

RATING ACTION COMMENTARY**Fitch Upgrades Four Argentine Banks Following Sovereign Rating Action**

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Fitch Ratings - New York - 19 May 2025: Fitch Ratings has taken the following rating actions on four Argentine banks and two Uruguayan branches of Argentine banks.

Banco Santander Argentina S.A. and Banco BBVA Argentina S.A.:

--Long-Term (LT) Foreign Currency (FC) and Local Currency (LC) Issuer Default Ratings (IDRs) upgraded to 'B-' from 'CCC'. The Rating Outlook is Stable;

--Short-Term (ST) FC and LC IDRs upgraded to 'B' from 'C';

--Viability Ratings (VRs) upgraded to 'ccc+' from 'ccc'.

Fitch has also withdrawn Banco Santander Argentina S.A. and Banco BBVA Argentina's Government Support Rating (GSR) of 'no support' (ns) as it is no longer considered relevant to the agency's coverage. Simultaneously, Fitch has assigned a 'b-' Shareholder Support Rating (SSR) as expected support for these two banks from their parent companies is possible due to the major flexibilization in FX controls in Argentina. The SSR drives the banks' IDRs.

Banco Macro S.A. and Banco Supervielle S.A.:

--LT FC and LC IDRs upgraded to 'CCC+' from 'CCC';

--ST FC and LC IDRs affirmed at 'C';

--GSR affirmed at 'no support';

--VRs upgraded to 'ccc+' from 'ccc'.

Fitch typically does not assign Outlooks to ratings in the 'CCC+' categories or below.

Banco de la Nacion Argentina - Sucursal Uruguay (BNAUY) and Provincia Casa Financiera:

--LT FC and LC IDRs upgraded to 'CCC+' from 'CCC'.

Both entities are full branches of their respective parents, Banco de la Nacion Argentina (BNA) and Banco de la Provincia de Buenos Aires (BAPRO), and part of the same legal entities. As a result, their IDRs reflect Fitch's opinion of BNA's and BAPRO without country risk constraint.

This portfolio review follows the recent upgrade of Argentina's sovereign to 'CCC+' from 'CCC'. Following this action, Fitch upgraded its assessment of the Argentinean banks' operating environment (OE) score to 'ccc+' from 'ccc' with a Stable Outlook. Fitch's assessment of the OE directly impacts these banks' standalone ratings and constrains their VRs.

Argentina's improved macroeconomics have resulted in an enhanced economic development that will improve Fitch's core metrics to evaluate its score of the OE. The country's estimated GDP per capita for 2024 is USD13.5 thousand and Fitch's operational risk index (ORI) percentile is 45.4% (as of April 25), which explains the implied score of 'bb'. Fitch adjusted the implied OE due to two negative adjustments: Sovereign Rating and Macroeconomic Stability.

Fitch expects real credit growth to improve in 2025, driven by economic recovery and increased demand for private credit. We expect a strong recovery of 5.6% in 2025 after real GDP contracted by only 1.7% in 2024, which was less than our previous projection. In addition, the banking system has been reducing its exposure to public sector, which is a positive development. The non-performance loans have markedly declined below 2% while capital and liquidity ratios remain solid, and reserve coverage has improved.

Argentina's economy is achieving a swift recovery, supported by disinflation increasing real incomes and a reactivation in credit intermediation after a long period of crowding out by public borrowing. We expect real interest rates to turn positive as money demand continues to recover given the government's tightening of monetary policy, a gradual reduction in inflation, and the removal of exchange controls.

Fitch has withdrawn Banco Santander Argentina S.A. and Banco BBVA Argentina's GSR of 'no support' as it is no longer considered relevant to the agency's coverage.

KEY RATING DRIVERS

Santander Argentina / BBVA Argentina:

In Fitch's view, regardless of the banks' overall adequate financial condition, their viability ratings upgraded to 'ccc+' are constrained by Argentina's IDRs and the agency's assessment of the OE. The LT FC and LC IDRs of Santander Argentina and BBVA Argentina are now driven by the SSR of 'b-' and capped by the sovereign country ceiling of 'B-', as Fitch believes that once most FX controls have been removed, the likelihood of ordinary shareholder support will be forthcoming, if needed. The ultimate parents of these banks are highly rated, and the size of the subsidiaries is low relative to the provider of support while the role in the group has a moderate importance factor for the assessment of the SSR.

The LT IDRs are now at 'B-' with a Stable Outlook.

Macro/Supervielle:

The LT IDRs of Macro and Supervielle are driven by their VRs, upgraded one notch to 'ccc+' from 'ccc'. Banco Macro VR is below the implied VRs due to the sovereign rating and OE constraints, while Supervielle VR is in line with its implied VR. Fitch believes that regardless of these banks' overall adequate financial profile, the VRs are highly influenced by the 'ccc+' OE score.

