,761,914)	7,621,167	(7,335,665)
Total other comprehensive income / (loss) that will be reclassified to profit or loss		40,371,382	(17,318,905)	7,428,030
Total other comprehensive income / (loss)		40,371,382	(17,318,905)	7,428,030
Total comprehensive income for the fiscal year		628,046,523	109,653,421	146,177,550
Total comprehensive income attributable to controlling interests		627,695,782	109,631,362	146,173,016
Total comprehensive income attributable to non-controlling interests		350,741	22,059	4,534

Notes 1 to 54 to the consolidated Financial Statements are an integral part of these consolidated Financial Statements.

BANCO MACRO SA AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**
(Figures stated in thousands of pesos in constant currency)

	Capital stock	Non-capital contributions	Other Comprehensive Income			Earnings Reserved	Unappropriated retained earnings	Total controlling interests	Total non-controlling interests	Total Equity		
			Accumulated foreign currency translation difference from	Financial Statements conversion	Other							
Changes at the beginning of the fiscal year	Notes	Outstanding shares	Additional paid-in capital	Capital adjustments (1)	Financial Statements conversion	Other	Legal	Other	Unappropriated retained earnings	Total controlling interests	Total non-controlling interests	Total Equity
Total comprehensive income for the fiscal year		639,413	12,429,781	567,267,912	1,401,533	(1,244,392)	413,760,504	850,582,284	(249,980,896)	1,594,856,139	263,735	1,595,119,874
- Net income for the fiscal year									587,324,400	587,324,400	350,741	587,675,141
- Other comprehensive income for the fiscal year												
- Legal reserve							26,805,049		(26,805,049)			
- Reserve for dividends pending Central Bank of Argentina's authorization								(71,956,969)	(105,127,845)	(177,084,814)		(177,084,814)
- Personal assets tax on shares and equity interests									(1,907,944)	(1,907,944)	(148,589)	(1,907,944)
- Other changes												
Amount at the end of the fiscal year		639,413	12,429,781	567,267,912	11,160,388	29,368,135	440,565,553	778,625,315	203,502,666	2,043,559,163	465,887	2,044,025,050

(1) Inflation adjustment of capital stock and additional paid-in capital.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(Figures stated in thousands of pesos in constant currency)

	Capital stock		Non-capital contributions		Other Comprehensive Income		Earnings Reserved		Unappropriated retained earnings	Total controlling interests	Total non-controlling interests	Total Equity
	Outstanding shares	Additional paid-in capital	Capital adjustments (1)	Financial Statements conversion	Other	Legal	Other					
Restated amount at the beginning of the fiscal year	639,413	12,429,781	567,267,912	3,640,519	13,835,527	391,677,602	730,864,286	(266,942,070)	1,453,412,970	229,775	1,453,642,745	
Total comprehensive income for the fiscal year												
- Net income for the fiscal year									126,950,267		22,059	126,972,326
- Other comprehensive loss for the fiscal year									(2,238,986)		(17,318,905)	(17,318,905)
Distribution of unappropriated earnings, as approved by the Shareholders' Meeting held on April 29, 2022												
- Legal reserve							22,082,902		(22,082,902)			
- Reserve for dividends pending Central Bank of Argentina's authorization							119,717,998		(86,063,759)		33,654,239	33,654,239
- Personal assets tax on shares and equity interests									(1,842,432)		(1,842,432)	(1,842,432)
- Other changes amount at the end of the fiscal year	639,413	12,429,781	567,267,912	1,401,533	(1,244,392)	413,760,504	850,582,284	(249,980,896)	1,594,856,139	263,735	1,595,119,874	

(1) Inflation adjustment of capital stock and additional paid-in capital.

BANCO MACRO SA AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

(Figures stated in thousands of pesos in constant currency)

	Capital stock		Non-capital contributions		Other Comprehensive Income		Earnings Reserved		Unappropriated retained earnings	Total controlling interests	Total non-controlling interests	Total Equity
	Notes	Outstanding shares	Additional paid-in capital	Capital adjustments (1)	Accumulated foreign currency translation difference from Financial Statements conversion	Other	Legal	Other				
Restated amount at the beginning of the fiscal year		639,413	12,429,781	567,267,912	8,289,110	1,758,906	391,677,602	997,360,211	(591,866,517)	1,387,556,418	17,106	1,387,573,524
Total												
comprehensive income for the fiscal year												
- Net income for the fiscal year									138,744,986	138,744,986	4,534	138,749,520
- Other comprehensive income for the fiscal year					(4,648,591)		12,076,621			7,428,030		7,428,030
Distribution of unappropriated earnings, as approved by the Shareholders' Meeting held on April 30, 2021												
- Cash dividends								(77,886,932)		(77,886,932)		(77,886,932)
- Absorption of accumulated losses												
Facultative reserve									(4,047)			4,047
Facultative reserve for future distribution of earnings	42							(186,175,414)	186,175,414			
Personal assets tax on shares and equity interests									(2,429,532)			(2,429,532)
- Other changes											208,135	208,135

Amount at the end of the fiscal year 639,413 12,429,781 567,267,912 3,640,519 13,835,527 391,677,602 730,864,286 (266,942,070) 1,453,412,970 229,775 1,453,642,745

(1) Inflation adjustment of capital stock and additional paid-in capital.

Notes 1 to 54 to the consolidated Financial Statements are an integral part of these consolidated Financial Statements.

BANCO MACRO SA AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**
(Figures stated in thousands of pesos in constant currency)

Items	Notes	12/31/2023	12/31/2022	12/31/2021
Cash flows from operating activities				
Income for the fiscal year before income tax		869,996,208	184,177,495	145,943,999
Adjustment for the total monetary effect of the fiscal year		1,308,898,985	712,616,273	402,701,777
Adjustments to obtain cash flows from operating activities:				
Amortization and depreciation		58,098,766	47,485,393	43,224,593
Credit loss expense on financial assets		45,968,747	21,480,302	15,745,665
Difference in quoted prices of foreign currency		(519,687,484)	(263,504,186)	(104,535,187)
Other adjustments		115,506,601	454,720,951	291,953,697
Net increase / (decrease) from operating assets:				
Debt securities at fair value through profit or loss		(909,887,830)	(460,689,489)	306,877,592
Derivative financial instruments		9,188,920	(125,729)	9,051,924
Repo transactions		(167,176,772)	(2,344,774)	170,442,492
Loans and other financing				
Non-financial public sector		2,156,260	7,540,174	18,683,672
Other financial entities		(7,077,482)	6,273,635	7,545,035
Non-financial private sector and foreign residents		281,246,343	237,287,781	172,154,622
Other debt securities		240,896,426	141,445,422	(208,231,373)
Financial assets delivered as guarantee		3,168,196	13,617,450	21,891,411
Equity instruments at fair value through profit or loss		(409,343)	20,321,483	24,843,827
Other assets		16,509,607	30,914,031	(44,393,694)
Net increase / (decrease) from operating liabilities:				
Deposits				
Non-financial public sector		(59,863,185)	261,496	(331,436,522)
Financial sector		15,036,470	(681,632)	(545,874)
Non-financial private sector and foreign residents		(1,288,083,427)	462,405,962	(571,024,821)
Liabilities at fair value through profit or loss		(8,159,156)	(8,235,747)	9,873,835
Derivative financial instruments		(5,748,073)	(7,979)	13,253
Repo transactions		23,601,328		(5,663,723)
Other liabilities		(82,864,800)	15,668,619	(36,227,516)
Income tax payments		(26,544,392)	(8,377,713)	(67,120,479)
Total cash from operating activities (A)		(85,229,087)	1,612,249,218	271,768,205

BANCO MACRO SA AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**
(Figures stated in thousands of pesos in constant currency)

<u>Items</u>	<u>Notes</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Cash flows from investing activities				
Payments:				
Acquisition of PPE, intangible assets and other assets		(57,073,159)	(75,754,316)	(41,809,798)
Obtaining control of subsidiaries or other businesses		(21,956,493)		(216,271)
Other payments related to investing activities		(622,770)	(11,893)	
Collections:				
Other collections related to investing activities		160,975,229		
Total cash used in investing activities (B)		81,322,807	(75,766,209)	(42,026,069)
Cash flows from financing activities				
Payments:				
Dividends	42	(179,680)	(59,462,558)	
Non-subordinated corporate bonds	40	(4,877,812)	(15,870,950)	(24,808,397)
Financing from local financial entities				(4,816,892)
Subordinated corporate bonds	40	(12,943,001)	(14,493,132)	(18,282,715)
Other payments related to financing activities		(3,935,538)	(3,230,323)	(4,735,526)
Collections / Incomes:				
Non-subordinated corporate bonds		29,477,155	9,185,164	
Financing from local financial entities	40	(7,598,036)	6,085,830	
Total cash used in financing activities (C)		(56,912)	(77,785,969)	(52,643,530)
Effect of exchange rate fluctuations (D)		909,268,594	393,367,215	164,337,260
Monetary effect on cash and cash equivalents (E)		(1,856,159,506)	(1,396,781,916)	(874,986,242)
Net (decrease) / increase in cash and cash equivalents (A+B+C+D+E)		(950,854,104)	455,282,339	(533,550,376)
Cash and cash equivalents at the beginning of the fiscal year	40	2,335,331,915	1,880,049,576	2,413,599,952
Cash and cash equivalents at the end of the fiscal year	40	1,384,477,811	2,335,331,915	1,880,049,576

Notes 1 to 54 to the consolidated Financial Statements are an integral part of these consolidated Financial Statements.

BANCO MACRO SA AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 AND 2022

(Figures stated in thousands of pesos in constant currency)

1. CORPORATE INFORMATION

Banco Macro SA (hereinafter, the Bank) is a stock corporation (*sociedad anónima*), organized in the Argentine Republic, with headquarters at Avenida Madero 1182, Autonomous City of Buenos Aires (CABA, for its acronym in Spanish). Its by-law expiry date is on March 8, 2066.

The Bank offers traditional banking products and services to companies, including those companies operating in regional economies as well as to individuals, thus strengthening its goal to be a multiservice bank. In addition, through its subsidiaries, the Bank performs transactions as a trustee agent, manager and administrator of mutual funds and renders stock exchange services, electronic payment services and granting of guarantees.

Macro Compañía Financiera SA was created in 1977, as a non-banking financial institution. In May 1988, it received the authorization to operate as a commercial bank and was incorporated as Banco Macro SA. Subsequently, as a result of the merger process with other entities, it adopted other names (among them, Banco Macro Bansud SA) and since August 2006, Banco Macro SA.

The Bank's shares have been publicly listed on Bolsas y Mercados Argentinos (BYMA) since November 1994; and as from March 24, 2006 they are listed on the New York Stock Exchange (NYSE). Additionally, on October 15, 2015, they were authorized to be listed on the Mercado Abierto Electrónico SA (MAE).

Since 1994, Banco Macro SA's market strategy has mainly focused on the regional areas outside CABA. Following this strategy, in 1996, Banco Macro SA started the process to acquire entities and assets and liabilities during the privatization of provincial and other banks.

During 2023, 2022, 2021 and 2020, the Bank in conjunction with other entities of the Argentine financial system made contributions in the company Play Digital SA for a total amount of 977,225 (not restated), reaching an equity interest of 9.4543%. The company's purpose is to develop and market a payment solution linked to bank accounts held by financial system users in order to bring significant improvement to their payment experience.

On May 18, 2023, Banco Macro SA acquired 100% of Macro Agro SAU (formerly known as Comercio Interior SAU) capital stock at USD 5,218,800 payable with the proceeds of this Company's dividends. The main purpose of this company is grain brokerage. For further information see also Note 14.

Additionally, on November 2, 2023, the Board of Directors of the Central Bank of Argentina (BCRA), authorized the acquisition of 100% of the capital stock of Banco Itaú Argentina SA, Itaú Asset Management SA and Itaú Valores SA. For further information see also Note 14.

These consolidated Financial Statements for the year ended December 31, 2023 were authorized for issue by the Management on April 29, 2024. Even when the Shareholders' Meeting has the power to amend these consolidated Financial Statements after issuance, in Management's opinion it will not happen.

2. OPERATIONS OF THE BANK

2.1 Agreement with the Misiones Provincial Government

The Bank and the Misiones Provincial Government entered into a special-relationship agreement whereby the Bank was appointed, for a five-year term since January 1, 1996, as the Provincial Government's exclusive financial agent as well as revenue collection and obligation payment agent.

On November 25, 1999, December 28, 2006 and October 1, 2018, extensions to such agreement were agreed upon, making it currently effective through December 31, 2029.

As of December 31, 2023 and 2022, the deposits held by the Misiones Provincial Government with the Bank amounted to 45,827,616 and 66,333,468 (including 5,213,814 and 5,031,694 related to court deposits), respectively.

2.2 Agreement with the Salta Provincial Government

The Bank and the Salta Provincial Government entered into a special-relationship agreement whereby the Bank was appointed, for a ten-year term since March 1, 1996, as the Provincial Government's exclusive financial agent as well as revenue collection and obligation payment agent.

BANCO MACRO SA AND ITS SUBSIDIARIES

On February 22, 2005, and August 22, 2014, extensions to such agreements were agreed upon, making it currently effective through February 28, 2026.

As of December 31, 2023 and 2022, the deposits held by the Salta Provincial Government with the Bank amounted to 65,930,128 and 107,468,621 (including 8,782,304 and 10,764,824, related to court deposits), respectively.

2.3 Agreement with the Jujuy Provincial Government

The Bank and the Jujuy Provincial Government entered into a special-relationship agreement whereby the Bank was appointed, for a ten-year term since January 12, 1998, as the Provincial Government's exclusive financial agent as well as revenue collection and obligation payment agent.

On April 29, 2005 and July 8, 2014, extensions to such agreement were agreed upon, making it currently effective through September 30, 2024.

As of December 31, 2023 and 2022, the deposits held by the Jujuy Provincial Government with the Bank amounted to 17,780,194 and 24,217,758 (including 5,497,367 and 6,927,266, related to court deposits), respectively.

2.4 Agreement with the Tucumán Provincial Government

The Bank acts as an exclusive financial agent and as revenue collection and obligation payment agent of the Tucumán Provincial Government, the Municipality of San Miguel de Tucumán and the Municipality of Yerba Buena. The services agreements with the Provincial and Municipal Governments are effective through years 2031, 2028 and 2025, respectively. As established in the original agreement, the service agreement with the Municipality of San Miguel de Tucumán was extended until 2028.

As of December 31, 2023 and 2022, the deposits held by the Tucumán Provincial Government, the Municipality of San Miguel de Tucumán and the Municipality of Yerba Buena with the Bank amounted to 42,496,491 and 108,008,942 (including 22,563,470 and 28,845,855, related to court deposits), respectively.

Additionally, the Bank granted loans to the Tucumán Provincial Government and the Municipalities of San Miguel de Tucumán and Yerba Buena as of December 31, 2023 and 2022 for an amount of 2,278,902 and 1,632,713, respectively.

3. BASIS FOR THE PREPARATION OF THESE FINANCIAL STATEMENTS AND APPLICABLE ACCOUNTING STANDARDS

Presentation basis

Applicable Accounting Standards

These consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated Financial Statements of the Bank comprise the Standards and Interpretations adopted by the IASB and includes:

- the IFRS;
- the International Accounting Standards (IAS); and
- the interpretations developed by the IFRS Interpretations Committee (IFRIC) or former IFRIC (SIC).

Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, these consolidated Financial Statements continue to be prepared on the going concern basis.

Figures expressed in thousands of pesos

These consolidated Financial Statements are presented in thousands of Argentine pesos in terms of purchasing power as of December 31, 2023, unless otherwise expressly stated, and are rounded up to the nearest amount in thousands of pesos, except as otherwise indicated (see "Measuring unit" section of this note).

BANCO MACRO SA AND ITS SUBSIDIARIES

Statement of financial position—Disclosure

The Bank presents its consolidated statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding consolidated financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is disclosed in Note 26.

Financial assets and financial liabilities are generally reported in gross figures in the consolidated statement of financial position. They are only offset and reported in net figures when there is a legal and enforceable right to offset such financial assets and liabilities and the Management also intends to settle them on a net basis or to realize assets and settle liabilities simultaneously.

These consolidated Financial Statements were prepared on a historical cost basis except for certain financial instruments which were valued at fair value through Other Comprehensive Income (OCI) or at Fair Value through Profit or Loss. For further information see Note 13. In addition, in the case of derivative instruments (Futures and Forwards) both assets and liabilities were valued at Fair Value through Profit or Loss.

Comparative information

The statement of financial position as of December 31, 2023 is presented comparatively with the immediately preceding fiscal year and the statement of income and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the fiscal year ended December 31, 2023, are presented comparatively with those as of December 31, 2022 and 2021.

The figures related to comparative information have been restated to consider the changes in the general purchasing power of the functional currency and, as a result, are stated in terms of the current measuring unit at the end of the reporting period (see the following section "Measuring unit").

Measuring unit

These consolidated Financial Statements as of December 31, 2023 have been restated for the changes in the general purchasing power of the functional currency (Argentine pesos) of the Bank, as of that date, as established by IAS 29 "Financial Reporting in Hyperinflationary Economies".

According to IFRS, the restatement of Financial Statements is needed when the functional currency is the currency of a hyperinflationary economy. To achieve consistency in identifying an economic environment of that nature, IAS 29 establishes (i) certain nonexclusive qualitative indicators, consisting in analyzing the general population behavior, prices, interest rates and wages with changes in price indexes and the loss of purchasing power, and (ii) as quantitative characteristic, which is the most used condition in practice, to test if a three-year cumulative inflation rate is around 100% or more. Due to miscellaneous macroeconomic factors, the three-year inflation rate exceeded that figure and the Argentine government goals and other available estimates also indicate that this trend will not be reversed in the short term.

The restatement was applied as if the economy had always been hyperinflationary, using a general price index that reflects changes in general purchasing power. To apply the restatement, a series of indexes were used, as prepared and published on a monthly basis by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE, for its acronym in Spanish), which combines the consumer price index (CPI) on a monthly basis published by the Argentine Institute of Statistics and Censuses (INDEC, for its acronym in Spanish) since January 2017 (baseline month: December 2016) with the wholesale prices indexes published by the INDEC until that date. For the months of November and December 2015, for which the INDEC did not publish the wholesale price index (WPI) variation, the CPI variation for CABA was used.

Considering the abovementioned indexes, the inflation rate was 211.41% and 94.79% for the fiscal years ended on December 31, 2023 and 2022, respectively.

Below is a description of the restatement mechanism provided by IAS 29 "Financial Reporting in Hyperinflationary Economies":

BANCO MACRO SA AND ITS SUBSIDIARIES

Description of the main aspects of the restatement process for statements of financial position:

- (i) Monetary items (the ones that are already stated in terms of the current measuring unit) are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period. In an inflationary period, an entity holding monetary assets generates purchasing power loss and holding monetary liabilities generates purchasing power gain, provided that the assets and liabilities are not linked to an adjustment mechanism that offsets to some extent such effects. The net gain or loss on a monetary basis is included in profit or loss for the fiscal year.
- (ii) Assets and liabilities subject to adjustments based on specific agreements are adjusted in accordance with such agreements.
- (iii) Non-monetary items stated at current cost at the end of the reporting period, are not restated for presentation purposes in the statement of financial position, but the adjustment process must be completed to determine, in terms of constant measurement unit, the income or loss produced by holding these non-monetary items.
- (iv) Non-monetary items carried at historical cost or at current cost at some earlier date before the reporting date, are restated by an index that reflects the general level of price variation from the acquisition or revaluation date to the closing date, proceeding then to compare the restated amounts of those assets with their recoverable amounts. Income or loss for the fiscal year related to depreciation of property, plant and equipment and amortization of Intangible Assets and other non-monetary assets cost are determined over the new restated amounts.
- (v) When an entity capitalizes borrowing cost in the non-monetary assets, the part of the borrowing cost that compensates for the inflation during the same fiscal year is not capitalized.
- (vi) The restatement of non-monetary assets in terms of a current measurement unit at the end of the reporting period, without an equivalent adjustment for tax purposes generates a taxable temporary difference and a deferred income tax liability is recognized and the contra account is recognized as profit or loss for the fiscal year. When, beyond the restatement, there is a revaluation of non-monetary assets, the deferred tax related to the restatement is recognized in profit or loss for the fiscal year and deferred tax related to the revaluation is recognized in other comprehensive income for the fiscal year.

Description of the main aspects of the restatement process for statements of income and other comprehensive income:

- (i) Income and expenses are restated from the date the items were recorded, except for those income or loss items that reflect or include, in their determination, the consumption of assets measured at the currency purchasing power from a date prior to that which the consumption was recorded, which is restated using as a basis the acquisition date of the assets related to the item, except for income or losses arising from comparing the two measurements at currency purchasing power of different dates, for which it requires to identify the compared amounts, to restate them separately and to repeat the comparison, with the restated amounts.
- (ii) The gain or loss from monetary position will be classified based on the item that generated it and will be separately disclosed reflecting the inflationary effects over such items.

Description of the main aspects of the restatement process for the statements of changes in shareholders' equity:

- (i) All equity's components are restated by applying a general price index, as mentioned before, from the beginning of the fiscal year, and each variation of those components is restated from the contribution date or from the moment it was produced by any other way. The inflation adjustment related to "Capital stock" and "Additional paid-in capital" is accumulated in "Adjustment to shareholders' equity".
- (ii) Other comprehensive income generated after the transition date are presented in terms of the measuring unit current at the end of the reporting period.

Description of the main aspects of the restatement process for the statement of cash flows:

- (i) All items are restated in terms of the measuring unit current at the end of the reporting period.
- (ii) The monetary gain or losses generated by cash and cash equivalents are separately disclosed in the statement of cash flows after the cash flow from operating investment activities and financing activities, in a separate and independent line, under the description "Monetary effect on cash and cash equivalents".

Consequently, the application of IAS 29 results in an adjustment for the loss of purchasing power of the Argentine peso recorded in the consolidated statement of income as a loss on the net monetary position. In a period of inflation, as the Bank holds an excess of monetary assets over monetary liabilities, it loses purchasing power, which results in a loss on the net monetary position. This loss is derived as the difference resulting from the restatement of non-monetary assets and liabilities, equity and items in the consolidated statement of comprehensive income.

BANCO MACRO SA AND ITS SUBSIDIARIES

Basis for consolidation

These consolidated Financial Statements include the Financial Statements of the Bank and its controlled entities as of December 31, 2023.

Subsidiaries are all the entities controlled by the Bank. The Bank controls another entity when it is exposed, or has rights, to variable returns from its continuing involvement with such other entity, and has the ability to use its power to direct the operating and financing policies of such other entity, to affect the amounts of such returns.

This generally happens when there is a shareholding of more than half of its shares having voting rights.

Notwithstanding the above, under certain particular circumstances, the Bank may still have control with less than a 50% interest or may not have the control even if it holds more than half of the shares of such other entity.

Upon evaluating whether it has power over the controlled entity, and therefore controls the variation of its returns, the Bank shall consider all relevant facts and circumstances, including:

- The purpose and design of the controlled entity.
- What the relevant activities are and how decisions about those activities are made and whether the Bank has the ability to direct such relevant activities.
- Contractual arrangements such as call rights, put rights and liquidation rights.
- Whether the Bank is exposed, or has rights, to variable returns from its involvement with such controlled entity, and whether the Bank has the ability to use its power over the controlled entity to affect the amount of the Bank's returns.

The structured entities have been designed to reach a specific business goal and for voting or similar rights not to be the dominant factor in deciding who controls the entity, such as when any voting rights are related to the administrative tasks only and the relevant activities are directed by means of contractual agreements.

Controlled entities are completely consolidated since the date of the effective transfer of the control over them to the Bank and consolidation ceases when the Bank loses control over the subsidiaries. These consolidated Financial Statements include the assets, liabilities, income and each component of other comprehensive income of the Bank and its controlled entities. Transactions between consolidated entities are completely eliminated.

Changes in a parent's ownership interest in a controlled entity that do not result in the parent losing control of the subsidiary are equity transactions. However, if a parent company loses control of a subsidiary, it shall derecognize the assets (including any goodwill) and liabilities of the subsidiary, any non-controlling interests in the former subsidiary and other capital components, while any profit or loss derived from the transaction, event or circumstances that resulted in the loss of control shall be recognized as in profit or loss, and any investment retained in the former subsidiary shall be recognized at its fair value on the date control is lost.

The Financial Statements of the controlled entities have been prepared as of the same dates and for the same accounting periods as those of the Bank, using uniform accounting policies consistent with those applied by the Bank. If necessary, adjustments shall be made to the Financial Statements of the subsidiaries so that the accounting policies used by the group are uniform.

The Bank considers the Argentine peso as its functional and presentation currency. To such effect, before consolidation, the Financial Statements of its subsidiary Macro Bank Limited, originally stated in US dollars, were translated to pesos (presentation currency) using the following method and applying the inflation adjustment above explained in section "Measuring unit" of this note:

- a) Assets and liabilities were converted at the reference exchange rate of the BCRA, in force for US dollars at the closing of business on the last business day of each year.
- b) Figures related to the owners' contributions (capital stock, non-capital Contributions and irrevocable capital contributions) were translated applying the effective exchange rates as of the date on which such contributions were paid in.
- c) Income for the fiscal years ended December 31, 2023, 2022 and 2021, were translated into pesos on a monthly basis, using the monthly average of the reference exchange rate of the BCRA.
- d) Foreign currency translation differences arising as a result of the preceding paragraphs are recognized as a separate component within the Shareholders' Equity account reporting them in the statement of other comprehensive income, which is called "Foreign currency translation differences in Financial Statements conversion".

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On the other hand, non-controlling interests represent the portion of income and equity not directly or indirectly attributable to the Bank. In these consolidated Financial Statements they are disclosed as a separate line in the statement of financial position, the statement of income, the statement of other comprehensive income and the statement of changes in shareholders' equity.

The Bank has consolidated into its Financial Statements the Financial Statements of the following companies:

<u>Subsidiaries</u>	<u>Principal place of business</u>	<u>Country</u>	<u>Main activity</u>
Macro Securities SAU (1)	Ave. Eduardo Madero 1182 - CABA	Argentina	Stock exchange services
Macro Fiducia SAU	Ave. Eduardo Madero 1182 - 2nd floor - CABA	Argentina	Services
Macro Fondos SGFCISA	Ave. Eduardo Madero 1182 - 24th floor, Office B - CABA	Argentina	Management and administration of mutual funds
Macro Bank Limited (2)	Caves Village, Building 8 Office 1 - West Bay St., Nassau	Bahamas	Banking entity
Argenpay SAU	Ave. Eduardo Madero 1182 - CABA	Argentina	Electronic payment services
Fintech SGR (Structured entity)	San Martín 140 - 2nd floor - CABA	Argentina	Granting of guarantees
Macro Agro SAU (3)	Santa Fe 1219 - 4th floor - Rosario, Santa Fe	Argentina	Grain Brokerage
Banco BMA SAU (4)	Ave. Eduardo Madero 1182 – 9th floor – CABA	Argentina	Financial entity
BMA Asset Management SA	Ave. Eduardo Madero 1182 – 2nd floor – CABA	Argentina	Management and administration of mutual funds
BMA Valores SA	Ave. Eduardo Madero 1182 – 2nd floor – CABA	Argentina	Stock exchange services

- (1) Consolidated with Macro Fondos SGFCISA (80.90% equity interest and voting rights).
- (2) Consolidated with Sud Asesores (ROU) SA (100% voting rights – Equity interest: 66,496).
- (3) Consolidated with the Bank since May 2023, as control was obtained in such month (see Note 14).
- (4) Consolidated with the Bank since November 2023. Additionally, Banco BMA SAU consolidates with BMA Asset Management SA (87% equity interest and voting rights) and with BMA Valores SA (87% equity interest and voting rights).

As of December 31, 2023 and 2022, the Bank's interest in the companies it consolidates is as follows:

- As of December 31, 2023:

<u>Subsidiaries</u>	<u>Shares</u>		<u>Bank's interest</u>		<u>Non-controlling interest</u>	
	<u>Type</u>	<u>Number</u>	<u>Total capital stock</u>	<u>Voting rights</u>	<u>Total capital stock</u>	<u>Voting rights</u>
Macro Securities SAU	Common	12,885,683	100.00%	100.00%		
Macro Fiducia SAU	Common	47,387,236	100.00%	100.00%		
Macro Fondos SGFCISA	Common	327,183	100.00%	100.00%		
Macro Bank Limited	Common	39,816,899	100.00%	100.00%		
Argenpay SAU	Common	1,001,200,000	100.00%	100.00%		

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Subsidiaries (contd.)	Shares		Bank's interest		Non-controlling interest	
	Type	Number	Total capital stock	Voting rights	Total capital stock	Voting rights
Fintech SGR (Structured entity)	Common	119,993	24.999%	24.999%	75.001%	75.001%
Macro Agro SAU (1)	Common	615,519	100.00%	100.00%		
Banco BMA SAU (2)	Common	729,166,165	100.00%	100.00%		
BMA Asset Management SA (2)	Preferred	14,565,089	100.00%			
BMA Valores SA (2)	Common	91,950	100.00%	100.00%		
	Common	52,419,500	100.00%	100.00%		

- (1) Interest acquired in May 2023 (see Note 14).
(2) Interest acquired in November 2023 (see Note 14).

- As of December 31, 2022:

Subsidiaries	Shares		Bank's interest		Non-controlling interest	
	Type	Number	Total capital stock	Voting rights	Total capital stock	Voting rights
Macro Securities SAU	Common	12,885,683	100.00%	100.00%		
Macro Fiducia SAU	Common	47,387,236	100.00%	100.00%		
Macro Fondos SGFCISA	Common	327,183	100.00%	100.00%		
Macro Bank Limited	Common	39,816,899	100.00%	100.00%		
Argenpay SAU	Common	341,200,000	100.00%	100.00%		
Fintech SGR (Structured entity)	Common	119,993	24.999%	24.999%	75.001%	75.001%

Total assets, liabilities and Shareholders' equity of the Bank and all its subsidiaries as of December 31, 2023 and 2022 are as follows:

Entity	Balances as of 12/31/2023			
	Assets	Liabilities	Equity attributable to the owners of the Bank	Equity attributable to non-controlling interests
Banco Macro SA	5,850,672,381	3,807,113,218	2,043,559,163	
Macro Bank Limited	96,913,028	69,534,634	27,378,394	
Macro Securities SAU (1)	172,108,267	114,694,224	57,414,043	
Macro Fiducia SAU	650,856	47,660	603,196	
Argenpay SAU	15,211,804	8,272,716	6,939,088	
Fintech SGR	16,775,841	16,154,667	155,287	465,887
Macro Agro SAU	24,091,214	23,317,522	773,692	
Banco BMA SAU	879,489,639	667,129,219	212,360,420	
Eliminations	(337,701,919)	(32,077,799)	(305,624,120)	
Consolidated	6,718,211,111	4,674,186,061	2,043,559,163	465,887

- (1) Includes the balance amounts of its subsidiary Macro Fondos SGFCISA.

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Entity	Balances as of 12/31/2022			
	Assets	Liabilities	Equity attributable to the owners of the Bank	Equity attributable to non-controlling interests
Banco Macro SA	6,407,372,878	4,812,516,739	1,594,856,139	
Macro Bank Limited	50,000,623	34,556,345	15,444,278	
Macro Securities SAU (1)	105,632,053	72,940,995	31,113,783	
Macro Fiducia SAU	615,622	15,338	600,284	
Argenpay SAU	7,893,951	4,976,502	2,917,449	
Fintech SGR	16,539,693	16,188,045	351,648	263,735
Eliminations	(79,260,886)	(27,519,904)	(50,427,442)	
Consolidated	6,508,793,934	4,913,674,060	1,594,856,139	263,735

- (1) Includes the balance amounts of its subsidiary Macro Fondos SGFCISA.

The Bank's Management considers there are no other companies or structured entities to be included in the consolidated Financial Statements as of December 31, 2023.

Summary of accounting policies

Below there is a description of the principal valuation and disclosure criteria used for the preparation of these consolidated Financial Statements as December 31, 2023:

3.1 Assets and liabilities denominated in foreign currency:

The Bank considers the Argentine Peso as its functional and presentation currency. The assets and liabilities denominated in foreign currency, mainly in US dollars, were valued at BCRA benchmark US dollar exchange rate effective as of the closing date of transactions on the last business day of each fiscal year.

Additionally, assets and liabilities denominated in other foreign currencies were translated at the repo exchange rate in US dollars communicated by the BCRA's dealing room. Foreign exchange differences were recorded in the related Statements of income as "Difference in quoted prices of gold and foreign currency".

3.2 Financial Instruments

Initial Recognition and Measurement

The Bank recognizes a financial instrument when it becomes party to the contractual provisions thereof.

The purchase and sale of financial assets requiring the delivery of assets within the term generally established by the rules and regulations or the market conditions are recorded on the transaction's trading date, i.e. on the date the Bank undertakes to acquire or sell the relevant asset.

At initial recognition, the financial assets and liabilities were recognized at fair value. Those financial assets and liabilities not recognized at fair value through profit or loss, were recognized at fair value adjusted for transaction costs directly attributable to the acquisition or issue of the financial asset or liability.

At initial recognition, the fair value of a financial instrument is generally the transaction price. Nevertheless, if part of the consideration received or paid is for something other than the financial instrument, the Bank estimates the fair value of the financial instrument. If the fair value is based on a valuation technique that uses only data from observable markets, the Bank shall recognize the difference between fair value at the initial recognition and the transaction price as gain or loss. When the fair value is based on a valuation technique that uses data from non-observable markets, the Bank shall recognize that deferred difference in profit or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability, or when the instrument is derecognized.

Finally, in the normal course of business, the Bank arranges repo transactions. According to IFRS 9, assets involved in repurchase and reverse repurchase transactions and received from or delivered to third parties, respectively, do not qualify to be recognized or derecognized, respectively (see Note 7).

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Subsequent measurement – Business Model

The Bank established three categories for the classification and measurement of its debt instruments, in accordance with the Bank's business model to manage them and the contractual cash flow characteristics thereof:

- At amortized cost: the objective of the business model is to hold financial assets in order to collect contractual cash flows.
- At fair value through other comprehensive income: the objective of the business model is both collecting the contractual cash flows of the financial asset and/or of those derived from the sale of the financial asset.
- At fair value from profit or loss: the objective of the business model is generating income derived from the purchase and sale of financial assets.

Therefore, the Bank measures its financial assets at fair value, except for those that meet the following two conditions and are measured at amortized cost:

- The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The business model is not assessed on an instrument-by-instrument approach, but it should rather be determined on a higher level of aggregation and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.
- The expected frequency, value, timing and reasons of sales are also important aspects.

The assessment of the business model is performed on the basis of scenarios that the Bank reasonably expects to occur, without taking into account the scenarios such as the so-called 'worst case' or 'stress case' scenarios. If after the initial recognition cash flows are realized in a way that is different from the Bank's expectations, the classification of the remaining financial assets held in that business model does not change, but it rather considers all relevant information to assess the newly originated or newly purchased financial assets.

Test of solely payments of principal and interest (the SPPI test)

As part of the classification process, the Bank assessed the contractual terms of its financial assets in order to determine if such financial instruments give rise to cash flows on specific dates which are solely payments of principal and interest on the principal amount outstanding.

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition, provided such amount may change over the life of the financial instrument, for example, if there are repayments of principal or premium amortization or discount.

The most significant elements of interest within a loan agreement are typically the consideration for the time value of money and credit risk.

For the SPPI test, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

However, contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, financial assets are required to be measured at fair value through profit or loss.

Therefore, the financial assets were classified pursuant to the above expressed as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" or "Financial assets at amortized cost". Such classification is disclosed in Note 13.

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- Financial assets and liabilities at fair value through profit or loss

This category presents two subcategories: financial assets at fair value held for trading and financial assets initially designated at fair value by the Management or under section 6.7.1. of IFRS 9. The Bank's Management has not designated, at the beginning, financial assets at fair value through profit or loss.

The Bank classifies the financial assets as held for trading when they have been acquired or incurred principally for the purpose of selling or repurchasing them in the short term or when they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets and liabilities at fair value through profit or loss are recognized at fair value in the consolidated statement of financial position. Changes in fair value are recognized under the item "Net gain from measurement of financial instruments at fair value through profit or loss" in the consolidated statement of income, as well as interest income or expenses and dividends pursuant to the contractual terms and conditions, or when the right to receive payment of the dividend is established.

The fair value estimation is explained in detail in section "Accounting judgments, estimates and assumptions" of this note, and Note 13 describes the valuation process of financial instruments at fair value.

- Financial assets at fair value through other comprehensive income (OCI)

A financial asset shall be measured at fair value through other comprehensive income if (i) the financial instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) the contractual terms of the financial asset meet the determination that cash flows are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at fair value through other comprehensive income are recognized in the consolidated statement of financial position at fair value. Profit and loss derived from changes in fair value are recognized in the consolidated statement of other comprehensive income as "Net gain from financial instruments measured at fair value through other comprehensive income". Interest income (calculated by the "effective interest method", which is explained in the following section), profit and loss from translation differences and impairment are recognized in the consolidated statement of income in the same manner as for financial assets measured at amortized cost and are disclosed as "Interest income", "Differences in quoted prices of gold and foreign currency" and "Credit loss expense on financial assets", respectively.

When the Bank has more than one investment on the same security, it must be considered that they shall be disclosed using the first-in first-out costing method.

On derecognition, accumulated gains and losses previously recognized in OCI are reclassified to profit or loss.

- Financial assets at amortized cost – Effective interest method

They represent financial assets held in order to collect contractual cash flows and the contractual terms of which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these financial assets are recognized in the consolidated statement of financial position at amortized cost using the effective interest method, less a loss allowance for expected credit losses (ECL).

Interest income and impairment are disclosed in the consolidated statement of income as "Interest income" and "Credit loss expense on financial assets", respectively. Changes in the allowance for ECL are presented in Note 9.

