



**Condensed Interim Financial Statements as of
March 31, 2023**
Together with independent auditors' review reports and
Supervisory Committee's reports on the Interim Financial
Statements

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2023**TABLE OF CONTENTS**

Cover
Consolidated Condensed Interim Statement of Financial Position
Consolidated Condensed Interim Statement of Income
Consolidated Condensed Interim Statement of Changes in Shareholders' Equity
Consolidated Condensed Interim Statement of Cash Flows
Notes to the Consolidated Condensed Interim Financial Statements
1. General Information
2. Changes in the macroeconomic context and financial and capital systems
3. Accounting standards and basis for preparation
4. Material accounting policies and estimates
5. Statement of cash flows
6. Financial Instruments
7. Loans and other financing arrangements
8. Other financial assets and liabilities
9. Other non-financial assets and liabilities
10. Income tax
11. Negotiable obligations issued
12. Provisions
13. Capital Stock
14. Interest income and adjustments / fee and commission income
15. Interest expense and adjustments
16. Net income from measurement of financial instruments at fair value through profit or loss
17. Foreign currency exchange difference
18. Other operating income / (expense)
19. Expenses by function and nature
20. Employee benefits
21. Segment reporting
22. Off-balance sheet accounts

- 23. Transactions and balances with related parties
- 24. Financial risk factors
- 25. Capital management
- 29. Additional information required by the Argentine Central Bank
- 27. Subsequent events
- 28. Legalization of books
- 29. Market discipline

Schedule B – Consolidated Classification of Loans and Other Financing Arrangements by Status and Guarantees Received

Schedule C – Consolidated Concentration of Loans and Other Financing Arrangements

Schedule D – Consolidated Breakdown of Loans and Other Financing Arrangements by Maturity Dates

Schedule H – Consolidated Concentration of Deposits

Schedule I – Consolidated Breakdown of Financial Liabilities by Maturity Dates

Schedule R – Consolidated Allowance for Loan Losses

Independent Auditors' Review Report on Consolidated Condensed Interim Financial Statements

Supervisory Committee's Review Report on Consolidated Condensed Interim Financial Statements

BANCO HIPOTECARIO S.A.

Registered office:	Reconquista 151 – City of Buenos Aires – Argentine Republic
Main activity:	Banking
Taxpayer's Identification Number (CUIT):	30-50001107– 2
By-laws' date of registration with the Public Registry of Commerce:	September 28, 1997
Date of registration of the latest amendment to the by-laws:	January 23, 2019 (No. 1643 of Stock Corporations Book 93)
Expiration date of the by-laws:	99 years from the date of incorporation (September 28, 1997)

Capital structure as of 03/31/2023					
Shares					Subscribed and paid-in
Number	Type	Nominal value	No. of votes per share	Class	(In thousands of ARS)
664,376,845	Common registered shares	1	1	A	664,377
75,000,000		1	1	C	75,000
760,623,155		1	3	D	760,623
1,500,000,000					1,500,000

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

ITEM	NOTES	03/31/2023	12/31/2022
ASSETS			
Cash and bank deposits	5	34,414,738	33,716,161
Cash		6,088,453	7,299,452
Financial institutions and correspondents		28,326,285	26,416,709
- Argentine Central Bank (B.C.R.A.)		27,368,041	25,383,868
- Other domestic and foreign institutions		958,244	1,032,841
Debt securities at fair value through profit or loss		125,181,174	156,042,157
Derivative instruments	8	87,273	88,216
Repo transactions		91,407,241	119,520,073
Other financial assets	9	18,391,175	12,770,445
Loans and other financing arrangements (Schedules B and C)	7	81,933,273	92,543,236
Non-financial public sector	9	9	-
Other financial institutions		218,249	296,858
Non-financial private sector and foreign residents		81,715,015	92,246,378
Other debt securities (Schedules B and C)		24,136,305	38,107,768
Financial assets pledged as collateral	26.2	15,685,839	5,162,893
Current income tax assets	10	606,323	572,198
Investments in equity instruments		1,427,017	1,499,067
Property and equipment	9.1	15,411,190	15,573,813
Intangible assets	9.2	871,590	764,511
Deferred income tax assets	10	420,903	334,920
Other non-financial assets	9.3	3,841,353	3,836,605
Non-current assets held for sale	9.4	13,743,530	9,993,502
TOTAL ASSETS		427,558,924	490,525,565

 Signed for identification purposes with
 our report dated May 30, 2023

KPMG

 Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
 Volume 2, Page 6

Lorena C. Morchón
 General Accounting
 Manager

Manuel J.L. Herrera
Grazioli
 General Manager

Eduardo S. Elsztain
 Chairman

Andrea Pastrana
 Partner
 Public Accountant (UCA)
 CPCECABA Volume 383 Page 244

Marcelo Fuxman
 By the Supervisory
 Committee

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As of 03/31/2023 and 12/31/2022
 In thousands of Argentine Pesos and constant currency

ITEM	NOTES	03/31/2023	12/31/2022
LIABILITIES			
Deposits (Schedule H)		292,539,082	360,037,944
Non-financial public sector		22,619,368	12,905,139
Financial sector		117	536
Non-financial private sector and foreign residents		269,919,597	347,132,269
Liabilities at fair value through profit or loss		3,217,577	-
Derivative instruments		18,039	190
Other financial liabilities	8.2	29,493,268	29,788,772
Loans from the B.C.R.A. and other financial institutions	5	211,243	359,255
Negotiable obligations issued	5 y 11	15,491,668	17,530,949
Current income tax liabilities		1,432,198	980,873
Provisions	12	990,507	1,344,281
Deferred income tax liabilities	10	5,173,636	3,404,953
Other non-financial liabilities	9.5	13,608,248	15,327,183
TOTAL LIABILITIES		362,175,466	428,774,400
SHAREHOLDERS' EQUITY			
Capital stock	13	1,500,000	1,500,000
Capital adjustments		51,183,738	51,183,738
Reserves		7,370,640	-
Income for the period / year		3,655,717	7,370,640
Shareholders' equity attributable to parent's shareholders		63,710,095	60,054,378
Shareholders' equity attributable to non-controlling interests		1,673,363	1,696,787
TOTAL SHAREHOLDERS' EQUITY		65,383,458	61,751,165
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		427,558,924	490,525,565

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Signed for identification purposes with
 our report dated May 30, 2023
KPMG
 Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
 Volume 2, Page 6

Lorena C. Morchón
 General Accounting
 Manager

Manuel J.L. Herrera
Grazioli
 General Manager

Eduardo S. Elsztain
 Chairman

Andrea Pastrana
 Partner
 Public Accountant (UCA)
 CPCECABA Volume 383 Page 244

Marcelo Fuxman
 By the Supervisory
 Committee

CONSOLIDATED CONDENSED INTERIM STATEMENT OF INCOME

For the three-month periods ended 03/31/2023 and 03/31/2022

In thousands of Argentine Pesos and constant currency

Item	Note	03/31/2023	03/31/2022
Interest income and adjustments	14	35,367,484	26,800,422
Interest expense and adjustments	15	(42,206,437)	(26,725,891)
Net interest income (expense)		(6,838,953)	74,531
Fee and commission income	14	2,952,754	3,574,817
Fee and commission expense		(168,938)	(229,903)
Net fee and commission income		2,783,816	3,344,914
Net income from measurement of financial instruments at fair value through profit or loss	16	24,207,792	17,509,458
Foreign currency exchange differences	17	(372,093)	(764,396)
Other operating income	18	8,736,636	5,767,776
Loan loss		(680,769)	(611,339)
Net operating income		27,836,429	25,320,944
Employee benefits	20	(6,055,033)	(6,336,765)
Administrative expenses	19	(2,777,180)	(3,023,282)
Depreciation and impairment of assets		(442,603)	(511,832)
Other operating expenses	18	(5,385,447)	(9,169,587)
Operating income		13,176,166	6,279,478
Gain (loss) on net monetary position		(7,248,490)	(1,027,888)
Income before tax		5,927,676	5,251,590
Income tax expense	10	(2,327,646)	(2,905,434)
INCOME FOR THE PERIOD		3,600,030	2,346,156
Income for the period attributable to parent's shareholders		3,655,717	2,387,029
Loss for the period attributable to non-controlling interests		(55,687)	(40,873)

Signed for identification purposes with
our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

CONSOLIDATED CONDENSED INTERIM STATEMENT OF INCOME

For the three-month periods ended 03/31/2023 and 03/31/2022
 In thousands of Argentine Pesos and constant currency

Earnings per Share	03/31/2023	03/31/2022
NUMERATOR		
Income (loss) attributable to parent's shareholders	3,655,717	2,387,029
Income (loss) attributable to parent's shareholders adjusted to reflect the effect of dilution	3,655,717	2,387,029
DENOMINATOR		
Weighted average of outstanding common shares for the period	1,473,954	1,472,637
Weighted average of outstanding common shares for the period adjusted to reflect the effects of dilution	1,473,954	1,472,637
EARNINGS (LOSS) PER BASIC SHARE	2.480	1.621
EARNINGS (LOSS) PER DILUTED SHARE	2.480	1.621

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Signed for identification purposes with
 our report dated May 30, 2023
KPMG
 Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
 Volume 2, Page 6

Lorena C. Morchón
 General Accounting
 Manager

Manuel J.L. Herrera
Grazioli
 General Manager

Eduardo S. Elsztain
 Chairman

Andrea Pastrana
 Partner
 Public Accountant (UCA)
 CPCECABA Volume 383 Page 244

Marcelo Fuxman
 By the Supervisory
 Committee

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended 03/31/2023
In thousands of Argentine Pesos and constant currency

Changes	Capital Stock		Capital adjustments	Legal Reserve	Unappropriated retained earnings/ (losses)	Total Shareholders' equity controlling interests 03/31/2023	Total Shareholders' equity non-controlling interests 03/31/2023	Total as of 03/31/2023
	Outstanding	Deliverable						
Balances at beginning of year	1,473,832	26,168	51,183,738	-	7,370,640	60,054,378	1,696,787	61,751,165
Distribution of unappropriated retained earnings– Approved by the Shareholders' Meeting held on 03/30/2023 (*)	-	-	-	7,370,640	(7,370,640)	-	-	-
Share-based payments under compensation plan	209	(209)	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	32,263	32,263
Net income for the period	-	-	-	-	3,655,717	3,655,717	(55,687)	3,600,030
Balances at period-end	1,474,041	25,959	51,183,738	7,370,640	3,655,717	63,710,095	1,673,363	65,383,458

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

(*) See Note 3.4.

Signed for identification purposes with
our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended 03/31/2022

In thousands of Argentine Pesos and constant currency

Changes	Capital Stock		Capital adjustments	Unappropriated retained earnings / (losses)	Total Shareholders' equity controlling interests 03/31/2022	Total Shareholders' equity non-controlling interests 03/31/2022	Total as of 03/31/2022
	Outstanding	Deliverable					
Balances at beginning of year	1,472,210	27,790	61,145,982	(9,962,244)	52,683,738	1,429,646	54,113,384
Absorption of unappropriated retained earnings / (losses) – Approved by the Shareholders' Meeting held on 03/30/2022	-	-	(9,962,244)	9,962,244	-	-	-
Share-based payments under compensation plan	626	(626)	-	-	-	-	-
Distribution of subsidiary dividends	-	-	-	-	-	(405)	(405)
Net income for the period	-	-	-	2,387,029	2,387,029	(40,873)	2,346,156
Balances at period-end	1,472,836	27,164	51,183,738	2,387,029	55,070,767	1,388,368	56,459,135

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Signed for identification purposes
with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General
Accounting
Manager

Manuel J.L. Herrera Grazioli
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the three-month periods ended 03/31/2023 and 03/31/2022

In thousands of Argentine Pesos and constant currency

ITEM	03/31/2023	03/31/2022
Income for the period before income tax	5,927,676	5,251,590
Gain on net monetary position	7,248,490	1,027,888
<u>Adjustments to obtain cash flows from operating activities</u>		
Depreciation and impairment of assets	442,603	511,832
Loan loss, net of reversed allowances	472,247	232,820
Provisions, net of reversed provisions (Note 18)	345,206	626,172
Net interest income (expense)	6,838,953	(74,531)
Net income (loss) from financial instruments measured at fair value through profit or loss	(24,150,509)	(17,504,093)
Income (loss) from valuation of non-current assets held for sale, investment property and sale of property and equipment	(3,651,067)	3,475,840
<u>Net increase /(net decrease) from operating assets</u>		
Debt securities at fair value through profit or loss	27,162,086	(152,210,061)
Derivative instruments	(14,806)	320,545
Repo transactions	29,586,319	351,735,590
Loans and other financing arrangements		
Non-financial public sector	(9)	(4)
Financial sector	200,619	22,885
Non-financial private sector and foreign residents	4,083,517	(3,973,345)
Other debt securities	8,714,435	(9,654,402)
Financial assets pledged as collateral	(11,444,655)	(3,402,072)
Investments in equity instruments	(195,572)	(304,641)
Other assets	(12,224,528)	(18,305,922)
<u>Net increase / (net decrease) from operating liabilities</u>		
Deposits		
Non-financial public sector	12,018,128	(110,991,768)
Financial sector	(323)	11,277
Non-financial private sector and foreign residents	(56,527,214)	(66,950,641)
Liabilities at fair value through profit or loss	3,217,577	19,025,150
Derivative instruments	9,751	(70,043)
Repo transactions	(6,274)	(57,397)
Other liabilities	8,138,162	19,513,321
Income tax paid	(9,864)	(6,562)
Total cash flows from operating activities	6,180,948	18,249,428

 Signed for identification purposes with
 our report dated May 30, 2023

KPMG

 Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
 Volume 2, Page 6

Lorena C. Morchón
 General Accounting
 Manager

Manuel J.L. Herrera
Grazioli
 General Manager

Eduardo S. Elsztain
 Chairman

Andrea Pastrana
 Partner
 Public Accountant (UCA)
 CPCECABA Volume 383 Page 244

Marcelo Fuxman
 By the Supervisory
 Committee

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the three-month periods ended 03/31/2023 and 03/31/2022

In thousands of Argentine Pesos and constant currency

ITEM	03/31/2023	03/31/2022
Cash flows from investing activities		
Payments		
Purchase of property and equipment, intangible assets and other assets	(266,621)	(117,767)
Collections		
Sale of property and equipment and other assets	49	207,061
Total cash flows used in investing activities	(266,572)	89,294
Cash flows from financing activities		
Payments		
Unsubordinated negotiable obligations (Note 5)	(1,818,871)	(23,676,939)
Loans from domestic financial institutions (Note 5)	(1,783,896)	(376,563)
Other payments related to financing activities	(321,095)	(371,530)
Collections		
Unsubordinated negotiable obligations (Note 5)	-	3,064,448
Loans to domestic financial institutions (Note 5)	1,635,714	205,324
Total cash flows used in financing activities	(2,288,148)	(21,155,260)
Effect of exchange rate variations	3,091,551	1,388,132
Effect of gain (loss) on net monetary position of cash	(6,019,202)	(8,678,285)
TOTAL VARIATION IN CASH FLOWS		
Net increase – (Net decrease) for the period	698,577	(10,106,691)
Restated cash at beginning of year	33,716,161	42,946,820
Cash at period end	34,414,738	32,840,129

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

Manuel J.L. Herrera
Grazioli
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana

Partner

Public Accountant (UCA)

CPCECABA Volume 383 Page 244

Marcelo Fuxman

By the Supervisory
Committee

1. GENERAL INFORMATION

Banco Hipotecario S.A. (hereinafter, the "Bank" or "the Entity") is a financial institution subject to the Financial Institutions Law No. 21526.

