

Banks - Argentina

High inflation & further FX depreciation the Achilles heel of the Argentine banks

Price Objective Change

Rally has anticipated a positive outcome on elections

Argentine banks' stocks have outperformed c.50% in the last 6M, anticipating to a potential positive outcome on the next presidential elections. Nonetheless, Argentine banks' equities have underperformed Argentine interest rates yielding currently 91%.

Potential volatility under right presidential candidates

While the government presidential candidate is likely to suffer because of the weaker economic conditions in the country, the potential right candidates could also create volatility. i) Javier Milei (radical right candidate proposing to dollarize Argentina, and to close the Central Bank); ii) Patricia Bullrich (Former Security Minister, with a strong right speech related to security, although with a troubled past); and iii) Horacio Rodriguez Larreta (ample experience, but with a more moderate right speech).

Difficult to fix a complex macro (especially FX & inflation)

Complex macro-outlook persists, reflecting further FX depreciation and high inflation—the Achilles heel of the Argentine banks. The Argentine economy is suffering from much higher inflation & interest rates, when compared to Macri's and Kirchner's administrations, which we believe would make it more difficult to normalize the country. Argentine banks are likely to live with hyperinflation accounting longer than expected.

Adjusting our POs to reflect our new estimates

We adjust our estimates to reflect stronger financial results on higher rates. Under a positive presidential outcome, we expect positive real loan growth and lower losses in the net monetary position from expected lower rates. Nonetheless, expected earnings recovery would not be enough to improve ROEs above CoE levels.

Our new POs basically reflect our adjusted estimates and our new '25 estimates, increasing. Also, our POs assume a higher US Treasury of 3.5% (before 3.0%), and ADRs at FX of ArPs365 per dollar (vs. ArPs265 before).

1Q23 preview: earnings benefiting from higher rates

We expect SUPV earnings to inflect and an ROAE of 3.0%. GGAL to post strong YoY earnings growth (ROAE at 14.8%), while BMA to post earnings contraction.

High dividend yields of 17-18% around the corner

GGAL and BMA to return excess capital through dividends, expecting payments of ArPs85bn from GGAL and ArPs75bn from BMA, representing 18-17% dividend yields.

Maintain our Underperform rating on the Argentine banks

Despite a potential market-friendly outcome in the next presidential elections, we fail to see the bank's fundamentals to change in the near-term. On a relatively basis, we find other LatAm banks in the region trading below book value and with higher ROAEs. U/P

>> Employed by a non-US affiliate of BofAS and is not registered/qualified as a research analyst under the FINRA rules.

Refer to "Other Important Disclosures" for information on certain BofA Securities entities that take responsibility for the information herein in particular jurisdictions.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Refer to important disclosures on page 20 to 22. Analyst Certification on page 18. Price Objective Basis/Risk on page 17.

12557553

Timestamp: 11 May 2023 06:00AM EDT

11 May 2023

Equity
Latin America
Financials

Ernesto Gabilondo >>
Research Analyst
Merrill Lynch (Mexico)
+52 55 5201 3428
ernesto.gabilondo@bofa.com

Mario Pierry
Research Analyst
BofAS
+1 646 743 0047
mario.pierry@bofa.com

Antonio Ruetter >>
Research Analyst
Merrill Lynch (Brazil)
+55 11 2188 4225
antonio.ruetter@bofa.com

Flavio Yoshida >>
Research Analyst
Merrill Lynch (Brazil)
+55 11 2188 4588
flavio.yoshida@bofa.com

Exhibit 1: Revised Ratings and POs

Rolling over POs

Bank	Rating	PO	
		Old	New
BMA (ARPS)	Underperform	269	311
BMA (US\$)	Underperform	10	9
GGAL (ARPS)	Underperform	140	156
GGAL (US\$)	Underperform	5.3	4.3
SUPV (ARPS)	Underperform	45	49
SUPV (US\$)	Underperform	0.8	0.7

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

CDS: Credit Default Swap

NII: Net interest income

NIM: Net interest margin (%)

CoR: provisions charges / average loans

ROAE: Return on Average Equity

SUPV: Supervielle

GGAL: Galicia

BMA: Banco Macro

6M: 6 months

Exhibit 2: Argentine Banks – Key earnings trends

Expected ROEs to remain well below the cost of equity, in light of Argentina's high-country risk

YoY growth	Galicia			Macro			Supervielle			Sector Average		
	23E	24E	25E	23E	24E	25E	23E	24E	25E	23E	24E	25E
NII	-78%	123%	43%	3%	14%	-3%	0%	2%	7%	-20%	20%	5%
Loan Balance	-8%	0%	7%	-8%	1%	8%	-8%	5%	8%	-8%	1%	8%
Fee income	5%	5%	6%	5%	5%	5%	0%	1%	5%	4%	5%	6%
Market related revenues	49%	-8%	-28%	-30%	41%	-58%	30%	-6%	-16%	39%	-5%	-30%
FX gains	49%	0%	5%	99%	-43%	-49%	0%	0%	0%	83%	-34%	-32%
Opex	-3%	0%	2%	1%	1%	3%	-4%	0%	2%	-2%	0%	3%
Prov. charges	10%	-10%	-15%	65%	2%	9%	-17%	-2%	0%	10%	-7%	-9%
Net monetary position	21%	5%	-29%	27%	5%	-29%	-12%	-3%	-29%	0%	0%	0%
Recurring NI	-12%	12%	14%	-6%	11%	25%	-180%	32%	77%	-9%	12%	19%
NIM	1.6%	3.7%	4.9%	18.1%	19.9%	20.3%	15.2%	14.8%	14.6%	2.3%	-0.9%	5.5%
NIM with securities	27.3%	27.7%	21.0%	20.3%	23.0%	21.5%	19.7%	18.8%	17.7%	23.6%	24.6%	20.7%
Prov/avg loans	4.4%	4.1%	3.4%	1.8%	1.9%	2.0%	4.8%	4.8%	4.5%	3.7%	3.6%	3.1%
NPLs / loans	2.7%	2.8%	2.6%	1.6%	1.7%	1.9%	4.1%	4.1%	3.8%	0.9%	0.9%	1.0%
LLR/ NPL	156%	151%	145%	127%	126%	123%	120%	121%	118%	134.4%	132.3%	128.6%
Loans/ Deposits	54%	51%	52%	44%	43%	45%	41%	41%	42%	46.5%	45.1%	46.1%
Equity/ Assets	17%	16%	16%	24%	24%	25%	13%	13%	13%	17.8%	17.9%	18.1%
Rec. ROAE	8%	8%	9%	8%	9%	10%	4%	5%	8%	7%	7%	9%
Rec. NI	54,934	61,522	70,300	50,398	56,182	70,023	4,301	5,675	10,052	36,544	41,127	50,125
Rec. EPS	46.03	51.55	58.90	78.87	87.92	109.58	9.42	12.43	22.01			

