

Non-Financial Credit Providers Report

November 2024



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Executive Summary

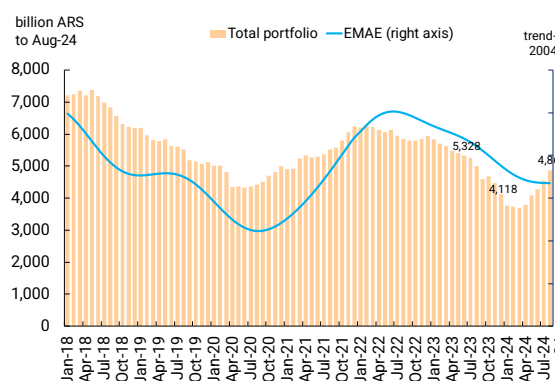
Number of PNFCs | In August 2024, the companies registered as non-financial credit providers (*proveedores no financieros de crédito*, PNFCs) with the BCRA reached the number of 486, of which 32 are new companies and 6 were deregistered from December 2023.

Groups	PNFC (Mar-24)	OPNFC (exclusively)	OPNFC and ETCNB	ETCNB (exclusively)	PNFC (Aug-24)
Cooperatives and mutuals	115	84	8	25	117
Fintech	64	60	7		67
Leasing & factoring	35	35	1		36
Sale of household appliances	27	25	1		26
Other chain stores	4	0	2	2	4
Other providers	223	169	29	38	236
TOTAL	468	373	48	65	486

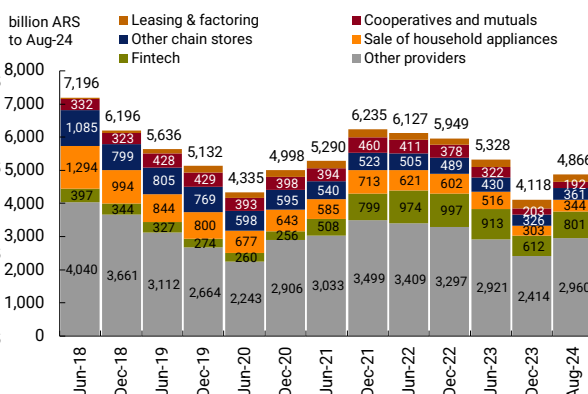
Stock of financing | The stock of financing provided by PNFCs reached ARS4.9 trillion as of August 2024, up 18% in real terms compared to the end of 2023 and up 32% against March 2024, when the series reached a historical low. *Other providers* (+13.2 p.p. of the change, mainly associated with credit cards) and *Fintechs* (+4.6 p.p., associated with personal loans) drove the increase in stocks.

Total stock reported

PNFC credit portfolio and EMAE



Credit portfolio by group



Source | BCRA and National Institute of Statistics and Censuses of Argentina (INDEC).

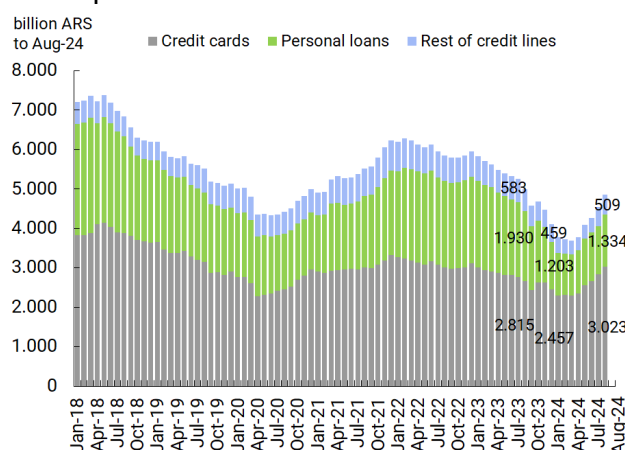
When analyzing the stock of financing granted based on the type of assistance, the recovery observed in the first eight months of the year in credit cards (+23%) was greater than that of personal loans and other loans (+11% in both cases).