The Bank is the result of the privatization of the then Banco Hipotecario Nacional (an institution established in 1886), pursuant to Law No. 24855 passed on July 2, 1997 and enacted by the National Executive Branch (PEN) through Decree No. 677 dated July 22, 1997, and regulatory Decree No. 924/97, whereby Banco Hipotecario Nacional was declared "subject to privatization" under the terms of Law No. 23696 and transformed into a corporation ("*sociedad anónima*"). The new entity arising from this transformation does business under the name of "Banco Hipotecario Sociedad Anónima", and as a commercial bank in accordance with Law No. 21526. The Bank provides retail and corporate banking services. In addition, through its subsidiaries, it provides life and personal accident insurance.

These consolidated condensed interim financial statements as of and for the three-month fiscal period ended March 31, 2023 include the Bank and its subsidiaries, that is, companies and structured entities controlled by the Bank (collectively, the "Group").

The companies controlled by the Group include:

- BACS Banco de Crédito y Securitización S.A. (BACS): An investment bank engaged in designing financial solutions for businesses, including securitizations and credit portfolio management. The Bank owns a 62.28% stake in BACS' capital stock and votes.
- BHN Sociedad de Inversión S.A.: The holding entity of BHN Vida S.A. and BHN Seguros Generales S.A. The Bank directly and indirectly owns a 100% stake in BHN Sociedad de Inversión S.A.'s capital stock and votes. In turn, the Bank indirectly owns a 100% stake in Toronto Trust Gestión Mutual Fund.

The structured entities controlled by the Bank include:

- CHA Financial Trusts Series IX to XIV
- Toronto Trust Argentina 2021 Mutual Fund: The fund started operating on March 2, 2022 and invests in Argentine assets, both fixed income and equities. The variation of this mutual fund included as a structured entity as of March 31, 2023 is presented in "Other changes" in the Statement of Changes in Shareholders' Equity as of that date.

In the case of mutual funds, at each period-end, the Bank analyzes the shares held in order to conclude on the existence of control at each date. This analysis considers not only the direct and indirect investments held by the Group but also the composition of the rest of the investors in order to conclude on the need for consolidation under IFRS 10.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Lorena C. Morchón
General Accounting Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

2. CHANGES IN THE MACROECONOMIC CONTEXT AND FINANCIAL AND CAPITAL SYSTEMS

The Group operates amidst an economic environment whose main variables have shown substantial volatility, such as the continuity of the inflation rate level and the decline in economic activity that began in previous years and deepened during the Coronavirus (COVID-19) pandemic declared by the World Health Organization on March 11, 2020, which, as of the date of these financial statements, maintains certain regulations applicable to those activities with high epidemiologic and health risk until December 31, 2023.

Against this backdrop, on December 21, 2019, the “Social Solidarity and Production Reactivation Law within the framework of the Public Emergency” (the “Economic Emergency Law”) was passed into law by the Argentine Congress, declaring Argentina in economic, financial, administrative, social security, energy, public health and social emergency until December 31, 2020. On December 27, 2020, the Argentine Executive Branch published Decree No. 1042/2020, extending the law enforcement until December 31, 2021 and subsequently until December 31, 2022 under Decree No. 12/2022 dated January 11, 2022. Finally, Decree No. 69/2023 published on February 10, 2023 extended again the enforcement thereof until December 31, 2023.

The Economic Emergency Law also suspended until December 31, 2021 the reduction in the income tax rate (Note 12) and the 2017 Tax Agreement, which established a progressive decrease in turnover tax until December 31, 2020. As stated in Note 12, Law No. 27630 published on June 16, 2021, rendered the reduction in the income tax rate ineffective, and established a system of tax brackets applicable to fiscal years beginning on or after January 1, 2021.

In particular, and concerning financial assets, measures were taken as regards the extension of maturities and/or restructuring of government securities.

As of the date of these financial statements, the Group has adhered to the exchange of its portfolio instruments subject to restructuring in the amount of ARS 23,948,664.

In terms of exchange aspects, on September 1, 2019, the Argentine Government published Executive Decree No. 609/2019 setting forth extraordinary and interim exchange guidelines. Additionally, the Argentine Central Bank (“BCRA”) issued Communication “A” 6770, as amended, whereby, among other measures, it provided that up to December 31, 2019, the BCRA's previous consent was required to access the foreign exchange market for the remittance of profits and dividends, payment of services to foreign affiliates, and early payment of financial debts (principal and interest) more than three business days before maturity. Then, on December 30, 2019, the BCRA issued Communication “A” 6856, establishing that the preceding provisions would remain in force on and after December 31, 2019. As of the date of these financial statements, the BCRA imposed further restrictions to access the exchange market. In this respect, Communication “A” 7405 dated November 25, 2021 provided that, effective December 1, 2021, the cash position established under the rules on “Total net position in foreign currency” may not exceed an amount equal to 0% of the Regulatory Capital (*Responsabilidad Patrimonial Computable*) for the respective preceding month. Based on the application of these rules, the Entity sold foreign currency in the *Mercado Único de Cambios* and negotiable securities denominated and payable in dollars.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Besides, in an effort to address the challenges brought about by the pandemic and the economic context, the BCRA took several measures primarily aimed at facilitating credit access by economic players, including, without limitation:

- a) Restrictions on positions held by entities in Bills issued by the BCRA (LELIQ);
- b) Credit facilities to micro, small and medium-sized enterprises (MSMEs) at an annual nominal interest rate of 24% to cover working capital requirements or to pay for wages;
- c) Ceiling rates on credit card financing arrangements and floor rates on time deposits;
- d) New credit facilities at a subsidized interest rate of 24%, including a special tranche for Argentine-source capital goods, subject to minimum requirements for companies which had no access to bank loans;
- e) Implementation of corporate loans at regulated interest rates under the Employment and Production Emergency Assistance Program, to be determined on the basis of the year-on-year changes in the company's turnover, and extension of zero-interest rate credit facilities in pesos to taxpayers under the simplified tax regime and self-employed workers engaged in cultural activities; and
- f) A new financing line for MSMEs' productive investments that financial institutions are required to hold.
- g) For customers who are employers covered by the Productive Recovery Program II (REPRO II), financial institutions shall include unpaid installments relating to maturities as from May 14, 2021 in the month following the end of the loan term, considering only the accrual of compensatory interest at the contractual rate.

The events described in this Note affect the Group's operations, as well as the calculation of credit losses and the valuation of public sector debt instruments.

As of March 31, 2023, minimum capital and minimum cash surpass the minimum thresholds established by the BCRA, with no deficiencies in these ratios being expected to occur in the following twelve months.

As of the date of these financial statements, these events have not had a significant impact on the Group's financial position, results of operations and/or cash flows. Management does not expect any future significant impact either, to the extent activity remains, at least, at current levels.

3. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

Banco Hipotecario S.A. is a financial institution subject to Financial Institutions Law No. 21526 and, as such, is also required to comply with the regulations established by the BCRA in its capacity as Regulator of Financial Institutions. The Bank is also required to comply with the regulations set by the Argentine Securities Commission ("CNV"), in accordance with Law No. 26831.

These consolidated condensed interim financial statements were approved by the Board of Directors at a virtual meeting held on May 30, 2023.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana
(Partner)

Public Accountant (UCA)
C.P.C.E.C.A.B.A. Volume 383 – Page 244

3.1. Basis of presentation of financial statements

These consolidated financial statements have been prepared pursuant to the financial reporting framework established by the BCRA. Under such reporting framework, entities subject to the BCRA's supervision are required to submit financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), with the following deviations (the "financial reporting framework established by the BCRA"):

- the temporary waiver of the application of the impairment model set forth in paragraph 5.5 "Impairment" of IFRS 9 "Financial Instruments" for debt securities issued by the non-financial public sector established in Communication "A" 6847. If the Group had applied the impairment model to these instruments, its shareholders' equity as of March 31, 2023 and December 31, 2022 would have decreased by 1,452,813 and 1,777,782, respectively.
- the deferral until January 1, 2024 of the application of the impairment model set forth in paragraph 5.5 "Impairment" of IFRS 9 "Financial Instruments" for Group "C" financial institutions, that are neither branches nor subsidiaries of foreign banks classified as systemically important, as it is the case of BACS, according to Communication "A" 7659. Had it not been for the deferral established by the BCRA in such communication, the Group's shareholders' equity would have increased by 4,868 and 9,603 as of March 31, 2023 and December 31, 2022, respectively;
- the measurement of public sector debt securities received in exchange for other securities which, according to Communication "A" 7014, were recognized at the carrying amount of the instruments delivered in replacement, while under IFRS, instruments received should be carried at fair value, with the difference in respect of the carrying amount of the securities delivered being recognized in profit or loss. Had the accounting criteria established by IFRS been applied, the Group's shareholders' equity would have decreased by 903,325 and 949,958 as of March 31, 2023 and December 31, 2022, respectively; and
- the valuation of the building "Edificio del Plata" recognized in "Non-current assets held for sale" which, as of March 31, 2023 and December 31, 2022, has been valued in accordance with the accounting treatment established by the BCRA as detailed in Note 9.4. Had the accounting criteria established by IFRS been applied, the Bank's shareholders' equity would have increased by 11,047 and 4,222,521 as of March 31, 2023 and December 31, 2022, respectively.

Furthermore, the BCRA, through Communications "A" 6323 and 6324, set forth guidelines for the preparation and presentation of financial institutions' financial statements, including additional reporting requirements as well as the disclosure of certain information in the form of Schedules.

The Bank's management has concluded that these consolidated financial statements fairly present its financial position, financial performance and cash flows.

In preparing these financial statements, the Group is required to make estimates and assessments affecting the reported amounts of assets and liabilities, the disclosure of contingencies, as well as the reported amounts of income and expenses during the period. In this sense, estimates are made, for instance, to calculate the allowance

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

for credit risk, the useful life of property & equipment, depreciation and amortization, the recoverable value of assets, the income tax expense, some labor-related costs, and the allowances for contingencies and labor, civil and commercial lawsuits and the fair value of certain financial instruments. Future actual results may differ from the estimates and assessments made as of the date these consolidated financial statements were prepared.

The areas involving a higher degree of judgment or complexity or the areas in which the assumptions and estimates are material for these consolidated financial statements are described in Note 4.

As of the date of these financial statements, they are pending transcription into the Inventory and Financial Statements Book.

3.2. Functional and presentation currency

All of the Group's entities consider the Argentine Peso as functional and presentation currency. All amounts are stated in thousands of pesos, unless otherwise specified.

International Accounting Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy be stated in terms of the current measurement unit at the end of the reporting period.

The standard sets out a number of factors that should be considered to conclude that an economy is hyperinflationary under IAS 29, including a cumulative inflation rate for three consecutive years close to, or in excess of, 100%. Therefore, pursuant to IAS 29, the Argentine peso is considered a currency of a hyperinflationary economy as from July 1, 2018.

By means of Communication "A" 6778, the BCRA required the adoption of IAS 29 for reporting periods beginning on or after January 1, 2020. Entities should rely on the following price indexes for such purposes:

- For items subsequent to December 2016: Consumer Price Index (CPI) compiled by the Argentine Institute of Statistics and Census ("INDEC"); and
- For items prior to December 2016: The price index released by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE), based on the Wholesale Domestic Price Index (IPIM, Spanish acronym) compiled by INDEC.

Under IAS 29, assets and liabilities that are not stated in the measuring unit current at the end of the reporting period should be adjusted by applying the relevant price index. The adjusted value of a non-monetary item is written down if it exceeds its recoverable value.

In applying IAS 29 to the consolidated statement of financial position, the Group has relied on the following methodology and criteria:

- Non-monetary assets were restated by applying the price index. The restated amounts were written down to their recoverable values, by applying the relevant IFRS, where appropriate.
- Monetary assets were not restated.
- Assets and liabilities contractually related to changes in prices, such as index-linked securities and loans, were measured on the basis of the relevant contract.
- Deferred income tax assets and liabilities were recalculated on the basis of the restated amounts.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

- As of January 1, 2019, all shareholders' equity items, other than Unappropriated retained earnings/ losses, were restated by applying the relevant price index, as from the date of contribution or origination. In subsequent periods, all shareholders' equity items were restated by applying the relevant price index as from the beginning of the year or the contribution date, if later.

In applying IAS 29 to the consolidated statements of income and cash flows, the Group has relied on the following methodology and criteria:

- All items of the consolidated statements of income and cash flows were restated in terms of the measuring unit current at the end of the reporting period.
- The gain or loss on net monetary position is recognized in the consolidated statement of income.
- Gains or losses on cash are disclosed in the statement of cash flows separately from cash flows from operating, investing, and financing activities, as a reconciling item between cash at the beginning of the year and at period-end.

Comparative information was restated in terms of the measuring unit current at March 31, 2023.

3.3. Going Concern

As of the date of issuance of these consolidated financial statements, there are no uncertainties with respect to events or conditions that may raise doubts about the possibility that the Group continues operating normally as a going concern.

3.4. Distribution of Unappropriated retained earnings

On March 30, 2023, the Shareholders' Meeting resolved to distribute unappropriated retained earnings accumulated as of December 31, 2022, allocating the amount thereof to the legal reserve.

3.5. Accounting standards

a) The following standards and amendments to standards became effective on January 1, 2023; and they have not had a material impact on the group's financial statements:

- Disclosures of accounting policies (amendment to IAS 1 and IFRS Practical Statement 2).
- Definition of accounting estimate (amendment to IAS 8).
- Deferred tax related to assets and liabilities arising from a single transaction (amendment to IAS 12).

b) The following standards and amendments to standards are effective as from January 1, 2024. The Group understands that they will not have a significant impact on the Company's financial statements:

- Classification of liabilities as current or non-current (amendment to IAS 1). Effective as from January 1, 2024.
- Lease debt in a sale and leaseback (amendment to IFRS 16). Effective as from January 1, 2024.
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28). No effective date.

Also, as indicated in Note 7, the BCRA allowed Group "C" institutions to exercise the option to adopt paragraph 5.5. of IFRS 9 (Impairment) as from January 1, 2024.

Finally, by means of Communication "A" 7642, the BCRA defined that the application of IFRS 17 (which was

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

effective as from January 1, 2023 according to the IASB) is optional until the IASB makes it mandatory. The group has decided not to apply IFRS 17 until it is required by the BCRA.

4. MATERIAL ACCOUNTING POLICIES AND ESTIMATES

For the preparation of these financial statements, Management applies its professional judgment and makes estimates that affect the accounting policies applied and the reported balances of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The underlying estimates and assumptions are continuously under review. The effect of the review of accounting estimates is recognized prospectively.

4.1. Judgments

Information about judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements includes impairment of financial assets. The measurement of expected credit losses requires the use of complex models and significant assumptions about future economic conditions and credit behavior of a customer or group of customers. See Note 6.3.

4.2. Assumptions and estimates on uncertainties

The following notes contain information about assumptions and estimates on uncertainties at a significant risk of resulting in a material adjustment to these consolidated condensed interim financial statements:

- Note 6 – Financial instruments, concerning the fair value measurement of Level 2 and 3 financial assets.
- Notes 6.3 and 7 – Impairment of financial assets, concerning the measurement of expected credit losses.
- Notes 9.3 and 9.4 – Investment property and Non-current assets held for sale, concerning the measurement of their respective fair values.
- Note 10 – Income tax, concerning the availability of future taxable profit against which deferred tax assets could be used.
- Note 12 – Provisions, particularly concerning the calculation of the provision for lawsuits.