The effective interest method uses the rate that allows the discount of estimated future cash payments or receipts through the expected life of the financial instrument or lesser term, if applicable, to the net carrying amount of such financial instrument. When applying this method, the Bank identifies points paid or received, fees, premiums, discounts and transaction costs, incremental and direct costs as an integral part of the effective interest rate (hereinafter, EIR). For such purposes, interest is the consideration for the time value of money and for the credit risk associated with the amount of principal outstanding during a specific period of time.

When a financial asset becomes credit-impaired (as set out in Note 3.2.4) and is therefore regarded a 'Stage 3', the Bank calculates interest income by applying the effective interest method to the net amortized cost of the financial asset. If the financial asset cures (as outlined in Note 3.2.4) and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

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3.2.1 Cash and deposits in banks

They were valued at their nominal value plus the relevant accrued interest, if applicable. Accrued interests were allocated in the consolidated statement of income as “Interest income”.

3.2.2 Repo transactions (purchase and sale of financial instruments)

These transactions were recognized in the consolidated statement of financial position as financing granted (received), under “Repo transactions”.

The difference between purchase and sale prices of such instruments were recognized as interest accrued during the effective term of the transactions using the effective interest method and were allocated in the consolidated statement of income as “Interest income” and “Interest expense”.

3.2.3 Loans and other financing

They are non-derivative financial assets that the Bank holds within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of which give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, loans and other financing were measured at amortized cost using the effective interest method, less a loss allowance for ECL. The amortized cost was calculated taking into account any discount or premium incurred in the origination or acquisition, and origination fees or commissions, which are part of the EIR. Income from interest was allocated in the consolidated statement of income as “Interest income”.

3.2.4 Impairment of financial assets

The accounting policy adopted on the impairment of financial assets not measured at fair value through profit or loss is detailed below:

3.2.4.1 Overview of the ECL principles

The Bank recognizes a loss allowance for ECL on loans, other financing and other debt instruments not measured at fair value through profit or loss along with loan commitments and financial guarantee contracts (not measured at fair value through profit or loss) and contract assets and accounts receivable on loans; hereinafter, the “financial instruments”. Investments in equity instruments are not subject to impairment under IFRS 9.

The loss allowance for ECL is based on credit losses expected to arise during the life of a financial asset (lifetime ECL), unless there was no significant increase in credit risk since initial recognition, in which case the loss allowance is based on 12-month ECL. The Bank’s policies to determine whether credit risk increased significantly are included in Note 52.1.1 “Assessment of credit risk impairment”, section “Definitions of significant increase in risk (SICR), impairment and default”.

12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime ECL and 12-month ECL are calculated on individual or collective bases according to the nature of the portfolio of financial instruments. The Bank’s policy to group the financial assets measured on a collective basis are explained in Note 52.1.1, sections “Customers analyzed on a collective basis” and “Customers analyzed on an individual basis”.

The Bank adopted a policy to assess, at the end of each reporting period, whether there was a significant increase in the credit risk of a financial instrument since initial recognition considering the change in risk that the default may occur during the remaining life of a financial instrument. This is further explained in Note 52.1.1, section “Definitions of significant increase in risk (SICR), impairment and default”.

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According to the aforementioned process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3, also covering purchased or originated financial instruments that are credit impaired, as described below:

- Stage 1: When financial instruments are recognized for the first time, the Bank recognizes a loss allowance according to 12-month ECL. Stage 1-financial instruments also include credit lines in which credit risk improved within the parameters established by the Bank and the financial instrument was reclassified to another stage.
- Stage 2: When a financial instrument shows a SICR since initial recognition, the Bank books a loss allowance for lifetime ECL. Stage 2-financial instruments also include credit lines in which credit risk improved within the parameters established by the Bank and the financial instrument was reclassified to Stage 3.
- Stage 3: Financial instruments which credit value is impaired (as described in Note 52.1.1, section “Definitions of significant increase in risk (SICR), impairment and default”). The Bank books a loss allowance for lifetime ECL.
- Purchased or originated financial instruments that are credit impaired: financial instruments that are credit impaired upon initial recognition. Purchased or originated financial instruments that are credit impaired are booked at fair value upon initial recognition and interest income is recognized subsequently at a credit-adjusted effective interest rate. The loss allowance of ECL is only recognized or reversed provided that there is a subsequent change in ECL. The Bank did not purchase or generate credit-impaired financial instruments.

The Bank reduces the carrying amount of the financial instruments which amount owed it does not expect to recover in part or in full. This is considered a derecognition of the financial instrument.

3.2.4.2 The calculation of ECL

The key parameters to calculating ECL are as follows:

- Probability of default (PD): It is an estimate of the probability of default during a certain time horizon. A default may occur only at a certain time during the period assessed if the credit line was not derecognized before and is still part of the portfolio. The concept of probability of default is explained in Note 52.1.1, section “Probability of default (PD)”.
- Exposure at default (EAD): It is an estimate of the exposure to a future default date considering the expected changes in exposure after reporting date, including the settlement of principal and interest, whether they are scheduled by the agreement or otherwise, the expected disbursements on committed credit lines and interest accrued on late payments. The exposure at default is explained in Note 52.1.1 section, “Exposure at default (EAD)”.
- Loss given default (LGD): It is an estimate of the loss arising in the event of default in a certain term. It is based on the difference between contractual cash flows and cash flows expected by the lender, including the performance of a guarantee or credit improvements related to the loan. In general, it is expressed as a percentage of the exposure at default. Further information of LGD is included in Note 52.1.1, section “Loss given default (LGD)”.

For overdrafts which include both a loan and an unused loan commitment, ECL are calculated and disclosed with the loan. For loan commitments (including credit cards) and financial guarantee contracts, ECL are recognized in “Provisions”.

The method for calculating ECL is summarized below:

- Stage 1: 12-month ECL are calculated as a portion of lifetime ECL, accounting for the ECL of financial instruments from default within the 12 months subsequent to year-end. The Bank calculates the allocation of 12-month ECL based on the expectation of default within 12 months after year-end. These expected 12-month probabilities of default are applied to an EAD and multiplied by the expected LGD and discounted to the original effective interest rate.
- Stage 2: When a financial instrument shows a significant increase in credit risk since initial recognition, the Bank books a loss allowance for lifetime ECL. The method is similar to the one explained above, including the use of different scenarios, but PD is estimated over the remaining life of the instrument. Expected cash shortfalls are discounted to the original effective interest rate.

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- Stage 3: For financial instruments considered credit-impaired, the Bank recognizes the ECL for the remaining life of these financial instruments. The method is similar to those used by Stage 2-financial instruments, with a PD set at 100%.
- Loan commitments and credit cards: Upon estimating the lifetime ECL for loan commitments, the ECL are the present value of the difference between the cash flows owed to the bank and the expected cash flows if the loan is withdrawn during the 12 months or expected lifetime. The cash flows are discounted at the original effective interest rate of each transaction.
- Guarantees and other commitments: The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of income and the ECL provision. To such end, the Bank estimates the ECL based on the present value of the payments expected to be disbursed to the guarantee holder should the debtor fail to pay the debt. Cash flows are discounted by the risk-adjusted interest rate relevant to the disclosure. The ECL related to financial guarantee contracts are recognized in "Provisions".

In all these scenarios, the ECL are adjusted on a forward-looking base, weighing the three probable macroeconomic scenarios, as explained in section 3.2.4.3 "Prospective information".

3.2.4.3 Prospective information

To determine a loss allowance in the calculation of ECL, the impact of the main macroeconomic variables should be analyzed to adjust historical information to the current conditions and short-term prospects. To such end, different and probable macroeconomic scenarios (base case, favorable and downside) should be weighed upon using relevant variables in assessing credit risk (such as GDP growth, interest rate and CPI).

The inputs and models used for calculating ECL may not always capture all market characteristics as of the date of these consolidated Financial Statements. Consequently, the Bank may consider certain qualitative temporary adjustments to ensure that they are taken into account if they are material. Further information is included in Note 52.1.2 "Prospective information used in ECL models".

3.2.4.4 Debt instruments measured at fair value through other comprehensive income

The ECL of the debt instruments measured at fair value through other comprehensive income does not reduce the carrying amount of these financial instruments in the statement of financial position, which remains at fair value. Instead, an amount equal to the correction of value from these assets measured at amortized cost is recognized in "Other comprehensive income" as a cumulative impairment amount with the related charge to income. Cumulative loss recognized in "Other comprehensive income" is reclassified to the statement of income when the assets are derecognized.

3.2.4.5 Credit cards and other revolving credit lines

In the case of credit cards and other revolving lines of credit, the Bank does not limit its exposure to expected losses to the contractual notice period, but rather calculates ECL over a period that reflects the Bank's expectations of customer behaviors, their unused credit commitments, the probability of default and the Bank's future risk mitigation expectations, which may include reducing or settling the lines of credit.

The interest rate used to discount the ECL for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to these lines of credit. This estimate considers that some of these lines of credit may be settled every month fully and consequently no interest would be charged.

3.2.4.6 Write offs

Financial instruments are settled in part or in full after the first month in which the Bank has no reasonable expectations of recovering the financial instrument or part of the instrument. Should the amount to be settled be higher than the loss allowance for accumulated losses, the difference is considered an addition to the loss allowance that is then applied against the gross carrying amount. Any subsequent recovery is disclosed in the statement of income for the year of recovery in "Other operating income".

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3.2.4.7 Forborne and modified loans

The Bank considers a loan forborne when such modification is a result of the borrower's present or expected financial difficulties. The renegotiation may include the extension of the payment terms and the agreement of new loan conditions. Once the conditions are renegotiated, the impairment is measured using the original effective interest rate as calculated before the conditions were amended. The Bank monitors forborne loans to ensure the continuity of future payments. Derecognition decisions and the classification between Stages 2 and 3 are determined on a case-by-case basis for the commercial portfolio and collectively for the consumer portfolio. Should these procedures identify a loss related to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or derecognized.

When the loan is renegotiated or modified but is not derecognized, the Bank also considers whether the assets should be classified in Stage 3. Once an asset is classified as renegotiated, it will continue in Stage 2 until it is collected in full or impaired (Stage 3).

If the modifications are substantial, the loan is derecognized and a new loan with different conditions is recognized.

3.2.4.8 Valuation of collaterals

To mitigate the risks of its financial instruments, the Bank seeks to use, when possible, collaterals. Collateral comes in various forms, such as cash, securities, letters of credit, real estate, receivables, other non-financial assets and credit enhancements, such as netting arrangements. Collateral, except for attached assets, is not recorded in the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECL in certain products and customers assessed on an individual basis. The assessment is usually made at least at the beginning date and it is reassessed on a regular basis.

Whenever possible, the Bank uses active market data to assess the financial instruments maintained as collateral. Other financial instruments that do not have readily determinable market values are valued using internal methods. Non-financial collateral, such as real estate, is valued based on data provided by third parties, such as mortgage brokers.

3.2.5 Collateral repossessed

The Bank's policy is to determine whether an attached asset can be best used internally or should be sold. Assets determined to be useful internally are transferred to their relevant asset category at the lower of their attached value or the carrying value of the original secured asset.

The assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost of sales for non-financial assets at attachment date according to the Bank's policy.

During the normal course of business, the Bank does not include in its portfolio the properties and other attached assets but rather uses external agents to recover the funds, generally through auctions, to settle the outstanding payable. Any surplus fund is reimbursed to the customer/debtor. Hence, residential properties under attachment proceedings are not booked in the balance sheet.

3.2.6 Financial liabilities

After initial recognition, certain financial liabilities were measured at amortized cost using the effective interest method, except for derivatives that were measured at fair value through profit or loss. Interests were allocated in the consolidated statement of income as "Interest expense".

Within other financial liabilities the Bank included guarantees granted and eventual liabilities, which must be disclosed in the notes to the Financial Statements, when the documents supporting such credit facilities are issued and are initially recognized at fair value of the commission received, in the statement of financial position. After initial recognition, the liability for each guarantee was recognized at the higher of the amortized commission and the best estimate of the disbursement required to settle any financial obligation arising as a result of the financial guarantee.

Any increase in the liabilities related to a financial guarantee was recognized as income. The commission received has been recognized as "Commissions income" in the consolidated statement of income, based on the amortization thereof following the straight-line method over the effective term of the financial guarantee granted.

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3.2.7 Derivative financial instruments

Receivables and payables from forward transactions without delivery of underlying assets

It includes forward purchase and sale transactions of foreign currency without delivery of the traded underlying asset. Such transactions were measured at the fair value of the contracts and were performed by the Bank for intermediation purposes on its own account. The originated income was allocated in the consolidated statement of income as “Net gain from measurement of financial instruments at fair value through profit or loss”.

Derecognition of financial assets and liabilities

A financial asset (or, if applicable, a part of a financial asset or a part of a group of similar financial assets) shall be derecognized when: (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the Bank transfers the contractual rights to receive the cash flows of the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows received immediately to a third party pursuant to a transfer agreement.

A transfer shall qualify for derecognition of the financial asset only if (i) the Bank has transferred substantially all the risks and rewards of ownership of the financial asset, or (ii) it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the financial asset, considering that the control is transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and has retained the control over it, the Bank shall continue to recognize such transferred asset to the extent to which it is exposed to changes in the value of the transferred asset.

The Bank derecognizes a loan when the terms and conditions have been renegotiated and if, substantially, it becomes a new loan, recognizing the difference for derecognition in profit or loss. If the modification does not generate substantially different cash flows, the modification does not result in derecognition of the loan. The Bank recalculates the gross carrying amount of the assets as present value of modified contractual cash flows, using for the discount the original EIR and recognizes profit or loss from modification as explained in Note 3.2.4.7 “Forborne and modified loans”.

On the other hand, a financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. When there is an exchange between an existing borrower and lender of debt instruments with substantially different terms, or the terms are substantially modified, such exchange or modification shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, recognizing the difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, in the consolidated statement of income as “Other operating income”.

Reclassification of financial assets and liabilities – Changes in business model

During the previous fiscal year, the Bank’s Management decided to update the objective related to certain investments, which were reclassified from fair value through OCI to fair value through profit or loss.

In June 2022, the investments reclassified were the Argentine government Treasury bonds in pesos adjusted by CER 2022 and Argentine government Treasury bills in pesos adjusted by CER at discount matured on July 29, 2022 and August 16, 2022. The change in the business model was performed with the objective to optimize the administration of the bonds portfolio, considering the short-duration of the instruments adjusted by CER, maturing in the third quarter of the year and in a context of a narrow volatility for instruments with close maturities. At the reclassification date abovementioned, the fair value of these investments amounted to 276,325,673.

In addition, in August 2022, the investments reclassified were the Argentine government Treasury bonds tied to the US dollar 0.30% maturing April 28, 2023 (TV23). The change in the business model was performed as a result of internal changes in order to optimize the administration of the bonds portfolio. At the reclassification date abovementioned, the fair value of these investments amounted to 149,676,564.

As of December 31, 2023, these investments were collected.

3.3 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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3.3.1 The Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, which payments are recognized as rent expense on a straight-line basis. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The right-of-use assets are also subject to impairment, as explained in section 3.10 of this note.

- Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.3.2 The Bank as a lessor

The Bank grants loans through financial leases, recognizing the current value of lease payments as a financial asset, which is registered in the consolidated statement of financial position in the item “loans and other financing”. The difference between the total lease receivables and the current value of financing is recognized as interest to be accrued. This income is recognized during the term of the lease using the EIR method, which reflects a constant rate of return and is recognized in the consolidated statement of income as “Interest income”. Losses originated for impairment are included in the consolidated statement of income as “Credit loss expense on financial assets”.

3.4 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquired company, measured under IFRS.

The Bank determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Bank acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

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Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, is measured at fair value with the changes in fair value recognized in the statement of profit or loss. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss. See additionally Note 14.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses as explained in section 3.10.

3.5 Investments in associates and joint arrangements

An associate is an entity over which the Bank has significant influence, i.e. the power to participate in the financial and operating policy decisions of such controlled entity, but without having the control thereof.

A joint arrangement is an arrangement of which the Bank and other party or parties have joint control. Under IFRS 11 “Joint Arrangements”, investments in these arrangements are classified as joint ventures or joint operations depending on the contractual rights and obligations of each investor, regardless of the legal structure of the arrangement. A joint venture is an arrangement pursuant to which the parties having joint control of the arrangement have rights to the net assets of such arrangement. A joint operation is an arrangement pursuant to which the parties having joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The Bank has assessed the nature of its joint arrangements and determined that they are joint ventures.

These investments are accounted for using the equity method from the date on which they become an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the Entity’s share of the net fair value of the investee’s identifiable assets and liabilities are accounted: (i) as a goodwill, which is included in the carrying amount of the investment and is under impairment as explained in section 3.10; or (ii) any excess of the Entity’s share of the net fair value of the investee’s identifiable assets and liabilities over the cost of the investment is included as income. The Bank’s share in the profit or loss after the acquisition of its associates was accounted in the statement of income, and its share in other comprehensive income after the acquisition was accounted for in the consolidated statement of other comprehensive income. See also Note 15.

3.6 Property, plant and equipment

The Bank chose the cost model for all kinds of assets accounted for in this accounting item. These assets were carried at their cost less any accumulated depreciation and any accumulated impairment losses, if applicable. The historical cost of acquisition includes all expenses directly attributable to the acquisition of the assets. Maintenance and repair costs were accounted for in the consolidated statement of income as incurred. Any replacement and significant improvement of an item of property, plant and equipment is recognized as an asset only when it is likely to produce any future economic benefits exceeding the return originally assessed for such asset.

Depreciation of the items of property, plant and equipment was assessed in proportion to the estimated months of useful life, depreciating completely the acquisition month of the assets and not the derecognition date. In addition, at least at each financial year-end, the Bank reviews if expectations regarding the useful life of each item of property, plant and equipment differ from previous estimates, in order to detect any material changes in useful life which, if confirmed, shall be adjusted applying the relevant correction to the depreciation of property, plant and equipment accounting item. Depreciation charges are recorded in the related statement of income as “Depreciation and amortization of fixed assets”.

The residual value of the assets, as a whole, does not exceed their recoverable amount.

3.7 Intangible Assets

Intangible assets acquired separately were initially measured at cost. After initial recognition, they were accounted for at cost less any accumulated depreciation (for those to which finite useful lives have been allocated) and any accumulated impairment losses, if applicable.

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For internally generated intangible assets, only disbursements related to development are capitalized while the other disbursements are not capitalized and are recognized in the statement of income for the period in which such expenditure is incurred.

Useful lives of intangible assets may be finite or indefinite.

Intangible assets with finite useful lives are amortized over their economic useful lives and are reviewed in order to determine whether they had any impairment loss to the extent there is any evidence that indicates that the intangible asset may be impaired. The period and method of amortization for an intangible asset with a finite useful life are reviewed at least at the financial year-end of each reporting period. Depreciation charges of intangible assets with finite useful lives are accounted for in the statement of income as “Depreciation and amortization of fixed assets”.

Intangible assets with indefinite useful lives are not amortized and are subject to annual tests in order to determine whether they are impaired, either individually or as part of the cash-generating unit to which such intangible assets were allocated. The Bank has no intangible assets with indefinite useful lives.

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and it shall be recognized in the Statement of income when the asset is derecognized.

Development expenditure incurred in a specific project shall be recognized as intangible asset when the Bank can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete the intangible asset and use or sell it,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate resources to complete the development, and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition of the development expenditure as an asset, such asset shall be carried at its cost less any accumulated amortization and any applicable accumulated impairment losses. Amortization shall begin when the development phase has been completed and the asset is available for use. The asset amortizes over the period in which the asset is expected to generate future benefits. Amortization is accounted for in the statement of income as “Depreciation and amortization of fixed assets”. During the development phase, the asset is subject to annual tests to determine whether there is any impairment loss.

3.8 Investment Property

The Bank included certain real properties that holds for undetermined future use, which were recognized pursuant to IAS 40 “Investment Property”.

For this kind of property, the Bank chose the cost model as described in Note 3.6 Property, plant and equipment.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of the retirement or disposal as “Other operating income”.

An entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. For a transfer from investment property to an item of property, plant and equipment, the property’s deemed cost for subsequent accounting is its fair value on the date of change in use. If an item of property, plant and equipment becomes an investment property, the Bank recognizes the asset up to the date of change in use in accordance with the policy established for property, plant and equipment.

3.9 Non-current Assets Held for Sale

The Bank reclassifies in this category non-current assets of which the carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

Non-current assets classified as held for sale are measured, when they are reclassified to this category, at the lower of carrying amount and fair value less costs to sell and are disclosed in a separate item in the statement of financial position. Once these assets are classified as held for sale, depreciation and amortization ceased.

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Profit or loss generated in the sale of assets held for sale is recorded in the consolidated statement of income as “Other operating income”.

3.10 Impairment of Non-financial Assets

The Bank evaluates, at least at each fiscal year-end, whether there are any events or changes in the circumstances that may indicate the impairment of non-financial assets or whether there is any evidence that a non-financial asset may be impaired.

When there is any evidence or when an annual impairment test is required for an asset, the Bank shall estimate the recoverable amount of such asset. If the carrying amount of an asset exceeds its recoverable amount, such asset is deemed impaired and its carrying amount shall be reduced to its recoverable amount. As of the date of issuance of these consolidated Financial Statements, there is no evidence of impairment of non-financial assets.

3.11 Provisions

The Bank recognizes a provision if and only if the following circumstances are met: (a) the Bank has a present obligation as a result of a past event; (b) it is probable (i.e. it is more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

In order to determine the amount of provisions, the risks and uncertainties were considered taking into account the opinion of independent and internal legal advisors of the Bank. Where the effect of the time value of money is material, the provisions shall be discounted using a pre-tax rate that reflects, if applicable, current risks specific to the liability. When the discount is recognized, the effect of the provision derived from the lapse of time is accounted for as “Interest expense” in the statement of income. Based on the analysis carried out, the Bank recognized as provision the amount of the best estimate of the expenditure required to settle the present obligation at the end of each fiscal year.

The provisions accounted for by the Bank are reviewed at the end of each reporting period or fiscal year, as applicable, and adjusted to reflect the current best available estimate.

In addition, provisions are recognized with specific allocation to be used only for the expenditures for which they were originally recognized.

In the event: a) the obligation is possible; or b) it is not probable that an outflow of resources will be required for the Bank to settle the obligation; or c) the amount of the obligation cannot be estimated reliably, the contingent liability shall not be recognized and shall be disclosed in notes. Nevertheless, when the possibility of an outflow of resources is remote, no disclosures shall be made.

3.12 Recognition of income and expenses

The Bank recognized its streams of income and expenses as is explained below, in accordance with IFRS 9 and 15. The majority of Bank’s income and expenses are related to financial instruments, in general recorded using the effective interest method. The remaining income and expenses are recorded depending on the period in which the performance obligation is satisfied. In Notes 30 to 33 are disclosed the streams and amounts for the years ended December 31, 2023, 2022 and 2021.

3.12.1 Revenue from interest income and interest expense

Revenue from interest received and expenses for interest paid were recognized according to their accrual period, applying the effective interest method, which is explained in section “Financial assets at amortized cost – Effective interest method”.

Revenue from interest received includes the return on fixed income investments and negotiable instruments, as well as the discount and premium on financial instruments.

Bond coupons were recognized at the time they were declared.

3.12.2 Loan commissions

Commission charges and direct incremental costs related with the granting of financing facilities were deferred and recognized adjusting the EIR thereof.

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3.12.3 Service commissions

These revenues are recognized when (or to the extent) the Bank satisfies each performance obligation by transferring promised services for an amount that reflects the consideration to which the Bank expects to be entitled in exchange for such services.

The performance obligation, as well as the timing of their satisfaction, are identified, and determined, at the inception date of the contract.

The Bank has generally concluded that it is the principal in its revenue arrangement because it typically controls the services before transferring them to customers.

3.12.3.1 Service commissions where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognized once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria.

The Bank typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

3.12.3.2 Service commissions where performance obligations are satisfied over certain period of time

Performance obligations satisfied over time are where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

3.12.4 Non-financial revenue and expenses

These items are recognized according to the recognition criteria established in the Conceptual Framework, e.g. revenues should be accrued.

3.13 Customer Loyalty Program

The loyalty program offered by the Bank consists in accumulating points generated by purchases made with the credit cards, which can be exchanged by any reward (including, among other offers, products, benefits and awards) available in the program platform.

The Bank concluded that the rewards to be granted originate a separate performance obligation. Therefore, at the end of each fiscal year, the Bank recognized a provision for the rewards to be granted in "Other financial liabilities".

Based on the variables that the Bank takes into account in order to estimate the fair value of the points granted to customers (and the relation thereof with the exchange of the reward), it is worth mentioning that such estimates are subject to a significant level of uncertainty (and variation) that should be considered. These considerations are described in detail in the section "Accounting judgments, estimates and assumptions" of this note.

3.14 Income Tax (see Note 29)

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). This tax is accounted in the consolidated statement of income, except in the case of accounting items that are to be recognized directly in the statements of other comprehensive income. In this case, each accounting item is presented before assessing their impact on Income Tax, which is accounted for in the relevant accounting item.

- Current income tax: the consolidated current income tax expense is the sum of the income tax expenses of the different entities that compose the Group (see Note 3), which were assessed, in each case, by applying the tax rate to taxable income, in accordance with Income Tax Law, or equivalent rule or provision, of the countries in which any subsidiary operates.

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- Deferred income tax: it is assessed based on the separate Financial Statements of the Bank and of each of its subsidiaries and reflects the effects of temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Assets and liabilities are measured using the tax rate that is expected to be applied to taxable income in the years in which these differences are expected to be settled or recovered. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that will follow from the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities. Deferred tax assets and liabilities are measured by their nominal figures, without discount, the tax rates that are expected to be applied in the fiscal year in which the asset shall be realized or the liability shall be settled. Deferred tax assets are recognized when it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

3.15 Earnings per share

Basic earnings per share shall be calculated by dividing Net profit attributable to parent's shareholders of the Bank by the weighted average number of ordinary shares outstanding during the fiscal year. See also Note 42.

3.16 Fiduciary activities and investment management

The Bank renders custody, administration, investment management and advisory services to third parties that originate the holding or placement of assets in the name of such third parties. These assets and income on them are not included in these consolidated Financial Statements, since they are not owned by the Bank. The commissions derived from these activities are accounted for as "Commissions income" in the consolidated statement of income. See also Notes 45, 46 and 49.

Accounting judgments, estimates and assumptions

The preparation of these consolidated Financial Statements requires the Bank's Management to consider significant accounting judgments, estimates and assumptions that impact on the reported assets and liabilities, income, revenues and expenses, as well as the assessment and disclosure of contingent assets and liabilities, as of the end of the fiscal year. The Bank's reported amounts are based on the best estimate regarding the probability of occurrence of different future events and, therefore, the uncertainties associated with the estimates and assumptions made by the Bank's Management may drive in the future to final amounts that may differ from those estimates and may require material adjustments to the reported amounts of the affected assets and liabilities.

In certain cases, the Financial Statements prepared in accordance with the IFRS, require that the assets and liabilities to be recognized and/or presented at their fair value. The fair value is the amount at which an asset can be exchanged, or at which a liability can be settled, in mutual independent terms and conditions between participants of the principal market (or most advantageous market) duly informed and willing to transact in an orderly and current transaction. When prices in active markets are available, the Bank has used them as basis for valuation.

When prices in active markets are not available, the Bank estimates those values as values based on the best available information, including the use of models and other assessment techniques (for additional information regarding fair value estimates see Note 13). This kind of estimates also applies to the measurement of acquired identifiable assets and liabilities assumed as a consequence of business combinations (see Note 14).

In estimating accrued taxes, the Bank assesses the relative risks of the appropriate tax treatment considering judicial and regulatory guidance in the context of the tax position. Because of the complexity of tax laws and regulations, interpretation can be difficult and subject to legal judgment. It is possible that others, given the same information, may reach different reasonable conclusions regarding the estimated amounts of accrued taxes (for additional information regarding income tax see Note 29).

In the normal course of business, the Bank is a party to lawsuits of various types. In Note 50, contingent liabilities are disclosed with respect to existing or potential claims, lawsuits and other legal proceedings, and is booked an accrual for litigation when it is probable that future costs will be incurred and these costs can be reasonably estimated.

The measurement of impairment losses under IFRS 9 across all categories of financial instruments requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes that can result in different levels of allowances (for additional information regarding impairment losses under IFRS 9, see Notes 3.2.4 and 52.1.1).

New standards adopted in the fiscal year

For the fiscal year beginning on January 1, 2023, the following amendments to IFRS are effective:

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Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 – Disclosures to accounting policies:

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. They also explain how an entity can identify material accounting policy information and give examples of when accounting policy information is likely to be material. Therefore, a guidance with explanations and examples denominated “four-step materiality process” was as described in the Practice Statement 2.

This amendment did not have a material impact on the disclosures of these consolidated Financial Statements or the annual consolidated Financial Statements.

Amendments to IAS 8 “Accounting policies, changes in accounting estimates and Errors” – Definition of Accounting Estimates:

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

This amendment would be applicable if the Bank performs a change in an accounting estimate, but it is not expected to have a material impact on the Financial Statements.

Amendments to IAS 12 “Income Tax” – Deferred Tax related to Assets and Liabilities arising from a Single Transaction:

The IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of professional judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the Financial Statements (and interest expense) or to the related asset component (and interest expense). Professional judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

This amendment did not have a material impact on the Financial Statements.

Amendments to IAS 12 “Income Tax” – International Tax Reform-Pillar Two Model Rules:

The IASB issued International Tax Reform - Pillar Two Model Rules in May 2023. This amendment introduces a temporary exception to the accounting for deferred tax assets and liabilities related to Pillar Two income taxes. The amendment also adds targeted disclosure requirements for affected entities, including information about an entity’s exposure to Pillar Two income taxes (before Pillar Two legislation is effective) and current tax expense related to Pillar Two income taxes (when Pillar Two legislation is effective).

At the day of these consolidated Financial Statements, the aforementioned Tax Reform has not been enacted in Argentina. Therefore, this amendment did not have impact on the disclosures of these consolidated Financial Statements.

New pronouncements

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these consolidated Financial Statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

- a) Amendments to IFRS 16 “Leases” – Sale and Leaseback: the amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments. The seller lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. This amendment is applicable as of January 1, 2024. The Bank does not expect this standard to have a material impact on the Financial Statements.
- b) Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” – Supplier Finance Arrangement: the amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of Financial Statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. This amendment is applicable as of January 1, 2024. The Bank does not expect this standard to have a material impact on the Financial Statements.
- c) Amendments to IAS 21 “Lack of Exchangeability”: the amendments to this standard will allow an entity to evaluate whether a currency is exchangeable and how to determine a spot exchange rate when exchangeability is lacking. This amendment is applicable as of January 1, 2025. The Bank is evaluating the effects that this amendment would cause in these consolidated Financial Statements.

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4. CONTINGENT TRANSACTIONS

In order to meet specific financial needs of customers, the Bank's credit policy also includes, among others, the granting of guarantees, securities, bonds, letters of credit and documentary credits. The Bank is also exposed to overdrafts and unused agreed credits on credit cards of the Bank. Since they imply a contingent obligation for the Bank, they expose the Bank to credit risks other than those recognized in the Statement of financial position and, therefore, they are an integral part of the total risk of the Bank.

As of December 31, 2023 and 2022, the Bank maintains the following maximum exposures to credit risk related to this type of transactions:

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Undrawn commitments of credit cards and checking accounts	1,384,680,279	2,083,040,564
Guarantees granted	185,041,419	22,448,824
Responsibilities for foreign trade operations	40,110,366	
Overdraft and unused agreed commitments	36,582,600	1,909,845
Subtotal	1,646,414,664	2,107,399,233
Less: Allowance for ECL	(2,176,655)	(2,403,512)
Total	1,644,238,009	2,104,995,721

Disclosures related to the allowance for ECL are detailed in item 9.5 of Note 9 "Loss allowance for expected credit losses on credit exposures not measured at fair value through profit or loss".

Risks related to the contingent transactions described above have been evaluated and are controlled within the framework of the Bank's credit risk policy, as described in Note 52.

5. DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The following table shows the Bank's holdings of debt securities at fair value through profit or loss as of December 31, 2023 and 2022:

<u>Name</u>	<u>Holdings</u>		
	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2022</u>
<u>Fair value level</u>	<u>Book amounts</u>	<u>Book amounts</u>	<u>Book amounts</u>
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
- Local			
Government securities			
Argentine government discount bonds in dual currency - Maturity: 08-30-2024	1	821,881,169	
Argentine government discount bonds in dual currency - Maturity: 04-30-2024	1	322,820,204	
Argentine government discount bonds in dual currency - Maturity: 02-28-2024	1	241,101,548	35,737,886
Argentine government Treasury bonds tied to the US dollar - Maturity: 04-30-2024	1	190,164,513	255,881
Argentine government discount bonds in dual currency - Maturity: 06-30-2024	1	102,371,616	
Neuquén government Treasury bills S01 C01 - Maturity: 04-19-2026	2	9,168,242	
Argentine government Treasury bonds in pesos adjusted by CER 4.25% - Maturity: 10-14-2024	1	5,985,638	
Autonomous City of Buenos Aires bonds 7.5% - Maturity: 06-01-2027	2	5,238,009	4,677,694
Argentine government US dollar step-up bonds - Maturity: 07-09-2030	1	2,381,340	1,448,053
Argentine government Treasury bonds in pesos adjusted by CER - Maturity: 11-09-2026	1	2,365,081	3,924,708
Other		10,165,716	591,822,080
Subtotal local government securities (1)		1,713,643,076	637,866,302

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<u>Name</u>	<u>Holdings</u>		
	<u>12/31/2023</u>	<u>12/31/2022</u>	
	<u>Fair value level</u>	<u>Book amounts</u>	<u>Book amounts</u>
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)			
- Local			
Private securities			
Corporate bonds YPF SA C025 - Maturity: 02-13-2026	1	10,228,522	
Corporate bonds Pampa Energía SA CL. I - Maturity: 01-24-2027	2	3,491,351	1,842,764
Corporate bonds Genneia SA C031 - Maturity: 09-02-2027	1	2,930,261	4,140,470
Corporate bonds Transportadora de Gas del Sur SA C002 - Maturity: 05-02-2025	1	1,983,861	2,204,865
Corporate bonds YPF SA C39 - Maturity: 07-28-2025	1	1,767,458	
Corporate bonds Coemision Gamsa and CTR C021 - Maturity: 04-17-2025	1	1,740,002	
Corporate bonds Telecom Argentina SA C005 - Maturity: 08-06-2025	1	1,517,696	215,036
Corporate bonds YPF SA C002 - Maturity: 07-25-2026	2	1,279,846	
Corporate bonds Capex SA C005 - Maturity: 08-25-2028	1	1,169,504	
Corporate bonds Telecom Argentina SA C001 - Maturity: 07-18-2026	1	1,065,260	861,210
Other		5,617,494	10,107,998
Subtotal local private securities (2)		32,791,255	19,372,343
- Foreign			
Government securities			
US Treasury bills - Maturity: 06-27-2024	1	3,153,777	
US Treasury bills - Maturity: 10-31-2024	1	2,331,621	
US Treasury bills - Maturity: 08-08-2024	1	194,108	
Subtotal foreign government securities		5,679,506	
TOTAL DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		1,752,113,837	657,238,645

(1) In March and June 2023, the Bank entered into voluntary debt exchange under the terms of section 11, Presidential Decree No. 331/2022 issued by the Ministry of Economy. The securities involved in such exchange transactions were as follows:

- Argentine government Treasury bills in pesos adjusted by CER – Maturity: 05-19-2023 (X19Y3) for a face value of 1,145,882,575.
- Argentine government discount bonds in dual currency – Maturity: 07-21-2023 (TDL23) for a face value of 344,498,105.
- Argentine government discount Treasury bills in pesos – Maturity: 05-31-2023 (S31Y3) for a face value of 295,000,000.
- Argentine government discount Treasury bills in pesos – Maturity: 04-28-2023 (S28A3) for a face value of 210,000,000.
- Argentine government discount Treasury bills in pesos – Maturity: 03-31-2023 (S31M3) for a face value of 200,000,000.
- Argentine government Treasury bills in pesos adjusted by CER – Maturity: 06-16-2023 (X16J3) for a face value of 159,305,395.
- Argentine government discount bonds in dual currency – Maturity: 09-29-2023 (TDS23) for a face value of 120,244,752.
- Argentine government Treasury bonds tied to the US dollar - Maturity: 07-31-2023 (T2V3) for a face value of 3,000,000.

Additionally, with almost all the instruments received, the Bank acquired put options with the BCRA. These options give the Bank the opportunity to sell (put option) the underlying asset at a value determined by the applicable BCRA regulations. In this transaction, the options could be exercised up to one day before the maturity of the underlying instrument. Considering the terms and conditions of these put options established by the BCRA, they are considered “out of the money” with fair value amounted to zero. As of December 31, 2023, their notional value amounted to 723,905,521.

In January and February 2024 the following put options were exercised:

- Argentine government discount bonds in dual currency - Maturity: 08-30-2024 (TDG24) for a face value of 1,033,387,454.
- Argentine government discount bonds in dual currency - Maturity: 04-30-2024 (TDA24) for a face value of 416,431,788.
- Argentine government Treasury bonds tied to the US dollar 0.40% - Maturity: 04-30-2024 (TV24) for a face value of 237,640,435.
- Argentine government discount bonds in dual currency - Maturity: 06-30-2024 (TDJ24) for a face value of 113,500,000.

- (2) In July 2023, the Bank decided to enter into an exchange of the following instrument: Aeropuertos Argentina 2000 US dollars 4% class 3 - Maturity: 09-08-2023 (AER3D) for a total face value of 4,555,434.

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6. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank performs derivative transactions for trading purposes through Futures and Forwards. These are contractual agreements to buy or sell a specific financial instrument at a given price and a fixed date in the future. Future contracts, in turn, correspond to transactions for standardized amounts, executed in a regulated market and subject to daily cash margin requirements. Forward contracts are customized contracts traded on an over-the-counter market. The main differences in risks associated with these types of contracts are the credit risk and the liquidity risk. In forward contracts there is counterparty risk since the Bank has credit exposure to counterparties of the agreements. The credit risk related to futures contracts is deemed very low because daily cash margin requirements help guarantee these contracts are always fulfilled. In addition, forward contracts are generally settled in gross terms and, therefore, they are deemed to have a higher settlement risk than future contracts that, unless they are chosen to be performed by delivery, are settled on a net basis. Both types of contracts expose the Bank to market risk. See in addition Notes 5 and 10.

