

SUPV Earnings Call Transcript

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Quarter: 3

Ana Bartesaghi: Good morning, and welcome to Grupo Supervielle's Third Quarter 2025 Earnings Call. I'm Ana Bartesaghi, Treasurer and IRO. Today's conference call is being recorded. [Operator Instructions] Speaking today are Patricio Supervielle, our chairman and CEO; and Mariano Biglia, our CFO. We're also pleased to welcome Alejandro Catterberg, President of Poliarquía Consultores, one of Argentina's leading political analysts, who will briefly share his perspectives on the post-election political and reform outlook. Gustavo Paco Manriquez, Banco Supervielle's CEO; and Diego Pizzulli, CEO of InvertirOnline, will also be available during the Q&A session. Before we begin, please note this call may include forward looking statements. Please refer to our earnings release and SEC filings for further details.

Julio Patricio Supervielle: Ana. Good morning, everyone, and thank you for joining us today. Let me begin with a broader macro perspective, which is quite encouraging. Following the recent midterm elections, Argentina is entering a new era. The path towards normalization and reform is gradually taking shape, and the financial system is poised to play a critical role in enabling this transition. We see the expansion of credit and a more dynamic banking sector as essential drivers of sustained economic recovery and inclusive growth. In this new environment, we are committed to returning to deliver profitability and sustain long-term value. And we are doing so supported by strategic initiatives that continue to unlock the full value of our franchise. While we are optimistic about the future, the most recent quarter presented some challenges. Systemic pressures and a very tight monetary policy characterized by unsustainably high real interest rates and historic reserve requirements ahead of the elections had a severe impact on economic activity and particularly the entire banking sector. This dynamic significantly compressed financial margins and constrained lending capacity. As a result, we recorded a net loss of ARS 50.3 billion, in third quarter 2025. Encouragingly, we are now beginning to see early signs of stabilization. Post-election confidence is improving, interest rates have declined sharply with room for additional reduction and monetary conditions are slowly easing. As we consider what these early improvements may signal for the broader environment, Alejandro Catterberg will briefly discuss the political landscape and what's ahead for the government reform agenda. But first, let me quickly walk you through a few highlights from the quarter on the following slide. Starting with loan growth, which remains solid, up 8% in real terms, slightly ahead of the system. Growth was led by the corporate segment, while retail declined slightly as we further tightened origination standards. Asset quality weakened as expected with the NPL ratio rising to 3.9%, mainly driven by the retail side. However, our NPL ratio -- share of individuals remains below our retail loan share, highlighting our focus on payroll and pension customers. On the funding side, deposit growth was strong, up 15% quarter-on-quarter in real terms and over 40% year-on-year. Dollar deposits climbed to another record high, up 31% sequentially. Our remunerated account strategy continues to gain traction and helping deepen client relationships. Profitability was most impacted, mainly due to margin compression and a higher cost of risk. Partially mitigating this, we maintain a tight control on cost, which declined 2% quarter-on-quarter and 12% year-to-date in real terms. We maintain a sound capital base to support growth as monetary policy continues to ease and loan demand resumes. Our CET1 ratio reached 13.2% at quarter end and rose to 14.5% in October, supported by lower deferred asset tax deductions. We are on track with executing our strategy, scaling our SuperApp, enhancing customer engagement

and expanding cross-sell opportunities, particularly at [Yole], where we saw another strong quarter of volume and fee growth. While the quarter had its challenges, we are focused on controlling what we can control and continue to invest in our business to further advance our competitive position and ensuring long-term success. With that, I'll hand it over to Mariano to go deeper into our financial performance and perspectives.

