

# Interview with Juan Cuattromo, President of Banco de la Provincia de Buenos Aires (BAPRO), Argentina

BAPRO recovers its historical role of accompanying the productive sectors with an innovative imprint and always close to the needs of the province of Buenos Aires; seeking to facilitate access to financing and gaining in scale and efficiency, but attending to its ultimate objective of expanding productive capacities and quality employment.

## 1. CONSIDERING THE EXPECTATIONS AND CHALLENGES OF THE ARGENTINE ECONOMIC CONTEXT IN RECENT YEARS, HOW DO YOU EVALUATE THE PERFORMANCE OF BANCO PROVINCIA?

Without a doubt, the context of our first stage of management, which began in January 2020, was very different from the new scenario that was installed since December 2023.

During the first four years we were able to carry out an expansive credit policy oriented towards the productive sectors, with a focus on SMEs. We grew strongly in loan placement, including during the pandemic. A study carried out with Banco BICE of Argentina on a group of companies showed that those that received our financing with special rates were able to sustain their workers and recover the level of activity faster than those that did not receive assistance from the Bank.

In parallel, we faced a process of technological renewal that included the renewal of our entire digital ecosystem with the expansion of new products and platforms. Also, we grew in our network of ATMs and non-bank service centers.



In summary, the bank recovered its historic role of accompanying the productive sectors with an innovative imprint and always close to the needs of the province of Buenos Aires.

However, the policies implemented throughout 2024 were far from beneficial for the productive sectors, particularly for SMEs. The increase in the price of public services and other goods in the economy, combined with the stagnation of wages, produced a retraction in consumption.

In this context, in public banking we

seek to make all our tools available to the province of Buenos Aires in order to traverse this adverse situation: we offer credits with special rates for businesses and SMEs, we carry out promotions to boost consumption and we provide segmented personal loans according to the credit capacity of each customer. Moreover, we deepened the digital transformation strategy in order to grow in the offer of efficient and low-cost financial services.

## 2. WHAT ROLE DOES THE BANK PLAY IN PROMOTING THE POPULAR



## ECONOMY AND STRENGTHENING THE MOST VULNERABLE SECTORS, PARTICULARLY IN TIMES OF CRISIS?

As a public bank, financial inclusion is one of our priorities. Our objective is to provide quality financial products and services in the best conditions that the Argentine financial system can offer.

We have various lines of credit with special rates, both for individuals and companies. Moreover, through other institutions that make up the province's public banks, such as Provincia Microcréditos and Grupo Provincia Servicios Financieros, we accompany microentrepreneurs and cooperatives.

Also, through Incluir (Include), our financial education program, we work on training various segments so that they can make the most of the tools that we offer. We believe that, for public banks, financial inclusion also implies a pedagogical dimension so that no one is left out.

### 3. HAVE YOU HAD TO ADAPT YOUR STRATEGIES TO MEET THE SPECIFIC NEEDS OF MSMEs IN THIS CONTEXT OF CHANGES IN THE COUNTRY'S ECONOMIC POLICY?

SMEs are our main customers and receive 73% of all loans to companies. Lending to SMEs atomizes risk and has a multiplier effect on the economy. With that objective, almost 70% of loans to companies have attenuated rates, whether by the Bank or through agreements with provincial ministries. Years ago, we also developed lines with subsidized rates through agreements with national organizations such as FONDEP, but the current government administration eliminated those options.

In the current context, in the Buenos Aires public banking we are redoubling our efforts to develop financing tools under the best conditions that the



*As a public bank, we put all our tools at the disposal of the province of Buenos Aires: we offer loans with special rates for businesses and SMEs, we run promotions to boost spending, and we provide personal loans segmented based on each client's creditworthiness.*

banking system can offer. We also launched lines for specific sectors that are going through a particular situation. For example: loans for tourism SMEs, prior to the start of the season; or loans for companies affected by extreme weather phenomena, as happened recently in the city of Bahía Blanca.

The challenge is to sustain the role of development banking, adapting the forms of risk assessment and credit origination. We seek to facilitate access to financing and gain in scale and efficiency, but attending to our ultimate objective of expanding productive capacities and quality employment.