At the beginning, derivatives often imply only a mutual exchange of promises with little or no investment. Nevertheless, these instruments frequently imply high levels of leverage and are quite volatile. A relatively small movement in the value of the underlying asset could have a significant impact in profit or loss. Furthermore, over-the-counter derivatives may expose the Bank to risks related to the absence of an exchange market in which to close an open position. The Bank's exposure for derivative contracts is monitored on a regular basis as part of its general risk management framework. Information on the Bank's credit risk management objectives and policies is included in Note 52.

Notional values indicate the amount of the underlying pending transactions at year end and are not indicative of either the market risk or the credit risk. The fair value of the derivative financial instruments recognized as assets or liabilities in the consolidated statement of financial position is presented as follows. Changes in fair values were accounted for in profit or loss, the breakdown of which is disclosed in Note 34.

	Underlying notional value	12/31/2023		12/31/2022	
		Notional value (in thousand)	Fair value	Notional value (in thousand)	Fair value
Derivative financial assets					
Transactions of foreign currency contract without delivery of underlying asset	US dollars	113,653	13,143,270	62,971	133,591
Total derivatives held for trading		113,653	13,143,270	62,971	133,591

	Underlying notional value	12/31/2023		12/31/2022	
		Notional value (in thousand)	Fair value	Notional value (in thousand)	Fair value
Derivative financial liabilities					
Transactions of foreign currency contract without delivery of underlying asset	US dollars	132,179	2,837,879	985	7,382
Total derivatives held for trading		132,179	2,837,879	985	7,382

Derivatives held for trading are generally related to products offered by the Bank to its customers. The Bank shall also take positions expecting to benefit from favorable changes in prices, rates or indexes, i.e. take advantage of the high level of leverage of these contracts to obtain yields, assuming at the same time high market risk. Additionally, they may be held for arbitrage, i.e. to obtain a benefit free of risk for the combination of a derivative product and a portfolio of financial assets, trying to benefit from anomalous situations in the prices of assets in the markets.

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7. REPURCHASE AGREEMENTS

Securities sold under agreements to repurchase at a specified future date are not derecognized from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest method. When the counterparty has the right to sell or re-pledge the securities, the Bank reclassifies those securities in its statement of financial position to "Financial Assets delivered as guarantee".

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the effective interest method.

If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded in "Liabilities at fair value through profit or loss".

As of December 31, 2023 and 2022, the Bank has repurchase agreements of government and private securities, in absolute value, for 639,183,710 and 192,852,624, respectively. Maturity of the repurchase agreements as of December 2023 occurred during the month of January 2024. Furthermore, the securities received guarantee repurchase agreements as of December 31, 2023 and 2022, total 679,456,540 and 212,163,266, respectively, and were recognized as an off balance sheet transaction, while the amounts delivered that guarantee repurchase agreements as of December 31, 2023 amount to 30,446,725, and are recorded in the heading "Financial assets delivered in guarantee" of the financial statements.

Profit generated by the Bank as a result of its repurchase agreements arranged during the fiscal years ended on December 31, 2023, 2022 and 2021, total 196,918,446, 41,369,973 and 51,779,583, respectively, and were accounted for in "Interest income" in the consolidated statement of income. In addition, losses generated by the Bank as a result of its repurchase agreements arranged during the fiscal years ended on December 31, 2023, 2022 and 2021 total 13,873,646, 3,038,227 and 1,786,842, respectively, and were recognized as "Interest expense" in the consolidated statement of income.

8. OTHER FINANCIAL ASSETS

The composition of the other financial assets as of December 31, 2023 and 2022 is as follows:

Composition	12/31/2023	12/31/2022
Sundry debtors (see Note 12)	103,795,538	82,226,448
Receivables from other spot sales pending settlement	69,689,064	31,906,396
Private securities	26,390,995	14,039,085
Receivables from spot sales of foreign currency pending settlement	1,413,273	49,842,133
Receivables from spot sales of government securities pending settlement	93,988	1,521,526
Other	593,807	1,191,593
Subtotal	201,976,665	180,727,181
Less: Allowances for ECL	(595,276)	(283,507)
Total	201,381,389	180,443,674

Disclosures related to allowance for ECL are detailed in item 9.4 of Note 9 "Loss allowance for expected credit losses on credit exposures not measured at fair value through profit or loss".

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9. LOSS ALLOWANCE FOR EXPECTED CREDIT LOSSES ON CREDIT EXPOSURES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Bank recognizes a loss allowance for expected credit losses on all credit exposures not measured at fair value through profit or loss, like debt instruments measured at amortized cost, debt instruments measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts (not measured at fair value through profit or loss), contract assets and lease receivables.

Note 13 discloses financial assets measured at fair value on a recurring basis and financial assets not recognized at fair value. This classification is made pursuant to the expressed in Note 3 “Basis for the preparation of these Financial Statements and applicable accounting standards”. Additionally, Note 13 explains the information related to the valuation process.

Moreover, the Bank applies the impairment requirements for guarantees granted, undrawn commitments of credit cards and checking accounts, letter of credits, which are not recognized in the consolidated statement of financial position. This impairment is disclosed in the consolidated statement of income as “Other operating expenses”.

For the purpose of assessing the Bank’s credit risk exposure and identifying material credit risk concentration, disclosures regarding credit risk of financial assets and items not recognized in the statement of financial position are as follows.

9.1 Exposure to credit risk

According to the nature of the information to be disclosed and the loan characteristics, the Bank groups them as follows (see in addition Note 52.1.4):

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Loans and other financing	1,887,306,653	1,898,351,483
Individual assessment	438,779,000	339,228,709
Collective assessment	1,448,527,653	1,559,122,774
Less: Allowance for ECL	(53,648,800)	(34,262,639)
Total	1,833,657,853	1,864,088,844

The following table shows the credit quality and the carrying amount of credit risk, based on the Bank’s credit risk rating system, the probability of default (PD) and the year-end stage classification, taking into account what was mentioned in the previous paragraph. The amounts are presented gross of the impairment allowances.

<u>Internal rating grade</u>	<u>Range PD</u>	<u>12/31/2023</u>			<u>Total</u>	<u>%</u>
		<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>		
Performing		1,768,631,793	49,326,689		1,817,958,482	96.32
High grade	0.00% - 3.50%	1,656,677,021	17,622,473		1,674,299,494	88.70
Standard grade	3.51% - 7.00%	74,319,390	11,096,658		85,416,048	4.53
Sub-standard grade	7.01% - 33.00%	37,635,382	20,607,558		58,242,940	3.09
Past due but not impaired (1)	33.01% - 99.99%	9,560,270	39,794,513		49,354,783	2.62
Impaired	100%			19,993,388	19,993,388	1.06
Total		1,778,192,063	89,121,202	19,993,388	1,887,306,653	100
%		94.22	4.72	1.06		100

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Internal rating grade	Range PD			12/31/2022			Total	%
				Stage 1	Stage 2	Stage 3		
Performing				1,808,202,524	39,193,802		1,847,396,326	97.32
High grade	0.00%	-	3.50%	1,681,921,508	7,681,012		1,689,602,520	89.01
Standard grade	3.51%	-	7.00%	74,589,458	9,486,644		84,076,102	4.43
Sub-standard grade	7.01%	-	33.00%	51,691,558	22,026,146		73,717,704	3.88
Past due but not impaired (1)	33.01%	-	99.99%	11,793,490	23,553,411		35,346,901	1.86
Impaired			100%				15,608,256	0.82
Total				1,819,996,014	62,747,213		1,898,351,483	100
%				95.87	3.31		0.82	100

(1) It also includes transactions which are more than 5 days past due independently of the PD range assigned.

9.1.1 Loans on an individual assessment

The table below shows the credit quality and the debt balance to credit risk of commercial loans by grade on the Bank's internal credit rating system, PD range and year-end stage classification. The Bank's internal credit rating systems and the evaluation and measurement approaches are explained in Note 52.1 section "Credit risk".

Internal rating grade	Range PD			12/31/2023			Total	%
				Stage 1	Stage 2	Stage 3		
Performing				406,896,843	7,097,218		413,994,061	94.35
High grade	0.00%	-	3.50%	370,890,261	4,272,758		375,163,019	85.50
Standard grade	3.51%	-	7.00%	20,525,339	1,461		20,526,800	4.68
Sub-standard grade	7.01%	-	33.00%	15,481,243	2,822,999		18,304,242	4.17
Past due but not impaired	33.01%	-	99.99%		17,720,066		17,720,066	4.04
Impaired			100%				7,064,873	1.61
Total				406,896,843	24,817,284		438,779,000	100
%				92.73	5.66		1.61	100

Internal rating grade	Range PD			12/31/2022			Total	%
				Stage 1	Stage 2	Stage 3		
Performing				326,942,915	8,003,761		334,946,676	98.74
High grade	0.00%	-	3.50%	305,519,934	3,864,391		309,384,325	91.20
Standard grade	3.51%	-	7.00%	11,345,135	1,951,825		13,296,960	3.92
Sub-standard grade	7.01%	-	33.00%	10,077,846	2,187,545		12,265,391	3.62
Past due but not impaired	33.01%	-	99.99%					
Impaired			100%				4,282,033	1.26
Total				326,942,915	8,003,761		339,228,709	100
%				96.38	2.36		1.26	100

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending on an individual assessment is as follows:

	Stage			Total
	1	2	3	
Gross carrying amount as of January 1, 2023	326,942,915	8,003,761	4,282,033	339,228,709
Assets originated or purchased	649,772,639	21,238,203		671,010,842
Assets derecognized or repaid	(176,933,446)		(2,809,863)	(179,743,309)
Variations	28,015,918	6,597,883	10,966,820	45,580,621
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts Written Off			(647,847)	(647,847)
Monetary effects	(420,901,183)	(11,022,563)	(4,726,270)	(436,650,016)
As of December 31, 2023	406,896,843	24,817,284	7,064,873	438,779,000

	Stage			Total
	1	2	3	
Gross carrying amount as of January 1, 2022	489,589,175	28,728,902	4,631,927	522,950,004
Assets originated or purchased	342,707,676	2,859,746		345,567,422
Assets derecognized or repaid	(259,247,462)	(10,856,932)	(3,298,295)	(273,402,689)
Variations	11,783,851	1,501,434	1,877,290	15,162,575
Transfers to Stage 1	77,630	(77,630)		
Transfers to Stage 2				
Transfers to Stage 3	(466,878)	(4,989,188)	5,456,066	
Amounts Written Off				
Monetary effects	(257,501,077)	(9,162,571)	(4,384,955)	(271,048,603)
As of December 31, 2022	326,942,915	8,003,761	4,282,033	339,228,709

	Stage			Total
	1	2	3	
ECL amount as of January 1, 2023	2,935,963	1,034,229	2,394,551	6,364,743
Assets originated or purchased	6,805,503	13,734,889		20,540,392
Assets derecognized or repaid	(1,403,611)		(1,409,340)	(2,812,951)
Variations	12,242	2,519,984	7,869,986	10,402,212
Transfers to Stage 1				
Transfers to Stage 2				
Transfers to Stage 3				
Amounts Written Off			(482,865)	(482,865)
Monetary effects	(3,692,265)	(3,704,590)	(2,817,639)	(10,214,494)
As of December 31, 2023	4,657,832	13,584,512	5,554,693	23,797,037

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	Stage			Total
	1	2	3	
ECL amount as of January 1, 2022	4,039,465	15,234,993	3,750,095	23,024,553
Assets originated or purchased	3,350,170	919,241		4,269,411
Assets derecognized or repaid	(1,856,376)	(6,696,177)	(2,708,533)	(11,261,086)
Variations	(216,466)	(1,606,792)	498,343	(1,324,915)
Transfers to Stage 1	48,467	(48,467)		
Transfers to Stage 2				
Transfers to Stage 3	(353,824)	(3,315,561)	3,669,385	
Amounts Written Off				
Monetary effects	(2,075,473)	(3,453,008)	(2,814,739)	(8,343,220)
As of December 31, 2022	2,935,963	1,034,229	2,394,551	6,364,743

9.1.2 Loans on a collective assessment

The table below shows the credit quality and the debt balance to credit risk of loans portfolio under collective assessment, by grade of credit risk classification based on the Bank's internal credit rating system, PD range and year-end stage classification. The Bank's internal credit rating systems and the evaluation and measurement approaches are explained in Note 52.1 section "Credit risk".

Internal rating grade	Range PD			12/31/2023			Total	%
				Stage 1	Stage 2	Stage 3		
Performing				1,361,734,950	42,229,471		1,403,964,421	96.93
High grade	0.00%	-	3.50%	1,285,786,760	13,349,715		1,299,136,475	89.69
Standard grade	3.51%	-	7.00%	53,794,051	11,095,197		64,889,248	4.48
Sub-standard grade	7.01%	-	33.00%	22,154,139	17,784,559		39,938,698	2.76
Past due but not impaired (1)	33.01%	-	99.99%	9,560,270	22,074,447		31,634,717	2.18
Impaired			100%			12,928,515	12,928,515	0.89
Total				1,371,295,220	64,303,918	12,928,515	1,448,527,653	100
%				94.67	4.44	0.89	100	

Internal rating grade	Range PD			12/31/2022			Total	%
				Stage 1	Stage 2	Stage 3		
Performing				1,481,259,609	31,190,041		1,512,449,650	97.00
High grade	0.00%	-	3.50%	1,376,401,574	3,816,621		1,380,218,195	88.52
Standard grade	3.51%	-	7.00%	63,244,323	7,534,819		70,779,142	4.54
Sub-standard grade	7.01%	-	33.00%	41,613,712	19,838,601		61,452,313	3.94
Past due but not impaired (1)	33.01%	-	99.99%	11,793,490	23,553,411		35,346,901	2.27
Impaired			100%			11,326,223	11,326,223	0.73
Total				1,493,053,099	54,743,452	11,326,223	1,559,122,774	100
%				95.76	3.51	0.73	100	

(1) It also includes transactions which are more than 5 days past due independently of the PD range assigned.

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending on a collective assessment is as follows:

	Stage			Total
	1	2	3	
Gross carrying amount as of January 1, 2023	1,493,053,099	54,743,452	11,326,223	1,559,122,774
Assets originated or purchased	1,288,196,204	60,456,674		1,348,652,878
Assets derecognized or repaid	(264,755,327)	(7,819,751)	(1,732,917)	(274,307,995)
Variations	396,382,311	11,865,327	13,294,100	421,541,738
Transfers to Stage 1	21,169,524	(20,907,154)	(262,370)	
Transfers to Stage 2	(41,248,185)	41,506,597	(258,412)	
Transfers to Stage 3	(6,764,857)	(3,434,687)	10,199,544	
Amounts Written Off	(584,285)	(1,905,495)	(4,097,034)	(6,586,814)
Monetary effects	(1,514,153,264)	(70,201,045)	(15,540,619)	(1,599,894,928)
As of December 31, 2023	1,371,295,220	64,303,918	12,928,515	1,448,527,653

	Stage			Total
	1	2	3	
Gross carrying amount as of January 1, 2022	1,601,779,515	55,595,400	15,378,194	1,672,753,109
Assets originated or purchased	898,380,301	26,220,738		924,601,039
Assets derecognized or repaid	(300,383,490)	(9,477,785)	(3,040,709)	(312,901,984)
Variations	301,337,667	8,307,509	889,594	310,534,770
Transfers to Stage 1	19,195,129	(18,802,408)	(392,721)	
Transfers to Stage 2	(31,409,433)	31,958,880	(549,447)	
Transfers to Stage 3	(11,503,191)	(2,435,405)	13,938,596	
Amounts Written Off	(862,520)	(1,609,898)	(6,239,607)	(8,712,025)
Monetary effects	(983,480,879)	(35,013,579)	(8,657,677)	(1,027,152,135)
As of December 31, 2022	1,493,053,099	54,743,452	11,326,223	1,559,122,774

	Stage			Total
	1	2	3	
ECL amount as of January 1, 2023	13,882,539	5,640,910	8,374,447	27,897,896
Assets originated or purchased	12,741,034	3,750,273		16,491,307
Assets derecognized or repaid	(1,748,264)	(1,046,286)	(1,282,471)	(4,077,021)
Variations	4,045,132	3,699,144	17,195,963	24,940,239
Transfers to Stage 1	1,889,910	(1,700,132)	(189,778)	
Transfers to Stage 2	(902,282)	1,088,669	(186,387)	
Transfers to Stage 3	(192,467)	(540,494)	732,961	
Amounts Written Off	(52,705)	(408,452)	(2,906,858)	(3,368,015)
Monetary effects	(14,365,446)	(5,888,448)	(11,778,749)	(32,032,643)
As of December 31, 2023	15,297,451	4,595,184	9,959,128	29,851,763

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	Stage			Total
	1	2	3	
ECL amount as of January 1, 2022	17,023,541	6,088,536	12,287,981	35,400,058
Assets originated or purchased	15,875,923	2,924,800		18,800,723
Assets derecognized or repaid	(3,910,181)	(1,134,000)	(2,366,268)	(7,410,449)
Variations	(1,567,582)	2,964,912	4,933,971	6,331,301
Transfers to Stage 1	2,170,916	(1,847,672)	(323,244)	
Transfers to Stage 2	(661,196)	980,554	(319,358)	
Transfers to Stage 3	(5,457,397)	(434,943)	5,892,340	
Amounts Written Off	(51,899)	(357,667)	(5,119,302)	(5,528,868)
Monetary effects	(9,539,586)	(3,543,610)	(6,611,673)	(19,694,869)
As of December 31, 2022	13,882,539	5,640,910	8,374,447	27,897,896

Over the course of 2023 and 2022, the Bank generated from loan portfolio sales, profit for 417,637 and 528,247, respectively.

The contractual amount outstanding on loans and other financing that have been written off by the Bank as of December 31, 2023 and 2022 that were still subject to enforcement activity was 29,954,761 and 20,246,250, respectively.

9.2 Other debt securities at amortized cost

For local government securities, EAD is considered equal to the debt balance, because there is not available information of such instruments' behavior when they defaulted. For PD and LGD parameters, they were calculated using Basel regulatory parameters, considering also the market value at year end (see Note 52.1.4).

The criterion used to calculate ECL of Financial Trusts and Corporate Bonds is based on the rating granted by risk rating agencies to each debt security type making up the financial trusts or each corporate bond series, respectively. This means that the factor to be used will vary depending on the debt securities holdings (A or B). The EAD is assumed to be equal to the outstanding balance.

The table below shows the exposures gross of impairment allowances by stage:

Composition	12/31/2023			Total	%
	Stage 1	Stage 2	Stage 3		
Local government securities and Central Bank of Argentina bills and notes	129,130,464			129,130,464	92.16
Corporate bonds	10,320,213			10,320,213	7.37
Financial trust	665,139			665,139	0.47
Other private securities			144	144	0.00
Total	140,115,816		144	140,115,960	100
%	100			100	

Composition	12/31/2022			Total	%
	Stage 1	Stage 2	Stage 3		
Local government securities and Central Bank of Argentina bills and notes	1,862,988,325			1,862,988,325	99.78
Corporate bonds	3,235,550			3,235,550	0.17
Financial trust	960,269			960,269	0.05
Total	1,867,184,144			1,867,184,144	100
%	100			100	

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The related ECL for local government securities and Central Bank of Argentina bills and notes as of December 31, 2023 and 2022 amounted to 858,814 and 1,040,723, respectively. The related ECL for Corporate bonds as of December 31, 2023 and 2022 amounted to 11,728 and 1,726, respectively. The ECL related to Financial trusts as of December 31, 2023 and 2022 amounted to 138 y 751, respectively. The ECL related to Other private securities as of December 31, 2023 amounted to 144. A detail of these investments is disclosed in Note 10.

9.3 Other debt securities at fair value through OCI

This group includes local and foreign government securities measured at fair value through OCI. For these assets, an individual assessment of the related parameters was performed. For PD and LGD parameters, they were calculated using Basel regulatory parameters.

The table below shows the exposures gross of impairment allowances by stage:

Composition	12/31/2023			Total	%
	Stage 1	Stage 2	Stage 3		
Local government securities	248,113,739			248,113,739	85.06
Foreign government securities	43,575,623			43,575,623	14.94
Total	291,689,362			291,689,362	100
%	100			100	

Composition	12/31/2022			Total	%
	Stage 1	Stage 2	Stage 3		
Local government securities	406,326,814			406,326,814	94.61
Foreign government securities	23,141,672			23,141,672	5.39
Total	429,468,486			429,468,486	100
%	100			100	

The related ECL for local government securities as of December 31, 2023 and 2022 amounted to 55,826 and 90,939, respectively. During 2023 and 2022, there were no transfers between stages. A detail of these investments is disclosed in Note 10.

9.4 Other financial assets

The table below shows the exposures gross of impairment allowances by stage:

Composition	12/31/2023			Total	%
	Stage 1	Stage 2	Stage 3		
Other financial assets	175,585,670			175,585,670	100
Total	175,585,670			175,585,670	100
%	100			100	

Composition	12/31/2022			Total	%
	Stage 1	Stage 2	Stage 3		
Other financial assets	166,688,096			166,688,096	100
Total	166,688,096			166,688,096	100
%	100			100	

The ECL related to these types of instruments amounted to 595,276 and 283,507 as of December 31, 2023 and 2022, respectively, including the ECL related to the payments to be collected for the transaction mentioned in Note 12.

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9.5 Loans commitment

The table below shows the exposures gross of impairment allowances by stage:

Composition	12/31/2023			Total	%
	Stage 1	Stage 2	Stage 3		
Undrawn commitments of credit cards and checking accounts	1,374,006,128	10,671,555	2,596	1,384,680,279	84.14
Guarantees granted	184,387,622			184,387,622	11.20
Responsibilities for foreign trade operations	40,110,366			40,110,366	2.44
Overdraft and unused agreed commitments	36,538,156	32,744		36,570,900	2.22
Total	1,635,042,272	10,704,299	2,596	1,645,749,167	100
%	99.35	0.65		100	

Composition	12/31/2022			Total	%
	Stage 1	Stage 2	Stage 3		
Undrawn commitments of credit cards and checking accounts	2,049,412,777	33,623,110	4,677	2,083,040,564	98.92
Guarantees granted	22,333,880			22,333,880	1.06
Overdraft and unused agreed commitments	497,588			497,588	0.02
Total	2,072,244,245	33,623,110	4,677	2,105,872,032	100
%	98.40	1.60		100	

The related ECL for undrawn commitments of credit cards and checking accounts as of December 31, 2023 and 2022 amounted to 1,465,201 and 2,261,759, respectively. The ECL related to guarantees granted as of December 31, 2023 and 2022 amounted to 668,613 and 141,526, respectively. The ECL related to overdraft and unused agreed commitments as of December 31, 2023 and 2022 amounted to 42,841 and 227, respectively.

For undrawn commitments of credit cards and checking accounts, during 2023 there were transfers of the carrying amounts to Stage 1, Stage 2 and Stage 3 for an amount of 12,817,064, (12,819,013) and 1,949, respectively, and there were transfers of the ECL to Stage 1, Stage 2 and Stage 3 for an amount of 217,090, (217,095) and 5, respectively. For undrawn commitments of credit cards and checking accounts, during 2022 there were transfers of the carrying amounts to Stage 1, Stage 2 and Stage 3 for an amount of (18,217,967), 18,041,458 and 176,509, respectively, and there were transfers of the ECL to Stage 1, Stage 2 and Stage 3 for an amount of 154,592, (155,287) and 788, respectively. For the other items, there were no transfers between stages during 2023 and 2022.

10. OTHER DEBT SECURITIES

The following table shows the Bank's holdings of other debt securities, net of the impairment allowances, as of December 31, 2023 and 2022:

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Name	Holdings		
	12/31/2023	12/31/2022	
	Fair value level	Book amounts	
OTHER DEBT SECURITIES			
Measured at fair value through other comprehensive income			
- Local			
Government securities			
Argentine government Treasury bonds in pesos adjusted by CER 4.25% - Maturity: 02-14-2025	1	196,595,700	
Argentine government Treasury bonds in pesos adjusted by CER 3.75% - Maturity: 04-14-2024	1	33,259,200	
Argentine government Treasury bonds in pesos - Maturity: 05-23-2027	1	6,667,968	
Argentine government US dollar step-up bonds - Maturity: 07-09-2030	1	3,757,257	1,620,162
Argentine government Treasury bonds in pesos - Maturity: 08-23-2025	2	2,753,280	
Argentine government Treasury bonds in pesos BADLAR x 0.7 - Maturity: 11-23-2027	1	2,597,991	
Argentine government Treasury bonds in pesos adjusted by CER 4.25% - Maturity: 10-14-2024	1	2,200,700	
Argentine government US dollar bonds 1% - Maturity: 07-09-2029	1	281,643	112,536
Argentine government discount bills in pesos adjusted by CER - Maturity: 02-17-2023			154,488,695
Argentine government Treasury bonds in pesos adjusted by CER - Maturity: 03-25-2023			111,578,472
Other			138,526,949
Subtotal local government securities (1)		248,113,739	406,326,814
- Foreign			
Government securities			
US Treasury bills - Maturity: 01-18-2024	1	25,810,639	
US Treasury bills - Maturity: 01-11-2024	1	12,111,378	
US Treasury bills - Maturity: 01-09-2024	1	5,653,606	
US Treasury bills - Maturity: 01-10-2024			23,141,672
Subtotal foreign government securities		43,575,623	23,141,672
Total Other debt securities measured at fair value through other comprehensive income (2)		291,689,362	429,468,486
Measured at amortized cost			
- Local			
Government securities			
Argentine government Treasury bonds in pesos - Maturity: 08-23-2025		44,954,504	
Argentine government Treasury bonds in pesos - Maturity: 05-23-2027		35,263,806	125,065,730
Argentine government Treasury bonds in pesos BADLAR x 0.7 - Maturity: 11-23-2027		13,387,030	26,079,046
Discount bonds in pesos 5.83% - Maturity: 12-31-2033		1,494,782	1,578,509
Province of Río Negro Treasury bills S03 - Maturity: 06-14-2024		104,561	
Province of Río Negro debt securities in pesos - Maturity: 04-12-2023			623,852
Province of Río Negro Treasury bills S02 in pesos - Maturity: 06-15- 2023			619,698
Subtotal local government securities		95,204,683	153,966,835

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<u>Name</u>	<u>Holdings</u>	
	<u>12/31/2023</u>	<u>12/31/2022</u>
	<u>Fair value level</u>	<u>Book amounts</u>
OTHER DEBT SECURITIES (continued)		
BCRA bills		
BCRA internal bills at benchmark exchange rate - Maturity: 10-03-2024	10,106,040	
BCRA internal bills at benchmark exchange rate - Maturity: 11-18-2024	7,276,350	
BCRA internal bills at benchmark exchange rate - Maturity: 10-19-2024	4,042,417	
BCRA internal bills at benchmark exchange rate - Maturity: 11-15-2024	3,314,782	
BCRA internal bills at benchmark exchange rate - Maturity: 08-06-2024	2,263,753	
BCRA internal bills at benchmark exchange rate - Maturity: 08-08-2024	1,940,360	
BCRA internal bills at benchmark exchange rate - Maturity: 11-13-2024	1,697,815	
BCRA internal bills at benchmark exchange rate - Maturity: 11-20-2024	1,455,270	
BCRA internal bills at benchmark exchange rate - Maturity: 10-18-2024	808,483	
BCRA internal bills at benchmark exchange rate - Maturity: 08-03-2024	161,697	
Other		1,670,281,970
Subtotal BCRA bills	33,066,967	1,670,281,970
BCRA notes		
BCRA liquidity notes in pesos - Maturity: 01-04-2023		37,698,797
Subtotal BCRA notes		37,698,797
Private securities		
Corporate bonds Vista Energy Argentina SAU C20 - Maturity: 07-20-2025	2,579,153	
Corporate bonds Vista Energy Argentina SAU C13 - Maturity: 08-08-2024	2,379,207	1,625,295
Corporate bonds Vista Oil y Gas Argentina SAU C15 -Maturity: 01-20-2025	2,194,824	1,499,962
Corporate bonds Volkswagen Financial Services C010 – Maturity: 10-12-2024	1,923,729	
Corporate bonds MSU SA C06 – Maturity: 11-02-2024	811,502	
Fiduciary debt securities Confibono Financial Trust S73 Class A - Maturity: 05-20-2024	474,426	
Corporate bonds SME Liliana SRL Guaranteed S01 – Maturity: 04-18-2025	420,072	
Fiduciary debt securities Secubono Financial Trust S230 Class A - Maturity: 06-28-2024	77,380	
Fiduciary debt securities Moni Mobile Financial Trust S09 Class A - Maturity: 09-16-2024	55,448	
Fiduciary debt securities Supercanal II Financial Trust Class A - Maturity: 03-21-2024	24,852	
Other	32,893	1,068,085
Subtotal local private securities	10,973,486	4,193,342
Total Other debt securities measured amortized cost (3)	139,245,136	1,866,140,944
TOTAL OTHER DEBT SECURITIES	430,934,498	2,295,609,430

- (1) In January and March 2023, the Bank entered into voluntary debt exchange under the terms of section 11, Presidential Decree No. 331/2022 issued by the Ministry of Economy. The securities involved in such exchange transactions were as follows:
- Argentine government discount Treasury bills in pesos – Maturity: 06-30-2023 (S3OJ3) for a face value of 26,640,975,851.

- Argentine government discount Treasury bills in pesos adjusted by CER – Maturity: 02-17-2023 (X17F3) for a face value of 20,900,000,000.
- Argentine government discount Treasury bills in pesos – Maturity: 02-28-2023 (S28F3) for a face value of 12,893,000,000.
- Argentine government discount Treasury bills in pesos adjusted by CER – Maturity: 06-16-2023 (X16J3) for a face value of 4,516,000,000.
- Argentine government discount Treasury bills in pesos adjusted by CER – Maturity: 05-19-2023 (X19Y3) for a face value of 1,759,369,713.
- Argentine government discount Treasury bills in pesos adjusted by CER – Maturity: 01-20-2023 (X20E3) for a face value of 290,000,000.

Additionally, with almost all the instruments received, the Bank acquired put options with the BCRA that could be exercised up to one day before the maturity of the underlying instrument. Considering the terms and conditions of these put options established by the BCRA, they are considered “out of the money” with fair value amounted to zero.

- (2) The gross carrying amount of these investments, their stages and the related allowance for ECL are disclosed in Note 9.3.
- (3) The gross carrying amount of these investments, their stages and the related allowance for ECL are disclosed in Note 9.2.

As of December 31, 2023 the unrealized gains and losses from government securities amounted to 32,419,342 and 3,051,207, respectively. In addition, as of December 31, 2022, the unrealized gains and losses from government securities amounted to 1,710,802 and 2,955,194.

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11. FINANCIAL ASSETS DELIVERED AS GUARANTEE

The composition of financial assets delivered as guarantee as of December 31, 2023 and 2022 is as follows:

Composition	Carrying amount	
	12/31/2023	12/31/2022
For transactions with the BCRA	68,117,546	77,305,535
For guarantee deposits	34,326,813	18,048,350
For repurchase agreements	30,446,725	
Total	132,891,084	95,353,885

The Bank's Management considers there shall be no losses due to the restrictions on the above listed financial assets.

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - PRISMA MEDIOS DE PAGO SA

The following table shows the bank's holdings of equity instruments at fair value through profit or loss as of December 31, 2023 and 2022:

Name	Holdings		
	12/31/2023	12/31/2022	12/31/2022
	Fair value level	Book amounts	Book amounts
EQUITY INSTRUMENTS			
Measured at fair value through profit or loss			
- Local			
Mercado Abierto Electrónico SA	3	1,669,450	1,440,372
Matba Rofex SA	1	814,957	
C.O.E.L.S.A	3	242,424	272,678
Mercado a Término Rosario SA	3	44,978	
AC Inversora SA	3	39,182	60,983
Sedesa	3	37,638	66,301
Provincanje SA	3	15,290	45,173
Pampa Energía SA	1	3,166	2,247
Acindar SA	3	1,445	
Other		1,303	230,000
Subtotal local		2,869,833	2,117,754
- Foreign			
Banco Latinoamericano de Comercio Exterior SA	1	146,084	65,260
Cedear Vista Oil & Gas	1	125,423	45,811
Cedear Pepsico	1	40,694	58,498
Sociedad de Telecomunicaciones Financieras Interbancarias Mundiales	3	26,122	17,582
Cedear Thermo Fisher Scientific Inc.	1	5,685	7,956
Cedear Exxon Mob			106,082
Cedear Berkshire Hathaway Inc.			89,156
Cedear McDonald			67,049
Cedear Bioceres Crop Solutions Corp.			11,126
Cedear Unitedhealth Group Inc.			8,144
Other			19,718
Subtotal foreign		344,008	496,382
Total measured at fair value through profit or loss		3,213,841	2,614,136
TOTAL EQUITY INSTRUMENTS		3,213,841	2,614,136

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On January 21, 2019, the Bank, together with the other shareholders of Prisma Medios de Pago SA, accepted a purchase offer made by AI ZENITH (Netherlands) B.V. (a company related to Advent International Corporation) for the acquisition of 1,933,051 common shares of par value Ps. 1 each and entitled to one vote, representing 4.6775 % of its capital stock, equivalent to 51% of the Bank's capital stock in such company.

On February 1, 2019, the Bank completed the transfer of such shares for a total purchase price of (in thousands) USD 64,542 out of which the Bank received on the date hereof (in thousands) USD 38,311 and the payment of the balance for an amount of (in thousands) USD 26,231 were deferred for 5 years.

During July 2019, the process to determine the final selling price of the shares of Prisma was completed and the final price was (in thousands) USD 63,456. The difference arising from a final price lower than the estimated price was deducted from the price balance, therefore there was no need for the Bank to return any amounts received. All other payment conditions were not modified and remain in full force and effect under the terms described in this note.

On October 1, 2021, the Bank, together with the other class B Shareholders of Prisma, gave notice with respect to the exercise of the existing put option and therefore started the procedure to sell the remaining 49% of the capital stock of Prisma.

As of December 31, 2021, the holding of the Bank in Prisma (equivalent to 49%), was recorded in "Equity instruments at fair value through profit or loss" determined from valuations performed by independent experts, which was adjusted in less, according to Memorandums issued by the BCRA on March 12 and 22, 2021.

On March 18, 2022, the Bank completed the transfer of all remaining shares held in Prisma in favor of AI ZENITH (Netherlands) BV, representing 4.4941% of Prisma's capital stock.

The price of such shares is (in thousands) USD 33,018 and shall be paid as follows: (i) 30% in pesos at UVA plus a nominal annual rate of 15% that shall be paid 50% on March 18, 2027 and the remaining on March 18, 2028, and (ii) 70% in US Dollars at a nominal annual rate of 10% that shall be paid 50% on March 18, 2027 and the remaining on March 18, 2028. The gain generated for the sale of those shares is recorded in the statement of income under "Net gain from measurement of financial instruments at fair value through profit or loss".

On the other hand, the parties agreed that: (i) the 40% of the outstanding balance of the sale of 51% mentioned in the first paragraph of this note was paid on March 30, 2022 and (ii) the remaining balance shall be paid in two installments, on January 31, 2026 and January 31, 2027, respectively (see Note 8).

Finally, sellers retained the usufruct (dividends) of the shares sold to be declared by Prisma for the year ended December 31, 2018, which were collected on April 26, 2019. Besides the proportion applicable to the buyer of the dividends to be reported for the following fiscal years—with the buyer's commitment to voting in favor of the distribution of certain minimum percentages— will be used to create a guarantee trust to repay the deferred price amount through the concession by the buyer and Prisma of a usufruct over the economic rights of the shares in favor of such trust. On March 18, 2022, the agreement was amended to include 100% of the shares.

On May 22, 2023, the Bank, together with the remaining creditors arising from the abovementioned sales, authorized Prisma to undergo a merger-spinoff process involving two of its business units: (I) ATM and transfer management services, payment management services for 3.0 transfers, service payment collection and other related services will be handled through the new company Newpay SAU, and (ii) the acquiring business, through which electronic and digital payment solutions are provided (credit cards, debit cards, and prepaid cards, immediate transfers), early collection of sales, point-of-sale terminals network management and other related services, which are rendered to various businesses and/or suppliers, will be handled through the company Payway SAU. Prisma retains the remaining issuer processing services business unit involving credit cards, debit cards, prepaid cards and other related services.

Both Prisma and the new companies Newpay SAU and Payway SAU are direct or indirect subsidiaries of AI ZENITH (Netherlands) BV. Furthermore, these new companies, like Prisma, have been allocated their respective share of dividends to be reported in the subsequent fiscal years, under the commitment to vote in favor of the distribution of certain minimum percentages. These percentages will also be subject to the guarantee trust aimed at repaying the deferred price.

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13. FAIR VALUE QUANTITATIVE AND QUALITATIVE DISCLOSURES

The fair value is the amount at which an asset can be exchanged, or at which a liability can be settled, in mutual independent terms and conditions between participants of the principal market (or the most advantageous market) who are duly informed and willing to transact in an orderly and current transaction, at the measurement date under the current market conditions whether the price is directly observable or estimated using a valuation technique under the assumption that the Bank is an ongoing business.

When a financial instrument is quoted in a liquid and active market, its price in the market in a real transaction provides the most reliable evidence of its fair value. Nevertheless, when there is no quoted price in the market or it cannot be evidence of the fair value of such instrument, in order to determine such fair value, the entities may use the market value of another instrument with similar characteristics, the analysis of discounted cash flows or other applicable techniques, which shall be significantly affected by the assumptions used.

Notwithstanding the above, the Bank's Management has used its best judgment to estimate the fair values of its financial instruments; any technique to perform such estimate implies certain inherent fragility level.

