

1Q25 Earnings Conference Call Transcript

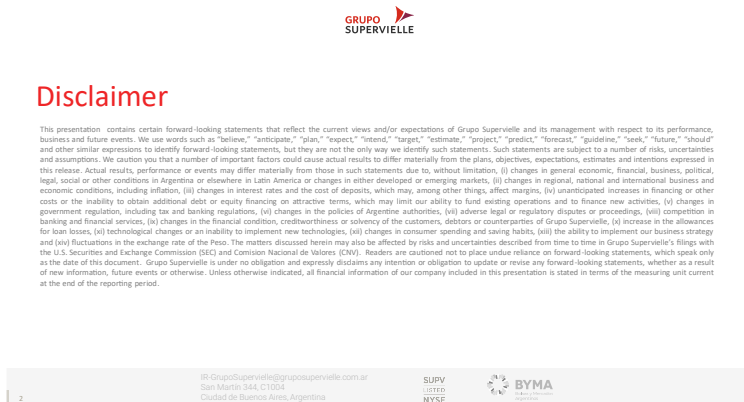
Buenos Aires, May 28, 2025



Ana Bartesaghi – Treasurer & IRO

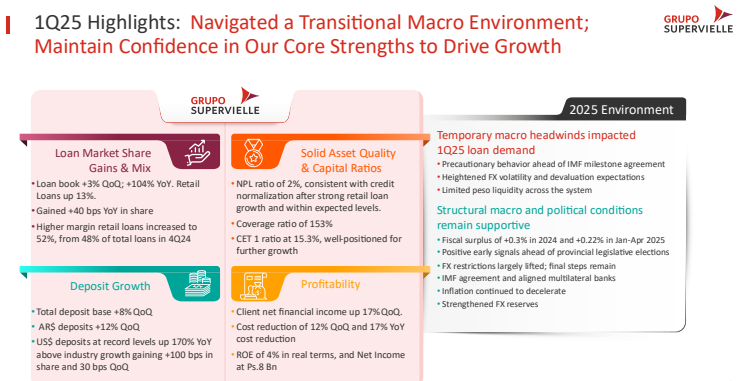
Good morning, everyone, and welcome to Grupo Supervielle's First Quarter earnings call. I'm Ana Bartesaghi, Treasurer, and IRO. Today's conference call is being recorded. As a reminder, all participants will be in listen-only mode. To ask questions during the Q&A session, ensure your first and last name appear on the Zoom platform. Questions can be asked by voice or through the Q&A box.

Speaking today will be Patricio Supervielle, our Chairman and CEO, and Mariano Biglia, our Chief Financial Officer. Gustavo "Paco" Manriquez, Banco Supervielle's CEO; Diego Pizzulli, CEO of invertironline will also be available during the Q&A session.



Before we begin, I'd like to remind you that today's call may include forward-looking statements, which are based on Management's current expectations and beliefs and subject to risks and uncertainties. For more details, refer to the forward-looking statement section in our earnings release and recent SEC filings.

Patricio, please go ahead.



Patricio Supervielle – Chairman & CEO

Thank you, Ana. Good morning, everyone, and thank you for joining us today.

In 1Q25, we introduced a cluster-based strategy to strengthen the value proposition across both retail and commercial customers to gain principality with our clients and attract new ones.

Loan growth increased modestly sequentially as we experienced some short-term softness in loan demand, particularly in March. This was largely due to external factors including limited peso liquidity, currency volatility, and caution ahead of the IMF milestone agreement. Reflecting our strategic focus, retail continued to lead, now comprising over half of our total loan portfolio up from just over a third a year ago, underscoring our emphasis on higher-margin, more resilient segments.

On the funding side, deposits increased high-single digits sequentially.

Asset quality remained solid. Our NPL ratio rose this quarter and is aligned with industry levels, driven by the rapid expansion of our retail loan book, and remains below historical levels and well within risk-adjusted pricing thresholds.

Customer-related Net Financial Income increased in the high teens, highlighting the strength of our core franchise, while market volatility weighed on investment portfolio NIM. On the cost side, we maintained discipline, strongly reducing expenses and demonstrating our ability to drive operational efficiency. In an environment with many moving parts, we delivered a mid-single digit ROE in real terms. Mariano will discuss our financial performance in more detail shortly.

Argentina continued to its agenda of intense deregulation measures. Inflation continues to decelerate while maintaining fiscal surplus. FX restrictions were lifted for individuals and continue to be gradually deregulated for corporations. The strong show for the government in the recent CABA legislative elections demonstrates political support for the Milei government and is contributing to improve consumer confidence.

1Q25 Highlights: Scaling Innovation to Deepen Customer Engagement and Accelerate Growth GRUPO SUPERVIELLE



Turning to slide 4, as shared during our fourth-quarter call, we finalized our strategic roadmap during this first quarter and began executing initiatives to position Supervielle as a differentiated player, blending the strengths of traditional banking with the agility of fintechs.