4.3. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Group measures the fair value of a financial instrument using the quoted price in an active market. A market is considered active if transactions take place with sufficient frequency and in sufficient volumes to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques maximizing the use of relevant market inputs and minimizing the use of unobservable inputs. The election of a valuation technique encompasses all factors market participants would take into consideration for the purposes of setting the transaction price.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the measurement techniques, as follows:

- Level 1: quoted prices in active markets (unadjusted) for identical assets or liabilities.
- Level 2: valuation models using observable market data as significant inputs.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

- Level 3: valuation models using unobservable market data as significant inputs.

5. STATEMENT OF CASH FLOWS

The table below shows a breakdown of items comprising cash:

	03/31/2023	12/31/2022
Cash	6,088,453	7,299,452
Financial institutions and correspondents	28,326,285	26,416,709
Total Cash	34,414,738	33,716,161

Below is the reconciliation of financing activities as of March 31, 2023 and 2022:

	Balance as of 12/31/2022	Cash flows		Other non-cash changes (1)	Balance as of 03/31/2023
		Collections	Payments		
Negotiable obligations issued	17,530,949	-	(1,818,871)	(220,410)	15,491,668
Loans from the BCRA and other financial institutions	359,255	1,635,714	(1,783,896)	170	211,243
Total	17,890,204	1,635,714	(3,602,767)	(220,240)	15,702,911

(1) Including loss on net monetary position, interest and foreign currency difference.

	Balance as of 12/31/2021	Cash flows		Other non-cash changes (1)	Balance as of 03/31/2022
		Collections	Payments		
Negotiable obligations issued	48,214,804	3,064,448	(23,676,939)	(1,184,861)	26,417,452
Loans from the BCRA and other financial institutions	680,354	205,324	(376,563)	(7,250)	501,865
Total	48,895,158	3,269,772	(24,053,502)	(1,192,111)	26,919,317

(1) Including loss on net monetary position, interest and foreign currency difference.

6. FINANCIAL INSTRUMENTS

6.1. Repo transactions

Pursuant to the derecognition guidelines set forth under IFRS 9, these transactions are regarded as secured financing arrangements and, therefore, are accounted for as follows:

Reverse repurchase transactions

Financing granted in the form of reverse repurchase transactions will be carried in assets under the line "Reverse repurchase transactions," plus accrued interest receivable. The underlying assets received as part of reverse

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

repurchase transactions are booked in off-balance sheet accounts. These accounts reflect the notional value of current transactions measured at fair value, at each month-end.

Repurchase transactions

Financing received in the form of repurchase transactions will be carried in liabilities under the line "Repurchase transactions," plus accrued interest payable. As part of these transactions, when the recipient of the underlying asset becomes entitled to sell it or pledge it, the asset will be reclassified to "Financial assets pledged as collateral." At each month-end, these assets are measured according to the category they were classified before the repo transaction, and the resulting gain or loss will be carried in the applicable accounts, based on the type of asset.

The items "Repo transactions" carried in assets or liabilities show the originally agreed-upon amounts plus accrued premiums from reverse repurchase transactions and repurchase transactions, respectively. The notional values of securities tied to repo transactions are as follows:

Assets	03/31/2023	12/31/2022
Reverse repurchase transactions (a)	101,342,573	130,750,340

(a) Recognized in Off-balance sheet accounts.

6.2. Fair value of financial instruments

Fair value hierarchy of financial instruments measured at fair value

The fair value hierarchy of assets and liabilities measured at fair value ("FV") as of March 31, 2023 and December 31, 2022 is detailed below:

Instrument portfolio as of 03/31/2023	Balance	Level 1 FV	Level 2 FV	Level 3 FV
Assets	130,218,612	33,576,141	96,642,471	-
Debt securities at fair value through profit or loss	125,181,174	28,713,356	96,467,818	-
Derivative instruments	87,273	-	87,273	-
Other financial assets	3,519,476	3,519,476	-	-
Financial assets pledged as collateral	3,672	3,672	-	-
Investments in equity instruments	1,427,017	1,339,637	87,380	-
Liabilities	(3,235,616)	(3,217,577)	(18,039)	-
Liabilities at fair value through profit or loss	(3,217,577)	(3,217,577)	-	-
Derivative instruments	(18,039)	-	(18,039)	-

Instrument portfolio as of 12/31/2022	Balance	Level 1 FV	Level 2 FV	Level 3 FV
Assets	161,522,319	38,050,591	123,471,728	-
Debt securities at fair value through profit or loss	156,042,157	32,816,676	123,225,481	-
Derivative instruments	88,216	-	88,216	-
Other financial assets	3,878,560	3,878,560	-	-
Financial assets pledged as collateral	14,319	14,319	-	-

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Investments in equity instruments	1,499,067	1,341,036	158,031	-
Liabilities	(190)	-	(190)	-
Derivative instruments	(190)	-	(190)	-

The Group monitors the availability of market information in order to evaluate the classification of financial instruments at the different fair value levels, as well as the resulting determination of inter-level transfers at the end of each reporting period.

As of March 31, 2023 and December 31, 2022, the Group has not recorded any inter-level transfers.

Fair value of financial instruments not measured at fair value

Below is a detail of the difference between the carrying amount and the fair value of the main assets and liabilities carried at amortized cost:

Instrument portfolio as of 03/31/2023	Balance	Total FV	Level 1 FV	Level 2 FV	Level 3 FV
Assets					
Cash and bank deposits	34,414,738	(*)	-	-	-
Repo transactions	91,407,241	(*)	-	-	-
Other financial assets	14,871,699	(*)	-	-	-
Loans and other financing arrangements	81,933,273	79,134,483	-	79,134,483	-
Other debt securities	24,136,305	23,598,451	1,187,634	22,410,817	-
Financial assets pledged as collateral	15,682,167	7,773,699	7,773,699	-	-
Liabilities					
Deposits	(292,539,082)	(289,844,782)	-	(289,844,782)	-
Other financial liabilities	(29,493,268)	(29,765,754)	-	(29,765,754)	-
Financing received from BCRA	(211,243)	(*)	-	-	-
Negotiable obligations issued	(15,491,668)	(11,096,219)	-	(11,096,219)	-

(*) It is considered that the fair value of instruments is similar to their book value.

Instrument portfolio as of 12/31/2022	Balance	Total FV	Level 1 FV	Level 2 FV	Level 3 FV
Assets					
Cash and bank deposits	33,716,161	(*)	-	-	-
Repo transactions	119,520,073	(*)	-	-	-
Other financial assets	8,891,885	(*)	-	-	-
Loans and other financing arrangements	92,543,236	88,278,603	-	88,278,603	-
Other debt securities	38,107,768	37,545,569	1,255,052	36,290,517	-
Financial assets pledged as collateral	5,148,574	4,797,564	4,797,564	-	-
Liabilities					
Deposits	(360,037,944)	(354,033,700)	-	(354,033,700)	-
Other financial liabilities	(29,788,772)	(29,966,163)	-	(29,966,163)	-
Financing received from BCRA	(359,255)	(*)	-	-	-

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Negotiable obligations issued	(17,530,949)	(13,561,707)	-	(13,561,707)	-
-------------------------------	--------------	--------------	---	--------------	---

(*) It is considered that the fair value of instruments is similar to their book value.

Valuation Techniques

The techniques used by the Entity to measure the fair value of financial instruments subject to IFRS 13 maximize the use of observable and available information at the measurement date, in order to obtain the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or was estimated using a different valuation technique.

When measuring the fair value of a specific asset or liability, an entity takes into account the specific characteristics of the asset or liability being measured that a market participant would take into account when pricing the asset or liability at issuance date, including:

- The conditions and location of the asset or liability
- The principal (or most advantageous) market for the asset or liability
- Any restrictions on the sale and use of the asset or liability

Fair value is not adjusted for transaction costs, for such costs are not an intrinsic characteristic of the asset or liability, but are rather specific to each transaction and the means by which it was completed.

The techniques used to measure the fair value of the securities recognized in the financial statements as of March 31, 2023 are summarized below:

- Valuation at the market price for identical assets or liabilities observable at the measurement date, or up to 5 previous rounds in a representative market.
- Valuation at the market price of an asset or liability with similar characteristics, observable at the measurement date, or up to 5 previous rounds in a representative market.
- Valuation as per model based on the current value of the asset or liability projected cash flows based on contractual conditions, by reference to implied interest rates or yield curves of assets and liabilities with similar characteristics, observable at the measurement date, or up to 5 previous rounds in a representative market.

Based on the valuation model inputs, fair values will be classified into the following levels:

- Level 1: Fair values estimated on the basis of quoted prices (unadjusted) in active markets that the entity can access at the measurement date, considering that such prices provide the most reliable evidence of fair value. Even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.
- Level 2: Fair values estimated on the basis of inputs other than the quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include:
 - Quoted prices for similar assets or liabilities in markets that are or are not active.
 - Inputs other than quoted prices that are observable for the asset or liability, for example:
 - Observable interest rates and yield curves
 - Implied volatilities
 - Credit spreads

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

- Market-corroborated inputs

The models currently used by the Group are oriented to place reliance on the yield curves of benchmark instruments grouped by currency and issuer's quality, which are used to discount the cash flows from the securities that require Level 2 fair value measurement.

As of March 31, 2023, the Entity has built 2 yield curves: one for peso-denominated sovereign securities and another one for CER-linked sovereign securities (real rate curve). The securities taken as a benchmark proved to have frequent quoted prices in recent months, leading to conclude that they reasonably reflect market participants' expectations.

In addition, the Entity has relied on the monetary policy rate to measure Argentine Central Bank bills without a benchmark quoted price at the measurement date, and an average rate for privately issued U.S. dollar-denominated securities to measure privately issued dollar-linked assets.

- Level 3: Fair values measured on the basis of unobservable inputs in active and representative markets.

6.3. Allowance for expected credit losses

Below is a detail of the changes in the allowances for loan losses during the reporting period:

	03/31/2023
Balance at beginning of year (Schedule R)	3,253,901
Loan loss BHSA (*)	673,910
Loan loss BACS (**)	6,859
Reversed allowances (Note 18)	(208,522)
Write-offs	(98,554)
Loss on net monetary position (Schedule R)	(580,902)
Other variations	187,378
Balance at year-end (Schedule R)	3,234,070

(*) The Bank's loan loss is calculated per expected credit loss.

(**) BACS' loan loss is calculated in accordance with the Central Bank's "Minimum allowances for loan losses" guidelines set forth in Section VIII of the Liquidity and Solvency (LISOL) standards.

Maximum exposure to credit risk

Below is a detail of the credit risk exposure of financial instruments in respect of which the Group has recognized expected credit loss allowances. The gross book value of the financial assets included in the table represents the maximum credit risk exposure associated with such assets.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Consumer Portfolio – Total active	03/31/2023				Purchased or originated credit-impaired financial assets	Total
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime			
Days in arrears						
Mortgage loans						19,027,298
0	15,890,124	21,197	-	-	-	15,911,321
1 - 30	1,926,218	1,708	-	-	-	1,927,926
31 - 90	-	500,469	-	-	-	500,469
91 +	-	171,201	-	-	-	171,201
Default	-	-	516,381	-	-	516,381
Consumer loans						8,195,734
0	6,407,171	43,689	-	398,528	-	6,849,388
1 – 30	551,683	300,168	-	74,687	-	926,538
31 – 90	-	210,785	-	34,762	-	245,547
Default	-	-	174,261	-	-	174,261
Credit cards						28,284,792
0	26,941,707	140,070	-	-	-	27,081,777
1 – 30	393,660	335,096	-	-	-	728,756
31 – 90	-	220,270	-	-	-	220,270
Default	-	-	253,989	-	-	253,989
Other						70,197,405
0	68,864,021	1,252,648	857	-	-	70,117,526
1 – 30	9,820	2,651	-	-	-	12,471
31 – 90	-	30,549	-	-	-	30,549
Default	-	22,332	14,527	-	-	36,859
Total financial instruments	120,984,404	3,252,833	960,015	507,977		125,705,229
Allowance for loan losses (Schedule R)	(862,600)	(680,241)	(790,472)	(124,696)		(2,458,009)
Financial instruments, net	120,121,804	2,572,592	169,543	383,281		123,247,220

Corporate Portfolio (*) – Total active	03/31/2023				Purchased or originated credit-impaired financial assets	Total
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime			
Days in arrears						
0	58,059,126	17,792	215,415	-	-	58,292,333
1 - 30	16,547	-	10,718	-	-	27,265
31 - 90	-	51	669,926	-	-	669,977
91 +	61	-	91,717	-	-	91,778
Total financial instruments	58,075,734	17,843	987,776			59,081,353
Allowance for loan losses (Schedule R)	(352,878)	(1)	(278,824)	-	-	(631,703)

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Financial instruments, net	57,722,856	17,842	708,952	-	58,449,650
-----------------------------------	-------------------	---------------	----------------	----------	-------------------

(*) It includes overdraft facilities, promissory notes, mortgage loans, pledge loans, finance leases and other.

SMEs Portfolio– Total active	03/31/2023				Purchased or originated credit-impaired financial assets	Total
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime			
Days in arrears						
0	11,747,244	3,818	4,222	-		11,755,284
1 – 30	242,439	7,145	275	-		249,859
31 – 90	-	1,021	9	-		1,030
91 +	-	-	64,622	-		64,622
Total financial instruments	11,989,683	11,984	69,128	-		12,070,795
Allowance for loan losses (Schedule R)	(84,542)	(91)	(59,725)	-		(144,358)
Financial instruments, net	11,905,141	11,893	9,403	-		11,926,437

Collateral and other credit enhancements

Collateral is an instrument by which a borrower (a Group's customer) or a third party agrees to make a payment, upon default of an assumed obligation. The Group accepts collateral as further assurance of payment when a customer applies for a loan or is granted a product that requires a high credit rating, which the customer does not have.

According to the compiled text of the BCRA's guidelines on "Collateral", the Group's collateral is classified into the following categories:

- Preferred "A" (self-liquidating);
- Preferred "B" (mortgages and pledges);
- Other collateral (sureties and guarantees).

The Group has a dedicated collateral management area, tasked with reviewing legal compliance and the appropriate delivery of collateral, including wording, signatures and powers, as well as collateral registration in internal systems. The main assets admitted by the Group as collateral include real estate, vehicles, sureties, guarantees, liquid funds, stand-by letters of credit, and reciprocal guarantee companies. Depending on the type of collateral, guarantors may be individuals or legal entities (for mortgages, pledges, sureties, guarantees and liquid funds) and top-tier international financial institutions (for stand-by letters of credit).

The Group monitors collateral related to financial assets deemed credit-impaired, since foreclosure of such collateral is more probable to mitigate potential credit losses.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Below is a detail of the book value and fair value of the Group's collateral as of March 31, 2023:

Impaired credit	Gross exposure	Allowance for loan losses	Book value	Collateral fair value
Overdraft facilities	13,318	13,297	21	-
Promissory notes	938	750	188	-
Mortgage loans	518,541	462,181	56,360	1,039,708
Consumer loans	682,472	260,492	421,980	-
Credit cards	253,989	178,405	75,584	-
Finance leases	54	5	49	50
Call loan rate to companies	226,130	166,093	60,037	-
Other	829,453	172,494	656,959	3,658,912
Total impaired credit	2,524,895	1,253,717	1,271,178	4,698,670

Allowance for credit risk

The allowance for credit risk recognized for the period is affected by several factors, which may be classified into two major groups:

Changes in exposure within each Stage:

- Due to the origination of new financial instruments, as well as financial instruments derecognized during the period (credit repayment and termination of checking account and card services), resulting in the recognition of increases or decreases in the allowance during the period/year;
- Exposure adjustments due to an increase in UVA or in the peso-dollar exchange rate;
- Impacts due to the time elapsed as a consequence of present value adjustments;
- Transfers to and from Stages due to changes in the perceived credit risk of the instruments and the ensuing "increase" (or "decrease") in 12-month and Lifetime expected credit losses ("ECL").

