

# **Tarjeta Naranja S.A.**

## **Financial Statements**

For the year commenced January 1, 2019 and ended December 31, 2019,  
presented on a comparative basis.

(Free Translation from the Original in Spanish for Publication in Argentina)

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## 2019 ANNUAL REPORT



## **2019 ANNUAL REPORT**

In compliance with legal provisions and the by-laws, Tarjeta Naranja S.A. submits this Annual Report, together with the Balance Sheet, Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the corresponding notes, for the 25th year of the Company, ended December 31, 2019.

### **FINANCIAL CONDITION**

(Figures expressed in thousands of Argentine Pesos)

In 2019, Tarjeta Naranja S.A. kept its leadership position as main issuer of credit cards in Argentina. As of December 31, 2019, the Company has 3,257,257 open accounts. Considering additional cardholders, Tarjeta Naranja S.A. has 4,605,250 customers in the aggregate. Meanwhile, the total number of authorized cards is 8,559,157, including all managed brands, namely: Tarjeta Naranja, Tarjeta Naranja Visa, Tarjeta Naranja MasterCard, and Tarjeta Naranja American Express.

At the beginning of the year, all cards under the Nevada brand had already been unified under the Naranja brand, as a result of the merger with Tarjetas Cuyanas S. A.

During the reporting period, the Company completed 177,849,168 transactions, including purchases in stores and automatic debits, personal loans, cash advances and cash withdrawals from ATMs.

Annual transactions rose by 7%, while average consumption per account during the year experienced a 28.6% increase in nominal terms.

By way of General Resolution 777/2018, the C.N.V. provided that issuers subject to its oversight are required to restate their financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29.

Therefore, originally reported comparative figures were adjusted accordingly.

As of December 31, 2019, the Company posted a profit of AR\$ 1,131,710, accounting for a 159% increase in constant terms as compared to the previous year. At the end of the reporting period,

equity amounted to AR\$ 16,832,693 in constant terms.

Revenues from Services
Costs of Services
<b>Net Revenues from Services</b>
Revenues from Financing
Costs of Financing
Loss on Net Monetary Position
<b>Net Revenues from Financing</b>
Net Income from Short-term Investments
<b>Operating Revenue</b>
Provision for Loan Losses, Net of Recoveries
<b>Operating Revenue, Net of Provision for Loan Losses</b>
Employee Benefits Expenses
Taxes and Charges
Marketing Expenses
Depreciation and Amortization
Other Operating Expenses, Net
<b>Total Operating Expenses</b>
<b>Net Profit before Income from Investments Accounted for Using the Equity Method</b>
Income (Loss) from Investments Accounted for Using the Equity Method
<b>Profit (Loss) before Income Tax</b>
Income Tax
<b>Profit / (Loss) for the Year</b>

Historical Figures	Restatement (Constant Currency as of December 31, 2019)	Restated Figures
<b>December 31, 2018</b>		
9,838,560	8,678,228	18,516,788
(1,468,050)	(1,285,017)	(2,753,067)
<b>8,370,510</b>	<b>7,393,211</b>	<b>15,763,721</b>
13,033,863	11,274,019	24,307,882
(5,172,279)	(4,150,922)	(9,323,201)
-	(5,243,542)	(5,243,542)
<b>7,861,584</b>	<b>1,879,555</b>	<b>9,741,139</b>
662,971	537,803	1,200,774
<b>16,895,065</b>	<b>9,810,569</b>	<b>26,705,634</b>
(3,568,144)	(2,966,000)	(6,534,144)
<b>13,326,921</b>	<b>6,844,569</b>	<b>20,171,490</b>
(3,932,165)	(3,413,318)	(7,345,483)
(2,468,952)	(2,180,821)	(4,649,773)
(414,037)	(364,060)	(778,097)
(281,217)	(519,793)	(801,010)
(3,305,757)	(2,816,169)	(6,121,926)
<b>(10,402,128)</b>	<b>(9,294,161)</b>	<b>(19,696,289)</b>
<b>2,924,793</b>	<b>(2,449,592)</b>	<b>475,201</b>
344	348	692
2,925,137	(2,449,244)	475,893
(856,449)	(1,530,058)	(2,386,507)
<b>2,068,688</b>	<b>(3,979,302)</b>	<b>(1,910,614)</b>

Historical Figures	Effects IAS 29	Restated Figures
<b>December 31, 2019</b>		
13,867,659	3,001,506	16,869,165
(1,639,749)	(338,543)	(1,978,292)
<b>12,227,910</b>	<b>2,662,963</b>	<b>14,890,873</b>
16,569,719	3,933,983	20,503,702
(7,792,123)	(1,880,296)	(9,672,419)
-	(4,908,122)	(4,908,122)
<b>8,777,596</b>	<b>(2,854,435)</b>	<b>5,923,161</b>
2,193,326	462,019	2,655,345
<b>23,198,832</b>	<b>270,547</b>	<b>23,469,379</b>
(4,026,955)	(1,194,052)	(5,221,007)
<b>19,171,877</b>	<b>(923,505)</b>	<b>18,248,372</b>
(4,521,627)	(974,858)	(5,496,485)
(3,309,535)	(771,584)	(4,081,119)
(527,721)	(110,242)	(637,963)
(564,806)	(568,336)	(1,133,142)
(4,463,440)	(935,667)	(5,399,107)
<b>(13,387,129)</b>	<b>(3,360,687)</b>	<b>(16,747,816)</b>
<b>5,784,748</b>	<b>(4,284,192)</b>	<b>1,500,556</b>
(8,703)	(529)	(9,232)
5,776,045	(4,284,721)	1,491,324
(37,096)	(322,518)	(359,614)
<b>5,738,949</b>	<b>(4,607,239)</b>	<b>1,131,710</b>

As it arises from the preceding table, Operating Revenues (the sum of Net Revenues from Services, Net Revenues from Financing, and Net Income from Short-term Investments) amounted to AR\$ 23,469,379 in constant terms, accounting for a 12% decline compared to the previous year, as a consequence of a substantial decline in domestic spending due to the prevailing macroeconomic conditions.

The Provision for Loan Losses amounted to AR\$ 5,221,007 in constant terms, reflecting a 20% decline relative to the previous year, attributable to the improvements implemented in credit and arrears recovery policies.

Operating Expenses totaled AR\$ 16,747,816 in constant terms, equivalent to a 15% decline vis-a-vis the previous year, due to the merger with Nevada and the efficiencies achieved from the digital transformation process underway.

The application of the inflation adjustment for tax purposes was admitted for the first time in 2019. Accordingly, Income Tax Expense amounted to AR\$ 359,614, representing an 85% decrease relative to the previous year.

## SOURCES OF FINANCING

*(Figures expressed in thousands of Argentine Pesos)*

Below is a detail of the Company's sources of financing during the year, along with the respective repayments of principal and interest, in nominal values:

**Notes (“Obligaciones Negociables”):** As part of the Global Program for the Issuance of Notes (“Obligaciones Negociables”), in February, the Company issued Class XLIII Notes (“Obligaciones Negociables”) for a total of AR\$ 1,583,895 (in nominal currency). Principal and interest on the Notes (“Obligaciones Negociables”) were paid in the amount of AR\$ 12,870,477 (in nominal currency).

**Banks and Financial Loans:** The Company secured a new credit line in the amount of AR\$ 2,000,000 (in nominal currency). In turn, the Company repaid principal and interest on such borrowings for AR\$ 2,358,624 (in nominal currency).

**Leases:** Lease payments due were made in the amount of AR\$ 224,165 (in nominal currency).

## REDUCED MERCHANTS' FEES

In line with the policy adopted in April 2017, on January 1, 2019 Naranja completed a new phase of the voluntary reduction in the maximum fee applicable to merchants' sales, which fell to 2.15%.

## RISK MANAGEMENT AND RECOVERY MODELS

As concerns **procedures for collection of amounts in early arrears**, Naranja embraced four machine-learning scoring models to enhance predictive power in collection efforts, by implementing changes in customer segmentation, strategies, and collection rules. Accordingly, the Company developed new channels for collection of amounts in arrears to offer financing products, according to each customer segment. These actions had an impact on early arrears efforts, as the process added value for the first 30 days of arrears increased twofold, while the ratios for amounts with over 30 days in arrears were maintained.

The model of procedures for collection of amounts in late arrears resulted in improvements in the speed of recovery. In this regard, the Company developed a new model of procedures based on a "**customer's risk**" approach. This new model is also based on machine learning, and has enabled us to segment the portfolio more efficiently, and increase current recovery rates.

### Portfolio Assignment

*(Figures expressed in thousands of Argentine Pesos)*

As part of its policy to streamline arrears recovery procedures, the Company assigned the out-of-court portfolio by way of a private auction, using new identification and predictive models to ensure the best selection of the portfolio subject to assignment. The Company also assigned its portfolio under judicial proceedings. During the year, portfolio assignment totaled AR\$ 2,367,543, with AR\$ 169,710 in revenues (in nominal terms) and AR\$ 90,000 in cost savings from judicial proceedings, eliminating the operating costs associated with the procedures for collection of a portfolio with high levels of provisions.

## INTEGRITY AND TRANSPARENCY



## **NEW COMPLIANCE DIVISION**

During the first quarter of 2019, the Company created the Compliance Division, with the Board of Director's approval. In line with emerging global corporate trends, such endeavor was also intended to address the need for establishing a framework for interaction with stakeholders, based on the provisions of Law No. 27,401 enacted in 2018, which seeks to ascribe criminal liability for corruption offenses to legal entities. The Compliance Division was also created in an effort to fulfill more efficiently the requirements from our regulatory authorities (Argentine Central Bank (BCRA) – Argentine Securities and Exchange Commission (CNV) – Financial Information Unit (UIF)).

The structure comprises four teams. The first one is the Prevention of Asset Laundering and Funding of Terrorist Activities team. The second one—Regulatory Affairs—takes care of the requirements from several regulatory agencies. The third team—Ethics, Integrity and Compliance—leads the Integrity Plan required by the aforementioned law. Finally, the fourth team—Internal Fraud Control and Prevention—is tasked with the identification of situations or conducts contrary to the Company's Code of Ethics and values.

### **Prevention of Asset Laundering and Funding of Terrorist Activities**

As part of its strategy, the Company is committed to ensuring that an effective prevention policy is in place, aligned with market practices, embracing a digital and technological approach to its actions in this regard. In 2019, the Company implemented policies, measures, procedures and other activities related to the prevention of Asset Laundering and Funding of Terrorist Activities, in order to:

- Comply with the provisions of several regulations inherent to credit card operators for the prevention of these crimes.
- Establish internal policies and procedures that allow having objective and technical criteria as regards the Prevention of Asset Laundering and Funding of Terrorist Activities.
- Cause employees to learn about and commit to the Prevention of Asset Laundering and Funding of Terrorist Activities, through training and awareness initiatives.
- Besides, during the second quarter of 2019, the Company worked on its internal processes and policies in order for Naranja's system for the prevention of Asset Laundering and Funding of Terrorist Activities to conform to the new rules and regulations handed down by the Financial Information Unit (UIF), which are contained in Resolution 76/2019. Accordingly, the Company developed a segmentation matrix that help assess each customer's risk at baseline, keeping customers' profiles updated throughout the business relationship in order to conduct due diligence activities based on the risk

associated with each of them. The Company also developed and documented a methodology that helps identify the risk of Asset Laundering and Funding of Terrorist Activities associated with each of the following: Customers, Products/Services, Distribution Channels, and Geographic Area. With the results of this self-assessment, the Company is able to accurately define monitoring controls based on the residual risk of the preceding factors.

### **Regulatory Affairs**

The Regulatory Affairs team handles the requirements from several regulatory authorities (Argentine Central Bank (BCRA) and the National Securities Commission (CNV)), synergizing with the Company's subject-matter experts to give prompt, effective and coordinated answers to requirements in the least possible time. During 2019, the Company established agile working processes and methodologies and embarked on an automation initiative, always embracing a technological and digital approach, which streamlined efforts and contributed the required efficiency to achieve the goals and improve the experience with regulatory agencies.

### **Compliance, Ethics and Integrity**

As part of the Integrity Plan, Naranja reviewed its several corporate areas to assess, based on their individual activities, the potential risk of engaging in unlawful or unethical behaviors due to their connection with government officials or other business partners. Besides, the Company completed a comprehensive revision of its Code of Ethics, incorporating guiding principles, values and policies deemed necessary to honor the commitment it has undertaken in its interactions with several community agents.

### **Donation Policies**

The policy sets out guidelines to prevent the use of Naranja's donations, whether to non-for-profit organizations or governmental agencies, to conceal undue payments to government officials, or to prevent such donations from purporting to, or being potentially perceived as, incentives to receive a preferential treatment or to influence the outcome of a business transaction in which Naranja may be involved. All such donations shall be made in accordance with applicable laws and regulations established in this policy.

Donations to political parties shall be made pursuant to the terms of Political Party Financing Law No. 27,504.

## **Prevention of Bribery and Corruption**

The policy sets out guidelines to ensure that the gifts or entertainment activities offered and accepted are appropriate and do not purport to, or may be perceived as, an incentive to receive a preferential treatment or to influence the outcome of a business transaction in which Naranja may be involved.

## **Suppliers' Due Diligence**

This process encompasses identifying, prioritizing, assessing, mitigating and monitoring the potential risk of corruption arising from interactions with business partners. Accordingly, the Company selects suppliers identified as critical due to the activity they perform and the impact their actions may have on Naranja, if involved in behaviors contrary to ethics, integrity and corporate values. To such end, in business contracts and agreements with suppliers, the Company includes anti-corruption clauses suppliers are required to comply with, in addition to agreeing to the Code of Conduct Naranja has developed for Suppliers.

## **Re-launch of Naranja's Ethical Line**

As part of the development of the Integrity Plan, the Company implemented a communication plan to remind employees that the line is available to make anonymous reports of any contravention to the Code of Ethics. Whistleblowers may make anonymous reports by any of the available channels, including: by calling the toll-free number (0800-122-5671), by e-mail to [eticagrupogalicia@kpmg.com.ar](mailto:eticagrupogalicia@kpmg.com.ar), by fax (+54 11 4316-5800 addressed to "Galicia Group's Ethics Line"), in person, or by regular mail.

## **Employees' Internal Control**

The Employees' Internal Control team (or Internal Fraud Prevention team) handles employees' misconduct in breach of Naranja's Code of Ethics and corporate values. Such misconduct can be proactively identified by means of the sector's own controls, or otherwise by way of reports received from several sectors. In 2019, in addition to taking care of requests for investigation of specific cases, Naranja delivered training courses and made progress in the diagnosis stage of its internal fraud risk. In 2020, the Company

expects to conduct an Internal Control Program including the necessary policies and procedures to deal with internal fraud prevention from a comprehensive approach.

## **NARANJA'S BRANCHES NATIONWIDE**

In order to consolidate its physical presence countrywide, during the year, Naranja opened up three mini-stores and a branch in Pacheco, moved two stores to other locations, closed one in Buenos Aires, and fully remodeled the store in Mendoza. Besides, and pursuant to the comprehensive merger plan with Nevada completed in 2018, the stores in Jujuy, Salta, Tucumán, Santiago del Estero and Mendoza were refurbished. Thanks to the business synergy resulting from these actions, the Company achieved its expected results in terms of efficiency and operational capacity.

### ***“Casas del Futuro” (Branches of the Future): From Pilot Test to Nationwide Project***

During the first quarter of 2019, the Company designed a new service model for branches. The project entitled *“Sucursal del Futuro”* (Branch of the Future) is focused on delivering an enhanced experience to customers, turning branches into enabling places for customer's relations, advice and training, rather than mere venues for doing banking transactions.

Several branches were fully remodeled and pilot-tested, including Alta Córdoba, San Isidro and Pacheco, where the new service model was implemented. These branches displayed a restyled design, with cutting-edge technology, customer service lounges, tablets, and a far more agile customer service system. The initiative also included the deployment of self-service terminals to offer a desk-free person-to-person service, seeking to deliver a solution on the first contact and customized assistance for customers' migration to digital tools. In October 2019, the Company completed the pilot-test at these three branches. By year-end, the deployment was completed at other five branches: Palermo, Río Ceballos, O'Higgins, Río Cuarto and Caballito. As part of its scalability plan, Naranja expects to have additional three branches on board of the project by the first quarter of 2020.

### **Branch Distribution as of December 31, 2019**

PROVINCE	NUMBER OF BRANCHES
BUENOS AIRES	45
CITY OF BUENOS AIRES	8
CATAMARCA	3
CHACO	5
CHUBUT	4
CÓRDOBA	39
CORRIENTES	4
ENTRE RÍOS	8
FORMOSA	3
JUJUY	5
LA PAMPA	2
LA RIOJA	3
MENDOZA	15
MISIONES	4
NEUQUÉN	4
RÍO NEGRO	7
SALTA	5
SAN JUAN	5
SAN LUIS	2
SANTA CRUZ	2
SANTA FE	18
SANTIAGO DEL ESTERO	4
TIERRA DEL FUEGO	2
TUCUMÁN	5
<b>Total</b>	<b>202</b>

## DIGITAL EVOLUTION

Further with its digital evolution project, in 2019 Naranja escalated agile methods as a way of working. To such end, Naranja created stand-alone and interdisciplinary business intelligence teams with diverse profiles, embracing a collaborative work approach and agile practices aimed at developing a Minimum Viable Product (MVP). “Scrum” was the framework applied to the several cells (or work teams) comprising a Product Owner, a Scrum Master, Product Designers, developers, testers, DevOps, and advanced analytics and security, among other profiles. The Company implemented improvements to streamline several processes, including account origination, collection procedures, and product subscription through several digital channels.

**Digitalization of Customers’ Trips:** The Company implemented improvements to streamline several processes, including account origination, collection procedures, subscription to HBO Go, purchase of several lines of insurance (car, motorcycle and homeowners’), and application for personal loans through digital channels. As concerns origination, more than 75,000 new accounts were opened up through Naranja’s digital channels, accounting for 25% of total accounts sold at year-end. Customers continued migrating to digital payments. In December, 340,000 transactions were completed using the payment button in Naranja Online and Naranja app. The on-line channel accounted for 35% of collections from customers, including payments through third parties’ digital channels. Also during 2019, Naranja managed to combine the access to digital platforms, with full digitalization of four products (loans and car, motorcycle and homeowners’ insurance), and the deployment of the first MVP for promotion customization.

**Digital Marketing:** Naranja has managed to become a benchmark in the region amongst leading companies in digital evolution. The Company relied on cross-selling tools that helped boost the sales of several products, including HBO Go, personal loans, cell phone tops-ups, and applications for additional cards. At present, Naranja has 1,500,000 active digital users per month, accounting for 50% of the portfolio of active customers. In addition, customers continued migrating to digital account statements, reaching a total of 2,400,000 at year-end.

**Advanced Data Analytics:** In 2019, Naranja created an Analytics hub embracing the best Engineering, Governance and Data Sciences practices to boost business results, leveraged by advanced analytics tools. The technology infrastructure—based on a hybrid architecture between Data Warehouse On Premise and Data Lake on Cloud Computing—enables data democratization company-wide, transforming such data into quality

information that will add value to the business and will have a positive impact on the customers' experience. During the year, Naranja upgraded its existing analytical models, adding more than 10 new machine-learning models that enhance the results of the customers' trips. These actions help connect devices to Naranja's purpose and mission, making life easier for customers, by offering customized experiences based on technology.

## **NARANJA ONLINE AND NARANJA APP**

At year-end, Naranja Online received 4 million visits per month, on average, accounting for a 23% increase year-on-year compared to 2018. As part of its digital evolution, Naranja launched a new sales-oriented website, becoming the first company in the Argentine financial system in developing its site in a PWA: Progressive Web App. This design offers a mobile experience quite similar to that of a native application, streamlining loading speed, mobile phone performance and off-line browsing, without using up the device memory. Users of Naranja.com may apply for a credit card in less than five 5 minutes, through an entirely online process. On the other hand, the Naranja App was restyled and recorded 6 million accesses per month, on average—a 69% increase relative to December 2018.

## **SUPERIOR TECHNOLOGY PLATFORM**

As part of its IT2022 strategic plan, the IT Division endeavored to rearrange and restructure the technology architecture in place to achieve gains in terms of time-to-market, scalability, stability, availability, operations, and security.

The initiative included migrating all of Naranja's applications supporting customer-facing channels to the AWS Cloud, and redesigning and re-engineering customer's experience trips, with focus on digitalizing and streamlining them. Naranja also restated and consolidated its Infrastructure and Software Development Engineering and Operation practices with the deployment of a new technology stack based on cloud services, API integration, DevOps, QA automation, process proactive monitoring and automation, and cybersecurity tools.

Besides, Naranja implemented security services to handle identity and biometrics through a Single-Sign-On by customers on Auth0, and the deployment of certain business services on Azure Cloud, and on Dynamics 365 for product sales, also including the ERP solution on Microsoft Dynamics.

These efforts were supplemented with the strengthening and growth of the corporate Data Lake which was fully deployed on the cloud, and the implementation of Big Data and Data Governance best practices, seeking to deliver business value through data, and making the Data and Analytics strategy to generate over 10 use cases, with more than 15 functional data domains.

## **INFORMATION SECURITY AND CYBERSECURITY**

During the last year, Naranja strengthened its Cybersecurity practices, building upon its Cybersecurity Defense Center (CDC) to protect itself against the highly complex emerging threats, by detecting and anticipating to potential material security incidents affecting the Company.

At present, it has its proprietary machine-learning security tools which deliver high value, particularly, at the time of solving multiple security problems, such as malware and persistent advanced attacks.

Some of the Defense Center's activities that were strengthened in 2019 include business-applied preventive analytics intelligence, unusual behavior analysis, and Cyber Investigation & Forensics, enhancing the set of antimalware tools to safeguard information.



## **NARANJA'S ECOSYSTEM: PRODUCTS AND SERVICES**

### ***Quiero!* as Customer Loyalty Program**

In order to keep delivering value to its customers, Naranja announced it would incorporate *Quiero!* —Banco Galicia y de Buenos Aires S.A.U.'s customer loyalty program—as its own loyalty program. With this incorporation, Naranja's customers will now be able to enjoy all of the program's benefits, strengthening the brand. *Quiero!* is the most appreciated loyalty program in Argentina and offers customer the possibility to exchange points earned on transactions with Tarjeta Naranja for discounts, according to their preferences. During the first stage, over 230,000 customers already started to earn points to redeem for products and savings at major brands and categories, vouchers and travel benefits, among others, based on a catalogue of more than 2,163 benefits.

### **New Digital Products**

As part of the strategy and synergies stated for Tarjetas Regionales S.A.'s subsidiaries concerning the development and evolution of the ecosystem of technology-based products and services, during the first quarter of the year, the digital wallet named "*Naranja Cuenta* and/or *NCuenta*" launched a pilot test for Android and iOS users, first in Córdoba and then at national level. By means of an entirely on-line registration and validation process, users can use their mobile phones to pay bills, make account-to-account transfers, make payments with QR code at retail stores, and recharge their Red Bus cards. Then, Cobranzas Regionales S.A. joined in the development and use of this product, in an attempt to address the need for concentrating the digital service ecosystem on a specialized subsidiary, within the framework of the strategy established for Tarjetas Regionales S.A.'s subsidiaries. In this regard, Naranja entered into license agreements with Cobranzas Regionales S.A. for the use of brands and their respective logotypes, in an effort to associate its trademark to new products with embedded technology which already have a share in the digital market.

### ***Naranja Viajes***

In an attempt to strengthen its vertical service offering in the tourism category and offer customers a restyled and innovative value proposition, the Company has engaged in negotiations with Despegar.com to enter into a partnership agreement that will boost tourism amidst Naranja's ecosystem of digital products and services. Accordingly, in

October, Naranja and Grupo Estepa S.R.L. (Escapando.com) mutually terminated the license agreement pursuant to which the latter was entitled to use the “Naranja Viajes” brand.

### **Publishing Products: *Convivimos* Magazine**

At year-end, Naranja's monthly publication (both in its digital and printed versions) had 350,000 subscribers, becoming the magazine with the largest circulation in the country. It features contents of general interest to the whole family. During 2019, several celebrities such as Mariana Genesio, Lalo Mir, Andrés Calamaro, Raly Barrionuevo, Chino Darín, Laurita Fernández, Joaquín Furriel, Felipe Pigna, Nacho Vale, Florencia Torrente, Los Tekis and Leticia Brédice landed the cover of the magazine.

Since January, the CIMA magazine has been included as part of Naranja's publishing product portfolio, totaling 180,000 subscribers in Mendoza, San Juan, and the Northwest, Northeast and Patagonia regions of Argentina.

### **Tienda Naranja (Naranja Store)**

The e-commerce platform available for Tarjeta Naranja's cardholders to purchase products offered by Merchants (“*Comercios Amigos*”) embarked on an evolution process. During the last quarter of 2019, the Company pilot-tested some ideas for Tienda Naranja (Naranja Store)'s rebranding, in an attempt to turn it into one of Argentina's major marketplaces. Its launching is expected to take place in 2020.

### **Insurance and Assistance Products**

As of the end of year 2019, Naranja had a stock of 2,450,000 insurance policies. One of the highlights of the period was the digitalization of car, motorcycle, and homeowners' insurance. Home and protected purchase insurance policies were among the best selling products during the year.

## PROMOTIONS AND BENEFITS

In 2019, Naranja reached a monthly average of 2,100 promotions with 300 regional and national brands.

As part of its summer benefits, Naranja continued offering promotions with Aerolíneas Argentinas, Air Europa and GOL to buy air-tickets in 6, 9 and up to 12 interest-free installments. In addition to these benefits, Naranja signed an agreement with Grupo Flecha for the purchase of bus tickets in up to 6 interest-free installments.

Under an agreement with Atrápalo.com, Naranja also offered up to 50% discounts and payment plans of up to 6 interest-free installments on the purchase of show tickets in Mar del Plata and the Autonomous City of Buenos Aires. Customers also enjoyed promotions in Carlos Paz, with up to 10% discounts and the Z Plan (up to 3 interest-free installments) in major theaters. Naranja's promotions during the period also included benefits on movies under the Z Plan (up to 3 interest-free installments) at Village cinemas and a special 2x1 benefit at Showcase cinemas.

Through the *"Vuelta al Cole"* (Back to School) campaign, customers enjoyed several benefits, including access to the Z Plan, with 3 up to 8 interest-free installments, and discounts ranging from 20% to 40% on local major brands.

In May, Naranja participated in the Hot Sale offering promotions at several sites under the Tienda Naranja and Naranja Viajes brands, offering discounts and up to 14 interest-free installments on the purchase of home appliances, technology and tools.

In supermarkets, cardholders had access to 10% discounts (only in the Cuyo Region) and the Z Plan (3 interest-free installments); and up to 12 interest-free installment plans at Telcos.

Effective since October 8, 2019, the managed cards Naranja Visa, Naranja Mastercard and Naranja American Express were removed from the "Ahora 12" program.

Since April through December (excluding July and August), the Company carried out the SMartes program, offering discounts and benefits on the purchase of clothing and specific promotions on restaurants and gas stations. The program included up to 20% discounts every Tuesday on major brands throughout the country, and an additional 5% discount for customers who have been cardholders for over 10 years, reaching approximately AR\$ 590 million in sales nationwide.

### ***"Hay Más Naranja"* (There's Much More Naranja) Campaign**

In order to present its value proposition as an ecosystem of products and services, in 2019 Naranja kicked off a comprehensive campaign named *"Hay Más Naranja"* (There's

Much More Naranja). In May, the campaign's commercial was released in mass media depicting the Company as an inclusive, diverse and refreshed brand, under the motto "*Y un día podés*" ("And One Day You Just Can Do It!").

Besides, three spots advertising Naranja PoS, Naranja Viajes, and Insurance and Assistance products went viral on Facebook, Twitter, Instagram and YouTube; leveraging the strategy of presenting the Company as an ecosystem of products and services that make people's life easier.

### **End of the Sponsoring Agreement with Argentina's National Soccer Team**

After having been Argentina's National Soccer Team's sponsor for eight years, in May the business agreement between Naranja and *Asociación de Fútbol Argentino* (Argentine Soccer Association) was terminated. The agreement yielded positive results in terms of brand exposure, awareness and positioning, and considerable social impact through the program "*Un Gol Un Potrero*" (One Goal, One Soccer Field), which spanned for one year under an agreement with ESPN. Since its inception, the program benefited 460 soccer fields.

## **LA VOZ DEL CLIENTE (THE CUSTOMER'S VOICE)**

Naranja continued managing its customers' experience with the Net Promoter Score® (NPS) tool to learn about customers' opinions and expectations in order to identify potential improvements. In 2019, the Company completed two semiannual NPS surveys. The first one was as of April, yielding a relationship NPS® of 50 points. The second survey was as of October and yielded 49 points.

This year, the Company incorporated the customer's experience with Chat, Whatsapp and Social Media into the survey, in addition to supporting Payments, Origination, Products and Store with *ad-hoc* studies on the customer's experience that helped identify the things that are most valuable to them. As concerns the transactional NPS known in-house as "*La Voz del Cliente* (The Customer's Voice), all channels endeavored to achieve improvements on the "convenience" indicator established as part of the Performance Management framework. As a result of these efforts, the Company achieved "convenience" indicators of 75% and 82% in NOL and Naranja App, respectively. The Company conducted 595,000 surveys (49,500 per month) to manage the goals related to the customer's experience.

These results have placed Naranja in a leadership position compared to the benchmark in the financial services sector.

### **Cards on the Spot**

At the end of the reporting period, the card delivery service known as **Ajnaran** had delivered 81,567 cards on the spot, from January up to and including December. The service is available at 113 stores countrywide.

### **Share in Social Networks**

Naranja keeps an active involvement in its social networks, with the commitment to providing prompt customer services with quality and warmth, talking to its community and sharing exclusive benefits. In 2019, Naranja put together a dedicated team tasked with posting social media contents reflecting what we are as a brand. To this end, the team will design the look, feel and language that best reflect our

#### **Followers on Social Networks in 2019**

Facebook	2,256,307
YouTube	91,500
LinkedIn	90,369
Instagram	127,990
Twitter	160,660

brand personality and build a communication strategy aligned with the 2020 plan. The number of followers increased 5% year-on-year in our several digital communities. Naranja's official site in Facebook surpassed 2.2 million followers. Its Instagram account had 127,000 followers, a 45% increase compared to 2018. The LinkedIn platform displayed a 53% increase compared to 2018, leveraging the new content strategy focused on the search for new professional profiles to support the Company's digital evolution.

## **COMMITMENT TO EMPLOYEES**

At year-end, Naranja has a headcount of 3,079 employees, 60.9% of whom are women and 39.1% are men. Furthering the Company's development, during 2019, the Human Relations Subdivision deployed tools company-wide related to agile methods to build interdisciplinary and collaborative teams that work autonomously and using a horizontal approach.

### **Employer Brand**

Naranja's goal as Employer Brand is to become the most appreciated and admired company by its main stakeholders and the community at large, fostering spaces for dialogue and promotion of cultural practices embedded in the value proposal to its employees.

During 2019, the Company has managed to gain market share in digital categories and to engage with communities from diverse fields and practices, including Data Science and Cloud, DevOps, Agile, web development, architecture, digital design and marketing.

In this regard, several digital evolution leaders participated in events, such as Social Media Day, Digital Finance Forum 2019, e-Commerce GO Córdoba, National Lending Congress, Google Marketing Live 2019, Endeavor, Global Digital Banking Conference, Agiles Argentina, Woman in Data Science, WEBCONF Córdoba 2019, CXDayArgentina, ITC Week, and ARQCONF, among others.

### **GEDE for All Employees**

As a result of a process initiated in 2017 with the Company's rebranding and redesigned purpose, vision and mission, in April 2019, Naranja completed the deployment of the new Performance Management Model (known as GEDE). This process is based on an agile, dynamic and flexible goal-setting process, with 360° feedback. Such feedback will help improve each employee's daily work, through the tool named BetterMe.

## **People Development**

As every year, Naranja is committed to the personal and professional development of its employees. In 2019, Naranja made progress in mapping its entire leadership team, including management; and all of its Digital Factory employees. The process involved several phases, including assessment, development of individual growth plans, review of organizational development strategies, and final calibration. This helped generate development strategies (individual and organizational), assign people to the right place (in terms of positions and challenges), and make critical cases visible to handle them more efficiently.