At the heart of our strategy is meeting evolving customer expectations through simplicity, personalization, and convenience, built on a resilient financial platform.

We've already made progress on several high-impact initiatives. In April, we launched Argentina's first Remunerated Account, allowing payroll and SME clients to earn daily interest in pesos and U.S. dollars. This product enhances the client experience while deepening our funding base and reinforcing our role as a primary bank. We are encouraged by the early response.

Earlier this month, we launched our Tienda Supervielle in the Mercado Libre platform, a bank novelty, fully integrated into our mobile app. This marks a new step in our vision of a "Super App," providing customers a seamless platform to manage their finances, shop, and invest.

Our new AI-powered customer interactions via WhatsApp, enables real-time intuitive support while retaining the option to access human assistance, embodying our "tech and touch" approach.

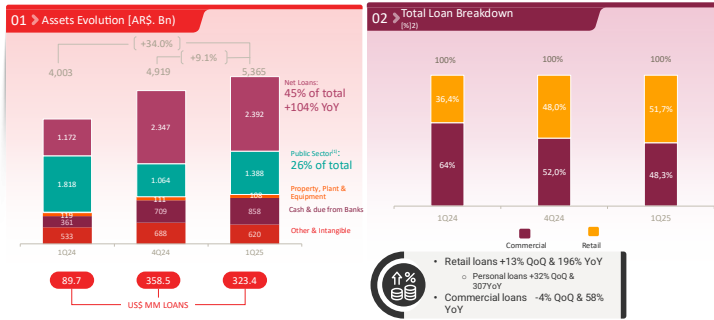
Lastly, the bank launched an investment platform enabling its customers to conduct investment transactions powered by IOL, delivering a frictionless experience and an avenue for higher fee growth.

These initiatives reinforce our competitive position, and we are well positioned to support our clients and deliver long-term value for shareholders as Argentina enters a new phase of growth.

With that, I'll turn the call over to Mariano Biglia, who will walk you through our financial performance and perspectives for the year.

Loan Book Up 3% QoQ and 104% YoY; – Strategic Loan Mix Shift Toward Higher-Yielding Retail Segments

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1) Figures do not include Government Securities in Guarantee. See Earnings Report for more details.
2) Commercial loan portfolio does not include off-balance guarantees granted to customers.

Mariano Biglia – CFO

Thank you, Patricio, and good day to all.

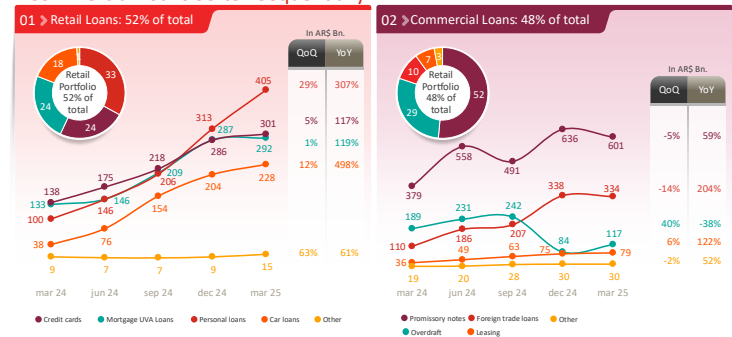
Starting with slide 5, total loans were up 3% sequentially and doubled year-over-year in real terms. Growth this quarter was almost entirely driven by retail lending, which rose 196% year-on-year and now represents nearly 52% of our total loan portfolio, up from 36% a year ago and 48% at year-end.

This intentional shift toward higher-margin retail products continues to support profitability and deepen customer engagement.

Commercial lending was up 58% year-on-year, but contracted slightly sequentially, reflecting softer demand from corporate clients amid tighter peso liquidity and a cautious macro backdrop. That said, our market share remained stable, and we are well-positioned to reaccelerate in commercial lending as demand recovers.

Retail Momentum, Particularly Car Loans, Drives Growth while Commercial Loans Soften Sequentially

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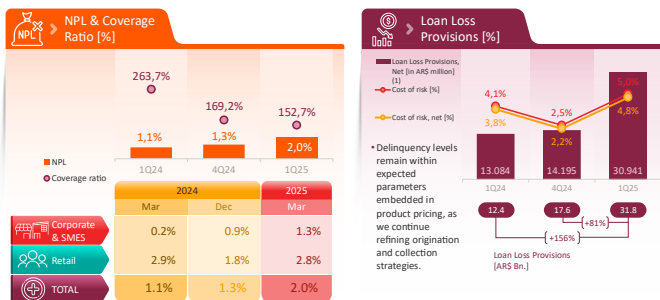


Turning to page 6, within retail loans, personal loans stood out, up 29% quarter-on-quarter and more than quadrupling versus the first quarter of last year. Car loans followed, rising 12% sequentially and growing nearly six-fold year-on-year. In turn, Credit cards rose 5% quarter-on-quarter and nearly doubled year-on-year.