Changes in the calculation methodology and parameters during the period, resulting from the periodical adjustment of inputs and maintenance of models:

- Impacts on ECL measurement due to changes in models and assumptions
- Changes in ECLs attributable to the adjustment to the model main parameters:
 - Probability of Default ("PD")
 - Loss given default ("LGD")
 - Exposure at default ("EAD" / Credit conversion factor ("CCF"))
- Adjustments to the macroeconomic projections used in forward-looking models

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

The following table shows the changes observed in the allowances for loan losses under the IFRS approach from March 31, 2023 to December 31, 2022:

Consumer Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	553,741	494,473	638,657	128,925	1,815,796
Inflation adjustment	120,342	107,461	138,795	28,018	394,616
New originated or purchased financial instruments during the period	126,437	5,620	8,917	3,484	144,458
Changes in PDs/LGDs/EADs	200,755	(269,328)	(63,777)	(26,691)	(159,041)
Changes in the model assumptions and methodology	-	-	-	-	-
Foreign currency difference and other changes	9,007	26,561	31,815	940	68,323
Inter-stage transfers					
From Stage 1 to Stage 2	-	331,061	-	-	331,061
From Stage 1 to Stage 3	-	-	30,771	-	30,771
From Stage 2 to Stage 1	(115,683)	-	-	-	(115,683)
From Stage 3 to Stage 1	(26,149)	-	-	-	(26,149)
From Stage 2 to Stage 3	-	-	72,592	-	72,592
From Stage 3 to Stage 2	-	(181)	-	-	(181)
Net amount recognized in profit or loss	314,709	201,194	219,113	5,751	740,767
Derecognitions	(5,850)	(15,426)	(67,298)	(9,980)	(98,554)
Allowance for credit risk as of 03/31/2023	862,600	680,241	790,472	124,696	2,458,009

Corporate Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	244,491	813	435,008	-	680,312
Inflation adjustment	53,134	177,00	94,532,00	-	147,843
New originated or purchased financial instruments during the period	25,979	-	5,259	-	31,238
Changes in PDs/LGDs/EADs	(14,038)	(981)	(274,829)	-	(289,848)
Changes in the model assumptions and methodology	-	-	-	-	-

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Foreign currency difference and other changes	42,398	-	18,735	-	61,133
Inter-stage transfers					
From Stage 1 to Stage 3	-	-	104	-	104
From Stage 2 to Stage 1	910	-	-	-	910
From Stage 3 to Stage 1	4	-	-	-	4
From Stage 2 to Stage 3	-	-	15	-	15
From Stage 3 to Stage 2	-	(8)	-	-	(8)
Net amount recognized in profit or loss	108,387	(812)	(156,184)	-	(48,609)
Allowance for credit risk as of 03/31/2023	352,878	1	278,824	-	631,703

SMEs Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated or impaired credits	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	123,800	118	52,970	-	176,888
Inflation adjustment	26,905	26	11,512	-	38,443
New originated or purchased financial instruments during the period	32,915	11	376	-	33,302
Changes in PDs/LGDs/EADs	(99,340)	(8)	(6,659)	-	(106,007)
Changes in the model assumptions and methodology	-	-	-	-	-
Foreign currency difference and other changes	271	-	465	-	736
Inter-stage transfers					
From Stage 1 to Stage 2	-	24	-	-	24
From Stage 1 to Stage 3	-	-	902	-	902
From Stage 2 to Stage 1	23	-	-	-	23
From Stage 3 to Stage 1	(32)	-	-	-	(32)
From Stage 2 to Stage 3	-	-	159	-	159
From Stage 3 to Stage 2	-	(80)	-	-	(80)
Net amount recognized in profit or loss	(39,258)	(27)	6,755	-	(32,530)
Allowance for credit risk as of 03/31/2023	84,542	91	59,725	-	144,358

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Exposure to credit risk

The exposure to credit risk, measured under IFRS 9 BCRA (expected losses model, except for non-financial public sector's financial assets) as of March 31, 2023 and December 31, 2022 is as follows:

Consumer Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit- impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	85,689,991	2,124,197	786,510	536,404	89,137,102
Inflation adjustment	18,622,454	461,638	170,927	116,573	19,371,592
New originated or purchased financial instruments during the period	3,735,072	24,107	13,324	14,565	3,787,068
Changes without inter-stage transfers	11,278,368	105,713	8,544	(111,969)	11,280,656
Foreign currency difference and other changes	2,760,633	106,437	68,634	7,531	2,943,235
Inter-stage transfers					
From Stage 1 to Stage 2	-	530,442	-	-	530,442
From Stage 1 to Stage 3	-	-	12,288	-	12,288
From Stage 2 to Stage 1	141,471	-	-	-	141,471
From Stage 3 to Stage 1	1,371	-	-	-	1,371
From Stage 2 to Stage 3	-	-	33,022	-	33,022
From Stage 3 to Stage 2	-	(1,861)	-	-	(1,861)
Reimbursement and derecognitions	(1,244,956)	(97,840)	(133,234)	(55,127)	(1,531,157)
Balance as of 03/31/2023	120,984,404	3,252,833	960,015	507,977	125,705,229

Corporate Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	8,058,430	73,807	2,251,130	-	10,383,367
Inflation adjustment	1,683,717	16,040	489,224	-	2,188,981
New originated or purchased financial instruments during the period	3,145,773	17,805	105,701	-	3,269,279
Changes without inter-stage transfers	41,796,910	(16,040)	(399,921)	-	41,380,949
Foreign currency difference and other changes	7,711,426	44	7,840	-	7,719,310
Inter-stage transfers					
From Stage 1 to Stage 2	-	(27)	-	-	(27)
From Stage 1 to Stage 3	-	-	75	-	75
From Stage 2 to Stage 1	87,735	-	-	-	87,735

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

From Stage 3 to Stage 1	75	-	-	75
From Stage 2 to Stage 3	-	-	33	33
From Stage 3 to Stage 2	-	19	-	19
Reimbursement and derecognitions	(4,408,332)	(73,805)	(1,466,306)	(5,948,443)
Balance as of 03/31/2023	58,075,734	17,843	987,776	- 59,081,353

SMEs Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated impaired credits	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	13,102,330	26,720	68,789	-	13,197,839
Inflation adjustment	15,949,775	32,527	83,738	-	16,066,040
New originated or purchased financial instruments during the period	3,160,259	625	417	-	3,161,301
Changes without inter-stage transfers	(14,314,957)	(32,525)	(83,739)	-	(14,431,221)
Foreign currency difference and other changes	8,484,709	13,401	16,522	-	8,514,632
Inter-stage transfers					
From Stage 1 to Stage 2	-	10,831	-	-	10,831
From Stage 1 to Stage 3	-	-	922	-	922
From Stage 2 to Stage 1	6,817	-	-	-	6,817
From Stage 3 to Stage 1	(142)	-	-	-	(142)
From Stage 2 to Stage 3	-	-	108	-	108
From Stage 3 to Stage 2	-	83	-	-	83
Reimbursement and derecognitions	(14,399,108)	(39,678)	(17,629)	-	(14,456,415)
Balance as of 03/31/2023	11,989,683	11,984	69,128	-	12,070,795

Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity, and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovery in full.

The Group may write off financial assets which are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the fiscal period ended March 31, 2023 were equivalent to ARS 98,554. The Group still seeks to recover amounts legally owed to it in full, but which have been partially written off since there is no reasonable expectation of full recovery.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

	03/31/2023
Balance at beginning of year (Note 22)	20,414,441
Additions due to write-offs for the period	98,554
Deletions due to recoveries	(82,726)
Deletions due to accounting recognition	(97,952)
Monetary restatement and other changes	(1,525,108)
Balance at year-end (Note 22)	18,807,209

7. LOANS AND OTHER FINANCING ARRANGEMENTS

Since January 1, 2020, the Group has adopted the guidelines on impairment of financial assets set forth in paragraph 5.5 of IFRS 9, except for non-financial public sector debt instruments, which have been temporarily excluded from the scope of IFRS 9. In addition, the BCRA, through Communication "A" 7659, allowed to exercise the option to not apply paragraph 5.5 of IFRS 9 until January 1, 2024 for Group "C" Financial Institutions, that are neither branches nor subsidiaries of foreign banks classified as systemically important, as it is the case of the subsidiary BACS Banco de Crédito y Securitización S.A.; therefore, BACS' allowances for loan losses are determined in accordance with the accounting framework established by the BCRA.

By means of an initial note dated December 28, 2021 and December 21, 2022, BACS Banco de Crédito y Securitización S.A., informed the BCRA that it is making use of the irrevocable option to apply the impairment model as from January 1, 2024.

Consumer loans fully accounted for in accordance with the regulatory framework established by the BCRA are derecognized from the Group's assets within 30 days.

The following table shows a breakdown of balances of Loans and other financing arrangements:

	03/31/2023	12/31/2022
To the non-financial public sector	9	-
Other financial institutions	218,249	296,858
Other loans to local financial institutions	215,140	293,723
Accrued interest, adjustments and exchange differences receivable	3,109	3,147
Allowance for loan losses (Schedule R)	-	(12)
To the non-financial private sector and foreign residents	81,715,015	92,246,378
Overdraft facilities	4,298,243	1,633,990
Promissory notes	8,525,287	13,541,304
Mortgage loans	19,251,886	20,448,889
Pledge loans	29,729	41,750
Consumer loans	7,511,312	7,743,457
Credit cards	28,254,462	29,983,495

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Finance leases	1,548,284	1,753,492
Loans to entity's personnel	901,304	962,198
Unallocated collections	(11,639)	(17,974)
Other	13,642,703	18,032,207
Accrued interest and exchange differences receivable	1,567,359	2,405,875
Documented interest	(967,067)	(1,387,203)
Allowance for loan losses (Schedule R)	(2,836,848)	(2,895,100)
Total Loans and other financing arrangements (Schedules B and C)	81,933,273	92,543,236

Financing line for MSMEs' productive investments

By means of Communication "A" 7140 dated October 15, 2020, the BCRA established a financing line for productive investments available to micro, small and medium-sized enterprises (MSMEs) to finance capital expenditures and/or the construction of the facilities needed for the production and/or marketing of goods and/or services, financing working capital needs and discounting deferred checks and other instruments, and other special eligible credit facilities allowed by applicable law.

The facilities should be granted as part of the quotas in force for fiscal years 2023 and 2022, pursuant to the following conditions:

Quota	Amount to be granted	Calculation of applications
2021/2022 Quota	At least, the equivalent to 7.5% of the monthly average of daily balances of non-financial private sector deposits in pesos in September 2021	Between 10/01/2021 and 03/31/2022
2022 Quota	At least, the equivalent to 7.5% of the monthly average of daily balances of non-financial private sector deposits in pesos in March 2022	Between 04/01/2022 and 09/30/2022
2022/2023 Quota	At least, the equivalent to 7.5% of the monthly average of daily balances of non-financial private sector deposits in pesos in September 2022	Between 10/01/2022 and 03/31/2023
2023 Quota	At least, the equivalent to 7.5% of the monthly average of daily balances of non-financial private sector deposits in pesos in March 2023	Between 04/01/2023 and 09/30/2023
Currency	Pesos	
Minimum term	At the time of disbursement, the credit facilities shall have an average term of 24 months or more, but the total term shall not be of less than 36 months. No minimum term will apply to credit facilities aimed at financing working capital and discounting deferred checks and other instruments.	
Maximum interest rate	Capped at an annual nominal fixed rate of 64.5% for investment projects, and at an annual nominal fixed rate of 74.50% for other purposes.	

As of March 31, 2023, the total amount disbursed by the Bank under the 2022/2023 Quota amounts to 28,729,013 and the simple average of daily balances for financing arrangements effective from October 1, 2022 to March 31,

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana
(Partner)

Public Accountant (UCA)
C.P.C.E.C.A.B.A. Volume 383 – Page 244

2023 amounts to 12,401,852.

As of March 31, 2023, September 30, 2022 and March 2022, the entity is in compliance with the 2022/2023 quota, 2022 quota and 2021/2022 quota, respectively.

As per Communication "B" 12544, the total amount to be disbursed by the Bank in respect of the 2023 Quota (from April 1, 2023 to September 30, 2023) amounts to 14,610,003.

8. OTHER FINANCIAL ASSETS AND LIABILITIES

8.1. Other financial assets

The balances of other financial assets are as follows:

	03/31/2023	12/31/2022
Shares in mutual funds	3,519,476	3,878,560
Receivables from transactions pending settlement	12,058,600	6,530,779
Miscellaneous receivables		
Funds to be offset	15,679	59,031
Allowance for loan losses (Schedule R)	(57,997)	(66,560)
Other	2,855,417	2,368,635
Total other financial assets	18,391,175	12,770,445

8.2. Other financial liabilities

	03/31/2023	12/31/2022
Credit card consumptions	7,104,265	6,746,705
Payables from transactions pending settlement	9,739,875	14,675,820
Debt securities related to the transfer of financial assets not derecognized	5,260,994	5,928,812
Finance leases	504,857	487,389
Other	6,883,277	1,950,046
Total other financial liabilities	29,493,268	29,788,772

TRANSFER OF FINANCIAL ASSETS

The Group has made transfers of financial assets as described in Note 26.3.b). Upon the initial adoption of IFRS, derecognition criteria for financial assets under IFRS 9 were applied on a prospective basis for transactions occurring after the IFRS transition date (January 1, 2017).

Transfers of financial assets to financial trusts as of March 31, 2023 that do not qualify for derecognition are detailed below. Therefore, the Group continues recognizing transferred assets in full and a financial liability for the consideration it has received:

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Issuer	Financial trust	Created on	Initial trust debt amount		Estimated termination of the series
			Type	Amount (in thousands)	
BHSA	CHA UVA Series I	Apr-18	A	8,645 UVA	Oct-24
			B	5,763 UVA	Apr-28
			CP	4,802 UVA	May-32

9. OTHER NON-FINANCIAL ASSETS AND LIABILITIES

9.1 Property and equipment

Changes in property and equipment for the fiscal period ended March 31, 2023 were as follows:

Item	Original value at the beginning of the year	Increases	Decreases	Impairment	Depreciation			Residual value	
					Accumulated	Decreases	For the period	As of 03/31/2023	As of 12/31/2022
- Real estate	15,553,086	-	-	(18,210)	(1,708,624)	-	(76,941)	13,749,311	13,844,462
- Furniture and facilities	3,661,171	4,824	(49)	-	(3,103,341)	-	(43,495)	519,110	557,830
- Machinery and equipment	17,091,856	37,703	-	-	(16,561,648)	-	(94,205)	473,706	530,208
- Vehicles	8,220	-	-	-	(8,220)	-	-	-	-
- Sundry	534,786	5,359	-	-	(495,605)	-	(5,494)	39,046	39,181
- Right of use of leased personal property	339,859	-	-	-	(329,205)	-	(4,162)	6,492	10,654
- Right of use of leased real estate	2,993,150	120,215	(112)	-	(2,401,672)	-	(113,056)	598,525	591,478
- Works in progress	-	25,000	-	-	-	-	-	25,000	-
Total property and equipment	40,182,128	193,101	(161)	(18,210)	(24,608,315)	-	(337,353)	15,411,190	15,573,813

Additional information

	Depreciation method	Useful life (in years)
- Real estate	Straight-line basis	Up to 50
- Furniture and facilities	Straight-line basis	10
- Machinery and equipment	Straight-line basis	Machinery: 5

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

		Equipment: 3
- Vehicles	Straight-line basis	5
- Right of use of leased real estate	Straight-line basis	In the term of each lease agreement
- Right of use of leased personal property	Straight-line basis	In the term of each lease agreement
- Sundry	Straight-line basis	5

Right of use from leases

Below is a detail of the amounts of leases in which the Group acts as lessee:

(i) Amounts recognized in the statement of financial position:

Rights of use:

Personal property	03/31/2023	12/31/2022
Original value at beginning of the year	339,859	339,859
Accumulated depreciation	(333,367)	(329,205)
	6,492	10,654

Real estate	03/31/2023	12/31/2022
Original value at beginning of the year	2,993,150	2,688,907
Increases for the period / year	120,215	381,588
Decreases for the period / year	(112)	(77,345)
Accumulated depreciation	(2,514,728)	(2,401,672)
	598,525	591,478

Leases payable:

Personal property	03/31/2023	12/31/2022
Up to one year	13,378	12,928
	13,378	12,928

Real estate	03/31/2023	12/31/2022
Up to one year	268,655	257,157
From one to five years	222,824	217,304
	491,479	474,461

(ii) Amounts recognized in the statement of income:

	03/31/2023	12/31/2022
Depreciation of rights of use	117,218	137,863
Interest on lease liabilities (Note 18)	138,546	126,840

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Expenses related to short-term leases	14,847	26,265
---------------------------------------	--------	--------

9.2 Intangible assets

Changes in intangible assets, which include development expenses of the bank's own systems for the period ended March 31, 2023 were as follows:

	03/31/2023
Net book value at beginning of period	764,511
Increases due to development	193,735
Amortization fee (1)	(86,656)
Net book value at period-end	871,590
Cost	8,631,222
Accumulated amortization	(7,759,632)
Net book value at period-end	871,590

(1) The amortization expense for the period is reported in "Depreciation and Impairment of assets" in the statement of income.