Mariano Biglia: Thank you, Patricio, and good day to all. Our third quarter results were heavily impacted by temporary macro and regulatory headwinds, which drove a 43% sequential decline in net financial income. With 1-day interest rates increasing to a peak of over 90% and 150% when adjusted by reserve requirements, funding costs increased by ARS 56 billion. Deposit rates adjusted almost immediately, while loan repricing lags due to longer duration, creating a temporary squeeze on spreads. Additionally, local market volatility ahead of the midterm elections impacted bond prices, resulting in weaker investment portfolio yields. In parallel, the Central Bank raised minimum reserve requirements by over 23 percentage points and moved compliance from a monthly average to a daily basis, further tightening liquidity, which had a negative impact of nearly ARS 21 billion. Lastly, the sharp rise in real interest rates generated a negative spread on our UVA mortgage portfolio, which impacted financial margin by close to ARS 18 billion. As a result, our peso NIM declined to 11.7% and total NIM fell to 10.8%, down 1,100 basis points and 1,000 basis points, respectively, quarter-over-quarter. Let's now turn to the next slide to review our 2025 -- turning to Slide 5. We are resetting our expectations for full year 2025. We now anticipate real loan growth of between 35% to 40%, led by corporate lending with retail gradually resuming growth as disposable income improves. Deposits are forecast to grow 30% to 35% with further share gains in U.S. dollar-denominated deposit balances. Regarding asset quality, we now expect an NPL ratio between 4.7% to 5.1%, reflecting asset quality trends among consumers and the result of the more challenging environment in recent months. Consequently, net cost of risk is now projected at 5.8% to 6.3%. NIM is now anticipated between 15% to 18% as high interest rates and reserve requirements through late October weighed on 4Q results. Turning to Slide 6. We now forecast net fee income growth of 5% in real terms. We are reinforcing our focus on operational efficiencies, including reductions in headcount and non-staff expenses. We now expect operating expenses in real terms to decline 8% to 10%. We now expect full-year ROE to range between negative 5% and 0%. Lastly, we anticipate ending the year with a CET1 ratio between 12.5% and 13.5%. Looking ahead, we intend to provide the 2026 preliminary outlook of key variables early next year, once there is greater clarity around reserve requirements, liquidity conditions, economic activity and the broader macroeconomic framework. Additional details on our quarterly performance and outlook are available in the appendix of our earnings presentation. This concludes our prepared remarks. We are pleased to welcome Alejandro Catterberg for a brief overview of Argentina's political outlook before we move to Q&A.;

Alejandro Catterberg: Thank you. Thank you for the invitation, Patricio, Ana. Thank you for having me here. Thank you, people for joining. My idea is just to give a brief analysis of what happened or what the election give us and what are the scenarios that we should start thinking from now on for Argentina. I would like to make basically 4 points. And then I don't know if we have time for Q&A.; Happy to answer. Number one is that after a year of huge volatility, uncertainty, a big number of self-inflicted mistakes and damage by the government, it ended up quite positive for the government. Of course, as we all know, the election end up being better than expected a few weeks or months before the election, probably worse than what the government could have got if they decided to follow a different strategy and path by the beginning of the year. But that is in the past. But basically, with the result of the election, the government had a huge opportunity to begin the second stage of their administration with a lot of -- in control, in political control and with huge opportunities in front of them. A few numbers of trends had been confirmed by what happened this year and especially in the elections. Number one, it's something that some of you heard me before saying is that we have a confirmation that we have a huge change in the political cycle. The political cycle that lasts for 20 years and that was basically dominated by the Kirchner and the other hand of the same coin Macri was over in 2023. This election cycle basically confirmed that. We no longer had Juntos por el Cambio. All of the parties that were part from Juntos por el Cambio suffered huge defeats or very bad electoral results. The radical party performed or got less than 1% at the national state. They lost a huge number of seats in the Congress. Coalición