Source: BofA Global Research estimates

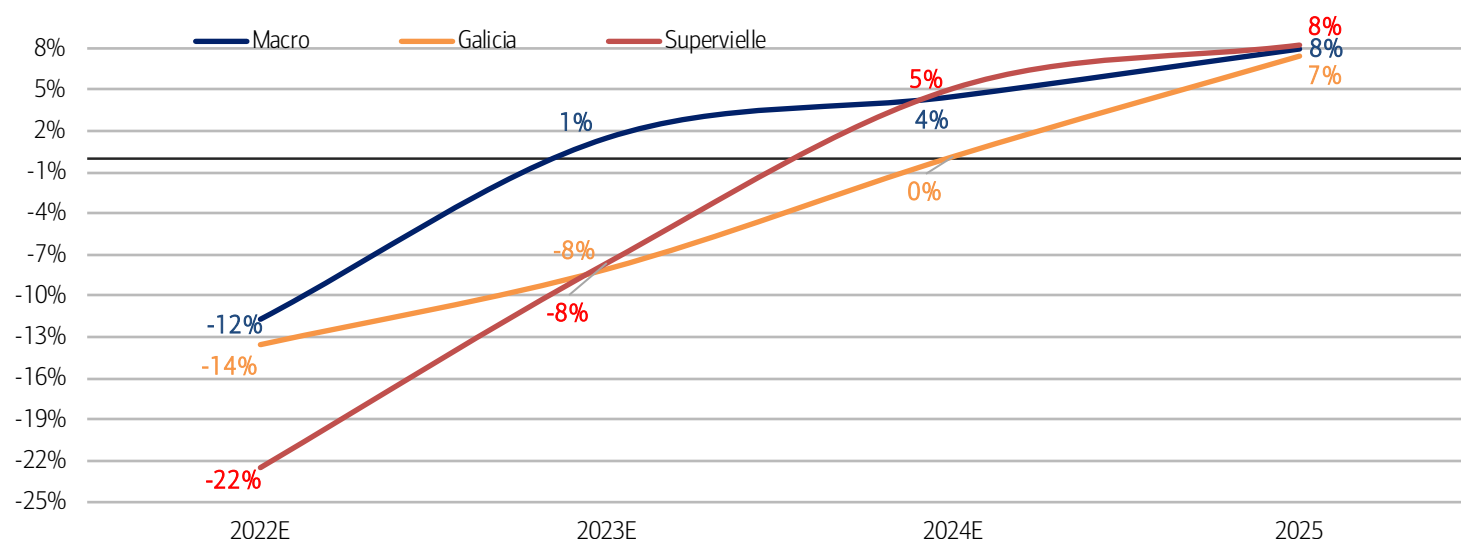
BofA GLOBAL RESEARCH

Real loan growth to be more evident in '25

Still high inflation levels above 100% and interest rates of 91% will continue to pressure loan growth. Even by assuming a positive outcome on the next presidential elections, we expect 2023-2024 to be complex years. As such, we expect positive real loan growth to be more evident in 2025. Nonetheless, we believe potential lending recovery could be delayed if a complex macro-outlook persists after the presidential election, reflecting high inflation and rates, and a still relevant gap between the official FX and blue-chip.

Exhibit 3: Argentine banks – Loan growth, YoY

Expect positive real loan growth to be more evident in 2025



Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

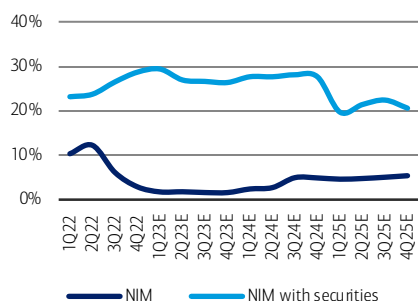
NIMs on loans to show-up until 2025

Argentine banks' NIMs have been benefiting from the excess liquidity by investing on securities yielding high rates. Indeed, Argentina faces sticky high inflation above 100%, while interest rates have increased to levels of 90% to prevent a further depreciation of the Argentine peso. Nonetheless, NIMs on loans have been affected because of deposit floors and high inflation resulting in negative real loan growth. As such, 2023 and 2024 should continue to be complex years, expecting normalized inflation and lower rates to start showing up in 2025. Within this context, lower inflation and reducing excess liquidity should benefit NIMs on loans, although NIMs on securities should be trending down on lower rates.

Importantly, most of the Argentine banks have invested on traditional government securities, although we detect Banco Macro has invested on more complex instruments, which have created high volatility in the financial results. Indeed, BMA has a dual-bond position that pays the maximum between inflation and the Argentine peso depreciation, and a bond linked to the Argentine peso depreciation. After the presidential election, we expect a further depreciation of the Argentine peso, which will benefit for a short-term period Banco Macro's financial results.

Exhibit 4: GGAL: NIM and Adj. NIM

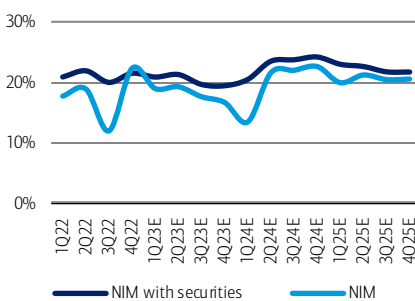
NIM benefiting on higher rates, but trending down in 2024-2025



Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

Exhibit 5: BMA: NIM and Adj. NIM

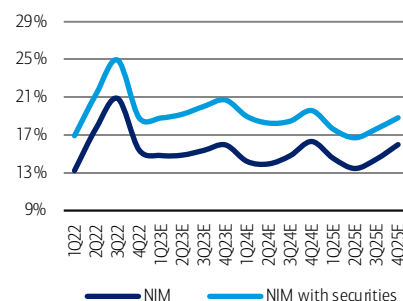
NIMs with securities trending down in 2024-2025



Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

Exhibit 6: SUPV: NIM and Adj. NIM

NIMs should be recovering in 2025 on positive real loan growth



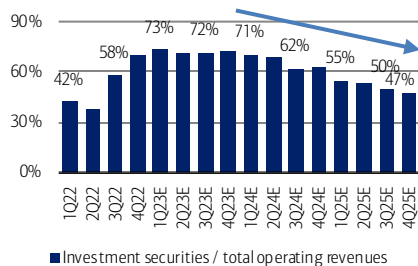
Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

Expect lower securities yields in 2024

We see securities to total operating revenues to be less representative starting 2024 on lower rates.

Exhibit 7: GGAL – Income securities / op. revenues

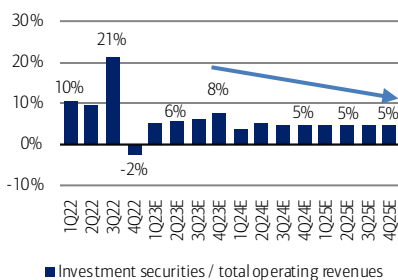
Relatively higher in 23, but starting to decline in 2024



Source: Company data & BofA Global Research
BofA GLOBAL RESEARCH

Exhibit 8: BMA – Income securities / op. revenues

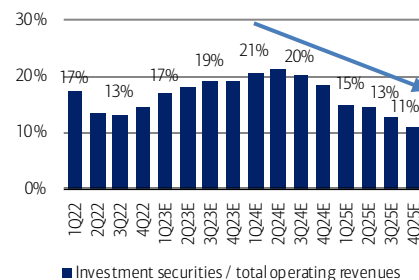
Not so representative to total op. revenues, as part is allocated on NIMs



Source: Company data & BofA Global Research estimates
BofA GLOBAL RESEARCH

Exhibit 9: SUPV – Income securities / op. revenues

Still trending-up in 2023, but starting to decline in 2H24

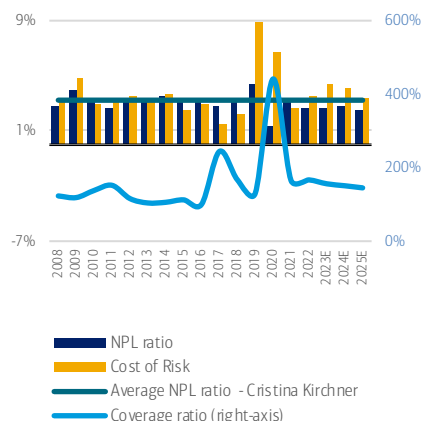


Source: Company data & BofA Global Research
BofA GLOBAL RESEARCH

A/Q is deteriorating, but not a concern

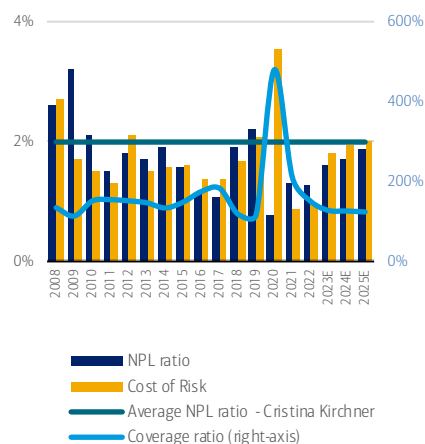
High inflation and rates, plus weak credit demand will show-up some asset quality deterioration across the banks. Meanwhile, we expect Galicia and Supervielle to maintain NPLs above the average of Christina Kirchner do to their exposure to the consumer segment. Nonetheless, they should normalize in 2025 from accelerated real loan growth.