9.3 Other non-financial assets

The balances of other non-financial assets are as follows:

Other non-financial assets	03/31/2023	12/31/2022
Investment property	1,988,856	2,087,817
Tax prepayments	586,298	650,714
Prepaid fees to Directors and Supervisory Committee members	363,348	308,467
Other prepayments	784,462	669,512
Other	118,389	120,095
Total	3,841,353	3,836,605

Investment property

The fair value of all investment property is based on appraisals performed by the companies Tinsa, Sageo, Serinco and Favereau Tasaciones, independent experts with recognized professional qualification and expertise in the place and category of the investment property (level 3 fair value). Changes in fair value are recognized in profit or loss.

Investment property appraisal was based on the market approach, i.e., considering market prices per constructed square meter of similar pieces of property and the characteristics inherent to the property being appraised, including aging, condition, maintenance, and construction quality.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Changes in investment property for the period ended March 31, 2023 were as follows:

	03/31/2023
	Leased real estate
Book value at beginning of period	2,087,817
Net loss from measurement at fair value (Note 18)	(98,961)
Net book value at period-end	1,988,856

Significant input data used, detailed by zone and their interrelation with the fair value is as follows:

Main calculation variables, non-observable	Interrelation between main variables and fair value	AMBA (Metropolitan Area of Buenos Aires)	Provinces of Buenos Aires and La Pampa	Rest of the country
Price per square meter (in thousands of pesos)	The higher the price per square meter, the greater the fair value	Between 100 and 157	Between 123 and 454	Between 361 and 406
Aging	The greater the age, the lower the fair value	Between 44 and 62 years	Between 43 and 98 years	Between 32 and 102
State of preservation	The better the state of preservation, the higher the fair value	Good	Between regular and good	Between good and very good

The figures included in income/(loss) from Investment Property for the period are as follows :

	03/31/2023	12/31/2022
Rentals	19,124	6,429
Direct expenses from property management	(429)	(407)

Net income from investment property as of March 31, 2023 and 2022 amounts to ARS 18,695 and ARS 6,022, respectively, and is recognized in "Other operating income", "Administrative expenses" and "Other operating expenses" in the statement of income.

9.4 Non-current assets held for sale

On April 20, 2016, the Bank purchased the building located at Carlos Pellegrini 211, known as "Edificio del Plata", through a public auction held by the Government of the City of Buenos Aires, with the purpose of setting up a branch and corporate offices.

On September 28, 2018, the Bank's Board of Directors decided to discontinue the investment in the construction plan of the new corporate headquarters, changing the originally intended purpose of the building known as "Edificio del Plata".

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

As of March 31, 2023 and December 31, 2022, the aforementioned building is classified as “Non-current asset held for sale” (IFRS 5) and is subject to a sales plan prepared by the Department of Comprehensive Development of Housing.

As of December 31, 2022, the building was valued in the amount of 9,993,502 according to the accounting treatment established by the BCRA by means of a note issued on July 27, 2021. Such note instructed to interrupt the building’s periodical revaluations as from June 2021 onwards. Had the accounting criteria established by IFRS been applied, the value recorded would have been 16,849,687.

As of March 31, 2023, the building was valued in the amount of 13,743,530, according to the accounting treatment established by the BCRA by means of a note issued on April 14, 2023, in which it has stated that it is pertinent to admit the revaluation of the building taking as maximum amount that which arises from the appraisal of lower value, considering those presented as of December 2022, deducting the area in dispute and net of direct selling expenses. Had the accounting criteria established by IFRS been applied, a value of 13,760,526 would have been recorded. At the end of the current period, the necessary requirements are met for it to be classified as held for sale.

It is worth mentioning that as part of the actions taken to facilitate the sale of Edificio del Plata, a preliminary architectural project was submitted to the Undersecretary of Economic Development of the Ministry of Economic Development and Production of the Government of the City of Buenos Aires to be included in the city downtown conversion plan that would allow us to change the commercial use of the piece of property and access to the benefits of CABA Law 6508 Regime for the Transformation of the Downtown Area of the City of Buenos Aires.

On January 19, 2023, Resolution 2023-24-GCABA-UCGPP of the Government of the City of Buenos Aires was received, informing the pre-approval of the preliminary project submitted. It also states that the project is provided with the tax benefit related to the Turnover Tax prepayment for the beneficiary investors, once the related approval has been obtained.

On February 17, 2023, a presentation was made to the General Department of Urban Interpretation (*Dirección General de Interpretación Urbanística*) to initiate the "Project Stage" procedure, since Edificio del Plata is located in a "Special Area" in accordance with the Urban Code in force. On May 9, 2023, the aforementioned agency approved the Urban Development Feasibility.

On March 15, 2023, a consultation was submitted regarding the feasibility of using a trust as a legal structure. On March 27, 2023, a favorable response to the aforementioned consultation was received.

As of the date of issuance of these financial statements, the project is being offered to potential investors.

Its fair value at each measurement date is determined based on appraisals carried out by independent appraisers hired to such end. Such appraisers act as advisors to the Board of Directors and shall meet the required market knowledge, reputation, independence and professional standards.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

9.5 Other non-financial liabilities

Balances of other non-financial liabilities are as follows:

Other non-financial liabilities	03/31/2023	12/31/2022
Miscellaneous payables	3,409,863	4,340,231
Salaries and social security contributions payable	5,080,576	5,479,745
Other taxes payable	1,719,909	2,067,515
Directors' and Supervisory Committee members' fees	990,951	842,349
Tax withholdings and collections payable	1,640,898	1,780,096
Personnel expenses	243,100	206,945
Customers' loyalty programs	51,604	109,915
Termination benefits payable	470,772	499,687
Dividends payable	575	700
Total	13,608,248	15,327,183

10. INCOME TAX

The table below shows a breakdown of "Current income tax assets":

Current income tax assets	03/31/2023	12/31/2022
Minimum notional income tax credit (*)	330,799	402,689
Income tax prepayments	275,524	169,509
Total	606,323	572,198

(*) Below is a detail of the breakdown and expiration of tax credits:

Period	Minimum notional income tax credit	
	Assessed tax	Tax Expiration Period
2012	897	2023
2015	41	2025
2016	81,835	2026
2017	106,128	2027
2018	138,099	2028
2019	3,799	2029
	330,799	

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

The breakdown of income tax (expense) is as follows:

	03/31/2023	03/31/2022
Current income tax – Expense	(644,946)	-
Deferred Income tax –Expense	(1,682,700)	(2,905,434)
Total income tax expense	(2,327,646)	(2,905,434)

Deferred income tax assets/(liabilities)

In the consolidated financial statements, the (current and deferred) tax asset of a Group entity will not be offset against the (current and deferred) tax liability of another Group entity, because they correspond to income taxes levied on different taxable persons and, in addition, they are not legally entitled to pay or receive a single amount that cancels the net situation before the tax authority. Considering the above, the balances of deferred income tax assets and liabilities shown in the Consolidated Statement of Financial Position are detailed below:

	03/31/2023	12/31/2022
Deferred income tax assets	420,903	334,920
Deferred income tax liabilities	(5,173,636)	(3,404,953)
Deferred income tax liabilities, net	(4,752,733)	(3,070,033)

Deferred income tax liabilities

The table below shows the changes in deferred income tax assets and liabilities:

Deferred tax assets / (liabilities), net	Balance as of 12/31/2022	Balance recognized in profit or loss	Balance as of 03/31/2023
Allowance for loan losses	3,934,133	(309,952)	3,624,181
Property and equipment, Investment property and assets held for sale	(8,925,094)	(1,343,897)	(10,268,991)
Foreign-currency valuation	(10,968)	(43,247)	(54,215)
Provisions	662,359	(125,533)	536,826
Valuation of financial instruments	(387,032)	(32,027)	(419,059)
Tax inflation adjustment	1,198,831	(315,726)	883,105
Tax losses	562,996	480,720	1,043,716
Other	(105,258)	6,962	(98,296)
Total deferred income tax liabilities, net	(3,070,033)	(1,682,700)	(4,752,733)

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Below is a detail of the years of origination and expiration of the recognized tax losses:

Originated in	Balance as of 03/31/2023	Expiration
2021	857,619	2026
2022	162,239	2027
2023	23,858	2028
Total	1,043,716	

As per the analysis performed by the Group, the assets detailed above are considered to be recoverable and, they are recognized accordingly.

Income tax rate

Law No. 27430, as subsequently amended by the Social Solidarity and Production Reactivation Law enacted within the framework of the prevailing Public Emergency (the "Economic Emergency Law"), established the following income tax rates:

- 30% for fiscal years beginning on or after January 1, 2018 and 25% for fiscal years beginning on or after 2022; and
- dividends distributed to individuals and foreign beneficiaries as from such fiscal years will be taxed at a 7% and 13% rate, respectively.

Then, Law No. 27630 enacted on June 16, 2021 repealed the aforementioned general decrease in rates and introduced a system of tax brackets which was effective for the fiscal years beginning on or after January 1, 2021.

AFIP's General Resolution No. 5168 set forth the tax brackets and rates effective as from January 1, 2023, as follows:

Accumulated net taxable income		Amount payable	Rate %	Over the excess of
From	To			
-	14,301	-	25%	-
14,301	143,012	3,575	30%	14,301
143,012	onwards	42,189	35%	143,012

AFIP's General Resolution No. 5168 set forth the tax brackets and rates effective as from January 1, 2022, as follows:

Accumulated net taxable income		Amount payable	Rate %	Over the excess of
From	To			
-	7,605	-	25%	-
7,605	76,049	1,901	30%	7,605
76,049	onwards	22,435	35%	76,049

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

The amounts included in this system of tax brackets will be adjusted annually, based on the changes in the CPI measured in October each year.

Furthermore, dividends on profits generated in fiscal years beginning on or after January 1, 2018 will be taxed at a single rate of 7%.

As a consequence of such changes, the current tax liability as of March 31, 2023 was measured by applying progressive rates on taxable income assessed at such date, while deferred tax balances were measured by using the progressive rate expected to be in force at the time of reversal of the temporary differences.

11. NEGOTIABLE OBLIGATIONS ISSUED

The table below shows the Group's issues of simple, non-convertible negotiable obligations:

	Issued amount (in thousands of ARS.)	Issue date	Maturity date	Annual interest rate	03/31/2023	12/31/2022
Banco Hipotecario S.A. (1)						
Series IV	US\$78,336	10/14/20	10/14/25	9.75%	10,093,095	10,142,350
Series V	US\$10,000	10/01/21	04/07/23	0.00%	2,089,693	2,153,505
Series VI	US\$15,948	05/04/22	05/04/24	0.00%	3,308,880	3,416,859
BACS Banco de Crédito y Securitización SA (2)						
Series VII	\$ 1,500,000	02/10/22	02/10/23	Badlar + 4.00%	-	1,818,235
TOTAL					15,491,668	17,530,949

(1) The Annual Shareholders' Meeting held on May 23, 2008 approved the creation of a new Global Program for the issuance of negotiable obligations, non-convertible into shares, secured or unsecured, for up to US\$ 2,000,000,000 or an equal amount in Pesos, which was amended, extended and increased several times by subsequent Annual Shareholders' Meetings and Board Resolutions. The current amount authorized to be issued under the Global Negotiable Obligations Program is up to US\$ 1,000,000,000 (or its equivalent in other currencies).

The Program's Public Offering was authorized by Resolution No. 16,573 dated May 24, 2011; the increase in the Program amount was authorized by Resolution No. 17805 dated September 9, 2015; the extension of the Program and the increase in its amount were authorized by Resolution No. 18145 dated July 28, 2016, and a new increase in the program amount was authorized by Resolution No. 18493 dated February 2, 2017, all of them issued by the CNV.

On March 26, 2012, BACS' Annual Shareholders' Meeting approved the creation of a Global Program for the issuance of simple negotiable obligations, non-convertible into shares, secured or unsecured, or secured by third parties, subordinated or unsubordinated, for an aggregate nominal value of up to US\$ 150,000,000 and the subsequent admission to the public offering of negotiable obligations. On January 23, 2014, the CNV authorized the public offering of BACS Banco de Crédito y Securitización S.A.'s negotiable obligations, by way of Resolution

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

No. 17271. On April 13, 2016, the Shareholders' Meeting approved the extension of the Global Negotiable Obligations Program from US\$ 150,000,000 to US\$ 300,000,000.

12. PROVISIONS

The Group recognizes the following provisions:

- For labor, civil and commercial lawsuits: These provisions are calculated on the basis of attorneys' reports on the status of the proceedings and estimates of potential losses the Group may sustain, as well as on the basis of past experience in proceedings of a similar nature.
- For miscellaneous risks: These provisions are set up to address contingencies that may trigger obligations for the Group. In estimating the provision amounts, the Group evaluates the likelihood of realization taking into consideration the opinion of its legal and professional advisors. These include potential claims from tax authorities for various taxes and potential administrative penalties from supervisory entities, among others.
- At the request of the BCRA, Note 26.6 includes all administrative, disciplinary and criminal penalties applied or processes initiated by the BCRA and the Financial Information Unit (UIF), either supported by a lower court judgment or not, regardless of whether they are probable, possible or remote.

Based on Management's estimate, there is less than 50 percent probability that the amounts of allowances as of March 31, 2023 will have to be paid during the following 12 months.

Changes in provisions as of March 31, 2023 are as follows:

Provisions	Balances as of 12/31/2022	Increases	Decreases		Monetary gain (loss) from allowances	Balances as of 03/31/2023
			Reversals (2)	Uses		
Other (1)	1,344,281	203,743	(16,668)	(300,862)	(239,987)	990,507
Total	1,344,281	203,743	(16,668)	(300,862)	(239,987)	990,507

(1) It mainly includes provisions for lawsuits and other claims and the provision for expected credit losses for guarantees granted and unused balances of overdraft facilities and credit cards.

(2) Included in the "Statement of Income" under "Other revenues – reversed provisions".