Cívica led by Elisa Carrió, they had extremely bad results. They lost 4 of the seats they control in the House. The PRO party in the provinces that they run outside La Libertad Avanza, they performed very badly. Clearly, that idea that we have, and I've been saying that there was before and after 2023 has been consolidated with this electoral cycle. We are seeing the implosion of the political parties at the national level or the traditional political parties. We are seeing the implosion and the disappearance and the loss of influence of the leaders that dominate Argentina over the last 20 years. I'm talking about Mauricio Macri and Cristina Kirchner. We are seeing a huge fragmentation and atomization of politics in Argentina. As a consequences of all of that, we are seeing a greater role from the governors and the provinces. The governors and the provinces are becoming the main players besides, of course, La Libertad Avanza and Javier Milei. And that is changing the Argentina economy and politics, and we should -- and I believe this trend will continue, and we are moving forward to a different organization of politics with a much more fragmented distribution of power with the governors and the provinces becoming more -- having a higher degree of autonomy, less constrained by the national political leaders. And of course, that has correlated with some economic trends that we are having here in Argentina with this or many of these provinces starting to receive investments in the extractive industries for the first time in their history. And finally, as a consequence of all of this, we are seeing a consolidation of Javier Milei and La Libertad Avanza and especially the decisions that the President took after the victory. The changes within the government that the President made after the victory clearly sends the signal that he is concentrating most of the power that somehow he had delegated in other advisers like Guillermo Francos, Santiago Caputo. And the key post in the government is being fulfilled by Karina Milei people and Javier Milei himself. Also that is the broader picture of the things and the trends we have seen after the election. Number three, going to the Congress that we're going to see from December 10 in a few days from now and the agenda that is coming, you have probably read this, but there was a huge change and some positive surprises, especially in the Senate because all of the tight race of -- most of the tight race end up being on the favor of La Libertad Avanza. So La Libertad Avanza end up getting 3 extra Senators that better than what we thought and the Peronism end up losing 3 extra Senators out of the expectation. So the Peronists went from 34 Senators to 28. That is a key piece of information, guys, because the Senate has always been the most difficult part of the political system in Argentina to go through reforms. The Peronist has always been traditionally dominated by the Peronist because the Peronist traditionally dominate the provinces and the small provinces. Since the Peronist are losing the provinces, as I said before, are fading away, that translates into the Senate and the number of seats that the Peronist is now controlling the Senate is no longer the majority. And at some point, they may even lose the first minority. So it opened the door for the Senate to approve reforms. La Libertad Avanza until today has 6 Senators plus 9 from the PRO, 15 in total. They go from 6 to 21. The PRO go from 9 to 5. So they go from 15 to 26. They need to get 11 Senators to get the majority. And basically, those 11 Senators are very easy to reach. They need to make agreements with number of Governors that are willing to collaborate with the government and with -- and are willing to vote for many of the reforms. There is a, how do you call, the chair game, in which now the government has more chairs than -- there are more governors than chairs. So the governor will have the incentives to collaborate. And I don't find any difficulty. So I don't expect any difficulty for the government to be able to gather a majority in the Senate during the summer in which they're going to be discussing the reforms. In the House, the picture is quite similar. La Libertad Avanza has moved from 44 to 91 plus 18 from the PRO. So there are only 20 seats away from having the majority in the House, and there is 46 seats in the hands of the governors who they could easily reach agreements to get to that number. So the reform seasons will start in a few weeks from now. The government will be able to approve for the first time in the administration, their budget. So like Milei and La Libertad Avanza run the country the last 2 years without a budget. Next year, we will have a budget being approved by the Congress. And a big number of reforms will be discussed. Basically some labor reforms, some tax reforms, some other reforms regarding, for example, criminal policies or judicial things or many other aspects, many of the things that were left behind in the [buses law] last year are going to be put it back on the table. Other issues like the Glacier Law will probably be discussed and there is a high probability that will be approved that is critical for the mining industry because basically, they will send the decisions regarding Glacier's policy to the provinces of each province decided what to