Fair value hierarchy

The Bank uses the following hierarchy to determine and disclose the fair value of financial instruments, according to the valuation technique applied:

- Level 1: quoted prices (unadjusted) observable in active markets that the Bank accesses to at the measurement day for identical assets or liabilities. The Bank considers markets as active only if there are sufficient trading activities with respect to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available at each reporting period.
- Level 2: Valuation techniques for which the data and variables having a significant impact on the determination of the fair value recognized or disclosed are observable for the asset or liability, either directly or indirectly. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices, such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments to level 2 inputs may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs that are significant to the entire measurement, the Bank will classify the instruments as Level 3.
- Level 3: Valuation techniques for which the data and variables having a significant impact on the determination of the fair value recognized or disclosed are not based on observable market information.

The following tables show the hierarchy in the Bank's financial asset and liability at fair value measurement, as of December 31, 2023 and 2022:

Categories of financial assets and liabilities as of December 31, 2023

Item	Amortized cost	Fair value through OCI	Fair value through P/L Obligatory measurement	Fair value hierarchy		
				Level 1	Level 2	Level 3
Financial assets						
Cash and deposits in banks						
Cash	397,357,431					
Financial institutions	805,691,627					
Other	56,037					
Debt securities at fair value through profit or loss			1,752,113,837	1,731,451,370	20,655,451	7,016
Derivative financial instruments			13,143,270	656	13,142,614	
Repo transactions						
BCRA	615,582,382					
Other financial assets	174,990,394		26,390,995	26,327,594		63,401

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Item	Amortized cost	Fair value through OCI	Fair value through P/L Obligatory measurement	Fair value hierarchy		
				Level 1	Level 2	Level 3
Financial assets (contd.)						
Loans and other financing						
To the non-financial government sector	4,715,710					
Other financial institutions	9,965,075					
To the non-financial private sector and foreign residents						
Overdrafts	287,899,182					
Documents	338,338,841					
Mortgage loans	165,128,338					
Pledge loans	28,127,344					
Personal loans	238,271,939					
Credit cards	484,769,569					
Financial leases	9,488,598					
Other (1)	266,953,257					
Other debt securities	139,245,136	291,689,362		288,936,082	2,753,280	
Financial assets delivered as guarantee	107,662,222		25,228,862	25,228,862		
Equity instruments at fair value through profit or loss			3,213,841	1,136,009		2,077,832
TOTAL FINANCIAL ASSETS	4,074,243,082	291,689,362	1,820,090,805	2,073,080,573	36,551,345	2,148,249

(1) Includes the total allowances to the non-financial private sector and foreign residents.

Item	Amortized cost	Fair value through OCI	Fair value through P/L Obligatory measurement	Fair value hierarchy		
				Level 1	Level 2	Level 3
Financial liabilities						
Deposits						
From the non-financial government sector	187,100,670					
From the financial sector	20,185,431					
From the non-financial private sector and foreign residents						
Checking accounts	509,621,461					
Savings accounts	1,430,030,343					
Time deposits and investment accounts	1,048,237,134					
Other	175,065,571					
Liabilities at fair value through profit or loss			13,825,475	13,825,475		
Derivative financial instruments			2,837,879	40,390	2,797,489	
Repo transactions						
Other financial entities	23,601,328					
Other financial liabilities	374,491,943					
Financing received from Central Bank and other financial institutions						
Issued corporate bonds	58,864,013					
Subordinated corporate bonds	328,227,793					
TOTAL FINANCIAL LIABILITIES	4,175,224,698		16,663,354	13,865,865	2,797,489	

BANCO MACRO SA AND ITS SUBSIDIARIES

Categories of financial assets and liabilities as of December 31, 2022

Item	Amortized cost	Fair value through OCI	Fair value through P/L Obligatory measurement	Fair value hierarchy		
				Level 1	Level 2	Level 3
Financial assets						
Cash and deposits in banks						
Cash	85,987,793					
Financial institutions	692,771,013					
Other	37,738					
Debt securities at fair value through profit or loss			657,238,645	643,243,336	10,782,004	3,213,305
Derivative financial instruments			133,591	59,768	73,823	
Repo transactions						
BCRA	192,852,624					
Other financial assets	166,404,589		14,039,085	13,885,203		153,882
Loans and other financing						
To the non-financial government sector	6,872,050					
Other financial institutions	2,887,593					
To the non-financial private sector and foreign residents						
Overdrafts	153,368,437					
Documents	254,649,736					
Mortgage loans	192,779,725					
Pledge loans	29,836,828					
Personal loans	443,848,226					
Credit cards	594,100,838					
Financial leases	4,318,607					
Other (1)	181,426,804					
Other debt securities	1,866,140,944	429,468,486		429,468,486		
Financial assets delivered as guarantee	95,353,885					
Equity instruments at fair value through profit or loss			2,614,136	481,047		2,133,089
TOTAL FINANCIAL ASSETS	4,963,637,430	429,468,486	674,025,457	1,087,137,840	10,855,827	5,500,276

(1) Includes the total allowances to the non-financial private sector and foreign residents.

Item	Amortized cost	Fair value through OCI	Fair value through P/L Obligatory measurement	Fair value hierarchy		
				Level 1	Level 2	Level 3
Financial liabilities						
Deposits						
From the non-financial government sector	342,399,722					
From the financial sector	5,148,961					
From the non-financial private sector and foreign residents						
Checking accounts	495,523,560					
Savings accounts	1,307,102,600					
Time deposits and Investment accounts	1,771,977,942					
Other	111,806,481					
Liabilities at fair value through profit or loss			1,638,088	1,638,088		
Derivative financial instruments			7,382	7,382		
Other financial liabilities	420,684,684					
Financing received from Central Bank and other financial institutions	7,627,436					
Issued corporate bonds	8,456,451					
Subordinated corporate bonds	224,617,825					
TOTAL FINANCIAL LIABILITIES	4,695,345,662		1,645,470	1,645,470		

BANCO MACRO SA AND ITS SUBSIDIARIES

Description of the valuation process

The fair value of instruments categorized as Level 1 was assessed by using quoted prices effective at the end of each fiscal year in active markets for identical assets or liabilities, if representative. Currently, for most of the government and private securities, there are two principal markets in which the Bank operates: BYMA and MAE. Additionally, in the case of derivatives, both MAE and Mercado a Término de Rosario SA (ROFEX) are deemed active markets.

On the other hand, for certain assets and liabilities that do not have an active market, categorized as Level 2, the Bank used valuation techniques that included the use of market transactions performed under mutual independent terms and conditions, between interested and duly informed parties, provided that they are available as well as references to the current fair value of another instrument being substantially similar, or otherwise the analysis of cash flows discounted at rates built from market information of similar instruments.

In addition, certain assets and liabilities included in this category were valued using price quotes of identical instruments in “less active markets”.

Finally, the Bank has categorized as level 3 those assets and liabilities for which there are no identical or similar transactions in the market. To determine the market value of these instruments the Bank used valuation techniques based on own assumptions. For this approach, the Bank mainly used the cash flow discount model.

As of December 31, 2023 and 2022, the Bank has neither changed the techniques nor the assumptions used to estimate the fair value of the financial instruments.

Below is the reconciliation between the amounts at the beginning and at the end of the fiscal year of the financial assets recognized at fair value categorized as level 3:

	As of December 31, 2023		
	Debt instruments	Other financial assets	Equity instruments at fair value through profit or loss
Reconciliation			
Amount at the beginning	3,213,305	153,882	2,133,089
Transfers to level 3			
Transfers from level 3 (1)			(140,628)
Profit and loss	2,331,940	37,262	2,250,161
Recognition and derecognition	(3,455,281)		25,082
Monetary effects	(2,082,948)	(127,743)	(2,189,872)
Amount at the end of the fiscal year	7,016	63,401	2,077,832
	As of December 31, 2022		
	Debt instruments	Other financial assets	Equity instruments at fair value through profit or loss
Reconciliation			
Amount at the beginning	6,774,234	188,174	12,811,441
Transfers to level 3			
Transfers from level 3			
Profit and loss	2,277,140	15,770	11,198
Recognition and derecognition	(2,497,377)	65,586	(7,810,219)
Monetary effects	(3,340,692)	(115,648)	(2,879,331)
Amount at the end of the fiscal year	3,213,305	153,882	2,133,089

- (1) Transfer of equity instruments at fair value through profit or loss from level 3 to level 1 that were measured using quoted prices observable in active markets as of December 31, 2023.

BANCO MACRO SA AND ITS SUBSIDIARIES

The fair values of instruments measured at level 3 are determined by the entity based on valuation techniques derived from the “income method”, whose main unobservable data are related to discount rates, and on which a reasonable change in such input data would not generate significant effects on the Financial Statements taken as a whole.

Changes in fair value levels

The Bank monitors the availability of information in the market to evaluate the classification of financial instruments into the fair value hierarchy as well as the resulting determination of transfers between levels 1, 2 and 3 at each period end.

Except for the foregoing, as of December 31, 2023 and 2022, the Bank has not recognized any transfers between levels 1, 2 and 3.

Financial assets and liabilities not measured at fair value

Next follows a description of the main methods and assumptions used to determine the fair values of financial instruments not recognized at their fair value in these consolidated Financial Statements:

- Instruments with fair value similar to the carrying amount: financial assets and liabilities that are liquid or have short-term maturities (less than three months) were deemed to have a fair value similar to the carrying amount.
- Fixed and variable rate of financial instruments: the fair value of financial assets was recognized discounting future cash flows at current market rates for each fiscal year for financial instruments of similar characteristics. The estimated fair value of fixed-interest rate deposits and liabilities was assessed discounting future cash flows by using estimated interest rates for deposits or placings with similar maturities to those of the Bank’s portfolio.
- For public listed assets and liabilities, or those for which the prices are reported by certain renowned pricing providers, the fair value was determined based on such prices.

The following table shows a comparison between the fair value and the carrying amount of financial instruments not measured at fair value as of December 31, 2023 and 2022:

Composition	12/31/2023				
	Carrying amount	Level 1	Level 2	Level 3	Fair value
Financial assets					
Cash and deposits in banks	1,203,105,095	1,203,105,095			1,203,105,095
Repo transactions	615,582,382	615,582,382			615,582,382
Other financial assets	174,990,394	174,990,394			174,990,394
Loans and other financing	1,833,657,853			1,612,236,333	1,612,236,333
Other debt securities	139,245,136	92,032,365	55,565,564		147,597,929
Financial assets delivered as guarantee	107,662,222	107,662,222			107,662,222
Total	4,074,243,082	2,193,372,458	55,565,564	1,612,236,333	3,861,174,355
Financial liabilities					
Deposits	3,370,240,610	2,091,506,221		1,280,298,042	3,371,804,263
Repo transactions	23,601,328	23,601,328			23,601,328
Other financial liabilities	374,491,943	362,362,512	11,631,954		373,994,466
Financing received from the BCRA and other financial institutions	19,799,011	7,807,601	6,142,257		13,949,858
Issued corporate bonds	58,864,013		59,650,007		59,650,007
Subordinated corporate bonds	328,227,793		277,875,886		277,875,886
Total	4,175,224,698	2,485,277,662	355,300,104	1,280,298,042	4,120,875,808

BANCO MACRO SA AND ITS SUBSIDIARIES

Composition	12/31/2022				
	Carrying amount	Level 1	Level 2	Level 3	Fair value
Financial assets					
Cash and deposits in banks	778,796,544	778,796,552			778,796,552
Repo transactions	192,852,624	192,852,627			192,852,627
Other financial assets	166,404,589	166,404,589			166,404,589
Loans and other financing	1,864,088,844			1,625,360,056	1,625,360,056
Other debt securities	1,866,140,944	1,593,543,746	257,439,650	299,898	1,851,283,294
Financial assets delivered as guarantee	95,353,885	95,353,886			95,353,886
Total	4,963,637,430	2,826,951,400	257,439,650	1,625,659,954	4,710,051,004
Financial liabilities					
Deposits	4,033,959,266	2,021,273,290		2,009,393,334	4,030,666,624
Other financial liabilities	420,684,684	407,263,472	13,614,443		420,877,915
Financing received from the BCRA and other financial institutions	7,627,436	7,418,200	161,817		7,580,017
Issued corporate bonds	8,456,451		8,216,649		8,216,649
Subordinated corporate bonds	224,617,825		183,155,754		183,155,754
Total	4,695,345,662	2,435,954,962	205,148,663	2,009,393,334	4,650,496,959

14. BUSINESS COMBINATIONS

14.1 Macro Agro SAU

On May 18, 2023, the Entity acquired from Inversora Juramento SA, 100% of the capital stock and votes of Macro Agro SAU, a company engaged in the grain brokerage business.

The Special Shareholders' Meeting held on October 6, 2023 deemed it appropriate and approved the change of its corporate name to "Macro Agro SAU" and consequently, subject to the authorization of the Business Associations Regulatory Agency of the Province of Santa Fe (IGPJ), proposed the amendment of section 1 of the by-laws. On October 27, 2023, the proceedings were filed with the IGPJ. Additionally, on March 5, 2024, the Bank was notified about the IGPJ resolution through which they approved the reform of the Statute with the name MACRO AGRO SAU. As of the date of issuance of these consolidated Financial Statements, the new name is pending registration.

Assets acquired and liabilities assumed

The fair value of the assets identified and liabilities assumed as of the acquisition date is as follows (figures stated in thousands of pesos in constant currency as of December 31, 2023):

Composition	Fair value recognized on acquisition
Assets	
Cash and deposits in banks	47,782
Debt securities at fair value through profit or loss	986,466
Loans and other financing	138,047
Financial assets delivered as guarantee	1,899,588
Other financial assets	7,393,142
Property, plant and equipment	133,492
Intangible assets	29,675
Other non-financial assets	109,667
	10,737,859

BANCO MACRO SA AND ITS SUBSIDIARIES

<u>Composition (contd.)</u>	<u>Fair value recognized on acquisition</u>
Liabilities	
Other financial liabilities	7,325,831
Provisions	20,666
Current income tax liabilities	124,492
Deferred income tax liabilities	147,107
Other non-financial liabilities	2,036,240
	<u>9,654,336</u>
Net assets acquired at fair value	<u>1,083,523</u>

The goodwill generated by the acquisition of Macro Agro SAU amounted to 339,958.

In accordance with the share purchase contract, the transaction price was set at USD 5,218,800, which will be paid in variable annual installments using the proceeds from the dividends of Macro Agro SAU. Thus, the Bank assigns 100% of the rights over the dividends in favor of the seller, up to the full payment of the purchase price. Each installment will become due within fifteen days as from the Shareholders' Meeting approval of Macro Agro SAU Financial Statements. The first installment will become due in 2024.

To measure the liabilities arising from this transaction the Bank estimated the Company's future income, discounting them at its own business rate. As a consequence, at the acquisition date, the liability amounted to USD 2,973,375.

On September 29, 2023, Macro Agro SAU distributed cash dividends amounting to 440,000 (not restated). Those dividends were received by Banco Macro SA on October 2, 2023. As it was explained in the previous paragraphs, dividends were used to pay the liability arising from the purchase, which decreased by USD 558,651.70.

14.2 Banco BMA SAU (formerly known as Banco Itaú Argentina SA) and its subsidiaries

On August 23, 2023, Banco Macro SA has entered into a stock purchase agreement with Itaú Unibanco Holding SA, through its affiliates Itaú Unibanco SA, Banco Itaú BBA SA and Itaú Consultoria de Valores Mobiliários e Participações SA (collectively, "Itaú"), pursuant to which, subject to certain conditions (substantially the approval of the transaction by the Central Bank of Argentina), the Entity would acquire from Itaú the shares representing 100% of the capital stock and votes of Banco Itaú Argentina SA, Itaú Asset Management SA and Itaú Valores SA.

On November 2, 2023, the Board of Directors of the Central Bank of Argentina authorized the abovementioned purchase, as per the following breakdown:

- Banco Itaú Argentina SA: 100% of the capital stock and votes of Banco Itaú Argentina SA were acquired, represented by 729,166,165 ordinary shares and 14,565,089 preferred shares, out of which: (i) 721,697,119 ordinary shares and 14,565,089 preferred shares representing 98.995733% of capital stock were acquired from Itaú Unibanco SA and (ii) 7,469,046 ordinary shares representing 1.004267% of capital stock were acquired from Itaú BBA SA.
- Itaú Asset Management SA: 11,950 shares representing 13.00% of the capital stock of Itaú Asset Management SA were directly acquired from Itaú Unibanco SA, and indirectly, 80,000 shares, which represent 87.00% of the capital stock of Itaú Asset Management SA through the acquisition of Banco Itaú Argentina SA.
- Itaú Valores SA: 6,814,535 shares representing 13.00% of the capital stock and votes of Itaú Valores SA were directly acquired from Itaú Consultoria de Valores Mobiliários e Participações SA; and indirectly, 45,604,965 shares, representing 87.00% of the capital stock and votes of Itaú Valores SA, through the acquisition of Banco Itaú Argentina SA.

BANCO MACRO SA AND ITS SUBSIDIARIES

Assets acquired and liabilities assumed

The fair value of the assets identified acquired and liabilities assumed as of the acquisition date is as follows (figures stated in thousands of pesos in constant currency as of December 31, 2023):

<u>Composition</u>	<u>Fair value recognized on acquisition</u>
Assets	
Cash and deposits in banks	160,975,229
Debt securities at fair value through profit or loss	51,232,686
Derivative financial instruments	22,198,599
Repo transactions	255,552,986
Other financial assets	16,610,423
Loans and other financing	290,578,416
Other debt securities	68,697,853
Financial assets delivered as guarantee	40,705,395
Current income tax assets	203,976
Equity instruments at fair value through profit or loss	190,362
Investments in associates and joint arrangements	9,599,589
Property, plant and equipment	37,443,475
Intangible assets	21,298,818
Deferred income tax assets	18,763,919
Other non-financial assets	7,400,772
Non-current assets held for sale	12,974,758
	1,014,427,256
Liabilities	
Deposits	675,034,941
Liabilities at fair value through profit or loss	20,346,543
Derivative financial instruments	8,578,570
Other financial liabilities	19,082,094
Financing received from the Central Bank of Argentina and other financial institutions	10,666,322
Issued corporate bonds	5,920,878
Current income tax liabilities	20,058,160
Provisions	2,983,960
Deferred income tax liabilities	17,707,310
Other non-financial liabilities	54,821,380
	835,200,158
Net assets acquired at fair value	179,227,098

For the valuation of the Core deposits intangible, the favorable source of funds methodology was used. This method determines the spread between the cost of central deposits acquired and the cost of an alternative source of financing over the estimated life of the core deposit base. As a result of this transaction, the core deposit intangible assets recognized amounted to 5,184,785. See Note 13 for additional fair value valuation techniques for other assets acquired and liabilities assumed in the business combination.

The price of this transaction was established at USD 50,000,000, which was set at the time of the agreement and paid on November 3, 2023, and an additional amount resulting from the adjustment of the result obtained by Banco BMA SAU (formerly known as Banco Itaú Argentina SA), BMA Asset Management SA (formerly known Itaú Asset Management SA) and BMA Valores SA (formerly known as Itaú Valores SA) between April 1, 2023 and the closing date established in the purchase contract.

Interest income and commission income from the acquisition date until December 31, 2023 of Banco BMA SAU (formerly known as Banco Itaú Argentina SA), measured on a consolidated basis, amounts to 73,462,184 and 4,006,913, respectively. The net income for the fiscal year ended December 31, 2023 amount to 31,910,373.

If the business combination had taken place at the beginning of the year, the interest income and commission income of the Entity would have amounted to 2,827,353,743 and 263,605,335, respectively, and the net income for the fiscal year ended December 31, 2023 would have amounted to 593,275,103.

BANCO MACRO SA AND ITS SUBSIDIARIES

As the amount of the net assets acquired exceeds the fair value of the price paid, the Bank recorded a gain generated by this acquisition for 156,768,122, which is recorded in “Income from associates and joint arrangements”. The gain was related to the price of this transaction determined in the arm’s length basis and the net assets acquired.

The calculation of this gain is subject to change because the estimates of all fair values are being reviewed and may be modified during the period of one year from the acquisition date as established by IFRS 3. However, the Bank’s Management does not expect significant changes in these amounts.

On March 6, 2024, the Bank, as an incorporating company, together with Banco BMA SAU, as an incorporated company, have entered into a pre-merger commitment, whereby Banco Macro SA will incorporate Banco BMA SAU retroactively as of January 1, 2024 based on the separate financial statements of each of the companies prepared as of December 31, 2023 and the special consolidated merger statement of financial position as of the same date. As of the date of issuance of these consolidated Financial Statements, the Bank is in the process of obtaining the administrative approval of such merger before the CNV, and has also requested the authorization of the respective merger before the Central Bank.

15. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS

15.1 Associates

The following table provides summarized financial information about the Bank’s investment in its associates:

Entity	Proportional Bank’s interest	Financial position		Loss for the fiscal year	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Macro Warrants SA	5%	11,581	17,327	(5,746)	(5,048) (1) and (2)
Play Digital SA	9.45%	747,460	1,317,126	(1,521,734)	(1,289,561) (1) and (2)
Alianza SGR	24.98%	3,010		(88,831)	(1)

- (1) The existence of significant influence is evidenced by the representation the Bank has in the Board of Directors of this associate.
 (2) To measure this investment, accounting information of this associate as of September 30, 2023 has been used. Additionally, significant transactions conducted or events that occurred between October 1, 2023 and December 31, 2023, have been considered.

15.2 Joint ventures

The following table provides summarized financial information about the Bank’s investment in its joint ventures:

Entity	Proportional Bank’s interest	Financial position		Profit (Loss) for the fiscal year	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Banco Macro SA – Bizland SAU Unión transitoria	50%	828,510	2,001,551	514,407	1,005,610
Finova SA	50%	94,550	219,021	(124,470)	(39,119)

BANCO MACRO SA AND ITS SUBSIDIARIES

16. PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment during the fiscal years ended on December 31, 2023 and 2022 are as follows:

Item	Original value at beginning of fiscal year	Total life in years	Increases	Acquisitions through business combination (1)		Decreases	Transfers	Difference for conversion	Accumulated (2)		Transfers	Decrease	Difference for conversion	For the fiscal year	At the end	Residual value at the end of the fiscal year
				Increases	Decreases				Transfers	Decrease						
Real property	296,471,464	50	1,698,607	37,387,065	169,694	1,333,037	44,278,564	(143,510)	27,456	7,936,570	52,044,168	284,676,311				
Furniture and facilities	46,034,760	10	1,636,743	10,349,070	146,844	1,790,289	497	30,133,853	1,852	147,250	68	4,123,432	34,111,955	25,552,560		
Machinery and equipment	66,838,838	5	8,754,727	28,867,455	6,865,320	358,865	31,688	71,145,727	1,218	6,865,377	4,591	9,247,787	73,533,946	24,452,307		
Vehicles	8,952,891	5	2,639,490	355,138	826,096	(9,130)	11,224	7,465,702	6,751	669,916	3,033	1,054,300	7,859,870	3,263,647		
Other	2,580	3	17,939	7,462,091	464		15,286	7,418,402		464	1,519	2,015	7,421,472	75,960		
Work in progress	4,037,144		8,985,716	72,307	47,874	(4,500,626)								8,546,667		
Right of use real property	25,292,305	5	3,573,457	7,490,744	1,451,563	4,327	39,898	22,852,126	(690)	680,745	52,506	4,569,172	26,792,369	8,156,799		
Right of use furniture		5	2,491,606											428,471		2,063,135
Total property, plant and equipment	447,629,982		29,798,285	91,983,870	9,507,855	(1,023,238)	98,593	183,294,374	(134,379)	8,391,208	61,717	27,361,747	202,192,251	356,787,386		

(1) Additionally, see Note 14.

(2) Accumulated depreciation on the assets of Banco BMA SAU and Macro Agro SAU are included.

Item	Original value at beginning of fiscal year	Total life in years	Increases	Acquisitions through business combination		Decreases	Transfers	Difference for conversion	Accumulated		Transfers	Decrease	Difference for conversion	For the fiscal year	At the end	Residual value at the end of the fiscal year
				Increases	Decreases				Transfers	Decrease						
Real property	290,736,623	50	1,854,495	380,457	4,260,803	380,457	4,260,803	29,224,299	(244,540)	65,389	6,375,157	35,289,527	261,181,937			
Furniture and facilities	40,106,711	10	1,288,068	5,163	4,645,706	5,163	4,645,706	(562)	19,758,774	14	1,679	(456)	3,580,774	23,337,427	22,697,333	
Machinery and equipment	57,044,080	5	6,536,319	17,433	3,276,434	17,433	3,276,434	(562)	39,382,638	(4,781)	16,703	(1,423)	8,383,468	47,743,199	19,095,639	
Vehicles	8,105,932	5	1,401,175	549,642	(28,674)	549,642	(28,674)	24,100	6,646,687	(2,177)	359,190	45	819,156	7,104,521	1,848,370	
Other	5,414	3						(2,834)	2,580			(3,297)	1,738	1,021	1,559	
Work in progress	9,621,931		8,438,425					(14,023,212)						4,037,144		
Right of use real property	22,900,818	5	2,700,690	299,565		299,565		(9,638)	12,783,172		185,885	(790)	4,346,326	16,942,823	8,349,482	
Total property, plant and equipment	428,521,509		22,219,172	1,252,260	(1,868,943)	1,252,260	(1,868,943)	10,504	107,798,150	(251,484)	628,846	(5,921)	23,506,619	130,418,518	317,211,464	

17. INVESTMENT PROPERTIES

The changes in investment property (including in “Other non-financial assets” – see Note 19) during the fiscal years ended on December 31, 2023 and 2022 are as follow:

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Item Cost	Original value at beginning of fiscal year	Useful life in years	Increases	Decreases	Transfers	Difference for conversion	Depreciation for the fiscal year			Residual value at the end of the fiscal year		
							Accumulated	Transfers	Decrease		For the fiscal year	At the end
Leased properties	1,235,102	50			(1)		186,723	3,543	23,135	213,401	1,021,700	
Other investment properties	26,881,367	50	1,629,110	383,603	1,282,421	662	868,593	219,875	235,097	563,430	1,416,801	27,993,156
Total investment property	28,116,469		1,629,110	383,603	1,282,420	662	1,055,316	223,418	235,097	586,565	1,630,202	29,014,856

12/31/2022

Item Cost	Original value at beginning of fiscal year	Useful life in years	Increases	Decreases	Transfers	Difference for conversion	Depreciation for the fiscal year			Residual value at the end of the fiscal year		
							Accumulated	Transfers	Decrease		For the fiscal year	At the end
Leased properties	1,401,299	50		3,602	(169,799)		50,624	119,697	16,402	186,723	1,048,379	
Other investment properties	4,268,894	50	31,067,522	81,960	(8,373,076)	(13)	343,903	(17,750)	7,155	549,595	868,593	26,012,774
Total investment property	5,670,193		31,071,124	81,960	(8,542,875)	(13)	394,527	101,947	7,155	565,997	1,055,316	27,061,153

(1) During the fiscal year 2022, under this item transfers were made to Non-current assets held for sale.

18. INTANGIBLE ASSETS

The changes in intangible assets during the fiscal years ended on December 31, 2023 and 2022 are as follow:

Item Cost	Original value at beginning of fiscal year	Useful life in years	Increases	Acquisitions through business combination (1)	Decreases	Transfers	Difference for conversion	Depreciation for the fiscal year			Residual value at the end of the fiscal year	
								Accumulated (2)	Transfers	Decrease		For the fiscal year
Licenses	34,758,597	5	4,225,829	5,184,932	753,032	(464)	24,340,593	(1,045)	6,232,486	30,572,034	13,596,860	
Other intangible assets	121,033,580	5	25,192,749	49,220,828	753,032	(5,188)	109,214,883	1,099	18,781	23,917,968	133,115,169	61,573,768
Total intangible assets	155,792,177		29,418,578	54,405,760	753,032	(5,652)	133,555,476	54	18,781	30,150,454	163,687,203	75,170,628

(1) Additionally, see Note 14.

(2) Accumulated depreciation on the assets of Banco BMA SAU and Macro Agro SAU are included.

BANCO MACRO SA AND ITS SUBSIDIARIES

12/31/2022

Item	Original value at beginning of fiscal year	Useful life in years	Increases	Acquisitions through business combination		Transfers	Accumulated	Depreciation for the fiscal year		Residual value at the end of the fiscal year		
				Increases	Decreases			Transfers	Decrease		For the fiscal year	At the end
Licenses	30,393,599	5	4,084,757			280,241	18,592,344	10,512	5,737,590	24,340,446	10,418,151	
Other intangible assets	98,655,217	5	22,731,282	104,553	(248,566)	(248,566)	59,476,025	(4,145)	4,090	17,675,187	77,142,977	43,890,603
Total intangible assets	129,048,816		26,816,039	104,553	(248,566)	31,875	78,068,369	6,367	4,090	23,412,777	101,483,423	54,308,754

19. OTHER NON-FINANCIAL ASSETS

The composition of the other non-financial assets as of December 31, 2023 and 2022 is as follows:

	12/31/2023	12/31/2022
Composition		
Investment property (see Note 17)	29,014,856	27,061,153
Tax advances	14,445,390	3,830,762
Advanced prepayments	9,307,953	7,310,656
Other	2,014,385	576,618
Total	54,782,584	38,779,189

20. RELATED PARTIES

A related party is a person or entity that is related to the Bank:

- has control or joint control of the Bank;
- has significant influence over the Bank;
- is a member of the key management personnel of the Bank or of the parent of the Bank;
- members of the same group;
- one entity is an associate (or an associate of a member of the other entity is a member).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers as key management personnel, for the purposes of IAS 24, the members of the Board of Directors and the senior management members of the Risk Management Committee, the Assets and Liabilities Committee and the Senior Credit Committee.

The amounts balances as of December 31, 2023 and 2022 and the profit or loss for the fiscal years ended December 31, 2023, 2022 and 2021, related to transactions generated with related parties are as follows:

BANCO MACRO SA AND ITS SUBSIDIARIES

As of December 31, 2023

	Main subsidiaries (1)					Associates	Key management personnel (3)	Other related parties	Total
	Macro Bank Limited	Macro Securities SAU (2)	Argenpay SAU	Fintech SGR	Macro Agro SAU				
Assets									
Cash and deposits in banks	6,478								6,478
Other financial assets				8,326,118			1,077,944	7,139,810	16,543,872
Loans and other financing (4)									
Documents								1,284,488	1,284,488
Overdraft							257,516	2,662,095	2,919,611
Credit cards							605,145	129,042	734,187
Lease					30,976			51,602	82,578
Personal loans							5,562		5,562
Mortgage loans							1,261,934		1,261,934
Other loans (5)							378,210	5,877,322	6,255,532
Guarantee granted								26,357,386	26,357,386
Total assets	6,478			8,326,118	30,976		3,586,311	43,501,745	55,451,628
Liabilities									
Deposits		15,785,008	258,554	24,681	11,170	304,321	24,665,263	21,695,667	62,744,664
Liabilities at fair value through profit or loss								13,817,710	13,817,710
Other financial liabilities							5,108,496	954,452	6,062,948
Issued corporate bonds		2,884,982							2,884,982
Subordinated corporate bonds				781,691	123,425				905,116
Other non-financial liabilities								4,991,527	4,991,527
Total liabilities		18,669,990	258,554	806,372	134,595	304,321	29,773,759	41,459,356	91,406,947
Income / (loss)									
Interest income		237,527			14,328		1,915,668	5,682,782	7,850,305
Interest expense						(91,654)	(204,618)	(111,987)	(408,259)
Commissions income		77,309		57,264		1,190	475	564,890	701,128
Commissions expense				(46,020)			(105)	(101,495)	(147,620)
Other operating income		215,291	32	9,361,556	3,090	389	20	61,549	9,641,927
Administrative expense								(2,479,398)	(2,479,398)
Other operating expense		(10)					(501)	(537,471)	(537,982)
Total income / (loss)		530,117	32	9,372,800	17,418	(90,075)	1,710,939	3,078,870	14,620,101

(1) These transactions are eliminated during the consolidation process.

(2) It includes the balance amounts from its subsidiary Macro Fondos SGFCISA.

(3) Includes close family members of the key management personnel.

(4) The maximum financing amount for Loans and other financing as of December 31, 2023 for Macro Securities SAU, Macro Agro SAU, Key management personnel and Other related parties amounted to 21,637,333, 68,502, 3,762,515 and 51,513,614, respectively.

(5) It is related to Loans and other financing not disclosed in other items, mainly Other loans, Financing of foreign exchange transactions and Loans with government securities.

BANCO MACRO SA AND ITS SUBSIDIARIES

	As of December 31, 2022							
	Main subsidiaries (1)							
	Macro Bank Limited	Macro Securities SAU (2)	Argenpay SAU	Fintech SGR	Associates	Key management personnel (3)	Other related parties	Total
Assets								
Cash and deposits in banks	4,419							4,419
Other financial assets				9,395,278		724,126	59	10,119,463
Loans and other financing (4)								
Documents						175,223	1,310,746	1,485,969
Overdraft						590,790	155,143	745,933
Credit cards							207,665	207,665
Lease						3,619		3,619
Personal loans						1,689,642		1,689,642
Other loans (5)		6,581,205				472,869	4,360,084	11,414,158
Guarantee granted							4,795,743	4,795,743
Total assets	4,419	6,581,205		9,395,278		3,656,269	10,829,440	30,466,611
Liabilities								
Deposits		9,347,392	181,046	361	263,793	12,959,967	7,160,317	29,912,876
Liabilities at fair value through profit or loss							512,593	512,593
Other financial liabilities						160,967	37,456	198,423
Issued corporate bonds		897,421						897,421
Subordinated corporate bonds				450,137				450,137
Other non-financial liabilities							62,954	62,954
Total liabilities		10,244,813	181,046	450,498	263,793	13,120,934	7,773,320	32,034,404
Income / (loss)								
Interest income		13,462				915,252	6,176,142	7,104,856
Interest expense					(71,530)	(325,275)	(214,965)	(611,770)
Commissions income		77,843		2,466	1,074	190	327,193	408,766
Commissions expense				(33,156)		(159)	(3,559)	(36,874)
Other operating income	16		125	4,063,048			162	4,063,351
Credit loss expense on financial assets		(1,165)						(1,165)
Administrative expense							(1,824,036)	(1,824,036)
Other operating expense		(45,188)					(220,567)	(265,755)
Total income / (loss)	16	44,952	125	4,032,358	(70,456)	590,008	4,240,370	8,837,373

- (1) These transactions are eliminated during the consolidation process.
- (2) It includes the balance amounts from its subsidiary Macro Fondos SGFCISA.
- (3) Includes close family members of the key management personnel.
- (4) The maximum financing amount for Loans and other financing as of December 31, 2022 for Macro Securities SAU, Fintech SGR, Key management personnel and Other related parties amounted to 14,101,862, 7,895,654, 4,108,625 and 52,441,567, respectively.
- (5) It is related to Loans and other financing not disclosed in other items, mainly Other loans, Financing of foreign exchange transactions and Loans with government securities.

BANCO MACRO SA AND ITS SUBSIDIARIES

As of December 31, 2021								
Income / (loss)	Main subsidiaries (1)				Associates	Key management personnel (3)	Other related parties	Total
	Macro Bank Limited	Macro Securities SAU (2)	Argenpay SAU	Fintech SGR				
Interest income		21,674				988,486	8,716,278	9,726,438
Interest expense		(25,550)			(105,148)	(232,819)	(339,781)	(703,298)
Commissions income		134,132		176	1,353	115	611,520	747,296
Commissions expense				(2,178)		(140)	(1,068)	(3,386)
Net gain from measurement of financial instruments at fair value through profit or loss				142,284				142,284
Other operating income	24	20,843		40,636			194	61,697
Administrative expense							(1,457,607)	(1,457,607)
Other operating expense							(451,426)	(451,426)
Total income / (loss)	24	151,099		180,918	(103,795)	755,642	7,078,110	8,061,998

- (1) These transactions are eliminated during the consolidation process.
(2) It includes the balance amounts from its subsidiary Macro Fondos SGFCISA.
(3) Includes close family members of the key management personnel.

Transactions generated by the Bank with its related parties for arranged transactions within the course of the usual and ordinary course of business were performed in normal market conditions, both as to interest rates and prices and as to the required guarantees.

The Bank does not have loans granted to directors and other key management personnel secured with shares.

Total remunerations received as salary and bonus by the key management personnel as of December 31, 2023, 2022 and 2021 amounted to 3,282,300, 3,291,583 and 3,523,785, respectively.

In addition, fees received by the Directors as of December 31, 2023, 2022 and 2021 amounted to 8,073,936, 5,613,683 and 6,936,714, respectively.

Additionally, the composition of the Board of Directors and key management personnel of the Bank and its subsidiaries is as follows:

Composition	12/31/2023	12/31/2022
Board of Directors	22	22
Senior managers of the key management personnel	12	12
Total	34	34

21. OTHER FINANCIAL LIABILITIES

The composition of the other financial liabilities as of December 31, 2023 and 2022 is as follows:

BANCO MACRO SA AND ITS SUBSIDIARIES

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Credit and debit card settlement - due to merchants	196,821,322	228,920,357
Amounts payable for other spot purchases pending settlement	93,449,791	45,887,253
Payment orders pending to foreign exchange settlement	34,430,062	17,727,873
Collections and other transactions on account and behalf of others	10,454,906	8,737,913
Finance leases liabilities	9,388,790	6,119,963
Amounts payable for spot purchases of foreign currency pending settlement	1,326,551	49,982,243
Amounts payable for spot purchases of government securities pending settlement	310,596	30,457,203
Other	28,309,925	32,851,879
Total	374,491,943	420,684,684

22. LEASES

22.1 The Bank as a lessee

The Bank has lease contracts mainly for real properties recognized in the item "Property, plant and equipment". Generally, the Bank is restricted from assigning or subleasing the leased assets.

As of December 31, 2023 and 2022, the carrying amount of assets recognized for the right-of-use assets identified in the lease contracts, depreciation expense for the fiscal year and the additions to right-of-use assets are disclosed in Note 16.