### 4. THE BANK HAS BEEN A PIONEER IN DIGITAL BANKING WITH INITIATIVES SUCH AS CUENTA DNI AND ECHEQ. HOW HAVE THESE TOOLS CONTRIBUTED TO THE FINANCIAL INCLUSION AND EFFICIENCY OF THE INSTITUTION, AND WHAT TECHNOLOGICAL INNOVATIONS DO YOU PLAN FOR

#### THE FUTURE?

Since 2020, the Bank has faced a very important digital transformation process, the biggest milestone of which was the launch of its digital wallet Cuenta DNI. But we also developed other digital products and platforms: the eCheq, the collection app Cuenta DNI Comercios, a new home banking, the marketplace Provincia Compras, the technological solution for agricultural producers Procampo Digital, are the most outstanding.

Based on these developments, we doubled the number of customers, which went from 4.7 to more than 10 million. Moreover, while before only 4 out of 10 customers operated through digital channels, today it is 8 out of 10.

All banks today are essentially technology companies, because we offer financial products and services through fundamentally digital channels. As an institution that celebrates

its 203rd anniversary, we have the challenge of continuing to work on our own digital transformation. For example, in March 2025 we reached the milestone of originating more than 100,000 personal loans in one month, with more than 70% of operations carried out entirely through digital channels.

This was possible because we launched a new functionality through our digital wallet Cuenta DNI: the option to manage loans in a simple and quick way. With this new service, a new stage begins for our digital wallet, because in addition to all the options that it offers as a means of payment, it now adds the possibility of accessing financing and positions itself as an ally for the personal growth of the people of Buenos Aires, transforming the solution into a center of simple, accessible and transparent financial services.

For us, it is fundamental that these new technological tools be accessible to everyone. Hence, we work on various financial education projects through our Incluir program. Because it's not just about implementing an app or a new digital product, but about guaranteeing that people know how to and want to use it.

Our objective as public banking is to develop an interoperable, free and scalable payment system that simplifies people's lives.

#### **5. IN TERMS OF FINANCIAL INCLUSION, WHAT CAN YOU TELL US ABOUT PROVINCIA MICROCRÉDITOS?**

Provincia Microcréditos is one more tool that we found to financially assist a segment of microentrepreneurs and independent workers who are difficult for us to accompany through the Bank due to regulatory issues.

Currently, the company has 61 thousand credits in force and, since we began our management, it grows in placements year after year. We went from delivering 25 thousand credits in 2020 to almost 41 thousand in 2024.

During the last 5 years we have made several advances to boost the scope of Provincia Microcréditos: we incorporated the gender perspective, offering a differential rate for women; we made agreements with municipalities for them to finance the rates of loans in their districts; we diversified the lines to adapt them to the different needs: working capital, investment, agriculture. Based on agreements with universities, we organized free trainings in digital tools and other topics so that our customers could improve their commercial activity.

In summary, we are very proud of the evolution of our microfinance banking because it is helping to transform the lives of many people who are growing with their activity and perhaps, at some point, they will be able to transform their endeavor into an MSME.

#### **6. PERHAPS, ONE OF THE RECURRING THEMES IN RECENT YEARS IS DEINDUSTRIALIZATION. HOW HAS THE BANK BEEN SUPPORTING INDUSTRIAL DEVELOPMENT IN ARGENTINA? SINCE 2020, 39% OF CREDITS TO COMPANIES CORRESPOND TO THE INDUSTRIAL SECTOR.**

Historically, the bank had a very close connection with this segment because the province of Buenos Aires is a province with a very strong industrial tradition. The growth of the Buenos Aires suburbs during the second half of

*As a public bank, we put all our tools at the disposal of the province of Buenos Aires: we offer loans with special rates for businesses and SMEs, we run promotions to boost spending, and we provide personal loans segmented based on each client's creditworthiness.*







the twentieth century is closely linked to the industrial development of the province. In the last 20 years, industrial parks have gained importance: throughout the Buenos Aires territory there are 94 groupings of this type, where 2,929 companies operate.

Hence, the bank's commitment to the sector is total: we provide financing with subsidized rates and seek to develop innovative products and services that cover all the needs of industrial SMEs.

The problem is that when there is a macroeconomic scheme that threatens production, when there are no national public policies to promote exports and protect Argentine labor and safeguard the domestic market, financing is not a solution and ends up working, in some cases, as a palliative and not as a tool for development.

These tensions have, in turn, a global expression where instability and changes in the rules of the international game express a growing pressure on the geolocation of industrial activity and the benefits that it brings with it.

## 7. GIVEN THE ROLE OF THE AGRO-EXPORT SECTOR, HOW HAS THE BANK ADAPTED ITS PRODUCTS

### AND SERVICES TO ATTEND TO THE SPECIFIC NEEDS OF THIS SECTOR?

Both because of its historical link with the bank and because of the present circumstance of the sector, the Buenos Aires agro-industrial complex is one of our main customers, to such extent that it receives more than 50% of all loans aimed at companies. Therefore, we are very aware of the specific needs of this segment and seek to offer innovative alternatives to finance it, according to each particular situation.