do with that. And on top of that, we have other reforms coming, institutional reforms that will be very important. The most important of all, the government will have a new chance to complete the Supreme Court and to nominate some new judges into the Supreme Court. So I do expect that this or most of this reform will be approved during the summer. I don't know if one of them or the other will be a fully game changer. At some point, I think they are relevant and they change and increased productivity in the long term in Argentina. But also what happens with the economic policies and the normalization of the economy, interest rates and all of the stuff are as relevant as the reforms coming from the Congress. Finally, my last comment is that I have received many questions from clients or from investors like you guys saying, well, listen, Ale, I have saw this picture before, I have saw this movie before. In 2017, Macri won the midterm selection with almost the same amount of support and votes that Milei got and almost exactly in the same provinces that Milei won last month. So we all know what happened with Macri a few months after he won the midterm election. And I have to say that I find some differences this time with the previous time. And most of the differences, I think, plays on the favor of Javier Milei or that the chance that these times work it out better. On the economic side, clearly, by this time, Milei has done the dirty work and the fiscal adjustment is already done. Mauricio Macri got to the midterm elections without having done the fiscal adjustment, and he was forced to do it after the 2018 crisis. The adjustment in relative prices clearly has been probably better under -- or has moved faster under Milei than what Macri was able to do by 2017. We have a good emerging markets environment right now. Macri, 2 months after winning the midterm election faced one of the toughest drought in the agricultural sector, while Milei is going to face one of the greatest harvest in 2 or 3 months from now. Macri by this time has used all of the markets or has, how you say, consume all of the access to the market. Milei has not been able to go back to the markets. They will go back to the market probably starting next year. By this time, Macri had an energy deficit of more than \$5 billion. Argentina now because of how Vaca Muerta is producing has a surplus of energy account by more than \$7 billion. That is on the economic side. On the political side, clearly, Milei is facing a weaker Peronism and a much weaker Cristina Kirchnerism that Macri was facing. Milei has a very favorable Senate, much more favorable than what Macri had, even though the House was more easy for Macri than for Milei. But on the whole, I think the chances to move forward with the reforms should be easier now for Milei than what it was for Macri after the 2017 election. We have governors who are -- who have a more important role and have the incentive to collaborate with the government because basically, they don't have another place to go right now. We have an administration and probably a President that is much more committed into pushing the reforms and going deeper with surplus than what Macri was. Macri and Milei still had very similar public opinion support by the time. We finished our November survey and the trust and confidence index that I do for Universidad Di Tella increased 16% this month. Milei approval rating went up 6 points this month. So basically, we are going back to the numbers that we have seen around June, July this year before the whole deterioration process started. We have not reached the highest point that Milei was able to achieve by the beginning of 2025. But clearly, after the election, Milei recovered almost all of the deterioration that he suffered during the last 3 or 4 months of huge uncertainty. And on top of all of that, besides the economy and the political considerations, we have something that could be a game changer or it is a game changer, and that is the full support in economical terms and in political terms of the U.S. Government and President Trump. So all of that context, in my opinion, creates the conditions to make the story or the probabilities of Milei to move forward and have a third year of administration clearly better than what Mauricio Macri had as a third year. So for me, Argentina and the government has a huge opportunity in front of us. I hope that the government and the President had learned from the mistakes he made in the last few months and some of the mistakes he made in the first year of his administration. I hope that this time, he pushed for good judges to go to the Supreme Court. I hope that this time, he's able to -- or he delivered on the promises and the agreement that he made with the governors. I hope that this time, he's able to change part of his narrative style and the way he communicate and his constant aggression against some of the independent media. But to put it in a simple ways, I think it's up to the government and up to Milei not to lose this opportunity. So with that said, Ana, thank you very much.

Ana Bartesaghi: Thank you, Alejandro. At this time, we are conducting the Q&A; session. [Operator Instructions] The first question comes from Ernesto Gabilondo with Bank of America.

Ernesto María Gabilondo Márquez: My first question will be on your loan growth expectations. You have guided between 35%, 40% this year. I know that you don't have a guidance for next year yet, but can you give us some color on what are your growth expectations per segment? And maybe Alejandro can also add to this question. Can you share the names and amounts of private investments announcements so far, so we can detect the potential lending activity in the different regions and sectors? And then my second question is on your ROE expectations. You have mentioned to expect an ROE between minus 5% to 0% this year. And then again, you will provide guidance next year. But any color on how should we think about the ROE next year? Just the general trends, high single digit or low double digit, I think, will be very helpful.

Julio Patricio Supervielle: Ernesto, thank you for your questions. I'll take it first and then be complemented probably by Mariano. In terms of loans, loan growth this year was constrained by tight monetary conditions. But since the midterm elections, we see the first signs of a turn. Real rates are falling, reserve requirements easing and credit demand improving. In 4Q 2025 and early 2026, we see growth coming mainly from corporates and SMEs, particularly in the oil and gas chain with retail coming maybe probably later picking up in the second quarter of 2026 as rates and employment conditions improve. In terms of -- if, let's say -- all what we heard from Alejandro in terms of macro reforms and the deflation continues, we see real loan growth in 2026 reaching in the area of 30% to 40%. And that's, I think, for -- in terms of loan growth. To fund this growth, by the way, let me add that our strategy of remunerated accounts for corporates and payroll clients have been also now extended to the entire ecosystem that will -- this will strengthen our funding base. And I think it anticipates what fintechs will do when they start to play like Mercado Pago. So I think it's the right move. So in short, corporate and SME lending will lead the recovery and retail resume as of second Q '26. And we think that 2026 will be a strong year. [indiscernible] do you want to complement something on loans?

Unknown Executive: No. I think that's...