The rise observed in the period may be accounted for on two grounds: people's preference for financing with credit cards due to their characteristic features, and significantly low interest rates charged on this type of credit line in the six-month period; between June and August 2024, they stood below the rates for bank cards. Such greater relative reduction in interest rates on financing

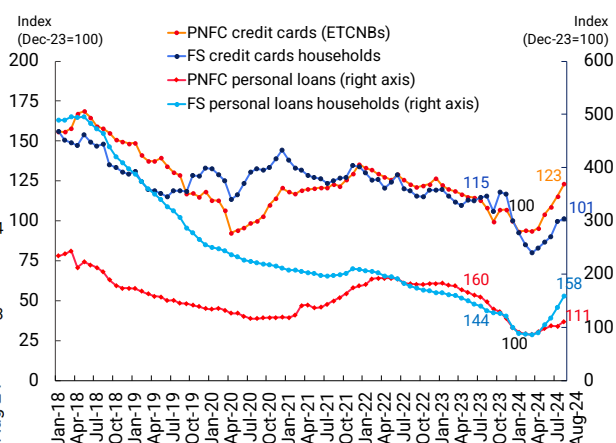
on non-bank credit cards compared to bank credit cards may have affected the recent performance of both types of credit lines: individuals preferred financing on non-bank credit cards. Between December 2023 and August 2024, the stock of non-bank credit card financing grew by 23% in real terms, while the stock of bank credit card financing barely increased by 1%. In contrast, personal loans granted by banks and by PNFCs increased, the former rising by 58% in the first eight months of 2024, whereas the latter went up just 11%.

Stocks by type of credit line

PNFC portfolio



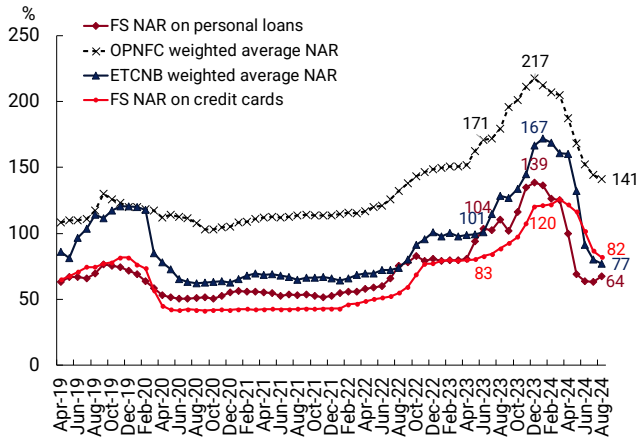
Real stocks PNFC vs FS



Note: "Rest of credit lines" includes pledge and mortgage loans, promissory notes, overdrafts, pre-financing, and others.
Source | BCRA and INDEC.

Interest rates | In line with the stocks, where financing on credit cards increased more than personal loans, the compensatory interest rate for financing on credit cards shrank more than that charged on personal loans. While the compensatory interest rate charged by non-bank credit card issuers (*emisoras de tarjetas de crédito no bancarias*, ETCNBs) fell 89 p.p. between December 2023 and August 2024 (reaching 77% in August), that charged for personal loans by the Other Non-Financial Credit Providers (OPNFC) decreased 76 p.p. in the same period (standing at 141% in August).

NAR on personal loans (OPNFCs) and credit cards (ETCNBs)



Note: The nominal annual interest rates (NARs) for other non-financial credit providers (*otros proveedores no financieros de crédito*, OPNFCs) are weighted by the stocks of personal loans, while those for ETCNBs are weighted by the stocks of credit card assistance.

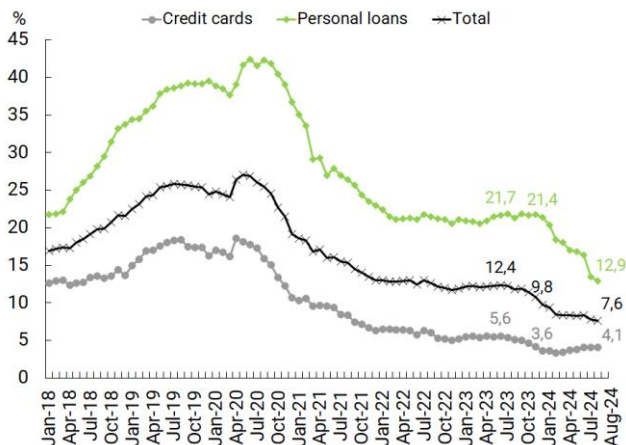
Non-performance ratio | The non-performance ratio of PNFC loans dropped so far this year, following the trend that had started in the second half of 2023 to reach a historic low of 7.6% in August 2024.

This was explained by a significant fall of the non-performance ratio of personal loans (8.5 p.p.), which was partially offset by an increase of the non-performance ratio of credit cards (0.5 p.p.).

When breaking down PNFCs into groups, non-performance ratios fell across all of them, except for *Other chain stores*. *Fintech* was the group that stood out, their non-performance ratio falling by 9.6 p.p.