Set out below are the carrying amounts of lease liabilities and the movements during the fiscal year:

<u>Movements</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
At the beginning of the fiscal year	6,119,963	8,614,762	10,763,282
Additions	5,993,172	1,980,876	2,995,872
Accretion of interest	853,157	1,200,066	1,326,813
Difference in foreign currency	7,299,242	2,211,464	1,355,364
Payments	(3,943,775)	(3,186,650)	(4,687,091)
Monetary effects	(6,932,969)	(4,700,555)	(3,139,478)
At the end of the fiscal year (see Note 21)	9,388,790	6,119,963	8,614,762

The short term leases were recognized as expense for an amount of 41,962, 43,671 and 48,436 for the years ended December 31, 2023, 2022 and 2021, respectively.

The table below shows the maturity of the lease liabilities as of December 31, 2023 and 2022:

<u>Lease liabilities</u>	<u>Up to 1 month</u>	<u>Over 1 month and up to 3 months</u>	<u>Over 3 months and up to 6 months</u>	<u>Over 6 months and up to 12 months</u>	<u>Total up to 12 months</u>	<u>Over 12 months and up to 24 months</u>	<u>Over 24 months</u>	<u>Total over 12 months</u>
Balances as of 12/31/2023	501,538	661,704	869,428	1,500,379	3,533,049	2,065,420	3,790,321	5,855,741
Balances as of 12/31/2022	317,642	522,439	717,689	1,167,878	2,725,648	1,430,105	1,964,210	3,394,315

22.2 The Bank as a lessor

The Bank, as lessor, entered into financial lease contracts, under the usual characteristics of this kind of transactions, without there being any issues that may differentiate them in any aspect from those performed in the Argentine financial market in general. The lease contracts in force do not represent significant balances with respect to the total financing granted by the Bank.

BANCO MACRO SA AND ITS SUBSIDIARIES

The following table shows the reconciliation between the total gross investment of financial leases and the current value of the minimum payment receivables for such leases:

	12/31/2023		12/31/2022	
	Current value of minimum payments	Total gross investment	Current value of minimum payments	Total gross investment
Up to 1 year	3,158,511	11,978,813	2,161,580	3,254,319
From 1 to 5 years	6,328,466	18,507,415	2,157,027	3,587,139
Over 5 years	1,621	1,974		
Total	9,488,598	30,488,202	4,318,607	6,841,458

Income for non-accrued interests amounted to 20,999,604, 2,522,851 and 1,842,902, for the years ended December 31, 2023, 2022 and 2021, respectively.

23. PROVISIONS

This item includes the amounts estimated to face a liability of probable occurrence, which if occurring, would originate a loss for the Bank.

The changes in provisions during the fiscal years ended on December 31, 2023 and 2022 are as follow:

Composition	Amounts at beginning of fiscal year	Increases	Decreases		Monetary effects	12/31/2023
			Reversals	Charge off		
For administrative, disciplinary and criminal penalties	1,559				(1,059)	500
Letters of credits, guarantees and other commitments (1)	2,403,512	1,877,415		146,042	(1,958,230)	2,176,655
Commercial claims in progress	1,540,253	2,990,634		608,307	(1,101,988)	2,820,592
Labor lawsuits	829,484	1,679,270		1,025,267	(850,033)	633,454
Pension funds - reimbursement	1,614,617	2,336,602		1,066,804	(1,665,080)	1,219,335
Other	2,293,034	3,558,224	158,539	1,591,020	(2,139,299)	1,962,400
Total provisions	8,682,459	12,442,145	158,539	4,437,440	(7,715,689)	8,812,936

Composition	Amounts at beginning of fiscal year	Increases	Decreases		Monetary effects	12/31/2022
			Reversals	Charge off		
For administrative, disciplinary and criminal penalties	3,027				(1,468)	1,559
Letters of credits, guarantees and other commitments (1)	2,141,809	1,860,374			(1,598,671)	2,403,512
Commercial claims in progress	1,926,181	1,120,189		385,040	(1,121,077)	1,540,253
Labor lawsuits	1,306,582	1,762,742		1,507,674	(732,166)	829,484
Pension funds - reimbursement	644,573	1,734,279		74,249	(689,986)	1,614,617
Other	4,008,305	2,733,617		1,687,512	(2,761,376)	2,293,034
Total provisions	10,030,477	9,211,201		3,654,475	(6,904,744)	8,682,459

(1) These amounts correspond to the ECL calculated for contingent transactions, which are mentioned in Note 4.

The expected terms to settle these obligations are as follows:

BANCO MACRO SA AND ITS SUBSIDIARIES

<u>Composition</u>	<u>12/31/2023</u>		<u>12/31/2023</u>	<u>12/31/2022</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>		
For administrative, disciplinary and criminal penalties		500	500	1,559
Letters of credits, guarantees and other commitments (1)	2,176,655		2,176,655	2,403,512
Commercial claims in progress (2)	1,513,027	1,307,565	2,820,592	1,540,253
Labor lawsuits	354,211	279,243	633,454	829,484
Pension funds - reimbursement	672,026	547,309	1,219,335	1,614,617
Other	776,102	1,186,298	1,962,400	2,293,034
Total	5,492,021	3,320,915	8,812,936	8,682,459

(1) These amounts correspond to the ECL calculated for contingent transactions, which are mentioned in Note 4.

(2) See also Note 50.2.

In the opinion of the Bank's Management and its legal counsel, there are no other significant effects other than those disclosed in these consolidated Financial Statements, the amounts and settlement terms of which have been recognized based on the current value of such estimates, considering the probable settlement date thereof.

24. OTHER NON-FINANCIAL LIABILITIES

The composition of other non-financial liabilities as of December 31, 2023 and 2022 is as follows:

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Salaries, bonuses and payroll taxes payables	52,891,537	34,157,484
Withholdings	45,141,632	49,403,965
Miscellaneous payables	37,049,991	9,200,669
Taxes payables	33,767,097	24,013,937
Directors' and syndics' fees payable	17,494,014	2,136,436
Retirement pension payment orders pending settlement	1,588,373	3,503,012
Dividends payable (see Note 42)	80,142	
Other	26,172,439	10,895,895
Total	214,185,225	133,311,398

25. EMPLOYEE BENEFITS PAYABLE

The table below presents the amounts of employee benefits payable as of December 31, 2023 and 2022:

<u>Short-term employee benefits</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Vacation accrual	35,476,514	14,619,069
Salaries, bonuses and payroll taxes payables	17,415,023	19,538,415
Total short-term employee benefits	52,891,537	34,157,484

The Bank has not long-term employee benefits or post-employment benefits as of December 31, 2023 and 2022.

26. ANALYSIS OF FINANCIAL ASSETS TO BE RECOVERED AND FINANCIAL LIABILITIES TO BE SETTLED

The following tables show the analysis of financial assets and liabilities the Bank expects to recover and settle as of December 31, 2023 and 2022:

BANCO MACRO SA AND ITS SUBSIDIARIES

12/31/2023	Without due date	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Total up to 12 months	Over 12 months and up to 24 months	Over 24 months	Total over 12 months
Assets									
Cash and deposits in banks	1,203,105,095								
Debt securities at fair value through profit or loss		1,285,901	242,735,856	620,520,421	834,601,516	1,699,143,694	18,788,976	34,181,167	52,970,143
Derivative financial instruments		7,937,962	3,386,733	1,818,575		13,143,270			
Repo transactions		615,582,382				615,582,382			
Other financial assets	52,718,261	90,451,422	15,418	2,972,126		93,438,966	34,511	55,189,651	55,224,162
Loans and other financing (1)	7,844,494	914,817,926	220,082,349	172,923,162	157,171,020	1,464,994,457	133,783,385	227,035,517	360,818,902
Other debt securities		43,700,875	272,972	44,010,662	56,847,898	144,832,407	252,716,743	33,385,348	286,102,091
Financial assets delivered as guarantee	102,444,359	30,446,725				30,446,725			
Equity instruments at fair value through profit or loss		3,213,841							
Total assets	1,369,326,050	1,704,223,193	466,493,328	842,244,946	1,048,620,434	4,061,581,901	405,323,615	349,791,683	755,115,298
Liabilities									
Deposits	1,678,922,497	1,468,496,724	138,012,172	44,635,643	39,978,607	1,691,123,146	190,666	4,301	194,967
Liabilities at fair value through profit or loss		13,825,475				13,825,475			
Derivative financial instruments		772,082	1,043,884	130,385	891,528	2,837,879			
Repo transactions		23,601,328				23,601,328			
Other financial liabilities		362,562,577	1,082,105	1,033,831	1,798,591	366,477,104	2,688,938	5,325,901	8,014,839
Financing received from the BCRA and other financial institutions		9,204,268	3,610,758	444,049		13,259,075	6,389,125	150,811	6,539,936
Issued corporate bonds		346	2,164	12,827,488	40,567,916	53,397,914	5,466,099		5,466,099
Subordinated corporate bonds				5,723,805		5,723,805		322,503,988	322,503,988
Total liabilities	1,678,922,497	1,878,462,800	143,751,083	64,795,201	83,236,642	2,170,245,726	14,734,828	327,985,001	342,719,829

(1) The amounts included in “without due date” are related to the non-performing portfolio.

12/31/2022	Without due date	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Total up to 12 months	Over 12 months and up to 24 months	Over 24 months	Total over 12 months
Assets									
Cash and deposits in banks	778,796,544								
Debt securities at fair value through profit or loss		11,232,300	71,687,309	254,790,463	256,063,185	593,773,257	40,646,054	22,819,334	63,465,388
Derivative financial instruments		26,426	48,053	59,112		133,591			
Repo transactions		192,852,624				192,852,624			
Other financial assets	35,657,343	106,040,645	43,227	2,087,941		108,171,813		36,614,518	36,614,518
Loans and other financing (1)	4,535,349	819,989,852	154,227,780	175,343,251	186,873,018	1,336,433,901	183,431,453	339,688,141	523,119,594
Other debt securities		1,633,096,866	321,378,829	14,872,513	165,761,262	2,135,109,470	42,552,534	117,947,426	160,499,960
Financial assets delivered as guarantee	95,353,885								
Equity instruments at fair value through profit or loss	2,614,136								
Total assets	916,957,257	2,763,238,713	547,385,198	447,153,280	608,697,465	4,366,474,656	266,630,041	517,069,419	783,699,460

(1) The amounts included in “without due date” are related to the non-performing portfolio.

BANCO MACRO SA AND ITS SUBSIDIARIES

12/31/2022	Without due date	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Total up to 12 months	Over 12 months and up to 24 months	Over 24 months	Total over 12 months
Liabilities									
Deposits	1,993,987,527	1,661,474,368	324,005,727	49,846,154	4,581,098	2,039,907,347	19,603	44,789	64,392
Liabilities at fair value through profit or loss		1,638,088				1,638,088			
Derivative financial instruments		5,340	2,042			7,382			
Other financial liabilities		406,776,711	1,124,905	956,320	1,971,058	410,828,994	2,748,148	7,107,542	9,855,690
Financing received from the BCRA and other financial institutions		908,378	1,592,445	4,993,630	132,983	7,627,436			
Issued corporate bonds			20,203			20,203	8,436,248		8,436,248
Subordinated corporate bonds				4,422,672		4,422,672	220,195,153		220,195,153
Total liabilities	1,993,987,527	2,070,802,885	326,745,322	60,218,776	6,685,139	2,464,452,122	11,203,999	227,347,484	238,551,483

27. FOREIGN CURRENCY AMOUNTS

The following tables show the amounts of assets and liabilities in foreign currency as of December 31, 2023 and 2022:

Item	Total parent company and local branches	12/31/2023				12/31/2022
		Total per currency				Total
		US dollar	Euro	Real	Other	
Assets						
Cash and deposits in banks	1,120,369,209	1,099,343,794	17,612,492	196,007	3,216,916	655,929,629
Debt securities at fair value through profit or loss (1)	1,737,382,765	1,737,382,765				554,106,640
Other financial assets	79,181,568	79,078,052	103,516			48,810,967
Loans and other financing	179,981,350	177,098,581	400,983		2,481,786	111,920,508
From the non-financial private sector and foreign residents	179,981,350	177,098,581	400,983		2,481,786	111,920,508
Other debt securities	88,646,176	88,646,176				167,645,854
Financial assets delivered as guarantee	55,763,750	55,710,171	53,579			15,252,397
Equity Instruments at fair value through profit or loss	344,008	344,008				496,382
Total assets	3,261,668,826	3,237,603,547	18,170,570	196,007	5,698,702	1,554,162,377
Liabilities						
Deposits	1,023,465,739	1,010,835,069	12,630,670			532,572,442
Non-financial government sector	34,333,538	34,333,538				19,192,347
Financial sector	7,106,029	7,106,029				4,357,526
Non-financial private sector and foreign residents	982,026,172	969,395,502	12,630,670			509,022,569
Liabilities at fair value through profit or loss	13,817,710	13,817,710				1,638,088
Other financial liabilities	86,372,190	83,458,593	2,809,881		103,716	50,132,392
Financing from Central Bank of Argentina and other financial institutions	15,373,617	12,497,214	394,617		2,481,786	7,466,423
Issued corporate bonds	53,851,071	53,851,071				8,456,451
Subordinated corporate bonds	328,227,793	328,227,793				224,617,825
Other non-financial liabilities	4,526,525	4,526,132	393			168,362
Total liabilities	1,525,634,645	1,507,213,582	15,835,561		2,585,502	825,051,983

(1) Mainly including Argentine government discount bonds in dual currency for 1,488,174,537 and Argentine government Treasury bonds tied to the US dollar for 190,164,590.

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28. DISCLOSURES BY OPERATING SEGMENT

For management purposes, the Bank's Management has determined that it has only one operating segment related to the banking business. In this sense, the Bank supervises the operating segment income (loss) for the fiscal year in order to make decisions about resources to be allocated to the segment and assess its performance, which is measured on a consistent basis with the profit or loss in the Financial Statements.

29. INCOME TAX

a) Inflation adjustment on income tax

Tax Reform Law 27430, amended by Laws 27468 and 27541, established the following, regarding inflation adjustment on income tax for the fiscal years beginning on January 1, 2018:

- i) such adjustment will be applicable in the fiscal year in which the variation of the CPI is higher than 100% for the thirty-six months before the end of the tax period;
- ii) regarding the first, second and third fiscal year after its effective date, this procedure will be applicable if the variation of the abovementioned index, calculated from the beginning until the end of each of those fiscal years exceeds 55%, 30% and 15% for the first, second and third fiscal years of application, respectively;
- iii) the positive or negative inflation adjustment, as the case may be, corresponding to the first, second and third fiscal years beginning on January 1, 2018, shall be allocated one third in the fiscal year for which the adjustment is calculated and the remaining two thirds in equal parts in the following two immediate fiscal years;
- iv) the positive or negative inflation adjustment, corresponding to the first and second fiscal years beginning on January 1, 2019, shall be allocated one sixth to the fiscal year in which the adjustment is determined and the remaining five sixth in the following immediate fiscal years; and
- v) for fiscal years beginning on January 1, 2021, 100% of the adjustment may be deducted in the year in which it is determined.

As of December 31, 2023 and 2022, all the conditions established by the income tax Law to practice the inflation adjustment are met (see section "Fiscal years 2019 and 2020" and "Fiscal year 2021" of this note).

b) Income tax rate

On June 16, 2021, through Decree No. 387/2021, Law No. 27630 was issued. This law established for fiscal years beginning on or after January 1, 2021, a progressive tax rates scheme of 25%, 30% and 35% which will be applied, on a progressive basis, to the taxable accumulated net profit at the end of each fiscal year.

c) The main items of deferred income tax:

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Deferred tax assets		
Loans and other financing and debt securities	25,984,554	11,732,977
Provisions and employee benefits	5,682,945	4,819,092
Allowances for contingencies	1,710,376	2,790,085
Leases	1,816,255	1,038,052
Investments in other companies	622,731	194,596
Other	5,259,223	2,278,370
Total deferred tax assets	<u>41,076,084</u>	<u>22,853,172</u>

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<u>Composition (contd.)</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Deferred tax liabilities		
Property, plant and equipment and other non-financial assets	41,254,233	34,560,134
Intangible assets	22,936,686	18,880,518
Tax effects on forward sales	15,669,095	9,632,038
Other	5,636,416	454,475
Total deferred tax liabilities	85,496,430	63,527,165
Net deferred tax liabilities	44,420,346	40,673,993

In the consolidated Financial Statements, tax assets (current and deferred) of an entity of the Group shall not be offset with the tax liabilities (current and deferred) of another entity of the Group because they correspond to income tax applicable to different taxpayers and also they are not legally entitled before the tax authority to pay or receive only one amount to settle the net position.

Changes in net deferred tax liabilities as of December 31, 2023 and 2022 are summarized as follows:

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Net deferred tax liabilities at beginning of the fiscal year	40,673,993	37,605,799
Net deferred tax assets from Banco BMA SAU and its subsidiaries at the acquisition date	(145,235)	
Loss for deferred taxes recognized in the statement of income	3,891,588	3,068,194
Net deferred tax liabilities at fiscal year end	44,420,346	40,673,993

The income tax charge exposed in the Statement of income and Other Comprehensive Income differs from the income tax charge that would result if all profits had been taxed at the current tax rate.

The main items of income tax expense in the consolidated Financial Statements are as follows:

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Current income tax expense	278,429,479	54,136,973	37,206,104
Loss for deferred taxes	3,891,588	3,068,196	(30,011,625)
Income tax loss recorded in the statement of income	282,321,067	57,205,169	7,194,479
Income tax loss / (profit) recorded in other comprehensive income	16,761,914	(7,621,167)	7,335,665
Total	299,082,981	49,584,002	14,530,144

The table below shows the reconciliation between income tax and the amounts obtained by applying the current tax rate in Argentina to the income carrying amount:

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Income carrying amount before income tax	869,996,208	184,177,495	145,943,999
Applicable income tax rate	35%	35%	35%
Income tax on income carrying amount	304,498,673	64,462,123	51,080,400
Net permanent differences and other tax effects including the fiscal inflation adjustment	(22,177,606)	(7,256,954)	(43,885,921)
Total income tax	282,321,067	57,205,169	7,194,479

As of December 31, 2023, 2022 and 2021, the effective income tax rate is 32.5%, 31.1% and 4.9%, respectively.

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Fiscal years 2019 and 2020

As decided by the Board of Directors in the meeting held on May 11, 2020, considering certain case law on the matter assessed by its legal counsel and tax advisors, on May 26 of that year, the Bank filed with the Administración Federal de Ingresos Públicos (AFIP, for its acronym in Spanish) its annual income tax return considering the total effect of the inflation adjustment on income tax (see section a) iv) of this note). As a result, the current income tax determined by Banco Macro SA for fiscal year 2019 amounted to 7,002,124 (not restated). The same criterion was applied to determine the annual income tax report for 2020, which generated accrued income tax for Banco Macro SA for such fiscal year that amounted to 9,933,210 (not restated).

In addition, on July 23, 2021, the Bank filed a reimbursement action with the AFIP requesting that 254,305 (not restated) paid as income tax for the 2020 tax period be reimbursed.

As to the tax periods mentioned in previous paragraphs, on November 1, 2021, the AFIP notified the beginning of an income tax audit, which is in progress.

Along with the filings mentioned in the first paragraph of this section, on December 28, 2021, the Bank filed petitions for declaratory judgment with the Federal Administrative Contentious Court for the periods under analysis. The file 22274/2021, for the fiscal year 2019, is in process in Court No. 12 and the file 22278/2021, for the fiscal year 2020, is in process in Court No. 1.

Fiscal year 2021

On October 17, 2022, Banco Macro SA filed a reimbursement action with the AFIP requesting that 382,189 (not restated) paid as income tax for the 2021 tax period be reimbursed.

On January 3, 2023, the AFIP notified the beginning of an income tax audit related to the abovementioned fiscal year, which is in progress.

Fiscal year 2022

On June 30, 2023, Banco Macro SA filed a reimbursement action with the AFIP requesting that 654,673 (not restated) paid as income tax for the 2022 tax period be reimbursed.

Reimbursement actions – Fiscal years 2013 to 2017 and 2018

On October 24, 2019, Banco Macro SA filed with the AFIP-DGI (Argentine tax authorities) two reimbursement actions under the terms established by the first paragraph of section 81, Law No. 11683 requesting the reimbursement of 4,782,766 and 5,015,451 (not restated amounts) paid to tax authorities as income tax during tax periods 2013 through 2017 and 2018, respectively, arising from the impossibility to apply the adjustment for inflation and other adjustment mechanisms set forth by income tax Law (prior to the amendments introduced by Laws No. 27430 and 27468 for periods 2013 through 2017, and as revised in 2019 and amended for the 2018 tax period), plus the related compensatory interest (SIGEA [case and file management system] files No. 19144-14224/2019 and 19144-14222/2019). Since tax authorities have not yet issued a resolution with respect to the abovementioned claims, on August 7, 2020, the Bank filed both reimbursement requests under the terms of section 81, Law No. 11683 with the Federal Contentious and Administrative Trial Courts, which are pending in Courts No. 8 and 2 of such jurisdiction, respectively (cases No. 11285/2020 and 11296/2020). Currently, in connection with the file for the fiscal year 2018, the evidence stage is closed and the process for allegation was delivered.

In connection with the tax periods mentioned in the previous paragraph, on December 19, 2019, the AFIP notified the beginning of the income tax audit for the 2018 tax period, and on May 3, 2021, it notified the beginning of the income tax audit for periods 2013 through 2017. On October 4, 2021, the AFIP ended the audit for periods 2013 through 2017 as the Bank had exercised in due time its right to resort to justice, and that the admission of reimbursement is subject to a court decision.

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30. INTEREST INCOME

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Interest income			
For cash and bank deposits	6,847,489	1,246,001	79,938
For government securities	973,049,563	650,715,333	45,700,830
For debt securities	1,385,091	601,017	1,837,236
For loans and other financing			
Non-financial public sector	19,130,718	4,714,572	11,013,573
Financial public sector	3,281,932	1,668,874	4,100,579
Non-financial private sector			
Overdrafts	174,729,584	79,096,190	48,966,016
Documents	156,844,618	79,667,890	56,858,979
Mortgage loans	145,806,768	117,138,656	92,705,372
Pledge loans	9,907,765	9,268,468	6,450,988
Personal loans	244,302,502	278,318,665	292,010,854
Credit cards	199,061,254	126,764,513	89,353,520
Financial leases	3,444,764	1,073,358	511,104
Other	177,790,503	83,860,409	93,992,554
For repo transactions			
BCRA	196,203,904	39,348,987	51,460,032
Other financial institutions	714,542	2,020,986	319,551
Subtotal Interest and adjustment for the application of the effective interest rate of financial assets measured at amortized cost	2,312,500,997	1,475,503,919	795,361,126
Interest and adjustment for the application of the effective interest rate of financial assets measured at fair value through OCI			
From debt government securities	133,831,752	431,760,073	572,112,409
Subtotal Interest and adjustment for the application of the effective interest rate of financial assets measured at fair value through OCI	133,831,752	431,760,073	572,112,409
Total	2,446,332,749	1,907,263,992	1,367,473,535

31. INTEREST EXPENSE

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Interest expense			
For deposits			
Non-financial private sector			
Checking accounts	111,189,841	48,198,997	7,984,396
Saving accounts	18,119,619	11,858,081	7,502,306
Time deposits and investments accounts	1,453,034,330	873,804,922	529,310,249
Other	14		
For Financing received from BCRA and other financial institutions	2,048,973	1,575,216	948,439
For repo transactions			
Other financial institutions	13,873,646	3,038,227	1,786,840
For other financial liabilities	7,199,999	2,650,408	146,700
For issued corporate bonds	1,652,176	920,032	5,229,373
For subordinated corporate bonds	14,180,562	14,412,425	19,684,477
Total	1,621,299,160	956,458,308	572,592,780

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32. COMMISSIONS INCOME

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Performance obligations satisfied at a point in time			
Commissions related to obligations	137,669,112	132,936,263	123,560,201
Commissions related to credit cards	79,093,028	77,162,568	73,481,681
Commissions related to insurance	12,210,984	13,160,484	13,860,073
Commissions related to securities value	8,041,734	3,934,683	4,600,113
Commissions related to trading and foreign exchange transactions	5,092,503	4,755,361	5,299,559
Commissions related to loans and other financing	1,435,003	1,346,940	1,005,160
Commissions related to financial guarantees granted	548,626	32,339	35,895
Performance obligations satisfied over certain time period			
Commissions related to credit cards	1,040,818	1,269,694	2,230,900
Commissions related to trading and foreign exchange transactions	502,875	183,793	235,725
Commissions related to loans and other financing	74,150	22,379	29,200
Commissions related to obligations	3,716	4,893	6,624
Commissions related to financial guarantees granted			574
Total	245,712,549	234,809,397	224,345,705

33. COMMISSIONS EXPENSE

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Commissions related to trading with debt securities	407,669	207,584	11,653
Commissions related to trading and foreign exchange transactions	1,517,973	777,815	928,233
Other			
Commissions paid ATM exchange	15,310,094	15,491,782	14,361,007
Checkbooks commissions and clearing houses	4,871,269	4,314,843	3,835,404
Credit cards and foreign trade commissions	2,836,877	2,294,475	2,282,487
Total	24,943,882	23,086,499	21,418,784

34. NET GAIN FROM MEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
For measurement of financial assets at fair value through profit or loss			
Gain from government securities	865,879,163	57,126,332	102,604,333
Gain from private securities	69,409,820	61,459,868	7,539,266
Gain / (loss) from derivative financial instruments			
Forward transactions	18,037,949	2,344,673	
Put options			(6,343,607)
Gain / (loss) from other financial assets	1,196,753	(82,161)	(87,773)
Gain / (Loss) from sales or decreases of financial assets at fair value(1)	3,487,653	21,021,354	(6,299,617)
Gain / (loss) from equity instruments at fair value through profit or loss	24,116,731	(1,241,872)	4,336,450

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<u>Composition (contd.)</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
For measurement of financial liabilities at fair value through profit or loss			
Loss from derivative financial instruments			
Forwards transactions			(568,173)
Options	(7,812,798)		
Total	974,315,271	140,628,194	101,180,879

(1) Net amount of reclassifications to profit of instruments classified at fair value through other comprehensive income that were derecognized or charged during the fiscal year.

35. DIFFERENCES IN QUOTED PRICES OF GOLD AND FOREIGN CURRENCY

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Translation of foreign currency assets and liabilities into pesos	795,283,241	190,210,057	24,863,783
Income from foreign currency exchange	2,934,750	3,714,641	3,329,122
Total	798,217,991	193,924,698	28,192,905

36. OTHER OPERATING INCOME

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Services	39,485,063	30,073,157	26,142,728
Adjustments and interest from other receivables	10,609,488	7,409,095	6,786,797
Adjustments from other receivables with CER clauses	7,790,354	5,229,772	2,120,949
Other receivables from financial intermediation	5,230,985	2,951,962	5,710,325
Sale of investment properties and other non-financial assets			237,032
Other	9,771,579	20,284,237	6,522,108
Total	72,887,469	65,948,223	47,519,939

37. EMPLOYEE BENEFITS

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Remunerations	188,854,414	166,849,835	169,979,792
Payroll taxes	47,630,616	41,170,900	39,220,338
Compensations and bonuses to employees	33,353,002	25,271,715	23,703,343
Employee services	8,671,106	8,479,122	6,589,954
Total	278,509,138	241,771,572	239,493,427

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38. ADMINISTRATIVE EXPENSES

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Taxes	26,941,364	19,979,498	17,764,631
Fees to directors and syndics	26,925,241	6,150,654	4,740,930
Maintenance, conservation and repair expenses	21,441,643	19,420,752	20,123,079
Other fees	16,572,872	11,766,928	10,331,148
Armored truck, documentation and events	15,437,848	16,422,544	17,596,127
Security services	11,899,472	11,715,106	12,370,028
Electricity and communications	10,395,529	10,789,374	12,329,521
Software	9,523,176	7,761,645	9,666,081
Advertising and publicity	9,292,109	7,395,622	5,293,379
Hired administrative services	3,025,778	830,539	756,692
Representation, travel and transportation expenses	2,829,322	2,127,956	1,463,854
Insurance	1,177,393	1,285,097	1,647,887
Stationery and office supplies	1,069,576	846,370	764,777
Leases	470,912	540,357	707,770
Other	7,223,754	4,901,315	6,321,808
Total	<u>164,225,989</u>	<u>121,933,757</u>	<u>121,877,712</u>

39. OTHER OPERATING EXPENSES

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Turnover tax	190,149,358	128,711,123	109,594,057
From credit cards	61,395,366	53,529,578	46,642,668
Other adjustments and interests for miscellaneous obligations	9,470,756	3,754,386	1,570,677
Charges for other provisions	8,790,103	7,625,876	9,886,274
Deposit guarantee fund contributions	5,707,873	5,957,321	6,318,981
Insurance claims	2,570,038	1,357,839	543,355
Loss from sale or impairment of investment in properties and other non-financial assets	1,381,674	1,688,836	436,439
Donations	1,262,484	1,308,743	179,039
Taxes	362,433	2,624,857	2,868,750
From administrative, disciplinary and criminal penalties			252,534
Other	40,180,695	27,181,079	29,432,630
Total	<u>321,270,780</u>	<u>233,739,638</u>	<u>207,725,404</u>

40. ADDITIONAL DISCLOSURES IN THE STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents the changes in cash and cash equivalents derived from operating activities, investing activities and financing activities during the fiscal year. For the preparation of the statement of cash flows, the Bank adopted the indirect method for Operating Activities and the direct method for Investment Activities and Financing Activities.

The Bank considers as “Cash and cash equivalents” the item Cash and deposits in banks and those financial assets that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the preparation of the Statement of Cash Flows the Bank considered the following:

- Operating activities: the normal revenue-producing activities of the Bank as well as other activities that cannot qualify as investing or financing activities.

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- Investing activities: the acquisition, sale and disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the shareholders' equity and liabilities of the Bank and that are not part of the operating or investing activities.

The table below presents the reconciliation between the item "Cash and cash equivalents" in the Statement of Cash Flows and the relevant accounting items of the Statement of financial position:

Description	12/31/2023	12/31/2022	12/31/2021
Cash and deposits in banks	1,203,105,095	778,796,544	1,045,370,900
Debt securities at fair value through profit or loss	133,754,676		29,481
Other debt securities	43,575,623	1,553,777,415	831,532,788
Loans and other financing	4,042,417	2,757,956	3,116,407
Total	1,384,477,811	2,335,331,915	1,880,049,576

The following table shows additional information on operational cash flows interest:

Composition	12/31/2023	12/31/2022	12/31/2021
Interest paid	(1,566,575,130)	(732,306,511)	(749,957,529)
Interest collected	2,297,432,458	1,825,117,787	1,310,191,918
Total	730,857,328	1,092,811,276	560,234,389

The following table shows further information of changes in liabilities arising from financing activities for the year ended December 31, 2023 (lease liabilities changes are disclosed in Note 22):

Composition	Financing received from the Central Bank of Argentina and other financial institutions	Issued Corporate Bonds	Subordinated Corporate Bonds
Opening balance	7,627,436	8,456,451	224,617,825
Cash flow items			
Proceeds		29,477,155	
Payments	(7,598,036)	(4,877,812)	(12,943,001)
Non-cash flow items			
Movement in accrued interest	2,048,973	1,652,176	14,180,562
Derecognition or substantial modification of financial liabilities	15,117,373	1,521,405	(507,813)
Difference in quoted prices of foreign currency	11,453,826	38,301,446	332,838,147
Monetary effects	(8,850,561)	(15,666,808)	(229,957,927)
Ending balance	19,799,011	58,864,013	328,227,793

41. CAPITAL STOCK

The Bank's subscribed and paid-in capital from January 1, 2021 to December 31, 2023, amounted to 639,413. The capital stock composition is as follows:

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Class	Shares		Capital stock		
	Stock number	Votes per share	Issued outstanding	In treasury	Paid in
As of December 31, 2023, 2022 and 2021					
Registered Class A shares of common stock	11,235,670	5	11,236		11,236
Registered Class B shares of common stock	628,177,738	1	628,177		628,177
Total 2023, 2022 and 2021	639,413,408		639,413		639,413

42. EARNINGS PER SHARE - DIVIDENDS

Basic earnings per share were calculated by dividing net profit attributable to common shareholders of the Bank by the weighted average number of common shares outstanding during the fiscal year.

In calculating the weighted average of outstanding common shares, the number of shares at the beginning of the year is adjusted, if applicable, by the number of common shares issued or withdrawn during the fiscal year, weighted by the number of days those shares have been outstanding. Note 41 provides a breakdown of the changes in the Bank's capital stock.

The following table reflects the income and shares data used in the basic earnings per share:

Items	12/31/2023	12/31/2022	12/31/2021
Net profit attributable to parent's shareholders	587,324,400	126,950,267	138,744,986
Plus: Potential dilutive effect inherent to common shares (1)			
Net profit attributable to parent's shareholders adjusted for dilution	587,324,400	126,950,267	138,744,986
Weighted average of outstanding common shares of the fiscal year	639,413	639,413	639,413
Plus: Weighted average of additional common shares with dilutive effects			
Weighted average of outstanding common shares of the fiscal year adjusted for dilution	639,413	639,413	639,413
Basic earnings per share (in pesos)	918.5368	198.5419	216.9881

- (1) The Bank does not have any financial instrument that should be considered as diluted. Therefore, basic and dilutive earning per share is the same amount.

Dividends paid and proposed

During 2020 and 2021, the BCRA issued Communiqués that suspended the payment of earnings distributions resolved by the Shareholders' Meetings. As a consequence of the abovementioned suspensions, as of December 31, 2021 dividends pending distribution amounted to 26,580,415 (not restated), which had been approved by the Shareholders' Meetings held on April 30 and October 21, 2020 and April 30, 2021.

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On December 16, 2021, the BCRA issued Communiqué “A” 7421, which established: (i) from January 1, 2022, through December 31, 2022, financial institutions were allowed to distribute up to 20% of the amount of earnings that should have been distributed if the “Earnings distributions” rules had been applied, and (ii) financial institutions that have the BCRA’s authorization for the earnings distributions have to perform it in 12 equal, monthly and consecutive installments.

On May 12, 2022, the BCRA approved the dividends distribution requested by the Bank in accordance with the Communiqué mentioned in the previous paragraph for an amount of 19,751,444 (not restated), which was paid during the fiscal year ended December 31, 2022 according to the schedule. Additionally, the balance of the approved dividends pending of payment for exceeding the abovementioned limit, amounted to 6,828,971 (not restated).

Moreover, the Shareholders’ Meeting held on April 29, 2022, resolved to distribute cash dividends or dividends in kind, in this case, measured at market value for an amount of 14,187,873 (not restated), representing 22.18 pesos per share, subject to prior authorization from the BCRA which, added to the dividends still to be paid because they exceeded the abovementioned limit, amounted to 21,016,844 (not restated) and were recorded in a “Reserve for dividends pending authorization from the BCRA”. Through Communiqué “A” 7719 issued on March 9, 2023, the BCRA established that from April 1, 2023 up to December 31, 2023, financial institutions which have the BCRA’s authorization, will be allowed to distribute up to 40% of the amount of earnings that should have been distributed if the “Earnings distributions” rules had been applied, in six equal, monthly and consecutive installments.

The Shareholders’ Meeting held on April 25, 2023, decided to distribute a cash dividend and/or a dividend in kind, in this case measured at market value, for an amount of 75,040,918, representing 117.36 pesos per share, prior to BCRA authorization. On May 12, 2023 the BCRA authorized this earning distribution that shall be paid in six equal, monthly and consecutive installments. As of the date of issuance of these consolidated Financial Statements all the installments were paid.

Additionally, the Shareholders’ Meeting held on April 12, 2024, decided to distribute an amount of 294,130,168 (in constant currency as of December 31, 2023) to pay a cash dividend and/or a dividend in kind, representing 460 pesos per share, prior BCRA authorization. Pursuant to the provisions of Communiqué “A” 7984 issued on March 21, 2024, earning distribution shall be paid in six equal, monthly and consecutive installments. The amount of each dividend installments shall be paid in constant currency as of each payment date, after re-expression of the relevant payable amount by applying the most recently published IPC ratio before the date on which each of the above mentioned installments is made available according to the payment schedule duly fixed by the Board. See also Note 51 together with the earnings distribution proposal.

Finally, as mentioned in Note 14, on September 29, 2023, Macro Agro SAU distributed cash dividends for an amount of 440,000 (not restated).

43. DEPOSIT GUARANTEE INSURANCE

Law No. 24485 and Decree No. 540/1995 created the Deposit Guarantee Insurance System, which was featured as a limited, compulsory and onerous system, aimed at covering the risks of bank deposits, as subsidiary and supplementary to the deposit privilege and protection system established under the Financial Entities Law. The abovementioned legislation also provided for the incorporation of Sedesa with the exclusive purpose of managing the Deposit Guarantee Fund (DGF), Sedesa was incorporated in August 1995.

Entity’s interest in the capital stock of Sedesa according to the percentages disclosed by BCRA Communiqué “B” 12755 on March 4, 2024 is as follows:

Banco Macro SA	7.6285%
Banco BMA SAU	1.6414%

All deposits in pesos and foreign currency placed in participating entities in the form of checking accounts, savings accounts, certificates of deposits or other forms of deposit that the BCRA may determine up to the amount of 6,000 which must meet the requirements provided for in Presidential Decree No. 540/1995 and other requirements that the regulatory authority may determine from time to time. In addition, through Communiqué “A” 7985 issued on March 27, 2024, the BCRA resolved that from April 1, 2024, the guarantee will be up to 25,000.

On the other hand, the BCRA provided from the exclusion of the guarantee system, among others, of any deposits made by other financial entities, deposits made by persons related to the Bank and securities deposits.