For example, during the last edition of Expoagro, the most important agro-industrial exhibition in Latin America, we offered credits in dollars at a 0% rate for the purchase of agricultural machinery. Moreover, for exporting SMEs we have credits in dollars to pre-finance exports. We also have other lines in pesos to promote exports. For example, to finance participation in international fairs and events that allow companies to contact potential buyers abroad. As well as loans to manage quality and sustainability certifications, which in many cases turn out to be indispensable to access some international markets. As I already mentioned, in 2023 we launched Procampo Digital, our technological

solution for financial services for agriculture.

Aside from that, we developed the Vincular (Connect) program, an initiative that arose during the pandemic and continued due to its good results. It is a series of commercial meetings organized by the Bank to connect SMEs that want to export with potential buyers abroad.

## 8. OIL AND ENERGY ARE INCREASINGLY IMPORTANT IN THE ARGENTINE ECONOMY, AND WE OBSERVE GREAT POTENTIAL. IS IT A FOCUS OF THE BANK'S ATTENTION? HOW ARE YOU SUPPORTING IT?

In recent years, a cycle of expansion of hydrocarbon production began in the country, which allowed the country to travel the path towards energy self-sufficiency. Beyond the growth of the oil and gas sector, this development is accompanied by significant needs in terms of transport and logistics infrastructure, which the Bank is in a position to accompany to the extent that they represent a boost to the productive capacity of the province of Buenos Aires.

In this regard, in the last year we expanded financing to companies in the sector, more than doubling the inflation levels, which significantly increased their participation in the Bank's credit portfolio.

Despite the drop in the level of economic activity, this sector succeeded in growing in the last year and improving its credit profile, exhibiting a level of irregularity (delinquency) of 1%, below the average of the Bank's commercial portfolio. For all these reasons, we consider that the energy sector has significant growth potential for the coming years, beyond the volatile environment that macroeconomic policy may imprint.

## 9. GIVEN THE NEED FOR FINANCING, ESPECIALLY FOR LONG-TERM INVESTMENT, WHAT ARE YOU DOING TO ATTRACT MORE RESOURCES AND MOBILIZE PRIVATE CAPITAL?

The idiosyncratic factors of the Argentine economy, and of its financial system in particular, require banks to constantly adapt to recurrent changes in context. In our case, the management of assets and liabilities seeks to emulate best practices, also taking into account that, as a development institution, the Bank has its own mandate, aimed at favoring the productive conditions of the province of Buenos Aires.

In recent years, the Bank improved the relative share of private funding in relation to public funding, while seeking to efficiently manage its liabilities and intelligently manage its public and private portfolios, taking into account the restrictions imposed by the adverse macroeconomic context and the reiterated changes in monetary policy.

At the Bank, we will continue to ensure compliance with the technical relationships demanded by the monetary authority in terms of exposure to the public sector, concentration of assets and liabilities, and capitalization levels, among others.

As a public development banking, our objective is to produce the best conditions to accompany the people of the province of Buenos Aires with a competitive and sustainable credit offer, something that was reflected in a great improvement in the entity's debt rating.

## 10. ANYTHING ELSE THAT YOU WOULD LIKE TO TELL US ABOUT THE CURRENT OR FUTURE ACTIVITY OF BANCO PROVINCIA TO SUPPORT THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE COUNTRY



In this second term at the head of the institution, we set out to strengthen the lines of management originally proposed: to foster productive development, promote credit and payment method innovation, and expand our proximity banking work within the territory of the province of Buenos Aires.

Though the conditions under which public banking performed in the last year were far from optimal, at the Bank we made our best effort to satisfactorily fulfil our goals and accompany the government of the province of Buenos Aires in its task of improving the living conditions of the people of Buenos Aires.

Looking ahead, we will continue to safeguard the Bank's assets. We are going to advance in the improvement

of our digital marketing channels and in the continuous development of the payment infrastructure to accompany the people of the province in the best way.

We are in a complex, unstable world with multiple geopolitical tensions that reinforce the need to plan sustainable and inclusive growth strategies for the region and each of our countries. In this collective task, the role of the financial system in general, and of development banking in particular, will prove to be fundamental to articulate actions that allow mobilizing resources and capital towards strategic sectors without ever losing sight of the medium-term objectives that guide us; that is to say, broad, inclusive and sustainable development in the living conditions of our citizens.