In 2019, Naranja completed 827 training actions, including web-based and face-to-face training. In total, Naranja delivered more than 43,889 hours of training, an average of 14,2 hours/employee.

Besides, the Company incorporated new programs and actions for digital profiles, engagement with education institutions such as Acámica and Udemy, budget self-management, redesign and formalization of the Digital Evolution teams' structure, Scrum Masters development program, Product Owner and Scrum Master certification, employees as speakers at several Meetup events, and mapping of outsourced employees.

## ***Espacio N***

*Espacio N* has been Naranja's e-learning platform since 2018. In March 2019, the Company made changes to the platform login, course lookup tool, and the structure and information available on each training. The Company also added a history of training courses completed by each employee, and enabled a functionality to rate each content. At present, *Espacio N* has an offering of more than 140 courses, divided into categories of topics and skills. During the year, all employees were registered in *Espacio N*.

## **Agile Leadership Pilot Program**

The Company selected a reduced group of leaders directly affected by major change processes to participate in an in-depth agile leadership training and development program. Six managers, four deputy directors and one director participated in the program, encompassing 63 hours of group activities and 10 individual coaching sessions, in addition to four group workshops.

## **First National Summit of Leaders**

In May 2019, the Company held the First National Summit of Naranja Leaders in the City of Córdoba, with the attendance of 500 participants. The major national leaders in several fields spoke at the event, and answered questions from the public about the status of the business, the macroeconomic environment, and emerging trends.

## **Survey on Naranja's Work Environment**

As in previous years, the Company deployed its in-house environment survey (Naranja Survey) to learn about the employees' perception of the workplace environment. The survey was held in between one Great Place To Work® survey and the next one. Engagement in the Naranja Survey was 94%, having achieved a perception score of 92 over 100.

## **Environment Management Process in Digital Evolution**

This year, in an effort to support the needs of the Digital Evolution team, the Company implemented a new environment measurement and management process. Frequency was one of the highlights of the survey (three times per year), with all respondents being able to self-manage results, including not only Naranja's employees but also suppliers that share the workplace environment. The most recent survey was conducted in November, with an engagement of 80% and a perception score of 93 over 100 points.

## **Naranja Digital Portal**

As part of its digital evolution, Naranja redesigned its in-house magazine that has a 22-year track record, transforming it into a digital portal which employees can access to from



any mobile device. With articles, reports and multimedia content, the magazine seeks to boost business strategic issues.

### **Naranja at the Great Place to Work® Ranking**

For fourth consecutive year, Naranja occupied the 2<sup>nd</sup> position in the Great Place to Work® 2019 (GPTW) ranking of the best workplaces in Argentina, in the category of companies with “more than 1,000 employees.” Naranja got an overall average score of 89 points— up by 1 point as compared to the previous year. As to workplace environment perception, like in 2018, Naranja got a score of 92 points. This was the eleventh time the Company has participated in the GPTW ranking, but this time with 91% fulfillment.

Besides, in May GPTW compiled the 2019 ranking of the best Latin-American companies to work. Naranja was ranked 12th in the category of “Domestic Large Corporations,” with more than 500 employees.

Also in May, Naranja ranked first in the ranking of “Argentina’s Best Places to Work for Women” compiled by Great Place to Work, in the categories of companies with more than 1,000 employees.

## **SUSTAINABLE RELATIONSHIPS WITH THE COMMUNITY**

### ***Apadrinando comedores (Support for Community Kitchens) and Apadrinando escuelas (Support for Schools)***

Through a team of 108 volunteers, Naranja helps with food, education, clothing and recreation of children at community and soup kitchens from different districts of the country. In 2019, Naranja supported 40 soup kitchens attended by 4,437 children.

For two decades now, Naranja has also been providing monthly financial support to public primary schools throughout the country. In partnership with Merchants ("*Comercios Amigos*"), Naranja benefitted 292 schools attended by 54,085 children. Beneficiary schools are selected based on a survey of needs carried out by branch employees.

### ***Débito Solidario (Solidarity Debit)***

*(Figures expressed in thousands of Argentine Pesos)*

Through this effort, Tarjeta Naranja has been for over 24 years collecting the contributions cardholders donate through automatic credit card debit, which are fully delivered to different non-profit organizations. In 2019, 369 non-profit organizations countrywide benefited from a contribution of AR\$ 253,494, up by 24% vis-a-vis 2018.

### **Volunteering**

In 2019, 418 volunteers (14% of Naranja's employees) cooperated with several initiatives, such as *Apadrinando Escuelas and Apadrinando Comedores*, and also as sponsors of the scholarship and internship programs, and as volunteers in reforestation efforts.

### **Scholarships for Primary and Secondary School Students**

For seventh consecutive year, Naranja has sponsored and provided financial support to financially, socially and emotionally vulnerable children and young people with outstanding academic performance, to prevent them from dropping school. This program is carried out in association with Fonbec and Liga Solidaria. Each student is sponsored by an employee who contributes 20% of the scholarship amount, with Naranja contributing the remaining

80%. In 2019, 91 sponsors supported 124 students in Bahía Blanca, Buenos Aires, Catamarca, Córdoba, Mar del Plata, Rosario, Salta, and Tucumán.

## **Environmental Care**

During the year, Naranja made progress in quantifying emissions associated with its business activities by measuring the CO<sub>2</sub>e footprint. The measurement was in charge of an independent consulting firm in compliance with the requirements set out in ISO 14064:2015, as well as with the precedents laid down in the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (GHG), published by the World Resource Institute and World Business Council for Sustainable Development.

In November 2019, Naranja kicked off the process to measure the organizational Co<sub>2</sub> footprint, in an effort to introduce environmental improvements in terms of waste management, and use and consumption of materials, both direct and indirect. In 2017 and 2018, the footprint had only been measured at the corporate main buildings, but in 2019 it was also measured at branches. In turn, the Company identified environmental impacts and consolidated a comprehensive supply and waste management plan to be deployed in 2020.

## **SUSTAINABLE SUPPLIERS MANAGEMENT**

As part of its suppliers' due diligence efforts, Naranja selected those identified as critical based on the activity they perform and the impact their actions may have on Naranja, if involved in behaviors contrary to ethics, integrity and corporate values. To such end, in business contracts and agreements with suppliers, the Company includes anti-corruption clauses suppliers are required to comply with, in addition to agreeing to the Code of Conduct Naranja has developed for Suppliers. In 2019, Naranja implemented Dynamics AX, a new management tool that streamlines suppliers' payment and procurement efforts. In addition, the Infrastructure and Purchasing Division completed a mapping of suppliers by category, including a score assigned to each supplier included in the assessment.

## **SUSTAINABILITY REPORT**

For sixth consecutive year, Naranja reported on a comprehensive basis on its economic, social and environmental management under the International Guidelines of the Global Reporting Initiative (GRI), again achieving the highest measurement level (the Comprehensive Option for the “In Accordance” criteria). The document described the actions taken in 2018 to address priority issues for all of its stakeholders—customers, merchants (“*Comercios Amigos*”), employees, community, suppliers and shareholders. The reported actions are part of the sustainability agenda and are consistent with the United Nations Sustainable Development Goals (SDGs), to measure our contribution to make the world a better place.

To support its commitment to environmental care and protection, the Company submitted its report electronically only. In addition, over 80 information leaders participated in the report preparation.

## **CULTURAL AGENDA AT CASA NARANJA**

Casa Naranja opened up its 2019 cultural agenda with visual arts, displaying the “Real” exhibition by the artist Leandro Erlich. Since March through June, the exhibition was visited for free by more than 12,000 guests, featuring educational and guided visits for the entire community. “Real” was followed by “Tándem,” a collective exhibition by nine contemporary artists, featured at Casa Naranja in July, August and September, offering free workshops and projections. As closure of its 2019 program, Casa Naranja presented “Manifiesto,” an exhibition by Elian Chali, an internationally renowned artist from Córdoba, Argentina, which was displayed since October until February 15, 2020.

On the other hand, in January Soledad Pastorutti made a performance as part of “*Música en Colores*” (Music in Colors), a series of acoustic shows co-hosted with Cadena 3 radio station. These shows spanned throughout the year, including other performances by Estelares, Amaia Montero, Los Caligaris, La Beriso, Turf, V-One and Natalie Pérez.

During 2019, Casa Naranja received more than 32,000 visitors and over 4,000 children and young people as part of school visit programs.

## 2019 AWARDS AND DISTINCTIONS

In November 2019, Great Place to Work® ranked Naranja as the second best company to work for in Argentina, within the category of “companies with over 1,000 employees.” This award is an acknowledgment to the Company as best employer and highest-quality workplace.

In May, Great Place to Work had released the results of two rankings. Naranja occupied the first position in the ranking of “Argentina’s Best Places to Work for Women” in the category of companies with “more than 1,000 employees.” In addition, Naranja ranked 12th among the best Latin-American companies to work for.

On the other hand, Naranja ranked 1st in MERCO’s 2019 ranking of the Best Corporate Reputation Companies in the Financial and Credit Card sector. Naranja also achieved the 18th position in the ranking of the 100 companies with best reputation in Argentina, climbing two positions compared to 2018. Besides, Alejandro Asrin, Naranja’s Chairman, and David Ruda, Naranja’s Honorary Chairman, ranked 22nd and 40th, respectively, in the ranking of most recognized corporate leaders in Argentina.

Again, Naranja participated in the Ranking of Corporate Social Responsibility and Corporate Governance compiled by Merco and published by Clarín newspaper, ranking first in the financial and credit card sector, and 22nd among the 100 most responsible companies with best corporate governance in a survey among 1,465 thought leaders (including businessmen, corporate executives, Corporate Social Responsibility experts, and journalists).

In the same line, the Company ranked 10th in MERCO Talento, a ranking compiled by MERCO to monitor the companies that best attract and retain talent in Argentina. In 2019, Naranja received for the first time *Apertura* magazine’s award to the “Best Employers in Argentina,” occupying the 5th position in the ranking.

Naranja also climbed to the 20th position in the ranking of the 100 Argentine Companies with Best Corporate Image published by *Apertura* magazine, up by two positions vis-a-vis the previous year.

Fintech Americas awarded Naranja’s Chairman, Alejandro Asrin, as one of the 25 most innovative & transformative bankers in Latin America & The Caribbean. Silvana Jachevasky, Manager of the Digital Division, was mentioned by Ad Latina as “Woman to Watch 2019,”

while Juan Pablo Mon, Assistant Chief Marketing Officer, received the “Marketer Innovator” award at the Marketers awards organized by Ad Latina. Finally, naranja.com received Google’s recognition as a “success case” due to the optimization of the website’s

content display and browsing, using Progressive Web App, Contentful and Angular 6 technologies.

## **2020 OUTLOOK**

During 2019, economic activity declined by approximately 3% in Argentina, coupled with inflation at an annual 53.8% rate—the highest mark in the last 28 years. Peso-denominated private sector lending also shrank 23% in real terms during the year, due to several combined factors, including low levels of production, spending and investment, great uncertainty over future real income, and high interest rates.

The new administration led by President Alberto Fernández seeks to maintain the local currency floating, amidst the foreign exchange controls currently in place, boost credit to the private sector, and foster financial inclusion, reaping the regulatory opportunities and challenges posed by technological advances. This approach, coupled with the overall context, might be expected to have a positive impact on spending levels.

Argentina's Financial Program for 2020 has not been closed yet. Argentina has not yet regained its access to debt markets, as the new government has announced it would not rely on the remaining funds authorized under the Stand-By Agreement with the International Monetary Fund (IMF). The new government is developing a debt re-profiling proposal, though the details of the arrangement that would be proposed to creditors are still unknown.

Concerning the FX market, the measures adopted by the new government would lead to relative stability. Following the 2019's depreciation, the US-dollar exchange rate would display a downward trend in 2020, provided the Central Bank allows the Argentine Peso exchange rate to rise at a pace below local inflation.

On the monetary policy front, interest rates hiked substantially during most of 2019, in an attempt to control the depreciation of the local currency. However, the Central Bank eased the monetary policy towards the end of the year—a trend that would continue in 2020, with interest rate cuts and money printing. The monetary policy benchmark rate is expected to decline throughout the year. Actual demand for money is expected to rebound as the policies recently enacted by the Central Bank for the rearrangement and overall revival of the Argentine economy consolidate. All these measures would lead to Argentina's gradual recovery of access to financing from banks and capital markets during the year, at interest rates substantially lower than in 2019.

Inflation is expected to decline in 2020, coupled with improvements in all other macroeconomic variables, with the ensuing positive impacts on the Company, for its investment expenses and costs will not increase as much as they did in recent periods.

A new voluntary reduction in the maximum fee applicable to merchants' sales is expected to take place effective since January 2020, when such fee will fall to 2%.

Naranja expects to maintain its leadership position in Argentina, as the main issuer of credit cards nationwide and the leading brand within the provinces. As usual, our goal is improving our customers' experience and expanding our product and service offering. Naranja will continue pursuing Digital Evolution projects, as part of its ongoing efforts to achieve gradual growth in its technology-based product and service portfolio, ongoing improvement of the customers' experience, and cost efficiency. Naranja will continue deploying its branch modernization project named "*Sucursal del Futuro*" (Branch of the Future) in the major cities of Argentina, embracing a technology-based person-to-person service approach. Naranja will also offer its loyalty program *Quiero!* to its entire customer base, restyle the commercial offering of *Tienda Naranja* (Naranja Store) Marketplace, and launch a new tourism-related proposition. All these projects combine technology with the Company's expectation to improve the customer's experience and cost efficiency.

## **Schedule: Report on the Code on Corporate Governance**

### **A) THE ROLE OF THE BOARD OF DIRECTORS (THE "BOARD"):**

#### **Principles**

I. The Company should be headed by a professional and qualified Board tasked with laying the necessary foundations to ensure the Company's sustainable success. The Board is the Company's guardian and watches for its shareholders' rights.

II. The Board shall frame and foster the corporate culture and values. In discharging its duties, the Board shall ensure compliance with the highest standards of ethics and integrity, based on the Company's best interest.

III. The Board shall ensure a strategy inspired on the Company's vision and mission, aligned with its corporate values and culture. The Board shall be constructively involved with management to ensure the Company's strategy is appropriately developed, executed, monitored, and amended.

IV. The Board shall monitor and oversee the Company's management on an ongoing basis, ensuring that managers take actions addressed at executing the business strategy and plan approved by the Board.

V. The Board shall have all such necessary mechanisms and policies for it and each of its members to be able to discharge their duties efficiently and effectively.

### **1. The Board inspires an ethical workplace culture and establishes the Company's mission, vision and values.**

*The Board fosters an ethical workplace culture by defining its vision, mission, purpose and values, which are conveyed to and released among employees by means of onboarding programs when joining the Company, internal communication campaigns, and recreational activities. Such elements are incorporated to a Code of Ethics made available at the Intranet, which sets out the conducts and behaviors expected from all of the Company's employees.*

- 2. The Board sets the Company's overall strategy and approves the strategic plan developed by Management. In doing so, the Board takes into consideration environmental, social and corporate governance factors. The Board oversees the strategy execution by using key performance indicators, taking into account the Company's best interests and its shareholders' rights.**

*The Board annually reviews, submits for discussion and approves the strategic plan from which the management goals arise. Such strategic plan takes into consideration business forecasts, and includes a high-level discussion of the macroeconomic environment, external factors and estimates, based on the prevailing conditions. All of this is transcribed into Minutes of Board of Directors' meetings. The Committee for Information Integrity follows up on a monthly basis the approved plans and, if appropriate, the Board determines the necessary adjustments.*

- 3. The Board oversees Management and ensures managers develop, deploy and maintain an adequate internal control system, with clear reporting lines.**

*Every year, the General Division reports on the actions taken on the internal control system, by means of reports generated by specific areas, which are submitted for discussion and review, as needed, by the Board. Performance is measured on the basis of the goals set with the Company's management tools.*

- 4. The Board designs the corporate governance structures and practices, appoints the individuals responsible for their execution, monitors the effectiveness of such structures and practices, and suggests changes, as needed.**

*These duties are discharged on an ongoing basis by several Board's committees (Audit Committee, Committee for Information Integrity, Ethics Committee, and Anti-money Laundering and Terrorist Financing Committee), which are made up of at least one member of the Board, reporting on an annual basis on their respective actions and activities to the Board, for approval.*

- 5. The Board's members have sufficient time to discharge their duties in a professional and efficient manner. The Board and its committees have clear and documented operating and organizational rules, which are disclosed through the Company's website.**



*The Board's members are, in turn, employees of the Company or belong to one of the Group's companies. The Board's members discharge their duties in an efficient manner, cooperating on a daily basis, and are assessed using the same performance appraisal tools as all other employees. Besides, the several Board's Committees have rules and regulations drawn up in the respective Minutes of Board of Directors' Meetings. In turn, all relevant information for investors and the public in general is posted on the Company's website, in compliance with applicable laws and regulations.*

## B) BOARD OF DIRECTOR'S CHAIRMAN AND CORPORATE SECRETARY

### Principles

VI. The Board's Chairman shall watch for the effective discharge of the Board's duties, and shall lead its members. The Chairman shall encourage a positive workplace dynamics and foster the constructive engagement of its members, while ensuring that they are equipped with the necessary information and elements for decision-making. This also applies to the Chairperson of each of the Board's Committees, to the extent of their respective duties.

VII. The Board's Chairman shall lead processes and establish structures seeking members' commitment, objectivity and competence, as well as the best operation of the Board as a whole, and its evolution according to the Company's needs.

VIII. The Board's Chairman shall ensure that the entire Board is involved in and accountable for the Chief Executive Officer's succession.

- 6. The Board's Chairman is responsible for the good organization of the Board's meetings, and shall prepare the meeting agenda, ensuring the collaboration from the other members and that they receive the necessary materials with sufficient time ahead for an efficient and informed participation at meetings. The Chairpersons of the Board's Committees shall have the same responsibilities in respect of their meetings.**

*Both the Board's Chairman, as well as the chairperson of each Committee, shall be responsible for efficiently conducting meetings, pursuant to the terms of applicable laws and regulations, and the Company's needs at that time.*

*Before holding a meeting, reports and scorecards are prepared about the issues to be discussed, and submitted with sufficient time ahead, all of which is duly recorded in minutes.*

- 7. The Board's Chairman watches for the appropriate internal operation of the Board, by implementing formal appraisal processes on an annual basis.**

*Yes. Shareholders approve the actions taken by directors, and choose the Board's members, all of which is recorded in Minutes of Shareholders' Meetings.*

*Shareholders discuss and approve directors' performance on annual basis at the Shareholders' Meeting, based on previously set goals, all of which is recorded in Minutes of Shareholders' Meetings.*

- 8. The Chairman inspires a positive and constructive workplace for all of the Board's members, ensuring that they receive ongoing training to stay current and be able to discharge their duties effectively.**

*The Company's Directors and Managers receive the necessary training to discharge the duties inherent to their positions. Such training is delivered since the beginning of their new roles, under the New Leaders program. In turn, the training programs managed by Human Resources address several topics, including strategy, management, trends, and information other than the customary financial and management ratios, such as the Agile Leadership program. Additionally, if the position requires so, the necessary technical training courses are added for the several positions.*

**9. The Corporate Secretary supports the Board's Chairman in ensuring the Board's effective administration, and cooperates with the communication among shareholders, the Board, and Management.**

*The Secretary supports the Board's administration and the communication with the Chairman and the other Directors and Managers. The Board's Secretary is generally tasked with facilitating the Board's coordination efforts which naturally fall upon, and are often times delegated by, the Chairman. The Board's Secretary may also act as a means or as a facilitator of the communication among the Chairman and Directors, and among the Board and senior management.*

**10. The Board of Directors' Chairman ensures the engagement of all of its members in the development and approval of a succession plan for the Company's CEO.**

*As it happens with the Board and first-line managers, the CEO's performance is also reviewed on an annual basis, including in all cases the required succession plans.*

*As mentioned above, the Company's CEO is assessed by relying on the same performance appraisal tools as for the other employees.*

## **C) BOARD OF DIRECTORS' COMPOSITION, APPOINTMENT, AND SUCCESSION**

### **Principles**

IX. The Board shall have sufficient levels of independence and diversity so as to be able to make decisions in the Company's best interest, avoiding groupthink and decision-making by dominant individuals or groups within the Board.

X. The Board shall ensure that the Company has formal procedures in place to propose and nominate candidates to fill seats at the Board, within the framework of a succession plan.

### **11. The Board of Directors has, at least, two independent members, according to the then-current criteria set out by the Argentine National Securities Commission (C.N.V.).**

*The Company has directors who, in turn, are employees and/or members of the Group; therefore, the Company believes it complies with the requirements under this principle.*

*During the year under review, the independence of the Board's members has not been called into question and there have been no abstentions due to conflicts of interest.*

### **12. The Company has an Appointment Committee made up of, at least, three (3) members and chaired by an independent director. If the Board's Chairman presides over the Appointment Committee, then he/she shall not be engaged in the discussion to appoint his/her own successor.**

*The Company does not have an Appointment Committee, for it considers the Development Management and Performance Appraisal procedures currently in place to appoint first-line managers are adequate and effective. For the time being, the Company considers that the introduction of such committee may be unduly burdensome for its current structure. However, it does not disregard the possibility of implementing it in the future, if deemed advisable.*

### **13. The Board of Directors, through its Appointment Committee, develops a succession plan for its members which guides the short-listing of candidates to fill vacant seats, and contemplates the non-binding recommendations of its members, the CEO, and the shareholders.**

*As mentioned above, the Company does not have an Appointment Committee, for it considers the Development Management and Performance Appraisal procedures currently in place to appoint Grupo Financiero Galicia S.A.'s non-independent directors are adequate and effective. At the same time, the Company believes that the introduction of such committee may be unduly burdensome for its current structure. However, it does not disregard the possibility of implementing it in the future, if deemed advisable.*

**14. The Board of Directors implements an onboarding program for its newly elected members.**

*Since the Board's members discharge duties at the same company and/or at the Group's companies and have in-depth knowledge of the business, the Company does not deem it necessary to implement an onboarding program for the position.*

**D) COMPENSATION**

**Principles**

XI. The Board shall create compensation-linked incentives to align management – headed by the CEO – and the Board itself with the Company's long-term interests in such a manner that all directors comply with their duties towards shareholders in an equal and fair manner.

**15. The Company has a Compensation Committee made up of, at least, three (3) members. Its members are all independent or non-executive directors.**

*Tarjeta Naranja does not have a Compensation Committee, because it considers the Development Management and Performance Appraisal procedures currently in place are adequate and effective. For the time being, the Company considers that the introduction of such committee may be unduly burdensome for its current structure. However, it does not disregard the possibility of implementing it in the future, if deemed advisable.*

**16. The Board of Directors, through its Compensation Committee, sets a compensation policy for the CEO and the Board's members.**

*Since the Company does not have such a committee in place, the compensation of the Board's members is decided over at the General Shareholders' Meeting, within the limits established by applicable laws and regulations, at levels adequate enough to attract and retain competent directors. The managerial personnel are compensated on the basis of pay bands that are fair and equal internally, while ensuring external competitiveness based on current market compensation values, all of which in alignment with the Company's strategy and the short-term and long-term target indicators established by the Board.*

## E) CONTROL ENVIRONMENT

### Principles

XII. The Board shall ensure that a control environment is in place, comprising internal controls developed by management, internal auditors, risk management, regulatory compliance, and external auditors, which establishes the necessary lines of defense to ensure integrity in Company's operations and financial reporting.

XIII. The Board shall ensure that a comprehensive risk management system is in place that will enable Management and the Board to efficiently lead the Company towards its strategic goals.

XIV. The Board shall ensure that an individual or department is in place (based on the size and complexity of the business, the nature of its operations, and the risks it is exposed to) responsible for the Company's internal audit. Internal auditors—tasked with assessing and auditing the Company's internal controls, corporate governance processes, and risk management—must be independent and unbiased, with clearly established reporting lines.

XV. The Board's Audit Committee is comprised by qualified and experienced members, and shall discharge its duties in a transparent and independent manner.

XVI. The Board must establish suitable procedures to ensure External Auditors' independence and effective performance of their work.

### **17. The Board of Directors determines the Company's risk appetite, while also overseeing and ensuring that a comprehensive risk management system is in place to identify, assess, cope with and monitor the risks faced by the Company, including, without limitation, environmental, social, and business-inherent risks, in the short- and long-term.**

*The Company carries out an ongoing risk identification, measurement and monitoring process. In addition to the analyses performed by the Board and Management, one of the companies of Tarjeta Naranja's business group carries on additional risk analyses, through several committees, all of which are comprised by a Board's member and draft the pertinent minutes.*

*One of Tarjeta Naranja S.A.'s responsibilities is to implement a prudent risk management approach. Therefore, risk management has been assigned to different divisions, responsible for the management of credit, financial, fraud and asset laundering risks, among others. The following are the goals of these areas:*

- *Actively and comprehensively manage and monitor the several risks taken, ensuring compliance with internal policies and regulations in force.*
- *Keep the Board abreast of the risks to which the Company is exposed, proposing how to cover them.*
- *Help strengthen the risk culture.*
- *Design and suggest policies and procedures to mitigate and control risks.*
- *Escalate risk-related exceptions to the General Division.*

- 18. The Board of Directors monitors and reviews the effectiveness of the work done by the independent internal auditors and ensures the necessary resources are in place for the execution of an annual risk-based audit plan and a direct reporting line to the Audit Committee.**

*The Company's Internal Auditors report to the CEO, who reviews the budget and sets goals on the basis of the annual audit plan, the new businesses undertaken by the Company, and the needs stated by the Audit Committee.*

*Besides, the Chief Internal Auditor holds a monthly meeting with the Audit Committee to report on the compliance with the annual plan, the most relevant findings arising from audits, and any other relevant issue to be addressed by the Committee.*

- 19. The internal auditor or the members of the Internal Audit department are independent and highly trained.**

*The Issuer has an Internal Audit area fully independent from the other operating areas, as well as from the controlling company, whose mission is to assess and monitor the effectiveness of the internal control system with the purpose of ensuring compliance with applicable laws and regulations. Furthermore, the Audit Committee monitors such compliance. All Tarjeta Naranja's employees are responsible for complying with the internal control, the internal and external regulations and corporate governance rules. Internal Audit is responsible for assessing and monitoring the effectiveness of the internal control system in order to provide reasonable assurance about whether the following goals are attained:*

- Effectiveness and efficiency of operations*
- Reliability of the accounting information*
- Compliance with applicable laws and regulations*

*The area complies with an annual work plan, the planning and scope of which are based on identifying and assessing the entity's risks.*

*Reports on the progress of follow-ups on findings are periodically issued, including plans or actions to redress the situation. These reports are submitted to the Audit Committee for discussion at its meetings. The Audit Committee is responsible for ensuring the principle of independence.*

- 20. The Board of Directors has an Audit Committee whose actions are guided by a set of rules. The Committee is mostly comprised and chaired by independent directors, excluding the CEO. Most members have professional experience in finance and accounting.**

*As mentioned above, the Company has independent directors. The Audit Committee is comprised by two Directors discharging duties at the Company, and additional two directors from companies belonging to the Business Group, all of whom have professional experience in finance and accounting. The actions taken by the Audit Committee are guided by a set of rules.*

- 21. The Board of Directors, in consultation with the Audit Committee, approves the external auditors' selection and monitoring policy, which establishes the criteria to be relied upon when recommending to the shareholders, at the time the Shareholders' Meeting is held, whether to keep or replace the external auditors.**

*The Audit Committee also conducts an in-depth analysis of the services rendered by the external auditors, determines whether they meet the independence criteria, as required by applicable laws, and monitors their performance in order to ensure that it is satisfactory.*

#### **F) ETHICS, INTEGRITY AND COMPLIANCE**

##### **Principles**

XVII. The Board shall design and establish appropriate structures and practices to foster a culture of ethics, integrity and regulatory compliance which helps prevent, detect and address serious corporate or personal misconduct.

XVIII. The Board shall ensure that formal mechanisms are in place to prevent, or otherwise deal with, conflicts of interest that may arise in the Company's administration and management. It shall have formal procedures in place that seek to ensure that related party transactions are carried out in the Company's best interests and that fair treatment is afforded to all shareholders.

- 22. The Board of Directors approves a Code of Ethics and Conduct reflecting the Company's ethical and integrity values and principles and the corporate culture. The Code of Ethics and Conduct is made known and applicable to all of the Company's directors, managers and employees.**

*The Board approves the Company's Code of Ethics, which is applicable to all of its members.*

*The Code of Ethics is intended to lay down the main principles for all the Company's members to act in the same way and abide by the same values when addressing similar situations. Tarjeta Naranja encourages a workplace environment that fosters honesty, proactivity, responsibility, security, data confidentiality and respect for the law and business loyalty.*

*The Code of Ethics is disclosed by means of communication campaigns on the Company's Intranet and institutional videos. Following the creation of the Compliance Division, in 2020 the Company will deliver training addressed to all employees, keeping a record of those who completed it and generating reports with compliance news for submission to Directors.*

- 23. The Board of Directors establishes and periodically reviews an Ethics and Integrity Program, based on the Company's risks, size and financial capacity. The plan is clearly and visibly supported by Management, by designating one among them who shall be responsible for developing, coordinating, overseeing and assessing the program effectiveness on a periodical basis. The program**



encompasses: (i) ethics, integrity and compliance training to be regularly delivered to directors, managers and employees; (ii) internal channels to report irregular situations, open to third parties and adequately communicated; (iii) a policy to protect whistleblowers against retaliation, and an internal investigation system which respects the investigation subjects' rights and imposes effective punishments in case of infringements to the Code of Ethics and Conduct; (iv) a policy of integrity in tender processes; (v) mechanisms for the periodical analysis of risks, monitoring and assessment of the Program; and (vi) procedures to see to third parties' or business partners' integrity and track record (including due diligence to detect irregular situations, unlawful acts, or existing vulnerabilities in corporate reorganizations and acquisitions), including suppliers, distributors, service providers, agents and intermediaries.

*Tarjeta Naranja has an Integrity Program in place. Such program also encompasses the Company's Code of Conduct, and lays down policies and guidelines on the following topics:*

- *Anti-corruption and anti-bribery*
- *A procedure to give and receive gifts and entertainment*
- *Donation policies*
- *Third parties' due diligence procedure*

*The Ethical Line as the channel available to employees and suppliers to report irregular situations, based on a policy that protects whistleblowers against retaliation and an internal investigation system which respects the investigation subjects' rights.*

*Training is delivered to teach about the contents of the aforementioned policies.*

*The program is carried on by the Compliance Division and monitored together with Internal Audit.*

*The Company has appointed a Compliance Officer who is responsible for the coordination and development of said program.*

- 24. The Board of Directors ensures that formal mechanisms are in place to prevent and deal with conflicts of interest. Concerning related-party transactions, the Board of Directors approves a policy which establishes the role of each corporate body, and how transactions detrimental to the Company or to certain investors only should be identified, handled and disclosed.**

*Tarjeta Naranja's Code of Ethics and Anti-corruption Policy lay down the courses of action to be taken to address potential conflicts of interests.*

*The Code of Ethics sets forth the duty to refrain from acting on behalf of the Company in such situations that pose a personal interest or where the person involved or his/her close relatives may personally benefit from a business opportunity in which the Company may be involved. The Code also prohibits from engaging in business or professional activities concurrently with those carried out at the Company which may in any manner compete with any of the Company's businesses.*

*In the event any conflict of interest arises due to employment reasons or otherwise, the pertinent details shall be promptly reported.*

*Concerning transactions with related companies, the Company discloses them under a note to the financial statements entitled "Balances and Transactions with Companies and Related Parties."*

## G) SHAREHOLDERS' AND STAKEHOLDERS' PARTICIPATION

### Principles

XIX. The Company shall afford an equal treatment to all of its shareholders. It shall ensure equal access to non-confidential and relevant information for decision-making at the Company's Shareholders' Meetings.

XX. The Company shall encourage the active and informed participation of all of its Shareholders, particularly, in defining the Board's composition.