Exhibit 10: GGAL - NPL, coverage and CoR
Cost of risk above Kirchner period to normalize in 2025



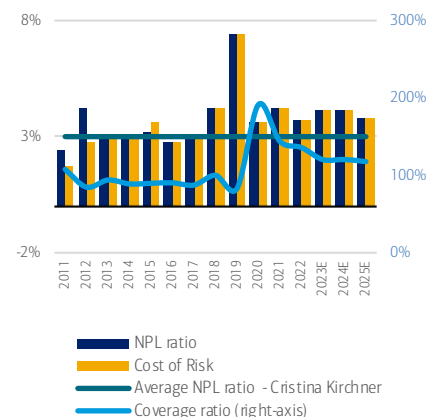
Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

Exhibit 11: BMA - NPL, coverage and CoR
Cost of Risk close to Kirchner period



Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

Exhibit 12: SUPV - NPL, coverage and CoR
Cost of Risk above Kirchner period, but normalizing in 2025

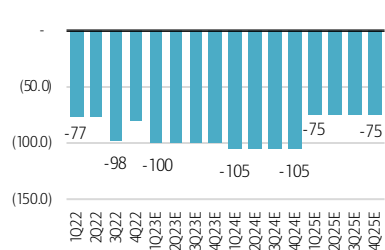


Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

Monetary losses should decline in 2025

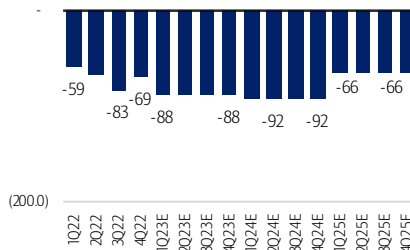
We expect lower losses in the net monetary position due to expected lower inflation rates in '23 and '24. Nonetheless, an important FX gap between the official and the blue-chip makes more complex a normalization on interest rates.

Exhibit 13: GGAL: Net monetary position
Losses to decline in 2025



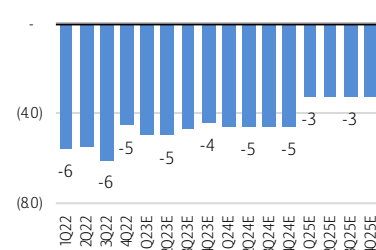
Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

Exhibit 14: BMA: Net monetary position
Losses to decline in 2025



Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

Exhibit 15: SUPV: Net monetary position
Losses to decline in 2025



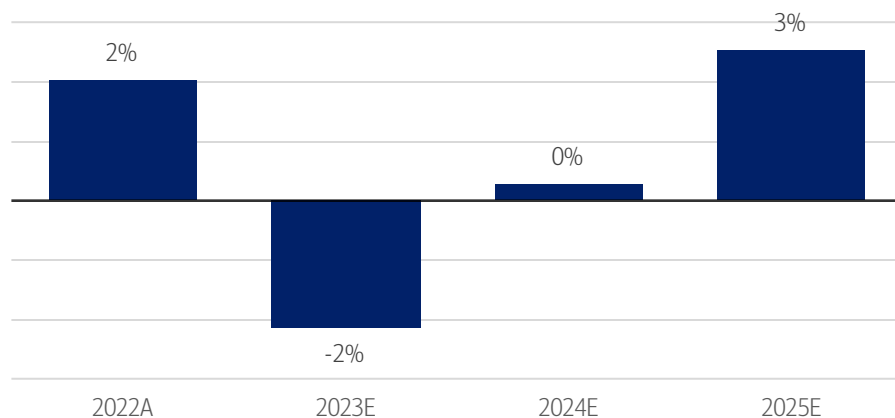
Source: Company data and BofA Global Research estimates
BofA GLOBAL RESEARCH

'23-24 opex growth below inflation

Argentine banks should continue to reflect headcount and branches reduction. Galicia and Macro should benefit from lower personnel expenses by promoting voluntary retirements in an older employees' base, without incurring in severance payments. Meanwhile, Supervielle should start showing opex contraction by leaving behind severance payments implemented in 20-22.

Exhibit 16: Argentine banks – Non-interest expense, YoY growth

Expect opex growth below inflation in '23 supported by early retirements (GGAL and Macro) and no longer severance payments at SUPV implemented in '20-'22



Source: Company data and BofA Global Research estimates

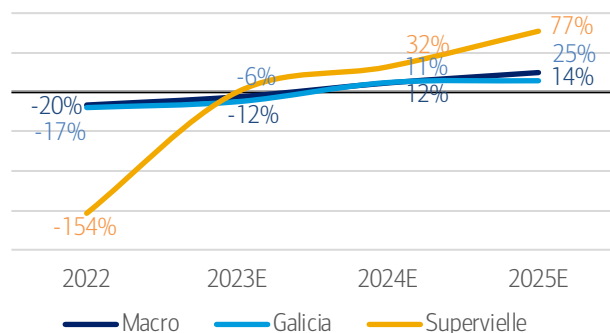
BofA GLOBAL RESEARCH

Continue to see profitability trending-up, but reaching 10% (at most) until 2025

We expect Argentine banks to post earnings contraction in 2023, in light of negative real loan growth and weak results in their net monetary position, although partially offset by better revenue generation benefiting from higher rates. As such, in a positive presidential outcome, we expect better NII on loans on positive real loan growth, and lower losses in the net monetary position from expected lower rates. Nonetheless, expected earnings recovery would not be enough to improve ROEs above CoE levels.

Exhibit 17: Argentine banks – Net Income, YoY growth

Despite earnings recovery, ROEs should continue to be low

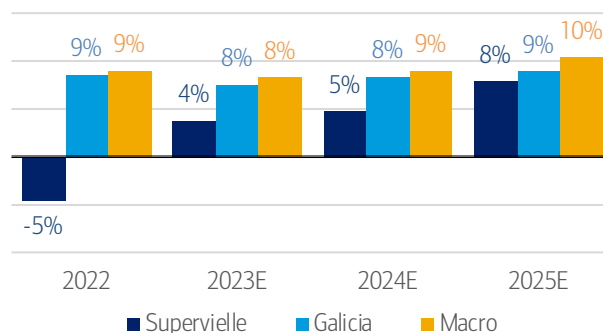


Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 18: Argentine banks: ROAE

ROAE well below cost of equity (CoE)



Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Revised earnings estimates

Exhibit 19: Galicia – revised earnings estimates

Reflecting stronger non-credit related revenues (mainly market-related revenues), while introducing our 2025 estimates (implying an ROAE of 8.9%).