On the commercial side, loans declined 4% sequentially, mainly reflecting a decline in dollar-denominated loan demand in a context of strong volatility in anticipation of the lifting of FX controls.

NPL Ratio at 2.0% Reflects Credit Origination Normalization and Loan Mix Shift; Remains Below Historical Levels and in-Line with Industry Benchmark

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Note: NPL ratio includes off-balance sheet guarantees granted to customers.

1) LLP, net: Includes loan loss provisions net of recovered charged-off loans and reversed allowances

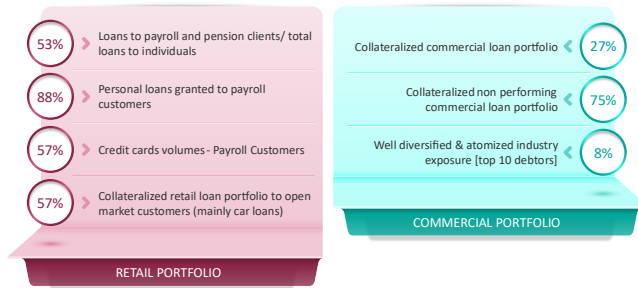
Moving on to page 7, as anticipated, our NPL ratio reached 2.0% this quarter, primarily reflecting rapid expansion in retail loans. While this marks a normalization from historically low levels, it remains in line with industry benchmarks and consistent with our risk pricing. The coverage ratio, at 153%, continues to reflect a prudent buffer.

By segment, delinquency in the retail portfolio increased to 2.8%, while SME and corporate loans stood at 1.3%. Importantly, all levels remain within our expected range.

Cost of risk rose to 5.0%, reflecting higher provisions aligned with retail loan growth in line with our expected credit loss model. As these loans gain share, we're actively refining our origination and collection models to sustain asset quality and protect returns.

Focused Growth in Payroll Lending and in Strong Potential Commercial Segments

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In our retail portfolio, we prioritize credit quality and long-term relationship value. Currently, 53% of loans to individuals are tied to payroll and pension accounts, segments associated with lower risk and stronger retention.

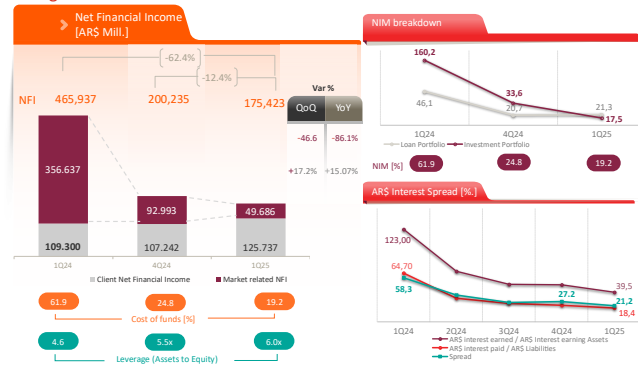
Notably, 88% of personal loans and over half of credit card volume is sourced from these clients, underscoring the strength of this channel.

Additionally, 57% of retail loans extended to the open market are fully collateralized, mainly through car loans, supporting disciplined growth and enhanced credit quality.

With respect to commercial loans, 27% of this book is secured by tangible guarantees and three-quarters of non-performing exposures are collateralized. Our exposure remains well diversified, with the top 10 corporate clients representing just 8% of total loans.

Client Net Financial Income Up 17% QoQ with NIM at 21%; Market Volatility Weighed on Investment Portfolio

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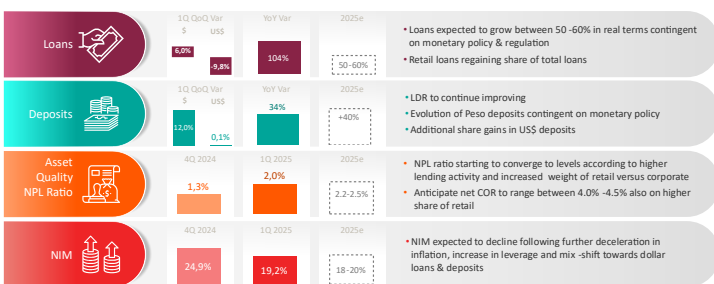
Moving to slide 9, Client-related Net Financial Income rose 17% sequentially, reflecting the momentum in retail lending. Loan portfolio NIM improved 60 bps to 21.3% in the period also benefiting from the growing share of higher-yield products and a lower funding cost base.

In contrast, a correction in bond valuations triggered by renewed FX volatility together with a more restrictive monetary policy resulted in a sharp decline in the Investment Portfolio Net Financial Income. As a result, total Net Financial Income declined 12% quarter-over-quarter.