Julio Patricio Supervielle: Okay. And then in terms of ROE for 2026, we have a long-term view, which is constructive and particularly so after the outcome of the midterm elections. So -- but there are several drivers that support a positive trajectory for us in terms of ROE starting in 2026 and extending beyond. The first one is the releveraging -- the gradual releveraging of banks. And this is, of course, connected to the reforms that are implemented by the government to expected improving consumer confidence, disposable income and also an increase in money demand by Argentines. And I think that we can expect also that with money demand, there will be lower liquidity requirements as of 2026, creating more room to leverage and to expand. Also, we plan -- we will be looking to international markets if conditions are there to tap debt. We are doubling down on cost controls to lift operating leverage. And we are also, as I mentioned before, advancing our key strategic initiatives such as the remunerated account now extended to the entire old ecosystems. So basically, all of this with, let's say, focus on fee growth, better asset liability management and prudent underwriting, I think will give us the way to improve ROE. Importantly, we are investing for the long term, and we are conscious that certain initiatives have longer paybacks, but they are designed to build durable earnings power for our franchise. So while the path to 15% and 20% ROE may be extended, we are building all the necessary blocks basically to -- and put it in place. And we believe that as leverage normalizes and reform takes traction, Supervielle can converge towards ROE levels in line with peers in the region.

Unknown Executive: I think I might also ask about some big initiatives that Argentina has for the next year.

Unknown Executive: The investments that -- the private investments that have been announced so far in the different regions and sectors, I think, will be very helpful.

Alejandro Catterberg: Ernesto, I don't have the exact list of especially the mining big projects that have been going on. But clearly, when you look at the geography and the political geography of Argentina, what we are seeing is a rapid change in the economic dynamics that, that is creating. I mean provinces that has basically traditionally lived from public funds that we were receiving from federal coparticipation now has starting to receive direct investment and direct projects that are becoming a reality. So for example, provinces in the whole north, you go to Jujuy, you go to Salta, Rioja, San Juan, Catamarca with all big mining projects from silver to gold to lithium. Mendoza, who has been a

province that traditionally has rejected mining because they are more concerned about the impact of mining in tourism and in the wine industry, whatever. Finally, last year, Governor Cornejo has jumped into mining and basically are starting copper projects. As you all know, we have the same -- and as Chile, and I don't know and nobody has found the reason why the Chilean side of the Los Andes could have huge reserves of copper and not the Argentinian side. So Mendoza has started. Neuquén and the south provinces of Patagonia with, of course, Vaca Muerta and the oil and gas industry. So -- and on top of that, you have the traditional all of the La Pampa region with Córdoba, Mendoza and all of the agricultural production that so far it's about to have a good impact next year. So in general terms, the extractive industries are booming, are accelerating. Many rigid projects have been approved. And I think that will have an impact that -- the way I like to analyze Argentina, especially on the political and social side is, is having an impact on the distribution of political power. And I think that trend will continue, even though we don't have Milei or we have someone is coming back, et cetera, et cetera, et cetera. And also on the long-term view, we are seeing a shift in Argentina that is starting to distribute the power that -- economic and political power that has been so concentrated in Buenos Aires and in La Pampas more to the provinces.

Julio Patricio Supervielle: Sorry, let me add to Alejandro. With all these investments that are being announced by the -- all the debt emissions by the oil and gas industry, they will have -- as soon as they start being invested, all the value chains of these industries will start to move. So this will ignite growth and loan demand precisely in the value chains that we are focusing because we -- by the way, we just -- we opened recently a branch in Añelo and another branch in the -- where the ecosystem of mining in San Juan is. So even though we were present before, now we have a more direct presence and because we want to focus on that.

Alejandro Catterberg: But let me add something on the political side. Probably one of the things that will start showing up as a concern, and I tend to believe that will start to happen next year as long as inflation demands or people worry about inflation end up vanishing away, it has gone from by far being the #1 problem to now being shared with another problem. What I tend to believe in the long term in Argentina will happen and as in many other countries, it's a labor problem. So probably what we will start seeing is demands from some sector of the society that will suffer from losing job in the unproductive industries in the suburbs of Buenos Aires City and jobs being created on the new provinces, and I don't know how labor demanded are in these industries. So if you want to -- if you ask me what consequence or what negative implications these changes could have for this government on the next government and also if you add artificial intelligence and the impact that, that will have on labor as a general and globally. Probably what we will start seeing next year or in the next -- or in the future years is that the problems and the tensions and the social tensions changes from related to inflation towards relating to employment generation.

Ernesto María Gabilondo Márquez: And just a follow-up with Patricio on the ROE expectation. So you were mentioning that Supervielle is positioned for the long term, but the ROE of 15% to 20% may be extended. So considering what you posted in or what you're guiding for this year, would it be reasonable to see around a single-digit ROE next year and then moving to your medium-term target by 2027, 2028?

Julio Patricio Supervielle: Mariano, do you want to answer?