	2023E			2024E			2025E		
(ArPs\$mn)	Old	New	Change	Old	New	Change	Old	New	Change
Net income	51,763	54,934	6%	57,598	61,522	7%		70,300	
ROAE	8.2%	7.6%	-70 bps	8.6%	8.4%	-20 bps		8.9%	

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 20: Banco Macro – revised earnings estimates

Kept relatively unchanged our '23-24 estimates, while introduced our '25 estimates (implying an ROAE of 10.4%)

	2023E			2024E			2025E		
(ArPs\$mn)	Old	New	Change	Old	New	Change	Old	New	Change
Net income	49,468	50,398	2%	55,873	56,182	1%		70,023	
ROAE	8.2%	8.2%	-100 bps	9.6%	9.0%	-60 bps		10.4%	

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 21: Supervielle – revised earnings estimates

Cutting our estimates in '23-24 to reflect higher opex and a wider loss in the net monetary position, while introducing our 2025 estimates (implying an ROAE of 7.9%)

	2023E			2024E			2025E		
(ArPs\$mn)	Old	New	Change	Old	New	Change	Old	New	Change
Net income	4,852	4,301	-11%	8,182	5,675	-31%		10,052	
ROAE	5.0%	3.7%	-130bps	8.0%	4.7%	-320 bps		7.9%	

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

New POs

Our new POs basically reflect our new estimates, adjusted them to reflect higher NII across all banks benefiting from higher rates, while expecting higher income from securities at SUPV and GGAL. Additionally, our new POs assume a higher US Treasury of 3.5% (vs. 3.0% before), and ADRs at FX of ArPs365 per dollar (vs. ArPs265 before).

We expect ROAE levels for the Argentine banks to reach c.9-10% in 2025 (SUPV at 8.0%), which are well below our cost of equity expectations of 22.7%, due to a high-country risk embedded in a challenging macro-outlook. Our estimates assume an Argentina risk spread of 9% (considering 10Y CDS of 900bp vs. currently above 4,935bp and EMBI at 2,565bp) and a perpetuity growth of 4% (in-line with other banks in the region).

Exhibit 22: Argentine Banks - GGM

PO derived from GGM model

Banco Macro			Galicia			Supervielle		
Beta	1.00		Beta	1.00		Beta	1.20	
US Treasury - 10 yr	3.5%		US Treasury - 10 yr	3.5%		US Treasury - 10 yr	3.5%	
Argentina risk spread	9.0%		Argentina risk spread	9.0%		Argentina risk spread	9.0%	
Equity risk premium	5.7%		Equity risk premium	5.7%		Equity risk premium	5.7%	
Inflation differential	4.5%		Inflation differential	4.5%		Inflation differential	4.5%	
Sustainable ROE	10%		Sustainable ROE	9%		Sustainable ROE	8%	
Sustainable growth rate	4%		Sustainable growth rate	4%		Sustainable growth rate	4%	
COE (%)	22.7%		COE (%)	22.7%		COE (%)	23.8%	
Implied target P/BV [(ROE-g)/(COE-g)]	0.3		Implied target P/BV [(ROE-g)/(COE-g)]	0.3		Implied target P/BV [(ROE-g)/(COE-g)]	0.2	
Discount	0%		Discount	0%		Discount	0%	
Implied target P/BV after discount	0.3		Implied target P/BV after discount	0.3		Implied target P/BV after discount	0.2	
2023E BV per share	937.6		2023E BV per share	601.3		2023E BV per share	256.9	
PO			PO			PO		
	ADR	local		ADR	local		ADR	local
Implied 2023 price target (Ps)	9	311	Implied 2023 price target (Ps)	4.3	158	Implied 2023 price target (Ps)	0.7	49
Upside potential	-51%	-63%	Upside potential	-59%	-71%	Upside potential	-69%	-76%
Implied 2023E P/E	4.2x	3.9x	Implied 2023E P/E	3.4x	3.4x	Implied 2023E P/E	5.5x	5.2x
2023E dividend	3.2	117.4	2023E dividend	1.9	71	2023E dividend	-	-
Dividend yield	17%	14%	Dividend yield	18%	12%	Dividend yield	0%	0%
	ADR	local		ADR	Local		ADR	local
PO upside potential + dividend yield			PO upside potential + dividend yield			PO upside potential + dividend yield		
Upside potential	-34%	-48%	Upside potential	-41%	-58%	Upside potential	-69%	-76%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

1Q23 preview

Macro

Report date: 17 May (A)

Conference call: 18 May

We expect Banco Macro to post a recurring net income of ArPs10.0bn, contracting 20% QoQ and -18% YoY, impacted by lower YoY income from securities, higher provision charges and a wider loss in the net monetary position. Loan growth should continue to contract, due to weak credit demand related to the high inflation and rates, Fx depreciation and the political uncertainty. Indeed, consumer continues to laggard, while demand from corporates is only coming through working capital loans. With a tough YoY comp, revenue should be limited by lower YoY income from securities, offsetting positive real core revenue generation (NII and fees), mainly driven by the re-pricing on assets. In terms of asset quality, we expect modestly higher NPLs, while provision charges trending-up, reflecting cost of risk of 1.8% of average gross loans (vs. 1.6% in 4Q22). Meanwhile, non-interest expenses should grow above inflation due to adjusted personnel costs with inflation. Finally, we expect a wider loss in the results from the net monetary position, considering higher inflation levels when compared to the previous quarter. We expect an ROAE of 6.4% for the quarter, falling from 13.1% in 4Q22.

Exhibit 23: Banco Macro – 1Q23 preview

Earnings contracting YoY on lower income from securities, higher provision charges and a wider loss in the net monetary position

ArP\$ mn	1Q/22	4Q/22	1Q/23E	YoY	QoQ
Net interest income	85,657	101,769	98,170	15%	-4%
Fee income	20,870	20,774	21,813	5%	5%
Income from securities	13,029	-3,890	9,000	-31%	-331%
Fx gains	6,302	37,246	36,700	482%	-1%
Non-interest expense	35,788	40,332	39,928	12%	-1%
Provision for loan losses	1,522	3,083	3,392	123%	10%
Results from net monetary position	-59,076	-69,350	-88,143	49%	27%
Non-operating income (expense)	-13,980	-17,170	-18,500	32%	8%
Net income - reported	13,600	20,212	10,048	-26%	-50%
Net income before extra	12,298	20,212	10,048	-18%	-50%
EPS - reported	21.28	31.63	15.72	-26%	-50%
EPS - before extra	19.25	31.63	15.72	-18%	-50%
Gross loans	782,825	754,498	722,280	-8%	-4%
Total assets	2,315,897	2,544,711	2,445,553	6%	-4%
Deposits	1,375,660	1,576,884	1,461,772	6%	-7%
Equity	573,227	623,757	633,805	11%	2%
ROAE - reported	9.6%	13.1%	6.4%	-316 bps	-675 bps
ROAE - before extra	9.6%	13.1%	6.4%	-316 bps	-675 bps
NIM	20.9%	21.5%	20.8%	-1 bps	-63 bps
Efficiency ratio	30%	34%	31%	102 bps	-304 bps
Effective tax rate	21%	22%	36%	1522 bps	1389 bps
Cost of Risk	2.5%	1.6%	1.8%	-70 bps	20 bps
NPLs/ Gross loans	1.6%	1.3%	1.5%	-12 bps	26 bps
LLR/ NPLs	163%	150%	141%	-2151 bps	-861 bps

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Supervielle

Report date: 22 May (A)

Conference call: 23 May

We expect Supervielle's earnings to post ArPs850mn, and to inflect when compared to losses of -ArPs965bn in 4Q22 and of -ARPs532mn in 1Q22, benefiting on securities' gains on higher rates, the company's cost control program and normalized provision charges. We expect negative real loan growth, affected by the high inflation, lending seasonality and stricter lending in credit cards. Meanwhile, NII including securities should be relatively stable on a quarterly basis, benefiting from investments on higher rates. Fees should sequentially improve supported by i) a 35% inflation adjustment in fees, ii) broker fees on high volatility, and iii) asset management favored by different products. On the other hand, we expect higher NPLs, although write-offs already registered in the previous quarter, reflecting a cost of risk of 4.8% (vs. 5.3% in 4Q22). Finally, we see operating expenses to reflect the company's cost control strategy of lower personnel costs, reducing branches, and lower marketing expenses.