XXI. The Company shall have a transparent Dividend Distribution Policy in place, duly aligned with its strategy.

XXII. The Company shall take into account the interests of its stakeholders.

**25. The Company's website discloses financial and non-financial information, affording timely and equal access to all Investors. The website has a specialized area to address Investors' questions and inquiries.**

*Naranja's website can be freely accessed and contains financial and non-financial information about the Company. Our website allows users to get in touch with the Company and leave their inquiries, which are answered promptly.*

*Tarjeta Naranja S.A. periodically submits corporate and financial information through the website of the CNV, the Stock Exchange and MAE.*

**26. The Board of Directors shall ensure that a process is in place to identify and classify stakeholders and a communication channel available to them.**

*This duty is under the purview of the Institutional Relations Division, which, as part of its processes, identifies and classifies the Company's several stakeholders and communication channels (social media, institutional website, press releases, sustainability reports, etc.) based on the General Division and the Board's guidelines.*

**27. Prior to a Shareholders' Meeting, the Board of Directors submits to the Shareholders an "interim information package" which allows Shareholders, through a formal communication channel, to make non-binding comments and share diverging opinions from the Board of Directors' recommendations. In turn, the Board, when submitting the final information package, shall render its opinion on the comments so received, as deemed necessary.**

*All required information is submitted to the shareholders with sufficient time ahead. If shareholders disagree with the Board of Directors' recommendations, such dissenting views are put forward at the pertinent meeting.*

**28. The Company's By-laws provide that Shareholders may receive information packages for Shareholders' Meetings by electronic means, and remotely attend Shareholders' Meetings by using electronic communication means enabling the simultaneous transmission of sound, video and voice, always ensuring the attendants' right to an equal treatment.**

*A Shareholders' Meeting shall be validly held with the attendance of an absolute majority of elected shareholders, who may attend the meeting in person or remotely - whether in the country or abroad - communicated among them by means of simultaneous sound, video or voice transmission means, such as videoconference, teleconference or the like. In this case, a quorum shall be deemed constituted with shareholders attending the meeting in person and remotely, and decisions shall be made by the majority of votes present and/or cast by any of the above-mentioned transmission means. If meetings are held with shareholders attending remotely, such circumstance shall be recorded in the respective Minutes, indicating their names, statements and votes cast in respect of each resolution passed.*

**29. The Dividend Distribution Policy is aligned with the strategy and clearly establishes the criteria, frequency and conditions governing dividend distribution.**

*The Company's Dividend Distribution Policy is aligned with the strategy. Accordingly, the Company's By-laws provide that realized and liquid profits will be allocated as follows:*

- 5% until reaching 20% of share capital to Legal Reserve;*
- Board of Directors' and Supervisory Committee's compensation; and*
- the balance shall be distributed among the shareholders as cash dividends within one year as from their approval – in proportion to their respective payments – except as otherwise decided by the Ordinary Shareholders' Meeting.*

Legal Domicile: La Tablada 451 – Córdoba

Principal Line of Business: Credit Card Administrator

**25th Year  
Financial Statements**

For the year commenced January 1, 2019 and ended  
December 31, 2019, presented on a comparative basis  
Expressed in thousands of constant Argentine pesos as of year-end

Date of Registration with the Public Registry of Commerce:

Of Bylaws, as amended: December 12, 1995, May 3, 2001, March 24,  
2004, and May 9, 2018 (Note 2.18)

Registration Number with the Public Registry of  
Commerce: No. 1363 Fo. 5857 Vol. 24/95

Date of Expiration of Company's Bylaws: December 12, 2094

CAPITAL STATUS (Note 2.18)				
Shares			Subscribed	Paid-in
Number	Type	Voting Rights per Share		
			In Thousands of AR\$	
2,824	Ordinary shares with a face value of AR\$ 10,000	1	28,240	28,240
2,824			28,240	28,240

Information on the Controlling Company:

Company's Name: **Tarjetas Regionales S.A.**

Legal Domicile: Tte. Gral. Juan D. Perón No. 430 – 19th Floor, Autonomous City of Buenos Aires.

Principal Line of Business: Financial and investment activities

Interest in Equity: 99.96%

Percentage of Votes: 99.96%

Please refer to our report dated February 19, 2020  
**PRICE WATERHOUSE & CO. S.R.L.**

(Partner)

C.P.C.E.Cba. N° 21.00004.3  
**Andrés Suarez**  
Certified Public Accountant (U.B.A.)  
Professional License No. 10.114214 – C.P.C.E.Cba.

# **TARJETA NARANJA S.A.**

## **FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018**

(Free Translation from the Original in Spanish for Publication in Argentina)

# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Statement of Profit or Loss

For the years ended December 31, 2019 and 2018

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

		12.31.2019	12.31.2018
	Notes	In Thousands of AR\$	
Revenues from Services	6	16,869,165	18,516,788
Costs of Services	7	(1,978,292)	(2,753,067)
<b>Net Revenues from Services</b>		<b>14,890,873</b>	<b>15,763,721</b>
Revenues from Financing	8	20,503,702	24,307,882
Costs of Financing	9	(9,672,419)	(9,323,201)
Loss on Net Monetary Position		(4,908,122)	(5,243,542)
<b>Net Revenues from Financing</b>		<b>5,923,161</b>	<b>9,741,139</b>
Net Income from Short-term Investments	10	2,655,345	1,200,774
<b>Operating Revenue</b>		<b>23,469,379</b>	<b>26,705,634</b>
Provision for Loan Losses	11	(5,221,007)	(6,534,144)
<b>Operating Revenue, Net of Provision for Loan Losses</b>		<b>18,248,372</b>	<b>20,171,490</b>
Employee Benefits Expenses	12	(5,496,485)	(7,345,483)
Taxes and Charges	13	(4,081,119)	(4,649,773)
Marketing Expenses	14	(637,963)	(778,097)
Depreciation and Amortization	15	(1,133,142)	(801,010)
Other Operating Expenses	16	(5,399,107)	(6,121,926)
<b>Total Operating Expenses</b>		<b>(16,747,816)</b>	<b>(19,696,289)</b>
<b>Net Profit before Income from Investments Accounted for Using the Equity Method</b>		<b>1,500,556</b>	<b>475,201</b>
(Loss) Income from Investments Accounted for Using the Equity Method	17	(9,232)	692
<b>Profit before Income Tax</b>		<b>1,491,324</b>	<b>475,893</b>
Income Tax	18	(359,614)	(2,386,507)
<b>Profit / (Loss) for the Year</b>		<b>1,131,710</b>	<b>(1,910,614)</b>
<b>Earnings per Share</b>			
Basic and Diluted Earnings per Share		<b>400.75</b>	<b>(676.56)</b>

The notes are an integral part of these financial statements.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Andrés Suarez

Certified Public Accountant (U.B.A.)

Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman

# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Statement of Other Comprehensive Income

For the years ended December 31, 2019 and 2018

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

	Notes	12.31.2019	12.31.2018
		In Thousands of AR\$	
<b>Profit / (Loss) for the Year</b>		<b>1,131,710</b>	<b>(1,910,614)</b>
Other Comprehensive Income		-	-
<b>Other Comprehensive Income for the Year</b>		-	-
<b>Total Comprehensive Income / (Loss) for the Year</b>		<b>1,131,710</b>	<b>(1,910,614)</b>
<b>Earnings per Share</b>			
Basic and Diluted Earnings per Share		<b>400.75</b>	<b>(676.56)</b>

The notes are an integral part of these financial statements.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Andrés Suarez

Certified Public Accountant (U.B.A.)

Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman



# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Balance Sheet

As of December 31, 2019 and 2018

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

		12.31.2019	12.31.2018			12.31.2019	12.31.2018
	Note	In Thousands of AR\$			Note	In Thousands of AR\$	
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and Cash Equivalents	19	7,270,101	7,775,737	Trade and Other Payables	26	31,548,069	35,136,436
Investments	20	1,323,511	-	Borrowings	27	10,116,470	13,109,277
Receivables from Trade	21	49,223,377	65,554,977	Employee Benefit Obligations	28	830,399	1,220,488
Other Receivables	22	270,663	407,778	Current Tax Liabilities	29	1,190,518	1,514,708
				Other Liabilities	30	12,148	44,762
				Income Tax Provision	18	931,453	58,667
<b>Total Current Assets</b>		<b>58,087,652</b>	<b>73,738,492</b>	<b>Total Current Liabilities</b>		<b>44,629,057</b>	<b>51,084,338</b>
<b>NON-CURRENT ASSETS</b>				<b>NON-CURRENT LIABILITIES</b>			
Receivables from Trade	21	414,393	1,869,590	Borrowings	27	3,390,965	13,217,581
Other Receivables	22	7,744	9,727	Other Liabilities	30	7,348	15,540
Deferred Tax Assets	18	1,766,180	779,003	Provisions	31	108,360	99,987
Investments Accounted for Using the Equity Method	23	12,915	3,259				
Property, Plant and Equipment	24	3,393,204	2,776,930				
Intangible Assets	25	1,286,335	941,428				
<b>Total Non-current Assets</b>		<b>6,880,771</b>	<b>6,379,937</b>	<b>Total Non-current Liabilities</b>		<b>3,506,673</b>	<b>13,333,108</b>
				<b>Total Liabilities</b>		<b>48,135,730</b>	<b>64,417,446</b>
<b>Total Assets</b>		<b>64,968,423</b>	<b>80,118,429</b>	<b>EQUITY</b>		<b>16,832,693</b>	<b>15,700,983</b>
				<b>Total Liabilities and Equity</b>		<b>64,968,423</b>	<b>80,118,429</b>

The notes are an integral part of these financial statements.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Andrés Suarez

Certified Public Accountant (U.B.A.)

Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as Chairman

# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Statement of Changes in Equity

For the years ended December 31, 2019 and 2018

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

	Shareholders' Contributions				Reserves			Retained Earnings	Total Equity
	Capital Stock (Note 2.18)	Comprehensive Adjustment to Capital Stock	Additional Paid-in Capital from Merger	Subtotal	Legal Reserve	Discretionary Reserve	Reserve for Conduction of New Operations		
	In Thousands of AR\$								
Balances at 01.01.2019	28,240	852,780	65,402	946,422	43,670	-	20,314,152	(5,603,261)	15,700,983
Profit for the Year	-	-	-	-	-	-	-	1,131,710	1,131,710
Release of Reserve for Conduction of New Operations Decided pursuant to Minutes of Shareholders' Meeting No. 44 dated 04.29.2019	-	-	-	-	-	-	(5,603,261)	5,603,261	-
Balances at 12.31.2019	28,240	852,780	65,402	946,422	43,670	-	14,710,891	1,131,710	16,832,693
Balances at 01.01.2018	28,240	852,780	65,402	946,422	43,670	2,188,278	11,816,610	3,860,236	18,855,216
Loss for the Year	-	-	-	-	-	-	-	(1,910,614)	(1,910,614)
Establishment of Reserve for Conduction of New Operations Decided pursuant to Minutes of Shareholders' Meeting No. 42 dated 04.04.2018	-	-	-	-	-	-	6,309,264	(6,309,264)	-
Release of Discretionary Reserve Balance and Appropriation to Reserve for Conduction of New Operations pursuant to Minutes of Shareholders' Meeting No. 42 dated 04.04.2018.	-	-	-	-	-	(2,188,278)	2,188,278	-	-
Distribution of Cash Dividends Decided pursuant to Minutes of Shareholders' Meeting No. 42 dated 04.04.2018.	-	-	-	-	-	-	-	(1,243,619)	(1,243,619)
Balances at 12.31.2018	28,240	852,780	65,402	946,422	43,670	-	20,314,152	(5,603,261)	15,700,983

The notes are an integral part of these financial statements.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

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Jorge Federico Gregorat  
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Miguel Angel Peña  
Vice-Chairman acting as Chairman

# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Statement of Cash Flows

For the years ended December 31, 2019 and 2018

Expressed in thousands of constant Argentine Pesos

		12.31.2019	12.31.2018
	Note	In Thousands of AR\$	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit / (Loss) for the Year		1,131,710	(1,910,614)
Plus Income Tax Accrued during the Year	18	359,614	2,386,507
Plus Interest and Other Financial Expenses Accrued during the Year, Net of Interest and Other Financial Income Accrued from Investments		9,401,727	9,203,951
Plus Loss on Net Monetary Position		4,908,122	5,243,542
Adjustments to Calculate Net Cash Flow and Cash Equivalents from Operating Activities	37	7,378,954	9,228,712
Changes in Operating Assets	38	(11,002,559)	(29,204,675)
Changes in Operating Liabilities	39	7,709,354	7,151,311
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>19,886,922</b>	<b>2,098,734</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Payments for Non-cash Equivalent Investments		(1,301,187)	-
Payments for Property, Plant and Equipment		(307,564)	(584,381)
Payments for Intangible Assets		(738,845)	(592,552)
Payments for Capital Contributions to Associates		(21,483)	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(2,369,079)</b>	<b>(1,176,933)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from Bank and Financial Loans	40	-	3,396,552
Proceeds from Credit Lines	40	2,163,150	2,212,851
Notes (" <i>Obligaciones Negociables</i> ") Issued	40	1,885,719	9,627,499
Dividends Paid to Company's Shareholders		-	(775,346)
Repayment of Principal, Interest and Expenses on Bank and Financial Loans	40	(3,145,482)	(3,154,141)
Repayment of Principal, Interest and Expenses on Notes (" <i>Obligaciones Negociables</i> ")	40	(15,297,487)	(7,331,525)
Payment of Tax on Bank Credits and Debits	40	(76,670)	(70,009)
Lease Payments	40	(276,996)	-
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES</b>		<b>(14,747,766)</b>	<b>3,905,881</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,770,077</b>	<b>4,827,682</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>7,775,737</b>	<b>4,875,673</b>
Loss on Net Monetary Position on Cash and Cash Equivalents		(3,248,091)	(1,921,137)
(Decrease) Resulting from Exchange Rate Changes on Cash and Cash Equivalents		(27,622)	(6,481)
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>	36	<b>7,270,101</b>	<b>7,775,737</b>

Additional information on the Statement of Cash Flows is disclosed in Note 40.  
The notes are an integral part of these financial statements.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Andrés Suarez

Certified Public Accountant (U.B.A.)

Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman

# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

## Notes to the Financial Statements

(In the notes, figures are expressed in thousands of Argentine Pesos, except otherwise noted)

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- Note 5 – Segment Information
- Note 6 – Revenues from Services
- Note 7 – Costs of Services
- Note 8 – Revenues from Financing
- Note 9 – Costs of Financing
- Note 10 – Net Income from Short-term Investments
- Note 11 – Provision for Loan Losses
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- Note 15 – Depreciation and Amortization
- Note 16 – Other Operating Expenses
- Note 17 – Income from Investments Accounted for Using the Equity Method
- Note 18 – Income Tax
- Note 19 – Cash and Cash Equivalents
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- Note 29 – Current Tax Liabilities
- Note 30 – Other Liabilities
- Note 31 – Provisions
- Note 32 – Financial Liabilities by Contractual Due Date
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- Note 35 – Notes ("*Obligaciones Negociables*")
- Note 36 – Cash and Cash Equivalents - Statement of Cash Flows
- Note 37 – Adjustments to Calculate Net Cash Flow and Cash Equivalents from Operating Activities
- Note 38 – Changes in Operating Assets
- Note 39 – Changes in Operating Liabilities
- Note 40 – Additional Information on the Statement of Cash Flows
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Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Notes to the Financial Statements (Continued)

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### NOTE 1 – GENERAL INFORMATION

Tarjeta Naranja S.A. (hereinafter, “the Company”) was organized as a corporation in the Province of Córdoba on September 1, 1995. The Company is a leading credit-card company in Argentina. Its main business is to create, develop, direct, manage, market, exploit and operate credit and/or debit and/or purchase and/or similar card systems. The Company may hold an interest in the capital stock of other companies rendering supplementary services to the financial activity, which are allowed by the Argentine Central Bank (BCRA).

These financial statements were approved for their issuance by the Company’s Board of Directors on February 19, 2020.

Tarjeta Naranja S.A. is a subsidiary of Tarjetas Regionales S.A., which, in turn, is a subsidiary of Grupo Financiero Galicia S.A.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied to the preparation of these financial statements are detailed below. These policies have been consistently applied to all years presented.

#### 2.1 Basis for Preparation

The Argentine National Securities Commission (C.N.V.), pursuant to Title IV “Periodical Reporting Requirements”- Chapter III “Rules concerning the Presentation and Valuation Criteria of Financial Statements” - Section 1 of its regulations, has established the application of Technical Pronouncement No. 26 (TP No. 26) issued by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as amended, adopting the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) for certain entities included in the public offer regime prescribed in Law No. 17811, whether by reason of their capital stock or notes (“*obligaciones negociables*”), or because these entities have applied for authorization to be included in such regime.

Due to the aforementioned factors, the Company’s management has prepared these financial statements in accordance with the accounting guidance laid down by the C.N.V., which is based on the application of the IFRS, except for IFRS No. 9, paragraph 5.5, “Impairment,” as further explained in Note 2.1.1 (a) to these financial statements. Also, some additional matters required by the Companies Law and/or C.N.V. regulations, among others, the supplementary information established in the last paragraph of Section 1, Chapter III, Title IV of General Resolution No. 622/13 were included. Note 2.1.1 (a) also includes a quantification of the effects of the non-application of paragraph 5.5 of IFRS No. 9 on the Company’s financial statements.

#### Going Concern

At the date of these financial statements, there are no uncertainties as to events or conditions that may pose any doubt about the likelihood for the Company to continue operating normally as a going concern.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis for Preparation (Continued)

##### 2.1.1 Changes in Accounting Policies and Disclosures

(a) New and Amended Standards and Interpretations Adopted by the Company during the reporting and previous years.

There have been no new or amended standards and interpretations effective for the years commenced on January 1, 2019 and 2018 that have had material effects for the Company, other than those detailed below:

IFRS 9 “Financial Instruments.” The full version of IFRS 9 was issued in July 2014. It replaces the IAS 39 guidance related to the classification and measurement of financial instruments. IFRS 9 maintains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: (i) amortized cost, (ii) fair value through other comprehensive income, and (iii) fair value through profit or loss. The classification basis depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. For investments in equity instruments the fair value measurement is required with changes in profit or loss, with the irrevocable option at inception to disclose fair value changes through the Statement of Comprehensive Income. Additionally, a new impairment model is introduced based on the expected loss, which replaces the incurred loss model of IAS 39. There were no changes regarding classification and measurement for financial liabilities, except for the recognition of changes in the own credit risk in the Statement of Comprehensive Income for designated liabilities at fair value with changes in profit and loss. IFRS 9 lessens the requirements for the hedge effectiveness, replacing the effectiveness tests established until then by the regulation. It requires an economic relationship between the hedged item and the hedging instrument and that the hedging ratio be the same as that used by Management for risk management purposes. Documentation is still required, but it is different from that originally required by IAS 39. This standard is effective for years beginning on or after January 1, 2018. Its earlier adoption is permitted. Since its first financial statements issued under IFRS, the Company has early adopted the first phase of IFRS 9 (Note 2.5), mainly concerning the classification, measurement and recognition of financial assets and liabilities.

The C.N.V. handed down General Resolution No. 714-E/2017 in connection with the second phase of adoption of these standards. As stated in the recitals of such resolution, the Argentine Central Bank (“BCRA”) is in the process of conforming the accounting standards applicable to financial entities to the IFRS for years commencing on and after January 1, 2018. Accordingly, credit card issuers are only exempted from compliance with the new credit portfolio impairment standard contained in IFRS 9, paragraph 5.5, “Impairment,” until such time as a distinguished application schedule is put in place, in line with the Argentine Central Bank’s guidelines. On February 12, 2018, the Argentine Central Bank handed down Communiqué “A” 6430 setting January 1, 2020 as first-time adoption date.

In compliance with the C.N.V. rules, the Company has not adopted paragraph 5.5 “Impairment” of IFRS 9; accordingly, it has continued applying the incurred loss impairment model set out in IAS 39. Notwithstanding this, in calculating the impairment of its receivables from trade, the Company has performed a quantitative analysis of the impact of the expected loss model set out in IFRS 9 on its equity and profit & loss accounts. The table below shows a detail of such analysis, describing the several variables and items taken into consideration in applying the expected loss model set out in IFRS 9:

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis for Preparation (Continued)

##### 2.1.1 Changes in Accounting Policies and Disclosures (Continued)

Below is a detail of such calculation:

	In Constant Currency as of December 31, 2019		In Nominal Currency	
	Impact on Assets / Equity (Net of Tax)	Impact on Profit (Loss) (Net of Tax)	Impact on Assets / Equity (Net of Tax)	Impact on Profit (Loss) (Net of Tax)
	Debtor / (Creditor)	Profit / (Loss)	Debtor / (Creditor)	Profit / (Loss)
12.31.2018 and for the year then ended	(1,359,258)	(652,563)	(883,597)	(572,451)
03.31.2019 and for the period then ended	(1,296,343)	62,915	(941,953)	(58,356)
06.30.2019 and for the period then ended	(1,450,317)	(91,059)	(1,154,020)	(270,423)
09.30.2019 and for the period then ended	(1,533,821)	(174,563)	(1,372,920)	(489,323)
12.31.2019 and for the year then ended	(1,126,588)	232,670	(1,126,588)	(242,991)

#### Expected Credit Loss Measurement

The Company will recognize an allowance for expected credit losses (ECL) as of each reporting date, which will reflect:

1. An objective exposure amount when an operation is affected by an event of default (Exposure at Default or "EAD"), weighed for the probability of occurrence (Probability of Default or "PD") and for the percentage of debt that will be finally written off after enforcing all recovery mechanisms in place following the default (Loss Given Default or "LGD").
2. The time value of money.
3. The information available on projected future economic conditions.

IFRS 9 outlines an allowance model which segments the portfolio in three stages ("Stages"), based on the impairment in credit quality observed since initial recognition. Such stages are summarized below:

Stage 1	Stage 2	Stage 3
Customers less than 30 days past due	Customers 31-90 days past due	Customers over 90 days past due as of the allowance calculation date
Customers with no significant increase in credit risk or having been registered in a Total Payment Plan, with an arrears of less than 90 days.	Customers currently less than 30 days past due, with current Risk and significant increase in credit risk.	Customers with current Total Payment Plans, provided such plans had been granted while customers were under other Total Payment Plans then current, or otherwise with an arrears of over 90 days.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis for Preparation (Continued)

##### Significant Increase in Credit Risk

The concept of Significant Increase in Credit Risk will be defined using a quantitative approach, based on a historical comparison between Initial and Current Risk for customers' collections. According to such comparison, a ratio is determined capturing more than two thirds of future defaults, with a default rate higher than the portfolio average rate.

When a customer's Current Risk surpasses that customer's Initial Risk with a value in excess of the calculated ratio, that customer will be assigned to Stage 2.

<b>Segments</b> <b>Account Origination.</b> <b>Registration in Total Debt Payment Plan.</b>	
Arrears	Increase deemed significant
<30 days	Accuracy Variation Deciles>Average Default Rate and Recall >66%

##### Definition of Default

Based on its portfolio performance and according to its collection policies, Tarjeta Naranja S.A. defines an event of default as arrears in excess of 90 days. Such status will remain until the customer in arrears settles all obligations outstanding with the Company.

##### Expected Credit Loss – Variables, Assumptions, and Calculation Methods Explained

The Expected Credit Loss (ECL) is the product of the Probability of Default ("PD"), the Exposure at Default ("EAD"), and the Loss Given Default ("LGD" or "1 - Recovery %"), as summarized in the following formula:

$$ECL = PD * EAD * LGD$$

Below is a description of each of its components:

##### **Probability of Default ("PD")**

It means the probability that a customer will default on an obligation, whether during the subsequent 12 months or at any time during the obligation remaining term.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis for Preparation (Continued)

##### 2.1.1 Changes in Accounting Policies and Disclosures (Continued)

In estimating the “PD,” the Company uses historical portfolio performance data. The Company has identified groups of customers whose risks are similar and, still, different among them. The Company has selected variables remaining constant over the time in terms of business management, and assembled groups with substantial volumes, as detailed below:

- Customers with no Payment Plans, no Loans and no Z Plans
- Customers with no Payment Plans and no Loans, but with interest-bearing Z Plans
- Customers with no Payment Plans, but with Loans
- Customers with Partial Payment Plans
- Customers with Total Payment Plans

There is a “PD” per each portfolio segment. A “PD” is also calculated per each tranche of arrears. This information, which is based on historical parameters, is then adjusted for future macroeconomic scenarios.

The “PD” is assessed in three Stages:

Stage 1	Stage 2	Stage 3
It is the probability of default in the following 12 months.	It is the probability of default for the instrument lifetime.	100%

#### Exposure at Default (“EAD”)

EAD is defined as the exposure of an impaired instrument, at the time the default is observed. For transactions with contingent balance, as it is the case of credit cards, the EAD is estimated by applying a calculation methodology. In determining the EAD, a Credit Conversion Factor (CCF) needs to be calculated, which represents the available credit percentage (credit card limit net of the used balance) the customer would use in addition to the current balance, before the default.

#### Loss Given Default (“LGD”)

It is the percentage of debt finally written off, after having relied on all recovery mechanisms and tools available to the Company. In other words, it is a supplement to the recovery rate. The Company calculates the “LGD” on the basis of all transactions in default, whether recovered or not, segmenting it by tranches of arrears. Such transactions are adjusted to reflect projected macroeconomic scenarios.

#### Time Value of Money

In order to reflect the time value of money, the Company calculates the losses expected to be incurred on a proportional basis over the time, by using a discount rate calculated on the basis of the Company’s financial income and assets, according to the information disclosed in its financial statements.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis for Preparation (Continued)

##### 2.1.1 Changes in Accounting Policies and Disclosures (Continued)

#### Use of Forward-looking Information to Calculate ECL

A methodology was also developed to analyze the impact of several macroeconomic scenarios on the credit risk associated with the customer portfolio. This information is adjusted for future scenarios, considering certain macroeconomic variables, such as wages, unemployment rate, exchange rate, Monthly Economic Activity Index ("EMAE", for its Spanish acronym), Consumer Confidence Index, BADLAR, inflation rate, GDP, etc. As it happens with any economic projection, the probability of occurrence is subject to a high degree of uncertainty; therefore, actual figures and variables may substantially differ from the estimates. Below is a detail of what the Company believes are the best estimates of the several potential scenarios.

The following projected macroeconomic variables were provided by Banco Galicia's Research Division.

Scenarios	Share
Best-case	15%
Baseline	70%
Worst-case	15%

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis for Preparation (Continued)

##### 2.1.1 Changes in Accounting Policies and Disclosures (Continued)

Projected Macroeconomic Variables	Scenarios	1Q-2020	2Q-2020	3Q-2020	4Q-2020
Seasonally-adjusted EMAE	Baseline	(1.0)	0.0	2.4	6.5
	Best-case	(2.2)	(0.5)	1.5	4.7
	Worst-case	(4.4)	(5.8)	(6.0)	(4.7)
Consumer Price Index (CPI)	Baseline	52.4	51.8	45.6	40.0
	Best-case	47.1	43.4	36.1	30.0
	Worst-case	57.3	64.0	66.5	70.0
Nominal Exchange Rate	Baseline	61.7	62.1	33.4	27.0
	Best-case	58.4	55.6	25.4	17.0
	Worst-case	78.8	98.3	80.4	90.0
Unemployment Rate	Baseline	11.1	10.1	10.1	1.9
	Best-case	15.8	(3.4)	4.6	(11.8)
	Worst-case	25.3	19.2	40.1	29.9
Private Badlar	Baseline	(25.6)	(47.9)	(53.3)	(36.9)
	Best-case	(37.6)	(47.0)	(58.3)	(45.2)
	Worst-case	20.0	(1.8)	(16.6)	19.0
Real Wages	Baseline	(7.0)	(6.0)	(0.7)	1.4
	Best-case	(3.3)	(3.0)	0.0	3.1
	Worst-case	(5.5)	(7.3)	(6.6)	(5.9)
Real GDP	Baseline	(2.9)	(2.6)	(2.5)	(1.0)
	Best-case	(2.2)	0.0	1.0	4.7
	Worst-case	(4.4)	(5.3)	(6.4)	(4.7)
Private Deposits (AR\$)	Baseline	29	30.5	36.2	45
	Best-case	31.0	35.9	42.1	47.4
	Worst-case	19.2	18.1	18.9	22.5

Year-on-year Changes

### Risk Exposure

#### Maximum Exposure to Credit Risk - Instruments subject to Impairment

The following table includes an analysis of the risk exposure of financial instruments in respect of which the Company recognizes ECL allowances.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis for Preparation (Continued)

##### 2.1.1 Changes in Accounting Policies and Disclosures (Continued)

<b>Balances of Financial Assets Exposed to Credit Risk As of December 31, 2019</b>			
	Balances	Allowance	Total
Credit Cards			
Stage 1	46,743,513	2,012,191	44,731,322
Stage 2	2,565,024	704,146	1,860,878
Stage 3	6,121,868	4,685,710	1,436,158

#### Portfolio Impairment Allowance

The allowances recognized in the reporting period under the ECL model are affected by several factors, including:

- Transfers from “Stage 1” to or from “Stage 2” or “Stage 3” because the financial instruments have experienced significant increases (or decreases) in their respective credit risk levels, or because they have impaired over the time, and due to the ensuing shift in the calculation of variables from the subsequent 12-month period to the instrument lifetime;
- Impacts from changes in “PD”, “EAD”, or LGD” variables due to revised assumptions and models; and
- Derecognition of financial assets.

Below is a breakdown of exposures by days in arrears and stages.

	<b>2019</b>			<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	12 months Balances	Lifetime Balances	Lifetime Balances	
<b>Days in Arrears</b>				
0	44,281,820	538,015	264,045	45,083,880
Jan-30	2,461,693	160,616	90,670	2,712,979
31-60		1,230,309	77,333	1,307,642
61-90		636,084	46,825	682,909
Default			5,642,995	5,642,995
<b>Gross Amount</b>	46,743,513	2,565,024	6,121,868	55,430,405
<b>Allowance</b>	2,012,191	704,146	4,685,710	7,402,047
<b>Total</b>	44,731,322	1,860,878	1,436,158	48,028,358

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1.1 Changes in Accounting Policies and Disclosures (Continued)

The following table summarizes the impact of the first-time adoption of IFRS 9 on the credit card portfolio:

	December 31, 2019  (IFRS 9)	December 31, 2019  (IAS 39)	Adjustment upon First- time Adoption of IFRS 9	January 1, 2020 Pursuant to IFRS 9
<b>Credit Loss Allowances</b>	7,402,047	5,792,635	1,609,412	7,402,047
Credit Card Portfolio	55,430,405	55,430,405	-	-
<b>Total Allowance</b>	7,402,047	5,792,635	1,609,412	7,402,047

Other New and Amended Standards and Interpretations Adopted by the Company.

IFRS 16 “Leases” sets out the new principles for the recognition, measurement, presentation and disclosure of lease contracts. The elimination of the classification into operating and finance leases set out by IAS 17 and the adoption, as a replacement of a similar treatment to the one afforded to finance ones under such standard for all lease contracts should be highlighted. These contracts shall be disclosed as leased assets (assets with right to use) or in property, plant and equipment at present value of lease payments. If the Company makes periodic payments, it shall also recognize a financial liability that represents the obligation to make future lease payments. IFRS 16 does not require the lessee to recognize assets and liabilities in the cases of short-term leases or leases of low-value assets. This standard is effective for years beginning on or after January 1, 2019. The Company has applied the guidelines of IFRS 16.

(b) New and Amended Standards and Interpretations that Have Not Been Adopted by the Company Yet

Some new standards, amendments to standards and interpretations are effective for the years commencing on and after January 1, 2020 and have not been applied in preparing these financial statements. None of them is expected to have a material effect on the Company's financial statements. Below is a detail of the main standards or amendments:

- Amendments to IFRS 3 “Business Combinations,” shedding light on the definition of “business,” to help entities determine whether a transaction should be accounted for as a business combination or as an asset acquisition.
- Amendments to IAS 1 and IAS 8 to change the definition of “Material or Relative Importance.”
- Amendments to IFRS 9, IAS 39 and IFRS 7 concerning the definition and application of the “Interest Rate Benchmark Reform.”

There are no other IFRS or IFRIC interpretations that are not yet effective and that are expected to have a material effect on the Company.

#### 2.2 Segment Information

The entity has disclosed the segment information, as established by IFRS 8 “Operating Segments”.