13. CAPITAL STOCK

Banco Hipotecario Sociedad Anónima has a capital stock of 1,500,000,000, fully subscribed and paid-in, represented by 1,500,000,000 common book-entry shares, with a nominal value of ARS 1 each, split into the following classes:

Class	Shares	Nominal Value	Capital Stock
A	664,376,845	1	664,376,845
C	75,000,000	1	75,000,000
D	760,623,155	1	760,623,155
	<u>1,500,000,000</u>		<u>1,500,000,000</u>

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

- Class A shares: Entitled to 1 vote each. These shares were held by the Argentine Government as part of the privatization process and were subsequently transferred to the Trust Fund to support the Regional Infrastructure Federal Fund;
- Class C shares: Entitled to 1 vote each. These shares may not account for more than 5 % of the Bank's capital stock and are freely transferable. As long as Class C shares account for more than 3 % of the Bank's capital stock, holders of Class C shares gathered at their Shareholders' Meeting will be entitled to elect one member of the Bank's Board of Directors; and
- Class D shares: As long as Class A shares account for more than 42 % of the capital stock, Class D shares will be entitled to 3 votes each. An individual or legal entity belonging to the same economic group may not own more than five per cent (5 %) of the Bank's capital stock. At times when Class D shares account for, at least, 25 % of the Bank's capital stock, holders of Class D shares, gathered at the Shareholders' Meeting, will be entitled to elect the majority of the members of the Bank's Board of Directors.

Programa de Propiedad Participada (Employee Stock Ownership Plan)

Law No. 24855, whereby Banco Hipotecario Nacional was declared "subject to privatization" and transformed into a corporation ("*sociedad anónima*"), provided for the creation of *Programa de Propiedad Participada* (Employee Stock Ownership Plan or "PPP"). A PPP is a mechanism envisaged by Law No. 23696 to allow employees of an entity subject to privatization to acquire shares in the privatized entity's capital stock.

The Bank's PPP was implemented by Executive Decree No. 2127/2012, pursuant to which the individuals included in the Bank's payroll as of September 27, 1997 became entitled to participate in the PPP, by entering into a General Transfer Agreement between the employee, the government and the Trustee (Banco de la Nación Argentina).

Class "B" shares (57,009,279) are entirely held by the PPP. The sale price of the shares was set at \$ 0.665 each.

The payment of the shares to the government is made by offsetting contributions to the Adjustable Supplementary Pension Fund (*Fondo Complementario Móvil de Jubilaciones*), capitalizing the dividends from the awarded shares, and out of half the proceeds from the profit-sharing bonus.

The Bank's bylaws provide for the payment of a profit-sharing bonus in respect of profits for fiscal year 2012 through fiscal year 2022 included. The profit-sharing bonus is calculated as 0.50% of the Bank's profits for the year, as determined at the Annual Shareholder's Meeting at which the financial statements are approved.

On February 22, 2023, Banco de la Nación Argentina reported the cancellation of the total balance of the debt that the aforementioned Program had with the National Government, as well as the lifting of the pledge on the fifty seven million, nine thousand, two hundred and seventy nine (57,009,279) Class "B" Shares. On the other hand, the Special Meeting of Class "B" Shareholders of the Employee Stock Ownership Plan held on December 1, 2022 resolved the withdrawal of one hundred percent (100%) of the Class "B" Shares included in the Employee Stock Ownership Plan and the expiration and dissolution of the Share Syndication Agreement executed by each shareholder at the time said Plan was established. Accordingly and under the provisions of Section 6, subsection b) paragraph iv) of the

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Entity's By-laws, the Argentine Securities Commission was requested to transfer the public offer for the conversion of 57,009,279 Class B common book-entry shares, with 1 vote per share and nominal value of Ps. 1, to Class D common book-entry shares, with 3 votes per share and a nominal value of Ps. 1, which was notified on April 5, 2023. Therefore, Banco de la Nación Argentina proceeded to deliver such shares to each of the Plan's beneficiaries.

Treasury shares deliverable

On November 22, 2017 (the "grant date"), the Board of Directors approved the implementation of the Employee Compensation Program, as approved at the shareholders' meetings dated April 24, 2013, April 24, 2014, and June 4, 2017.

Employees of the Bank, BACS, BHN Sociedad de Inversión S.A. BHN Vida S.A. BHN Seguros Generales S.A. and BH Valores S.A. (merged into the Bank in 2019) became entitled to a number of shares, pursuant to the program conditions at the grant date.

The benefit was calculated considering the fair value of the Bank's shares at the grant date, while the value in excess of the nominal value of the shares is recognized in "Reserve for share-based payments."

If the beneficiary meets the program conditions at the time his/her employment at the entities involved is terminated then such beneficiary will receive Class "D" shares and the shares are reclassified from "deliverable shares" to "outstanding shares," in both cases under the caption Capital stock.

In addition, until March 2021, the higher value recognized in the "Reserve for share-based payments" was reclassified into the account "Share premium" every time shares were delivered to the program beneficiaries. On March 30, 2021, the Bank's Shareholders' Meeting resolved to absorb the unappropriated retained losses and the accounts "Share premium" and "Reserve for share-based payments" were fully absorbed. Therefore, effective since April 2021, balances are reclassified from "deliverable shares" to "outstanding shares" only.

Dividends from deliverable shares are made available to beneficiaries as soon as the payment of such dividends is approved at the Shareholders' Meeting.

14. INTEREST INCOME AND ADJUSTMENTS/ FEE AND COMMISSION INCOME

Interest income and adjustments	03/31/2023	03/31/2022
Interest on cash and bank deposits	29,817	-
Interest on loans to the financial sector	16,325	68,533
Interest on overdraft facilities	574,683	93,853
Interest on promissory notes	1,017,120	833,247
Interest on mortgage loans	410,812	641,892
Interest on consumer loans	1,252,981	1,265,845
Interest on pledge loans	2,999	9,873
Interest on credit card loans	2,689,932	2,832,563
Interest on finance leases	207,703	49,303
Interest on other loans	1,192,622	1,051,968

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Interest on government and corporate securities	1,888,831	5,753,135
Income from adjustments	3,137,611	2,306,310
Interest on reverse repurchase transactions	22,939,759	11,893,900
Other	6,289	-
Total	35,367,484	26,800,422

Fee and commission income	03/31/2023	03/31/2022
Credit card commissions	2,027,042	2,634,149
Linked to lending transactions	758,348	718,307
Linked to borrowing transactions	4,497	7,997
Other commissions	162,867	214,364
Total	2,952,754	3,574,817

15. INTEREST EXPENSE AND ADJUSTMENTS

Interest expense and adjustments	03/31/2023	03/31/2022
Interest on checking accounts deposits	(24,716,946)	(8,547,101)
Interest on savings account deposits	(14,439)	(14,996)
Interest on time deposits	(15,753,218)	(15,474,466)
Interest on interfinancial loans received	(2,002)	(687)
Interest on negotiable obligations and debt securities	(911,292)	(1,648,658)
Expenses out of adjustments	(802,266)	(1,036,454)
Other	(6,274)	(3,529)
Total	(42,206,437)	(26,725,891)

16. NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net income from financial instruments at fair value through profit or loss	03/31/2023	03/31/2022
Income from government securities	23,054,450	16,804,894
Loss (income) from financial trusts	19,050	6,430
Income from other corporate securities	1,087,277	730,024
Loss (income) from other securities	47,015	(31,890)
Total	24,207,792	17,509,458

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

17. FOREIGN CURRENCY EXCHANGE RATE DIFFERENCES

Originated in:	03/31/2023	03/31/2022
Net transactions denominated in dollars	404,236	(85,524)
Derivative instruments	(808,566)	(698,331)
Net transactions denominated in Euros	32,237	19,459
Quotation differences	(372,093)	(764,396)

18. OTHER OPERATING INCOME / (EXPENSES)

Other operating income	03/31/2023	03/31/2022
Loan servicing	466,195	587,557
Premiums and revenues from insurance	3,144,657	3,279,999
Commissions from borrowing transactions	205,102	271,532
Income from PRO.CRE.AR services	619,736	802,672
Penalty interest	46,114	51,283
Loans recovered	134,601	201,877
Reversal of allowances (1)	208,522	176,642
Rentals	19,826	6,795
Non-current assets at fair value held for sale (Note 9.4)	3,750,028	-
Income from sale of property and equipment and other non-financial assets	-	205,812
Adjustments and interest from miscellaneous receivables	83,916	74,157
Other income	57,939	109,450
Total	8,736,636	5,767,776

(1) Note 6.3.

Other operating expenses	03/31/2023	03/31/2022
Turnover tax	(2,519,715)	(1,899,110)
Loan servicing	(1,259,918)	(1,543,920)
Deposit services	(290,897)	(353,015)
Other taxes	(257,218)	(249,221)
Debit and credit card rebates	(70,097)	(101,707)
Loan rebates	(66,358)	(88,742)
Contribution to the deposit insurance fund (Note 26.1)	(160,814)	(313,491)
Interest on finance leases (Note 9.1)	(138,546)	(126,840)
Other provisions (1)	(345,206)	(626,172)
Donations	(55,094)	(8,003)
Non-current assets at fair value held for sale	-	(3,450,110)

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Investment property at fair value (2)	(98,961)	(231,542)
Other expenses	(122,623)	(177,714)
Total	(5,385,447)	(9,169,587)

(1) It includes 203,743 for other provisions, (16,668) for reversal of other provisions and 158,131 for termination benefits payable as of March 31, 2023. As of March 31, 2022, it includes 493,323 for other provisions, (12,818) for reversal of other provisions and 145,667 for termination benefits payable.

(2) See Note 9.3.

19. EXPENSES BY FUNCTION AND NATURE

The Group presented its statement of comprehensive income under the expense function method. Under this method, expenses are classified according to their function as part of the item "Administrative expenses."

The table below provides the required additional information about expenses by nature:

Administrative expenses	03/31/2023	03/31/2022
Fees and compensation for services	(1,098,498)	(1,272,057)
Directors' and Supervisory Committee's members' fees	(374,519)	(263,404)
Advertising, promotion and research expenses	(98,279)	(88,085)
Taxes and duties	(364,761)	(393,563)
Maintenance and repairs	(225,814)	(219,143)
Electricity, gas and telephone services	(208,594)	(234,794)
Insurance	(60,674)	(68,044)
Entertainment and transportation expenses	(43,195)	(23,548)
Office supplies	(4,736)	(8,988)
Rentals	(14,847)	(26,265)
Security services	(159,633)	(134,527)
Transport of valuables	(71,535)	(230,776)
Miscellaneous	(52,095)	(60,088)
Total	(2,777,180)	(3,023,282)

20. EMPLOYEE BENEFITS

The table below shows a breakdown of items disclosed under Employee Benefits:

Employee benefits	03/31/2023	12/31/2022
Salaries and social security contributions payable	(4,543,727)	(4,166,839)
Severance payments and bonuses	(1,270,834)	(1,902,657)
Personnel expenses	(240,472)	(267,269)
Total	(6,055,033)	(6,336,765)

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

21. SEGMENT REPORTING

The Group determines operating segments, based on management reports used to monitor performance and allocate resources by the Board of Directors and key management personnel, and updates such segments as they change.

The Group considers its business is comprised of its product and service offering; thus, it identifies operating segments as follows:

- (a) Finance: It involves the placement of the Group's liquidity according to the other segments and its own needs and opportunities.
- (b) Wholesale Banking: This segment encompasses corporate and financial advisory services as well as asset management and loans to large customers. This segment also includes the operations of our subsidiary BACS.
- (c) Retail Banking: It includes loans granted and other credit products, such as deposit taking from individuals. It also includes the operations of our subsidiary BHN Inversión.

The column "Other" includes balances of assets, liabilities and income/loss not allocated to the operating segments mentioned above.

The column "Adjustments" includes consolidation adjustments corresponding to transactions among Group members not including third parties and the non-controlling interest.

The results of operations of the Group's several operating segments are monitored separately in order to make decisions on resource allocation and on the evaluation of each segment's performance. The performance of each operating segment is reviewed on the basis of operating income or loss and is measured consistently with the operating income and loss reported in the consolidated statement of income.

When a transaction occurs, transfer prices among operating segments are set on an arm's length basis similarly to transactions carried out with third parties. Income, expenses and income (losses) resulting from transfers among operating segments are then eliminated on consolidation.

The relevant segment reporting at the indicated dates is as follows:

	03/31/2023							Consolidated
	Finance	Retail banking		Wholesale banking		Other	Adjustments	
		Retail Banking	Insurance	BHSA	BACS			
Total assets	255,691,389	71,582,975	14,518,828	29,799,499	34,929,853	37,368,210	(16,331,830)	427,558,924
Total liabilities	(155,516,154)	(103,255,725)	(6,020,588)	(45,627,969)	(31,777,970)	(26,026,757)	6,049,697	(362,175,466)

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

	12/31/2022							Consolidated
	Finance	Retail banking		Wholesale banking		Other	Adjustments	
		Retail Banking	Insurance	BHSA	BACS			
Total assets	313,374,038	77,463,685	14,826,430	36,806,868	35,126,015	30,466,264	(17,537,735)	490,525,565
Total liabilities	(212,197,218)	(118,818,518)	(3,920,366)	(40,917,617)	(31,841,053)	(25,996,420)	4,916,792	(428,774,400)

	03/31/2023							Consolidated
	Finance	Retail Banking		Wholesale Banking		Other	Adjustments	
		Retail Banking	Insurance	BHSA	BACS			
Net interest income/(expense)	(4,992,101)	(544,898)	531,048	(1,214,040)	(342,959)	(283,193)	7,190	(6,838,953)
Net commission income/(expense)	(92,722)	3,003,605	(316,306)	189,231	8	-	-	2,783,816
Net income from measurement of financial instruments at fair value through profit or loss	15,139,432	4,368,794	1,409,587	2,238,839	1,054,021	-	(2,881)	24,207,792
Gold and foreign currency exchange rate difference	(1,294,759)	-	357,161	-	314,263	-	251,242	(372,093)
Other operating income/(loss)	347,634	1,036,105	3,144,657	8,616	416,839	3,801,450	(18,665)	8,736,636
Loan loss	-	(713,909)	-	39,999	(6,859)	-	-	(680,769)
Total net operating income/(loss)	9,107,484	7,149,697	5,126,147	1,262,645	1,435,313	3,518,257	236,886	27,836,429
Other operating income/(loss)	(1,277,261)	(2,285,056)	(478,854)	(186,876)	(552,609)	(613,214)	8,423	(5,385,447)
Net income by segment	7,830,223	4,864,641	4,647,293	1,075,769	882,704	2,905,043	245,309	22,450,982
Employee benefits								(6,055,033)
Administrative expenses								(2,777,180)
Depreciation and impairment of assets								(442,603)

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Gain (loss) on net monetary position								-	(7,248,490)
Income tax – expense								-	(2,327,646)
Net loss attributable to non-controlling interests									55,687
Net income									3,655,717

	03/31/2022							Consolidated
	Finance	Retail Banking		Wholesale Banking		Other	Adjustments	
		Retail Banking	Insurance	BHSA	BACS			
Net interest income/(expense)	(3,577,376)	2,853,681	336,382	911,937	(38,874)	(416,431)	5,214	74,533
Net commission income/(expense)	(106,215)	3,588,842	(362,714)	222,355	981	1,722	-	3,344,971
Net income from measurement of financial instruments at fair value through profit or loss	9,934,699	6,014,161	711,881	-	838,549	-	10,466	17,509,756
Gold and foreign currency exchange rate difference	(624,239)	-	55,488	-	8,413	-	(204,071)	(764,409)
Other operating income/(loss)	34,477	1,841,168	3,288,687	111,857	501,199	3,813	(13,425)	5,767,776
Loan loss	-	(488,215)	-	(108,951)	(14,183)	-	-	(611,349)
Total net operating income/(loss)	5,661,346	13,809,637	4,029,724	1,137,198	1,296,095	(410,953)	(202,103)	25,320,944
Other operating income/(loss)	(1,055,246)	(3,322,229)	(458,693)	(274,792)	(378,674)	(3,681,675)	1,722	(9,169,587)
Net income by segment	4,606,100	10,487,408	3,571,031	862,406	917,421	(4,092,628)	(200,381)	16,151,357
Employee benefits								(6,336,873)
Administrative expenses								(3,023,334)
Depreciation and impairment of assets								(511,841)

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Gain (loss) on net monetary position	-	-	-	-	-	-	-	(1,027,888)
Income tax – benefit	-	-	-	-	-	-	-	(2,905,483)
Net loss attributable to non-controlling interests	-	-	-	-	-	-	-	40,866
Net income								2,387,072

The operating income (loss) of the Group's different operating segments are monitored separately for the purpose of making decisions on the allocation of resources and evaluating the performance of each segment. Segment performance is evaluated on the basis of operating income or loss and is measured consistently with operating income or loss in the consolidated statement of income. However, employee benefits, administrative expenses, gain (loss) on net monetary position and income tax are managed on a consolidated basis and therefore have not been allocated to an operating segment.