Exhibit 24: Supervielle – 1Q23 preview

Earnings expected to inflect on strong income from securities

ArP\$ mn	1Q/22	4Q/22	1Q/23E	YoY	QoQ
Net interest income	24,943	26,272	25,354	2%	-3%
Fee income	6,323	5,813	6,220	-2%	7%
Income from securities	6,982	5,840	6,807	-3%	17%
Fx gains	960	617	617	-36%	0%
Insurance	1,438	1,303	1,368	-5%	5%
Non-interest expense	31,937	34,971	30,075	-6%	-14%
Provision for loan losses	4,340	3,952	3,449	-21%	-13%
Non-operating income	814	-2,318	-500	-161%	-78%
Net monetary position	-5,573	-4,531	-4,993	-10%	10%
Net Income	-532	-965	850	-260%	-188%
EPS - reported	-1.16	-2.11	1.86	-260%	-188%
Gross loans + Leasing	341,051	296,305	278,527	-18%	-6%
Total assets	907,430	848,989	857,894	-5%	1%
Deposits	697,247	666,492	673,157	-3%	1%
Equity	121,329	113,015	113,866	-6%	1%
ROAE - reported	-1.7%	-3.4%	3.0%	475 bps	637 bps
NIM	13.2%	15.4%	14.8%	161 bps	-56 bps
Efficiency ratio	80.5%	89.1%	75.7%	-481 bps	-1349 bps
Effective tax rate	-36.2%	24.0%	37.0%	7324 bps	1300 bps
Cost of Risk	4.8%	5.3%	4.8%	0 bps	-46 bps
NPLs/ Gross loans	4.3%	3.7%	4.0%	-33 bps	30 bps
LLR/ NPLs	142.3%	135.9%	123.4%	-1894 bps	-1254 bps

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Galicia

Report date: 23 May (A)

Conference call: 24 May

We expect Galicia to post a net income ArPs19.2bn, contracting 29% QoQ, but expanding 81% YoY, supported by income from securities and FX gains. We continue to see negative real loan growth affected by high inflation in Argentina and lower credit demand on foreign credits. Revenues should be driven by income from securities boosted by higher rates, while NII should continue to suffer from lower credit demand and higher funding costs. Meanwhile, we expect modestly asset quality deterioration, although lower provision charges QoQ, reflecting a CoR of 4.5% of average gross loans (vs. 5.1% in 4Q22). On the other hand, we see double-digit YoY opex growth due personal expenses adjusted with inflation. We expect an ROAE of 10.3% in 1Q23, declining from 14.9% in 4Q22.

Exhibit 25: Galicia – 1Q23 preview

Earnings supported by income from securities and FX gains

ArP\$ mn	1Q/22	4Q/22	1Q/23E	YoY	QoQ
Net interest income	60,043	17,281	10,492	-83%	-39%
Fee income	33,769	38,295	38,678	15%	1%
Income from securities	74,937	157,373	170,952	128%	9%
Fx gains	3,665	9,149	9,149	150%	0%
Insurance	4,509	4,158	4,200	-7%	1%
Non-interest expense	62,329	72,841	71,384	15%	-2%
Provision for loan losses	11,374	20,667	18,334	61%	-11%
Results from net monetary position	-76,589	-79,834	-100,318	31%	26%
Other income	-9,251	-15,155	-15,000	62%	-1%
Net income - reported	10,615	27,125	19,223	81%	-29%
EPS - reported	8.89	22.73	16.11	81%	-29%
Gross loans	1,782,327	1,640,244	1,608,978	-10%	-2%
Total assets	3,737,650	4,120,737	4,195,824	12%	2%
Deposits	2,309,666	2,607,430	2,659,578	15%	2%
Equity	728,235	741,756	756,978	4%	2%
ROAE - reported	5.9%	14.9%	10.3%	439 bps	-464 bps
ROAE before extra	5.9%	14.9%	10.3%	439 bps	-464 bps
NIM	10.3%	2.8%	1.7%	-859 bps	-114 bps
Efficiency ratio	35%	32%	31%	-465 bps	-162 bps
Effective tax rate	38%	28%	32%	-647 bps	412 bps
Cost of Risk	2.5%	5.1%	4.5%	204 bps	-60 bps
NPLs/ Gross loans	3.2%	2.6%	2.7%	-52 bps	10 bps
LLR/ NPLs	159%	167%	156%	-315 bps	-1100 bps

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Models

Banco Macro

Exhibit 26: Banco Macro – Income Statement

Expect ROAE of 10% in 2025

ArPs\$mn	2022	2023E	2024E	2025E	Growth rates (YoY)			
					22/21	23/22	24/23	25/24
Net interest income	371,672	380,995	435,918	422,753	20%	3%	14%	-3%
Net interest margin	21.0%	20.3%	23.0%	21.5%				
Commissions and fees	82,763	86,663	90,967	95,771	4%	5%	5%	5%
Income from securities	58,451	41,000	57,898	24,035	23%	-30%	41%	-58%
Fx gains	75,806	150,700	86,000	44,000	588%	99%	-43%	-49%
Operating revenue	454,435	467,659	526,885	518,524	17%	3%	13%	-2%
Noninterest expense	160,736	162,125	163,629	168,655	2%	1%	1%	3%
Efficiency ratio	35%	35%	31%	33%				
Op inc bfr provs and taxes	293,699	305,534	363,256	349,868	27%	4%	19%	-4%
Provision for loan losses	7,983	13,147	13,460	14,610	37%	65%	2%	9%
Provisions/ Avg. gross loans	1.0%	1.8%	1.9%	2.0%				
Results from monetary position	-278,242	-352,573	-369,933	-262,847	81%	27%	5%	-29%
Non-operating income (expense)	-65,650	-66,500	-56,000	-56,000				
Earnings before taxes	220,066	225,887	293,797	279,258	34%	3%	30%	-5%
Income tax (net)	23,681	14,564	11,519	14,356	501%	-39%	-21%	25%
Effective tax rate	31%	22%	17%	17%				
Minority interest	9	52	59	66	0%	0%	0%	0%
Net income - reported	53,694	50,398	56,182	70,023	-17%	-6%	11%	25%
EPS -- reported	84.03	78.87	87.92	109.58	-17%	-6%	11%	25%
BV per share - reported	976.15	937.65	1,009.79	1,101.79	10%	-4%	8%	9%
ROAE - reported	9.0%	8.2%	9.0%	10.4%				
ROAA - reported	2.2%	2.0%	2.2%	2.6%				
Dividends per share	30.81	117.37	15.77	17.58		281%	-87%	11%
Avg. shares outstanding (Millions)	639	639	639	639	0%	0%	0%	0%

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 27: Banco Macro – Balance Sheet