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An operating segment is that component of the entity whose financial information is separately available and is regularly used by the Board of Directors in decision-making regarding how to allocate resources and assess the business performance.

Reportable segments are one or more operating segments with similar characteristics, distribution systems and regulatory environments.

Operating segments are presented consistently with the internal information furnished to the maximum authority in decision-making relating to the Company's operation, which, in the case of Tarjeta Naranja S.A., is the Board of Directors. In this regard, it should be noted that the Board of Directors assesses business performance in nominal currency, that is, without recognizing the effects of inflation as required under IAS 29.

The entity considers the business from a geographic viewpoint, defining the following operating segments: (i) Córdoba, (ii) Central Region, (iii) Northwest of Argentina, (iv) Patagonia, (v) Northeast of Argentina, (vi) Greater Buenos Aires I (Greater Buenos Aires South); (vii) Greater Buenos Aires II (Greater Buenos Aires West); (viii) Inside the Province of Buenos Aires, (ix) Gold (Rosario, Greater Buenos Aires North and Uruguay's Coast), (x) Cuyo (Mendoza and San Juan), and (xi) Non-allocable (support areas).

Effective since October 1, 2017, the Company completed the merger by absorption of Tarjetas Cuyanas S.A., a company also engaged in administering credit cards that used to do business under the single trademark "Nevada." The impacts on segment information resulting from this merger by absorption were reported separately under the column entitled "Nevada." As of December 31, 2018, this segment accounted for Nevada's residual operations.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Functional and Presentation Currency

International Accounting Standard 29 “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) requires that an entity’s financial statements whose functional currency is the currency of a hyperinflationary economy, regardless of whether they are based on the historical cost method or on the current cost method, be stated in terms of the measuring unit current at the end of the reporting period. For such purpose, in general, the inflation from the acquisition date or the revaluation date, as the case may be, should be computed in non-monetary items. Such requirements are also applicable to the comparative information disclosed in the financial statements.

To conclude on the existence of a hyperinflationary economy pursuant to the provisions set forth in IAS 29, the standard details a series of factors to be considered, including an accumulated three-year inflation rate that approximates to or exceeds 100%. Accordingly, pursuant to the requirements of IAS 29, effective since July 1, 2018, the Argentine economy should have been regarded as a hyperinflationary economy.

In turn, Law No. 27468 (published in the Official Gazette on December 4, 2018) introduced certain changes to Section 10 of Law No. 23928, as amended, establishing that the repeal of all such legal and regulatory standards which establish or authorize price indexation mechanisms, monetary adjustments, changes in costs or any other form of restatement of indebtedness, taxes, prices or rates for goods, works or services, is not applicable to financial statements, which should continue to be subject to the provisions of Section 62 *in fine* of the Argentine General Companies Law No. 19550 (as amended in 1984) and its amendments. In addition, Law No. 27468 repealed Decree No. 1269/2002 dated July 16, 2002, as amended, and entrusted the National Executive Branch, through its regulatory agencies, with the duty of setting the date as from which the foregoing provisions would come into force in respect of financial statements filed with them. Accordingly, by way of General Resolution 777/2018 (published in the Official Gazette on December 28, 2018), the C.N.V. provided that issuers subject to its oversight were required to restate their annual, interim and special financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29. Therefore, the Company’s financial statements as of December 31, 2019 were restated.

Besides, the Argentine Central Bank provided that, effective since years commencing on and after January 1, 2020, financial institutions and exchange houses under its oversight would be subject to the terms of Sections 5 and 7, paragraph c), of Law No. 27468.

In accordance with IAS 29, the financial statements of an entity reporting in the currency of a hyperinflationary economy should be presented in the current unit of measurement as of the end of the reporting period. All balances disclosed in the entity’s balance sheet, other than those stated in the current unit of measurement as of the end of the reporting period, should be adjusted by reference to a general price index. All profit & loss items should be reported in terms of a unit of measurement adjusted as of the end of the reporting period by reference to the changes in the general price index occurring since the date on which revenues and expenses have been originally recognized in the financial statements.



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(Partner)

C.P.C.E.C. N° 21.00004.3

# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Notes to the Financial Statements (Continued)

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Functional and Presentation Currency (Continued)

The inflation adjustment was calculated by reference to the indexes established by the FACPCE, which are based on the price indexes released by the Argentine Institute of Statistics and Census ("INDEC"). The following table shows the applicable indexes as of the end of each reporting period, and the indexes applicable to each month.

Month	FACPCE's Indexes	Changes relative to 12.31.2018	FACPCE's Indexes	Changes relative to 12.31.2018
	2019		2018	
December (Previous Year)	184.2552	53.8%	124.7956	127.1%
January	189.6101	49.5%	126.9887	123.2%
February	196.7501	44.1%	130.0606	117.9%
March	205.9571	37.6%	133.1054	112.9%
April	213.0517	33.0%	136.7512	107.3%
May	219.5691	29.1%	139.5893	103.1%
June	225.5370	25.7%	144.8053	95.7%
July	230.4940	23.0%	149.2966	89.9%
August	239.6077	18.3%	155.1034	82.7%
September	253.7102	11.7%	165.2383	71.5%
October	262.0661	8.2%	174.1473	62.8%
November	273.2158	3.7%	179.6388	57.8%
December	283.4442	0.0%	184.2552	53.8%

Below is a detail of the main guidelines for the application of the inflation adjustment:

- Monetary assets and liabilities should not be restated, for they are stated in current currency as of the reporting period end.
- Non-monetary assets and liabilities recognized at cost and equity items should be restated, by reference to the respective adjustment ratios, for they are stated in a currency prior to the reporting period end.
- All profit & loss items are restated by reference to the respective adjustment factors.
- The effects of inflation on the Company's net monetary position are disclosed in the statement of profit or loss in a separate item, under "Loss on Net Monetary Position".
- The Company has reported revenues from financing and costs of financing (including, without limitation, interest and foreign exchange gain (loss)) at their restated nominal value, as provided for in paragraph 28 of IAS 29. Accordingly, such items are not reported net of the effects of inflation (in real terms).

Comparative figures were restated into constant currency at the reporting period end.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Foreign Currency Assets and Liabilities

Monetary items denominated in foreign currency are translated again at the exchange rates effective as of the closing date of the financial statements. Non-monetary items valued at their fair values, which are denominated in foreign currency, are translated again at the exchange rates effective as of the date when fair values were estimated. Non-monetary items, which were valued at historical cost in foreign currency, are not translated again.

Foreign exchange gains / (losses) are recognized in the line “Revenues from Financing / Costs of Financing” in the statement of profit or loss during the year when they arose.

#### 2.5 Financial Instruments

Financial instruments, other than derivatives, are defined as any contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

As set out in IFRS 9, financial assets are classified into the following categories:

##### *(a) Financial Assets at Amortized Cost*

A financial asset is classified in this category if it meets the following conditions: The objective of the entity's business model is to hold the asset in order to collect contractual cash flows and if the contractual terms entitle collection of cash flows of principal and interest on the specified dates.

In this category, the Company has classified the following financial assets: Receivables from trade, investments in time deposits, investments in Notes (“*Obligaciones Negociables*”) held to maturity, investments in Argentine Central Bank Bills, investments in the Argentine Treasury Bills, commissions receivable, and other receivables.

##### *(a) Financial Assets at Fair Value*

If both conditions referred to in the preceding point are not met, the asset is classified in the “Fair Value” category.

In this category, the Company has classified the following financial assets: Cash and cash equivalents (except for investments in time deposits), mutual funds, and investments in Notes (“*Obligaciones Negociables*”) held for intermediation.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.6 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, time deposits in financial institutions and other highly liquid short-term investments with an original maturity of three months or less, and with a not very significant risk of changes in their value.

The placements of funds in time deposits were valued at the estimated cash price upon the transaction, plus interest and financial components accrued based on the effective rate calculated at that time.

Investments in mutual funds were measured at fair value. Changes in fair value are accounted for in the statement of profit or loss.

#### 2.7 Investments

The placements of funds in Argentine Treasury Bills were valued at the estimated cash price upon the transaction, plus interest and financial components accrued based on the effective rate calculated at that time.

#### 2.8 Receivables from Trade and Other Receivables

Receivables from Trade include the amounts payable by customers, both for credit-card consumption and loans granted.

Receivables from Trade have been initially recognized at market value and have been subsequently valued at amortized cost using the effective interest rate method. They are disclosed net of the provision for loan losses, if applicable, calculated according to the guidelines set out in Note 2.9 below.

#### 2.9 Impairment of Financial Assets – Provision for Loan Losses

At each year-end, the Company analyzes whether there is objective evidence that a financial asset or group of financial assets is impaired. The loss on impairment of financial assets is recognized when there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the financial asset, and such event has impact on estimated cash flows for such financial asset or group of financial assets.

The Company's provisions for loan losses and other accounts receivable are directly related to the current delinquency rate in respect of outstanding personal loan portfolios and credit card balances. The Company prepares its financial statements under IFRS and, particularly, under IAS 39 in connection with the treatment of financial assets.

According to IFRS, in calculating the provision for loan losses, the Company carries out a historical analysis of such losses to estimate portfolio-related losses incurred as of the date of the financial statements, but which were not previously identified under IAS 39.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 Impairment of Financial Assets – Provision for Loan Losses (Continued)

In addition, historical rates are supplemented, to the applicable extent, with recent financial data effective as of the date of the financial statements, including customer's behavior and trends in respect of each credit portfolio segment and any other piece of information that may affect the calculation of the provision. Several factors may affect Management's estimation of the provision for loan losses, including the volatility of expected losses, migrations and estimates of the severity of losses.

The Company's portfolio in arrears is comprised by balances over 30 days overdue, loans, installment plans and any other amount which is not subject to an installment plan. Once a loan or credit card balance becomes overdue, the entire balance is deemed past-due, as opposed to the specific payment in arrears. As a credit card issuer, the Company's provisions for loan losses are subject to the BCRA regulations. At present, the Company complies with and, in fact, exceeds all such requirements as a result of the application of IAS 39.

The book value of the asset is reduced through the account Provision for Loan Losses and the amount of loss or recovery, as the case may be, is recognized in the statement of profit or loss.

#### 2.10 Investments Accounted for Using the Equity Method

Associates are all the companies over which the Company exercises significant influence, but not control and where it usually holds from 20% to 50% of voting rights. Investments in associates are recorded using the equity method. Under this method, the investment is initially recognized at cost and the value at closing increases or decreases to recognize Tarjeta Naranja S.A.'s interest in each company's income (loss) after the acquisition date.

Tarjeta Naranja S.A.'s interest in associates' profit / (loss) is recognized as profit / (loss) from investments in associates in the statement of profit or loss. Changes in equity other than profit / (loss) for the year are charged to equity reserves (and, if appropriate, they are included in other comprehensive income).

As of December 31, 2019, the Company holds 5% of Cobranzas Regionales S.A.'s ordinary shares. The following factors and circumstances evidence that the Company has significant influence (as defined in IAS 28 "Investments in Associates") over Cobranzas Regionales S.A. and, therefore, the investment therein is valued by the equity method in these financial statements:

- a) Representation in the management board.
- b) Involvement in policy setting processes.
- c) Transactions of relative importance between Tarjeta Naranja S.A. and Cobranzas Regionales S.A.
- d) Exchange of managerial personnel.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.10 Investments Accounted for Using the Equity Method (Continued)

The following is information about the companies over which Tarjeta Naranja S.A. exercises significant influence as of December 31, 2019 and 2018:

Company	Percentage of Shares and Voting Rights		Activity
	12.31.19	12.31.18	
Cobranzas Regionales S.A.	5%	5%	Integral Advisory Services for Credit Risk Analysis

#### 2.11 Income Tax

Income tax is recognized in these financial statements according to the deferred tax method, thus recognizing the effect of the temporary differences between accounting and tax measurements of assets and liabilities. The main temporary differences stem from the provision for loan losses, the provision for contingencies and, to a lesser extent, the differences with regard to the charge for depreciation of Property, Plant and Equipment.

For purposes of determining the deferred assets and liabilities, the tax rate that is expected to be in force at the moment of their reversal has been applied to the temporary differences identified, under the legal regulations enacted at the date of these financial statements. They are recognized in the balance sheet as long as it is deemed likely that the Company will have enough future taxable income against which deferred income tax assets may be applied.

The restatement of financial statements in accordance with IAS 29 may result in differences between the carrying amount of individual assets and liabilities and their tax base, leading to the recognition of deferred assets and liabilities.

On December 29, 2017, the Argentine Income Tax Law was amended through the enactment of Law No. 27430. The amendments included, among other things, changes to the tax rate to be used for the years 2018 and 2019 (30%) and the tax rate to be used for the year 2020 onwards (25%). Then, on December 23, 2019, Law No. 27541 was enacted, introducing new changes to the Income Tax Law, including changes to the tax rate to be used for years 2020 and 2021 (30%) and for year 2022 onwards (25%).

Law No. 27468 amended the transition rules set out by Law No. 27430 concerning the application of the inflation adjustment for tax purposes established in Section 95 of the Argentine Income Tax Law, making it enforceable for years commencing on and after January 1, 2018. Law No. 27468 further provides that, for the first, second and third years from its effective date, the adjustment will be applicable to the extent the changes in the CPI, calculated since the beginning through the end of each of such years, are higher than fifty-five per cent (55%), thirty per cent (30%), and fifteen per cent (15%), respectively. One third of the inflation adjustment so calculated, whether positive or negative, as the case may be, would be carried in that year, while the remaining two thirds would be distributed in equal parts in the two immediately subsequent years. The Social Solidarity and Productive Revival Law No. 27451, which was enacted to address Argentina's public emergency, also amended this last item. Section 27 of said law provides that, where the inflation adjustment (for tax purposes), whether negative or positive, is to be calculated for the first and

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.11 Income Tax (Continued)

second year commenced on and after January 1, 2019, one sixth of such adjustment will be applied in that period, while the remaining five sixths (5/6) will be applied in the immediately subsequent five periods.

In addition, the law also provides that such provision shall not prevent entities from charging the remaining thirds from previous years, calculated pursuant to the former version of Section 194 of the Income Tax Law.

Both issues referred to above were taken into consideration in assessing the provision for income tax as of December 31, 2019 and in measuring deferred tax assets and liabilities as of such date.

As of the date of these financial statements, the Company's management believes the guidelines set out in the Argentine Income Tax Law triggering the application of the inflation adjustment for tax purposes have been met at year-end; accordingly, it has assessed its income tax liability for the reporting period considering such adjustment.

The breakdown and changes of deferred tax assets and liabilities are explained in detail in Note 18.

#### 2.12 Property, Plant and Equipment

Property, Plant and Equipment are recorded at historical cost restated following the guidelines set forth in Note 2.3, net of accumulated depreciation and impairment losses, if applicable. Historical cost includes the expenses that are directly attributable to the acquisition of assets.

The costs of adapting and improving stores are capitalized as Property, Plant and Equipment only when investments improve the conditions of the asset, irrespective of those originally established.

The costs subsequently incurred are included in the values of the asset only provided that it is likely for the asset to generate future economic benefits and their cost is reliably measured. The value of replaced parts is written off. The other maintenance and repair costs are charged to income during the year when they are incurred.

Depreciation charges have been calculated following the straight-line method based on the estimated useful life of the assets, applying annual rates enough so as to write off their values at the end of their estimated useful life, according to the following parameters.

Group of Assets	Years of Estimated Useful Life
Buildings	50
Cost of Adapting Stores	Term of Lease Agreement
Furniture and Fixtures	10
Hardware	5
Facilities and Improvements	10

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.12 Property, Plant and Equipment (Continued)

The residual value of assets is reviewed and adjusted, if necessary, as of each year-end. Changes in the criteria originally established are recognized, as the case may be, as a change of estimate.

The value of assets is impaired at their recoverable value if the accounting residual value exceeds their estimated recoverable value, upon being reviewed for impairment when events or circumstances that indicate that their book value may not be recovered have arisen.

#### 2.13 Intangible Assets

Intangible assets are those non-monetary assets, without physical substance, that are identifiable either because of being separable or because of deriving from legal or contractual rights. They are recorded when they may be reliably measured and it is likely for them to generate benefits for the Company.

##### (a) Patents and Software

Patents and software are initially recognized at cost as of the acquisition date, restated following the guidelines set forth in Note 2.3. Patents and software that have a definite useful life are recorded at cost, less the accumulated amortization. Amortization is calculated by the straight-line method to adjust the cost to their estimated useful lives, which do not exceed five years.

##### (b) Other Intangible Assets

Other Intangible Assets amount to AR\$ 42,950 as of December 31, 2019 and 2018, remaining unchanged in both years. Such item is related to the acquisition of a business unit, which includes the publication, sale and distribution of the magazine *Convivimos*. Such asset is not amortized because it has an indefinite useful life. The possibility for them to generating future income is periodically examined in order to analyze the possible impairment thereof.

#### 2.14 Trade and Other Payables

Trade and other payables represent the obligations to pay Merchants ("*Comercios Amigos*") and for goods and services acquired from suppliers in the normal course of business. They are disclosed in current liabilities if their payment falls due in a term shorter than or equal to one year.

They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.15 Borrowings and Other Liabilities

Borrowings and Other liabilities are initially recognized at fair value, net of the costs directly attributable to obtaining them. They are subsequently valued at amortized cost using the effective interest rate method.

#### 2.16 Leases

As stated in Note 2.1.1, in January 1, 2019, the Company adopted IFRS 16 for the first time. Accordingly, the Company has opted for recognizing a right-of-use asset since the first-time adoption date for an amount equal to the lease liability recognized as the present value of the remaining lease payments, adjusted for the amount of any advanced or accrued payment in respect of that lease.

Then, the Company will rely on the cost model to measure its right-of-use asset, recognizing its related depreciation and impairment losses. On the other hand, the lease liability reflects interest accrued, net of realized payments.

The effects of the adoption of this new accounting standard are disclosed in Note 34.

#### 2.17 Provisions

Provisions have been made as set out in IAS 37 to cover possible contingencies of a labor, commercial, civil or tax nature and for miscellaneous risks that could lead to obligations for the Company. When estimating their amounts and the possibility of occurrence, the opinion of the Company's advisors and the insurance policies purchased by the Company have been taken into consideration.

At the date of these financial statements, the Company's Management believes there are no elements that make it possible to determine there may be other contingencies that could occur and thus generate a negative impact on the economic and financial position of the Company.

The breakdown and changes of provisions are disclosed in Note 31.

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.18 Capital Stock

The share capital is represented by non-endorsable registered ordinary shares, with a face value of AR\$ 10,000 per share.

CAPITAL STATUS				
Shares			Subscribed	Paid-in
Number	Type	Voting Rights per Share		
2,824	Ordinary shares with a face value of AR\$ 10,000	1	In Thousands of AR\$	
			28,240	28,240
2,824			28,240	28,240

As of December 31, 2019 and 2018, capital status was as follows:

Capital	Face Value	Approved by		Date of Registration with the Public Registry of Commerce
		Body	Date	
Subscribed, Issued and Paid in	In Thousands of AR\$ 12,000	Extraordinary Shareholders' Meeting	09.04.95	12.12.95
Capital Increase due to Merger with Tarjetas del Sur S.A.	6,600	Extraordinary Shareholders' Meeting	02.16.01	05.03.01
Capital Increase due to Merger with Tarjeta Comfiar S.A.	5,400	Extraordinary Shareholders' Meeting	10.02.03	03.24.04
Capital Increase due to Merger with Tarjetas Cuyanas S.A.	4,240	Extraordinary Shareholders' Meeting	10.24.17	05.09.18
<b>Total</b>	<b>28,240</b>			

In addition, in compliance with Section 4, Part I, Chapter IV, Title II of the regulations of the National Securities Commission (C.N.V.), the following is disclosed:

	2017	2018	2019
Capital Stock at the Beginning of the Year	24,000	28,240	28,240
Capital Increase due to Merger with Tarjetas Cuyanas S.A.	4,240	-	-
<b>Capital Stock at Year-End</b>	<b>28,240</b>	<b>28,240</b>	<b>28,240</b>

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.19 Revenue Recognition

##### (a) Revenues from Services

###### *Account Maintenance Fee*

Revenues related to the account statement are recognized in the month of its issuance.

###### *Fees*

Fee revenues are recognized upon the customer's purchase.

###### *Other Revenues from Services*

The other revenues from services are recognized in the year when the service was provided.

##### (b) Revenues from Financing

Interest earned is recorded based on the accrual period, by applying the effective rate method.

#### 2.20 Statement of Cash Flows

The Company has chosen to prepare the statement of cash flows by the indirect method and considers cash on hand, time deposits in financial institutions, highly-liquid short-term investments and with a not very significant risk of changes in their value, and bank overdrafts with an original maturity of three months or less to be cash. Overdrafts, if any, are classified as "Borrowings" in current liabilities in the Balance Sheet.

All items of the Statement of Cash Flows are restated in terms of the current unit of measurement as of the end of the reporting period.

#### 2.21 Set-off of Financial Instruments

Financial assets and liabilities are set off and their net amount is disclosed in the balance sheet when there is a legally enforceable right to set off the amounts recognized and the intention to collect the asset and settle the liability simultaneously. Such right should not be dependent on future events and must be legally enforceable both in the normal course of business and in the event of default, bankruptcy and insolvency of the Company or the counterparty.

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### NOTE 3 – FINANCIAL RISK MANAGEMENT

The Company's activities expose it to several financial risks: market risk, credit risk and liquidity risk.

Information as of December 31, 2019 and 2018 is disclosed in Note 4 below.

### NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018

#### 4.1 Financial Risk Management

##### 4.1.1 Financial Risk Factors

The nature of the Company's operations and the characteristics of its customer base expose it to several risks, primarily related to market, capital, credit and liquidity risks. In order to manage the volatility related to these exposures, Management carries out an ongoing risk monitoring, measurement and identification process.

##### (a) Credit Risk

The credit risk arises from certain liquid assets, deposits with banks and financial institutions, as well as customer credit exposures, including other remaining loans and committed transactions.

As regards the credit risk management related to cash, cash equivalents and deposits with banks and financial institutions, the Company has an investment and credit assessment policy from the financial institution. According to such policy, the entities in which it may invest are determined based on its credit rating and the amount allocated to each of them should correspond with the financial institution's and Tarjeta Naranja S.A.'s equity. The maximum percentage to be invested in an entity is also set considering total investments.

In addition, in connection with the risk associated with its customers' credit positions, the Company actively monitors the credit reliability of its customers in order to mitigate the credit risk.

In order to manage and control the credit risk for the customer portfolio, the Company implemented a credit and credit assessment policy for each customer so as to provide the following guidelines in this regard, with the main features:

- ✓ Use tools of analysis and assessment by means of statistical models, for example, which allow analyzing and assessing the risk that best suits the customer's profile.
- ✓ Establish guidelines to grant cards and loans based on the customer's solvency, which are detailed in the credit policy and contemplate meeting requirements and/or validations made by the Company upon granting the credit. They include, for example, the validation of the Applicant's identity, the solvency validation, the proper compliance with existing credits contributed by the Credit Bureau, among others.

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### NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018 (CONTINUED)

#### 4.1 Financial Risk Management (Continued)

##### 4.1.1 Financial Risk Factors (Continued)

###### (a) Credit Risk (Continued)

- ✓ Grant credit limits to each customer based on the assessment of each customer's particular situation, considering a number of factors.
- ✓ Credit atomization.
- ✓ Geographic diversity.
- ✓ Monitor customers' degree of compliance on an ongoing basis.

#### Credit Card Subscription Procedure and Credit Limits

The credit risk associated to each applicant is assessed by taking into account certain requirements set forth in the Company's credit policies, the monthly income, and the information from companies specialized in credit information. The Company's Credit Policy is comprised by several guidelines established by the Risk Committee. Such guidelines are customized and automated to determine whether a credit application should be approved or rejected, and to inform the documents that should be filed in respect of applications submitted to a credit analyst for review.

Applications are also reviewed for negative credit history, credit score and payment history with the Company, if any, among other factors.

If customer meets all these requirements, then a credit card will be issued and may be delivered on the spot, at the address indicated by the applicant, or may be otherwise picked up from the Company's branches.

#### Credit Limits

Credit limits are based on an individual credit assessment of each customer. Based on the outcomes of such assessment, customers are segmented into one of five risk levels, according to the risk level associated to each of them: A, B, C, D and E; with A being the lowest risk segment and E being the highest risk segment. In performing such segmentation, the Company takes into account several factors, including without limitation, monthly income, number of family members, geographic location, type of business activity, and scoring range. The customer account is assigned credit limits which are shared among all credit cards associated to the account (whether as main or additional cardholder). In other words, the credit limit is unique to each account, regardless of the number of cards and/or additional cardholders associated to it.

Limits are automatically assigned, according to the above-described segments: (i) the Monthly Balance Limit, which is set based on the applicant's net income and which is the maximum amount in the aggregate for a customer's monthly installments; (ii) the Long-term Purchase Limit, which is the maximum amount for a customer to purchase in six or more installments using the Company's credit cards; (iii) the Total Credit Limit, which is the maximum amount that may be owed to Tarjeta Naranja S.A. by customers for any and all amounts owed; and (iv) the Maximum Balance Limit for Cash Advances, estimated on the basis of the risk segment, monthly income, and indebtedness owing to the Company and to the financial system, which may not exceed the Long-term Purchase Limit.

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(Partner)

C.P.C.E.C. N° 21.00004.3

# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Notes to the Financial Statements (Continued)

For the years ended December 31, 2019 and 2018

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

### NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018 (CONTINUED)

#### 4.1. Financial Risk Management (Continued)

##### 4.1.1. Financial Risk Factors (Continued)

##### (a) Credit Risk (Continued)

Below is a detail of the percentage limits and nominal caps assigned to the risk segment associated to each customer:

Risk Segment	Monthly Balance Limit			Long-term Purchase Limit			Total Credit Limit		
	% of Base Income	Floor in AR\$	Cap in AR\$	% of Base Income	Floor in AR\$	Cap in AR\$	% of Base Income	Floor in AR\$	Cap in AR\$
A (Lowest)	100%	5,000	50,000	160%	7,500	120,000	200%	8,500	140,000
B	90%	4,500	35,000	150%	6,000	80,000	180%	7,000	100,000
C	80%	4,000	22,000	140%	5,500	50,000	170%	6,500	60,000
D	70%	3,500	15,000	120%	5,000	35,000	150%	6,000	40,000
E (Highest)	60%	3,000	10,000	100%	4,000	25,000	120%	4,500	30,000

The credit limits assigned to customers are periodically reviewed by the Company and may be automatically increased for eligible cardholders that meet certain requirements, including an accurate payment history during any given period or a decrease in the likelihood of arrears. In addition, the Company reviews cardholders' applications for increases in the limit and may, at its sole discretion, increase such limits or reject the application. The risk of default varies from customer to customer. The Company assesses and maintains the provision for loan losses, which is calculated based on the criterion described in paragraph 2.9 of Note 2 to these financial statements, and such provisions are deemed adequate for the recognition of potential loan losses.

Credit cards are granted to thousands of customers engaged in a broad range of businesses. The Company considers that there is low risk of credit risk concentration in a given sector of debtors.

The Company develops and implements pilot tests in order to introduce ongoing improvements to its credit policy and customer's experience.

In this sense and taking into account the foregoing, the Company has approved the following credit card limits for customers as of December 31, 2019 and 2018:

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Monthly Balance Limit	51,253,703	58,156,290
Long-term Purchase Limit	147,519,168	190,950,204
Total Indebtedness Limit	192,863,330	251,502,449

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### NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018 (CONTINUED)

#### 4.1 Financial Risk Management (Continued)

##### 4.1.1 Financial Risk Factors (Continued)

###### (a) Credit Risk (Continued)

###### Default and Loss Experience

Monthly credit card statements include purchases made up to the 25th day of each month and payment is due by the 10th day of the following month. Certain accounts, depending on their respective risk level, are selected (before their due date) to be managed on a preventive basis. If an account is in arrears, Tarjeta Naranja S.A. has put in place a strategy for the recovery of the amounts due, involving three stages, namely: (I) procedures for collection of amounts in early arrears through internal processes and suppliers specialized in mass collection efforts, (II) out-of-court procedures for collection of amounts in late arrears through external collection agencies, and (III) portfolio sale processes. The Company's 30 days' credit impairment indicators (percentage of the portfolio of customers which were not in arrears 30 days ago and have accumulated 30 days' arrears at year-end) for the years 2018 and 2019 averaged 11.0% and 10.0%, respectively. The Company's 90 days' credit impairment indicators (percentage of the portfolio of customers which were not in arrears 90 days ago and have accumulated 90 days' arrears at year-end) for the years 2018 and 2019 averaged 1.8% and 2.1%, respectively.

If a customer is in arrears, its credit card is immediately disabled. Based on the customer's risk level (as per predictive score models), and consistently with previously established strategies, the customer is contacted by phone, voice message and e-mail, and is also submitted four self-assessable financing proposals for consideration, until reaching approximately 150 days of arrears. These collection efforts involve both external suppliers in charge of contacting the customer and Tarjeta Naranja S.A.'s branches and internal areas. The 150-day term is restricted to 120 days for customers that have a financing product and are again in arrears (Stage I).

Customers whose accounts remain in arrears after the 150-day period (or the 120-day period with financing plans) has elapsed are referred to external suppliers (Collection Agencies and Law Firms) retained by Tarjeta Naranja S.A. for the commencement of out-of-court collection procedures. According to the established procedures, collection agents contact the debtor demanding settlement of the amounts due. During this stage, the main goals pursued by Tarjeta Naranja S.A. include identifying debtors, securing payments, entering into refinancing agreements, and helping agents to meet the previously established recovery goals (Stage II).

Considering the credit quality, the stages of procedures for collection carried out, the cost involved in bringing legal actions and the market situation, Tarjeta Naranja S.A. may include certain receivables in portfolio sale processes under a private bidding process (Stage III).

###### *Maximum Exposure to Credit Risk:*

The following table shows the maximum gross exposure to credit risk, disregarding guarantees or other credit enhancements, or the unused balance of the credit limit granted to the customer:

12.31.2019	12.31.2018
In Thousands of AR\$	
49,637,770	67,424,567

Receivables from Trade

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### NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018 (CONTINUED)

#### 4.1 Financial Risk Management (Continued)

##### 4.1.1 Financial Risk Factors (Continued)

###### (a) Credit Risk (Continued)

In estimating the provision for loan losses, the risk associated to each customer is determined, on the basis of the products included in that customer's account, segmented into five groups. A likelihood of default is assigned to each of these groups, based on historical payment behavior, arrears and recoveries.

Below is a detail of receivables from trade not past due or with less than 30 days' arrears, along with their respective allocated provision, calculated as explained in the preceding paragraph.

	<u>12.31.2019</u>	<u>12.31.2018</u>
	<u>In Thousands of AR\$</u>	
Receivables from Trade (A)	47,798,189	64,072,988
Provision for Loan Losses (A)	(833,055)	(1,376,159)

Below is a detail of receivables from trade with more than 30 days' arrears and their respective allocated provision.

	<u>12.31.2019</u>	<u>12.31.2018</u>
	<u>In Thousands of AR\$</u>	
Receivables from Trade (B)	7,632,216	9,574,125
Provision for Loan Losses (B)	(4,959,580)	(4,846,387)

	<u>12.31.2019</u>	<u>12.31.2018</u>
	<u>In Thousands of AR\$</u>	
Receivables from Trade - Addition of (A) + (B) (Note 21)	55,430,405	73,647,113
Provision for Loan Losses - Addition of (A) + (B) (Note 21)	(5,792,635)	(6,222,546)

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### NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018 (CONTINUED)

#### 4.1 Financial Risk Management (Continued)

##### 4.1.1 Financial Risk Factors (Continued)

##### (a) Credit Risk (Continued)

The following table summarizes the Company's portfolio arrears experience:

	12.31.2019		12.31.2018	
	%	Receivables	%	Receivables
Current Receivables	99%	55,016,012	97%	71,777,523
Non-Current Receivables	1%	414,393	3%	1,869,590
<b>Total Receivables</b>	100%	55,430,405	100%	73,647,113
0 to 30 days	87%	47,798,189	87%	64,072,988
Provision for Loan Losses		(833,055)		(1,376,159)
Receivables in Arrears				
31-90 days	4%	1,989,223	5%	3,682,356
Provision for Loan Losses		(695,069)		(1,249,205)
91-180 days	2%	1,381,501	4%	2,945,885
Provision for Loan Losses		(798,270)		(1,401,409)
181-365 days	4%	2,372,266	3%	2,209,413
Provision for Loan Losses		(1,620,384)		(1,427,168)
More than 365 days	3%	1,889,226	1%	736,471
Provision for Loan Losses		(1,845,857)		(768,605)
<b>Total Provision for Loan Losses</b>		(5,792,635)		(6,222,546)
<b>Non-Accrual Portfolio Ratio (*)</b>		10.18%		8.00%
<b>Coverage Ratio (**)</b>		102.65%		105.61%

(\*) Portfolio with more than 90 days' arrears / Total portfolio.