Non-performance ratio of credit portfolios

By type of assistance



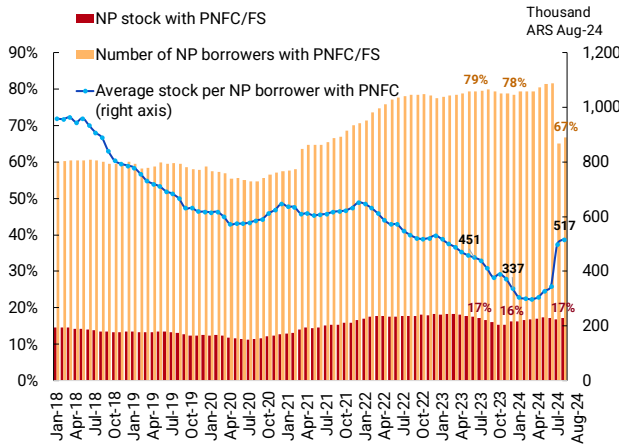
Source | BCRA.

Relative size of credit granted by PNFCs vs. financial system (FS) | In August 2024, more than 8.5 million natural persons (NPs) had credit products from PNFCs, representing 67% of debtors

of the FS. If only PNFCs' exclusive debtors are considered, this figure falls to 29%—3.8 million debtors.

In August 2024, the total credit portfolio of PNFCs represented 17% of that of NPs with the FS, and merely 4% if the analysis is limited to exclusive debtors.

Stock and number of borrowers: PNFCs vs. FS



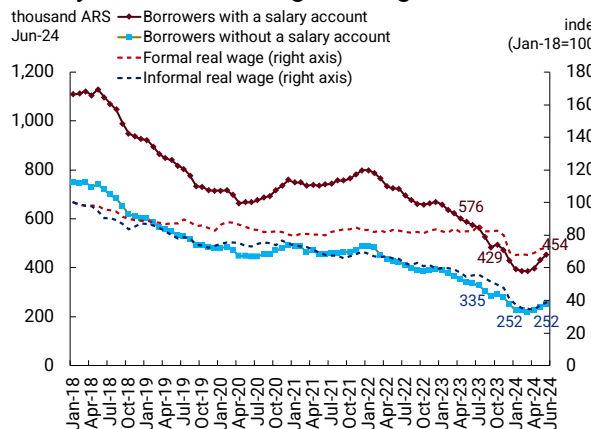
Source | BCRA and INDEC.

Stock of Loans Granted based on Borrowers' Attributes

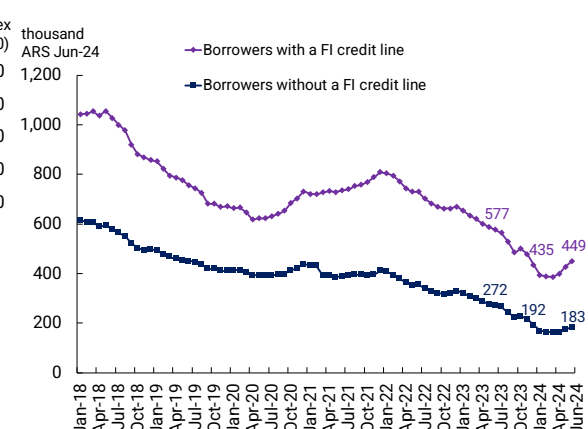
Among the variables analyzed at borrower level, two indicators stand out: whether borrowers hold or not a salary account, and whether they have also borrowed from the financial system. The average stock of the borrowers who held a salary account (formal workers) and of those who had a credit product with a financial institution (FI) was significantly higher than that of borrowers who did not.

Average stock per PNFC borrower

Salary account holding vs. wage



Debt with the FS



Source | BCRA and INDEC.

Debt of PNFCs' NP Customers with FIs

Number of borrowers and credit lines | During the first half of 2024, the number of NP borrowers and total credit lines increased 8% and 9%, respectively. FIs granted more than 11 million loans as of June 2024; 5.6 million of their borrowers also owe debts to PNFCs.

Table 4 | Loans from FIs to PNFCs' NP customers

Amounts and number	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	% var. Jun-24/Dec-23
Number of debtors (millions)	3,8	4,2	4,8	5,2	5,6	7,8
Number of credit lines (millions)	7,6	8,2	9,2	10,1	11,0	8,8
Personal loans	2,3	2,5	2,8	3,5	4,2	20,6
Credit cards	4,4	4,4	4,9	4,9	5,1	3,0
Amount (billion ARS Jun-24)	9.833	10.220	9.411	6.872	7.580	10,3
Personal loans	3.604	3.926	3.303	1.989	2.511	26,2
Credit cards	3.993	3.900	3.816	3.030	2.949	-2,7
Average debt per client (thousand ARS Jun-24)	2.572	2.452	1.971	1.316	1.346	2,3
Avg. debt on personal loans	1.585	1.575	1.192	575	601	4,7
Avg. debt on credit cards	897	886	785	617	583	-5,5

Source | BCRA and INDEC.