44. RESTRICTED ASSETS

As of December 31, 2023 and 2022, the following Bank’s assets are restricted:

<u>Composition</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Cash and deposits in banks		
• Fondo de Riesgo Fintech SGR – Deposits in other entities (1).	<u>1,051</u>	<u>181</u>

Subtotal cash and deposits in banks

1,051

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Composition (contd.)	12/31/2023	12/31/2022
Debt securities at fair value through profit or loss and Other debt securities		
• Fondo de Riesgo Fintech SGR – Debt securities at fair value through profit or loss and other debt securities (1).	13,198,194	14,764,011
• Argentine government discount bonds in dual currency - Maturity: 02/28/2024 as of December 31, 2023 and Argentine government Treasury bonds in pesos adjusted by CER 1.40% - Maturity 03/27/2023, as of December 31, 2022, for the contribution to the Guarantee Fund II in BYMA according to section 45, Law 26831 and supplementary regulations established by CNV standards (NT 2013, as amended).	1,270,908	46,372
• Discount bonds in pesos regulated by Argentine legislation, maturing in 2033, to guarantee the Credit Program for Production Reactivation of the Province of San Juan. Auction No. 2.	948,601	
• Discount bonds in pesos regulated by Argentine legislation, maturing in 2033 for the minimum statutory guarantee account required for Agents to act in the new categories contemplated under Resolution No. 622/2013, as amended, of the Argentine Securities Commission (CNV).	273,824	289,160
• Argentine government Treasury bonds in pesos adjusted by CER 2% – Maturity: 11/09/2023, to guarantee the Credit Program for Production Reactivation of the Province of San Juan.	236,952	
• Discount bonds in pesos regulated by Argentine legislation, maturing in 2033, as of December 31, 2023 and Argentine government Treasury bonds in pesos adjusted by CER 1.40% - Maturity 03/27/2023 as of December 31, 2022, to guarantee the sectoral Credit Program of the Province of San Juan, production investment financing fund.	142,642	259,462
• Discount bonds in pesos regulated by Argentine legislation, maturing in 2033, as of December 31, 2023 and Argentine government Treasury bonds in pesos adjusted by CER 1.40% - Maturity 03/27/2023 as of December 31, 2022, to guarantee the Regional Economies Competitiveness Program – IDB loan No. 3174/OC-AR.	15,046	104,888
• Argentine government Treasury bills in pesos adjusted by CER – Maturity: 02/17/2023.		463,748
• Other.	400,448	
Subtotal Debt securities at fair value through profit or loss and Other debt securities	16,486,615	15,927,641
Other financial assets		
• Interests derived from contributions made as protector partner (2).	8,171,284	7,516,007
• Fondo de Riesgo Fintech SGR – Mutual fund shares (1).	1,768,691	375,252
• Financial instruments for minimum statutory guarantee account required for Agents to act in the new categories contemplated under Resolution No. 622/2013, as amended, of the CNV.	338,679	452,946
• Sundry debtors – other.	285,858	27,363
• Sundry debtors – attachment within the scope of the claim filed by the DGR against the CABA for turnover tax differences.	827	2,575
Subtotal Other financial assets	10,565,339	8,374,143
Loans and other financing		
• Fondo de Riesgo Fintech SGR – Loans and other financing (1).	190,204	15,882
Subtotal Loans and other financing	190,204	15,882

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Composition (contd.)	12/31/2023	12/31/2022
Financial assets delivered as a guarantee		
• Special guarantee checking accounts opened in the BCRA for transactions related to the electronic clearing houses and similar entities.	68,117,546	77,305,537
• For securities forward contracts.	30,446,725	
• Guarantee deposits related to credit and debit card transactions.	8,498,400	12,591,964
• Other guarantee deposits.	25,828,413	5,456,384
Subtotal Financial assets delivered as guarantee	132,891,084	95,353,885
Other non-financial assets		
• Real property related to a call option sold.	7,440,213	7,648,643
• Fondo de Riesgo Fintech SGR – Other non-financial assets (1).	11,027	40,352
Subtotal Other non-financial assets	7,451,240	7,688,995
Total	167,585,533	127,360,727

- (1) According to Law 24467, as amended, and Fintech SGR By-Law, this entity has a risk fund (“Fondo de Riesgo”) which its main objective is to cover the guarantees granted to the protector partners and third parties. The assets of the risk fund could only be applied to partners’ withdrawals, to cover guarantees and other direct expenses.
- (2) As of December 31, 2023 it is related to the risk fund Fintech SGR, Alianza SGR and Innova SGR. As of December 31, 2022 it is related to the risk fund Fintech SGR and Garantizar SGR. In order to keep tax benefits related to these contributions, they must be maintained between two and three years from the date they were made.

45. TRUST ACTIVITIES

The Bank is related to several types of trusts. The different trust agreements according to the business purpose sought by the Bank are disclosed below:

45.1 Financial trusts for investment purposes

Debt securities include mainly prepayments towards the placement price of provisional trust securities of the financial trusts under public and private offerings (Confibono and Secubono). The assets managed for these trusts are mainly related to securitizations of consumer loans. Trust securities are placed once the public offering is authorized by the CNV. Upon expiry of the placement period, once all trust securities have been placed on the market, the Bank recovers the disbursements made, plus an agreed-upon compensation. If after making the best efforts, such trust securities cannot be placed, the Bank will retain the definitive trust securities.

In addition, the Bank’s portfolio is completed with financial trusts for investment purposes, trust securities of definitive financial trusts in public and private offering (Confibono, Secubono, Supercanal, Payway cobro anticipado, Solidario de Infraestructura Nasa IV, Moni Mobile and Red Surcos) and certificates of participation (Arfintech).

As of December 31, 2023 and 2022, debt securities and certificates of participation in financial trusts for investment, amounted to 877,222 and 2,961,172, respectively.

According to the latest accounting information available as of the date of issuance of these consolidated Financial Statements, the corpus assets of the trusts exceed the carrying amount in the related proportions.

45.2 Trusts created using financial assets transferred by the Bank (securitization)

The Bank transferred financial assets (loans) to trusts for the purpose of issuing and selling securities for which collection is guaranteed by the cash flow resulting from such assets or group of assets. Through this way the funds that were originally used by the Bank to finance the loans are obtained earlier.

As of December 31, 2023 and 2022, considering the latest available accounting information as of the date of issuance of these consolidated Financial Statements, the assets managed through Macro Fiducia SAU (subsidiary) of this type of trusts amounted to 2,636 and 36,372, respectively.

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45.3 Trusts guaranteeing loans granted by the Bank

As it is common in the Argentine banking market, the Bank requires, in some cases, that the debtors present certain assets or entitlements to receive assets in a trust as a guarantee for the loans granted. This way, the risk of losses is minimized and access to the security is guaranteed in case of the debtor's non-compliance.

Trusts usually act as conduits to collect cash from the debtor's flow of operations and send such cash to the Bank for the payment of the debtor's loans and thus ensure compliance with the obligations assumed by the trustor and guaranteed through the trust.

Additionally, other guarantee trusts manage specific assets, mainly real property.

Provided there is no non-compliance or delays by the debtor in the obligations assumed with the beneficiary, the trustee shall not execute the guarantee and all excess amounts as to the value of the obligations are reimbursed by the trustee to the debtor.

As of December 31, 2023 and 2022, considering the latest available accounting information as of the date of issuance of these consolidated Financial Statements, the assets managed by Banco Macro SA and Macro Fiducia SAU, amounted to 801,979 and 8,474,233, respectively.

45.4 Trusts in which the Bank acts as Trustee (Management)

The Bank, through its subsidiaries, performs management duties of the corpus assets directly according to the agreements, performing only trustee duties and has no other interests in the trust.

In no case shall the Trustee be liable with its own assets or for any obligation deriving from the performance as trustee. Such obligations do not imply any type of indebtedness or commitment for the trustee and they will be fulfilled only through trust assets. In addition, the trustee will not encumber the corpus assets or dispose of them beyond the limits established in the related trust agreements. The fees earned by the Bank from its role as trustee are calculated according to the terms and conditions of the agreements.

Trusts usually manage funds derived from the activities performed by trustors, for the following main purposes:

- Guaranteeing, in favor of the beneficiary the existence of the resources required to finance and/or pay certain obligations, such as the payment of amortization installments regarding work or service certificates, and the payment of invoices and fees stipulated in the related agreements.
- Promoting the production development of the private economic sector at a provincial level.
- Being a party to public work concession agreements granting road exploitation, management, keeping and maintenance.

As of December 31, 2023 and 2022, considering the latest available accounting information as of the date of issuance of these consolidated Financial Statements, the assets managed by the Bank amounted to 36,828,076 and 55,463,790, respectively.

46. MUTUAL FUNDS DEPOSITARY FUNCTION

46.1 As of December 31, 2023 Banco Macro SA, in its capacity as depositary company, holds in custody the shares in mutual funds subscribed by third parties and assets from the following mutual funds:

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Funds	Number of shares	Equity
Argenfunds Abierto Pymes	3,395,118,210	36,292,401
Argenfunds Ahorro Pesos	219,019,594	12,869,141
Argenfunds Gestión Pesos	100,000	100
Argenfunds Infraestructura	53,634	186
Argenfunds Inversión Dólares	1,000	808
Argenfunds Inversión Pesos	1,257,894,708	3,070,031
Argenfunds Liquidez	8,185,225,762	62,665,262
Argenfunds Renta Argentina	276,239,550	16,986,764
Argenfunds Renta Balanceada	576,696,850	22,620,396
Argenfunds Renta Capital	17,395,743	14,401,148
Argenfunds Renta Crecimiento	3,561,871	2,829,405
Argenfunds Renta Dinámica	87,902,584,421	16,207,766
Argenfunds Renta Fija	562,316,270	56,361,740
Argenfunds Renta Flexible	46,040,329	758,656
Argenfunds Renta Global	320,257,696	6,959,975
Argenfunds Renta Mixta	230,289,873	2,556,714
Argenfunds Renta Mixta Plus	1,352,780	985,752
Argenfunds Renta Pesos	96,499,608	7,014,721
Argenfunds Renta Total	548,961,979	2,400,303
Argenfunds Renta Variable	464,860,603	135,231
Argenfunds Retorno Absoluto	183,704,189	2,234,105
Pionero Acciones	27,311,674	15,077,147
Pionero Ahorro Dólares	18,783,148	14,784,099
Pionero Argentina Bicentenario	424,876,097	10,334,738
Pionero Capital	13,010	103
Pionero Crecimiento	3,263,377,175	13,407,144
Pionero Desarrollo	6,946,940,217	30,817,687
Pionero Empresas FCI Abierto Pymes	380,820,096	11,768,957
Pionero FF	58,593,299	5,008,037
Pionero Gestión	2,151,203,219	27,550,902
Pionero Infraestructura	3,578,769,248	10,156,263
Pionero Pesos	1,624,969,051	67,068,175
Pionero Pesos Plus	26,250,833,465	650,275,506
Pionero Recovery	100,000	100
Pionero Renta	53,983,122	31,550,753
Pionero Renta Ahorro	215,602,532	22,807,841
Pionero Renta Ahorro Plus	1,839,539,908	52,100,083
Pionero Renta Balanceado	12,720,486,020	62,534,628
Pionero Renta Estratégico	720,930,495	19,291,981
Pionero Renta Fija Dólares	4,758,144	3,476,567
Pionero Renta Mixta I	161,169,380	8,350,541
Pionero Retorno	2,172,232,683	10,434,490

BANCO MACRO SA AND ITS SUBSIDIARIES

- 46.2 As of December 31, 2023 Banco BMA SAU, in its capacity as depository company, holds in custody the shares in mutual funds subscribed by third parties and assets from the following mutual funds:

<u>Funds</u>	<u>Number of shares</u>	<u>Equity</u>
Goal Acciones Argentinas	17,875	2,175,816
Goal Renta Crecimiento	33,615,635	22,825,724
Goal Acciones Plus	5,318,532	553,163
Goal Capital Plus	60,324,684	1,285,791
Goal Ahorro Max	159,716,379	7,194,264
Goal Multiestrategia	110,000	145
Goal Multiestrategia Plus	110,000	145
Goal Performance	65,332,675	4,551,112
Goal Performance II	247,952	6,343
Goal Performance III	469,324,626	15,609,164
Goal Pesos	2,950,257,655	288,310,870
Goal Premium	4,157,507	8,975
Goal Renta Dólares	6,268,286	5,798,773
Goal Renta Dólares Estrategia	4,984,690	4,472,663
Goal Renta Dólares Plus	1,380,938	1,054,945
Goal Renta Global	324,102,023	32,509,640
Goal Retorno Total	16,131,946	641,377
Goal Renta Pesos	17,360,304	1,218,521

47. ACCOUNTING ITEMS THAT IDENTIFY THE COMPLIANCE WITH MINIMUM CASH REQUIREMENTS

The items recognized by the Bank to constitute the minimum cash requirement effective for December 2023 are listed below, indicating the amounts as of month-end of the related items:

<u>Items</u>	<u>Banco Macro SA</u>	<u>Banco BMA SAU</u>
Cash and deposits in banks		
Amounts in BCRA accounts	339,996,978	175,949,238
Other debt securities		
Government securities computable for the minimum cash requirements	114,801,555	43,123,027
Financial assets delivered as guarantee		
Special guarantee accounts with the BCRA	57,193,494	9,167,035
Total	511,992,027	228,239,300

48. CORPORATE BONDS ISSUANCE

- 48.1 Banco Macro SA

The corporate bonds liabilities recorded by the Bank are as follows:

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Corporate Bonds	Original value		Residual face value as of 12/31/2023	12/31/2023	12/31/2022
Subordinated Resettable – Class A	USD 400,000,000	(1)	USD 400,000,000	328,227,793	224,617,825
Non-subordinated – Class E	USD 17,000,000	(2)	USD 17,000,000	12,455,209	8,456,451
Non-subordinated – Class F	USD 53,000,000	(3)	USD 53,000,000	41,420,786	
Total				382,103,788	233,074,276

On April 26, 2016, the general regular shareholders' meeting approved the creation of a Global Program for the Issuance of Medium-Term Debt Securities, in accordance with the provisions of Law No. 23576, as amended and further applicable regulations, up to a maximum amount outstanding at any time during the term of the program of USD 1,000,000,000 (one billion US dollars), or an equal amount in other currencies or power units, under which it is possible to issue simple corporate bonds, not convertible into shares in one or more classes. Also, on April 28, 2017, the General and Special Shareholder' Meeting resolved to extend the maximum amount of the abovementioned Global Program up to USD 1,500,000,000 (one thousand five hundred millions US dollars), and on April 27, 2018, the abovementioned Shareholders' Meeting resolved to increase the maximum amount of the Global Program for the Issuance of Corporate Bonds, in face value, from USD 1,500,000,000 to USD 2,500,000,000 or an equal amount in other currencies, as determined by the Board of Directors in due time. Finally, on October 20, 2021 due to a Board of Director resolution, the Bank required from the CNV a five-year extension of the abovementioned program, which was approved by the Regulator through a note issued on December 15, 2021.

- (1) On November 4, 2016, under the abovementioned Global Program, the Bank issued Subordinated Resettable Corporate Bonds, class A, at a fixed rate of 6.750% p.a. until reset date, fully amortizable upon maturity (November 4, 2026) for a face value of USD 400,000,000 (four hundred million US dollars), under the terms and conditions set forth in the pricing supplement dated October 21, 2016. Interest is paid semiannually on May 4 and November 4 of every year and the reset date was November 4, 2021.

As of the date of issuance of these consolidated Financial Statements, the reset rate was established until the maturity date at 6.643% as a result of the benchmark reset rate plus 546.3 basis points, according to the abovementioned terms and conditions. As the Bank had not exercised the option to fully or partially redeem the issuance on the reset date and under the conditions established in the pricing supplement, it was established up to maturity.

On the other hand, it could be fully redeemed, not partially, and only for tax or regulatory purposes. The Bank used the funds derived from such issuance to grant loans in accordance with BCRA guidelines.

- (2) On May 2, 2022, under the abovementioned Global Program, the Bank issued Class E non-subordinated simple corporate bonds not convertible into shares, for a face value of USD 17,000,000 at a fixed rate of 1.45%, fully amortizable upon maturity (May 2, 2024), under the terms and conditions set forth in the price supplement dated April 21, 2022. Interest is paid quarterly on August 2, 2022, November 2, 2022, February 2, 2023, May 2, 2023, August 2, 2023, November 2, 2023, February 2, 2024, and May 2, 2024.

At any time, according to the current regulations, particularly the BCRA's foreign exchange regulations, the Bank may opt to redeem, Class E Corporate Bonds in full, not partially, at a price equal to (a) 102% of the outstanding principal if the Bank decides to make the redemption from the date of issuance and settlement through the term of 9 months therefrom, including the last business day; (b) 101% of outstanding principal if the Bank decides to make the redemption within the term starting 9 months after the date of issuance and settlement until the Class E maturity date, in all cases, along with the additional amount and accrued and unpaid interest, excluding the redemption date.

- (3) On October 31, 2023, under the abovementioned Global Program, the Bank issued Class F corporate bonds for a face value of USD 53,000,000 (fifty-three million US dollars) at a fixed rate of 5%, fully amortizable upon maturity (October 31, 2024), under the terms and conditions set forth in the price supplement dated October 24, 2023. Interest is paid semiannually on April 30, 2024, and at the expiration date.

At any time, according to the current regulations, particularly the BCRA's foreign exchange regulations, the Bank may opt to redeem Class F corporate bonds in full, but not partially, at a price equal to (a) 102% of the outstanding principal if the Bank decides to redeem the bonds between the date of issuance and settlement date through the term of 9 months therefrom, including the last business day; (b) 101% of outstanding principal if the Bank decides to redeem them within the term starting 9 months after the date of issuance and settlement through Class F corporate bonds maturity date; in any case, along with the additional amounts and accrued and unpaid interest, excluding the redemption date.

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48.2 Banco BMA SAU

The corporate bonds liabilities recorded by Banco BMA SAU are as follows:

Corporate Bonds	Original value	Residual face value as of 12/31/2023	12/31/2023
Non-subordinated –Series XXXII	1,000,000,000	1,000,000,000	4,988,018
Total			4,988,018

On February 29, 2008, the Entity's shareholders' meeting approved the presentation of a program for the issuance and placement of corporate bonds for USD 250,000,000 or its equivalent in other currencies. On April 30, 2008, the Board of Directors of the CNV authorized through resolution No. 15869 the entry of Banco Itaú Argentina SA into public offering regime through the issuance of corporate bonds for up to an amount of USD 250,000,000 or its equivalent in other currencies. On April 30, 2008, the CNV approved the Program Prospectus.

On March 9, 2013, the Entity's shareholders' meeting resolved to extend the amount of the Corporate Bonds Program up to USD 350,000,000 or its equivalent in other currencies. On May 23, 2018, the CNV approved through resolution No.19527 the increase in the amount and the extension of the Program.

On March 14, 2022, under the abovementioned Program, the Entity issued non-subordinated corporate bonds Series XXXII at a fixed rate of 2.78% plus UVA adjustment, fully amortizable upon maturity (August 18, 2025). Interest is paid quarterly, in arrears.

49. OFF BALANCE SHEET TRANSACTIONS

In addition to Note 4, the Bank maintains different off balance sheet transactions, pursuant to the BCRA standards. The composition of the amounts of the main off balance sheet transactions as of December 31, 2023 and 2022, is as follows:

Composition	12/31/2023	12/31/2022
Custody of government and private securities and other assets held by third parties	3,487,291,513	2,257,608,251
Preferred and other collaterals received from customers (1)	804,907,126	583,896,569
Securities received guarantee repurchase transactions (see Note 7)	679,456,540	212,163,266
Checks already deposited and pending clearance	109,014,652	52,405,298
Outstanding checks not yet paid	79,104,701	62,104,463
Written-off credits	29,954,761	20,246,250

- (1) Related to collaterals used to secure loans transactions and other financing, under the applicable rules in force on this matter.

50. TAX AND OTHER CLAIMS

50.1 Tax claims

The AFIP and tax authorities of the relevant jurisdictions have reviewed the tax returns filed by the Bank related to income tax, minimum presumed income tax and other taxes (mainly turnover tax). As a result, there are claims pending at court and/or administrative levels, either subject to discussion or appeal. The most significant claims are summarized below:

- a) AFIP's challenges against the income tax returns filed by former Banco Bansud SA (for the fiscal years from June 30, 1995, through June 30, 1999, and for the irregular six-month period ended December 31, 1999) and by former Banco Macro SA (for the fiscal years ended from December 31, 1998, through December 31, 2000).

The matter under discussion that has not been resolved as yet and on which the regulatory agency bases its position is the impossibility of deducting credits that have collateral security, an issue that has been addressed by the Federal Administrative Tax Court and CSJN in similar cases, which have issued resolutions that are favorable to the Bank's position.

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- b) The AFIP's ex-officio undocumented expenses determinations for the periods February, April, May 2015 and from July 2015 through January 2018, both included of date April 19, 2021, On October 5, 2021, the Bank filed an appeal to the Federal Tax Court which is in process in Courtroom B, Office 6, under file 2021-96970075.
- c) Ex-officio turnover tax determinations in progress and/or adjustments, as a withholding agent and over municipal fees, pending resolution by the tax authorities of certain jurisdictions.

The Bank's Management and its legal counsel consider no further significant accounting effects could arise from the final outcome of the abovementioned proceedings other than those disclosed in these consolidated Financial Statements.

50.2 Other claims

Before merging with and into the Bank, Banco Privado de Inversiones SA (BPI) had a pending class action styled "Adecua v, Banco Privado de Inversiones on ordinary proceedings", File No. 19073/2007, pending with Commercial Court No. 3 in and for the CABA, Clerk's Office No. 5, whereby it was required to reimburse to its clients the life insurance amounts overcharged to amounts payable as well as to reduce the amounts charged in this regard in the future; this legal proceeding was concluded upon the abovementioned merger because BPI complied in full with the terms of the court-approved agreement reached with Adecua before answering the complaint. However, in March 2013, when BPI had already been merged with and into the Bank, the trial court resolved to amend the terms of the agreement and ordered the reimbursement of amounts of money to a larger number of clients as compared to the number arising from the terms approved by the court in due time. Such resolution was appealed by the Bank as BPI's surviving company. The appeal was dismissed by the Court of Appeals, which abrogated both the trial court decision and the court-approved agreement, thus ordering the Bank to answer the complaint. This gave rise to the filing of an extraordinary appeal against such decision as well as the subsequent filing of a complaint for the extraordinary appeal denied. On May 5, 2021, the Bank was notified of the dismissal of the complaint appeal, ordering the return of the main process to the CNACAF for continuing with the proceedings, who also submitted them to the trial court, which received them on 09/27/2021 and were requested as *effectum vivendi* in proceedings "Estado Nacional – Ministerio Producción de la Nación c/ Asociación de Defensa de los Consumidores y Usuarios de la R.A y otros s/Ordinario" (File No. 6757/2013), in which the Bank is not a party, by the commercial court, clerk's office No. 11. As of the date of issuance of these consolidated Financial Statements, resolution is still pending.

Moreover, the Bank is subject to a class actions for the same purpose, currently pending with Commercial Court No. 7 in and for the CABA, Clerk's Office No. 13, styled *Unión de Usuarios y Consumidores v, Nuevo Banco Bisel* on ordinary proceedings, File No. 44704/2008.

There are also other class actions initiated by consumer protection associations in relation to the collection of certain commissions and/or financial charges or practices and certain withholdings made by the Bank to individuals as CABA stamp tax withholding agent.

The Bank's Management and its legal counsel consider no further significant accounting effects could arise from the final outcome of the abovementioned proceedings other than those disclosed in these consolidated Financial Statements.

51. RESTRICTION ON DIVIDENDS DISTRIBUTION

- a) According to BCRA regulations, 20% of Banco Macro SA income for the year (calculated in accordance with BCRA rules), without including Other comprehensive income, for the year plus/less prior-year adjustments and less accumulated losses as for the prior year-end, if any, should be allocated to the legal retained earnings.
- b) Through Communiqué "A" 6464, as amended, the BCRA establishes the general procedure to distribute earnings. According to that procedure, earnings may only be distributed if certain circumstances are met, such as no records of financial assistance from the BCRA due to illiquidity or shortages in payments of minimum capital or minimum cash requirement deficiencies and not being subject to the provisions of sections 34 and 35 bis of the Financial Entities Law (sections dealing with tax payment and restructuring agreements and reorganization of the Bank), among other conditions listed in the abovementioned communiqué that must be met. In addition, the earnings distribution approved by the shareholders' meeting of the Bank could only be formalized once the Superintendence of Financial and Foreign Exchange Institutions approved it.

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Additionally, profits may only be distributed to the extent that the financial institution has positive results, after deducting, on a non-accounting basis, from retained earnings and the optional reserves for the future distribution of profits, (i) the amounts of the legal and other earnings reserves which are mandatory, (ii) all debit amounts of each one of the accounting items recognized in “Other Comprehensive Income”, (iii) income from the revaluation of property, plant and equipment, intangible assets and investment property, (iv) the positive net difference between the amortized cost and the fair value of government debt instruments and/or monetary regulation instruments issued by the BCRA for those instruments recognized at amortized cost, (v) the adjustments identified by the Superintendence of Financial and Exchange Entities of the BCRA or by the independent external auditor and that have not been recognized in the accounting records and (vi) certain franchises granted by the BCRA. Moreover, no profit distributions shall be made out of the profit originated as a result of the first-time application of the IFRS, for which a normative reserve was created, and its balance as of December 31, 2023 was 66,647,815 (nominal value: 3,475,669).

Additionally, as of December 31, 2023, the related adjustments to be made on unappropriated retained earnings of Banco Macro SA as Other comprehensive income amount to 1,839,683.

The Bank must verify that, after completion of the earning distribution, a capital maintenance margin equal to 3.5% of risk-weighted assets is kept, apart from the minimum capital required by law, to be integrated by Tier 1(Con1) ordinary capital, net of deductible items (CDCOn1).

- c) Pursuant to CNV General Resolution No. 622, the shareholders’ meeting in charge of analyzing the annual Financial Statements will be required to decide on the application of the Bank’s retained earnings, such as the actual distribution of dividends, the capitalization thereof through the delivery of bonus shares, the creation of earnings reserves additional to the legal earnings retained or a combination of any of these applications.

Moreover, as mentioned in Note 42, the Shareholders’ Meeting held on April 12, 2024 resolved to distribute the unappropriated retained earnings for an amount of 587,913,905 as follows:

- a) 117,460,821 to the Legal reserve;
- b) 1,737,775 to the Personal assets tax on shares and equity interests (Impuesto sobre los Bienes Personales Sociedades y Participaciones), and;
- c) 468,715,309 to a Facultative reserve for future distribution of earnings.

Additionally, the abovementioned Shareholders’ Meeting decided to partially reverse the Facultative reserve for future distribution of earnings for an amount of 294,130,168 to pay a cash dividend and/or a dividend in kind, prior BCRA authorization.

52. CAPITAL MANAGEMENT, CORPORATE GOVERNANCE TRANSPARENCY POLICY AND RISK MANAGEMENT

As a financial institution, the activities of Banco Macro SA are governed by Financial Entities Law No. 21526, as supplemented, and the regulations issued by the BCRA. Moreover, the Bank adheres to the good banking practices included in the Financial Entities Corporate Governance Guidelines, as supplemented of the BCRA.

The Bank publicly trades its shares on the Buenos Aires Stock Exchange (BCBA, for its acronym in Spanish) and, thus, it is subject to the regulations issued by the CNV.

Through General Resolution No. 797/19, the CNV established the minimum contents of the Corporate Governance Code, adding notions of good corporate governance to corporate management as guidelines or recommendations that seek to provide transparency thereto. The CNV annually requires the issuance of a report in which financial institutions have to explain how the recommendations are implemented or to explain the reasons why it decided not to adopt the good practices described in such resolution. The Bank annually publishes a document called Corporate Governance Explanatory Report together with the Annual Report to the Shareholders for the fiscal year, required by regulations, which is available on the Bank’s website and on that of such enforcement agency.

This regulation reinforces the notions contained in Capital Markets Law establishing principles such as “full disclosure”, “transparency”, “efficiency”, “public investor protection”, “equal footing between investors” and “protection of the stability of financial entities and financial intermediaries”.

On the other hand, as the Bank lists its shares on the NYSE, qualifying as a foreign private issuer, it is required to comply with certain corporate governance standards as established in section 303A of the NYSE’s Listed Company Manual, as amended.

The main guidelines under the BCRA standards contemplated in the revised text “Financial Entities Corporate Governance Guidelines”, as supplemented, are as follows. (The information included in this section may not be entirely applicable to Banco BMA SAU (formerly known as Banco Itaú Argentina SA), BMA Asset Management SA (formerly known as Itaú Asset Management SA) and BMA Valores SA (formerly known as Itaú Valores SA), which were acquired at the end of the fiscal year (see Note 14) and are in the process of integration into Grupo Macro).

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- Ownership structure

As of December 31, 2023, the Bank's shareholders are:

<u>Full name / corporate name</u>	<u>Participating Interest</u>	<u>Voting Interest</u>
Fideicomiso de Garantía JHB BMA (1)	17.28	19.65
Carballo Delfin Jorge Ezequiel	19.26	20.86
ANSES FGS Law No. 26425	28.80	26.91
Grouped shareholders (Local stock exchanges)	11.43	10.87
Grouped shareholders (Foreign stock exchanges)	23.23	21.71

- (1) As of the date of issuance of these consolidated Financial Statements and due to the passing of Mr. Jorge Horacio Brito on November 20, 2020 and as a testamentary disposition, his shares were transferred to Fideicomiso de Garantía JHB BMA, which beneficiaries are his forced heirs.

- Board of Directors and Senior Management

The Bank's Board of Directors is currently made up of 11 regular directors and 3 alternate directors. Members are renewed by thirds and the appointed Directors remain in office for three fiscal years. Directors are selected and appointed by the Shareholders' Meeting. Once elected, the BCRA must confirm the designation of the Directors, expressly authorizing them to accept the designation, pursuant to the terms as to experience and knowledge, contained in the rules CREFI 2-Creation, Operation and Expansion –XV- Financial Entities Authorities.

<u>Name</u>	<u>Position</u>
Jorge Pablo Brito	Chairperson
Carlos Alberto Giovanelli	Vice chairperson
Nelson Damián Pozzoli	Director
Fabian Alejandro de Paul (1)	Director
Constanza Brito	Director
Sebastián Palla (1)	Director
Mario Luis Vicens (1)	Director
Delfin Federico Ezequiel Carballo	Director
Marcos Brito	Director
José Sanchez	Director
Hugo Raúl C Lazzarini (1) y (2)	Director
Delfin Jorge Ezequiel Carballo (3)	Alternate director
Santiago Horacio Seeber	Alternate director
Guido Agustín Gallino (1) y (2)	Alternate director

- (1) Independent directors.
 (2) Designated by ANSES-FGS proposal.
 (3) The Shareholders' Meeting held on April 12, 2024 decided the designation of Nicolás Valenzuela as director to fill the vacancy created as a consequence of the resignation submitted by Guillermo Merediz and the designation of Juan Ignacio Catalano as alternate director to fill the vacancy created as a consequence of the resignation submitted by Delfin Jorge Ezequiel Carballo. Moreover, and as a proposal of ANSES-FGS, the mentioned Shareholders' Meeting also decided the designation of Juan Facundo Etchenique, as regular director who has informed his resignation on April 24th due to strictly personal reasons.

Directors should be morally suitable, experienced and knowledgeable in the banking business and meet the requirements established in the effective regulations, issued by the BCRA. Compliance with these requirements is assessed when the shareholders' meeting appoints the directors and on a regular basis during their term of office.

At present, five Directors are independent, pursuant to the provisions of the CNV rules and regulations and the provisions of the Financial Entities Corporate Governance Guidelines issued by the BCRA.

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Senior Management is directed by a General Manager appointed by the Board and also includes officers reporting directly to the general manager, forming the Senior Management, as well as officers of four staff areas reporting directly to the Board. Members are detailed below:

<u>Name</u>	<u>Position</u>
Gustavo Alejandro Manriquez	CEO
Gerardo Adrian Álvarez	Human resources and administration manager
Alberto Figueroa	Risk management manager
Ernesto López	Legal manager
Ana María Magdalena Marcet	Credit risk manager
Juan Domingo Mazzon	Government and Management control manager
Ernesto Eduardo Medina	System manager
Brian Anthony	Commercial banking manager
Francisco Muro	Distribution and sales manager
Jorge Francisco Scarinci	CFO
Agustín Devoto	Investment banking manager
Adrian Mariano Scosceria	Corporate banking manager

- Committees

The corporate by-laws state that the Board of Directors may establish the Committees that it deems appropriate for the business of the Bank, as well as appoint their members. The Bank currently features the following Committees:

<u>Committee</u>	<u>Functions</u>
CNV Audit / SEC	They are established in Capital Markets Law, as supplemented.
Internal Audit	Overseeing the proper operation of the internal control systems defined at the Bank through a periodic assessment thereof and contributing to improving the effectiveness of internal controls.
Risk Management	It is in charge of monitoring Senior Management's activities involving the management of credit, market, liquidity, operational, compliance and reputation risks, among others. It advises the Board of Directors on the Bank's risks.
Assets and Liabilities	Setting out the Bank's financial strategy, analyzing the markets and establishing the policies on assets and liabilities, management of market, liquidity, interest rate and currency risks.
Technology Governance and Information Security Committee	Overseeing the proper operation of the information technology environment and contributing to improving the effectiveness thereof.
Credit	Approving credit transactions based on credit capacity.
Legal Recovery	Engaged in defining payment arrangements exceeding the predetermined parameters, as well as reclassifying portfolio to be subject to legal proceedings or accounting derecognitions.
Personnel Incentives	Ensuring the financial incentives for personnel system is consistent with the culture, the objectives, the business in the long term, the strategy and the control environment of the Bank.
Ethics and Compliance	Ensuring the Bank has the proper means to promote correct decision-making and compliance with internal and external regulations.

Corporate Governance and Designations

The Committee's duties include those related to the process of renewing and replacing Senior Management members and the succession plans. It is also in charge of applying the Corporate Governance Code at the Bank and at its subsidiaries.

Anti-money Laundering of assets and terrorism financing

Planning and coordinating compliance with the policies established by the Board of Directors on the matter.

Financial Services User Protection

The duties of this Committee include those related to ensure the existence and maintenance of a financial services user protection process and a customer service system.

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- Code of ethics

The Bank has established a Code of Ethics for directors and senior management, expecting that their members act according to the highest standards of personal and professional integrity in all aspects of their activities; to comply with the applicable law, to discourage reproachable behaviors and to comply with the Bank's Code of Conduct and other policies and procedures governing employee conduct. This Code of ethics is supplemental to the Bank's Code of Conduct.

- Code of Conduct

The Entity promotes a work environment where responsibility, execution, commitment, results, loyalty, honesty, good communication and teamwork are encouraged.

The goal is to base daily relationships on mutual respect, trust and cordial and simple behavior between coworkers and bosses as well as with suppliers and customers, developing all the activities with the highest ethical working and personal principles.

In that direction, the Code of Conduct is intended to establish the principles and values that all Bank members must comply with. The trust provided by shareholders, customers and the general public depends to a large extent on compliance with these principles.

- Ethical line

According to ethical behavior standards, an Ethical line or a report channel was implemented for the Bank and its subsidiaries, which is managed by an external third party, ensuring compliance with anonymity and confidentiality principles.

Reports are received by the Ethical and Compliance Committee, which becomes aware of them, as well as the resolution of cases, following the protocols.

Branches

As of the date of issuance of these consolidated Financial Statements, the Bank has 519 branches (including BMA SAU branches) throughout the entire country.

Subsidiaries

The Bank carries out certain transactions through its subsidiaries, which are identified in Note 3 to these consolidated Financial Statements.

Business lines

The Bank's business lines and transactions with trusts are mentioned in Notes 1 and 45 to these consolidated Financial Statements, respectively.

- Incentive practices

The Bank adopts a compensation policy that comprises fixed and variable compensation; the latter is granted within the framework of an objective and competency assessment process.

The variable compensation program, in the context of the compensation policy, is consistent with the Bank's mission, values, organization, objectives, long-term business sustainability, strategy, control environment and the prudent assumption of risk. It is aimed at recognizing the extraordinary performance displayed by employees according to:

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- Their contribution to the results reached.
- Their management in keeping with the Bank's mission and values.

In addition, the Entity has a Clawback Policy in accordance with the provisions of Section 303A.14 of the Listed Companies Manual of the New York Stock Exchange (NYSE), which was required by Rule 10D-1 of the Securities Exchange Act of 1934. The rule is applicable to any executive officer of the group and applies only in the event that the Entity or its subsidiaries required accounting restatement to correct a material error in the Financial Statements previously issued.

The key variables in determining compensation are:

- The level of responsibility and complexity of the position.
- The person's competencies and potential.
- The person's performance and outcomes.
- The position with respect to the benchmark market.
- The results reached by the Bank.

The Incentives Committee is in charge of ensuring the financial incentives for personnel system are consistent with the culture, the objectives, the business in the long term, the strategy and the control environment of the Bank, and the prudent assumption of risks.

The Bank aims at compensating personnel ensuring performance recognition, internal equity, competitiveness, productivity, efficiency and added value.

- Role of financial agent

The Bank acts as financial agent in the Provinces of Misiones, Salta, Jujuy and Tucumán and the Municipalities of San Miguel de Tucumán and Yerba Buena.

- Corporate Sustainability Policy

The Bank is aware of its responsibility towards the surrounding communities. The Corporate Sustainability area promotes this development by fostering and implementing policies and actions that exert a positive social, environmental and economic impact.

Thus, it engages in constant dialogue with the different areas and stakeholders with the ultimate goal of creating social value and drafting policies aimed at promoting a fair, supporting and equal world.

These sustainability values are disclosed in the Comprehensive Report as a major milestone to align the financial information (in documents such as the Letter to the Shareholders and Financial Statements) and ensure their integration and consistency with corporate sustainability.