(\*\*) Provision for loan losses / Portfolio with more than 90 days' arrears

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#### 4.1 Financial Risk Management (Continued)

##### 4.1.1 Financial Risk Factors (Continued)

###### (b) Liquidity Risk

The Company has a liquidity policy that is monitored through annual, monthly and daily cash estimates, analyzing the needs and/or surpluses generated, evaluating the availability of cash and the available financing alternatives. Projected cash inflows and outflows for the next months are weekly analyzed and decisions focused on obtaining credit lines are made in order to attain the goals set.

Also, credit lines borrowed could be reinforced by executing commitment agreements that allow having cash immediately, both in normal financial context and in market liquidity contraction situations.

With respect to Borrowings, which includes instruments such as bank and financial loans, bank overdrafts, and notes ("*Obligaciones Negociables*") publicly offered, regarding the short- and long-term allocation, provided that the market allows it, the Company's aim is to keep a balanced allocation of debt due dates, giving priority to long-term debt.

Note 32 breaks down financial liabilities by contractual due date as of December 31, 2019 and 2018:

###### (c) Market Risk

###### *Foreign Exchange-associated Risks*

During this year, the Company's operations are not potentially exposed to foreign currency exchange fluctuations, primarily, due to the fact that borrowings are issued in Argentine Pesos, thus eliminating the foreign currency exchange risk.

###### *Interest Rate-associated Risks*

The Company is exposed to interest rate risks due to financings obtained through the issuance of Notes ("*Obligaciones Negociables*") and borrowing of finance leases and loans at variable rate. In all these cases, the applicable rates are private Badlar (the interest rate for time deposits amounting to over AR\$ 1,000,000, with a 30/35-day term in private banks), and TM20 (the interest rate for time deposits amounting to over AR\$ 20,000,000, with a 30/35-day term in private banks), both published by the Argentine Central Bank on its web page ([www.bcra.gov.ar](http://www.bcra.gov.ar)).

During the year 2019, the average Badlar and TM20 rates amounted to 48.88% and 50.86%, respectively; while during the year 2018, the average Badlar and TM20 rates stood at 34.33% and 35.98%, respectively. Consequently, interest at variable rate, net of income tax, was charged to loss for AR\$ 4,514,468 and AR\$ 3,180,773, respectively, in nominal terms.

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### NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018 (CONTINUED)

#### 4.1 Financial Risk Management (Continued)

##### 4.1.1 Financial Risk Factors (Continued)

##### (c) Market Risk (Continued)

The following table summarizes the percentage of principal of Borrowings at the effective fixed and variable interest rates as of December 31, 2019 and 2018:

	As of December 31, 2019		As of December 31, 2018	
	Amount in AR\$	Percentage	Amount in AR\$	Percentage
Fixed Interest Rate	-	0%	6,103,924	25%
Variable Interest Rate	11,745,153	100%	18,083,200	75%
	<b>11,745,153</b>		<b>24,187,125</b>	

The following table shows the sensitivity to potential additional changes in interest rates for next year, considering the debt breakdown as of December 31, 2019. The variation percentage was determined considering the changes in the Badlar rate for the years 2019 and 2018, and the changes are considered fairly possible based on the market conditions observed:

	Additional Variation in Interest Rate	Increase / (Decrease) in Profit (Loss), after Income Tax In AR\$	Increase / (Decrease) in Equity In AR\$
Decrease in Interest Rate	1000 basis points	822,161	822,161
Increase in Interest Rate	1000 basis points	(822,161)	(822,161)
	Additional Variation in Interest Rate	Increase / (Decrease) in Profit (Loss), after Income Tax In AR\$	Increase / (Decrease) in Equity In AR\$
Decrease in Interest Rate	2000 basis points	1,644,321	1,644,321
Increase in Interest Rate	2000 basis points	(1,644,321)	(1,644,321)

(\*) Figures stated in nominal values

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#### 4.1 Financial Risk Management (Continued)

##### 4.1.1 Financial Risk Factors (Continued)

###### (c) Market Risk (Continued)

If the applicable rate to the obligations assumed at variable rate decreased by 1000-2000 basis points, the annual profit, net of income tax, would increase, in nominal terms, by AR\$ 822,161 / AR\$ 1,644,321, as a result of a lower interest expense. Otherwise, if the rate increased to the same extent, the profit would decline by the same amount.

##### 4.1.2 Capital Management

The Company seeks to keep an adequate indebtedness level as it should meet certain commitments assumed by virtue of loans obtained and Notes ("*Obligaciones Negociables*") issued and to continue as a going concern. The indebtedness ratio as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
	In Thousands of AR\$	
Total Debt	48,135,730	64,417,446
Minus: Cash and Cash Equivalents	7,270,101	7,775,737
<b>Net Debt</b>	<b>40,865,629</b>	<b>56,641,709</b>
<b>Total Equity</b>	<b>16,832,693</b>	<b>15,700,983</b>
<b>Total Capital</b>	<b>57,698,322</b>	<b>72,342,692</b>
<b>Indebtedness Ratio</b>	<b>2.43</b>	<b>3.61</b>

##### 4.1.3 Fair Value Estimation

The table below includes the analysis of financial instruments that are measured at fair value, classified by hierarchy, according to the measurement method used. The different levels have been defined as follows:

- Level 1: Quoted market prices (unadjusted) for identical assets and liabilities in active markets.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., price derivatives).
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement for the asset or liability (i.e., unobservable inputs).

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#### 4.1 Financial Risk Management (Continued)

##### 4.1.3 Fair Value Estimation (Continued)

The following table discloses the Company's assets and liabilities, which are measured at fair value as of December 31, 2019 and 2018:

As of December 31, 2019 In Thousands of AR\$	Level 1	Total
<b>Assets</b>		
Cash and Cash Equivalents	7,065,624	7,065,624
<b>Total Assets</b>	<b>7,065,624</b>	<b>7,065,624</b>

As of December 31, 2018 In Thousands of AR\$	Level 1	Total
<b>Assets</b>		
Cash and Cash Equivalents	7,094,780	7,094,780
<b>Total Assets</b>	<b>7,094,780</b>	<b>7,094,780</b>

The fair value of financial instruments traded in active markets is based on quoted prices as of the reporting date. A market is considered to be active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The market quoted price used for financial assets held by the entity is the current offer price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is measured using valuation techniques. These valuation techniques maximize the use of market information, when available, and depend the least possible on the entity's specific estimates. If all material inputs required to measure an instrument are observable, the instrument is included in Level 2.

If one or more material inputs are not based on observable market inputs, instruments are included in Level 3.

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#### 4.1 Financial Risk Management (Continued)

##### 4.1.4. Financial Instruments by Category

The following are the amounts of financial assets and liabilities classified by category, as set out in IFRS 9 as of December 31, 2019 and 2018:

December 31, 2019 In Thousands of AR\$	Assets / Liabilities at Fair Value	Assets / Liabilities at Amortized Cost	Total
<b>Financial Assets</b>			
Cash and Cash Equivalents	7,065,624	204,477	7,270,101
Investments	-	1,323,511	1,323,511
Receivables from Trade	-	49,637,770	49,637,770
Other Receivables	-	278,407	278,407
<b>Total Financial Assets</b>	<b>7,065,624</b>	<b>51,444,165</b>	<b>58,509,789</b>
<b>Financial Liabilities</b>			
Trade and Other Payables	-	31,548,069	31,548,069
Borrowings	-	13,507,435	13,507,435
Other Liabilities	-	19,496	19,496
<b>Total Financial Liabilities</b>	<b>-</b>	<b>45,075,000</b>	<b>45,075,000</b>

December 31, 2018 In Thousands of AR\$	Assets / Liabilities at Fair Value	Assets / Liabilities at Amortized Cost	Total
<b>Financial Assets</b>			
Cash and Cash Equivalents	7,094,780	680,957	7,775,737
Receivables from Trade	-	67,424,567	67,424,567
Other Receivables	-	417,505	417,505
<b>Total Financial Assets</b>	<b>7,094,780</b>	<b>68,523,029</b>	<b>75,617,809</b>
<b>Financial Liabilities</b>			
Trade and Other Payables	-	35,136,436	35,136,436
Borrowings	-	26,326,858	26,326,858
Other Liabilities	-	60,302	60,302
<b>Total Financial Liabilities</b>	<b>-</b>	<b>61,523,596</b>	<b>61,523,596</b>

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### NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018 (CONTINUED)

#### 4.1 Financial Risk Management (Continued)

##### 4.1.5. Accounting Estimates and Judgments

Estimates and judgments are continuously assessed and are based on past experience and other factors, including expectations of future events that are deemed reasonable under the circumstances.

##### 4.1.6. Significant Accounting Estimates and Judgments

The Company makes estimates and assumptions on the future. The resulting accounting estimates, by definition, will be rarely equal to the related actual figures. The estimates and judgments that have a significant risk of giving rise to a material adjustment to the book amounts of assets and liabilities in the following year are explained below.

###### *(a) Estimated Loss for Impairment of Financial Assets Recorded at Amortized Cost*

The Company follows the guidance in IAS 39 to calculate the provision for loan losses related to its portfolio of receivables from trade and other receivables. For this estimation, the Company evaluates the customers' historical patterns of behavior, among other factors, as well as the existing macroeconomic conditions at year-end, as explained in detail in Note 2.9.

###### *(b) Income Tax*

The Company is subject to income tax. As explained in detail in Note 2.12, income tax is recognized in these financial statements by applying the deferred tax method, thus recognizing the assets and liabilities related to the temporary differences identified in calculating taxable income. Such differences will have an effect on income tax and the provisions for deferred income taxes in the year when they are made.

##### 4.1.7. Material Judgments upon Applying the Company's Accounting Policies

No material judgments have been made upon applying the accounting policies.

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### NOTE 5 – SEGMENT INFORMATION

#### Segment Information as of 12.31.2019

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Cuyo	Non-allocable	Effects of Restatement	Total
Revenues from Services	1,413,790	1,436,589	2,802,333	1,259,936	1,871,305	495,181	837,806	630,100	1,146,188	1,079,034	895,397	3,001,506	16,869,165
Costs of Services	(115,067)	(110,043)	(209,618)	(84,024)	(152,957)	(46,899)	(74,090)	(70,022)	(119,978)	(91,832)	(565,219)	(338,543)	(1,978,292)
<b>Net Revenues from Services</b>	<b>1,298,723</b>	<b>1,326,546</b>	<b>2,592,715</b>	<b>1,175,912</b>	<b>1,718,348</b>	<b>448,282</b>	<b>763,716</b>	<b>560,078</b>	<b>1,026,210</b>	<b>987,202</b>	<b>330,178</b>	<b>2,662,963</b>	<b>14,890,873</b>
Revenues from Financing	1,618,854	1,785,360	3,649,868	1,795,210	2,498,369	574,609	1,042,780	854,012	1,379,003	1,371,654	-	3,933,983	20,503,702
Costs of Financing	(761,287)	(839,588)	(1,716,394)	(844,223)	(1,174,890)	(270,217)	(490,381)	(401,610)	(648,494)	(645,039)	-	(1,880,296)	(9,672,419)
Loss on Net Monetary Position	-	-	-	-	-	-	-	-	-	-	-	(4,908,122)	(4,908,122)
<b>Net Revenues (Loss) from Financing</b>	<b>857,567</b>	<b>945,772</b>	<b>1,933,474</b>	<b>950,987</b>	<b>1,323,479</b>	<b>304,392</b>	<b>552,399</b>	<b>452,402</b>	<b>730,509</b>	<b>726,615</b>	<b>-</b>	<b>(2,854,435)</b>	<b>5,923,161</b>
Net Income from Short-term Investments	214,287	236,327	483,131	237,632	330,708	76,061	138,032	113,045	182,538	181,565	-	462,019	2,655,345
Provision for Loan Losses	(305,824)	(336,739)	(812,052)	(302,551)	(543,070)	(144,089)	(297,345)	(337,576)	(551,070)	(396,639)	-	(1,194,052)	(5,221,007)
Depreciation	(6,728)	(9,435)	(17,624)	(9,804)	(7,615)	(3,191)	(7,271)	(10,422)	(5,894)	(4,831)	(302,235)	(354,154)	(739,204)
Amortization	-	-	-	-	-	-	-	-	-	-	(179,756)	(214,182)	(393,938)
Other Operating Expenses	(1,055,458)	(1,111,824)	(2,179,701)	(996,746)	(1,531,490)	(453,934)	(753,158)	(681,484)	(1,088,071)	(996,069)	(1,974,388)	(2,792,351)	(15,614,674)
Income (Loss) from Investments Accounted for Using the Equity Method	-	-	-	-	-	-	-	-	-	-	(8,703)	(529)	(9,232)
Income Tax	-	-	-	-	-	-	-	-	-	-	(37,096)	(322,518)	(359,614)
<b>Profit / (Loss) for the Year</b>	<b>1,002,567</b>	<b>1,050,647</b>	<b>1,999,943</b>	<b>1,055,430</b>	<b>1,290,360</b>	<b>227,521</b>	<b>396,373</b>	<b>96,043</b>	<b>294,222</b>	<b>497,843</b>	<b>(2,172,000)</b>	<b>(4,607,239)</b>	<b>1,131,710</b>

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

# Tarjeta Naranja S.A.

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## Notes to the Financial Statements (Continued)

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### NOTE 5 – SEGMENT INFORMATION (CONTINUED)

#### Segment Information as of 12.31.2018

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Cuyo	Nevada	Non-allocable	Effects of Restatement	Total
Revenues from Services	1,013,451	973,524	1,820,292	810,722	1,285,922	332,352	604,268	434,779	801,186	117,555	1,030,906	613,603	8,678,228	18,516,788
Costs of Services	(95,648)	(99,207)	(187,865)	(72,201)	(145,237)	(45,208)	(73,551)	(73,852)	(125,593)	(18,520)	(191,937)	(339,231)	(1,285,017)	(2,753,067)
<b>Net Revenues from Services</b>	<b>917,803</b>	<b>874,317</b>	<b>1,632,427</b>	<b>738,521</b>	<b>1,140,685</b>	<b>287,144</b>	<b>530,717</b>	<b>360,927</b>	<b>675,593</b>	<b>99,035</b>	<b>838,969</b>	<b>274,372</b>	<b>7,393,211</b>	<b>15,763,721</b>
Revenues from Financing	1,210,142	1,318,810	2,601,233	1,396,004	1,954,996	427,810	852,877	560,569	999,716	150,360	1,561,346	-	11,274,019	24,307,882
Costs of Financing	(463,882)	(505,537)	(997,128)	(535,128)	(749,406)	(163,992)	(326,932)	(214,882)	(383,220)	(57,637)	(774,535)	-	(4,150,922)	(9,323,201)
Loss on Net Monetary Position													(5,243,542)	(5,243,542)
<b>Net Revenues from Financing</b>	<b>746,260</b>	<b>813,273</b>	<b>1,604,105</b>	<b>860,876</b>	<b>1,205,590</b>	<b>263,818</b>	<b>525,945</b>	<b>345,687</b>	<b>616,496</b>	<b>92,723</b>	<b>786,811</b>	<b>-</b>	<b>1,879,555</b>	<b>9,741,139</b>
Net Income from Short-term Investments	69,927	76,206	150,311	80,667	112,968	24,721	49,283	32,392	57,768	8,688	40	-	537,803	1,200,774
Provision for Loan Losses	(349,945)	(328,532)	(655,014)	(326,183)	(554,839)	(156,794)	(339,853)	(340,301)	(588,536)	(34,902)	106,755	-	(2,966,000)	(6,534,144)
Depreciation	(7,684)	(6,472)	(9,987)	(6,357)	(6,130)	(2,773)	(4,997)	(6,177)	(5,443)	(633)	(33,188)	(37,915)	(256,810)	(384,566)
Amortization	-	-	-	-	-	-	-	-	-	-	(26,722)	(126,739)	(262,983)	(416,444)
Other Operating Expenses	(711,140)	(725,766)	(1,383,411)	(673,068)	(1,063,533)	(327,626)	(545,285)	(501,583)	(796,774)	(107,085)	(1,840,289)	(1,445,351)	(8,774,368)	(18,895,279)
Income from Investments Accounted for Using the Equity Method	-	-	-	-	-	-	-	-	-	-	-	344	348	692
Income Tax	-	-	-	-	-	-	-	-	-	-	-	(856,449)	(1,530,058)	(2,386,507)
<b>Profit / (Loss) for the Year</b>	<b>665,221</b>	<b>703,026</b>	<b>1,338,431</b>	<b>674,456</b>	<b>834,741</b>	<b>88,490</b>	<b>215,810</b>	<b>(109,055)</b>	<b>(40,896)</b>	<b>57,826</b>	<b>(167,624)</b>	<b>(2,191,738)</b>	<b>(3,979,302)</b>	<b>(1,910,614)</b>

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### NOTE 5 – SEGMENT INFORMATION (CONTINUED)

#### Segment Information as of 12.31.2019

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Cuyo	Non-allocable	Effects of Restatement	Total
<b>ASSETS</b>													
Cash and Cash Equivalents	914,406	805,936	1,673,190	827,495	1,011,808	225,219	404,621	322,087	524,712	560,627	-	-	7,270,101
Receivables from Trade	6,243,251	5,502,653	11,423,967	5,649,854	6,908,277	1,537,717	2,762,616	2,199,099	3,582,557	3,827,779	-	-	49,637,770
Other Assets	-	-	-	-	-	-	-	-	-	-	3,972,426	(591,413)	3,381,013
Property, Plant and Equipment	26,244	27,560	33,610	21,373	21,209	8,931	27,732	23,725	13,324	11,371	2,098,801	2,365,659	4,679,539
<b>Total Assets</b>	<b>7,183,901</b>	<b>6,336,149</b>	<b>13,130,767</b>	<b>6,498,722</b>	<b>7,941,294</b>	<b>1,771,867</b>	<b>3,194,969</b>	<b>2,544,911</b>	<b>4,120,593</b>	<b>4,399,777</b>	<b>6,071,227</b>	<b>1,774,246</b>	<b>64,968,423</b>
<b>LIABILITIES</b>													
Trade and Other Payables	4,298,758	3,839,367	7,668,866	3,695,332	4,225,262	874,067	1,720,140	920,660	1,666,994	2,638,623	-	-	31,548,069
Borrowings	1,698,914	1,497,383	3,108,690	1,537,439	1,879,881	418,444	751,763	598,419	974,886	1,041,616	-	-	13,507,435
Employee Benefit Obligations	51,243	53,940	103,832	38,836	75,515	30,746	40,455	34,252	65,537	52,320	283,723	-	830,399
Other Liabilities	-	-	-	-	-	-	-	-	-	-	2,249,827	-	2,249,827
<b>Total Liabilities</b>	<b>6,048,915</b>	<b>5,390,690</b>	<b>10,881,388</b>	<b>5,271,607</b>	<b>6,180,658</b>	<b>1,323,257</b>	<b>2,512,358</b>	<b>1,553,331</b>	<b>2,707,417</b>	<b>3,732,559</b>	<b>2,533,550</b>	<b>-</b>	<b>48,135,730</b>

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### NOTE 5 – SEGMENT INFORMATION (CONTINUED)

#### Segment Information as of 12.31.2018

	Córdoba	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Cuyo	Nevada	Non-allocable	Effects of Restatement	Total
<b>ASSETS</b>														
Cash and Cash Equivalents	643,491	573,828	1,169,098	542,138	688,532	150,838	291,486	221,291	365,755	408,225	-	-	2,721,055	7,775,737
Receivables from Trade	5,579,764	4,975,713	10,137,355	4,700,924	5,970,320	1,307,928	2,527,504	1,918,830	3,171,498	3,539,752	298	-	23,594,681	67,424,567
Other Assets	-	-	-	-	-	-	-	-	-	-	-	1,475,816	(276,049)	1,199,767
Property, Plant and Equipment	35,077	39,347	55,744	39,070	37,630	16,109	47,817	33,659	23,787	15,649	95	490,213	2,884,161	3,718,358
<b>Total Assets</b>	<b>6,258,332</b>	<b>5,588,888</b>	<b>11,362,197</b>	<b>5,282,132</b>	<b>6,696,482</b>	<b>1,474,875</b>	<b>2,866,807</b>	<b>2,173,780</b>	<b>3,561,040</b>	<b>3,963,626</b>	<b>393</b>	<b>1,966,029</b>	<b>28,923,848</b>	<b>80,118,429</b>
<b>LIABILITIES</b>														
Trade and Other Payables	3,633,923	3,041,589	5,701,089	2,724,883	3,271,868	671,071	1,396,974	689,749	1,231,173	216,719	261,687	-	12,295,711	35,136,436
Borrowings	1,907,164	1,700,699	3,464,947	1,606,776	2,040,656	447,050	863,901	655,856	1,084,018	1,209,889	2,133,031	-	9,212,871	26,326,858
Employee Benefit Obligations	45,010	45,215	92,485	34,733	68,234	26,513	36,378	30,006	57,752	45,215	104,474	207,373	427,100	1,220,488
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	1,126,982	606,682	1,733,664
<b>Total Liabilities</b>	<b>5,586,097</b>	<b>4,787,503</b>	<b>9,258,521</b>	<b>4,366,392</b>	<b>5,380,758</b>	<b>1,144,634</b>	<b>2,297,253</b>	<b>1,375,611</b>	<b>2,372,943</b>	<b>1,471,823</b>	<b>2,499,192</b>	<b>1,334,355</b>	<b>22,542,364</b>	<b>64,417,446</b>

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### NOTE 6 – REVENUES FROM SERVICES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Account Maintenance Fee	7,807,072	8,270,986
Fees	4,266,325	4,716,653
Revenues from Third-Party Portfolio Managed	69,193	177,296
Card Renewal Fees	1,150,929	1,270,049
Other Revenues from Services	3,575,646	4,081,804
<b>Total</b>	<b>16,869,165</b>	<b>18,516,788</b>

### NOTE 7 – COSTS OF SERVICES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Printing and Distribution Expenses	(447,189)	(642,946)
Expenses from Call Center Services	(393,437)	(332,466)
Openings of Accounts	(113,643)	(152,677)
Special Promotions	(121,648)	(241,046)
Other Costs of Services	(653,613)	(689,905)
Expenses for Telephone Sale Channel	(248,762)	(694,027)
<b>Total</b>	<b>(1,978,292)</b>	<b>(2,753,067)</b>

### NOTE 8 – REVENUES FROM FINANCING

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Merchants ("Comercios Amigos") Interest	5,420,660	4,806,309
Interest on Financing through Credit Cards	9,660,975	11,175,098
Interest on Personal Loans	1,079,120	4,720,834
Compensatory Interest	2,821,633	2,487,458
Penalty Interest	1,386,235	1,077,563
Revenues from Lawsuits	18,575	40,620
Foreign Exchange Gain	116,504	-
<b>Total</b>	<b>20,503,702</b>	<b>24,307,882</b>

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## Notes to the Financial Statements (Continued)

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### NOTE 9 – COSTS OF FINANCING

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Interest and Expenses on Notes (" <i>Obligaciones Negociables</i> ")	(8,795,469)	(7,581,081)
Bank Interest and Expenses	(764,957)	(1,579,204)
Tax on Bank Debits and Credits	(72,517)	(73,355)
Other Costs of Financing	(5,880)	(10,493)
Foreign Exchange Loss	-	(79,068)
Leases	(33,596)	-
<b>Total</b>	<b>(9,672,419)</b>	<b>(9,323,201)</b>

### NOTE 10 – NET INCOME FROM SHORT-TERM INVESTMENTS

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Interest on Time Deposits	396,273	63,215
Interest on Government Securities	390,987	162,529
Income from Mutual Funds	1,868,085	975,030
<b>Total</b>	<b>2,655,345</b>	<b>1,200,774</b>

### NOTE 11 – PROVISION FOR LOAN LOSSES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Provision for Loan Losses	(5,461,929)	(6,991,087)
Recovery of Loan Losses	240,922	456,943
<b>Total</b>	<b>(5,221,007)</b>	<b>(6,534,144)</b>

### NOTE 12 – EMPLOYEE BENEFITS EXPENSES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Compensation and Social Security Charges	(4,400,500)	(6,063,723)
Bonuses for the Personnel	(590,040)	(705,623)
Travel Expenses and Per Diem	(95,304)	(132,565)
Other Employee Expenses	(410,641)	(443,572)
<b>Total</b>	<b>(5,496,485)</b>	<b>(7,345,483)</b>

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### NOTE 13 – TAXES AND CHARGES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Turnover Tax	(2,597,215)	(2,861,975)
Tax on Bank Debits and Credits	(682,840)	(824,148)
Trade and Industry Tax	(754,994)	(901,937)
Other Taxes, Rates and Contributions	(46,070)	(61,713)
<b>Total</b>	<b>(4,081,119)</b>	<b>(4,649,773)</b>

### NOTE 14 – MARKETING EXPENSES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
National Advertising	(567,700)	(659,381)
Advertising at Stores	(5,031)	(27,879)
Regional Advertising	(65,232)	(90,837)
<b>Total</b>	<b>(637,963)</b>	<b>(778,097)</b>

### NOTE 15 – DEPRECIATION AND AMORTIZATION

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Depreciation of Property, Plant and Equipment (Note 24)	(739,204)	(384,566)
Amortization of Intangible Assets (Note 25)	(393,938)	(416,444)
<b>Total</b>	<b>(1,133,142)</b>	<b>(801,010)</b>

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### NOTE 16 – OTHER OPERATING EXPENSES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Rentals	(92,928)	(427,325)
Regular Mail Services	(85,493)	(118,097)
Donations	(7,596)	(8,639)
Electricity, Natural Gas and Communications	(389,686)	(292,620)
Bank and Financial Expenses	(189,379)	(155,519)
Collection Expenses	(1,453,838)	(1,364,646)
Expenses for Commercial Reports and Procedures for the Collection of Amounts in Arrears	(688,513)	(697,837)
Directors and Supervisory Committee Members' Fees	(33,642)	(61,696)
Third Parties' Fees	(891,027)	(1,422,541)
Insurance and Security Services	(504,867)	(577,839)
Stationery and Office Supplies	(73,668)	(118,875)
Maintenance of Equipment and Buildings	(239,639)	(189,640)
Cleaning Expenses	(111,067)	(144,725)
Other Expenses	(637,764)	(541,927)
<b>Total</b>	<b>(5,399,107)</b>	<b>(6,121,926)</b>

### NOTE 17 – INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Income (Loss) from Investment in Cobranzas Regionales S.A.	(9,232)	692
<b>Total</b>	<b>(9,232)</b>	<b>692</b>

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### NOTE 18 – INCOME TAX

The following table shows the changes in income tax items:

	Balance Sheet		Statement of Profit or Loss
	Deferred Tax Assets	Income Tax Payable	Income Tax Accrued during the Year
	In Thousands of AR\$		
Balance at the Beginning of 2018	966,440	(1) (3,698,186)	(3,730,188)
Adjustment to Income Tax 2017 (3)	38,226	(56,217)	(17,991)
Payment of Income Tax 2017 (4)	-	3,754,403	-
Income Tax Accrued during the Year	(225,663)	(2) (1,627,542)	(1,853,205)
Effect of Restatement on Income Tax Expense	-	-	(515,311)
<b>Balance at December 31, 2018</b>	<b>779,003</b>	<b>(1,627,542)</b>	<b>(2,386,507)</b>
Income Tax Accrued during the Year (5)	1,027,234	(1,676,764)	(649,530)
Adjustment to Income Tax (6)	97,250	108,635	205,885
Payment of Income Tax 2018 (7)	-	973,843	-
Release as per Law No. 27,541 (8)	(137,307)	-	(137,307)
Effect of Restatement on Income Tax Expense	-	545,064	221,338
<b>Balance at December 31, 2019</b>	<b>1,766,180</b>	<b>(1,676,764)</b>	<b>(359,614)</b>

- (1) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of February 7, 2018, should have been paid in May 2018 according to the taxable income accrued during the year ended December 31, 2017.
- (2) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of March 11, 2019, should be paid in May 2019 according to the taxable income accrued during the year ended December 31, 2018.
- (3) It corresponds to a correction of the income tax provision estimated at the end of 2017.
- (4) It corresponds to income tax for 2017 paid by the Company.
- (5) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of the date of these financial statements, should be paid in May 2020 according to the taxable income accrued during the period ended December 31, 2019.
- (6) It corresponds to a correction of the income tax provision estimated at the end of 2018.
- (7) It corresponds to income tax for 2018 paid by the Company.
- (8) It corresponds to an amount recovered from Deferred Tax Assets due to a change in valuation, resulting from the amended income tax rate pursuant to Law No. 27541.

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### NOTE 18 – INCOME TAX (CONTINUED)

As of December 31, 2019 and December 31, 2018, net assets derived from the information included in the preceding table amount to AR\$ 1,766,180 and AR\$ 779,003, respectively. Their composition as of those dates is detailed below:

	Balance at December 31, 2018	Net Tax Asset Generated During the Year	Balance at December 31, 2019
	In Thousands of AR\$		
Receivables from Trade	1,760,947	481,541	2,242,488
Property, Plant and Equipment and Intangible Assets	(1,037,017)	(851,536)	(1,888,553)
Lease Payment	(44,571)	(8,382)	(52,953)
Trade and Other Payables	86	-	86
Employee Benefit Obligations	24,312	(664)	23,648
Foreign-exchange Quotation Difference	328	(909)	(581)
Provision for Contingencies	32,540	(2,251)	30,289
Inflation Adjustment for Tax Purposes	-	1,388,341	1,388,341
Others	42,378	(18,963)	23,415
<b>Totals</b>	<b>779,003</b>	<b>987,177</b>	<b>1,766,180</b>

The income tax amount payable estimated by Management, net of prepayments, as of December 31, 2019 and December 31, 2018 is as follows:

#### Current:

	12.31.2019	12.31.2018
Income Tax Provision – Current	(1,676,764)	(1,627,542)
Prepayments	745,311	1,568,875
<b>Current Income Tax Payable</b>	<b>(931,453)</b>	<b>(58,667)</b>

Please refer to our report dated February 19, 2020  
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(Partner)

C.P.C.E.C. N° 21.00004.3

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### NOTE 18 – INCOME TAX (CONTINUED)

The following table shows the reconciliation of income tax charged to loss as of December 31, 2019 and December 31, 2018 to that which would result from applying the tax rate in force to book income:

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Profit for the Year before Income Tax	1,491,324	475,893
Tax Rate in Force	30%	30%
Loss for the Year at the Tax Rate	(447,397)	(142,768)
<b>Permanent Differences at the Tax Rate:</b>		
- Income (Loss) from Interest in Other Companies	(2,769)	208
- Non-taxable Income (1)	29,572	57,917
- Donations and Other Non-deductible Expenses	(688)	(1,092)
- Others	(419)	(23,481)
- Inflation Adjustment for Tax Purposes	1,666,009	-
Difference between the Tax Return and the Income Tax Provision	205,885	5,698
Release as per Law No. 27541	(137,307)	38,075
Effect of Restatement	(1,672,500)	(2,321,064)
<b>Total Income Tax Charge for the Year</b>	<b>(359,614)</b>	<b>(2,386,507)</b>

(1) It corresponds to the income from transactions carried out in Tierra del Fuego, net of indirect charges.