These trends reflect the resilience of our client franchise and validate our strategic shift towards diversified sources of income.

2025 Perspectives: Delivering Growth and Long-Term Value Creation

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Macro assumptions as of May 2025 (Central Bank Market Expectations Survey): Inflation of 32%fx exp at 1,322 and GDP of 5.1% in 2025.

Now please turn to slide 10. In the context of a transition year, we are slightly adjusting our loan, NPL and cost of risk targets for the full year.

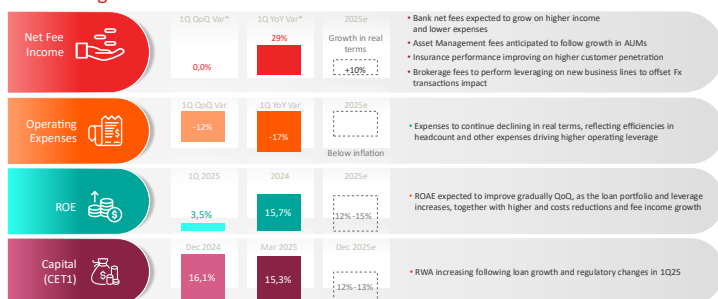
Starting with loans, dollar denominated lending declined nearly 10% sequentially while peso loans rose 6% broadly in line with industry trends. For the full year, we now expect to deliver real loan growth between 50 to 60% contingent on monetary policy. This compares to our prior perspective of over 60% growth. Retail loans are expected to remain above 50% of the portfolio.

In terms of funding, AR\$ deposits were up 12% sequentially while US\$ denominated deposits were practically flat. We continue to expect 40% growth in total deposits for the full year, supported by a rising share of U.S. dollar balances and strong traction in remunerated accounts, while peso deposits remain sensitive to monetary policy.

On asset quality, we now expect the NPL ratio to range between 2.2% to 2.5% at year end, up from our original expectation of 2.0% and 2.2%, reflecting a higher weight of retail loans. Net cost of risk expectations now ranges between 4.0% to 4.5% compared to our prior range of 3.7% to 4.0%, on higher share of retail loans.

We also expect NIM to continue to normalize in the 18% to 20% range as inflation continues to ease, leverage gradually increases, and a mix-shift toward dollar-denominated loans and deposits.

2025 Perspectives: Delivering While Strengthening the Foundation for Long-Term Value Creation



Macro assumptions as of May 2025 (Central Bank Market Expectations Survey): Inflation of 3.3%/y exp at 1,322 and GDP of 5.1% in 2025.

* Net Fee Income excluding income from insurance activities

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Turning to slide 11, we continue to expect fee income to grow by at least 10% in real terms in 2025. As discussed in our prior call, we anticipate fee income to be driven by higher net bank and brokerage fees, along with higher penetration of investment and insurance products across our client base.

On the cost side, operating expenses were down 12% sequentially and 17% YoY reflecting our focus on driving real-term reductions through workforce optimization and other initiatives. We expect this to further strengthen operating leverage as we continue to cut costs and drive revenue growth.

As a result, we continue to expect ROE to improve progressively, reaching between 12% to 15% for the year, reflecting margin stabilization, stronger fee contribution, and the benefits of structural efficiencies.

We also maintain our year-end CET1 ratio expectations of 12% to 13%, factoring in loan growth and regulatory adjustments.

In sum, we remain focused on disciplined execution—balancing growth, efficiency, and capital preservation. We are closely monitoring the macro and regulatory landscape and are confident in our ability to navigate the evolving context and seize emerging opportunities.

Finally, additional details on our quarterly performance are available on the appendix of our earnings presentation.

With that, we're ready to take your questions. Ana, please go ahead.

Q&A Session

Ana Bartesaghi

Thank you, Mariano. At this time, we will be conducting the question-and-answer session. As a reminder, to ask a question you need to be connected to the zoom platform. To ask a question please press the "raise your hand" button and press it again to withdraw your question. You can also send your questions in written form via the Q&A box. We will ask you to limit yourself to one question and a follow up and then you can raise your hand again in another round. The first question comes from Ernesto Gabilondo with Bank of America. Hello, good morning. Please go ahead.

Ernesto Gabilondo

Thank you, Ana. Hi, good morning, Patricio, Paco, Mariano and all your team. My question will be on asset quality. We noted the NPL ratio normalized to 2%. But at the same time, we also saw an important increase in provision charges and cost of risk. So, can you elaborate if there is any trouble with corporate and in which sector? For example, any color in the agriculture sector? And how should we think about the evolution of the cost of risk throughout the year, especially as it was, I think, 5.2% in the first quarter, but you are expecting to be the guidance for the full year between 4% to 4.5%. Thank you.