- Anticorruption policy

Pursuant to Law No. 27401 (Law on Corporate Criminal Liability), the Board establishes that officers and employees of the Bank and its subsidiaries shall not offer to pay, pay or authorize the payment of money or anything of value to (public) officers to obtain or keep a business. It also extends these guidelines to the private sphere. These principles are contained in the Code of Ethics for directors and senior managers, and the Code of Conduct for all employees. Besides, the Bank has a Code of Conduct for suppliers.

The laws of other jurisdictions with similar prohibitions apply, especially the Foreign Corrupt Practices Act (FCPA), because Banco Macro SA is a foreign company that lists its shares in the NYSE and is subject to SEC control and oversight.

The Group companies that wish to perform any transaction involving any public administration officer, public agency or public company, either Argentine or foreign, shall communicate this event in advance to the Board through the General Manager and inform, before the transaction is conducted, the agents or intermediaries that may be involved in the transaction. The Bank also has a manual with guidelines for interacting with public officers.

This communication duty is not mandatory for the transactions derived from agreements with provincial financial agents (except for the subscription of framework agreements), ordinary bank transactions (for example, payroll processing) and the transactions that do not pose any major risk due to the minimum amounts involved.

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Although these anticorruption policies are aimed at transactions within the public sector, they also apply to transactions between private parties, as specifically set forth in the Code of Ethic and the Code of Conduct.

The Bank has in place an Anticorruption Policy and an Integrity Program. The Ethics and Compliance Committee will be responsible for its adoption, follow-up and period reporting to the Board.

- Transactions with related parties – Policy on conflict of interest

As an authorized financial institution, Banco Macro SA complies with the provisions and reporting requirements established in Financial and Foreign Exchange Entities Law No. 21526 and the regulations issued by the regulatory agency (BCRA).

As established by law (Argentine Business Company Law No. 19550), specific applicable regulations (Capital Markets Law, as supplemented), professional accounting standards (Technical Resolution No. 21), IAS 24 and best practice recommendations, the Bank reports on the transactions with related parties in notes to the Financial Statements. Such transactions are carried out under usual market conditions. See also Note 20.

Under current Argentine legislation, directors are required to perform their duties with the loyalty and diligence of a prudent businessman. Directors are jointly and severally liable to the Bank, the shareholders and third parties for a poor performance of duties and infringements to the law, bylaws and regulations, as the case may be, and are responsible for repairing the damages caused by fraud, abuse of authority or negligence.

The loyalty duties of a director are considered to include: (i) the ban from using corporate assets and the confidential information to which he/she may have access for personal purposes; (ii) the ban from taking advantage or, due to errors or omissions, allowing a third party to take advantage of the Bank's business opportunities, (iii) the obligation of acting as director only for the purposes established in the law, the Bank's bylaws or the intention of the shareholders or the Board of Directors; and (iv) the obligation of taking extreme care so that the acts conducted by the Board of Directors have no direct or indirect effects against the Bank's interests.

A director should notify the Board of Directors and the Audit Committee about any conflict of interest such director may have in a transaction proposal and should refrain from voting on the matter.

- Public information

The information related to corporate governance at the Bank is included within the transparency policy contained in such precepts and, hence, is available to interested members of the public on the website www.macro.com.ar ("Conocenos" – Relaciones con Inversores) and additionally, some guidelines are disclosed in other notes to these consolidated Financial Statements. Moreover, the Bank's public information is disclosed on the websites of the BCRA (www.bkra.gob.ar) and the CNV (www.cnv.gob.ar).

In addition, the Bank publishes the Market Discipline Report, pursuant to the guidelines established by the BCRA for such information regime, in accordance with the criteria of the Basel Banking Supervision Committee, which is available at the Bank's website.

Integral Risk management

Within the framework of the Corporate Governance policy, the Board of Directors of the Bank resolved the creation of a Risk Management Committee. The Bank has appointed a Risk Manager who reports directly to the Board of Directors.

Its duties include ensuring that an independent risk management be established, establishing policies, procedures and measurement methodologies and report systems which allow the identification, measurement and monitoring of the risk under its charge and also the duties of each organizational level in the process.

The risk management process includes the establishment of the exposure limits for each risk by the Board of Directors, a follow-up on the exposure to each limit by the persons in charge, the preparation of regular reports for the Risk Management Committee, a follow-up on the alerts and the implementation of action plans regarding the alerts and the guidelines for developing stress tests.

The system supplements the policies and procedures specific to each risk (Financial, Credit, Operational, Counterparty Credit, Country Risk, Securitization, Reputational, Compliance, Strategic Risks, among others).

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In addition, the Credit Risk Management area is in charge of interpreting, executing and guaranteeing the application of the General Credit Policy as approved by the Board of Directors, pursuant to the internal and external standards and regulations on the matter. Credit Risk Management reports functionally to the General Manager.

Risk Management

The Risk Management area is in charge of the Financial Risk, Credit Risk and Operating and Technology Risk areas.

The main procedures carried out by the Risk Management Department are:

- Stress tests

The process of stress test includes documenting and formalizing the program as well as the persons in charge of carrying it out, the frequency of testing and the validation of the system. It also contemplates the Contingency Plan based on the test results. The Risk Management Committee leads and coordinates this application.

- Economic Capital Calculation

The Risk Management Department estimates the economic capital for each one of the individual risks (Market, Liquidity, Interest Rate, Credit, Counterparty Credit, Concentration, Operational, Securitization, Strategic and Reputational) determined for the Bank on a consolidated basis with its subsidiaries with the same scope as the regulation. The methods used to deal with subsidiaries are exactly the same.

The economic capital sufficiency evaluation process is an integral part of the corporate governance and risk management culture of the entities.

Quantified economic capital was implemented as a formal procedure, both currently and prospectively, and is a tool used in the day-to-day management of risks, in preparing the Business Plan and the Stress Tests.

The methods used to measure the economic capital of each risk were documented and approved by the Management, pursuant to the internal rules on Corporate Governance and Risk Management.

The results must serve to support decision-making, including strategic decisions adopted by the Board and the Senior Management. In this way they may:

- Estimate the level and trend of the relevant risks and the effects thereof on capital needs.
- Evaluate the reasonability of the basic assumptions used in the capital measuring system and the sensitivity of the results to changes in those assumptions.
- Determine whether the Bank has sufficient regulatory capital to cover the different risks and if it meets the capital sufficiency goals required.
- Consider its future capital requirements based on the risk profile and, according thereto, introduce the necessary adjustments into the strategic plan.

The essential elements of the capital evaluation include:

- Policies and proceedings ensuring the risk management process.
- A process connecting economic capital with risk level.
- A process establishing capital sufficiency goals based on the risks, taking into account the strategic approach and the business plan.
- An internal control process, in order to secure a comprehensive risk management.

The Bank actively uses guarantees to mitigate its credit risk.

Excessive risk concentration:

To avoid excessive risk concentrations, the Bank's policies and procedures include specific guidelines to focus on keeping a diversified portfolio. The identified credit risk concentrations are controlled and managed accordingly. The selective coverage is used at the Bank to manage risk concentrations both in terms of relationships and industry.

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In addition, note that the Bank meets the provisions established by the BCRA as regards maximum assistance limits to given groups of debtors, in order to atomize the portfolio, reducing credit risk concentration.

The main types of risks that the Bank is exposed to are those related to credit risk, liquidity risk, market risk, interest rate risk, foreign currency exchange rate risk, and operational risk.

Minimum capital requirements:

The table below shows the minimum capital requirements measured on a consolidated basis, effective for the monthly position of December 2023, together with the integration thereof (computable equity) as of the end of such month:

<u>Item</u>	<u>12/31/2023</u>
Minimum capital requirements (*)	403,496,688
Computable equity	1,752,831,979
Capital surplus	1,349,335,291

(*) Regarding the maximum limits established by the BCRA for “Financing to the non-financial public sector” measured on a quarterly consolidated basis, in the last quarter of 2023 the Entity observed an excess of 95,724,622. This excess was transferred as an increase in requirement by minimum capital credit risk, without generated a non-compliance of such prudential regulation. It is worth mentioning that the maximum limits apply to the Computable Equity as of September 2023, expressed in purchasing power currency of that date, when the variation of the IPC between September and December 2023 was greater than 50%. As of the date of issuance of these consolidated Financial Statements, the aforementioned situation had been regularized.

The following are the policies and processes aimed at identifying, assessing, controlling and mitigating each one of the main risks:

52.1 Credit Risk

Credit risk is the risk that the Bank incurs a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept and by establishing indicators for monitoring.

The Board approves the credit and risk assessment policy to provide a framework to generate businesses to achieve a proper relationship between the risk assumed and profitability. The Bank has procedure manuals detailing the related guidelines, compliance with effective regulations and limits set. The goals are:

- Achieving an adequate portfolio segmentation per type of customer and economic sector.
- Enhancing the use of tools to analyze and assess risk that best adjust to the customer’s profile.
- Establishing consistent guidelines to grant loans following conservative parameters based on the customer’s solvency, cash flows and profitability in the case of companies, and revenues and equity in the case of individuals.
- Establishing limits to individual powers to grant credits according to their amount, tending to the existence of specific committees, which, according to their scope of influence, will define the levels of assistance.
- Enhancing the quality of the risk assumed, with proper guarantees according to the term of the loan and the level of risk involved.
- Monitoring on an ongoing basis the loan portfolio and customer level of compliance.

Credit risk management involves the existence of a structure with the characteristics needed to attain the organizational goals during the stages of the credit cycle: admission, follow-up, monitoring and recovery.

The risk assessment process is differentiated based on whether customers belong to Corporate Banking or Retail Banking.

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To assess Corporate Banking customers, the Bank has different methods involving different responsibility levels that become increasingly complex according to the size of the transactions in terms of assistance types and amounts, weighed by terms and hedges with guarantees.

For the authorization of assistance involving small amounts, self-liquidating collaterals or temporary assistance, the Bank grants special credit powers, on a personal basis, to higher-ranking officials based on their knowledge, experience and training. At any rate, the use of these powers is associated with the outcome of an objective assessment, avoiding any discretion in the credit approvals.

To grant predefined products and restricted amounts to the Small Companies and Agro segments, the Bank has standardized assessment systems that are used on a decentralized manner and include origination scoring and screening methods to admit and assign limits, based on the customers' economic, financial and equity information. There is also a centralized massive qualification periodic process that Credit Risk Management makes available to branches on a continuous basis.

When transactions in amount the instances of authorization by delegated powers or through the decentralized risk analysis, ratings are approved in the Credit Committees. The powers vested on the different decision-making bodies are continuously reviewed to adjust them to the Bank's volume of transactions and thus improve credit rating.

The risk analysis of assistance addressed in the Credit Committees is carried out at the Corporate Risk Management Department by specialized risk analysts that prepare separate risk reports per customer or group of companies, which are provided to Committee members to support the credit decisions made.

Risk reports include, at least, information regarding the use of loans and their source of repayment, the debtor's historical and current behavior and the group of companies to which it belongs; the debtor's repayment capacity based on cash flows; the guarantees that will cover the transactions, the ownership status, the enforcement possibilities and their sensibility to the changes in the economy; the market in which the debtor operates and the debtor's position, and the debtor's equity, economic and financial position and possibility of accessing loans.

The Committees' resolutions include the terms and conditions applicable to the assistance in terms of the amount, currency, terms, guarantees and follow-up provisions, among others. The decisions are based on the debtor's cash flows and payment capacity and only to a secondary extent on debtor's equity and risk mitigating factors.

Credit risk assessment for Retail Banking customers, is governed by specific policies that consider customers' inclusion in one of the following segments:

- Salary Plan customers (Public and Private) and retirees whose their retirements and pensions are deposited in the Bank.
- Open Market customers.

To speed up origination circuits, the Credit Risk Management has widened the use of scoring methods, which impose a minimum limit for the customer to be admitted for credit purposes, considering an acceptable delinquency level.

Consumer portfolio qualifications are available on a permanent basis to branches in the system called Customer Relationship Management (CRM) and to customers through digital channels, which allows operating within the limits and conditions approved by the Credit Risk Management on a centralized basis. This modality restricts the operating risks that are inherent to the assessment.

For new non-prequalified customers, the originator enters the requested transactions in the risk assessment system related to the customer segment, which approves or rejects the transaction; if approved, maximum assistance amounts by product are provided. Assessment systems are mainly based on an admission and certain maximum indebtedness rules and installment/income ratio. The assessment systems are based mainly on a qualification score and certain maximum indebtedness and installment/income relationship rules.

There are specific rules regarding the debtor's file integration to duly document the data entered into the assessment systems. Credit risk officers also define a credit power system based on the margins to be approved and, if applicable, the exceptions admitted.

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The assessment process and its relationship with the loan settlement process, is fully automated: all customers must have a CRM-approved (individual or massive) assessment, an essential requirement to be granted a credit product. In addition, as part of the assessment process, the exception flow and the control of credit powers are also automated. These actions managed to reduce operating risks and allowed tracing transactions and their approval levels.

The Bank adopts processes to detect interrelated debtor groups with correlated risk (group of companies) and to group risk exposures with the same debtor or counterparty in different lines of credit.

Before the transactions are settled, a series of controls are implemented to reduce related credit and operating risks and classify transactions within the technical relationships regulatory framework.

The Bank implements a formal, robust and well-defined process to manage nonperforming loans. These procedures are differentiated based on the type of portfolio and delinquency status.

To mitigate credit risk, guarantees are requested on agreed financing. A particular area of the Credit Risk Management Department manages all guarantees received by the Bank and assesses and updates regularly the appraisal value and effective term to monitor the quality of risk mitigators.

Credit risk allowances of the loan portfolio

As from 2020, the Bank's policy concerning credit risk allowances is based on the calculation of ECL based on analytical models (statistical models related to loan portfolio management) pursuant to IFRS 9. According to the guidelines in section 5.5. on Impairment (including the principles and methods to recognize ECL due to significant increases in credit risk and the subsequent impairment of financial assets for ECL), the Bank recognizes the impairment of its financial assets.

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The criterion to assess whether an instrument is impaired will depend on the type of analysis to which customers are exposed: to estimate ECL on a collective basis, disclosures are grouped based on customer segments showing similar risk characteristics that are relevant for their analysis, while the purpose of the individual assessment is the ECL estimate for customers with significant risk or customers which require a specific treatment, or do not have consistent characteristics with other portfolio segments for which the statistic information is insufficient to predict future behavior.

The following chart shows the composition of loan loss allowances according to the type of financial instrument as of December 31, 2023, and 2022:

Composition	12/31/2023	12/31/2022
Loans and other financing	53,648,800	34,262,639
Loans commitment	2,176,655	2,403,512
Other debt securities at amortized cost	870,824	1,043,200
Other financial assets	595,276	283,507
Other debt securities at fair value through OCI	55,826	90,939
Financial assets delivered as a guarantee	1,174	
Total	57,348,555	38,083,797

The Credit Risk Management manages credit risk, which consists of identifying, assessing, following up, controlling and mitigating this risk across credit cycle stages.

The Credit Risk Management Office designs and develops ECL models. It reports to the Credit Risk Management, which is also in charge of designing and calculating rating and scoring models to quantify credit risk and the measures to calculate PD, EAD and LGD, as well as other models to calculate the impact of the prospective view.

The Administration and Credit Operation Management, through the Credit Review area, analyze the entire portfolio under individual assessment and classifies customers in different credit risk stages. Together with the Corporate Risk and Credit Recovery Management Departments (that contribute their view from a standpoint of risk assessment and recovery management), they calculate ECL for corporate customers in stage 2 and stage 3.

The definitions and assessment of ECL are regularly presented to the Risk Management Committee, which approves the model methodologies, adjustments and validation.

52.1.1 Assessment of credit risk impairment

Definitions of significant increase in risk (SICR), impairment and default

The Bank recognizes the impairment of its financial assets according to point 5.5. of IFRS 9. To such end, the Bank calculates the ECL of financial instruments over a three stage risk model based on the changes in credit quality detected since the initial recognition, as summarized below:

- Stage 1: includes financial instruments which credit risks have not increased significantly since initial recognition;
- Stage 2: includes financial instruments which significantly SICR but it is not yet considered credit-impaired, and
- Stage 3: comprises credit-impaired financial instruments.

The Bank measures ECL according to the following definitions:

- For financial instruments included in Stage 1, the Bank measures ECL as the portion of lifetime ECL that result from potential default events within the next 12 months.
- For financial instruments included in Stages 2 and 3, the Bank measures lifetime ECL.
- To calculate ECL, prospective information is considered according to IFRS 9.

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Default:

The default status is defined according to the type of portfolio and segment, and thus, the impairment model is applied in accordance with the risk of each transaction. The default status is defined as follows:

- For the Commercial Portfolio: there is a “Default” if the customer, based on an individual analysis, has been classified in Stage 3, as described in “Customers analyzed on an individual basis.”
- For the Medium-sized and large companies and Corporate segments of the Commercial Portfolio Comparable to Consumer: there is a “Default” if the customer has a transaction that is more than 90 days past due or if a refinancing loan has been granted.
- For the Consumer Portfolio or the Commercial Portfolio Comparable to Consumer (excluding Medium-sized and large companies and Corporate segments): there is a “Default” if the transaction is more than 90 days past due or if a refinancing loan has been granted in relation to the product assessed in the performance period.

Customers analyzed on a collective basis:

For the group of transactions in the Consumer portfolio and the Commercial Portfolio Comparable to Consumer, which is deemed a collective analysis portfolio, the Bank defined the application of the following delinquency criteria under IFRS 9:

- Stage 2: it involves the transactions that are more than 30 days past due, refinanced transactions that are more than 90 days past due, and those with PD differences between the time of transaction observation and origination and implying a SICR in absolute and relative terms.
- Stage 3: transactions that are more than 90 days past due.

Thus, summing up, the criterion used by the Bank to define the different transaction staging rules, according to its reporting structure, depend on the following characteristics:

- Type of product
- Portfolio
- Segment
- Delinquency
- Refinancing
- SICR under qualitative criterion

ECL calculation:

The ECL is calculated using the following formula, the parameters of which are described below:

$$ECL = PD \times EAD \times LGD$$

Probability of default (PD)

The PD represents the probability of not paying for a transaction within a given term.

To calculate expected losses, the Bank considers the creation of two types of probabilities of default:

- PD at 12 months (Point in Time – PIT): this is the estimated probability of occurrence of a default in the next 12 months of life of the instrument after the analysis date. The Bank uses this criterion for the transactions with no SICR.
- PD Lifetime: this is the estimated probability of occurrence of a default throughout the remaining life of an instrument, i.e. the PD referring to the maximum contractual term during which the entity is exposed to the credit risk. The Bank applies this criterion to transactions with SICR (Stage 2), as established in IFRS 9.

The PDs are assessed per customer in individual analyses and per product in the case of customers analyzed collectively.

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The PDs are amended by the macroeconomic models applied for the prospective vision.

The proposals to implement PD models are submitted for approval to the Risk Management Committee. The methods, variables, development population, observation windows and results that support the preparation of these models are tested and adjusted at least once a year.

The following table discloses the risk levels score and rating arising from the Bank's models:

Category	12/31/2023		12/31/2022	
	Weighted PD	% Gross Carrying Amount	Weighted PD	% Gross Carrying Amount
Performing	1.13%	96.32%	1.54%	97.32%
High grade	0.66%	88.70%	0.93%	89.01%
Standard grade	4.06%	4.53%	5.00%	4.43%
Sub-standard grade	10.39%	3.09%	11.58%	3.88%
Past due but not impaired	46.56%	2.62%	29.73%	1.86%
Impaired	100.00%	1.06%	100.00%	0.82%
Total		100.00		100.00

Exposure at default (EAD)

The EAD represents the exposure of a financial instrument on the date of the analysis, i.e. the level to which the Bank is exposed to credit risk in the event of a potential default by the counterparty.

To calculate the EAD, segmentation is performed at product level, according to the following differentiation:

- Products with no exposure certainty: in the case of revolving products (credit cards and saving accounts) in stages 1 and 2, in order to calculate the EAD, it is necessary to estimate a credit conversion factor (CCF). For these transactions, the CCF represents the average percentage of exposure increase that may be observed in a contract from measurement to default. For these products, in stage 3, no additional increase is considered in the exposure.
- Products with exposure certainty: in these types of products (generally amortizable loans), future exposure is known because the counterparty cannot increase its exposure beyond what was agreed upon in the contractual schedule. Therefore, the CCF does not apply to these products, and the EAD varies at each moment in time by reflecting the amortization of the loan balance due.

Loss given default (LGD)

LGD is the estimated loss in the case of default. It is based on the difference between all contractual cash flows and the cash flows expected by the lender (i.e., all cash shortfalls), considering the proceeds from the realization of collateral.

It is the supplement to the unit of the recovery rate; that is, the proportion not collected by the Bank with respect to the EAD. Consequently, the amount at default is compared with the present value of the amounts recovered after the date of default.

LGD varies based on the type of counterparty, aging, type of claim and the existence of guarantees securing credits. It is expressed as a percentage of the loss for EAD.

Just as the PDs, to assess the LGD, a distinction is made per customer in individual analyses and per product in the case of customers analyzed collectively. The Bank bases its estimates on the historical information observed regarding the recoveries obtained on customers or default transactions, discounted at the effective interest rate of such agreements and measured upon default.

Once the recovery rates are obtained, this behavior is projected through the triangle method to estimate the periods with less maturity. Finally, the weighted average of the loss for each portfolio is determined.

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The LGDs are also amended by the macroeconomic models applied for the prospective vision.

Customers analyzed on an individual basis:

The Bank's credit risk impairment assessment model is set to analyze individually all Corporate Portfolio customers, as defined by the BCRA, financial institutions, the public sector and government and private securities.

To make such an assessment, some objective data were defined to analyze whether there is a SICR and to determine whether it should be reclassified to stage 2 or to stage 3 when a default is produced or expected, or whether they should remain in stage 1. Those events comprise mainly material delays in the main credit lines granted, the Bank's legal action for the assistance granted, the petition for insolvency proceedings or bankruptcy, and past due loans with pending principal, among others.

All the customers subject to the individual analysis are examined on a monthly basis to define the stage, following different criteria for each one of them:

Stage 1: the customers whose individual assessment reflects the following characteristics are deemed included:

- The financial instruments did not experience significant risk increases.
- The customer's cash flow analysis shows that it has the ability to meet all its obligations adequately.
- It has a liquid financial position, with low level of indebtedness.
- Cash flows are not subject to drastic changes in the event of major variations in the behavior of own and sector variables.
- It regularly pays its obligations, even when it suffers minor and insignificant delays.

This stage also includes:

- The customers previously included in stages 2 or 3 who are verified to have improved their credit risk indicators and meet the parameters defined for stage 1, through an individual analysis at the date of the study, as long as they have stayed a minimum period of 90 days in Stage 2.

Stage 2: this stage includes the customers that, based on the individual analysis of their payment capacity, have a SICR that is not sufficiently severe to set default as defined for stage 3.

Some elements considered upon defining the existence of a significant increase in credit risk are:

- Profitability, liquidity and solvency indicators that tend to weaken, or some of the indications of impairment:
 - There is a significant increase in payables without a consistent rise in revenues.
 - There is a major decline in operating margins, or existence of operating loss.
 - There are adverse changes in the context that exert a negative effect on future financial flows.
 - There is a drastic decline in demand or negative changes in the business plans.
 - There are significant changes in the value of the guarantees received.
- The arrears in payment to the Bank are due to current operating or extraordinary circumstances, and a prompt resolution is expected.

This stage also includes:

- The customers that, having been included in stage 3, improved their credit risk indicators and are no longer at default, but which status prevents them from being reclassified to stage 1.
- Refinanced customers that have paid at least 20% of the capital owed and also fulfill the rest of the indicators to be considered in Stage 2.

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Stage 3: it includes the customers that, after an individual analysis, experience some of the following situations:

- Significant delays in the main credit lines granted, with no agreement with the Bank.
- Have been subject to complaints filed the Bank for the recovery of the assistance granted.
- Filed for insolvency proceedings or went into bankruptcy
- Refinance their payables systematically and have still not settled over 20% of the refinanced principal.
- Cash flows analysis shows that it is highly unlikely that the customer may meet all its obligations in the agreed-upon conditions.

The Credit Administration and Transactions Department analyzes all the portfolio under this approach, with special emphasis on customers in stages 2 and 3 in the previous month and those showing objective data that could evidence the existence of a SICR. The study is supplemented with the macroeconomic context and other news in relation to the performance of customers. Its staging proposal is submitted to the consideration of Corporate Risk and Credit Recovery Management Departments, which incorporate their own vision of the customer or the activity sector. The final assessment of the stage assigned to each customer is approved by the Credit Risk Management and is used as an input to estimate the ECL of the customers analyzed on an individual basis.

ECL calculation for customers included in an individual analysis:

Stage 1: the estimates of the customers classified in stage 1 arise from the parameters under expected credit loss models, whose characteristics are described in the previous sections on PD, EAD and LGD.

Stages 2 and 3: based on the evidence gathered upon the analysis, the Credit Risk Management –considering the level of progress of collection negotiations, as well as the evidence from a potential sale of collateral received or other credit improvements making up the contractual terms– prepares three potential recovery scenarios for each credit transaction of stage 2 and 3 customers, calculating the current value of expected flows for each scenario, which are weighted in view of their probability of occurrence. The expected loss of each transaction is the difference between the book payable of each transaction and the present weighted value of expected cash flows.

52.1.2 Prospective information used in ECL models

The calculation of ECL for risk impairment includes and is adjusted prospectively with respect to the portfolio behavior. To such end, the Bank examines the macroeconomics variables which have an impact on PD and LGD and designed 4 models which differ by customer type: Retail, Agro, Pymes and Commercial.

The main economic variables that impact on the expected losses used to calculate ECL for each economic scenario are changes in GDP, changes in interest rates, among others.

As established in IFRS 9, impact is calculated based on the different behavior scenarios of the variables; to such end, a 36-month estimate on the variables used for the models is requested from a well-known economic consulting firm. This estimate is prepared for three alternative macroeconomic scenarios, to which a likelihood of occurrence is assigned.

Finally, the Bank calculates ECL by applying the alternative scenarios on a weighted basis, which are updated at least on a quarterly basis in each calendar quarter.

The value of the macroeconomic variables used in calculating the forward-looking adjustment is restricted to econometric model calculations and the estimates of the independent consultant in relation to those variables. However, in line with the “Guidance on credit risk and accounting for expected credit losses” of the Basel Banking Supervision Committee, the Bank applies its own criterion based on experience in order to consider reasonable and sustainable prospective information in due manner (including macroeconomic factors) and, as applicable, to determine the proper level of value corrections.

The following table shows the estimated values for macroeconomic variables used in the models for each scenario (base case, alternative 1 and alternative 2), with the assigned probability of occurrence to each scenario:

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<u>Key Drivers</u>	<u>ECL Scenario</u>	<u>Assigned probabilities</u> %	<u>2024</u> %	<u>2025</u> %	<u>2026</u> %
GDP growth %	Base case	60	(2.03)	8.46	1.46
	Alternative 1	30	(3.55)	6.96	1.04
	Alternative 2	10	(4.51)	5.04	1.55
Interest rates %	Base case	60	106.52	71.00	46.50
	Alternative 1	30	129.99	96.50	67.50
	Alternative 2	10	140.42	133.19	118.50
CPI %	Base case	60	298.10	96.98	55.61
	Alternative 1	30	386.28	147.79	90.10
	Alternative 2	10	427.33	257.21	150.31

52.1.3 Overview of modified and forborne loans

From a risk management point of view, once an asset is forborne or modified, the Bank's special department for distressed assets continues to monitor the exposure until it is completely and ultimately derecognized.

The amortized cost of loans modified during 2023 and the associated net modification amounted to 4,469,175 and 558,063, respectively. The Bank does not consider loans using the mandatory extensions and payment facilities provide by BCRA as part of such modified loans. The amortized cost of loans modified during 2022 and the associated net modification amounted to 5,008,400 and 1,343,724, respectively.

52.1.4 Additional Forward-looking allowances based on expert credit judgment

Adjustment for uncertainty about conditions of accessing loans to MIPYMES and Federal Government Securities

As of December 31, 2022, the Bank decided to record an additional allowance for 5,720,558 based on the estimation of the impact that a change in the current scenario from negative real interest rates, in an accelerating inflationary context, would have on the ECL of the Mipymes portfolio, and as a consequence of the Bank's Management assessment of the macroeconomic environment of Argentina, including the actions performed by the Federal Government to manage its debt instruments and certain uncertainty mainly related to the Bank's long-term holdings of Federal Government instruments.

Adjustment for expectations of increased risk due to the change in economic policy

At the date of these consolidated Financial Statements, Management considered that there is uncertainty about the impacts that could arise from the change in the economic policy, the implementation of a macroeconomic imbalances adjustment program and an inflation stabilization plan.

In particular, the temporary negative impact on the quality of the consumer credit portfolio, on the behavior of Mipymes and on the expected recovery of companies with credit-impaired, was analyzed. This impact would come from relative price adjustments, the elimination of subsidies on public services, and/or the presence of positive real interest rates, among other measures, until the stability of certain macroeconomic variables and a recovery of activity levels is achieved.

As abovementioned, the Bank decided to record an additional allowance for 10,978,134.

52.1.5 Portfolio quality

The table below shows the analysis by aging of performing loans in arrears (in days):

<u>Portfolio Type</u>	<u>12/31/2023</u>				
	<u>Delinquent, performing (in days)</u>				
	<u>0 to 31</u>	<u>From 32 to 90</u>	<u>From 91 to 180</u>	<u>From 181 to 360</u>	<u>Over 360</u>
Commercial loans	100.0%	0.0%	0.0%	0.0%	0.0%
Commercial loans comparable to consumer	99.8%	0.2%	0.0%	0.0%	0.0%
Consumer loans	100.0%	0.0%	0.0%	0.0%	0.0%
Total	99.9%	0.1%	0.0%	0.0%	0.0%

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Portfolio Type	12/31/2022				
	Delinquent, performing (in days)				
	0 to 31	From 32 to 90	From 91 to 180	From 181 to 360	Over 360
Commercial loans	98.8%	1.2%	0.0%	0.0%	0.0%
Commercial loans comparable to consumer	99.9%	0.1%	0.0%	0.0%	0.0%
Consumer loans	100.0%	0.0%	0.0%	0.0%	0.0%
Total	99.8%	0.2%	0.0%	0.0%	0.0%

The following table shows the loans and other financing portfolio under credit risk by industry sector, classified by risk stage and identifying the expected loss calculated under individual or collective basis:

	1		2		3	12/31/2023
	Collective	Individual	Collective	Individual		
Loans and other financing	1,371,295,220	406,896,843	64,303,918	24,817,284	19,993,388	1,887,306,653
Non-financial public sector	495,024	4,221,111	451		144	4,716,730
Other financial entities	4,298,968	5,684,295	5,038			9,988,301
Non-financial private sector	1,366,501,228	396,991,437	64,298,429	24,817,284	19,993,244	1,872,601,622
Individuals	615,826,337	31,112,707	26,552,215	3,577	8,891,559	682,386,395
Manufacturing industry	91,426,964	99,014,827	5,693,834	6,908,731	418,257	203,462,613
Agricultural and cattle industry	213,255,400	72,584,852	10,285,791	3,588,047	6,093,281	305,807,371
Services	161,436,165	18,445,575	10,633,902		1,181,039	191,696,681
Commercial activities	192,555,646	78,063,386	7,071,869	2,082,889	2,161,609	281,935,399
Exploration of mines and quarries	26,080,070	29,084,439	456,522		732,588	56,353,619
Financial intermediation	20,373,297	45,100,172	311,487		54,658	65,839,614
Construction activities	24,419,735	20,075,556	2,983,594		420,749	47,899,634
Electricity supply and gas	15,357,487	3,509,923	104,564	12,234,040	3,303	31,209,317
Public administration	5,512,328		198,566		35,242	5,746,136
Water supply and public sanitation	257,799		6,085		959	264,843

	1		2		3	12/31/2022
	Collective	Individual	Collective	Individual		
Loans and other financing	1,493,053,099	326,942,915	54,743,452	8,003,761	15,608,256	1,898,351,483
Non-financial public sector	665,202	6,206,929	89		345	6,872,565
Other financial entities	395	2,912,550				2,912,945
Non-financial private sector	1,492,387,502	317,823,436	54,743,363	8,003,761	15,607,911	1,888,565,973
Individuals	856,134,618	9,803,849	37,580,036		8,309,159	911,827,662
Manufacturing Industry	97,108,701	75,593,107	2,326,102	4,139,367	1,256,235	180,423,512
Agricultural and cattle industry	139,725,585	55,690,371	2,491,260	3,864,394	3,950,398	205,722,008
Services	205,155,967	26,634,514	7,854,619		1,093,611	240,738,711
Commercial activities	139,144,991	72,932,533	3,306,987		705,072	216,089,583
Exploration of mines and quarries	6,997,414	22,499,673	65,627		9,910	29,572,624
Financial intermediation	7,724,509	29,670,367	189,820		80,851	37,665,547
Construction activities	30,478,519	24,522,962	573,413		134,875	55,709,769
Electricity supply and gas	1,567,815	476,060	22,719		5,011	2,071,605
Public administration	7,775,336		326,507		62,669	8,164,512
Water supply and public sanitation	574,047		6,273		120	580,440

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52.1.6 Collateral and other credit improvements

- Guarantees received for the entire portfolio

The following table shows the amounts of guarantees received for the entire portfolio as of December 31, 2023.

Class of financial instrument	Maximum exposure to credit risk	Fair value of collateral						Total collateral	Net exposure	Associated ECL
		Pledges on time deposits	Deferred payment checks	Mortgage on real property	Pledges on vehicles and machinery	Pledges on personal property	Other			
Loans and other financing	1,887,306,653	39,345,965	92,391,460	116,918,998	51,558,415	25,779,473	349,958,595	675,952,906	1,211,353,747	53,648,800
Loans commitment	1,645,749,167	13,676,897		2,342,098	7,448	6,940,203	95,370,445	118,337,091	1,527,412,076	2,176,655
Other financial assets	175,585,670						10,617,129	10,617,129	164,968,541	595,276
Other debt securities at fair value through OCI	291,689,362								291,689,362	55,826
Other debt securities at amortized cost	140,115,960								140,115,960	870,824
Financial assets delivered as a guarantee	5,219,037								5,219,037	1,174
Total	4,145,665,849	53,022,862	92,391,460	119,261,096	51,565,863	32,719,676	455,946,169	804,907,126	3,340,758,723	57,348,555

- Guarantees received for the portfolio in Stage 3

The following table shows the amounts of guarantees for the portfolio in Stage 3 as of December 31, 2023.

Class of financial instrument	Maximum exposure to credit risk	Fair value of collateral						Total collateral	Net exposure	Associated ECL
		Deferred payment checks	Mortgage on real property	Pledges on vehicles and machinery	Pledges on personal property	Other				
Loans and other financing	19,993,388	555	3,985,105	164,806	557,769	3,216,922	7,925,157	12,068,231	15,513,821	
Total	19,993,388	555	3,985,105	164,806	557,769	3,216,922	7,925,157	12,068,231	15,513,821	

- Guarantees received for the entire portfolio

The following table shows the amounts of guarantees received for the entire portfolio as of December 31, 2022.

Class of financial instrument	Maximum exposure to credit risk	Fair value of collateral						Total collateral	Net exposure	Associated ECL
		Pledges on time deposits	Deferred payment checks	Mortgage on real property	Pledges on vehicles and machinery	Pledges on personal property	Other			
Loans and other financing	1,898,351,483	5,893,066	89,424,023	123,927,242	28,063,859	10,229,714	313,741,673	571,279,577	1,327,071,906	34,262,639
Loans commitment	2,105,872,032	406,807		191,061	20,294	1,172,493	10,826,341	12,616,996	2,093,255,036	2,403,512
Other financial assets	166,688,096								166,688,096	283,507
Other debt securities at amortized cost	1,867,184,144								1,867,184,144	1,043,200
Other debt securities at fair value through OCI	429,468,486								429,468,486	90,939
Total	6,467,564,241	6,299,873	89,424,023	124,118,303	28,084,153	11,402,207	324,568,014	583,896,573	5,883,667,668	38,083,797

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- Guarantees received for the portfolio in Stage 3

The following table shows the amounts of guarantees for the portfolio in Stage 3 as of December 31, 2022.

Class of financial instrument	Maximum exposure to credit risk	Fair value of collateral				Other	Total collateral	Net exposure	Associated ECL
		Deferred payment checks	Mortgage on real property	Pledges on vehicles and machinery	Pledges on personal property				
Loans and other financing	15,608,256		3,376,576	265,709	81,197	1,075,203	4,798,685	10,809,571	10,768,998
Total	15,608,256		3,376,576	265,709	81,197	1,075,203	4,798,685	10,809,571	10,768,998

Credit Risk

Different methodologies are used to calculate economic capital for Credit Risk (regulatory), depending on the size of the credit exposure.

In those exposures considered significant, the economic capital is calculated through a Montecarlo Simulation Process and allocated using the Covariance Methodology.

The Montecarlo Simulation Process consists in generation of different losses scenarios. Each scenario represents a possible value of loss distribution. Calculating the difference between 99% percentile –unexpected loss– and the average value –expected loss– of such distribution, the economic capital is obtained.

For each scenario, the following parameters -exogenous to the simulation model- are taken as given: parameters of probability of default (“probability of default” or PD), loss given default (“loss given default” or LGD) and exposure values (“exposure at default” or EAD).

Additionally, a factor is incorporated –amplification or contraction of the debtor’s individual PD– that reflects the volatility of defaults by clients in a certain sector of activity (combination of economic activity and/or geographical area where activity is carried out) and the correlation between defaults of clients from different sectors of activity.

The advantage of this methodology is that it incorporates the effect of the concentration of exposures at the debtor level and at the portfolio level.

In those exposures considered not significant, the economic capital requirement is obtained using the Vasicek Model, as present in the final Basel II (2004) document.