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### NOTE 18 – INCOME TAX (CONTINUED)

The following chart shows the reconciliation of income tax charged to loss to tax assessed for the year for tax purposes:

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Total Income Tax Charge Recorded for the Year	(359,614)	(2,386,507)
- Temporary Differences at the Tax Rate		
- Additions:		
Provision for Loan Losses	(846,424)	(501,554)
Provision for Contingencies	2,251	(9,573)
Provision for Bonuses Payable	664	(17,681)
Depreciation of Property, Plant and Equipment	851,536	700,665
Lease Payment	8,382	14,857
Foreign-exchange Quotation Difference	909	108
Portfolio Assignment	364,883	-
Others	18,963	(42,692)
Financial Charges	-	43,307
Inflation Adjustment for Tax Purposes	(1,388,341)	-
Difference between the Tax Return and the Income Tax Provision	(108,635)	56,217
Effect of Restatement on Income Tax Expenses	(221,338)	515,311
<b>Total Tax for the Year Determined for Tax Purposes</b>	<b>(1,676,764)</b>	<b>(1,627,542)</b>
<b>Income Tax Prepayments</b>	<b>745,311</b>	<b>1,568,875</b>
<b>Income Tax Payable</b>	<b>(931,453)</b>	<b>(58,667)</b>

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### NOTE 19 – CASH AND CASH EQUIVALENTS

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Cash in Banks – Checking Account	2,406,316	475,302
Cash and Petty Cash	724,246	1,430,624
Mutual Funds	3,589,342	5,002,374
Time Deposits	204,477	680,957
Deposits Abroad (Note 44)	112	814
Collections to be Deposited	345,608	185,666
<b>Total</b>	<b>7,270,101</b>	<b>7,775,737</b>

### NOTE 20 – INVESTMENTS

	12.31.2019	12.31.2018
	In Thousands of AR\$	
<b>Current</b>		
Government Securities	1,323,511	-
<b>Total</b>	<b>1,323,511</b>	<b>-</b>

Investment Date	Currency	Investment	Face Value	Maturity Date	Market Value	Book Value as of 12.31.2019(*)	Fair Value as of 12.31.2019
08/06/2019	AR\$	LECAP	821,918	02/26/2020	0.8265	659,950	679,315
08/06/2019	AR\$	LECAP	857,958	03/11/2020	0.7990	663,561	685,508
<b>Total</b>						<b>1,323,511</b>	<b>1,364,823</b>

(\*) It corresponds to principal and interest accrued as of the indicated dates in Argentine Pesos.

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### NOTE 21 – RECEIVABLES FROM TRADE

	12.31.2019	12.31.2018
<b>Current</b>	<b>In Thousands of AR\$</b>	
Credit Card Debtors	53,996,425	68,154,607
Provision for Loan Losses – Credit Card	(5,657,423)	(6,063,403)
Personal Loans Debtors	1,019,587	3,622,916
Provision for Loan Losses – Personal Loans	(135,212)	(159,143)
<b>Total</b>	<b>49,223,377</b>	<b>65,554,977</b>
<b>Non-current</b>		
Credit Card Debtors	281,555	1,179,574
Personal Loans Debtors	132,838	690,016
<b>Total</b>	<b>414,393</b>	<b>1,869,590</b>

	12.31.2019	12.31.2018
<b>Changes in the Account Provision for Loan Losses</b>	<b>In Thousands of AR\$</b>	
Balances at the Beginning of the Year	6,222,546	5,405,963
Increases for the Year (1)	5,063,413	6,468,655
Applications and Uses	(545,124)	(1,097,577)
Portfolio Sale (2)	(1,991,881)	(1,780,405)
Effect of Restatement	(2,956,319)	(2,774,090)
<b>Balances at Year-end</b>	<b>5,792,635</b>	<b>6,222,546</b>

- (1) The provision for loan losses amounting to AR\$ 5,461,929 disclosed in the Statement of Profit or Loss and in Note 11 as of December 31, 2019 includes AR\$ 398,516 for direct charges. The provision for loan losses amounting to AR\$ 6,991,087 disclosed in the Statement of Profit or Loss and in Note 11 as of December 31, 2018 includes AR\$ 522,432 for direct charges.
- (2) Portfolio Sale: the recovery of AR\$ 1,991,881 corresponds to the active portfolio only, and does not include the portfolio sale for AR\$ 765,270 attributable to Memorandum Accounts.

Receivables from Trade valued at amortized cost do not differ significantly from their fair value.

### Memorandum Accounts

Additionally, as of December 31, 2019 and 2018, the Company recorded AR\$ 817,879 and AR\$ 1,916,850, respectively, in respect of receivables from trade that are considered uncollectible, considering as such those meeting the requirements set by the Argentine Central Bank in the revised text "Minimum Provisions for Loan Losses." Under such regulations, receivables from customers fully included in provisions shall be eliminated from assets as from the seventh month subsequent to that in which these circumstances are verified and recorded in memorandum accounts while the entity continues pursuing procedures for collection of its receivables.

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### NOTE 22 – OTHER RECEIVABLES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
<b>Current</b>		
Deposits for Checking Account Attachments (Note 42)	2,341	2,774
Prepaid Expenses	7,560	13,641
Commissions Receivable	21,651	85,072
Advance Payments to Suppliers	19,674	52,187
Other Receivables from Related Companies (Note 41)	29,668	-
Sundry Receivables	189,769	254,104
<b>Total</b>	<b>270,663</b>	<b>407,778</b>
<b>Non-current</b>		
Security Deposits (Note 42)	6,764	7,681
Prepaid Expenses	980	2,046
<b>Total</b>	<b>7,744</b>	<b>9,727</b>

Other Receivables valued at amortized cost do not differ significantly from their fair value.

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### NOTE 23 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Issuing Company	Interest Percentage	Book Value as of 12.31.2019	Book Value as of 12.31.2018	Issuer Information						
				Principal Line of Business	Class of Shares	Number of Shares (1)	Face Value of Shares	Capital	Balance at 12.31.2019	
		Equity	Profit / Loss							
		In Thousands of AR\$							In Thousands of AR\$	
Cobranzas Regionales S.A.	5%	12,915	3,259	Integral Advisory Services for Credit Risk Analysis	Ordinary registered shares	3,910,000	0.1	391,000	283,224	(220,199)
Totals		12,915	3,259							

(1) Values are stated in units.

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### NOTE 24 – PROPERTY, PLANT AND EQUIPMENT

Items	ORIGINAL VALUE						DEPRECIATION				NET BOOK AMOUNT
	Opening Book Amount	Disposals	Adjustments due to Changes in Accounting Policies (1)	Additions	Transfers	Closing Book Amount	Opening Book Amount	Disposals	Depreciation Charge	Closing Book Amount	12.31.2019
Land	186,513	-	-	-	-	186,513	-	-	-	-	186,513
Buildings	1,403,289	-	-	19,655	-	1,422,944	(174,088)	-	(31,398)	(205,486)	1,217,458
Right of Use on Leased Property	-	-	1,127,915	-	-	1,127,915	-	-	(349,986)	(349,986)	777,929
Cost of Adapting Stores	997,892	(414,605)	-	89,423	-	672,710	(638,619)	388,287	(104,563)	(354,895)	317,815
Furniture and Fixtures	416,049	(133,839)	-	18,954	10,200	311,364	(211,670)	125,012	(45,633)	(132,291)	179,073
Hardware	941,501	(331,540)	-	169,456	34,943	814,360	(534,188)	323,263	(144,087)	(355,012)	459,348
Facilities and Improvements	591,003	(228,146)	-	10,076	5,008	377,941	(312,320)	212,957	(63,537)	(162,900)	215,041
Assets at Warehouse	111,568	(21,390)	-	-	(50,151)	40,027	-	-	-	-	40,027
<b>Totals as of 12.31.19</b>	<b>4,647,815</b>	<b>(1,129,520)</b>	<b>1,127,915</b>	<b>307,564</b>	<b>-</b>	<b>4,953,774</b>	<b>(1,870,885)</b>	<b>1,049,519</b>	<b>(739,204)</b>	<b>(1,560,570)</b>	<b>3,393,204</b>

(1) See Note 3 (a).

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### NOTE 24 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Items	ORIGINAL VALUE					DEPRECIATION				NET BOOK AMOUNT
	Opening Book Amount	Disposals	Additions	Transfers	Closing Book Amount	Opening Book Amount	Disposals	Depreciation Charge	Closing Book Amount	12.31.2018
Land	186,513	-	-	-	186,513	-	-	-	-	186,513
Buildings	1,374,756	-	28,533	-	1,403,289	(146,875)	-	(27,213)	(174,088)	1,229,201
Cost of Adapting Stores	871,321	(58,769)	-	185,340	997,892	(577,078)	53,803	(115,344)	(638,619)	359,273
Furniture and Fixtures	416,238	(30,456)	18,432	11,835	416,049	(199,440)	30,449	(42,679)	(211,670)	204,379
Hardware	943,974	(191,947)	-	189,474	941,501	(582,403)	182,242	(134,027)	(534,188)	407,313
Facilities and Improvements	589,978	(60,642)	43,070	18,597	591,003	(289,580)	42,563	(65,303)	(312,320)	278,683
Assets at Warehouse	61,569	(39,101)	494,346	(405,246)	111,568	-	-	-	-	111,568
<b>Totals as of 12.31.2018</b>	<b>4,444,349</b>	<b>(380,915)</b>	<b>584,381</b>	<b>-</b>	<b>4,647,815</b>	<b>(1,795,376)</b>	<b>309,057</b>	<b>(384,566)</b>	<b>(1,870,885)</b>	<b>2,776,930</b>

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### NOTE 25 – INTANGIBLE ASSETS

INTANGIBLE ASSETS							
Items	ORIGINAL VALUE			AMORTIZATION			NET BOOK AMOUNT
	Opening Book Amount	Additions	Closing Book Amount	Opening Book Amount	Amortization Charge	Closing Book Amount	12.31.2019
Patents and Software	2,389,697	738,845	3,128,542	(1,491,219)	(393,938)	(1,885,157)	1,243,385
Other Intangible Assets	42,950	-	42,950	-	-	-	42,950
<b>Totals as of 12.31.2019</b>	<b>2,432,647</b>	<b>738,845</b>	<b>3,171,492</b>	<b>(1,491,219)</b>	<b>(393,938)</b>	<b>(1,885,157)</b>	<b>1,286,335</b>

INTANGIBLE ASSETS									
Items	ORIGINAL VALUE				AMORTIZATION				NET BOOK AMOUNT
	Opening Book Amount	Disposals	Additions	Closing Book Amount	Opening Book Amount	Disposals	Amortization Charge	Closing Book Amount	12.31.2018
Patents and Software	2,219,851	(422,706)	592,552	2,389,697	(1,489,051)	414,276	(416,444)	(1,491,219)	898,478
Other Intangible Assets	42,950	-	-	42,950	-	-	-	-	42,950
<b>Totals as of 12.31.2018</b>	<b>2,262,801</b>	<b>(422,706)</b>	<b>592,552</b>	<b>2,432,647</b>	<b>(1,489,051)</b>	<b>414,276</b>	<b>(416,444)</b>	<b>(1,491,219)</b>	<b>941,428</b>

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### NOTE 26 – TRADE AND OTHER PAYABLES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
<b>Current</b>		
Merchants (“Comercios Amigos”)	30,923,186	33,001,329
Suppliers	344,496	754,028
Collections on Account of Third Parties Payable	280,387	1,381,079
<b>Total</b>	<b>31,548,069</b>	<b>35,136,436</b>

Trade and Other Payables valued at amortized cost do not differ significantly from their fair value.

### NOTE 27 – BORROWINGS

	12.31.2019	12.31.2018
	In Thousands of AR\$	
<b>Current</b>		
Notes (“Obligaciones Negociables”)	7,576,778	10,047,868
Bank and Financial Loans	-	1,224,302
Leases	275,066	48,032
Credit Lines	2,264,626	1,789,075
<b>Total</b>	<b>10,116,470</b>	<b>13,109,277</b>
<b>Non-current</b>		
Notes (“Obligaciones Negociables”)	2,931,021	12,995,088
Leases	459,944	222,493
<b>Total</b>	<b>3,390,965</b>	<b>13,217,581</b>

Borrowings valued at amortized cost do not differ significantly from their fair value.

### NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS

	12.31.2019	12.31.2018
	In Thousands of AR\$	
<b>Current</b>		
Salaries Payable	192,825	206,135
Social Security Charges	178,802	236,214
Provisions	246,767	468,901
Bonuses for the Personnel	175,276	210,497
Rewards for the Personnel	36,729	98,741
<b>Total</b>	<b>830,399</b>	<b>1,220,488</b>

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### NOTE 29 – CURRENT TAX LIABILITIES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Current		
Trade and Industry Tax Payable	52,401	75,183
Tax Withholdings and Additional Tax Withholdings Made from Third Parties	443,878	507,047
Value-added Tax Payable	587,528	776,552
Turnover Tax Payable	106,711	155,926
<b>Total</b>	<b>1,190,518</b>	<b>1,514,708</b>

### NOTE 30 – OTHER LIABILITIES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Current		
Fees Payable to Directors and Supervisory Committee	29,006	45,790
Advanced Payments to Directors	(28,246)	(15,851)
Other Miscellaneous Liabilities	11,388	14,823
<b>Total</b>	<b>12,148</b>	<b>44,762</b>
Non-current		
Other Miscellaneous Liabilities	7,348	15,540
<b>Total</b>	<b>7,348</b>	<b>15,540</b>

Other Liabilities valued at amortized cost do not differ significantly from their fair value.

### NOTE 31 – PROVISIONS

This account includes the estimated amounts to face risks of probable occurrence, which, if they occur, will give rise to a loss for the Company.

#### (1) Legal Claims:

The Company is subject to several claims, lawsuits and other legal proceedings, including claims brought by customers, former employees or workers from service providers, where a third party is claiming payments for alleged damages, refunds for losses or compensation. The potential debt for the Company with respect to such claims, lawsuits and other legal proceedings cannot be certainly estimated. Management periodically reviews the progress of each of the significant issues and calculates the potential financial exposure.

A provision is booked when a potential loss derived from a claim or legal proceeding is deemed likely and the amount can be fairly estimated.

Provisions for contingent losses reflect a fair estimation of the losses to be incurred based on the information made available by Management as of the date of the preparation of the financial statements and considering the lawsuits to which Tarjeta Naranja S.A. is a party. These estimations are mainly prepared with the assistance provided by the legal advisors.

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### NOTE 31 – PROVISIONS (CONTINUED)

#### (2) Tax Claims:

As of the date of these financial statements, the Company is in the following situations with respect to certain Provincial Tax Boards:

The Company has a dispute with the Tax Revenue Agency of the Province of Río Negro. In due time, the tax agency made an adjustment of AR\$ 895 for turnover tax for the tax periods from January 2010 to June 2012 from the Company. The Company timely challenged the adjustment made. The amount claimed totaled AR\$ 2,747 and AR\$ 3,895 (AR\$ 2,532 in nominal terms) as of December 31, 2019 and 2018, respectively.

Furthermore, the Company has a dispute with the General Tax Board of the Province of La Pampa. In due time, the tax agency made an adjustment of AR\$ 2,438 (in nominal terms) for turnover tax for the tax periods from January 2013 to May 2018 from the Company. The Company timely challenged the adjustment made. On December 27, 2019, the tax agency passed a resolution sustaining, in part, the appeal requesting reversal filed by Tarjeta Naranja S.A., reducing the total amount claimed to AR\$ 364. This amount was settled in January 2020.

On the other hand, the Company was served notice of an official assessment from the General Tax Board of the Province of Tucumán, in its capacity as Turnover Tax Withholding Agent, in connection with years commencing on January 2013 through December 2015. The Company timely challenged the adjustment made, with the challenged amounts having been acknowledged, in part, on February 6, 2019. The Company filed a claim for the remaining portion with the provincial Tax Court. The amount claimed totaled AR\$ 6,210 and AR\$ 18,430 (AR\$ 11,980 in nominal terms) as of December 31, 2019 and 2018, respectively.

Furthermore, on November 22, 2019, the Company received a preliminary assessment from the General Tax Board of the Province of Córdoba claiming an outstanding Turnover Tax liability of AR\$ 76,637 (in nominal terms).

The Company also has outstanding claims from certain Municipal Tax Bureaus throughout the country; most of them in connection with Publicity and Advertising, and in respect to which it has filed the respective defenses. As of December 31, 2019 and December 31, 2018, total municipal claims against the Company amounted to AR\$ 24,788 and AR\$ 33,700 (AR\$ 21,907 in nominal terms), respectively.

The provisions booked in liabilities related to the cases described above had been adjusted based on the opinion of the legal advisors, the judicial precedents referred to above and the favorable evolution thereof.

However, Tarjeta Naranja S.A.'s Board of Directors, based on tax advisors' opinions, considers the taxes involved have been appropriately calculated according to legal regulations currently in force, and those tax authorities' claims have no legal or technical grounds. Therefore, the Company is currently exercising — and will exercise in the future — its constitutional rights in order to clarify and settle said issues.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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# Tarjeta Naranja S.A.

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### NOTE 31 – PROVISIONS (CONTINUED)

#### (2) Tax Claims:

On December 1, 2017, Tarjeta Naranja S.A. filed an action against the Argentine tax authorities (AFIP as per its initials in Spanish) for the recovery of the Income Tax for the years 2014 and 2016 in the amount of AR\$ 580,164, in nominal terms. The action was grounded on the failure to apply the inflation adjustment mechanisms set forth in Title VI of the Income Tax Law, leading to absorb a substantial portion of taxable income and surpass any reasonable taxation threshold. On May 17, 2018, an identical action was filed in respect of the predecessor company Tarjetas Cuyanas S.A. for the years 2014 and 2016, in the amount of AR\$ 145,478, in nominal terms. On September 27, 2019 and September 17, 2019, the Company filed the respective actions for years 2017 and 2018 in the amount of AR\$ 326,498 and AR\$ 973,843, respectively, in nominal terms. In the absence of an answer from AFIP, on December 6, 2019 the Company filed an action for protection of fundamental rights on grounds of undue delay with the Federal Tax Court regarding Tarjeta Naranja S.A.'s years 2014 and 2016. On the other hand, and given the fact that the statute of limitations for AFIP to render judgment had run off, on December 27, 2019, the Company filed an action for recovery with the Federal Courts concerning Tarjetas Cuyanas S.A.'s years 2014 and 2016 and Tarjeta Naranja S.A.'s year 2018. On December 30, 2019, the Company brought an identical action in connection with Tarjeta Naranja S.A.'s year 2017.

The breakdown and changes of contingent liabilities as of December 31, 2019 are as follows:

	Balance at the Beginning of the Year	Additions	Disposals	Effect of Restatement	Payments	Balance at Year-end
Tax Matters	21,528	20,302	(3,207)	(6,650)	(1,399)	30,574
Consumer Protection	6,855	52,000	(11,484)	(15,759)	(7,606)	24,006
Labor Matters	59,879	52,054	(22,570)	(11,468)	(34,592)	43,303
Damages	11,199	10,619	(8,452)	(843)	(2,720)	9,803
Others	526	1,120	(741)	(147)	(84)	674
<b>Total</b>	<b>99,987</b>	<b>136,095</b>	<b>(46,454)</b>	<b>(34,867)</b>	<b>(46,401)</b>	<b>108,360</b>

In addition, the breakdown and changes of contingent liabilities as of December 31, 2018 are as follows:

	Balance at the Beginning of the Year	Additions	Disposals	Effect of Restatement	Payments	Balance at Year-end
Tax Matters	27,281	12,059	(6,833)	(9,666)	(1,313)	21,528
Consumer Protection	14,120	7,553	(1,423)	(5,569)	(7,826)	6,855
Labor Matters	63,371	81,663	(25,528)	(29,725)	(29,902)	59,879
Damages	4,518	16,035	(4,664)	(3,337)	(1,353)	11,199
Others	837	2,318	(2,204)	(288)	(137)	526
<b>Total</b>	<b>110,127</b>	<b>119,628</b>	<b>(40,652)</b>	<b>(48,585)</b>	<b>(40,531)</b>	<b>99,987</b>

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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### NOTE 32 - FINANCIAL LIABILITIES BY CONTRACTUAL DUE DATE

The table below breaks down financial liabilities by contractual due date as of December 31, 2019:

	December 31, 2019 In Thousands of AR\$				
	Less than 3 Months	From 3 to 12 Months	From 1 to 2 Years	From 2 to 5 Years	Total
<b>Financial Liabilities</b>					
Trade and Other Payables	22,384,943	9,163,126	-	-	31,548,069
Borrowings (*)	2,143,415	11,469,788	2,905,465	1,829,583	18,348,251
Other Liabilities	9,316	2,824	-	7,348	19,488
<b>Total Financial Liabilities</b>	<b>24,537,674</b>	<b>20,635,738</b>	<b>2,905,465</b>	<b>1,836,931</b>	<b>49,915,808</b>

(\*) It includes future interest to be accrued.

The table below breaks down financial liabilities by contractual due date as of December 31, 2018:

	December 31, 2018 In Thousands of AR\$					
	Less than 3 Months	From 3 to 12 Months	From 1 to 2 Years	From 2 to 5 Years	Over 5 Years	Total
<b>Financial Liabilities</b>						
Trade and Other Payables	32,429,352	2,707,084	-	-	-	35,136,436
Borrowings (*)	4,411,846	17,570,146	13,967,038	7,016,002	137,465	43,102,497
Other Liabilities	11,636	33,114	-	15,540	-	60,290
<b>Total Financial Liabilities</b>	<b>36,852,834</b>	<b>20,310,344</b>	<b>13,967,038</b>	<b>7,031,542</b>	<b>137,465</b>	<b>78,299,223</b>

(\*) It includes future interest.

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### NOTE 33 – BORROWINGS

#### Proceeds from Bank and Financial Loans

As of December 31, 2019, the Company had no outstanding bank loans.

#### Credit Lines

The Company has entered into and used the following credit line arrangements, the main characteristics of which with regard to the obligations outstanding are summarized as follows:

Institution	Credit Line Currency	Date of Arrangement	Maturity Date	Credit Line Amount as of 12.31.2019 (*)	Principal Payments	Interest Payments	Interest Rate
Banco Macro S.A.	Pesos (AR\$)	10/16/2019	10/15/2020	2,000,000	Upon maturity	Quarterly	Badlar + 12%

(\*) It corresponds to the principal amount outstanding as of the indicated dates in Argentine Pesos.

#### Memorandum Accounts

As of December 31, 2019, the Company had no commitment agreements.

As of December 31, 2018, the Company recorded unused amounts of credit lines borrowed amounting to AR\$ 100,000 under memorandum accounts, in connection with a commitment agreement with Banco Patagonia S.A. effective since March 23, 2018 through March 22, 2019.

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### NOTE 34 – LEASES

The Company has entered into several buildings lease agreements in respect of which it has recognized the following assets:

Items	Original Value		Depreciation	Net Book Amount
	Opening Book Amount	Additions	Charge for the Year	At 12.31.2019
Buildings under Financial Leases	939,248	-	(20,109)	919,139
Right-of-use Assets	-	1,127,915	(349,986)	777,929

On the other hand, the Company has recorded the following lease liabilities:

Items	Opening Book Amount	Adjustments due to Changes in Accounting Policies	Interest to be Accrued	Accrued Interest	Payments	Effect of Restatement	Value at 12.31.2019
Lease Liabilities	271,194	1,215,668	(87,753)	174,813	(450,635)	(388,277)	735,010

The following are the future lease payments and the related present value as of December 31, 2019:

	Future Lease Payments	Present Value of Lease Payments
	12.31.2019	
Less than One Year	376,457	275,066
From 1 to 5 Years	665,713	445,666
Over 5 Years	14,481	14,278
Minus Future Financing Charges	(321,641)	-
Present Value of Lease Payments	<b>735,010</b>	<b>735,010</b>
	<b>12.31.2019</b>	
Included in the Financial Statements as:		
Current Leases	275,066	
Non-current Leases	459,944	
<b>Total</b>	<b>735,010</b>	

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### NOTE 35 – NOTES (“OBLIGACIONES NEGOCIABLES”)

As of December 31, 2019, the Company has the Global Program approved by Resolutions No. 15220, No. 15361, No. 15785, No. 16319, No. 16571, No. 16822, No. 17676 and No. 19508 of the C.N.V. outstanding.

The Company's Shareholders' Meeting held on July 14, 2005 authorized the creation of a Global Program for the Issuance of Notes for a maximum outstanding amount of US\$ 50,000 to be placed by means of a public offering. On October 26, 2005, the C.N.V. authorized the creation of the global program and the public offering of each series of notes issued under such Program through Resolution No. 15220 of that date.

The Shareholders' Meeting held on March 3, 2006, in turn, authorized to increase the amount of said Global Program for the Issuance of Notes by US\$ 100,000, thus resulting in a total maximum amount of US\$ 150,000. Such increase was authorized by the C.N.V. through Resolution No. 15,361 dated March 23, 2006.

On October 31, 2007, the Company's Shareholders' Meeting approved to increase said Program's amount up to a maximum outstanding amount of US\$ 350,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 15785 dated November 16, 2007. On March 26, 2010, the Shareholders' Meeting approved the extension of the term during which such program would be effective. On April 27, 2010, the C.N.V. authorized such extension through Resolution No. 16319.

Later, the Company's Shareholders' Meeting held on April 1, 2011 approved to increase said Program's amount up to a maximum outstanding amount of US\$ 450,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 16571 dated May 24, 2011.

On March 8, 2012, the Company's Shareholders' Meeting approved to increase said Program's amount up to a maximum outstanding amount of US\$ 650,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 16822 dated May 23, 2012.

Furthermore, on March 19, 2015, the Shareholders' Meeting approved the extension of the term during which such Program would be outstanding for five years. Then, on May 21, 2015, the C.N.V. authorized such extension through Resolution No. 17676.

Finally, on April 4, 2018, the Company's Shareholders' Meeting decided to approve to increase said Program's amount up to a maximum of US\$ 1,000,000 outstanding at any time, or its equivalent amount in other currencies. Such increase was approved by the C.N.V. through Resolution No. 19508 dated May 10, 2018.

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### NOTE 35 – NOTES (“OBLIGACIONES NEGOCIABLES”) (CONTINUED)

Below is a breakdown of the main characteristics of notes and their balances as of December 31, 2019 and December 31, 2018:

Date of Placement	Currency	Class Number	Amount in Thousands	Type	Term	Maturity Date	Interest Rate / Price	Face Value (*)	
								12.31.19	12.31.18
04/13/2016	AR\$ (1)	XXXIII Series II	366,908	Simple notes, not convertible into shares	1,095 days	04/13/2019	Minimum 37.00 % / Badlar + 5.40 %	-	366,908
05/05/2016	AR\$ (2)	XXIV Series II	234,309	Simple notes, not convertible into shares	1,095 days	05/05/2019	Minimum 37.00 % / Badlar + 4.98%	-	234,309
06/29/2016	AR\$ (3)	XXXIV Series II	475,397	Simple notes, not convertible into shares	1,461 days	06/29/2020	Minimum 32.00 % / Badlar + 4.67 %	393,286	475,397
07/26/2016	AR\$ (4)	XXV	400,000	Simple notes, not convertible into shares	1,461 days	07/26/2020	Minimum 30.00 % / Badlar + 3.94%	395,000	400,000
09/27/2016	AR\$ (5)	XXXV Series II	774,389	Simple notes, not convertible into shares	1,461 days	09/27/2020	Minimum 26.00 % / Badlar + 3.99 %	686,914	774,389
10/24/2016	AR\$ (6)	XXVI Series II	350,237	Simple notes, not convertible into shares	1,461 days	10/24/2020	Minimum 26.00 % / Badlar + 4.00%	350,237	350,237
12/07/2016	AR\$ (7)	XXXVI Series II	636,409	Simple notes, not convertible into shares	1,095 days	12/07/2019	Minimum 25.25% / Badlar + 4.00 %	-	636,409
02/10/2017	AR\$ (8)	XXVII Series II	500,000	Simple notes, not convertible into shares	1,095 days	02/10/2020	Minimum 23.50% / Badlar + 3.50%	461,122	500,000
04/11/2017	AR\$ (9)	XXXVII	3,845,700	Simple notes, not convertible into shares	1,826 days	04/11/2022	Minimum 15.00% / Badlar + 3.50 %	3,845,700	3,845,700
06/09/2017	AR\$ (10)	XXVIII Series I	128,175	Simple notes, not convertible into shares	730 days	06/09/2019	Minimum 25.00 % / Badlar + 3.05%	-	128,175
06/09/2017	AR\$ (10)	XXVIII Series II	371,825	Simple notes, not convertible into shares	1,461 days	06/09/2021	Minimum 25.00% / Badlar + 3.70%	371,825	371,825

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### NOTE 35 – NOTES (“OBLIGACIONES NEGOCIABLES”) (CONTINUED)

Date of Placement	Currency	Class Number	Amount in Thousands	Type	Term	Maturity Date	Interest Rate / Price	Face Value (*)	
								12.31.19	12.31.18
11/13/2017	AR\$ (11)	XXXVIII	503,333	Simple notes, not convertible into shares	546 days	05/13/2019	Minimum 29.50% / TM20 + 4.00%	-	503,333
02/14/2018	AR\$ (12)	XXXIX	754,539	Simple notes, not convertible into shares	546 days	08/14/2019	Minimum 26.75% / TM 20 + 3.40%	-	754,539
04/10/2018	AR\$ (13)	XL Series I	597,500	Simple notes, not convertible into shares	548 days	10/10/2019	25.98% Fixed Rate	-	597,500
04/10/2018	AR\$ (13)	XL Series II	1,402,500	Simple notes, not convertible into shares	914 days	10/10/2020	Minimum 27.00% / Badlar + 3.69%	1,338,175	1,402,500
11/15/2018	AR\$ (14)	XLI Series I	854,102	Simple notes, not convertible into shares	365 days	11/15/2019	54.00% Fixed Rate	-	854,102
11/15/2018	AR\$ (14)	XLI Series II	343,555	Simple notes, not convertible into shares	547 days	05/15/2020	Badlar + 10.00%	343,555	343,555
12/17/2018	AR\$ (15)	XLII	1,266,303	Simple notes, not convertible into shares	287 days	09/30/2019	58.00% Fixed Rate	-	1,266,303
02/19/2019	AR\$ (16)	XLIII	1,583,895	Simple notes, not convertible into shares	547 days	08/18/2020	Badlar + 7.00%	1,414,706	-

(\*) It corresponds to the principal amount outstanding as of the indicated dates in Argentine Pesos.

- (1) On April 13, 2016, the Company issued and placed its Class XXXIII Notes for a total amount of AR\$ 500,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 133,092 and Series II for a total amount of AR\$ 366,908. As of the date of these financial statements, the Company settled the principal in respect of both Series.
- (2) On May 5, 2016, the Company issued and placed TC Class XXIV Notes for a total amount of AR\$ 300,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 65,691 and Series II for a total amount of AR\$ 234,309. As of the date of these financial statements, the Company settled the principal in respect of both Series.
- (3) On June 29, 2016, the Company issued and placed its Class XXXIV Notes for a total amount of AR\$ 600,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 124,603 and Series II for a total amount of AR\$ 475,397. Principal of Series I was already settled and principal of Series II will be settled upon maturity. Interest shall be payable quarterly. For the first two interest periods, Series II shall accrue interest at an annual minimum nominal rate of 32%. In case the interest rate to be applied after the auction market period is lower than minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate, pursuant to the Price Supplement and Disclosure of Results. In October 2019, the Company repurchased Class XXXIV Series II Notes for an aggregate principal amount of AR\$ 82,111. The net result of such repurchase is disclosed in Note 9, under the line Interest and Expenses on Notes (“Obligaciones Negociables”).
- (4) On July 26, 2016, the Company issued and placed TC Class XXV Notes for a total amount of AR\$ 400,000. This issuance was carried out in only one Series. Principal will be settled upon maturity. In October 2019, the Company repurchased Class XXV Notes for an aggregate principal amount of AR\$ 5,000. The net result of such repurchase is disclosed in Note 9, under the line Interest and Expenses on Notes (“Obligaciones Negociables”).