Mariano Biglia: Ernesto, yes, let me complement on this. I think for next year, although we haven't given guidance because we still want to see how the monetary policy, the regulation evolves after the elections. But it's reasonable to think that we will reach our medium-term target ROE for the end of next year. So for the full year, we will be on high single digits or low double digits depending on the pace on how fast the things that we need to happen, evolve. That is lower interest rates. We are already seeing that in November, which is an inflection point for interest rates. Also minimum cash requirements. We are already seeing some flexibilizations with the last regulations decreasing non-remunerated cash requirements. There's still some way to go looking forward. Cash requirements are still on 50% level for site deposits, which still extremely high. So we need that to continue easing. And then also improvement in NPLs, we think will happen next year that will allow us not only to reduce cost of risk, but to resume real growth on the retail side. And that is something that we think can happen when economic activity improves with more loose monetary policy, with economic conditions improving, not

only on an average for the country, but also across industry. We know there are some industries that are still lagging in the recovery of activity and some of those industries have a lot of employment. So those dynamics should allow us to lower cost of risk, increase in retail. And again, with a lower of cash requirements, increase the weight of the loan portfolio in our balance sheet. That is what will lead us to our target for medium-term ROE. And depending on how fast that happens, we will be on lower single -- double digits or if it take more time on single -- higher single digits.

Ana Bartesaghi: Our next question comes from Brian Flores with Citi.

Brian Flores: I have 2 questions here. I think the first one is a bit on growth. You mentioned in the presentation that you want to achieve a more balanced loan mix between corporate and retail. You're probably prioritizing corporate, as you were mentioning the strong demand and the unlocking of a lot of pent-up demand perhaps. Just wanted to clarify if this means that corporate loans could reach around 50% of the loan mix in 2026? And also, naturally, this brings lower yields. So just wondering if we should see a recovery in risk-adjusted NIMs by the second half of 2026, perhaps? And then I'll ask my second question.

Julio Patricio Supervielle: We believe that the right approach, considering also the competitive landscape of new banks coming into the country, I mean starting to work in the country, we believe that the right approach is to have a balanced approach in terms of serving enterprises, SMEs and families or individuals. Having said that, loan demand will resume as of second Q 2026 for -- we believe it will resume if -- with consumer confidence improving and better maybe disposable income for individuals. And -- but to answer your question, today, I think the balance between enterprises and Mariano will confirm that, enterprises and individuals is tilted towards enterprises, corporations. So it means more than 50%. I believe that this will continue to be the case, in my opinion, maybe the first half of 2026. And then when we see the conditions for individuals and loan demand arise -- raising again, then it will probably go back to 50%, 50-50 or maybe higher, being optimistic at the end of the fourth quarter 2026, being optimistic, maybe more retail demand, so in order to have higher NIMs. I don't know if you want to complement the question.

Mariano Biglia: I think regarding the weight of corporate and retail, that is very complete. What I can add maybe is that on the corporate side, although maybe it will -- we expect it to be more balanced with retail for the end of next year. But also we can start to see maybe in the second half of the year, a change in tenors. Because remember that right now, and this is true also across the industry, almost all lending is for working capital. It's very short term. So what we could see happening next year is that we can see more loan demand for longer-term investments and not only working capital. So that will also help to these yields.

Brian Flores: No, super clear. And then on risk-adjusted NIMs, should we think about, let's say, a U-shaped recovery by late 2026, as you mentioned, cost of risk coming down perhaps. Is this maybe a correct observation, Mariano?

Mariano Biglia: Yes, I think it could be earlier than that. As you know, with the expected loss model that is pro cycle, we are already provisioning all the deterioration that -- even the early deterioration that we see in the -- particularly in the retail portfolio. So when we see conditions improving, cost of risk should decrease very fast and not only having to see an important recovery in real terms in the growth of the retail portfolio. So in that case, we should be able to see a recovery in risk-adjusted NIMs for the retail portfolio, and that will also translate into the whole portfolio maybe earlier in the year and not having to wait for the second [indiscernible].

Brian Flores: No, super clear. And my second question is on risk management because obviously, we're all excited about the Argentina story. And I think Alejandro started saying that one of the key concerns that we receive, I think, is we have been here before. And Patricio, you mentioned a lot of optimism, right, in not only the political, but also, I would say, the economic landscape. But I just wanted to hear your thoughts on what if, right, what could happen if things do not go well, if the reserve requirements remain high? Are there any considerations by you or the Board regarding any alternatives, could be partnerships, asset sales, M&A;, if the base case scenario does not pan out and we have, let's say, a less bullish scenario?