Patricio Supervielle

Thank you, Ernesto, for your question. First of all, I have to say that what we are seeing is a normalization of credit in the market. And what you see, the NPLs are coming to, let's say, a more normal level from very low levels previously. And we are very comfortable with our risk controls and individuals and enterprises, they are generally still very low indebted in Argentina. And so, this is a normalization. This increase of NPL that you saw in the quarter relates to the growth of the loan portfolio, particularly on the retail sector. But please, Mariano, do you want to answer more specifically?

Mariano Biglia

Sure. Thank you, Ernesto, for your question. Regarding the NPL, as Patricio said, we are seeing a normalization. And also, our portfolio is balancing more towards the retail segment. So that's why we are also seeing an increase in NPLs and an increase in the cost of risk. Regarding our guidance for the full year, we are slightly increasing the guidance for NPL. We have the guidance from in the range of 2% to 2.2%. Now we are in the range of 2.2% to 2.5%. And that's basically because of the composition of the portfolio leaning more towards retail. So that's also what will make the cost of risk also to range more between 4.5% instead of 3.7% to 4% we had previously.

So, we are not seeing any problems on the agricultural sector or the corporate side. If you see the evolution of the NPL on the corporate is quite stable compared to the previous quarter. We know we have news from some corporates in the last month of last year, but we are seeing a good behavior on that portfolio.

Paco Manríquez

Ernesto, sorry, in the Page 5, you can see that 1 year ago, we have 64% for commercial loans and 36% from retail loans. And now this quarter, we have 52% for individual loans or personal loans and 48% for commercial loans. So that's different compositions explain the figures that you are seeing today.

Patricio Supervielle

Also to complement, when you look, for instance, for unsecured loans for individuals in terms of personal loans, the bulk is on payroll accounts or pensioners. So, we are very confident on that. So -- and also if it is an open market, also the bulk of the loans is car loans, which are basically secured by the loans by the car itself. So, we're pretty comfortable on that also.

Ernesto Gabilondo

So just a follow-up in terms of cost of risk because I believe it was around 5%, the cost of risk in the first quarter, but you are guiding for the full year between 4% to 4.5%. The worst of the cost of risk already happened in the first quarter, and it should be improving throughout the rest of the year, as you were saying, the bulk is in payroll loans, pensioners and in auto loans. Is that what we should expect?

Mariano Biglia

Yes, correct. The net cost of risk was 4.8%. So, it's slightly above the range for the full year. So, we should see the cost of risk improving in following quarters and having the full year within that range.

Paco Manríquez

We are working on the improved cost of risk going forward. So yes, we are keeping the 4.5% of cost of risk. But we are working on new measures in order to keep the numbers in that level.

Ernesto Gabilondo

That's it. Thank you very much.

Ana Bartesaghi

Thank you, Ernesto. So, our next question comes from Brian Flores with Citi. Hello, good morning, Brian. Please go ahead.

Brian Flores

Hi, team, good morning. I have a question on capital because you might have the lowest position among incumbents and in the last 12 months, you have consumed around 10 percentage points of Tier 1, which comes to around 250 bps per quarter. So, you are already at 250 -- you are already, I mean, at 15%, which means that to go to the 12% to 13% range you're saying by the end of the year, you need to be consuming significantly less than you had. So a question on your risk appetite. Should we continue seeing the aggressive growth we have seen? And should we expect you to defend the market share you have gained? I know, Patricio, in the report, you mentioned the 40 bps market share gain you had in the last months. So should we continue to see you, I would say, aggressively defending or pursuing more market share? Or should we see a bit more, I would say, caution on origination? And if you could expand on which segments that also would be great. Thank you.

Patricio Supervielle

First of all, what happened is that in the fourth quarter of last year, we anticipated market growth that maybe there was a catch-up in the first quarter of this year from the rest of the banks. So, this was an anticipation. But our risk appetite has not changed. It is -- as I said previously, we are starting from very low levels of debt for corporations and individuals, and this is -- we believe that this is a great opportunity for the financial system looking forward with inflation continue to go down and also expected at some time also nominal rates to go down. So that would be very positive for the credit side. And regarding the portfolio mix in order to sustain what you mentioned to sustain capital levels, it's essential to also to gradually change the mix of the portfolio from corporates to individuals. Paco just mentioned the change that occurred first from the beginning of last year until now in terms of giving more weight for retail loans.

And this should continue gradually to increase the ratio of retail loans in order to defend the return on equity. Additionally, Paco has implemented stringent measures in terms of cost controls that you can continue to see this in the first quarter, both in personnel and general and administrative expenses, and also being more, let's say, very high discipline also on the investment side for technology, more focus. And finally, I believe that there is a challenge for the entire financial industry, which is expanding the leverage of the financial industry. And because the leverage is very low. And so, we will be looking forward to expand our leverage in order to sustain the return on equity. I hope I have given you the answer to your question.