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### NOTE 35 – NOTES (“OBLIGACIONES NEGOCIABLES”) (CONTINUED)

- (5) On September 27, 2016, the Company issued and placed its Class XXXV Notes for a total amount of AR\$ 1,000,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 225,611 and Series II for a total amount of AR\$ 774,389. Principal of Series I was already settled and principal of Series II will be settled upon maturity. Interest shall be payable quarterly in both Series. For Series I, minimum interest rate shall be 26% nominal annual for the first interest period. In case the interest rate to be applied after the auction market period is lower than minimum interest rate, interest for the first interest period shall be accrued according to the latter interest rate, pursuant to the Price Supplement and Disclosure of Results. For Series II, minimum interest rate shall be 26% nominal annual for the first two interest periods. In case the interest rate to be applied after the auction market period is lower than minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate, pursuant to the Price Supplement and Disclosure of Results. In October 2019, the Company repurchased Class XXXV Series II Notes for an aggregate principal amount of AR\$ 87,475. The net result of such repurchase is disclosed in Note 9, under the line Interest and Expenses on Notes (“Obligaciones Negociables”).
- (6) On October 24, 2016, the Company issued and placed TC Class XXVI Notes for a total amount of AR\$ 500,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 149,763 and Series II for a total amount of AR\$ 350,237. Principal of Series I was already settled and principal of Series II will be settled upon maturity.
- (7) On December 7, 2016, the Company issued and placed its Class XXXVI Notes for a total amount of AR\$ 846,980. This issuance was carried out in two series: Series I for a total amount of AR\$ 210,571 and Series II for a total amount of AR\$ 636,409. As of the date of these financial statements, the Company settled the principal in respect of both Series.
- (8) On February 10, 2017, the Company issued and placed TC Class XXVII Notes for a total amount of AR\$ 500,000. This issuance was carried out under Series II, with Series I having been declared void. Principal will be settled upon maturity. In October 2019, the Company repurchased Class XXVII Series II Notes for an aggregate principal amount of AR\$ 38,878. The net result of such repurchase is disclosed in Note 9, under the line Interest and Expenses on Notes (“Obligaciones Negociables”).
- (9) On April 11, 2017, the Company issued and placed Peso-linked Class XXXVII Notes for a total amount of US\$250,000, equivalent to AR\$ 3,845,700, as converted at an Initial Exchange Rate. Principal will be settled in three annual installments, with due dates on April 11, 2020, April 11, 2021 and April 11, 2022. Interest shall be payable quarterly. Minimum interest rate shall be 15.00% nominal annual. In case the interest rate to be applied after the auction market period is lower than minimum interest rate, interest shall be accrued according to the latter, pursuant to the Price Supplement and Disclosure of Results.
- (10) On June 9, 2017, the Company issued and placed TC Class XXVIII Notes for a total amount of AR\$ 500,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 128,175 and Series II for a total amount of AR\$ 371,825. Principal of Series I was already settled. Principal of Series II will be settled upon maturity.
- (11) On November 13, 2017, the Company issued and placed its Class XXXVIII Notes for a total amount of AR\$ 503,333. This issuance was carried out in only one Series. At the date of these financial statements, it has been settled.
- (12) On February 14, 2018, the Company issued and placed its Class XXXIX Notes for a total amount of AR\$ 754,539. This issuance was carried out in only one Series. At the date of these financial statements, it has been settled.
- (13) On April 10, 2018, the Company issued and placed its Class XL Notes for a total amount of AR\$ 2,000,000. This issuance was carried out in two series: Series I for a total amount of AR\$ 597,500 and Series II for a total amount of AR\$ 1,402,500. Principal of Series I was already settled and principal of Series II will be settled upon maturity. Interest on Series I was settled upon maturity, while interest on Series II was settled quarterly. For Series II, minimum interest rate shall be 27% nominal annual for the first two interest periods. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate. In October 2019, the Company repurchased Class XL Series II Notes for an aggregate principal amount of AR\$ 64,325. The net result of such repurchase is disclosed in Note 9, under the line Interest and Expenses on Notes (“Obligaciones Negociables”).
- (14) On November 15, 2018, the Company issued and placed its Class XLI Notes for a total amount of AR\$ 1,197,657. This issuance was carried out in two series: Series I for a total amount of AR\$ 854,102 and Series II for a total amount of AR\$ 343,555. Principal of Series I was already settled and principal of Series II will be settled upon maturity. Interest on Series I and Series II will be settled on a quarterly basis.
- (15) On December 17, 2018, the Company issued and placed its Class XLII Notes for a total amount of AR\$ 1,266,303. This issuance was carried out in only one Series. At the date of these financial statements, it has been settled.
- (16) On February 19, 2019, the Company issued and placed its Class XLIII Notes for a total amount of AR\$ 1,583,895. This issuance was carried out in only one Series. Principal will be settled upon maturity. Interest will be paid on a quarterly basis. In October 2019, the Company repurchased Class XLIII Notes for an aggregate principal amount of AR\$ 169,189. The net result of such repurchase is disclosed in Note 9, under the line Interest and Expenses on Notes (“Obligaciones Negociables”).

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### NOTE 35 – NOTES (“OBLIGACIONES NEGOCIABLES”) (CONTINUED)

#### Covenants Undertaken:

Furthermore, it is worth noting that in the Price Supplement of Class XXXVII Notes, the Company has undertaken the following covenants, among others, with regard to the holders of such Notes.

- (i) The Company will not incur debt, unless at the date of incurring debt:
  - (a) the Total Liabilities to Equity Ratio (the Company's Total Liabilities minus Cash and Cash Equivalents) does not exceed 7 to 1,
  - (b) the Indebtedness to Equity Ratio (the Company's Borrowings, minus Cash and Cash Equivalents) does not exceed 4 to 1,
- (ii) The Company will not levy any lien or else allow any lien to be levied, except for the permitted liens (liens existing at the time of the issuance of Notes, their renewals and those liens set forth by the law) with regard to all the other assets, when the total amount of the liens does not exceed 5% of the Company's total assets.
- (iii) The Company will not be able to dispose of its assets, unless: (a) it receives a consideration at market value, (b) 75% of the consideration is in cash, (c) the proceeds of the sale are used within 365 days to (i) pay off debt, (ii) make investments in capital assets in a related company, a permitted business or a related business, or else (iii) reinvest or purchase additional assets.

In turn, in the Price Supplement of Class XXV (TC), XXVI (TC), XXVII (TC), XXVIII (TC), XXXIV, XXXV, XL, XLI and XLIII Notes, the Company has undertaken the following covenant with regard to the holders of such Notes:

- (i) The Company will not levy any lien or else allow any lien to be levied, except for the permitted liens —such liens existing at the date of the Price Supplement or those to be levied in the future with regard to all the other assets—, when the total amount of the liens does not exceed 25% of the Company's total assets.

At the date of these financial statements, the Company has complied with the abovementioned covenants undertaken.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

# Tarjeta Naranja S.A.

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## Notes to the Financial Statements (Continued)

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### NOTE 36 – CASH AND CASH EQUIVALENTS – STATEMENT OF CASH FLOWS

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Cash	3,476,282	2,092,407
Placements of Cash-equivalent Funds	3,793,819	5,683,330
<b>Total</b>	<b>7,270,101</b>	<b>7,775,737</b>

### NOTE 37 – ADJUSTMENTS TO CALCULATE THE NET CASH FLOWS FROM OPERATING ACTIVITIES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Provision for Loan Losses	5,461,929	6,991,087
Provision for Contingencies, Net of Recoveries	89,641	78,976
Provision for Employee Benefit Obligations	721,825	1,137,279
Provision for Fees Payable to Directors and Members of the Supervisory Committee (*)	(312)	61,696
Foreign Exchange Loss / (Gain)	(116,504)	79,068
Income / (Loss) from Investments Accounted for Using the Equity Method	9,232	(692)
Decrease in Property, Plant and Equipment	80,001	71,858
Decrease in Intangible Assets	-	8,430
Depreciation of Property, Plant and Equipment	739,204	384,566
Amortization of Intangible Assets	393,938	416,444
<b>Total</b>	<b>7,378,954</b>	<b>9,228,712</b>

(\*) Net of recoveries

### NOTE 38 – CHANGES IN OPERATING ASSETS

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Increase in Receivables from Trade	(11,166,814)	(29,098,265)
Decrease / (Increase) in Other Receivables	164,255	(106,410)
<b>Total</b>	<b>(11,002,559)</b>	<b>(29,204,675)</b>

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### NOTE 39 – CHANGES IN OPERATING LIABILITIES

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Decrease in Employee Benefit Obligations	(747,715)	(788,866)
Increase in Trade and Other Payables	10,710,870	12,174,524
Decrease in Trade and Other Payables	(1,326,639)	(1,484,255)
Increase in Tax Liabilities	236,788	638,941
Income Tax Payments	(1,080,338)	(3,495,652)
(Decrease)/ Increase in Other Liabilities	(37,211)	155,455
Decrease in Provision for Contingencies	(46,401)	(48,836)
<b>Total</b>	<b>7,709,354</b>	<b>7,151,311</b>

### NOTE 40 – ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

The following is the reconciliation of borrowings disclosed in the Statements of Cash Flows at year-end:

	At the Beginning of the Year	Adjustments due to Changes in Accounting Policies (1)	Borrowing	Principal, Interest and Expenses Payments	Interest and Expenses Payable	Repurchased Debt	Effect of Inflation Adjustment	At Year-end
Notes ("Obligaciones Negociables")	23,042,956	-	1,885,719	(15,297,487)	8,842,034	(46,565)	(7,918,858)	10,507,799
Borrowings	3,283,902	1,127,915	2,163,150	(3,499,148)	876,950	-	(953,133)	2,999,636
<b>Total</b>	<b>26,326,858</b>	<b>1,127,915</b>	<b>4,048,869</b>	<b>(18,796,635)</b>	<b>9,718,984</b>	<b>(46,565)</b>	<b>(8,871,991)</b>	<b>13,507,435</b>

The following are the financing operations performed during the year that have not generated any cash movements.

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Payment in Kind for the Issuance of Class XLIII Notes ("Obligaciones Negociables")	396,088	-
Payment in Kind for the Issuance of Class XL Series I and Series II Notes ("Obligaciones Negociables")	-	169,254
Dividends Paid in Kind in 2017 (Lebacs - Securities I16Y8; I21J8)	-	468,274

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### NOTE 41 - BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES

Tarjeta Naranja S.A. is controlled by Tarjetas Regionales S.A., with legal domicile at Tte. Gral. Juan D. Perón 430 - 19th Floor - Autonomous City of Buenos Aires, which holds 2,823 shares, representing a 99.96% interest in the capital stock. In turn, Grupo Financiero Galicia S.A., with legal domicile at Tte. Gral. Juan D. Perón 456, 2nd Floor, Autonomous City of Buenos Aires, owns an 83% equity interest in Tarjetas Regionales S.A.

Ondara S.A. is a corporation incorporated in Argentina, with domicile established at Av. Paseo Colón 746, 4th Floor, Autonomous City of Buenos Aires, Argentina, and holds 1 share accounting for 0.4% of the Company's capital stock.

In an effort to associate our trademark to new products with embedded technology which already have a share in the digital market, in December 2018 Tarjeta Naranja S.A. entered into a trademark license agreement with Cobranzas Regionales S.A., pursuant to which such trademarks can be associated to the operation of a payment platform and external devices that read card magnetic stripes and chips, under the brand Naranja POS.

Since the development and execution of the project required an increase of AR\$ 90,000 in Cobranzas Regionales S.A.'s capital stock, according to the percentage of shares held by each shareholder, on February 18, 2019, the shareholders held their General Extraordinary Shareholders' Meeting at which time they approved said increase by issuing 900,000 non-endorsable, registered ordinary shares, 855,000 of Tarjetas Regionales S.A.'s capital stock and 45,000 of Tarjeta Naranja S.A.'s capital stock. Similarly, on December 20, 2019, the General Extraordinary Shareholders' Meeting approved a new increase of AR\$ 300,000 in capital stock, according to the percentage of shares held by each shareholder, by issuing 3,000,000 non-endorsable, registered ordinary shares, 2,850,000 of Tarjetas Regionales S.A.'s capital stock and 150,000 of Tarjeta Naranja S.A.'s capital stock.

The following are Tarjeta Naranja S.A.'s balances with related companies as of December 31, 2019:

Companies under Section 33 of Law No.19550		
	Banco de Galicia y de Buenos Aires S.A.U.	Total
	In Thousands of AR\$	
ASSETS		
Cash and Cash Equivalents	2,346,034	2,346,034
<b>Total Current Assets as of 12.31.2019</b>	<b>2,346,034</b>	<b>2,346,034</b>
<b>Total Assets as of 12.31.2019</b>	<b>2,346,034</b>	<b>2,346,034</b>
LIABILITIES		
Trade and Other Payables	281,951	281,951
Borrowings	28,806	28,806
Other Liabilities	7,206	7,206
<b>Total Current Liabilities as of 12.31.2019</b>	<b>317,963</b>	<b>317,963</b>
Borrowings	121,414	121,414
Other Liabilities	7,348	7,348
<b>Total Non-current Liabilities as of</b>	<b>128,762</b>	<b>128,762</b>
<b>Total Liabilities as of 12.31.2019</b>	<b>446,725</b>	<b>446,725</b>

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### NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are Tarjeta Naranja S.A.'s balances with other related parties as of December 31, 2019:

Other Related Parties					
	Galicia Seguros S.A.	Cobranzas Regionales S.A.	Key Management Personnel	Parque Azul S.R.L.	Total
	In Thousands of AR\$				
ASSETS					
Other Receivables	59	29,668	-	-	29,727
<b>Total Current Assets as of 12.31.19</b>	<b>59</b>	<b>29,668</b>	<b>-</b>	<b>-</b>	<b>29,727</b>
<b>Total Assets as of 12.31.19</b>	<b>59</b>	<b>29,668</b>	<b>-</b>	<b>-</b>	<b>29,727</b>
LIABILITIES					
Trade and Other Payables	-	42,452	-	13,982	56,434
Salaries Payable	-	-	1,641	-	1,641
Other Liabilities	-	-	270	-	270
<b>Total Current Liabilities as of 12.31.19</b>	<b>-</b>	<b>42,452</b>	<b>1,911</b>	<b>13,982</b>	<b>58,345</b>
<b>Total Liabilities as of 12.31.19</b>	<b>-</b>	<b>42,452</b>	<b>1,911</b>	<b>13,982</b>	<b>58,345</b>

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### NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are the transactions carried out by Tarjeta Naranja S.A. with related companies during the year ended December 31, 2019:

Companies under Section 33 of Law No.19550		
	Banco de Galicia y Bs. As. S.A.U.	Total
In Thousands of AR\$		
REVENUES		
Revenues from Services	72,608	72,608
Interest on Time Deposits	134,316	134,316
<b>Totals as of 12.31.19</b>	<b>206,924</b>	<b>206,924</b>
EXPENSES		
Rentals	(6,201)	(6,201)
Bank and Financial Interest	(151,066)	(151,066)
Bank Expenses	(129,173)	(129,173)
Professional Fees	(23,025)	(23,025)
<b>Totals as of 12.31.19</b>	<b>(309,465)</b>	<b>(309,465)</b>

The following are the transactions carried out by Tarjeta Naranja S.A. with other related parties during the year ended December 31, 2019:

Other Related Parties							
	Cobranzas Regionales S.A.	Galicia Seguros S.A.	Parque Azul S.R.L.	Key Management Personnel	Golden S.A.	Colores S.A.	Total
In Thousands of AR\$							
REVENUES							
Revenues from Services	85,353	401,082	3,420	-	-	-	489,855
Revenues from Financing	-	-	829	-	-	-	829
<b>Totals as of 12.31.19</b>	<b>85,353</b>	<b>401,082</b>	<b>4,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>490,684</b>
EXPENSES							
Rentals	-	-	-	-	(6,352)	(1,838)	(8,190)
Professional Fees	(569,175)	-	-	-	-	-	(569,175)
Directors' Fees	-	-	-	(1) (31,286)	-	-	(31,286)
Salaries	-	-	-	(44,879)	-	-	(44,879)
<b>Totals as of 12.31.19</b>	<b>(569,175)</b>	<b>-</b>	<b>-</b>	<b>(76,165)</b>	<b>(6,352)</b>	<b>(1,838)</b>	<b>(653,530)</b>

(1) It does not include the recovery of Directors' Fees from year 2018.

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### NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are Tarjeta Naranja S.A.'s balances with related companies as of December 31, 2018:

Companies under Section 33 of Law No.19550		
	Banco de Galicia y de Buenos Aires S.A.U.	Total
	In Thousands of AR\$	
ASSETS		
Cash and Cash Equivalents	826,841	826,841
Other Receivables	24,962	24,962
<b>Total Current Assets as of 12.31.2018</b>	<b>851,803</b>	<b>851,803</b>
<b>Total Assets as of 12.31.2018</b>	<b>851,803</b>	<b>851,803</b>
LIABILITIES		
Trade and Other Payables	1,383,693	1,383,693
Borrowings	48,131	48,131
Other Liabilities	4,230	4,230
<b>Total Current Liabilities as of 12.31.2018</b>	<b>1,436,054</b>	<b>1,436,054</b>
Borrowings	222,492	222,492
Other Liabilities	15,540	15,540
<b>Total Non-current Liabilities as of 12.31.2018</b>	<b>238,032</b>	<b>238,032</b>
<b>Total Liabilities as of 12.31.2018</b>	<b>1,674,086</b>	<b>1,674,086</b>

The following are Tarjeta Naranja S.A.'s balances with other related parties as of December 31, 2018:

Other Related Parties				
	Cobranzas Regionales S.A.	Key Management Personnel	Parque Azul S.R.L.	Total
	In Thousands of AR\$			
ASSETS				
Other Receivables	23,009	371	-	23,380
<b>Total Current Assets as of 12.31.2018</b>	<b>23,009</b>	<b>371</b>	<b>-</b>	<b>23,380</b>
<b>Total Assets as of 12.31.2018</b>	<b>23,009</b>	<b>371</b>	<b>-</b>	<b>23,380</b>
LIABILITIES				
Trade and Other Payables	76,633	-	16,874	93,507
Salaries Payable	-	4,340	-	4,340
Other Liabilities	-	28,487	-	28,487
<b>Total Current Liabilities as of 12.31.2018</b>	<b>76,633</b>	<b>32,827</b>	<b>16,874</b>	<b>126,334</b>
<b>Total Liabilities as of 12.31.2018</b>	<b>76,633</b>	<b>32,827</b>	<b>16,874</b>	<b>126,334</b>

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

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### NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are the transactions carried out by Tarjeta Naranja S.A. with related companies during the year ended December 31, 2018:

Companies under Section 33 of Law No.19550		
	Banco de Galicia y Bs. As. S.A.U.	Total
	In Thousands of AR\$	
REVENUES		
Revenues from Services	179,519	179,519
Interest on Time Deposits and Interest-bearing Checking Accounts	4,804	4,804
<b>Totals as of 12.31.2018</b>	<b>184,323</b>	<b>184,323</b>
EXPENSES		
Rentals	(5,824)	(5,824)
Bank and Financial Interest	(156,837)	(156,837)
Bank Expenses	(71,701)	(71,701)
Professional Fees	(44,551)	(44,551)
<b>Totals as of 12.31.2018</b>	<b>(278,913)</b>	<b>(278,913)</b>

The following are the transactions carried out by Tarjeta Naranja S.A. with other related parties during the year ended December 31, 2018:

Other Related Parties						
	Cobranzas Regionales S.A.	Galicia Seguros S.A.	Parque Azul S.R.L.	Key Management Personnel	Golden S.A.	Colores S.A.
	In Thousands of AR\$					
REVENUES						
Revenues from Services	2,546	514,557	4,432	-	-	-
Revenues from Financing	-	-	1,583	-	-	-
<b>Totals as of 12.31.2018</b>	<b>2,546</b>	<b>514,557</b>	<b>6,015</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXPENSES						
Rentals	-	-	-	-	(7,232)	(2,040)
Professional Fees	(695,658)	-	-	-	-	-
Directors' Fees	-	-	-	(57,667)	-	-
Salaries	-	-	-	(43,435)	-	-
<b>Totals as of 12.31.2018</b>	<b>(695,658)</b>	<b>-</b>	<b>-</b>	<b>(101,102)</b>	<b>(7,232)</b>	<b>(2,040)</b>

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### NOTE 42 - RESTRICTED ASSETS

#### Liens in Force

As of December 31, 2019 and 2018, the Company was subject to liens due to labor-related lawsuits (see Note 31) for a total amount of AR\$ 2,341 and AR\$ 2,774, respectively, levied on funds deposited in checking accounts opened by the Company at several financial institutions. Since the appropriate defenses have been filed during such legal proceedings to safeguard the Company's interests, the seized funds have been included in these financial statements under "Other Receivables".

#### Covenants Undertaken

The commitments undertaken by virtue of Class XXV (TC), XXVI (TC), XXVII (TC), XXVIII (TC), XXXIV, XXXV, XXXVII, XL, XLI and XLIII Notes ("*Obligaciones Negociables*") issued by the Company are mentioned in Note 35.

#### Security Deposits

As of December 31, 2019 and 2018, the Company has paid AR\$ 6,764 and AR\$ 7,681, respectively, for security related to certain buildings lease agreements. These funds have been included in these financial statements under "Other Receivables".

#### Restriction on the Distribution of Dividends

The Company's Ordinary and Extraordinary Shareholders' Meeting held on March 16, 2006 resolved to define the following policy for the distribution of dividends: i) to keep under Retained Earnings those retained earnings corresponding to years prior to 2005 and, therefore, not to distribute them as dividends, and ii) to set as maximum limit for the distribution of dividends 25% of the liquid and realized income for each year as from 2005. These restrictions shall remain in full force as long as the Company's equity remains below AR\$ 300,000. Thus, the policy for the distribution of dividends approved by the Company's Board of Directors at its meeting held on January 4, 2006 has been ratified.

Furthermore, in the Price Supplement of Class XXXVII Notes, the Company agreed not to distribute dividends: i) that exceed 50% of the Company's net profit accrued since January 1, 2017 plus the net profit accrued during the year ended December 31, 2016, net of restricted payments made in 2016, and ii) when (a) the Total Liabilities to Equity Ratio does not exceed 7 to 1, and (b) the Indebtedness to Equity Ratio does not exceed 4 to 1.

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### NOTE 43 – INFORMATION ABOUT EXPENSES AND THEIR ALLOCATION UNDER SECTION 64 SUBSECTION B) OF LAW 19550

Items	Totals as of 12.31.2019	Administrative Expenses	Marketing Expenses	Totals as of 12.31.2018
In Thousands of AR\$				
Directors and Supervisory Committee Members' Fees	33,642	33,642	-	61,696
Bonuses for the Personnel	590,040	182,912	407,128	705,623
Compensation and Social Security Charges	4,400,500	1,368,472	3,032,028	6,063,723
Taxes, Rates and Contributions	4,081,119	730,898	3,350,221	4,649,773
Travel Expenses and Per Diem	95,304	42,260	53,044	132,565
Maintenance of Equipment and Buildings	239,639	239,639	-	189,640
Depreciation of Property, Plant and Equipment	739,204	517,443	221,761	384,566
Amortization of Intangible Assets	393,938	393,938	-	416,444
Rentals	92,928	39,000	53,928	427,325
Stationery and Office Supplies	73,668	6,621	67,047	118,875
Opening of Accounts	113,643	-	113,643	152,677
Publicity and Advertising	637,963	-	637,963	778,097
Donations	7,596	7,596	-	8,639
Electricity, Natural Gas and Communications	389,686	58,512	331,174	292,620
Third Parties' Fees	891,027	891,027	-	1,422,541
Insurance and Security Services	504,867	15,232	489,635	577,839
Bank and Financial Expenses	189,379	189,379	-	155,519
Regular Mail Services	85,493	36,801	48,692	118,097
Expenses for Commercial Reports and Procedures for the Collection of Amounts in Arrears	688,513	688,513	-	697,837
Collection Expenses	1,453,838	1,453,838	-	1,364,646
General Expenses	1,702,018	1,069,714	632,304	1,675,404
Other Selling Expenses	248,762	-	248,762	694,027
Printing and Distribution Expenses	447,189	-	447,189	642,946
Cleaning Expenses	111,067	23,907	87,160	144,725
Special Promotions	121,648	-	121,648	241,046
Expenses from Call Center Services	393,437	275,878	117,559	332,466
<b>Totals as of 12.31.2019</b>	<b>18,726,108</b>	<b>8,265,222</b>	<b>10,460,886</b>	
<b>Totals as of 12.31.2018</b>		<b>8,040,517</b>	<b>14,408,839</b>	<b>22,449,356</b>

(1) Total marketing and administrative expenses correspond with the amount of the lines "Costs of Services" and "Total Operating Expenses" in the Statement of Profit or Loss.

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(Partner)

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### NOTE 44 – FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	Amount and Type of Foreign Currency (in Thousands of U.S. Dollars)	Current Exchange Rate	Amount in Argentine Currency as of 12.31.19	Amount in Argentine Currency as of 12.31.18
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents			In Thousands of AR\$	
Deposits in Argentina	33,764	59.9	2,022,309	8,398
Deposits Abroad	2	(58)	112	814
Receivables from Trade	6,445	58	373,837	-
<b>Total Current Assets</b>			<b>2,396,258</b>	<b>9,212</b>
<b>NON-CURRENT ASSETS</b>				
Other Receivables				
Security Deposits	25	58	1,450	1,415
<b>Total Non-current Assets</b>			<b>1,450</b>	<b>1,415</b>
<b>Total Assets</b>			<b>2,397,708</b>	<b>10,627</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and Other Payables	977	63	61,540	-
Collections on Account of Third Parties	310	63	19,546	32,220
<b>Total Current Liabilities</b>			<b>81,086</b>	<b>32,220</b>
<b>Total Liabilities</b>			<b>81,086</b>	<b>32,220</b>

US\$: United States Dollars.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

# Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Notes to the Financial Statements (Continued)

For the years ended December 31, 2019 and 2018

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

### NOTE 45 – PORTFOLIO ASSIGNMENT

As of December 31, 2019, the Company entered into Credit Portfolio Assignment agreements, as detailed below:

Date	Trustee	Sale Price at Nominal Values (1)	Portfolio Assignment at Nominal Values (1)
03/22/2019	Comafi Fiduciario Financiero S.A. (Frankel)	26,001	346,214
03/22/2019	Banco Comafi S.A.	3,984	53,059
04/08/2019	Comafi Fiduciario Financiero S.A. (Frankel)	15,448	205,702
04/08/2019	Banco Comafi S.A.	2,684	35,744
06/14/2019	Comafi Fiduciario Financiero S.A. (Frankel)	1,713	24,437
06/14/2019	Banco Comafi S.A.	31,441	448,511
09/24/2019	Comafi Fiduciario Financiero S.A. (Frankel)	3,300	49,257
09/24/2019	Banco Comafi S.A.	29,665	442,773
11/15/2019	Igech	1,905	13,027
11/22/2019	Gorvix	754	74,307
11/28/2019	Angel Rodriguez	349	5,305
12/17/2019	Esteban Laguine	493	4,349
12/17/2019	Soc. Alice, Fanlo & Asoc.	575	11,244
12/18/2019	Anibal Gustavo Ponce	486	9,106
12/18/2019	Julio Reitich - Sergio Bobrosky - Ruben Kossacoff (Comprehensive Collection Proceedings)	2,958	20,025
12/19/2019	Comafi Fiduciario Financiero S.A. (Frankel)	6,020	83,036
12/19/2019	Banco Comafi S.A.	32,558	449,081
12/19/2019	Enrique Amelio Ortiz - Mariano Gustavo Lopez Alaniz	229	4,839
12/19/2019	Tomas Silva	4,880	25,479
12/20/2019	Francisco Javier Estevez Luco	118	4,856
12/23/2019	Ernesto Naveyra - Ida Magdalena Lopez	176	3,520
12/23/2019	Gonzalo Intzes - Juan Nallib - Diego Biondolillo	479	14,262
12/26/2019	Agencia You Bring SRL	2,119	19,669
12/26/2019	Maria Veronica Abramocul - Cesar Adolfo Ramos	975	14,698
12/27/2019	Cristian Martinez Lopez, Sosa, Cecilia Valeria	311	4,099
12/27/2019	Daniel Ariel Alazia	89	944
<b>Total</b>		<b>169,710</b>	<b>2,367,543</b>

(1) As per the amounts stated in the respective deeds.

The above-mentioned agreements have been executed as portfolio assignment without recourse. Accordingly, the Company has substantially transferred the risks and rewards inherent to the ownership of the financial asset.

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Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

## Notes to the Financial Statements (Continued)

For the years ended December 31, 2019 and 2018

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### NOTE 46 – DOCUMENTATION FILING

On August 14, 2014, the National Securities Commission issued General Resolution No. 629, introducing changes to its regulations regarding the filing and keeping of commercial books, corporate books and the accounting records.

In compliance with Section 26 of Part VII of Chapter IV of Title II of the Regulations (N.T. 2013, as amended), it is reported that the Company has entrusted the following third-party suppliers with the deposit of certain old information:

Person in Charge of the Deposit	Location
File Management Com S.R.L. (FMC)	Ruta 5 km 4 1/2 - Camino a Alta Gracia – Province of Córdoba
Administradora de Archivos S.A. (ADEA)	Ruta 36, 31.5km (Plant 3) - Florencio Varela – Province of Buenos Aires
DataBox de File S.A.	25 de mayo 821 – Dorrego – Guaymallen - Mendoza

In addition, it is evidenced that the detail of the documentation for safekeeping is made available at the registered office.

### NOTE 47 – ECONOMIC ENVIRONMENT

The Company operates amidst an economic environment whose main variables have become more volatile, as evidenced by substantial currency depreciation, an annual cumulative 53.8% inflation rate as of December; and a 2.5% year-on-year decline in GDP as of September. The substantial depreciation experienced by local currency since August led to increasing dollarization of investment portfolios, flight of US-dollar denominated deposits from the financial system (with the ensuing decline in the Argentine Central Bank's reserves), and hikes in the benchmark interest rate.

Against this backdrop, the former administration and the Argentine Central Bank adopted certain measures to address the situation, including, without limitation, restrictions on individuals' ability to buy foreign currency for saving purposes, the requirement to apply for the Argentine Central Bank's previous authorization for the formation of external assets for businesses and for the settlement of debts to foreign related companies, establishment of specific deadlines to repatriate and settle foreign currency from exports, payment deferrals on certain public debt instruments, and controls on fuel prices. The newly elected government amended and hardened these measures, including the enforcement of a 30% tax on the purchase of foreign currency, an increase in export duties on agricultural commodities, a rise in the personal asset tax rate, a halt on public utility rate hikes for 180 days, double severance payments in case of dismissals for a term of 180 days, and the total or partial waiver of contributions to small-to-medium-sized companies, coupled with a new payment plan to settle their debts.

The above-described scenario is still prevailing as of the date of these financial statements. The Company's management monitors the changes in the variables affecting its business on an ongoing basis to define the course of action to be followed, and identify potential impacts on its financial position. The Company's financial statements should be read taken into consideration the above-described circumstances.

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# Tarjeta Naranja S.A.

## Additional Information to the Notes to the Financial Statements

As of December 31, 2019

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### 1. LEGAL SYSTEMS

There are no significant or specific legal systems entailing contingent expiration or resurgence of benefits envisaged by those regulations.

### 2. COMPANY ACTIVITIES

Indicators of the Company's activities are described in the Summary of Activity.

### 3. CLASSIFICATION OF RECEIVABLES FROM TRADE, OTHER RECEIVABLES AND DEFERRED TAX ASSETS BY MATURITY DATE

a) Past-due Receivables from Trade as of December 31, 2019:

	Receivables from Trade
	In Thousands of AR\$
Before 12.31.18	1,889,226
Between 12.31.18 and 06.30.19	2,372,266
Between 06.30.19 and 09.30.19	1,381,501
Between 09.30.19 and 12.31.19	1,989,223
Subtotal	7,632,216
Provision for Loan Losses (1)	(4,959,580)
Total Past-due Receivables	2,672,636

(1) The difference of AR\$ 833,055 with respect to the total provision for loan losses for AR\$ 5,792,635 corresponds to a global provision for the (undue) performing commercial portfolio.

b) Other Receivables and Deferred Tax Assets with No Fixed Term as of December 31, 2019:

	Other Receivables	Deferred Tax Assets
	In Thousands of AR\$	
No Fixed Term	(1) 6,764	1,766,180

(1) Other Receivables with No Fixed Term: AR\$ 6,764 are recorded as other non-current receivables in the Balance Sheet.

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Andrés Suarez  
Certified Public Accountant (U.B.A.)  
Professional License No. 10.11421.4 - C.P.C.E.Cba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman

# Tarjeta Naranja S.A.

## Additional Information to the Notes to the Financial Statements

As of December 31, 2019 (Continued)

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

- c) Receivables from Trade and Other Receivables to Become Due as of December 31, 2019.