In addition, although most of these banks have good domestic or established niche franchises, funding profiles and adequate loss absorption capacity, as reflected in their implied VR above or at the OE score, the level of exposure of sovereign risk is still relevant to their credit profiles. While a sovereign default is not currently Fitch's baseline scenario, we acknowledge the possibility that, in the event of a sovereign default in a specific currency, the government might impose restrictions on banks' ability to service their obligations in that currency (e.g., capital controls).

Banco de la Nacion Argentina (Sucursal Uruguay) - BNAUY:

BNAUY is a full branch of BNA, which has a leading franchise and systemic importance in Argentina. BNAUY is the same legal entity as BNA, and therefore its IDRs reflect Fitch's

opinion of BNA without country risk constraints. BNA is fully owned by the Argentine state and its liabilities, including branches abroad, are guaranteed by the sovereign.

The outcome of the rating committee would have been the same whether Fitch applied its methodology registered in Uruguay (from Sept. 28, 2023) or its new "Bank Rating Methodology" published on March 21, 2025.

Provincia Casa Financiera:

Provincia is a branch of BAPRO and part of the same legal entity. Provincia's IDRs reflect Fitch's opinion on BAPRO without country risk constraints. BAPRO has a leading franchise and systemic importance in Argentina and the province of Buenos Aires, as the bank is the second largest entity in terms of deposits and the third in terms of assets.

The outcome of the rating committee would have been the same whether Fitch applied its methodology registered in Uruguay (from Sept. 28, 2023) or its new "Bank Rating Methodology" published on March 21, 2025.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Santander Argentina/BBVA Argentina:

--The IDRs and SSR would be downgraded if Fitch perceives a material weakening of the parent's ability or willingness to support these banks;

--The IDRs are sensitive to changes in the country ceiling, as banks' IDRs are almost always capped at the Country Ceiling.

Santander Argentina/BBVA Argentina/Macro/Supervielle:

--The VR is sensitive to changes in the sovereign rating or further deterioration in the OE beyond current expectations that leads to a significant deterioration in its financial profile;

--Any policy announcements that would be detrimental to the banks' ability to service its obligations would be negative for their creditworthiness.

BNAUY/Provincia Casa Financiera:

--The IDRs would be pressured by a downgrade of Argentina's sovereign rating or a significant deterioration in BNA and BAPRO's financial profiles caused by a deterioration in the Argentine's OE;

--Any policy announcement in Argentina that would be detrimental to either BNA's or BNAUY's and BAPRO's or Provincia's ability to service their obligations would be negative for their creditworthiness.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Santander Argentina/BBVA Argentina:

--Rating actions on the bank's IDRs and SSR are sensitive to those of the sovereign and Country Ceiling.

Santander Argentina/BBVA Argentina/Macro/Supervielle:

--The VRs would benefit from an upgrade of Argentina's sovereign rating.

BNAUY/Provincia Casa Financiera:

--The IDRs of BNAUY and Provincia reflect Fitch's opinion of BNA and BAPRO, respectively.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

Subordinated Debt

Macro's subordinated debt was upgraded to 'CCC-' with a Recovery Rating of 'RR6' from 'CC'/'RR6' and is two notches below the bank's upgraded viability rating of 'ccc+', reflecting Fitch's base case notching for loss severity. These securities are plain vanilla subordinated liabilities, without any deferral feature on coupons and/or principal. The 'RR6' for subordinated debt reflects expected recoveries for nonperformance hybrids securities relative to Macro's senior unsecured debt.

Government Support Rating

Macro: GSR of 'no support' reflects Fitch's view that, despite the bank's systemic importance, government support cannot be relied upon because of constraints on the government's ability to provide support.

Supervielle: GSR of 'no support' reflects Fitch's view that, despite the bank's moderate franchise, government support cannot be relied upon given constraints on the government's ability to provide support.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

Subordinated Debt: Any change, either positive or negative, to Macro's VR could result in a similar change to the subordinated debt rating.

Government Support Rating: Changes in the GSR are unlikely in the medium term given the low sovereign rating of Argentina.

VR ADJUSTMENTS

Santander Argentina:

--The VR of 'ccc+' has been assigned below the 'b-' implied VR due to the following adjustment reasons: OE/Sovereign Rating Constraint (negative);

--The OE score of 'ccc+' has been assigned below the 'bb' implied score due to the following adjustments reasons: Sovereign Rating (negative) and Macroeconomic Stability (negative);

--The Business Profile score of 'b' has been assigned below the 'bb' implied score due to the following adjustment reason: Business Model (negative);

--The Earnings and Profitability score of 'b-' has been assigned below the 'bb' implied score due to the following adjustment reason: Historical and Future Metrics (negative).