Information on geographic areas:

The Group's operations are entirely conducted in Argentina.

22. OFF-BALANCE SHEET ACCOUNTS

The Group records different transactions under off-balance sheet accounts, according to the rules issued by the BCRA. The balances of the main off-balance sheet accounts as of March 31, 2023 and December 31, 2022 are listed below:

Off-balance sheet accounts	03/31/2023	12/31/2022
Guarantees received	59,540,225	68,413,822
Uncollectible loans (Note 6.3)	18,807,209	20,414,441
Securities in custody	169,339,195	195,256,617
Securities to be collected	4,518,603	7,367,674
Securities to be debited	171,107	132,515
Securities to be credited	862,633	694,613
Agreed loans	72,044,658	53,755,443
Guarantees granted	846,403	873,271

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana
(Partner)

Public Accountant (UCA)
C.P.C.E.C.A.B.A. Volume 383 – Page 244

23. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Bank has carried out transactions with related parties on an arm's length basis.

Main shareholders

The Bank's main shareholders are:

Name	Class of shares	03/31/2023		12/31/2022	
		Votes %	Capital %	Votes %	Capital %
<i>Fondo Federal de Infraestructura Regional Assistance Trust</i>	A	21.99%	44.29%	22.85%	44.29%
Employee Stock Ownership Plan	B	-	-	1.96%	3.80%
<i>Fondo Federal de Infraestructura Regional Assistance Trust</i>	C	2.48%	5.00%	2.58%	5.00%
IRSA Inversiones y Representaciones S, A, (a)	D	44.56%	29.92%	46.30%	29.92%
ANSES	D	7.35%	4.94%	7.64%	4.94%
Deliverable shares	D	2.58%	1.73%	2.70%	1.74%
The Bank of New York ADRs (b)	D	9.03%	6.06%	9.38%	6.06%
Other	D	12.01%	8.06%	6.59%	4.25%
		100.00%	100.00%	100.00%	100.00%

(a) IRSA Inversiones y Representaciones ("IRSA") holds these shares either directly (4.93%) or indirectly through the following subsidiaries: Tyrus S.A. (5.00%), Ritelco S.A. (5.00%), E-Commerce Latina S.A. (5.00%), Palermo Invest S.A. (4.99%), and Inversora Bolívar S.A. (5.00%)

(b) It represents 90,905,000 ADRs (10 shares = 1 ADR), the political rights of which are exercised by the Argentine Government.

Directors' Fees

The Bank's by-laws provide that total fees payable to Directors will be limited to five per cent (5 %) of after-tax profits for the fiscal year at issue when no cash dividends are distributed for whatsoever reason, and will be increased on a proportional basis to cash dividends, if available, until reaching fifteen per cent (15 %) of taxable income.

Some of the Group's directors were hired under Employment Contract Law No. 20744. This law sets forth certain

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

employment terms and conditions, including, without limitation, salaries, income protection, working hours, vacations, paid leaves, minimum age requirements, workers' protection, and grounds for suspension or termination of employment contracts. The fees payable every year to Directors are determined in accordance with Law No. 19550, taking into account whether or not directors perform technical-administrative duties and based on the profits made during the year. Once the fees payable to directors are determined, they are submitted to the Shareholders' Meeting for approval.

Compensation payable to the Key Management Personnel

The members of our Senior Management are designated and removed by the Board of Directors and perform their duties following the instructions delivered by the Board.

As compensation for their duties, our Key Management Personnel earn a fixed amount determined by reference to their background, skills and experience, and a variable bonus which is paid on an annual basis and is tied to individual performance and the Group's results of operations.

As of March 31, 2023, the Bank's Key Management personnel is comprised of a General Manager and twelve Area Managers.

Corporate Services Contracts

In light of the fact that subsidiaries have operating areas that share certain common characteristics, the Bank implemented alternatives to cut certain fixed costs inherent to its business, streamlining the individual efficiencies of each of the companies in several areas comprising operating management.

Costs and rewards of corporate services contracts are allocated on the basis of operating efficiencies and equity, without pursuing individual profits for each of the companies.

Below is a detail of the service areas included in the corporate services contracts:

Entity	Service area
BACS	Human resources, financial services, IT services, procurement and contracting, accounts payable, overall secretarial services, legal advice services and exclusive use by BACS of a space within the Bank's Vault.
BHN Vida y BHN Seguros Generales (a)	Human resources; procurement and contracting; maintenance; internal audit; assets management; general services; accounts payable; overall secretarial services; legal advice and supervision; supply, maintenance and administration of communication and IT items; SAP maintenance, and sale of insurance policies through call centers.

(a) Controlled by BHN Sociedad de Inversión.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Rental of Offices

BACS, BHN Sociedad de Inversión S.A., BHN Seguros Generales S.A. and BHN Vida S.A. lease offices owned by IRSA Propiedades Comerciales S.A. ("IRSA CP"), the main subsidiary of IRSA Inversiones y Representaciones S.A. at several buildings.

Legal Services

The Group retains the legal services of Estudio Zang, Bergel & Viñes. Saúl Zang is a partner in such law firm and is also a member of the Board of the Group's subsidiaries.

Trading of Financial Assets

Idle funds are usually placed in several instruments, including those issued by related companies, which are purchased at the time of issuance or from independent third parties in the secondary market.

Financial Transactions

In the ordinary course of business, the Bank enters into certain related party credit facility agreements. The interest rate on these facilities is determined at arm's length and these facilities are under normal compliance conditions as of period-end.

In addition, the Bank and BACS usually act as placement agents in certain related parties' transactions carried out in the capital market.

Below is a detail of balances and transactions with related parties as of March 31, 2023:

Related Party	ASSETS						LIABILITIES
	Other debt securities	Derivative instruments	Equity instruments	Loans and other financing arrangements	Other financial assets	Other non-financial assets	Other financial liabilities
IRSA (including subsidiaries)	349,313	12,164	134,248	784,857	11,151	-	-
Total shareholders	349,313	12,164	134,248	784,857	11,151	-	-
Zang Bergel & Viñes Law Firm	-	-	-	-	-	-	500
Key personnel	-	-	-	-	-	363,348	990,951
Total other	-	-	-	-	-	363,348	991,451
Total	349,313	12,164	134,248	784,857	11,151	363,348	991,451

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Related Party	Interest income	Employee benefits	Administrative expenses
IRSA (including subsidiaries)	57,887	-	-
Total Shareholders	57,887	-	-
Zang, Bergel & Viñes Law Firm	-	-	7,180
Key personnel	-	190,205	374,519
Total other	-	190,205	381,699
Total	57,887	190,205	381,699

Below is a detail of the balances and transactions with related parties as of December 31, 2022:

Related Party	ASSETS						LIABILITIES
	Other debt securities	Derivative instruments	Equity instruments	Loans and other financing arrangements	Other financial assets	Other non-financial assets	Other financial liabilities
IRSA (Including subsidiaries)	260,842	11,646	138,055	871,249	11,393	-	(191)
Total shareholders	260,842	11,646	138,055	871,249	11,393	-	(191)
Zang Bergel & Viñes Law Firm	-	-	-	-	-	-	1,441
Key personnel	-	-	-	-	-	308,469	842,349
Total other	-	-	-	-	-	308,469	843,790
Total	260,842	11,646	138,055	871,249	11,393	308,469	843,599

Below is a detail of the transactions with related parties as of March 31, 2022:

Related Party	Interest income	Employee benefits	Administrative expenses
IRSA (including subsidiaries)	63,806	-	17,586
Total Shareholders	63,806	-	17,586
Zang, Bergel & Viñes Law Firm	-	-	449
Key personnel	-	2,336,324	1,118,999
Total other	-	2,336,324	1,119,448
Total	63,806	2,336,324	1,137,034

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

24. FINANCIAL RISK FACTORS

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures and should therefore be read in conjunction with Note 26 to the consolidated financial statements as of December 31, 2022. There have been no changes in the management or risk management policies applied by the Group since the end of the year.

25. CAPITAL MANAGEMENT

The Group's capital management goals are:

- Fulfilling the requirements established by the BCRA in Communication "A" 6260, as amended;
- Supporting the Bank's operations to prevent any situation that may endanger them.

According to the BCRA's guidelines, financial institutions are required to maintain certain capital ratios to mitigate the associated risks. The Bank has met the minimum capital requirement determined in accordance with the BCRA's rules.

Since March 2020, the BCRA required that, for purposes of the calculation of Regulatory Capital (*Responsabilidad Patrimonial Computable*) by Group "A" financial institutions (as is the case of the Bank), the impact resulting from the positive difference between the allowance computed pursuant to paragraph 5.5. of IFRS 9 and the higher of the "regulatory" allowance calculated pursuant to the rules on "Minimum allowances for loan losses", or the accounting allowance pursuant to the trial balance as of November 30, 2019, may be considered as Tier 1 Ordinary Capital.

Regulatory Capital (*Responsabilidad Patrimonial Computable*) is comprised of Core Capital and Supplementary Capital. The table below shows a breakdown of the respective balances:

	03/31/2023	12/31/2022
Core Capital		
Tier 1 Ordinary Capital	62,303,885	58,614,627
(Deductible items)	(7,956,986)	(8,188,468)
Tier 1 Additional Capital	81,357	82,892
Supplementary Capital		
Tier 2 Capital	930,133	1,021,474
Regulatory Capital (<i>Responsabilidad Patrimonial Computable</i>)	55,358,389	51,530,525

Below is a detail of the determined capital requirement:

	03/31/2023	12/31/2022
Credit risk	11,075,263	11,035,751
Market risk	2,654,014	2,648,952
Operational risk	4,761,043	5,008,199

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Core requirement	18,490,320	18,692,902
Payment	55,358,389	51,530,525
Surplus	36,868,069	32,837,623

26. ADDITIONAL INFORMATION REQUIRED BY THE ARGENTINE CENTRAL BANK

26.1. Deposit Guarantee Insurance System

Law 24485 and Decree 540/95 created the Deposit Insurance System for the purpose of providing coverage for bank deposits in addition to the privileges and protection system provided for under the Financial Institutions Law. Through Communication "A" 7661, the BCRA established that as from January 1, 2023, the cap for deposit insurance in pesos and/or in foreign currency is 6,000 (previously, 1,500).

Through Communication "A" 6435, effective since January 20, 2018, the BCRA provided for the exclusion of sight deposits with interest rates above reference rates and time deposits and fixed-term investments with rates that are 1.3 times higher than the reference rate. Time deposits and fixed-term investments will also be excluded when these limits on interest rates are distorted by additional incentives or yields.

The contribution that financial institutions shall make on a monthly basis to the Fund is 0.015% over the monthly average of deposits involved. In addition to the normal contribution, entities shall make an additional contribution according to the result obtained from weighting several factors.

As of March 31, 2023 and 2022, the contribution to the Deposit Guarantee Fund amounted to 160,814 and 313,491, respectively, and it is recorded under "Other operating expenses" as of each period (Note 18).

26.2. Restricted assets

Below is a detail of financial assets pledged as collateral as of each indicated date:

	03/31/2023	12/31/2022
Banco Hipotecario		
BCRA special guarantee accounts related to electronic clearing agencies	2,695,672	3,197,369
Cash, government securities and instruments issued by the Argentine Central Bank as collateral for OTC ROFEX transactions	550,232	491,715
Government securities and instruments issued by the Argentine Central Bank as collateral for MAE and BYMA transactions	10,922,789	125,466
Cash and deposits in escrow as collateral for Visa credit card transactions	886,807	939,906
Cash and deposits in escrow as collateral for office and store leases	3,756	3,744

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

	03/31/2023	12/31/2022
Cash and deposits in escrow as collateral for attachments	1,672	2,035
	15,060,928	4,760,235
BACS		
Instruments issued by the Argentine Central Bank, government securities and Pesos as collateral for OTC ROFEX transactions	561,400	324,630
	561,400	324,630
BHN Inversión		
Cash and deposits in escrow as collateral for office leases	-	4,886
	-	4,886
CHA IX to XIV Financial Trusts		
Guarantee funds	63,511	73,142
	63,511	73,142
Total	15,685,839	5,162,893

26.3. Fiduciary activities

The Group acts as trustee, trustor or administrator in the following trusts:

a) Role as Trustee:

PROGRAMA CRÉDITO ARGENTINO DEL BICENTENARIO PARA LA VIVIENDA ÚNICA Y FAMILIAR (Pro.Cre.Ar.)

On June 12, 2012, the National Executive Branch issued Decree No. 902 whereby it ordered the creation of a Public Fiduciary Fund referred to as *Programa Crédito Argentino del Bicentenario para la Vivienda Única Familiar* (Argentine Single Family Housing Program for the Bicentennial) (Pro.Cre.Ar.). On that same date, the Bank's Board of Directors approved the Bank's role as trustee of the aforementioned fund.

On July 18, 2012, the Argentine Government, as Trustor, and Banco Hipotecario S.A. as Trustee, created the "PROCREAR" Administrative and Financial Trust, and its underlying assets were transferred to it as trust property.

The Trust's sole, exclusive and irrevocable purpose is as follows: (i) to manage the trust assets with the aim of facilitating the population's access to housing and the generation of job opportunities as economic and social development policies, in compliance with the principles and objectives set forth in Decree No. 902; (ii) the use by the Trustee of the net proceeds from the placement of the Trust Bonds (*Valores Representativos de Deuda* or VRDs) and cash contributions by the Argentine Government to originate loans for the construction of houses in accordance with the provisions of Decree No. 902 and credit lines; and (iii) the repayment of the VRDs in accordance with the terms of the Trust agreement and the Trust Law.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

The Trust shall be in effect for a term of thirty (30) years as from the date of execution of the agreement (July 18, 2012).

The main duties of the Trustee, notwithstanding those set forth in the Trust Law and the Commercial Code are as follows:

- To comply with the obligations of the Trust Agreement and with the instructions of the Executive Committee.
- To carry out the duties relating to their capacity as Trustee, acting with the loyalty, diligence and prudence of a good businessman, on the basis of the trust placed in them.
- To exercise the powers under the Agreement, preserving the Trust Estate.
- To use the Trust Estate for lawful purposes, in accordance with the provisions of the Agreement and as instructed by the Executive Committee.
- To identify the Trust Assets and record them separately in an accounting system independent from its own assets and from assets corresponding to other trusts they may have or may come to have as a consequence of their transactions.
- To prepare the Trust's Financial Statements, to hire the relevant auditors and to comply with the applicable information regimes.
- To insure the Trust Assets against risks that may affect their integrity.
- To invest or reinvest the funds of the Trust, in accordance with the provisions of the Agreement and the instructions given by the Executive Committee.