		Receivables from Trade	Other Receivables
		In Thousands of AR\$	
<b>Current</b>	03/31/2020	33,958,747	264,063
	06/30/2020	8,429,909	5,382
	09/30/2020	3,428,735	352
	12/31/2020	1,566,405	866
	Provision for Loan Losses (1)	(833,055)	-
<b>Non-current</b>		414,393	980

(1) The difference of AR\$ 4,959,580 with respect to the total provision for loan losses for AR\$ 5,792,635 corresponds to a provision for past-due receivables included in paragraph a).

### 4. CLASSIFICATION OF DEBT BALANCES BY MATURITY DATE

- a) Past-due Debts as of December 31, 2019:

There are no past-due debts as of December 31, 2019.

- b) Debts with No Fixed Term as of December 31, 2019:

As of December 31, 2019, we have AR\$ 8 of qualification bonds received from Directors, as required by Law No. 19550.

- c) Debts to Become Due as of December 31, 2019:

		Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
		In Thousands of AR\$					
<b>Current</b>	03/31/20	22,384,942	1,711,902	529,832	1,190,518	-	4,657
	06/30/20	9,162,657	2,084,496	167,211	-	931,453	3,001
	09/30/20	310	2,562,964	108,593	-	-	2,241
	12/31/20	160	3,757,108	24,763	-	-	2,241
	<b>Non-current</b>	-	3,390,965	-	-	-	7,348

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# Tarjeta Naranja S.A.

## Additional Information to the Notes to the Financial Statements

As of December 31, 2019 (Continued)

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### 5. CLASSIFICATION OF RECEIVABLES FROM TRADE, OTHER RECEIVABLES AND DEFERRED TAX ASSETS BY THEIR FINANCIAL EFFECTS

- a) Receivables from Trade, Other Receivables and Deferred Tax Assets in Argentine Pesos and U.S. Dollars.

	Receivables from Trade	Other Receivables	Deferred Tax Assets
	In Thousands of AR\$		
In Argentine Pesos	55,056,568	276,957	1,766,180
Provision for Loan Losses AR\$	(5,792,635)	-	-
In Foreign Currency	373,837	1,450	-
Provision for Loan Losses US\$	-	-	-

- b) The balances of Receivables from Trade, Other Receivables and Deferred Tax Assets are not subject to any adjustment clause.

- c) Interest-bearing and Non-interest bearing Receivables from Trade, Other Receivables and Deferred Tax Assets.

	Receivables from Trade	Other Receivables	Deferred Tax Assets
	In Thousands of AR\$		
Interest-bearing Balances	9,069,064	-	-
Non-interest Bearing Balances	46,361,341	278,407	1,766,180

### 6. CLASSIFICATION OF DEBTS BY THEIR FINANCIAL EFFECTS

- a) Debts to Become Due in Argentine Pesos and U.S. Dollars

	Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
	In Thousands of AR\$					
In Argentine Pesos	31,466,983	13,507,435	830,399	1,190,518	931,453	19,496
In Foreign Currency	81,086	-	-	-	-	-

- b) Debt balances are not subject to any adjustment clause.

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# Tarjeta Naranja S.A.

## Additional Information to the Notes to the Financial Statements

As of December 31, 2019 (Continued)

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c) Interest-bearing and Non-interest Bearing Debts:

	Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
	In Thousands of AR\$					
Interest-bearing Balances	-	12,371,346	-	-	-	-
Non-interest Bearing Balances	31,548,069	1,136,089	830,399	1,190,518	931,453	19,496

### 7. INVESTMENT IN COMPANIES

As of December 31, 2019, the Company holds a 5% interest in Cobranzas Regionales S.A.

### 8. RECEIVABLES FROM OR LOANS GRANTED TO DIRECTORS AND SUPERVISORY COMMITTEE MEMBERS

As of December 31, 2019, there are advances to directors and supervisory committee members for AR\$ 28,246, but there are no receivables from or loans granted to supervisory committee members and supervisory committee members' or directors' relatives up to the second grade of consanguinity, except for the regular use of their credit cards.

### 9. INVENTORY

The Company does not have any inventories.

### 10. VALUATION OF INVENTORIES

The Company does not have any inventories.

### 11. TECHNICAL REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Company does not have any property, plant and equipment that have been technically revaluated.

### 12. OBSOLETE PROPERTY, PLANT AND EQUIPMENT

The Company does not have any obsolete property, plant and equipment bearing book value.

### 13. INVESTMENT IN OTHER COMPANIES

There are no investments in companies in excess of the maximum value set forth by Section 31 of the Argentine General Companies Law.

### 14. RECOVERABLE VALUES

The recoverable value of property, plant and equipment is their value in use determined by the possibility of absorbing depreciation charges with the income reported by the Company.

### 15. INSURANCE

Please refer to our report dated February 19, 2020  
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# Tarjeta Naranja S.A.

## Additional Information to the Notes to the Financial Statements

As of December 31, 2019 (Continued)

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The following are the insurance policies hired by the Company:

INSURANCE POLICY No.	INSURANCE COMPANY	INSURANCE TYPE	EXPIRATION DATE	INSURED AMOUNT (In Thousands)	BOOK VALUE
158954	CHUBB	Civil Liability Multi-Peril Operational Insurance	04/15/2020	US\$ 129,957	-
846039	CHUBB	Civil Liability Work	04/15/2020	US\$ 3,000	-
985235	CHUBB	Commercial Buildings Security	06/30/2020	AR\$ 210	-
2240410	CHUBB	EPEC Award Process in Public Services and/or Supplies	05/16/2020	AR\$ 3,000	-
984212	CHUBB	House Surety	06/22/2020	AR\$ 350	-
160018590	ZURICH	Excess Liability	04/15/2020	US\$ 1,000	-
2242053	CHUBB	Lease Surety - Commercial Buildings	05/31/2020	AR\$ 245	-
2249342	CHUBB	Surety - Preliminary Injunctions	08/10/2020	AR\$ 1,065	-
210118215	ZURICH	Surety	03/12/2020	AR\$ 30	-
5412991	RSA - SURA	Motorbike Insurance	04/15/2020	10,000	-
7977	GALICIA SEGUROS S.A.	Surety for the Government of the Province of Santiago del Estero	Annual Renewal	AR\$ 32	-
10408	GALICIA SEGUROS S.A.	Surety for the Municipality of Salta	Annual Renewal	AR\$ 342	-
2341019	CHUBB	Surety - Municipality of Villa Gobernador Galvez	Annual Renewal	AR\$ 2,322	-
659130	SANCOR SEGUROS	Group Life Insurance Required by Law	03/01/2020	US\$ 680	-
10068	GALICIA SEGUROS S.A.	Life Insurance for Non-Bargaining Employees	07/01/2020	AR\$ 295,225	-
500605	GALICIA SEGUROS S.A.	Group Life Insurance Required by Law	10/01/2020	AR\$ 219,794	-
2288908	CHUBB	Award Process in Services and/or Supplies	04/17/2020	AR\$ 180	-
2296302	CHUBB	Commercial Lease	09/17/2020	AR\$ 271	-
2285485	CHUBB	Commercial Lease	06/12/2020	-	-
316858	SANCOR SEGUROS	Theft	04/15/2020	USD 762	-
81802194	ZURICH	Homeowners Insurance (Rosario)	04/15/2020	AR\$ 15,000	-
81799100	ZURICH	Homeowners Insurance (Cordoba)	04/09/2020	AR\$ 5,000	-
81837125	ZURICH	Homeowners Insurance (Mendoza)	10/29/2020	AR\$ 3,000	-
81833176	ZURICH	Homeowners Insurance (Mendoza) 25 DE MAYO 1246	09/10/2020	AR\$ 5,450	-
81825890	ZURICH	Homeowners Insurance (Complejo Cardinales I)	08/01/2020	AR\$ 7,350	-
81825891	ZURICH	Homeowners Insurance (Complejo Cardinales II)	08/01/2020	AR\$ 7,350	-
81840435	ZURICH	Homeowners Insurance (El Chañaral San Rafael Mendoza)	10/10/2020	AR\$ 4,200	-
2301745	CHUBB	Award Process in Services and/or Supplies - Gambling - Neuquén	04/30/2020	AR\$ 500	-

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For the Supervisory Committee

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# Tarjeta Naranja S.A.

## Additional Information to the Notes to the Financial Statements

As of December 31, 2019 (Continued)

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INSURANCE POLICY No.	INSURANCE COMPANY	INSURANCE TYPE	EXPIRATION DATE	INSURED AMOUNT	BOOK VALUE
2302463	CHUBB	Award Process in Services and/or Supplies - Municipality of Pueyrredon	02/05/2020	AR\$ 50	-
2329112	CHUBB	Lease Surety - Open Mall	06/30/2020	AR\$ 336	-
2330034	CHUBB	Lease Surety - ITTIG HECTOR CARLOS ARIEL	06/30/2021	AR\$ 605	-
2330035	CHUBB	Lease Surety - PIEDRABUENA RAUL RONALD	06/30/2021	AR\$ 351	-
2330044	CHUBB	Award Process in Public Services and/or Supplies - Gambling - Neuquén	04/29/2020	AR\$ 500	-
2335569	CHUBB	Lease Surety - ARIEL VLADIMIR ANDRES FABIANCIC	08/31/2021	AR\$ 456	-
2339173	CHUBB	Lease Surety - GUTIERREZ PABLO HECTOR	08/01/2021	AR\$ 419	-
2344062	CHUBB	Lease Surety - CEYM	09/01/2020	AR\$ 2,160	-
2345382	CHUBB	Lease Surety - TEOFILO SALEM	11/30/2020	AR\$ 720	-
2347643	CHUBB	Award Process in Services and/or Supplies - EPEC	07/09/2020	AR\$ 11,000	-
187428	PREVENCION	ART	-	-	-
33000653	ZURICH	Personal Accidents	08/31/2020	AR\$ 1,000	-

### 16. PROVISIONS

Current provisions exceed 2% of equity. Under IFRS, for the calculation of the provision for loan losses, the Company analyzes the historical losses of its portfolio in order to estimate the losses related to receivables from trade incurred as of the date of the financial statements, but that have not been individually identified, according to the guidelines set out in IAS 39. In addition, the historical ratios are adjusted, if appropriate, to include recent information that reflects the economic conditions as of the closing date of the financial statements, trends of behavior of customers in each portfolio segment and any other information that could affect the estimation of the provision for loan losses related to receivables from trade. Several factors may affect Management's estimation of the provision for loan losses, including the volatility of the likelihood of loss, migrations and estimates of the severity of losses.

### 17. CONTINGENCIES

There are no significant contingent situations as of December 31, 2019, which have not been given accounting recognition.

### 18. DIVIDENDS ON PREFERRED SHARES

There are no preferred shares.

### 19. RESTRICTIONS ON THE DISTRIBUTION OF RETAINED EARNINGS

Restrictions on the distribution of retained earnings are detailed in Note 42 to the financial statements as of December 31, 2019.

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# Tarjeta Naranja S.A.

## Summary of Activity

As of December 31, 2019

Expressed in thousands of constant Argentine Pesos

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As of December 31, 2019, we had 3,257,257 open accounts under the Naranja brand. This figure reaches a total of 4,605,250 customers when considering Naranja additional cardholders.

During the reporting period, we completed 177,849,168 transactions, including purchases in stores and automatic debits, personal loans, cash advances and cash withdrawals from ATMs.

At the beginning of the year, all cards under the Nevada brand had already been unified under the Naranja brand, as a result of the merger with Tarjetas Cuyanas S. A.

By way of General Resolution 777/2018, the C.N.V. provided that issuers subject to its oversight are required to restate their financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29.

Originally reported comparative figures were adjusted accordingly.

As of December 31, 2019 profit was AR\$ 1,131,710, accounting for an increase of 159% in constant currency as compared to the previous year. At year-end, equity amounted to AR\$ 16,832,693 into constant currency.

### Sources of Financing

During the year, Naranja secured a new credit line in the amount of AR\$ 2,000,000 (in nominal currency).

As part of the Global Program for the Issuance of Notes ("*Obligaciones Negociables*"), in February, the Company issued Class XLIII Notes ("*Obligaciones Negociables*") for a total of AR\$ 1,583,895 (in nominal currency).

Additionally, during such period, the Company repaid principal and interest with regard to Notes ("*Obligaciones Negociables*"), Borrowings, Credit Lines and Leases for AR\$ 15,453,266 (in nominal currency).

### Review of Operations as of December 31

#### Digital Growth

As part of the ongoing digital evolution project, in 2019, the Company implemented improvements to streamline several processes, including account origination, collection procedures, subscription to HBO Go, purchase of several lines of insurance (car, motorcycle and homeowners'), and application for personal loans through digital channels.

As concerns origination, more than 75,000 new accounts were opened up through Naranja's digital channels, accounting for 25% of total accounts sold at year-end. Customers also continued migrating to digital payments. In December, 340,000 transactions were completed using the payment button in Naranja Online and Naranja app. The on-line channel accounted for 35% of collections from customers, including payments through third parties' digital channels. Also during 2019, Naranja managed to combine the access to digital platforms, with full digitalization of four products (loans and car, motorcycle and homeowners' insurance), and the deployment of the first MVP for promotion customization.

At year-end, the Company recorded 1,500,000 active digital users, accounting for 50% of the portfolio of active customers. Similarly, customers continued migrating to digital account statements, reaching a total of 2,400,000 at year-end.

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# Tarjeta Naranja S.A.

## Summary of Activity (Continued)

As of December 31, 2019

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### Deployment of the Branch of the Future

During the first quarter of 2019, the Company designed a new service model for branches. The project entitled “*Casas del Futuro*” (Branches of the Future) is focused on delivering an enhanced experience to customers, turning branches into enabling places for customer’s relations, advice and training, rather than mere venues for doing banking transactions.

Several branches were fully remodeled and pilot-tested, including Alta Córdoba, San Isidro and Pacheco, where the new service model was implemented. These branches displayed a restyled design, with cutting-edge technology, customer service lounges, tablets, and a far more agile customer service system. The initiative also included the deployment of self-service terminals to offer a desk-free person-to-person service, seeking to deliver a solution on the first contact and customized assistance for customers’ migration to digital tools. In October 2019, the Company completed the pilot-test at these three branches. By year-end, the deployment was completed at other five branches: Palermo, Río Ceballos, O’Higgins, Río Cuarto and Caballito.

### Naranja Viajes and Tienda Naranja (Naranja Store)

In an attempt to strengthen its vertical service offering in the tourism category and offer customers a restyled and innovative value proposition, the Company has engaged in negotiations with Despegar.com to enter into a partnership agreement that will boost tourism amidst Naranja’s ecosystem of digital products and services. Accordingly, in October, Naranja and Grupo Estepa S.R.L. (Escapando.com) mutually terminated the license agreement pursuant to which the latter was entitled to use the “Naranja Viajes” brand.

On the other hand, the e-commerce platform available for Tarjeta Naranja’s cardholders to purchase products offered by Merchants (“*Comercios Amigos*”) embarked on an evolution process. During the last quarter of 2019, the Company pilot-tested some ideas for Tienda Naranja (Naranja Store)’s rebranding, in an attempt to turn it into one of Argentina’s major marketplaces. Its launching is expected to take place in 2020.

### Promotions and Benefits

In 2019, Naranja reached a monthly average of 2,100 promotions with 300 regional and national brands. As part of its summer benefits, the Company offered 6, 9 and up to 12 interest-free installment plans to purchase air tickets with Aerolíneas Argentinas, Air Europa and GOL, and entered into an agreement with Grupo Flecha to purchase bus tickets in up to 6 interest-free installments. Under an agreement with Atrápalo.com, Naranja also offered up to 50% discounts and payment plans of up to 6 interest-free installments on the purchase of show tickets in Mar del Plata and the Autonomous City of Buenos Aires, in addition to promotions in Carlos Paz, with up to 10% discounts and the Zeta Plan (up to 3 interest-free installments) in major theaters. In May, Naranja participated in the Hot Sale offering promotions at several sites under the Tienda Naranja (Naranja Store) and Naranja Viajes brands, offering discounts and up to 14 interest-free installments on the purchase of home appliances, technology and tools.

Effective since October 8, 2019, the managed cards Naranja Visa and Naranja Mastercard were removed from the “Ahora 12” program.

Since April through December (excluding July and August), the Company carried out the SMartes program, offering discounts and benefits on the purchase of clothing and specific promotions on restaurants and gas stations. The program included up to 20% discounts every Tuesday on major brands throughout the country, and an additional 5% discount for customers who have been cardholders for over 10 years, reaching approximately AR\$ 590 million in sales nationwide.

### Casa Naranja Opened its Doors to Over 32,000 Visitors

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Andrés Suarez

Certified Public Accountant (U.B.A.)

Professional License No. 10.11421.4 – C.P.C.E.C.Ba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman



# Tarjeta Naranja S.A.

## Summary of Activity (Continued)

As of December 31, 2019

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

Casa Naranja opened up its 2019 cultural agenda with visual arts, displaying the "Real" exhibition by the artist Leandro Erlich. Since March through June, the exhibition was visited for free by more than 12,000 guests, featuring educational and guided visits for the entire community. "Real" was followed by "Tándem," a collective exhibition by nine contemporary artists, featured at Casa Naranja in July, August and September, offering free workshops and projections. As closure of its 2019 program, Casa Naranja presented "Manifiesto," an exhibition by Elian Chali, an internationally renowned artist from Córdoba, Argentina, which was displayed during October-February 2020. Finally, Casa Naranja held the "*Música en Colores*" (Music in Colors) acoustic shows, under its agreement with Cadena 3 radio station. These shows spanned throughout the year, including other performances by Estelares, Amaia Montero, Los Caligaris, La Beriso, Turf, V-One and Natalie Pérez. During 2019, Casa Naranja received more than 32,000 visitors and over 4,000 children and young people as part of school visit programs.

### Awards and Distinctions

In November, Great Place to Work® ranked Naranja as the second best company to work for in Argentina, within the category of "companies with over 1,000 employees." This award is an acknowledgment to the Company as best employer and highest-quality workplace. Also in this regard, Naranja occupied the first position in the ranking of "Argentina's Best Places to Work for Women" in the category of companies with "more than 1,000 employees." In addition, Naranja ranked 12th among the best Latin-American companies to work for.

Naranja ranked 1st in MERCO's 2019 ranking of the Best Corporate Reputation Companies in the Financial and Credit Card sector. Naranja also achieved the 18th position in the ranking of the 100 companies with best reputation in Argentina, climbing two positions compared to 2018. On the other hand, Alejandro Asrin, Naranja's Chairman, and David Ruda, Naranja's Honorary Chairman, ranked 22nd and 40th, respectively, in the ranking of most recognized corporate leaders in Argentina.

Finally, Naranja climbed to the 20th position in the ranking of the 100 Argentine Companies with Best Corporate Image published by Apertura magazine, up by two positions vis-a-vis the previous year.

### 2020 Outlook

Actual demand for money is expected to rebound as the policies recently enacted by the Central Bank for the rearrangement and overall revival of the Argentine economy consolidate. Access to bank credit and capital markets' financing is also expected to be gradually reestablished during the current year.

Inflation is also expected to decline in 2020, coupled with improvements in all other macroeconomic variables, with the ensuing positive impacts on the Company, for its investment expenses and costs will not increase as much as they did in recent periods.

Naranja expects to maintain its leadership position in Argentina, as the main issuer of credit cards nationwide and the leading brand within the provinces. As usual, our goal is improving our customers' experience and expanding our product and service offering. Naranja will continue pursuing Digital Evolution projects, as part of its ongoing efforts to achieve gradual growth in its technology-based product and service portfolio, ongoing improvement of the customers' experience, and cost efficiency. Naranja will continue deploying its branch modernization project named "*Sucursal del Futuro*" (Branch of the Future) in the major cities of Argentina, embracing a technology-based person-to-person service approach. Naranja will also offer its loyalty program *Quiero!* to its entire customer base, restyle the commercial offering of Tienda Naranja (Naranja Store) Marketplace, and launch a new tourism-related proposition. All these projects combine technology with the Company's expectation to improve the customer's experience and cost efficiency.

A new voluntary reduction in the maximum fee applicable to merchants' sales is expected to take place effective since January 2020, when such fee will fall to 2%.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00064.3  
Andrés Suarez  
Certified Public Accountant (U.B.A.)  
Professional License No. 10.11421.4 - C.P.C.E.Cha.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman

# Tarjeta Naranja S.A.

## Summary of Activity (Continued)

As of December 31, 2019

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

### TARJETA NARANJA S.A.'S COMPARATIVE STATISTICAL DATA FOR CURRENT AND PREVIOUS YEARS

(This information is not within the scope of the Independent Auditors' Report)

#### TARJETA NARANJA S.A.'S USERS

<b>Naranja</b>	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Open Accounts (in Thousands)	3,257	3,413	2,977
Monthly Average Consumption per Active Account (in Thousands of AR\$) (1)	6.16	4.79	3.62
<b>Nevada</b>	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Open Accounts (in Thousands)	-	-	781
Monthly Average Consumption per Active Account (in Thousands of AR\$)	-	3.36	3.02

(1) It includes the managed brands Naranja Visa, Naranja MasterCard, Naranja Amex.

#### OPERATIONS (purchases in stores, personal loans, cash advances and cash withdrawals from ATMs)

<b>Transactions with Naranja</b>	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Amounts in Thousands (until December) (1)	177,849	166,330	150,033
Monthly Average Amount (in Thousands of AR\$) (1)	19,161,566	14,090,812	10,196,831
Merchants' Average Fee	2.08%	2.19%	2.33%
<b>Transactions with Nevada</b>	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Amounts in Thousands	-	20,142	7,837
Monthly Average Amount (in Thousands of AR\$)	-	1,494,013	1,722,122

(1) It includes the managed brands Naranja Visa, Naranja MasterCard, Naranja Amex.

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3  
Andrés Suarez  
Certified Public Accountant (U.B.A.)  
Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman

## NUMBER OF TARJETA NARANJA S.A.'S AUTHORIZED CREDIT CARDS (in Thousands)

	12.31.19	12.31.18	12.31.17
Tarjeta Naranja Clásica and Oro	4,605	4,777	4,266
Tarjeta Naranja Visa	3,451	3,504	2,968
Tarjeta Naranja MasterCard	454	491	531
Tarjeta Naranja Amex	49	46	41
Tarjeta Nevada	-	-	960
Tarjetas Nevada Visa	-	-	551
<b>Total</b>	<b>8,559</b>	<b>8,818</b>	<b>9,317</b>

## COMPARATIVE CHART OF BALANCE SHEET

	12.31.19	12.31.18	12.31.17
Current Assets	58,087,652	73,738,492	76,111,606
Non-current Assets	6,880,771	6,379,937	6,724,930
<b>Assets</b>	<b>64,968,423</b>	<b>80,118,429</b>	<b>82,836,536</b>
Current Liabilities	44,629,057	51,084,338	44,056,043
Non-current Liabilities	3,506,673	13,333,108	19,925,275
<b>Liabilities</b>	<b>48,135,730</b>	<b>64,417,446</b>	<b>63,981,318</b>
<b>Equity</b>	<b>16,832,693</b>	<b>15,700,983</b>	<b>18,855,218</b>

## COMPARATIVE CHART OF STATEMENTS OF PROFIT OR LOSS

	12.31.19	12.31.18	12.31.17
Operating Revenue	23,469,379	26,705,634	26,954,317
Operating Revenue, Net of Provision for Loan Losses	18,248,372	20,171,490	23,618,186
Total Operating Expenses	(16,747,816)	(19,696,289)	(16,641,688)
(Loss) Income from Investments Accounted for Using the Equity Method	(9,232)	692	6,541
Profit before Income Tax	1,491,324	475,893	6,983,039
Income Tax	(359,614)	(2,386,507)	(3,730,188)
Profit / (Loss) for the Year	1,131,710	(1,910,614)	3,252,851
Comprehensive Income / (Loss) for the Year	1,131,710	(1,910,614)	3,252,851

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3  
Andrés Suarez  
Certified Public Accountant (U.B.A.)  
Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman

## COMPARATIVE STRUCTURE OF THE STATEMENT OF CASH FLOWS

	12.31.19	12.31.18	12.31.17
Net Cash Inflow / (Outflow) from Operating Activities	19,886,922	2,098,734	6,584,350
Net Cash (Outflow) / Inflow from Investing Activities	(2,369,079)	(1,176,933)	(1,162,945)
Net Cash (Outflow) / Inflow from Financing Activities	(14,747,766)	3,905,881	(6,058,758)
Total Net Cash Inflow / (Outflow) during the Year	2,770,077	4,827,682	(637,354)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	7,775,737	4,875,673	5,190,224
Increase in Cash and Cash Equivalents from Merger	-	-	736,628
Inflation Loss Attributable to Cash	(3,248,091)	(1,921,137)	(418,361)
(Decrease) / Increase due to Effects of Exchange Rate Changes on Cash and Cash Equivalents	(27,622)	(6,481)	4,538
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>	7,270,101	7,775,737	4,875,675

## RATIOS

	12.31.19	12.31.18	12.31.17
Liquidity	1.302	1.443	1.728
Indebtedness	2.860	4.103	3.393
Solvency	0.350	0.244	0.295
Tied-up Capital	0.106	0.080	0.081
ROE for the Year	(1) 6.96%	(11.06%)	19.78%
ROA for the Year	(2) 1.56%	(2.34%)	4.21%

(1) Profit (Loss) for the Period / (Equity 12/19 + Equity 12/18) / 2

(2) Profit (Loss) for the Period / (Assets 12/19 + Assets 12/18) / 2

Please refer to our report dated February 19, 2020  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3  
Andrés Suarez  
Certified Public Accountant (U.B.A.)  
Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat  
For the Supervisory Committee

Miguel Angel Peña  
Vice-Chairman acting as  
Chairman



## **Independent auditor's report**

To the Shareholders, President and Directors of  
TARJETA NARANJA S.A.  
La Tablada 451  
CÓRDOBA – ARGENTINA  
C.U.I.T. 30-68537634-9

## **Report on the financial statements**

We have audited the accompanying financial statements of Tarjeta Naranja S.A. (the “Company”), which comprise the balance sheet as of December 31, 2019 the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

The balances and other information for the year 2018 are an integral part of the audited financial statements and, therefore, should be considered in relation to those financial statements.

## **Company's Board of Directors responsibility for the financial statements**

The Company's Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with the accounting framework established by the National Securities Commission (CNV). As mentioned in note 2.1.1 to the accompanying financial statements, that accounting framework is based on the application of the International Financial Reporting Standards (IFRS). Such standards were adopted by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE), and were used in the preparation of these financial statements, with the only temporary exception of section 5.5 “Impairment” of IFRS No 9 “Financial Instruments”. In addition, the Board of Directors is responsible for the existence of such internal control as may be deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards as adopted in Argentina by the FACPCE through Technical Pronouncement No 32 and their respective Adoption Circulars. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Price Waterhouse & Co. S.R.L., Av. Colón 610 Piso 8º, X5000EPT – Córdoba  
T: +(54.351) 420.2300, F: +(54.351) 420.2332, [www.pwc.com/ar](http://www.pwc.com/ar)

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion the financial statements mentioned above present fairly, in all material respects, the financial position of Tarjeta Naranja S.A. as of December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with the accounting framework established by the National Securities Commission (CNV).

### **Difference between the accounting information framework of the CNV and the IFRS**

Without modifying our conclusion, we draw attention to Note 2.1.1 to the accompanying Financial Statements, which describes the difference between the accounting information framework of the CNV and the IFRS, taking account the applications of section 5.5 "Impairment" of IFRS No 9 "Financial Instruments", where temporarily excluded by the CNV from the accounting framework applicable to financial entities.

Córdoba, February 19, 2020

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Andrés Suarez  
Public Accountant

## **SUPERVISORY COMMITTEE'S REPORT**

To the Directors and Shareholders of  
Tarjeta Naranja S.A.  
Legal Domicile: La Tablada 451  
CORDOBA-ARGENTINA  
CUIT: 30-68537634-9

1. In our capacity as members of the Supervisory Committee, we have examined Tarjeta Naranja S.A.'s financial statements as of December 31, 2019, which include the Annual Report, the Inventory, the Balance Sheet as of December 31, 2019, the Statement of Profit or Loss, the Statement of Comprehensive Income, and the Statements of Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The balances and other information for 2018 are an integral part of the abovementioned audited financial statements and, therefore, should be considered in relation to those financial statements.
2. The Company's Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with the accounting guidance set forth by the Argentine National Securities Commission (C.N.V.). As mentioned in Note 2.1.1 to the accompanying financial statements, such accounting guidance is based on the application of the International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and were used in the preparation of these financial statements with the only temporary exclusion of paragraph 5.5. of IFRS No. 9, "Impairment".
3. Our examination was carried out in accordance with standards applicable in Argentina to members of the Supervisory Committee. These standards require our examination to be performed in accordance with the professional auditing standards applicable in Argentina and include verifying the fairness of the relevant information disclosed in the documents examined and its consistency with the remaining information concerning corporate decisions we have learnt about, as disclosed in minutes, and the conformity of those decisions with the law and the bylaws insofar as concerns formal and documental aspects. For purposes of our professional work, we have reviewed the work performed by the external auditors of Tarjeta Naranja S.A., Price Waterhouse & Co. S.R.L., which was conducted in accordance with International Auditing Standards (IAS), which were adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of FACPCE, as approved by the International Auditing and Assurance Standards Board ("IAASB"). Those auditors issued their audit report on February 19, 2020, without any qualified opinion. An audit requires that the auditor plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit entails applying procedures to obtain judgmental evidence about the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the risk assessment of material misstatements in the financial statements due to fraud or error. Upon performing such risk assessment, the auditor must consider the appropriate internal control for the Company's preparation and fair presentation of the financial statements in order to design the audit procedures that are adequate according to the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.  
An audit also includes evaluating the adequacy of the accounting policies applied, the reasonableness of the significant estimates made by the Company's Management and of the presentation of the financial statements taken as a whole. We have not assessed the business criteria regarding the different areas of the Company, as these matters are the Company's exclusive responsibility.

We also report that, in compliance with the legality control that is part of our field of competence, during this period we have applied the other procedures described in Section 294 of Law No. 19550,

which we deemed necessary according to the circumstances, including —among others— controlling the constitution and survival of the Directors' bond.

4. In our opinion, with the scope mentioned above, Tarjeta Naranja S.A.'s financial statements present fairly, in all material respects, the financial position as of December 31, 2019, the operating income, the changes in equity and the cash flows for the year then ended, in conformity with the accounting guidance laid down by the C.N.V. Those financial statements give consideration to all significant facts and circumstances which are known to us. As regards the Board of Directors' Annual Report, the Report on the Degree of Compliance with the Code on Corporate Governance and the Summary of Activity and Additional Information, we have no observations to make, and the assertions on future events are the exclusive responsibility of the Board of Directors. In compliance with the legality control that is part of our field of competence, we have no observations to make.
5. Without altering our opinion, we make specific mention to Note 2 to the accompanying financial statements, which includes a quantitative description of the difference between the accounting guidance laid down by the C.N.V. and the IFRS, considering that paragraph 5.5 "Impairment" of IFRS No. 9, "Financial Instruments," was excluded by the C.N.V. from the accounting guidance applicable to financial entities.
6. Furthermore, we report the following: a) Tarjeta Naranja S.A.'s financial statements as of December 31, 2019 arise from accounting records kept, in all formal aspects, in compliance with legal regulations; b) Tarjeta Naranja S.A.'s financial statements as of December 31, 2019 have been transcribed to the "Inventory and Balance Sheet" book and, are in compliance with the provisions of the Argentine General Companies Law and in the pertinent resolutions of the Argentine National Securities Commission (C.N.V.) c) as called for by Section 21, Part VI, Chapter III, Title II of the Regulations issued by the Argentine National Securities Commission concerning the independence of external auditors as well as the quality of the auditing policies applied by them and the Company's accounting policies, the abovementioned external auditor's report includes a representation indicating that the auditing standards in force have been applied, these standards include independence requirements, and contain no observations relative to the application of said professional accounting standards.

Córdoba, February 19, 2020

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Jorge F. Gregorat  
For the Supervisory Committee