Julio Patricio Supervielle: Well, yes, I mean the -- I think that the risk scenario that a lot of people are talking about is the policy that the government is having about reserves, foreign reserves. And they are

-- I think there is a certain risk that, for instance, you have people -- a lot of people traveling abroad, spending money abroad because you have this sensation that is relatively cheap. And at the same time, the Central Bank is not building reserves. So well, we -- I can understand the way the reason because they have the support of the U.S.A. and so on. But eventually, things are volatile in the world, and that could potentially be a problem. I think, of course, they want to focus on inflation and make sure that rapidly inflation comes down. And this is why I think they are keeping a tight control on FX. Regarding our franchise, I think what we're doing, we are working always to improve our resiliency in terms of the way we originate the way our origination standards for individuals. We anticipated earlier than other banks that the deterioration that took place this year. So we are -- I think we are good in this. And at the same time, since Paco came -- arrived to the company, to the bank, he's implemented a complete reshuffle of the culture of the bank in order basically -- in order to become much more customer-centric and have people more accountable. So we have people now that are completely engaged, aligned and committed to going the extra mile. We are working with -- in the ecosystem -- in our ecosystem, we have a very strong company in our own ecosystem, which is InvertirOnline, which is in the verge of the next stage of InvertirOnline because they already achieved something which is quite remarkable is they are the most and by far, the biggest digital broker in the country for retail investors. This is fantastic what they did in the last 4 years. But now they are -- they will maintain this. They are very efficient, and they have the scale and the technology, but now they will go to the second stage, which is to concentrate on wealthy people, wealthier and affluent people in enterprises, in IFAs. And they have the teams to do that, the engineers, and they will invest more on that to make sure that we get fast to this stage. And this engine gives us the opportunity to do a fantastic cross-sell with -- in order to acquire bank clients. So I think we are prepared to competition. We are prepared for what is coming. And we've lived for different previous crisis and so on.

Unknown Executive: No. Also, Patricio, we are always open to make some strategic alliances. So we are open in order to define the new future for Argentina in our industry. So yes, we are open. We are analyzing a lot of them. But basically, also, we have a conversation with a huge retailers in order to make some strategic alliances. So yes, we are open. We understand the change in the transformation in the world about this industry. So yes, we are open, and we want to make a new bank, a very attractive bank. So yes, we are open for new businesses.

Ana Bartesaghi: Maybe our next question comes from Camila Azevedo from UBS. [Operator Instructions]

Camila Villaça Azevedo: I'll keep it brief. I want to comment -- I want you to address more on asset quality topics. So could you please give more color about the NPL dynamics during the quarter? Do you think that the numbers seen in the quarter was the peak? Or are you seeing any signs of peak? When should we expect it to happen in both segments? And which would be the comfortable coverage ratio level that you imagine given this context?

Julio Patricio Supervielle: Well, first of all, asset quality deterioration this quarter mirrors system-wide trends as the credit cycle adjust to the macroeconomic environment. After a very unusually benign period of NPLs, low NPLs, they rose across existing and new customers, driven by pressure on disposable income and tariff adjustments and also the shift to a disinflationary environment where debt no longer erodes in real terms. This was most visible in retail. We had anticipated this deterioration because -- and a tightening origination criteria in personal auto and car loans since the beginning of the year and reinforcing collection and also client support. Unfortunately, the sharp pre-election rate hikes added further stress to -- through our individual NPL shares, but our individual NPL share in the market remains below our retail loan share. So this is showing relative resilience. We believe that these NPLs are -- going forward, I think we believe that this trend is manageable, and we expect gradual improvement as macro conditions and consumer confidence normalizes. I don't know if you want to add or, Mariano, complement.

Mariano Biglia: Yes, I can just complement on the NPL expectations. Maybe we can see a peak in the fourth quarter as a rollover of early deterioration comes NPL maybe at the end or during the fourth quarter. And also when conditions improve, not only we will see NPLs decreasing, but also loan growth increasing. So that will also dilute NPLs, and we will see that number improving. But for the impact of high interest rates on economic activity in the third quarter, we still can see [indiscernible] the NPL ratio

increasing in the fourth quarter. And I think that will be the peak.

Camila Villaça Azevedo: Super clear. Yes, the coverage ratio, please.