Expect loan growth until 2025

ArPs\$mn	2022	2023E	2024E	2025E	Growth rates (YoY)			
					22/21	23/22	24/23	25/24
ASSETS								
Cash and securities	1,459,115	1,518,361	1,580,013	1,644,168	25%	4%	4%	4%
Gross loans	754,498	696,035	702,073	757,938	-13%	-8%	1%	8%
Loan loss reserves	14,331	14,231	14,927	17,491	-39%	-1%	5%	17%
Total interest earning assets	1,894,849	1,883,371	1,937,501	2,041,572	18%	-1%	3%	5%
Other receivables	70,536	73,401	76,381	79,482	-15%	4%	4%	4%
Other assets	18,697	272,087	318,677	362,792	-29%	n.a.	17%	14%
Total assets	2,288,516	2,545,653	2,662,217	2,826,889	8%	11%	5%	6%
LIABILITIES								
Total deposits	1,576,884	1,578,143	1,622,485	1,700,269	13%	0%	3%	5%
Interbank loans, repos, other	94,091	97,912	101,887	106,024	-13%	4%	4%	4%
Total interest bearing liabilities	1,674,282	1,679,496	1,727,952	1,810,019	11%	0%	3%	5%
Other liabilities	246,569	266,894	288,895	312,709	-15%	8%	8%	8%
Total liabilities	1,917,545	1,942,949	2,013,267	2,119,002	7%	1%	4%	5%
SHAREHOLDERS EQUITY								
Equity	623,757	599,155	645,258	704,045	10%	-4%	8%	9%

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 28: Banco Macro – Financial Indicators

Expect ROAE of 10% in 2025

	2022	2023E	2024E	2025E
Income Statement				
NIM	9.7%	-1.7%	-12.8%	2.5%



Exhibit 28: Banco Macro – Financial Indicators

Expect ROAE of 10% in 2025

	2022	2023E	2024E	2025E
NIM with securities	21.0%	20.3%	23.0%	21.5%
Fees/ Core revenues	14%	13%	14%	16%
Fees/ Noninterest expense	51%	53%	56%	57%
Efficiency ratio	31.3%	31.9%	28.0%	31.1%
Effective tax rate	31%	22%	17%	17%
Dividend pay-out ratio	30%	140%	20%	20%
Profitability				
ROAE - reported	9.0%	8.2%	9.0%	10.4%
ROAA - reported	2.2%	2.0%	2.2%	2.6%
Balance Sheet				
Loans/ Total assets	30%	27%	26%	27%
Cash & Securities/ Total assets	12%	12%	12%	12%
Loans/ Deposits	48%	44%	43%	45%
Equity/ Assets	25%	24%	24%	25%
Asset Quality				
NPL/ Gross loans	1.3%	1.6%	1.7%	1.9%
LLR/ NPL - coverage to NPL	150%	127%	126%	123%
Cost of Risk	1.0%	1.8%	1.9%	2.0%
Capital				
Tier 1 ratio	36.6%	25.2%	20.0%	18.6%
BIS ratio	39.9%	27.6%	21.8%	20.1%

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Galicia

Exhibit 29: Galicia – Income Statement

Expect an ROAE of at most 9% in 2025

ArPs\$mn	2022	2023E	2024E	2025E	Growth rates (YoY)			
					22/21	23/22	24/23	25/24
Net interest income	184,112	39,645	88,604	126,546	-29%	-78%	123%	43%
Net interest margin	7.8%	1.6%	3.7%	4.9%				
Commissions and fees	143,277	150,132	157,254	166,373	5%	5%	5%	6%
Income from securities	418,855	624,267	575,173	414,312	84%	49%	-8%	-28%
Fx gains	24,514	36,596	36,596	38,400	0%	0%	0%	0%
Insurance	16,666	16,750	17,008	17,422	-4%	1%	2%	2%
Operating revenue	787,424	867,391	874,635	763,053	21%	10%	1%	-13%
Noninterest expense	263,156	255,239	255,724	262,093	5%	-3%	0%	2%
Efficiency ratio	33%	29%	29%	34%				
Op inc bfr provs and taxes	524,268	612,152	618,911	500,960	31%	17%	1%	-19%
Provision for loan losses	63,108	69,431	62,568	52,990	22%	10%	-10%	-15%
Provisions/ Avg. gross loans	3.6%	4.4%	4.1%	3.4%				
Results from net monetary position	-331,975	-401,271	-421,030	-299,153	80%	21%	5%	-29%
Non-operating income (expense)	-43,066	-60,664	-40,664	-40,664	-6%	41%	-33%	0%
Earnings before taxes	86,119	80,785	94,649	108,153	-27%	-6%	17%	14%
Income tax (net)	23,477	25,851	33,127	37,854	-42%	10%	28%	14%
Effective tax rate	27%	32%	35%	35%				
Net income - reported	62,642	54,934	61,522	70,300	-20%	-12%	12%	14%
EPS -- reported	52.49	46.03	51.55	58.90	-1%	-12%	12%	14%
BV per share	621.51	596.32	636.36	682.38	28%	-4%	7%	7%
ROAE - reported	8.6%	7.6%	8.3%	8.9%				
ROAA - recurring	861.6%	861.6%	828.4%	871.7%				
Dividends per share	12.57	71.22	11.51	12.89	152%	467%	-843%	12%

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 30: Galicia – Balance Sheet

Expect real loan growth until 2025

ArPs\$mn	2022	2023E	2024E	2025E	Growth rates (YoY)			
					22/21	23/22	24/23	25/24
ASSETS								
Cash and securities	1,509,226	1,584,391	1,714,996	1,856,367	34%	5%	8%	8%
Gross loans	1,640,244	1,508,106	1,510,090	1,622,462	-14%	-8%	0%	7%
Loan loss reserves	71,312	62,551	62,633	60,096	-33%	-12%	0%	-4%
Total interest earning assets	2,533,362	2,440,242	2,524,138	2,727,800	8%	-4%	3%	8%
Other receivables	847,339	917,187	992,793	1,074,631	0%	8%	8%	8%
Other assets	195,240	384,207	483,295	479,859	-13%	97%	26%	-1%
Total assets	4,120,737	4,331,341	4,638,540	4,973,223	3%	5%	7%	7%
LIABILITIES								
Total deposits	2,607,430	2,767,297	2,936,965	3,117,037	6%	6%	6%	6%
Interbank loans	45,573	47,424	49,349	51,353	-19%	4%	4%	4%
Subordinated notes	55,272	57,516	59,851	62,281	-11%	4%	4%	4%
Total interest-bearing liabilities	2,708,275	2,872,236	3,046,166	3,230,671	5%	6%	6%	6%
Other liabilities	670,707	747,415	832,896	928,154	-3%	11%	11%	11%
Total liabilities	3,378,981	3,619,651	3,879,062	4,158,825	4%	7%	7%	7%
SHAREHOLDERS EQUITY								
Equity	741,756	711,690	759,478	814,397	3%	-4%	7%	7%

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 31: Galicia – Financial Indicators

Expect an ROAE of 9% in 2025

	2022	2023E	2024E	2025E
Income Statement				
NIM (reported)	7.8%	1.6%	3.7%	4.9%
NIM with securities	25.5%	27.3%	27.7%	21.0%
Fees/ Core revenues	18.2%	17.3%	18.0%	21.8%

Exhibit 31: Galicia – Financial Indicators

Expect an ROAE of 9% in 2025

	2022	2023E	2024E	2025E
Fees/ Noninterest expense	54.4%	58.8%	61.5%	63.5%
Efficiency ratio	33.4%	29.4%	29.2%	34.3%
Effective tax rate	27.3%	32.0%	35.0%	35.0%
Dividend pay-out ratio	19.2%	135.7%	25.0%	25.0%
Profitability				
ROAE - reported	8.6%	7.6%	8.4%	8.9%
ROAA - reported	1.5%	1.3%	1.4%	1.5%
Balance Sheet				
Loans/ Total assets	40%	35%	33%	33%
Cash & Securities/ Total assets	13%	14%	14%	14%
Loans/ Deposits	63%	54%	51%	52%
Equity/ Assets	18%	16%	16%	16%
Asset Quality				
NPL/ Gross loans	2.6%	2.7%	2.8%	2.6%
LLR/ NPL - coverage to NPL	166.8%	156.1%	150.8%	145.1%
Cost of Risk	3.6%	4.4%	4.1%	3.4%
Capital				
Tier 1 ratio	23.7%	18.6%	18.5%	18.8%
BIS ratio	25.6%	20.1%	20.0%	20.4%