Brian Flores

No, great. So, just to summarize, we understand, based on your presentation, as you mentioned, NIMs should continue coming down. Asset quality, perhaps a bit more pressured, but within control. So basically, what you're saying is perhaps a lower risk density helping the ratio, but also more leverage also helping achieving better levels of ROE. Just to summarize, this is a correct picture in 2025?

Patricio Supervielle

Yes, I think it is correct.

Mariano Biglia

Yes, that's correct, Brian. The range of Tier 1 capital ratio that we gave is consistent with the rest of the projections of loan growth basically, and the other measures. Thank you.

Patricio Supervielle

Thank you, Brian.

Ana Bartesaghi

We have another question. It comes now from Carlos Gomez-Lopez from HSBC. Hello, good morning, Carlos, thanks for asking questions. Please go ahead.

Carlos Gómez-López

Thank you. Good morning. As always thank you for the detailed presentation of your results. I have a question on the deposit side. You mentioned that you had a 12% increase quarter-on- quarter. But when I look at Page 17 of your presentation, I see that, that is mostly

on the wholesale side. Now you expect 40% increase in deposits in real terms in the year. What makes you think that you can achieve that rate of growth? And what alternatives for funding do you think you can count on? Thank you.

Patricio Supervielle

Let me give you briefly a general answer, then Paco will complement. Basically, if you would put context to what happened in the last few years in the financial industry in Argentina, there was an issue of disintermediation, particularly because we had repressive measures from the Central Bank that hindered taking deposits in the banks. And what happened is a large chunk of the transactional funding of enterprises and individuals, they went into money market accounts.

These money market accounts finally ended, and they continue to end or they come to the banks as remunerated accounts, which according to Basel rules, this can only fund securities. So the challenge is to increase CASA deposits. And this is exactly what we are tackling. Banco Supervielle is I think the first bank really to take seriously this issue and tackling the issue of getting principality and making sure that the individuals and the enterprises, they start depositing in our bank. And I would like to -- if you can explain that.

Paco Manríquez

Yes. Basically, we launched early April, Cuenta Remunerada. Basically, it's remunerated account for the payroll customer. Also, as you saw in the presentation, we have a huge focus on the payroll account customers sector basically. And we have excellent results in order to see the balances of those customers. Basically, they are more stable and also increase the balances against the previous months. So we launched, as Patricio mentioned, we launched a very disruptive and different product for the market for comparing to other banks basically in order to compete directly with the fintechs. So, we have excellent results as 1 month that when we launch. But I think it's a strategic response for the challenge that we have for the year, for the whole year, in order to reach the goals that we defined. So, I feel confident about that because we have a very huge and very hard strategic plan in place.

Patricio Supervielle

I might complement the challenge, and the goal that Paco has set for the bank is to pay the cost of these remunerated accounts with reduction of expenses. So this is pure value creation for the bank. In addition, let me tell you that if you look at international experiences, there has been already other players like this in the market. For instance, Cuenta Naranja of ING Direct in Spain in 1999 was very successful. Also, you have another example in Chile now, in the last 4 years, Banco Consorcio is another successful example of what we are trying to do. And we are very confident on that.

Carlos Gómez-López

Can you tell us how much you are paying for the remunerated account? And can you give us the starting point, how many salary accounts you have now? And what would be a good outcome for you by the end of the year?

Paco Manríquez

We are paying 32% annually interest rate. And we have half as today, half of our customer base are in this new product, Cuenta Remunerada, we are attracting the half of the other part. And we are launching through our sales force and throughout all the branches, we are selling the new product for the customers and also for the SME segment, we launched also remunerated account for the SME segment, not only for the payroll services, also with the SME. So we launched this Cuenta Remunerada for the whole ecosystem for the company and for the employees. And basically, we have half of the customer has accepted the Cuenta Remunerada, and we are looking for another 50%. And also, we launched a very intensive incentive for all our branches and sales force in order to sell this product for the open market in Argentina.

Carlos Gómez-López

And one final clarification. When you said that half have accepted so these are clients that before did not have a remunerated account, and therefore, they will be pure CASA. Now they keep the account, but now you are paying 32% on it, right? I mean the initial impact should be higher interest expense. Should I understand that way?

Patricio Supervielle

It's a high interest expense, but at the same time, it's a high interest as we said, we will compensate this with cost reduction. But let me -- there was another factor that I tried to explain before is that if you see the behavior of a typical individual, what they do with the transactional money is they invest in money markets. And this is not the CASA deposit because these money markets, as I said, they come as remunerated accounts and it's not CASA deposits. So, what we are trying is to change the behavior. The money was getting out of the banks, the whole financial system and going to money market accounts to money market funds.

So this is a structural play. And we believe you understand it's -- so basically, what we are increasing balances, not only paying more, of course, of the people who are staying with us, but also, we are increasing the balances of our own clients because we are changing their behavior. I hope that's clear.

Carlos Gómez-López

The strategy is clear.