In the case of significant wholesale exposures, the Economic Capital by credit risk of each exposure can be decomposed into three risk factors inherent to each exposure:

- Economic Capital by individual concentration risk: refers to the exacerbation in the magnitude of economic capital derived from the existence of concentration in terms of exposure to a particular client.
- Economic Capital by risk of sectoral concentration: represents the exacerbation in the magnitude of economic capital generated from the existence of concentration of exposures in the same sector of economic activity.
- Economic Capital by systemic risk: fraction of capital that would be obtained if the portfolio is diversified both at the sectoral and individual level. It represents non-diversifiable risk.

The Economic Capital by individual concentration risk is defined as the quotient between the variance of the client’s simulated loss and the variance of the total simulated loss.

The Economic Capital by sector concentration risk represents the exacerbation in the magnitude of the covariance between the loss of a certain client and the loss of the portfolio due to not having a diversified portfolio and is expressed as a proportion with respect to the variance of the total loss.

Finally, the Economic Capital by systemic risk is calculated as the remaining capital once the individual concentration risk and sector risk components have been subtracted.

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Additionally, a concentration surcharge is considered for non-significant retail and wholesale positions that is supported by Vasicek's formulations. The individual concentration surcharge is calculated as an additional amount on the capital requirements of the aforementioned positions using a coefficient α that, depending on the Herfindahl index (HHI) of the same portfolio and the probability of default (PD) of the accredited entities that form it, takes a certain value.

Counterparty Risk

To calculate the Economic Capital by Counterparty Credit Risk, a simulation model is applied, which reflects the impact of the interdependence between counterparties with similar characteristics.

For this risk, it is necessary to define the EAD of each type of operation. This parameter is necessary for the calculation of the Capital to be allocated. Once the EADs associated with the operations that generate Counterparty Risk are obtained, these values are added at the client level and added to the EADs at the client level generated by traditional credit operations. This vector of EADs at the client level is what is considered for the calculation of Economic Capital by Credit Risk.

Securitization Risk

The debt securities represent collection rights on the assets of the trust, under the conditions established in the prospectus and/or constitutive contract. There may be different types of debt securities with different collection preferences and conditions.

A debt security generates exposure to Credit Risk and exposure to Interest Rate Risk, in the same way as a traditional credit operation does. The calculation and allocation methodologies of Economic Capital for this type of operations, it consists of including operations within the portfolios for which Economic Capital by Credit Risk and Interest Rate Risk are calculated and allocating a portion of the capital calculated based on the incidence of the potential losses that such operations could generate in the total losses of the portfolio.

52.2 Liquidity Risk

The liquidity risk is defined as the possibility that the Bank may not be able to comply with expected and unexpected current and future cash flows effectively, as well as guarantees, without affecting daily transactions or its financial position.

In addition, the market liquidity risk refers to the risk that the Bank may not be able to clear or delete a position at market price:

- because the assets involved have no sufficient secondary market; or
- due to market variations.

The Bank features policies regarding liquidity, the purpose of which is to manage liquidity efficiently, optimizing cost and diversification of funding sources, and maximizing the profit from placements through prudent management that ensures the necessary funds to allow the continuity of transactions and compliance with the rules and regulations in force.

In order to reduce the liquidity risk, the Bank has been established a policy with the following main aspects:

Assets: a high-liquidity assets portfolio will be maintained to cover at least 25% of total liabilities, comprising deposits, the corporate bonds issued by the Bank, the repo agreements taken and the financial and interbank loans borrowed.

Liabilities: to minimize the unintended effects of illiquidity, deriving from the possible withdrawal of deposits and the repayment of interbank loans taken, the Bank:

- Seeks the proper diversification of financing sources to enable the constant availability of funds and fulfill institutional obligations within a market variability environment.
- Gives priority to attracting retail deposits to have an atomized deposit portfolio and lower risks in relation to material withdrawals concentrated in a few depositors.
- Does not depend excessively on obtaining repo transactions and interfinancial loans as a permanent funding source.

BANCO MACRO SA AND ITS SUBSIDIARIES

In addition, the Bank implemented a series a risk measurement and control tools, including the regular monitoring of liquidity gaps, separated by currency, as well as different liquidity ratios, including the “bi-monetary liquidity ratio”, “Liquidity Coverage Ratio” (LCR) and “Net Stable Funding Ratio” (NSFR), among others.

The Executive Risk Management Department regularly monitors compliance of the different levels set by the Board of Directors in relation to liquidity risk, which include minimum levels of liquidity, maximum concentration levels allowed by type of deposit and by type of customer, among others.

In the event of a liquidity crisis, the Bank has a contingency plan with different actions, like as follows:

- Financing through call banking and repo agreements with the BCRA.
- Spot sale of securities government portfolio.
- Limit credit assistance to private sector.
- Increase deposit rates in order to capture deposits.

The following table shows the liquidity ratios during the fiscal years 2023 and 2022, which arise from dividing net liquid assets, made up of cash and cash equivalents, by total deposits.

	2023	2022
December, 31	109.94%	93.65%
Average	97.50%	93.59%
Max	109.94%	95.25%
Min	92.56%	92.45%

The tables below summarize the maturity of the contractual cash flows of loans and other financing, before ECL, including interest and charges to be accrued until maturity of the contract as of December 31, 2023 and 2022:

As of December 31, 2023								
Remaining terms to maturity								
Item	Matured	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 12 months and up to 24 months	Over 24 months	Total
Non-financial government sector	108	3,150,956	1,417,310	109,219	182,011	210,063		5,069,667
Financial sector		7,775,676	373,548	2,612,404	3,920,838	2,168,224	850,415	17,701,105
Non-financial private sector and foreign residents	15,730,157	989,258,431	375,375,501	352,509,913	388,068,737	327,216,008	335,755,316	2,783,914,063
Total	15,730,265	1,000,185,063	377,166,359	355,231,536	392,171,586	329,594,295	336,605,731	2,806,684,835

As of December 31, 2022								
Remaining terms to maturity								
Item	Matured	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 12 months and up to 24 months	Over 24 months	Total
Non-financial government sector	336	4,217,929	1,789,856	323,992	582,295	911,524	538,439	8,364,371
Financial sector		152,957	206,005	1,739,788	633,749	952,101	290,873	3,975,473
Non-financial private sector and foreign residents	10,835,887	817,855,731	226,594,227	275,400,478	348,304,536	372,982,040	472,081,999	2,524,054,898
Total	10,836,223	822,226,617	228,590,088	277,464,258	349,520,580	374,845,665	472,911,311	2,536,394,742

BANCO MACRO SA AND ITS SUBSIDIARIES

Additionally, the tables below disclose the maturity of the contractual future cash flows of the financial liabilities, including interest and charges to be accrued until maturity of the contracts, as of December 31, 2023 and 2022:

Item	As of December 31, 2023						Total
	Remaining terms to maturity						
	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 12 months and up to 24 months	Over 24 months	
Deposits	3,096,512,411	186,285,623	139,588,945	65,882,129	1,310,175	14,738	3,489,594,021
From the non-financial government sector	182,614,696	6,107,881	5,078,026		1,697		193,802,300
From the financial sector	20,185,431						20,185,431
From the non-financial private sector and foreign residents	2,893,712,284	180,177,742	134,510,919	65,882,129	1,308,478	14,738	3,275,606,290
Liabilities at fair value through profit or loss	13,825,475						13,825,475
Derivative instruments	410,723	1,405,243	130,385	891,528			2,837,879
Repo transactions	23,664,841	8	2,378	7,029			23,674,256
Other financial institutions	23,664,841	8	2,378	7,029			23,674,256
Other financial liabilities	352,503,055	1,384,406	1,685,885	2,793,312	4,399,200	12,734,841	375,500,699
Financing received from the Central Bank of Argentina and other financial institutions	9,258,476	3,697,429	2,484,611	2,110,822	2,207,776	62,037	19,821,151
Issued corporate bonds		85,286	14,168,145	41,843,822	5,579,897		61,677,150
Subordinated corporate bonds			10,716,441	10,716,441	21,432,883	344,071,493	386,937,258
Total	3,496,174,981	192,857,995	168,776,790	124,245,083	34,929,931	356,883,109	4,373,867,889

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As of December 31, 2022							
Item	Remaining terms to maturity						Total
	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 12 months and up to 24 months	Over 24 months	
Deposits	3,695,887,040	353,567,988	61,513,880	5,923,453	38,288	114,723	4,117,045,372
From the non-financial government sector	335,668,445	10,541,024	3,175,414	14,004			349,398,887
From the financial sector	5,148,961						5,148,961
From the non-financial private sector and foreign residents	3,355,069,634	343,026,964	58,338,466	5,909,449	38,288	114,723	3,762,497,524
Liabilities at fair value through profit or loss	1,638,088						1,638,088
Derivative instruments	5,339	2,043					7,382
Other financial liabilities	407,237,180	1,327,475	1,205,372	2,293,536	3,816,681	8,815,941	424,696,185
Financing received from the Central Bank of Argentina and other financial institutions	910,500	1,611,404	5,035,125	140,037			7,697,066
Issued corporate bonds		31,060	30,048	62,120	8,560,157		8,683,385
Subordinated corporate bonds			7,316,628	7,316,628	14,633,254	249,547,294	278,813,804
Total	4,105,678,147	356,539,970	75,101,053	15,735,774	27,048,380	258,477,958	4,838,581,282

52.3 Market Risk

Market risk is defined as the possibility of suffering losses in positions on and off the Bank's balance sheet as a result of the adverse fluctuations in the market prices of different assets.

Market risks arise from interest rate, currency and price positions, all of which are exposed to general and specific market changes and changes in the price volatility such as interest rates, credit margins, foreign currency exchange rates and prices of shares and securities, among others.

The Bank determines the market risk exposure arising from the fluctuation in the value of portfolios of investments for trading, which result from changes in market prices, the Bank's net positions in foreign currency, and government and private securities with normal quoted prices.

These risks arise from the size of the Bank's net positions and/or the volatility of the risk factors involved in each financial instrument.

The Bank features Market Risk Management Policies in which the Bank establishes the proceedings to monitor and control risks derived from the variations in the quotes of financial instruments in order to optimize the risk-return ratio, making use of the appropriate structure of limits, models and management tools. In addition, the Bank features proper tools and proceedings allowing the Risk Management Committee and the Assets and Liabilities Committee to measure and administer this risk.

Risks to which those investment portfolios are exposed are monitored through Montecarlo simulation techniques of "Value at Risk" (VaR). The Bank applies the VaR methodology to calculate the market risk of the main positions adopted and the expected maximum loss based on a series of assumptions for a variety of changes in market conditions.

In order to carry out the abovementioned simulation, the Bank needs to have the Price historical series of those instruments that compose the portfolio.

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Prices are corrected by purging the effects of coupon payments and dividend payments, in the case of shares, in order to avoid affecting returns.

The method consists in creating return or price scenarios concerning an asset through the generation of random numbers. This is based on the selection of a stochastic model describing the performance of prices for each asset with the resulting specification of certain parameters required for calculation purposes. The model used is the geometric Brownian motion.

Once all “n” potential scenarios are obtained for valued positions, the P&L vector must be calculated as the difference between the estimated value of the future portfolio and its value upon calculation. Then profit and loss will be placed in order to obtain the value at risk according to the 99% percentage applied.

Finally, the Economic Capital by market risk is obtained as the difference between the current value of the portfolio and the critical value previously obtained.

52.4 **Interest Rate Risk**

The interest rate risk is defined as the possibility that changes occur in the Bank’s financial condition as a result of adverse interest rate fluctuations with a negative impact on the Shareholders’ equity and profit or loss.

Within the framework of the interest rate risk management the Bank features a series of policies, procedures and internal controls included in the Structural Risk Management.

The Bank monitors the net present value of its assets, liabilities and off balance sheet items, upon certain disturbance scenarios and interest rate stress through Montecarlo simulation techniques.

For this purpose, the maximum potential loss is determined considering a temporal line of three months and 99% confidence level interval.

The Equity Value Model (EVM) is determined as the net sum of cash flows (interest and principal losses) that the Bank can generate, discounted at market interest rate curve. If the market interest rate curve used for the discount is affected, the effect of such variation impacts directly on the value of the Bank. Generally speaking, reports related to EVM seek to analyze the Bank’s long-term solvency.

It is noteworthy that the use of that approach does not avoid losses beyond those limits in the event of the most significant market changes.

As of December 31, 2023 and 2022, the Bank’s economic capital by type of risk is as follows:

Economic capital (EC – in millions)	12/31/2023	12/31/2022
Interest rate risk	29,487	12,656
Currency exchange rate risk	23,116	10,687
Price risk	15,167	12,362

52.5 **Foreign Currency Exchange Rate Risk**

The Bank is exposed to fluctuations in foreign currencies exchange rates in its financial position and cash flows. The larger proportion of assets and liabilities kept are related to US dollars.

The foreign currency position includes assets and liabilities expressed in pesos at the exchange rate as of the closing dates mentioned below. An institution’s open position comprises assets, liabilities and memorandum accounts stated in foreign currency, where an institution assumes the risk. Any devaluation / revaluation of those currencies affect the Bank’s statement of income.

The Bank’s open position, stated in Argentine pesos by currency, is disclosed in Note 27.

52.6 **Operational Risk**

Operational risk is defined as the risk of loss arising from the inadequacy or failure of internal processes, human errors and/or internal system failures, or those originated by external events. This definition includes the Legal Risk but excludes the Strategic Risk and Reputational Risk.

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Within such framework, the legal risk (which may occur from within the Bank or externally) comprises, among other aspects, the exposure to penalties, sanctions or other economic consequences or results for failure to comply with any rule or regulation or contractual obligation.

On the other hand, the Bank implemented an operational risk management system that meets the guidelines and provisions established by the BCRA in its Communiqué “A” 5398, as amended, and under Communiqué “A” 5272 the BCRA provided for a minimum capital requirement under this description, effective as of February 1, 2012.

The operating risk management system is formed by:

- a) Organizational structure: the Bank has an Operational Risk Management that is in charge of managing operational risk and a Risk Management Committee.
- b) Policies: the Bank has a “Manual for the Operational Risk Management” approved by the Board of Directors, which define the main concepts, roles and responsibilities of the Board of Directors, the Senior Management and all the areas involved in this risk management.
- c) Procedures: the Bank features a procedure for the “Collection of events and losses from Operational Risk” that includes a process to gather the Operational Events and Losses to register on a systematic basis the frequency, severity, category and other relevant aspects related to the events and losses from Operational Risk.
- d) The objective is to assess the Bank’s situation upon occurrence of events, in order to better understand the Operational Risk profile and, if applicable, take the necessary corrective actions.

In addition, the Bank has a procedure that establishes the guidelines to prepare risk self-assessments and, in the event of risks exceeding allowed tolerance levels, guidelines to establish risk indicators and action plans.
- e) Computer Systems: the Bank has computer systems that allow managing all Operational and Technology Risks.
- f) Database: the Bank has an operational risk event database prepared pursuant to the guidelines established in Communiqué “A” 4904, as supplemented.
- g) Information systems to measure risks: the Risk Management Department generates and sends, on a regular basis, reports to the Board of Directors, the Risk Management Committee and the Senior Management. With such reports the Risk Management Department communicates the results of the follow-up of the management of the main risks to which the Bank is exposed. Each report contains information on risk measurement, evolution, trends, principal exposures, control of main limits and the capital level required for each type of risk.

At the meeting of the Risk Management Committee, the Comprehensive Risk Management Department shall submit for consideration the results of the performance of such department and the reports issued during the period under analysis. The resolutions adopted by the Committee shall be recorded in Minutes to be considered by the Board of Directors, who shall subsequently approve, in this manner, the performance and risk level of the analyzed period.

The Entity has a methodology for Economic Capital calculation for operational risk.

The Economic Capital for operational risk will arise from a simulation engine, which will produce a distribution of total losses for operational risk.

In this manner, the Economic Capital can be arrived at, which is calculated from the resulting difference between the Maximum Loss (associated with a 99.9% confidence level) and the Expected Loss of said distribution.

Taking into account that the Holding Period is the time it takes to change the risk profile of the portfolio, in the case of Operational Risk this concept is very variable, since it depends on each risk (for example, it does not take the same in taking out insurance than in improving processes to avoid fraud by third parties with retirees). In this sense, one year will be taken as the evaluation period, respecting normal market practice.

Furthermore, this methodology contemplates the allocation of economic capital to different risks, considering the concentration effect of processes in one or more suppliers.

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The capital calculation under this methodology contemplates:

- Analyze the inputs to be used in the simulation engine:
 - Event database
 - Self-assessment questionnaire

It should be noted that the event base and the self-assessment questionnaires represent empirical information (objective and subjective, respectively), and therefore, for the purposes of building the simulation engine, they must be re-expressed in theoretical terms (distributions of probability) that allow these simulations to be carried out.

- Make a credibility analysis with the objective of combining the information from the event base with the self-assessment questionnaires.

The basic idea of the model is to combine information of different natures: objective and subjective. The more reliable the objective source information is, the greater its weighting will be, to the detriment of subjective source information.

- Build a simulation engine that allows generating the distribution of total losses from operational risk.

The combined parameters are obtained from different bases. These parameters allow generating a simulation process of total losses.

The methodology for calculating economic capital for Operational Risk is supported by a methodological document which establishes the procedures in order to carry out the abovementioned tasks.

This document contains the methodology that bases the guidelines adopted for the construction of the Economic Capital calculation engine for Operational Risk and the calculation that details the application of inputs and results obtained from the run of the Economic Capital calculation engine for Operational Risk.

53. CHANGES IN THE ARGENTINE MACROECONOMIC ENVIRONMENT AND FINANCIAL AND CAPITAL MARKETS

In the last years, the Argentine financial market has observed a prolonged period of volatility in the market prices of public and private financial instruments, including a high level of country risk, an increase in the official exchange rate between the Argentine peso and the US dollar, an increase in interest rates and a significant acceleration of the inflation rate (see Note 3. section “unit of measurement”).

Particularly, related to the price of the US dollar, since the end of 2019 the gap between the official price of the US dollar -used mainly for foreign trade- and alternative market values began to widen significantly, having reached maximum peaks close to 200%. As of the date of issuance of these Financial Statements, the aforementioned gap amounts to approximately 18%.

Regarding the administration of the national public debt, a restructuring process has been observed, including various voluntary exchanges and agreements reached regarding debts with the Paris Club and the International Monetary Fund.

In this context, on December 10, 2023, the new authorities of the Argentine national government took office and issued a series of emergency measures. Among the main objectives, among other relevant issues, is a regulatory flexibility in economic matters, reduction of the fiscal deficit mainly through a reduction in spending, including reduction of different types of subsidies. Likewise, there was a devaluation of the Argentine peso close to 55% against the US dollar (going the price of the US dollar from Ps. 366.50 to Ps. 799.95 on December 13, 2023), which has generated an acceleration of the inflation rate, with interannual inflation measured from the national CPI published by INDEC being 288% at the date of issue of these consolidated Financial Statements.

The comprehensive program pursued by the new national government includes reforms in the economy, justice, foreign relations, infrastructure and others. On December 20, 2023, through Decree of Necessity and Urgency No. 70/2023, a significant number of reforms were established, regarding which different actors presented various protections or unconstitutionality requests to Justice to stop their application.

In addition, the local and international macroeconomic context generates certain degree of uncertainty regarding its future progress, considering the level of the global economic recovery.

BANCO MACRO SA AND ITS SUBSIDIARIES

Therefore, the Bank's Management permanently monitors any changes in the abovementioned situations in international and local markets, to determine the possible actions to adopt and to identify the possible impact on its financial situation that may need to be reflected in the future Financial Statements.

54. EVENTS AFTER REPORTING PERIOD

No other significant events occurred between the end of the fiscal year and the issuance of these consolidated Financial Statements that may materially affect the financial position or the profit and loss for the fiscal year, not disclosed in these consolidated Financial Statements.

Subsidiaries of the Company

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Principal Activity</u>
Argenpay S.A.U	Republic of Argentina	Electronic payment services
Macro Bank Limited	The Bahamas	Banking Services
Macro Securities S.A.	Republic of Argentina	Securities Agent and Brokerage Services
Macro Fiducia S.A.	Republic of Argentina	Trust Services
Macro Fondos S.G.F.C.I. S.A.	Republic of Argentina	Mutual Fund Administration
Fintech SGR (structured entity)	Republic of Argentina	Granting of Gurantees
Macro Agro S.A.U.	Republic of Argentina	Grain Brokerage
Banco BMA S.A.U.	Republic of Argentina	Financial entity
BMA Valores S.A.	Republic of Argentina	Stock exchange services
BMA Asset Management S.A.	Republic of Argentina	Management of mutual funds

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13A-14(D) AND 15D-14(A)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, GUSTAVO ALEJANDRO MANRIQUEZ, CERTIFY THAT:

1. I have reviewed this annual report on Form 20-F of Banco Macro S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 29, 2024.

/s/ Gustavo Alejandro Manriquez

Name: Gustavo Alejandro Manriquez

Title: Chief Executive Officer

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13A-14(D) AND 15D-14(A)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I JORGE FRANCISCO SCARINCI, CERTIFY THAT:

1. I have reviewed this annual report on Form 20-F of Banco Macro S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 29, 2024.

/s/ Jorge Francisco Scarinci

Name: Jorge Francisco Scarinci

Title: Chief Financial Officer

CERTIFICATION

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (A) AND (B)
OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Banco Macro S.A. (the "Company"), does hereby certify that, to the best of such officer's knowledge:

1. The accompanying Report of the Company on Form 20-F (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2024.

/s/ Gustavo Alejandro Manriquez

Name: Gustavo Alejandro Manriquez

Title: Chief Executive Officer

CERTIFICATION

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Banco Macro S.A. (the "Company"), does hereby certify that, to the best of such officer's knowledge:

1. The accompanying Report of the Company on Form 20-F (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2024.

/s/ Jorge Francisco Scarinci

Name: Jorge Francisco Scarinci

Title: Chief Financial Officer

EXECUTIVE REMUNERATION CLAWBACK POLICY**1 PURPOSE**

- 1.1** The purpose of this policy (this “**Clawback Policy**”) is to set out the basis for the mandatory recovery of erroneously awarded Incentive-Based Compensation (as defined below) from Executives (as defined below) of Banco Macro S.A. (the “**Company**”, together with its subsidiaries, the “**Group**”) in the event of a Restatement (as defined below) that affects the amount of the awarded compensation.
- 1.2** The Corporate Governance and Appointments Committee (the “**Committee**”) has adopted this Clawback Policy in accordance with the requirements of Section 303A.14 of the New York Stock Exchange (“**NYSE**”) Listed Company Manual, which was mandated by Rule 10D-1 of the Securities Exchange Act of 1934 (the “**Exchange Act**”).
- 1.3** This Clawback Policy may be amended from time to time by the Incentives Committee (the “**Incentives Committee**”) in accordance with any laws, regulations or rules of the U.S. Securities and Exchange Commission (the “**SEC**”), the NYSE, the Argentine Civil and Commercial Code, any other law or executive order of the Republic of Argentina and/or any regulation issued by the Argentine Stock Exchange (the “**CNV**”) and/or the Argentine Central Bank and/or any other relevant supervisory authority with respect to the Company and/or the Group, and/or any other regulation or rule by any stock exchange on which the Company’s securities are listed or by any other regulatory authority applicable to the Company, the Group or the Executive (as defined below) (the “**Applicable Law**”). Applicable Law includes Section 304 of the US Sarbanes-Oxley Act of 2002.

2 APPLICABILITY

- 2.1** This Clawback Policy applies to any current or future executive officer, that the Committee determines to be an executive officer in accordance with the definition set forth in Section 303A.14 of the NYSE Listed Company Manual (each an “**Executive**”). Executives of the subsidiaries of the Company are deemed to be Executives of the Company if they perform such policy making functions for the Company. Individuals will be notified as soon as practicable after becoming or being determined to be an Executive and will also be notified about the scope of this Clawback Policy.
- 2.2** Remuneration shall be subject to recovery pursuant to this Clawback Policy when: (i) the Incentives Committee determines that such remuneration constitutes an Incentive-Based Compensation (as defined below); and (ii) the remuneration was Received (as defined below) by an Executive:
- 2.2.1** after beginning their services as an Executive;
 - 2.2.2** who has served as an Executive at any time during the Recovery Period (as defined below) for that Incentive-Based Compensation;
 - 2.2.3** while the Company has a class of securities listed on the NYSE, another national securities exchange or a national securities association in the United States; and
 - 2.2.4** during the Recovery Period (as defined below);

provided that this Clawback Policy shall only apply to Incentive-Based Compensation Received from (and including) October 2, 2023 (the “**Effective Date**”).

- 2.3 This Clawback Policy shall be applicable to an Executive following any termination of their office or employment.
- 2.4 This Clawback Policy will be notified to Executives through any means determined by the Incentives Committee. Executives will also be notified of any significant amendments to this Clawback Policy and how such amendment may affect their compensation.

3 RECOVERY OF ERRONEOUSLY AWARDED INCENTIVE-BASED COMPENSATION

- 3.1 In the event that the Company is required to prepare an accounting restatement due to a material noncompliance of the Company with any financial reporting requirement under Applicable Law (a “**Restatement**”), including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Incentives Committee shall recover the amount of Incentive-Based Compensation Received by an Executive in the Recovery Period that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received by the Executive had such remuneration been determined based on the restated amounts, computed without regard to any taxes/duties/contributions/levies (“**Taxes**”) paid or payable (“**Recoverable Amount**”). The Recoverable Amount shall not exceed the differential between the amount of Incentive-Based Compensation paid to such Executive in connection with the Restatement and the amount of Incentive-Based Compensation that would have been paid to such Executive had the Restatement not occurred (in each case without regard to any Taxes paid or payable). Where Incentive-Based Compensation is based only in part on the achievement of a Financial Reporting Measure performance goal, the Incentives Committee shall first determine the portion of the original Incentive-Based Compensation based on or derived from the Financial Reporting Measure that was restated. The Incentives Committee shall then recalculate the affected portion based on the Financial Reporting Measure as restated, and recover the difference between the greater amount based on the original financial statements and the lesser amount that would have been received based on the restatement. In calculating the Recoverable Amount, the Incentives Committee may, in its sole and absolute discretion, consult with legal advisers and other experts it retains to assist in such calculations.
 - 3.2 Whether a Restatement has occurred for the purposes of this Clawback Policy shall be confirmed by the Incentives Committee, which shall rely on any decision in this respect of the Audit Committee or the body or bodies responsible for the restatement of the financial statements.
 - 3.3 The Recovery Period shall mean the period of three full financial years of the Company preceding the Restatement Date (as defined below) and any transition period that results from a change in the Company’s financial year within or immediately following such period (the “**Recovery Period**”). If the transition period is a period of 9 to 12 months, it will be considered a full year for the purpose of applying the 3-year review period requirement.
 - 3.4 For Incentive-Based Compensation based on share price or total shareholder return, where the Recoverable Amount is not subject to mathematical recalculation directly from the information in the Restatement, the Recoverable Amount will be determined by the Incentives Committee based on the Incentives Committee’s reasonable estimate of the effect of the Restatement on the share price or total shareholder return upon which the Incentive-Based Compensation was received. The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the NYSE, if required.
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- 3.5 Following a Restatement, the Incentives Committee shall:
- 3.5.1 determine the Recoverable Amount in accordance with Section 3.1 of this Clawback Policy; and
 - 3.5.2 to the extent the Recoverable Amount has been Received by an Executive, instruct the Company to recover the full Recoverable Amount reasonably promptly in accordance with Section 3.6 of this Clawback Policy; or
 - 3.5.3 to the extent the Recoverable Amount has not been Received, but is otherwise owed to an Executive, cancel within a reasonable time the right of such Executive to receive the Recoverable Amount.
- 3.6 To the extent permitted by Applicable Law, the Incentives Committee may seek to recoup Recoverable Amounts by all legal means available, including but not limited to, by requiring any affected Executive to repay such amount to the Company, by set-off, by reducing future remuneration of such affected Executive, or by such other means or combination of means as the Incentives Committee, in its sole and absolute discretion, deems appropriate.
- 3.7 Recoupment of the Recoverable Amount under this Clawback Policy will be initiated by the Company as soon as practicable following the written resolution of the Incentives Committee, and provided that the Incentives Committee has determined that (i) the assumptions provided for in section 3.5 are met and does not apply an exception of impracticability to the recovery obligation, in accordance with the terms of Section 4., and (ii) such recovery is permitted by Applicable Law as per the terms of Section 3.6;
- 3.8 All Recoverable Amounts pursuant to this Clawback Policy shall be payable by the Executive to the Company (or as the Company directs) and shall be payable immediately upon demand.
- 3.9 For purposes of this Clawback Policy:
- 3.9.1 **“Incentive-Based Compensation”** means any remuneration that is granted, earned, or vested/released based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is based in part upon the attainment of a Financial Reporting Measure if such compensation is subject to multiple conditions, one or more, but not all, of which are Financial Reporting Measures. Examples of Incentive-Based Compensation include, but are not limited to: (i) non-equity incentive plan awards earned wholly or in part by satisfying a Financial Reporting Measure performance goal; (ii) bonuses paid from a “bonus pool”, the size of which is determined wholly or in part by satisfying a Financial Reporting Measure performance goal; (iii) other cash awards based wholly or in part by satisfying a Financial Reporting Measure performance goal; (iv) restricted shares, restricted share units, performance share units, stock options and stock appreciation rights that are granted or become vested/released based wholly or in part on satisfying a Financial Reporting Measure performance goal; and (v) proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested/released based wholly or in part on satisfying a Financial Reporting Measure performance goal.

Incentive-Based Compensation includes any compensation that is granted, earned, or vested based, wholly or partially, upon the attainment of a Financial Reporting Measure (by way of example, in section 3.9.1 above, some examples have been listed).

Examples of remuneration that is not Incentive-Based Compensation for this purpose include, but are not limited to: (i) an Executive's salary; (ii) bonuses paid solely at the discretion of the Incentives Committee that are not paid from a "bonus pool" that is determined by satisfying a Financial Reporting Measure performance goal; (iii) bonuses paid solely upon satisfying one or more subjective standards (e.g. demonstrated leadership) and/or completion of a specified employment period; (iv) non-equity incentive plan awards earned solely upon satisfying one or more strategic measures (e.g., consummating a merger or divestiture), or operational measures (e.g., completion of a project, increase in market share); and (v) equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting/release is contingent solely upon completion of a specified employment period and/or attaining one or more nonfinancial reporting measures.

- 3.9.2 "Financial Reporting Measure"** means any measure that is determined and presented in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (or any other accounting principles used to prepare the Group's financial statements from time to time), and any measure derived wholly or in part from such measure, including non-IFRS financial measures (as well as other measures, metrics and ratios that are non-IFRS measures). The term "Financial Reporting Measure" includes stock price and total shareholder return. Financial Reporting Measures may be presented outside the Company's financial statements. In the event that the Company is forced to carry out an accounting restatement, the calculation of the amount to be recovered from the erroneously awarded incentive-based compensation, in accordance with point 3.1 above, will be carried out based on locally issued financial statements presented to the CNV.
- 3.9.3 "Received"**: Incentive-Based Compensation is deemed Received in the Company's financial period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant occurs after the end of the financial period in which the Financial Reporting Measure is attained. For the avoidance of doubt, an Executive receives the Incentive-Based Compensation even when the Executive has established only a contingent right to payment at that time. Acts or other conditions necessary to effect issuance or payment, such as calculating the amount earned or obtaining Incentives Committee's approval of payment do not affect the determination of the date Received. In the case of awards subject to multiple conditions, not all conditions must be satisfied for the Incentive-Based Compensation to be deemed Received. The Incentives Committee shall have the discretion to determine when the Incentive-Based Compensation was Received, and such determination need not be uniform across the type of Incentive-Based Compensation or for all Executives.

3.9.4 “Restatement Date” means the date on which the Company is required to prepare a Restatement, which is the earlier to occur of: (i) the date on the Audit Committee CNV/SEC or the Incentives Committee or the body or bodies responsible for the Restatement, as appropriate, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (ii) the date a court, regulator or other legal authorised body directs the Company to prepare a Restatement.

4 IMPRACTICABILITY EXCEPTION TO RECOVERY OBLIGATION

- 4.1** The Company must recover the Recoverable Amount in compliance with this Clawback Policy except to the extent that the conditions set out in 4.2.1 or 4.2.2 of this Clawback Policy are met and the Incentives Committee determines, in its sole discretion, that recovery would be impracticable.
- 4.2** The Incentives Committee may determine that a recovery is impracticable only if:
- 4.2.1** following a reasonable attempt to recover the Recoverable Amount, the Incentives Committee determines, in its sole discretion, that the direct expense that would need to be paid to a third party to assist in enforcing this Clawback Policy would exceed the Recoverable Amount. The Company must document such reasonable attempt(s) to recover and provide that documentation to the NYSE if required; or
 - 4.2.2** recovery would violate any Applicable Law of the Republic of Argentina, in case such law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any Recoverable Amount based on a violation of the law of Republic of Argentina, the Company must obtain a legal opinion of a prestigious law firm in Argentina, and acceptable to the NYSE, that recovery would result in such a violation and provide such opinion to the NYSE.
- 4.3** In determining whether a recovery would be impracticable due to costs in accordance with 4.2.1 above, the only criteria that the Incentives Committee may consider is whether the direct costs, such as reasonable legal expense and consulting and/or judicial recovery fees, amongst others, paid to a third party to assist in enforcing recovery would exceed the Recoverable Amount. Indirect costs, such as reputational concerns or the effect on hiring of new Executives, amongst others, may not be considered when determining whether recovery is impracticable.

5 INDEMNIFICATION AND INSURANCE

- 5.1** The Group is prohibited from insuring or indemnifying any Executive against the loss of erroneously awarded remuneration as set forth in this Clawback Policy. If an Executive purchases a third-party insurance policy to fund potential recovery obligations, the Company is prohibited from paying or reimbursing the Executive for premiums for such an insurance policy.

6 OTHER RECOVERY RIGHTS

- 6.1** Any right of recovery under this Clawback Policy applies in addition to (and without limiting) any other remedies and/or rights to reduce, cancel or recover any elements of remuneration (or similar) that may be available to any member of the Group pursuant to any remuneration

policy (including any further clawback policies) operated by any member of the Group, the terms of any incentive plans or awards operated by any member of the Group, any employment agreement, any other terms and conditions and/or Applicable Law applicable to any Executive, in each case from time to time in force, and/or pursuant to any other legal remedies available to any member of the Group. Recovery (or similar) may be applied pursuant to this Clawback Policy and any such other policies, plans, awards, agreements, terms, conditions, Applicable Laws or similar in respect of the same award of remuneration, provided that there shall be no duplication of recovery.

7 DISCLOSURE

7.1 In the event of any Restatement, the Company shall disclose certain information in its annual report on Form 20-F, as required by Form 20-F. This information shall include, without limitation:

7.1.1 the date on which the Company was required to prepare the Restatement;

7.1.2 the aggregate Recoverable Amount (in US dollars), including an analysis of how the Recoverable Amount was calculated, or, if not determined, an explanation of the reasons;

7.1.3 any estimates used to determine the Recoverable Amount for Financial Reporting Measures related to share price or total shareholder return and an explanation of the methodology used for such estimates;

7.1.4 any required details of Recoverable Amounts that remain outstanding (on an aggregate, individual, group or other basis, as required) and for which recovery has been forgone due to impracticability and the reasons why, for the relevant annual report on Form 20-F and otherwise pursuant to the requirements of any other annual report or statement it is obligated to prepare and file under the Exchange Act.

7.2 This Clawback Policy shall be filed as an exhibit to the first annual report on Form 20-F that the Company is required to file under the Exchange Act after the adoption of this Clawback Policy. If this Clawback Policy is amended, the amended policy shall be filed as an exhibit to the first annual report on Form 20-F that the Company is required to file under the Exchange Act after such amendment.

8 ADMINISTRATION AND OPERATION

8.1 The Incentives Committee has the exclusive power and full and final authority to: (i) administer this Clawback Policy, including, without limitation, the right and power to interpret the provisions of this Clawback Policy; (ii) make all determinations deemed necessary or advisable in applying this Clawback Policy (which in every case shall be made at the Incentives Committee's absolute discretion, without this being limited by references in certain clauses but not others to a discretion being absolute), including, without limitation, determinations as to: (a) what constitutes Incentive-Based Compensation, a Recoverable Amount or other remuneration; (b) that a Restatement has occurred (in reliance on any decision in this respect of the Audit Committee CNV/SEC or the body or bodies responsible for the Restatement); and (c) whether a recovery is impracticable; and (iii) delegate any power or discretion under this Clawback Policy to such person or persons as it may determine (and in which case this Clawback Policy shall be applied accordingly). The Incentives Committee may delegate administrative duties with respect to this Clawback Policy to one or more officers or employees of the Company.

- 8.2** Any action, interpretation or determination taken or made by the Incentives Committee pursuant to this Clawback Policy will be final, conclusive and binding.
- 8.3** From and after the adoption of this Clawback Policy, each award agreement or other document setting forth the terms and conditions of any annual incentive or other performance-based award granted to an Executive shall include a provision incorporating the requirements of this Clawback Policy.

9 GENERAL

- 9.1** Any provision in this Clawback Policy can apply even if the Executive was not responsible for the Restatement in question or if it took place before the grant and/or vesting/release of any remuneration which is subject to recovery.
- 9.2** The means of recovery can be different for different Executives in relation to the same or different events depending on the particular facts and circumstances of the Executive and its remuneration.
- 9.3** An Executive will not be entitled to any remuneration or compensation from the Group in respect of any application of this Clawback Policy.
- 9.4** The remedy specified in this Clawback Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or a member of the Group.
- 9.5** The terms of this Clawback Policy shall apply regardless of any agreement, undertaking or suggestion (or similar), whether or not contractual, that any remuneration shall not be subject to recovery.
- 9.6** The invalidity or unenforceability of any provision of this Clawback Policy shall not affect the validity or enforceability of any other provision.
- 9.7** Argentine law governs this Clawback Policy and its construction. The Argentine courts have non-exclusive jurisdiction in respect of disputes arising under or in connection with this Clawback Policy.
- 9.8** References in this Clawback Policy to the phrase “including” (or similar) shall not limit or prejudice the generality of the following words (without this being limited by such references in some clauses but not others).