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Supervielle

Exhibit 32: Supervielle – Income Statement

Expect strong earnings growth in '24-25, but an ROAE of at most 8% in 2025

ArPsmn (except EPS and BV per share)	2022	2023E	2024E	2025E	22/21	23/22	24/23	25/24
Net interest income	106,393	106,053	107,946	115,198	5%	0%	2%	7%
<i>Net interest margin</i>	16.4%	15.2%	14.8%	14.6%				
Commissions and fees	23,878	23,959	24,291	25,411	-13%	0%	1%	5%
Income from securities	23,827	30,890	29,081	24,453	-3%	30%	-6%	-16%
Fx gains	3,339	2,468	2,468	2,468	0%	0%	0%	0%
Insurance	5,510	5,782	6,061	6,435	2%	5%	5%	6%
Operating revenue	162,948	169,153	169,847	173,965	1%	4%	0%	2%
Noninterest expense	133,626	128,200	127,784	130,242	6%	-4%	0%	2%
<i>Efficiency ratio</i>	84%	77%	76%	76%				
Op inc bfr provs and taxes	29,322	40,952	42,063	43,723	-17%	40%	3%	4%
Provision for loan losses	16,361	13,657	13,421	13,472	-26%	-17%	-2%	0%
<i>Provisions/ Avg. gross loans</i>	4.8%	4.8%	4.8%	4.5%				
Results from net monetary position	-21,662	-19,073	-18,438	-13,101	20%	-12%	-3%	-29%
Other income	-587	-1,400	-1,200	-1,200	-143%	138%	-14%	0%
Earnings before taxes	-9,289	6,822	9,003	15,950	148%	-173%	32%	77%
Income tax (net)	-3,942	2,524	3,331	5,901	-475%	-164%	32%	77%
<i>Effective tax rate</i>	42%	37%	37%	37%				
Minority interest	-2	-3	-3	-4	600%	62%	22%	22%
Net income - reported	-5,345	4,301	5,675	10,052	12%	n.a.	32%	77%
EPS -- reported	-11.70	9.42	12.43	22.01	12%	-180%	32%	77%
EPADR -- reported	0.50	-0.03	-0.13	-0.41				
BV per share	247.45	256.86	268.36	289.14	-8%	4%	4%	8%
ROAE - reported	-4.5%	3.7%	4.7%	7.9%				
ROAA - reported	-0.6%	0.5%	0.6%	1.0%				
Shares outstanding (Millions)	457	457	457	457				

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 33: Supervielle – Balance Sheet

Expect moderate real loan growth next year

ArPsmn	2022	2023E	2024E	2025E	22/21	Growth rates		
						23/22	24/23	25/24
ASSETS								
Cash and securities	422,058	458,932	499,029	542,631	8%	9%	9%	9%
Gross loans	296,305	273,736	287,671	311,384	-22%	-8%	5%	8%
Loan loss reserves	15,472	13,527	14,243	13,959	-36%	-13%	5%	-2%
Total interest earning assets	702,891	719,141	772,457	840,057	-6%	2%	7%	9%
Other assets	146,098	153,834	169,525	184,040	-17%	5%	10%	9%
Total assets	848,989	872,976	941,982	1,024,096	-8%	3%	8%	9%
LIABILITIES								
Total deposits	666,492	667,354	707,181	749,386	-3%	0%	6%	6%
Total interest-bearing liabilities	666,492	667,354	707,181	749,386	-3%	0%	6%	6%
Other liabilities	69,392	88,213	112,139	142,554	-42%	27%	27%	27%
Total liabilities	735,884	755,567	819,320	891,939	-8%	3%	8%	9%
SHAREHOLDERS EQUITY								
Equity	113,105	117,409	122,662	132,157	-8%	4%	4%	8%

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 34: Supervielle – Financial Indicators

Expect strong earnings growth in 24-25, but an ROAE of at most 8.0% in 2025

	2022	2023E	2024E	2025E
Income Statement				
NIM (reported)	16.4%	15.2%	14.8%	14.6%
NIM with securities	20.1%	19.7%	18.8%	17.7%
Fees/ Core revenues	15%	14%	14%	15%

Exhibit 34: Supervielle – Financial Indicators

Expect strong earnings growth in 24-25, but an ROAE of at most 8.0% in 2025

	2022	2023E	2024E	2025E
Fees/ Noninterest expense	18%	19%	19%	20%
Efficiency ratio	84%	77%	76%	76%
Effective tax rate	42%	37%	37%	37%
Profitability				
ROE reported	-4.5%	3.7%	4.7%	7.9%
ROA reported	-0.6%	0.5%	0.6%	1.0%
Balance Sheet				
Loans/ Total assets	35%	31%	31%	30%
Securities/ Total assets	7%	7%	7%	7%
Loans/ Deposits	44%	41%	41%	42%
Equity/ Assets	13.3%	13.4%	13.0%	12.9%
Asset Quality				
NPL/ Gross loans	3.7%	4.1%	4.1%	3.8%
LLR/ NPL - coverage to NPL	136%	120%	121%	118%
Cost of Risk	4.8%	4.8%	4.8%	4.5%
Capital				
Tier 1 ratio	12.3%	10.4%	10.3%	10.2%
BIS ratio	12.8%	11.1%	11.1%	11.2%

Source: Company data and BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 35: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
BCVMF	BMA AR	Banco Macro	ArP 834.75	C-3-7
BMA	BMA US	Banco Macro	US\$ 18.39	C-3-7
GGABF	GGAL AR	Grupo Galicia	ArP 523.65	C-3-7
GGAL	GGAL US	Grupo Galicia	US\$ 12.14	C-3-7
SUPV	SUPV US	Supervielle	US\$ 2.27	C-3-7
XAZFF	SUPV AR	Supervielle	ArP 203.45	C-3-7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Banco Macro (BCVMF)

Our price objective of ArPs311/share (US\$9/ADS converted at 365 FX rate) is derived from the Gordon Growth Model, assuming a COE of 22.7% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 900bp (vs. EMBI at 2,565bp), inflation differential of 450bp and beta of 1.0x), 4% growth in perpetuity and a sustainable ROE of 10%.

Downside risks are: 1) execution risk, as the bank transitions from a high inflation and high interest rate environment, and 2) asset quality deterioration. Upside risks are: 1) stronger loan growth, 2) improved asset quality, and 3) lower inflation levels.

Banco Macro (BMA)

Our price objective of ArPs311/share (US\$9/ADS converted at 365 FX rate) is derived from the Gordon Growth Model, assuming a COE of 22.7% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 900bp (vs. EMBI at 2,565bp), inflation differential of 450bp and beta of 1.0x), 4% growth in perpetuity and a sustainable ROE of 10%.

Downside risks are: 1) execution risk, as the bank transitions from a high inflation and high interest rate environment, and 2) asset quality deterioration. Upside risks are: 1) stronger loan growth, 2) improved asset quality, and 3) lower inflation levels.