Paco Manríquez

Carlos, to be clear, we will have more financial costs for these initiatives. We will cover those additional costs with additional expense cuts.

Mariano Biglia

Yes. And it's also important to highlight, Carlos, that for individuals, we pay on their balances on savings accounts for payroll customers up to ARS1 million of balance, which is very competitive compared with banks that don't pay anything and also with fintechs. That's why the cost is also contained.

Paco Manríquez

Very good point because if the customer remains with more balances, we earn money on that part.

Ana Bartesaghi

And for SMEs, it's not that way.

Patricio Supervielle

So there's a ceiling, as mentioned, Mariano, there's a ceiling on what we remunerate, ARS1 million basically. Above ARS1 million, we do not remunerate. This is for the case of individuals. In the case of corporations of SMEs, it's different. It's basically what we -- before remunerating, they need to have a balance with up to a certain amount of ARS25 million with no remuneration above that, we remunerate. So it's a different structure.

Ana Bartesaghi

The rate is 18%.

Patricio Supervielle

There is a differential rate. The rate is 18%. Different rate.

Ana Bartesaghi

Thank you, Carlos. I think we have a couple of questions in the Q&A box. One comes from **Matías Cattaruzzi** with AdCap Securities. We have 2 questions. Maybe we go with 2 questions at the same time. Net interest margin dropped sharply to 19.2% from 61.8% in first Q '24 and 24.9% in 4Q '24. What were the main drivers of this compression? And do you expect a recovery in NIMs going forward? And then mostly coming from the NIM compression. Net income fell 74% Q-on-Q and 89% year-on-year with return on equity at 3.5%. What are management's updated expectations for full year return on equity?

Patricio Supervielle

I would like Mariano to answer this question. But first, I'd like to say that in the first quarter, we -- what happened also or what affected the NIM, the net interest margins were let's say, a deterioration of the prices of the securities, government securities. And this has to do with -- as you know, there were uncertainties during particularly March and April also related to the creation of reserves and the expectation of an IMF agreement. So this affected the prices, and this affected what you see there. Afterwards, there was a change, but this is not, of course, reflected in the first Q. It was a positive change. But -- so please, do you want to complement?

Mariano Biglia

Sure, Patricio. Well, when you compare to first Q '24, also if you compare quarter-on-quarter, the main driver is a lower NIM on the investment portfolio. First Q '24 was completely extraordinary. You see NIM of more than 60%. You know it's not sustainable. And in fact, we saw that decreasing quarter-over-quarter during the last year where we have extraordinary results mainly from the investment portfolio, but also in an environment of much higher interest rates and much higher inflation. Then when you compare quarter-on-quarter, although inflation was similar, you see -- if you see the chart we showed on Page 9, the decrease in NIM is only in the investment portfolio. And that is related to mainly to the volatility that we saw in the first quarter '25 with low results from the treasury positions. But the loan portfolio NIM remained and in fact, it increased slightly. This also explains why we are migrating and we started doing that since a year ago, migrating the asset compositions from treasury securities or Central Bank securities to loans. So those are the main drivers.

Ana Bartesaghi

Then I think we have another question from the audience. How do you see the impact of the recent government measures to allow non-declared dollars to be used in the economy?

Patricio Supervielle

Yet we need to see it because there are certain details, particularly on the fiscal -- certain aspects of this -- what the government intends to do that needs to pass to Congress because it implies tax regulation. But I mean I think it's positive in the sense that they want to put incentives on consumption and incentives of usages of dollars that today individuals they have in safe deposits. These are measures to favor the, let's say, the middle income segment of the country. And of course, I think it is very positive. At the same time, it is possible that there will be changes in the regulations of the Central Bank in terms of as you know, probably the money that is not given in dollar loans to corporations basically is deposited at the Central Bank with no interest. I believe that there will be a change on that side and that change in order to adapt it more to international levels and therefore, provide a higher or better value proposition for savings in dollars. So these measures that you mentioned I expect they will probably be complemented also with the change in regulation and by remunerating our deposit somehow. This is my expectation.

Ana Bartesaghi

And we have another question from Brian Flores.

Brian Flores

Just a quick question. If you could remind us a bit on the density of risk weights and particularly, I think Mariano made a very interesting comment, of course, and I think the system is shifting from public securities, which we understand have a risk weight of 0 to, in your case, a bit more exposure on the retail side. So just can you remind us of the ranges of risk density? I think if I'm not mistaken, it's anywhere between 50 to 150. But then on the retail side, wherever you are focusing on, maybe with guarantees, this could be lower? Just to understand a bit more on the technical side.