BBVA Argentina:

--The VR of 'ccc+' has been assigned below the 'b-' implied VR due to the following adjustment reasons: OE/Sovereign Rating Constraint (negative);

--The OE score of 'ccc+' has been assigned below the 'bb' implied score due to the following adjustment reasons: Sovereign Rating (negative) and Macroeconomic Stability (negative);

--The Business Profile score of 'b' has been assigned below the 'bb' implied score due to the following adjustment reason: Business Model (negative);

--The Earnings and Profitability score of 'ccc+' has been assigned below the 'b' implied score due to the following adjustment reason: Historical and Future Metrics (negative).

Macro:

--The VR of 'ccc+' has been assigned below the 'b-' implied VR due to the following adjustment reasons: OE/Sovereign Rating Constraint (negative);

--The OE score of 'ccc+' has been assigned below the 'bb' implied score due to the following adjustment reasons: Sovereign Rating (negative) and Macroeconomic Stability (negative);

--The Business Profile score of 'b' has been assigned below the implied score of 'bb' due to the following adjustment reason: Business Model (negative);

--The Asset Quality score of 'b-' has been assigned below the implied score of 'bb' due to the following adjustment reason: Historical and Future Metrics (negative);

--The Earnings and Profitability score of 'ccc+' has been assigned below the implied score of 'bb' due to the following adjustment reason: Historical and Future Metrics (negative);

--The Capitalization and Leverage score of 'b' has been assigned below the implied score of 'bb' due to the following adjustment reason: Leverage and risk weight calculation (negative).

Supervielle:

--The OE score of 'ccc+' has been assigned below the 'bb' implied score due to the following adjustment reasons: Sovereign Rating (negative) and Macroeconomic Stability (negative).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The IDRs and SSRs of Santander Argentina and BBVA Argentina are linked to the ratings of their parent companies, Banco Santander, S.A. and Banco Bilbao Vizcaya Argentaria, S.A., respectively.

The IDRs of BNAUY and Provincia reflect Fitch's opinion of BNA and BAPRO, respectively.

ESG CONSIDERATIONS

Santander Argentina, BBVA Argentina, Macro and Supervielle have an ESG Relevance Score of '4' for Management Strategy due to the high level of government intervention in the Argentine banking sector. The enforcement of interest rate caps can lead to inadequate loan pricing applies significant pressure on the banks' net interest margins. In addition, restrictions on fee levels can negatively affect performance ratios. This challenges the banks' ability to define and execute their own strategies, which has a negative impact on the credit profile and is relevant to the rating in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			RECOVERY ↕	PRIOR ↕
Banco de la Nacion Argentina (Sucursal Uruguay)	LT IDR	CCC+	Upgrade		CCC
	LC LT IDR	CCC+	Upgrade		CCC
Banco Santander Argentina S.A.	LT IDR	B-	Upgrade		CCC
	ST IDR	B	Upgrade		C

LC LT IDR	B-	Upgrade	CCC
LC ST IDR	B	Upgrade	C
Viability	ccc+	Upgrade	ccc
Government Support	ns		ns
Affirmed			
Shareholder Support	b-		
New Rating			
Government Support	WD		
Withdrawn			

PREVIOUS

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VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer’s available public disclosure.

APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 21 Mar 2025\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

Banco BBVA Argentina S.A.	EU Endorsed, UK Endorsed
Banco de la Nacion Argentina (Sucursal Uruguay)	EU Endorsed, UK Endorsed
Banco Macro S.A.	EU Endorsed, UK Endorsed
Banco Santander Argentina S.A.	EU Endorsed, UK Endorsed
Banco Supervielle S.A.	EU Endorsed, UK Endorsed
Provincia Casa Financiera	EU Endorsed, UK Endorsed

UNSOLICITED ISSUERS

Banco BBVA Argentina S.A. (Unsolicited)

With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	Yes
With Access to Management	Yes

Banco de la Nacion Argentina (Sucursal Uruguay) (Unsolicited)

With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	Yes
With Access to Management	Yes

Banco Santander Argentina S.A. (Unsolicited)

With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	Yes
With Access to Management	Yes

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SOLICITATION STATUS

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UNSOLICITED ISSUERS

ENTITY/SECURITY	ISIN/CUSIP	RATING TYPE	SOLICITATION STATUS
Banco Santander Argentina S.A.	-	Local Currency Long Term Issuer Default Rating	Unsolicited
Banco Santander Argentina S.A.	-	Long Term Issuer Default Rating	Unsolicited
Banco Santander Argentina S.A.	-	Government Support Rating	Unsolicited
Banco BBVA Argentina S.A.	-	Government Support Rating	Unsolicited
Banco BBVA Argentina S.A.	-	Local Currency Long Term Issuer Default Rating	Unsolicited
Banco de la Nacion	-	Long Term Issuer Default Rating	Unsolicited

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