Grupo Financiero Galicia (GGABF)

Our price objective of ArPs156/share (US\$4.3/ADS converted at 365 FX rate) is derived from the Gordon Growth Model, assuming a COE of 22.7% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 900bp (vs. EMBI at 2,565bps), inflation differential of 450bp and beta of 1.0x), 4% growth in perpetuity, and a sustainable ROE of 9%.

Downside risks are: high inflation and gradual economic recovery reduces earnings visibility and could lead to asset quality deterioration, especially due to the bank's outsized exposure in credit cards. Upside risks: stronger lending dynamics, better asset quality, and lower inflation levels

Grupo Financiero Galicia (GGAL)

Our price objective of ArPs156/share (US\$4.3/ADS converted at 365 FX rate) is derived from the Gordon Growth Model, assuming a COE of 22.7% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 900bp (vs. EMBI at 2,565bps), inflation differential of 450bp and beta of 1.0x), 4% growth in perpetuity, and a sustainable ROE of 9%.

Downside risks are: high inflation and gradual economic recovery reduces earnings visibility and could lead to asset quality deterioration, especially due to the bank's outsized exposure in credit cards. Upside risks: stronger lending dynamics, better asset quality, and lower inflation levels

Supervielle (SUPV)

Our price objective of ArPs49/share (US\$0.7/ADS converted at 365 FX rate) is derived from the Gordon Growth Model, assuming a COE of 23.8% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 900bp (vs. EMBI at 2,565bps), inflation differential of 450bp and beta of 1.2x), 4% growth in perpetuity, and a sustainable ROE of 8%.

Downside risks to our PO are 1) weaker economic activity/higher inflation and sharper deterioration in asset quality, 2) inability to reprice the loan book, 3) implementation of unorthodox economic policies, and 4) unstable political conditions in Argentina. Upside risks to our PO are: 1) aggressive repurchase program of ArPs2.0bn or 10% of the capital stock within the next 250 days, 2) higher-than-expected securities gains in

the next years, 3) faster recovery in macro conditions leading to lower-than-expected NPLs and provision charges, and 4) becoming a potential for consolidation.

Superviella (XAZFF)

Our price objective of ArPs49/share (US\$0.7/ADS converted at 365 FX rate) is derived from the Gordon Growth Model, assuming a COE of 23.8% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 900bp (vs. EMBI at 2,565bps), inflation differential of 450bp and beta of 1.2x), 4% growth in perpetuity, and a sustainable ROE of 8%.

Downside risks to our PO are 1) weaker economic activity/higher inflation and sharper deterioration in asset quality, 2) inability to reprice the loan book, 3) implementation of unorthodox economic policies, and 4) unstable political conditions in Argentina.

Upside risks to our PO are: 1) aggressive repurchase program of ArPs2.0bn or 10% of the capital stock within the next 250 days, 2) higher-than-expected securities gains in the next years, 3) faster recovery in macro conditions leading to lower-than-expected NPLs and provision charges, and 4) becoming a potential for consolidation.

Analyst Certification

We, Ernesto Gabilondo, Antonio Ruetten and Flavio Yoshida, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Latin America - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	ABC Brasil	XBABF	ABC4 BZ	Flavio Yoshida
	B3	XIMAF	B3SA3 BZ	Mario Pierry
	B3	BOLSY	BOLSY US	Mario Pierry
	Banco do Brasil	XBBAF	BBAS3 BZ	Mario Pierry
	Banco do Brasil	BDORY	BDORY US	Mario Pierry
	Banorte	GBOOF	GFNORTEO MM	Mario Pierry
	Banorte	GBOOY	GBOOY US	Mario Pierry
	BB Seguridade	XBDPF	BBSE3 BZ	Mario Pierry
	BB Seguridade	BBSEY	BBSEY US	Mario Pierry
	Bci	BZCIF	BCI CI	Ernesto Gabilondo
	BTG Pactual	XNXCF	BPAC11 BZ	Flavio Yoshida
	Caixa Seguridade	XDXUF	CXSE3 BZ	Mario Pierry
	Cielo	CIOXF	CIEL3 BZ	Mario Pierry
	Cielo	CIOXY	CIOXY US	Mario Pierry
	ClearSale	XZUOF	CLSA3 BZ	Flavio Yoshida
	Credicorp Ltd	BAP	BAP US	Ernesto Gabilondo
	Gentera	CMPRF	GENTERA* MM	Ernesto Gabilondo
	Grupo BMV	BOMXF	BOLSAA MM	Ernesto Gabilondo
	IFS	IFS	IFS US	Ernesto Gabilondo
	Inter	XBZIF	INBR32 BZ	Mario Pierry
	Inter	INTR	INTR US	Mario Pierry
	PagSeguro Digital Ltd	PAGS	PAGS US	Mario Pierry
	Porto Seguro	PSGUF	PSSA3 BZ	Mario Pierry
	Regional	RGNLF	RA MM	Ernesto Gabilondo
NEUTRAL				
	Bajio	BBAJF	BBAJIOO MM	Ernesto Gabilondo
	Bancolombia	CIB	CIB US	Ernesto Gabilondo
	Bancolombia	XAFFF	PFBCOLO CB	Ernesto Gabilondo
	Banrisul	XGRBF	BRSR6 BZ	Flavio Yoshida
	Bradesco	BRDPF	BBDC4 BZ	Mario Pierry
	Bradesco -A	BBD	BBD US	Mario Pierry
	Itau Unibanco	ITUBF	ITUB4 BZ	Mario Pierry
	Itau Unibanco	ITUB	ITUB US	Mario Pierry
	Nubank	NU	NU US	Mario Pierry
	Qualitas	QUCOF	Q* MM	Ernesto Gabilondo
	StoneCo	STNE	STNE US	Mario Pierry
	XP Inc.	XP	XP US	Mario Pierry
UNDERPERFORM				
	Banco Chile-ADR	BCH	BCH US	Ernesto Gabilondo
	Banco de Chile	XHNDF	CHILE CI	Ernesto Gabilondo
	Banco Macro	BMA	BMA US	Ernesto Gabilondo
	Banco Macro	BCVMF	BMA AR	Ernesto Gabilondo
	Banco Santander Chile	BSAC	BSAC US	Ernesto Gabilondo
	Banco Santander Chile	XLDTF	BSAN CI	Ernesto Gabilondo
	GFINbur	GPFOF	GFINBURO MM	Ernesto Gabilondo
	Grupo Financiero Galicia	GGAL	GGAL US	Ernesto Gabilondo
	Grupo Financiero Galicia	GGABF	GGAL AR	Ernesto Gabilondo
	Santander Brasil	XCBDP	SANB11 BZ	Mario Pierry
	Santander Brasil	BSBR	BSBR US	Mario Pierry
	Supervielle	SUPV	SUPV US	Ernesto Gabilondo
	Supervielle	XAZFF	SUPV AR	Ernesto Gabilondo

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Banks Group (as of 31 Mar 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	88	50.87%	Buy	72	81.82%
Hold	40	23.12%	Hold	29	72.50%
Sell	45	26.01%	Sell	34	75.56%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1869	53.01%	Buy	1030	55.11%
Hold	827	23.45%	Hold	476	57.56%
Sell	830	23.54%	Sell	389	46.87%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's: absolute total return potential as well as its attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Banco Macro, Grupo Galicia, Supervielle.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Banco Macro SA, Grupo Galicia, Supervielle.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Banco Macro SA, Grupo Galicia, Supervielle.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Banco Macro, Grupo Galicia, Supervielle.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: Banco Macro SA, Grupo Galicia, Supervielle.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no. 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan

Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Investment Industry Regulatory Organization of Canada; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofA Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofA India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPPr and regulated by the ACPPr and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities. This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

Copyright and General Information:

Copyright 2023 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.