Total financing | The total stock granted to NPs reached ARS7.6 trillion in the first half of 2024, up 10% at constant prices compared to the end of 2023. These borrowers recorded a stock of ARS2.5 trillion with PNFCs in June 2024, which is significantly lower than the stock borrowed from FIs. In turn, the average stock of shared borrowers with PNFCs stood at ARS449 thousand in the period, well below the stock borrowed from FIs, which reached ARS1.3 million in June 2024. This evidences greater exposure of these borrowers to the traditional FS, though a significant share of their financing is provided by the non-bank sector.

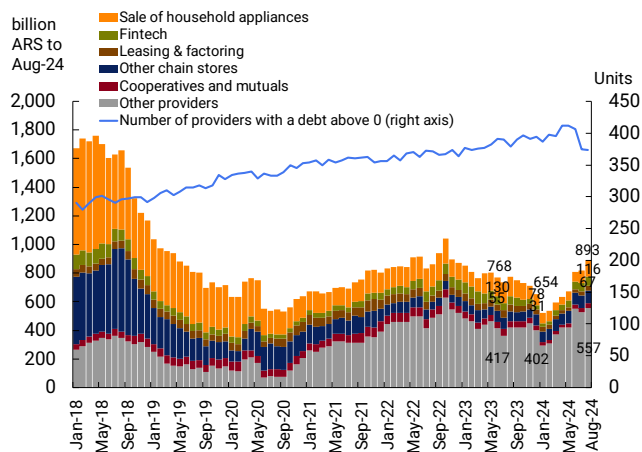
Financing by type of credit assistance | The number of personal loans granted to NPs as of June 2024 went up 20.6% against December 2023, while those channeled through credit cards rose 3% in the period.

Non-performance of shared borrowers with FIs | The non-performance ratio of shared borrowers with the FS remained virtually unchanged compared to the previous six months, standing at 4.9% as of June 2024.

PNFC Funding at FIs and the Capital Market

PNFC funding from the financial system | PNFCs' total debt to FIs reached ARS893,000 million in August 2024, up 37% at constant prices against December 2023. This reflects significant recovery in the period and a change in trend starting in January 2024, when debt hit a low. At group level, *Other providers* explained 23.7 p.p. of the total change, followed by *Sale of household appliances* and *Fintech*, with 5.9 p.p. and 5.5 p.p., while *Other chain stores* and *Cooperatives and mutuels* increased marginally. *Leasing & factoring* was the only group that saw debt reduce against December 2023, as it fell 10% (-0.5 p.p. of the change).

PNFCs' Debt with FIs



Source | BCRA and INDEC.

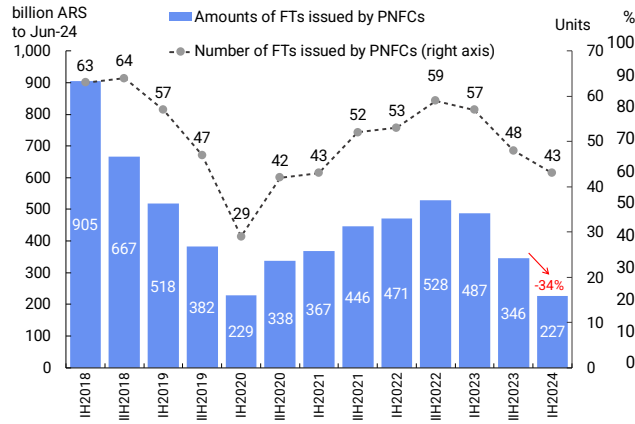
Non-performance of PNFCs with FIs | Their non-performance ratio went down 0.9 p.p. in the period, standing at 0.6% in August 2024, the lowest figure since April 2018.

PNFC funding in the capital market | In the first half of 2024, financial trusts (FTs) were created for ARS227,000 million at prices of June 2024, hitting a historic low since 2018 and down 34% against the previous six months in real terms. This is due to a reduction in both the number of issued FTs and the average stock per trust.

At group level, the share of *Fintechs* grew even further, reaching a high of 62% in the first half of the year, up 11 p.p. against the preceding six-month period, in line with the momentum exhibited by that group in recent years in terms of credit portfolio and number of credit lines provided. In turn, the share of *Sale of household appliances* dropped 14 p.p., hitting a low of 17% of the total stock in the six-month period.

Number and amounts of FTs issued

Total



Source | BCRA, INDEC and National Securities Commission (CNV).

Share in stocks by group