Mariano Biglia: And regarding the coverage ratio, as I mentioned before, we follow the expected loss models. So when NPLs are very low, coverage tends to go very high. In fact, in the past, we were above 200%. So now that those provisions are being used. So that's why we see the coverage decreasing, but it should always remain above 100% compared to NPL. So we should see it in the range of 110%, 120%.

Ana Bartesaghi: The next questions come from Ricardo Cavanagh with Itau.

Ricardo Cavanagh: As I look into 2026, for me, it's not just another year. It has a big déjà vu of Argentina of the '90s with positive expectations for credit and credit to GDP was double where it stands. So my question would be, which are the new actions that you believe you still need to take? And which are the new risks that you think you still need to face in order to generate new results in a new and different environment? Perhaps the first question is if you agree with this possibility or with this positive outlook as well.

Julio Patricio Supervielle: I think that we need to make sure that there is -- we need to make sure that we increase the leverage of the bank. This is a challenge of all banks, but in our case, it's our challenge. And I think that we will -- it's clear that savings in Argentina is still a pending issue for Argentina. The share of savings of GDP is still very low. So in order -- we need to build a bridge in order to make sure that the bank gets leveraged. And this bridge, I believe, will come in international markets. So we will be looking in order -- we will tap international debt markets if conditions arise. And flavor of this is what we already did with multilaterals where we -- 45 days ago, we got up to \$270 million in terms of facilities 3 years from multilaterals because we have a focus in SMEs. So -- and another thing that I think for me, it's very interesting. I don't know whether it will happen or not. It's first in -- to try to repeat what we did in 2017, where we also tapped in peso-linked debt. This is not yet the case because there is not yet a market for peso-linked debt. But we did this in 2017. And also something that maybe for this stage is maybe a dream, but this is my dream at least. I think that if confidence is built in Argentina, then there will be a possibility of rotating assets. I mean let's say, doing originating loans and maybe sell those loans to the local capital market or maybe international markets if there is a -- this is something that could happen. And so we are always looking to this opportunity because this will be a fantastic way of growing without consuming capital.

Ana Bartesaghi: I think we have the last questions come from Pedro Offenhenden from Latin Securities.

Pedro Offenhenden: I had one question on how do you assess liquidity conditions in the system going forward -- in the system and in the bank going forward? And if you see liquidity as a potential constraint for great growth in 2026?

Julio Patricio Supervielle: As the monetary base remains very small even in historical terms, we're already seeing a rebound in money demand after the elections. This is key, the increasing money demand. This should support system-wide deposit growth. And as confidence consolidates, we could expect that a gradual lengthening of deposit duration, that is people investing in -- more people investing in time deposits. Another thing, another issue, which is central also is the Central Bank favoring financial intermediation because as of today, around 30% to 35% of deposits of the system come from money markets. And this is not normal. And if you want -- if the Central Bank wants to, let's say, to favor credit to the private sector, then they need to go to eventually regulate differentiated reserve requirements for -- to make deposits more attractive than money market funds. And for us to also to tackle the liquidity constraints, I think we have the right strategy because the rollout of the [Foreign Language] and cash management solutions for corporates, payroll accounts and all the entire ecosystem, I think, positions us well to capture more stable and high-quality deposits. And as I said before, finally, we will try to tap the international markets if conditions arise.

Ana Bartesaghi: Thank you, Pedro. So I think we had some in the Q&A, but I think all of them were addressed. [Ignacio] [indiscernible], I think all of them mainly were addressed. The rest of the KPIs in terms of guidance, we are going to provide them maybe at the beginning of the year formally. So we will have more, as Mariano mentioned, clarity in terms of what happens with requirements and rate as well. Then from Cap Securities, [indiscernible], we already discussed about NPLs. And then in terms of shares canceled, they are automatically being canceled after 3 years of being in the treasury held by

the treasury. So I think by the end of the year, be this next year, 3% of the capital has been canceled and -- but not more than that. So I think with no more questions, I think we arrived to the end of the Q&A; session. Thank you all for joining us. A lot of people today. We're sorry, we delayed a bit, and we know there is another call from another bank at the same time. So thank you all for joining.

Julio Patricio Supervielle: I do appreciate your question. It was a difficult quarter, but it was -- I'm optimistic for 2026. And we do have the 2 -- I think the 2 best CEOs of Argentina for -- to tackle for the bank. And with Paco and Diego for InvertirOnline. So I think we -- I'm very optimistic about the future. Thank you very much.