Mariano Biglia

Yes. So, basically, treasury securities, most of the treasuries, don't have capital requirements or it's very low. It's more related to market risk. But on those treasuries in the investment portfolio, they do have credit risk-weighted assets. So, capital requirements are not completely 0. But of course, as we migrate to the loan portfolio, there are higher capital requirements because risk-weighted assets increase. And also when you increase the leverage, because there you are directly increasing assets, not only changing the composition. The density, the normal rule is 100%. There are some exceptions or waivers for certain loans, mainly to individuals, which would be lower to 75%, for instance, in certain mortgage loans or certain credits for consumption, they can go to 75%. And 150 is more related to nonperforming loans with certain unsecured nonperforming loans, but that is not very material in the balance sheet. That's at least a very brief summary. I don't know if I answered your question.

Brian Flores

You did. That was very helpful.

Ana Bartesaghi

Thanks, Brian. And we have now a second question from Carlos Gomez-Lopez from HSBC.

Carlos Gómez-López

Just a follow-up on the capital question. There was a change in the regulation. You referred to it in your presentation. I think it's 1.4%. But that's a reduction in your capital ratio because of the change in regulation or an increase because in some of the banks, I have seen that the impact was favorable, not this favorable. So, if you could clarify what the change of regulation is, how would it affect you? And going back to the target of 12%, 13% by the end of the year, I mean, obviously, you continue to grow very fast. What is the minimum that you would consider acceptable going into the following year? And would it be reasonable to expect that at some point, you may tap the market for more equity if growth continues to be favorable?

Patricio Supervielle

The last part of the question, we are comfortable with the capital levels. And of course, if we continue to see a huge increase in demand for loans in 2026 and the market is there, it is possible that we might have the market for capital. We are looking into this, but it's not in our plans as of today. But do you want to compliment on answering this?

Mariano Biglia

Yes, sure, Carlos. Regarding the first part of your question, it's correct. As we said in the presentation, the changes in regulation or mainly for operational risk because there were also changes in capital for credit risk, but the most important for us is the one of operational risk that made the Tier 1 ratio decreased by 1.4% and that is related to an increase in the risk-weighted assets. It's not a higher deduction or less capital, but it's an increase in the risk-weighted assets because it increases the capital requirements for operational risk.

Carlos Gómez-López

Is that permanent?

Mariano Biglia

The change is permanent, although we are having some discussions with the Central Bank because it has affected in a more punitive way, the medium-sized entities. I would say is like a waiver for the smallest one, the entities with systemic risk, they can adopt Basel III. And the most punitive is in the middle, where we are. So we are expecting the Central Bank to review that and allow us to adopt complete Basel III. If that doesn't change, it will be permanent, but it should decrease over time because what the regulation changes is that we have to adjust for inflation all the past revenues, which are the base for the calculation of the operational risk. And if you go back to years with very high inflation, revenues are very high because they need to compensate for inflation.

So, the operational risk-weighted assets become very important in the capital requirement. So that should decrease over time because inflation decreases and revenues decrease.

Carlos Gómez-López

That's very clear. And again, I know you are comfortable today, but what is the level at which you are not comfortable, the 12%, 11%, 10%? What is the absolute minimum that you would like to run the bank by?

Mariano Biglia

For us, we feel comfortable with an 11% Tier 1 ratio. On top of that, as we always say, we can add Tier 2, which right now we don't have, as we didn't need it in the past. So in the last year, we didn't have any Tier 2. All our capital is CET1. We could add Tier 2 if there's the opportunity and we feel comfortable with 11% or more. And in fact, it would be an efficient use of capital.

Carlos Gómez-López

So it's 11% Tier 1 or 11% total that you are targeting?

Mariano Biglia

11% Tier 1. Yes. And always remember that the minimum capital requirement is 8% and 10.5% if we want to pay dividends, although we are not paying dividends from the bank. We just received dividends from the insurance and the asset manager subsidiary.

Ana Bartesaghi

Thank you, Carlos, and thank you all. We have reached the end of today's Q&A session. I'm sorry. I see there is a new question in the Q&A box. Ignacio Sniechowski from Invertir en Bolsa. The question is regarding the NIM of 18% to 20% estimated for 2025. Could you break that down in terms of rates on assets and liabilities? What levels of rates are you estimating on assets and the funding.

Mariano Biglia

Let me tell you about the reference interest rate. And from there, it is a starting point for pricing assets, which, of course, are very different regarding the segment and the product. But we see the reference interest rate to stay stable in the next few months and then decrease. As inflation decreases, we think the interest rates will naturally decrease. But particularly since the lifting of the capital controls, we think we will see positive real interest rates. So the path that we see for inflation, and interest rate is a decrease in inflation and a decrease in interest rate, a few months from now, not immediately. So that will lead to positive interest rates that will be translated, of course, to both loans and time deposits. From that we will price our assets and liabilities.

Ana Bartesaghi

We have reached the end of today's Q&A session and earnings call. Thank you for joining us today. We appreciate your interest in the company, and we look forward to meeting more of you over the coming weeks and months and providing a financial and business update next quarter. We remain available to answer any questions that you may have and have a good day.