As it arises from the financial statements as of March 31, 2023, the Trust's financial position is as follows:

- Assets: ARS 586,756,086 thousand
- Liabilities: ARS 12,903,650 thousand
- Shareholders' Equity: ARS 573,852,436 thousand

As of March 31, 2023, the lending PRO.CRE.AR. Administrative and Financial trust portfolio was composed of 178,176 mortgage loans for the construction of permanent, single family houses, 184,551 consumer loans and a wholesale loan. The amount disbursed for the construction as of such date was ARS 445,710,393 thousand, ARS 26,728,241 thousand and ARS 2,345,221 thousand, respectively. The committed amounts pending disbursement total ARS 9,483,061 thousand.

The conditions of these loans vary according to the family income segment.

OTHER FINANCIAL TRUSTS

BACS acts as a trustee of Aracar Créditos I and Wayni I financial trusts.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana
(Partner)

Public Accountant (UCA)
C.P.C.E.C.A.B.A. Volume 383 – Page 244

b) Role as Trustor

GLOBAL MULTI-ASSET MORTGAGE TRUST SECURITIES PROGRAM

"CHA UVA Series I Financial Trust" is a financial trust created pursuant to the Trust Indenture dated April 23, 2018 entered into by the Bank, in its capacity as trustor and TMF Trust Company (Argentina) S.A., in its capacity as trustee. Upon the transfer of the mortgage loans to the trustee, the trustee issues the respective debt securities and certificates of participation and settles the amount of the loans transferred by the Bank, out of the proceeds from the issuance. The assets held in trust are separate from the trustee's and the trustor's assets. The following is the single series outstanding under the program as of March 31, 2023:

	Debt securities Class A	Debt securities Class B	Certificates of Participation	Total
CHA UVA Series I - Issued on April 23, 2018				
Nominal value in thousands of acquisition value units (UVA)	8,645	5,763	4,802	19,210

GLOBAL TRUST SECURITIES PROGRAM, "CÉDULAS HIPOTECARIAS ARGENTINAS"

The Bank has entered into several financial trust agreements pursuant to which, as trustor, it transfers the fiduciary ownership of mortgage loans within its loan portfolio to several financial institutions, as trustee. Upon the transfer of the mortgage loans to the trustee, the trustee issues the respective debt securities and certificates of participation and settles the amount of the loans transferred by the Bank out of the net proceeds from the issuance. The assets held in trust are separate from the trustor's and trustee's assets.

The trustee is liable to manage the trust funds previously created in accordance with the specifications of the trust agreement.

In 2004, the Bank created a Global Trust Securities Program, "CÉDULAS HIPOTECARIAS ARGENTINAS" for the securitization of individual mortgage loans to finance housing units for an aggregate nominal value of up to 500,000, which was authorized by the CNV through Resolution No. 14814 dated June 3, 2004.

As of March 31, 2023, fourteen series of Argentine Mortgage Bonds Financial Trusts (CHA) were created. As of the date of these consolidated financial statements, the following series were outstanding:

	Debt securities Class A1/AV	Certificates of participation	Total
CHA IX Issued on 08.28.2009			
Nominal value	192,509	10,132	202,641
Stated maturity date	02.07.2027	07.07.2027	
CHA X Issued on 08.28.2009			
Nominal value	-	17,224	17,224
Nominal value in thousands of US\$	85,001	-	85,001

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Stated maturity date	01.07.2027	06.07.2028	
CHA XI Issued on 12.21.2009			
Nominal value	204,250	10,750	215,000
Stated maturity date	03.10.2024	10.10.2024	
CHA XII Issued on 07.21.2010			
Nominal value	259,932	13,680	273,612
Stated maturity date	11.10.2028	02.10.2029	
CHA XIII Issued on 12.02.2010			
Nominal value	110,299	5,805	116,104
Declared maturity date	12.10.2029	04.10.2030	
CHA XIV Issued on 03.18.2011			
Nominal value	119,876	6,309	126,185
Stated maturity date	05.10.2030	08.10.2030	

In these trust funds, BACS acted as Arranger and currently acts as General Administrator.

Role as Administrator

CHA UVA SERIES 1 FINANCIAL TRUST

“CHA UVA Series I Financial Trust” is a financial trust created pursuant to the Indenture dated April 23, 2018 entered into by the Bank, in its capacity as trustor, administrator and custody agent and TMF Trust Company (Argentina) S.A., in its capacity as trustee. Furthermore, BACS acts as alternate administrator.

FINANCIAL TRUST ADMINISTRATION

BACS is the general administrator of the trust funds Cédulas Hipotecarias Argentinas (CHA) Series IX, X, XI, XII, XIII, XIV, and Trust Red Mutual 46 to 55.

26.4. Compliance with the regulations required by the Argentine Securities Commission

Documentation filing

To comply with the requirements provided for in General Resolution No. 629 of the CNV, Banco Hipotecario S.A. reports that the documentation filed off-site is kept at the warehouses of Bank S.A., domiciled at Carlos Pellegrini 1401 (Avellaneda).

Capital Markets Law

Banco Hipotecario

According to Capital Markets Law No. 26831 and the regulations issued by the CNV, the Bank is registered as: (i) Financial Trustee No. 57, (ii) Settlement and Clearing Agent and Comprehensive Trading Agent No. 40, and (iii) Mutual Fund Placement and Distribution Agent No. 12. In turn, in its capacity as Settlement and Clearing Agent and Comprehensive Trading Agent, the Bank is registered with the following markets authorized by the CNV: (i) Bolsas y Mercados Argentinos S.A. (BYMA), (ii) Mercado Abierto Electrónico S.A. (MAE), and (iii) ROFEX S.A.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

General Resolution No. 821 of the CNV provides that Settlement and Clearing Agents and Comprehensive Trading Agents are required to permanently maintain a minimum shareholders' equity amount of ARS 470,350 acquisition value units (UVA), as reflected in their annual and interim financial statements covering six-month periods. In this sense, it is reported that Banco Hipotecario S.A.'s minimum shareholders' equity composed as required by the rules issued by the Argentine Central Bank exceeds the minimum amount required under such resolution. On the other hand, the Bank's equity was duly paid in as of March 31, 2023.

In addition, it sets forth that no less than 50% of the minimum shareholders' equity amount shall fulfill the requirements of Schedule I, Title VI of the CNV's regulations. In turn, such schedule sets forth the requirements applicable to the liquid balancing account in the Mandatory Guarantee Fund set forth in section 45 of Law No. 26831 and in the Guarantee Fund for Customers' Claims. Pursuant to section 22 of General Resolution 821/19 issued by the CNV, since the shareholders' equity has been restated in the financial statements, the amount adjusted to the applicable UVA value as of the closing date shall be credited as minimum amount in the liquid balancing account. Accordingly, the liquid balancing account is identified –through AL35 government security – Government Bond carried at amortized cost, as per the following detail:

Date	Amount UVA as per CNV Matrix	Government Security	Kind CV	Amount	Listing	Valuation of security in ARS	Valuation of security in UVA
03/31/2023	235,175	AL35	5922	800,000	98.75	79,000,000	361,937

BACS

According to Capital Markets Law No. 26831 and the regulations issued by the CNV, the Bank is registered as: (i) Collective Investment Product Agent - Financial Trustee No. 55, (ii) Settlement and Clearing Agent and Comprehensive Trading Agent No. 25, and (iii) Collective Investment Product Custody Agent of Mutual Fund No. 24.

In turn, in its capacity as Settlement and Clearing Agent and Comprehensive Trading Agent, the Bank is registered with the following markets authorized by the CNV: (i) Bolsas y Mercados Argentinos S.A. (BYMA), (ii) Mercado Abierto Electrónico S.A. (MAE), Mercado Argentino de Valores (MAV) and (iii) ROFEX S.A.

General Resolution No. 821 of the CNV provides that Settlement and Clearing Agents and Comprehensive Trading Agents are required to permanently maintain a minimum shareholders' equity amount of 470,350 acquisition value units (UVA) (ARS 87,165 thousand as of March 31, 2023) as presented in their annual and quarterly financial statements. As a balancing account, no less than (50%) of the minimum shareholders' equity amount must be fully invested in eligible assets indicated in Schedule I, Chapter I of Title VI of the 2013 CNV Rules.

On the other hand, based on the foregoing, in connection with the registration of the Entity as Collective Investment Product Agent – Financial Trustee, the minimum shareholders' equity amount shall be 950,000 UVA, (ARS 176,054 thousand as of March 31, 2023), which must arise from its quarterly and annual financial statements. As a balancing account, no less than (50%) of the minimum shareholders' equity amount must be fully invested in eligible assets

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

indicated in Schedule I, Chapter I of Title VI of the 2013 CNV Rules.

In the case of companies with more than one license, the total minimum shareholders' equity shall be equal to the amount resulting from adding to the minimum shareholders' equity value required for the highest category, 50% of each of the values of the other minimum shareholders' equity values required for the additional categories where registration is requested.

As described above, the minimum shareholders' equity required for the Entity is the sum of the minimum shareholders' equity required for the category of Collective Investment Product Agent - Financial Trustee plus 50% of the minimum shareholders' equity required for the category of Settlement and Clearing Agent. Consequently, the Bank must record a permanent liquid shareholders' equity of UVA 1,185,175 (ARS 219,637 thousand as of March 31, 2023).

As of March 31, 2023, the Entity's shareholders' equity exceeds the minimum amounts required by the controlling entity detailed above.

The minimum liquid balancing account required by CNV rules as of March 31, 2023, is the sum of all the minimum balancing accounts required for the registered categories:

Date	Amount UVA as per CNV Matrix	Government security	Kind CV	Amount	Listing	Valuation of security in ARS	Valuation of security in UVA
03/31/2023	710,175	X16J3	9152	54,541,245	1.512	82,466,362	444,994
		X18L3	9182	58,847,910	1.006	59,200,997	319,453

Additionally, in accordance with General Resolution No. 792, BACS Administradora de Activos S.A., as Managing Company, is subject to a requirement of 150,000 UVAS, which must be increased by 20,000 UVAS for each additional fund it manages.

In connection with the registration of the Entity as a Comprehensive Settlement and Clearing Agent (ALYC) before the CNV, the provisions of sections 13 and 15 of Title VII, Chapter II of the 2013 CNV Rules must be observed with respect to the minimum shareholders' equity requirements, which must amount to 470,350 UVA.

Regarding the registration of the Entity as a Comprehensive Placement and Distribution Agent of Mutual Funds (ACyDI FCI), the requirements set forth in section 23 of Subchapter VI, Chapter II, Title V of the 2013 CNV Rules must be complied with in relation to the minimum shareholders' equity required, which must amount to 163,500 UVA.

In the case of companies with more than one license, the total minimum shareholders' equity shall be equal to the amount resulting from adding to the minimum shareholders' equity required for the highest category, 50% of each of the values of the other minimum shareholders' equity values required for the additional categories where registration is requested.

As described above, the minimum shareholders' equity required for the Entity is the sum of the minimum shareholders' equity required for the ALyC category, plus 50% of the minimum shareholders' equity required for

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

mutual fund management companies, plus 50% of the minimum shareholders' equity required for the ACyDI category. As of March 31, 2023, the minimum shareholders' equity amount required is ARS 163,070 thousand. The Entity's shareholders' equity exceeds the minimum required by the controlling agency.

The minimum balancing account amount required by the CNV rules as of March 31, 2023 shall be the sum of all the minimum balancing account amounts required for the registered categories:

	03/31/2023
Minimum shareholders' equity for ALyC category	102,663
Minimum shareholders' equity for Management Company category	85,125
Minimum shareholder's equity for ACyDI category	35,687
Total	223,475
Applicable percentage	50%
Total liquid balancing account required	111,738

As of March 31, 2023, the liquid balancing account is composed of as follows, not complying with the minimum requirements of the CNV 2013 Rules, a situation that was regularized prior to the issuance of these financial statements:

Description	Amount	Price	Balance as of 03/31/2023
Argentine Bonds USD Step up due 07/09/30	17	118.02	2,036
USD-linked Treasury Bond due 04/28/2023	40	211.00	8,378
Toronto Trust Ahorro Mutual Fund- Series B	9	11.91	93
Toronto Trust Argentina 2021 Mutual Fund - Series B	15.259	2.05	31,259
Toronto Trust Renta Fija Mutual Fund - Series B	144	12.39	1,784
Toronto Trust Renta Fija Plus Mutual Fund - Series B	8	54.87	372
Toronto Trust Special Opportunities Mutual Fund - Series B	1	440.61	318
			44,240

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

26.5. Accounts that identify compliance with minimum cash requirements

Below is a detail of the items computed by the Bank to comply with the minimum cash requirements (as per the applicable regulations established by the Argentine Central Bank) and the corresponding average balances as of March 31, 2023:

	Pesos	Dollars	Euros	Treasury Bonds adjusted by CER 1.50% due 03/25/24	Argentine bond USD due 07/09/35
Checking accounts at BCRA	3,954,839	96,137	80	-	-
Special accounts at BCRA	2,501,477	717	-	-	-
Payment with BOTE 2022	6,584,479	-	-	-	-
Payment with Leliq and LeCer	15,415,625	-	-	-	-
CRYL Account	-	-	-	715	2,065
Total paid-in	28,456,420	96,854	80	715	2,065
Total requirement	38,824,377	88,554	-	179	2,048
Required reduction (miscellaneous)	10,379,348	-	-	-	-
Monthly position	11,391	8,300	80	536	17

26.6. Penalties imposed on the Bank and summary proceedings initiated by the Argentine Central Bank and other regulatory authorities

I – Summary proceedings before administrative authorities:

1. On August 30, 2019, the Bank was notified of Resolution No. 250/2019, whereby the Superintendent of Financial and Exchange Institutions had resolved to file summary proceedings in financial matters against Banco Hipotecario S.A. and Messrs. Eduardo Sergio Elsztain, Mario Blejer, Saúl Zang, Fernando Recalde, Ernesto Manuel Viñes, Carlos Bernardo Písula, Jacobo Julio Dreizzen, Mauricio Elías Wior, Adolfo Gregorio Reznik, Martin Juan Lanfranco, Juan Rubén Jure, Francisco Guillermo Susmel, Pablo Daniel Vergara Del Carril, Nora Edith Zylberlicht, Ricardo Flammini, Francisco Daniel Gonzalez, José Daniel Abelovich, Marcelo Héctor Fuxman, Gabriel Andrés Carretero, Manuel Juan Luciano Herrera Grazioli, Mariano Cané de Estrada, Lorena Cecilia Morchón and Ana María Lemmi, for considering *prima facie* that profits would have been distributed while not having reached the additional capital margins required under applicable laws and without having secured the prior consent of the Superintendency of Financial and Exchange Institutions, in violation of the provisions of section 4.1., Communication “A” 5827 and 6.3, Communication “A” 6464.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana
(Partner)

Public Accountant (UCA)
C.P.C.E.C.A.B.A. Volume 383 – Page 244

On September 13, 2019, the Bank filed defenses with the BCRA, along with documentary and IT expert evidence, the latter in the event the emails offered as documentary evidence were rejected.

Finally, on August 17, 2021, the Superintendent of Financial and Exchange Institutions of the BCRA issued Resolution No. 116/2021, whereby it resolved to warn Messrs. Blejer and Zylberlich and to impose a fine on BHSA of 11,700 and several fines of different amounts on the rest of defendants for a total of 21,487.

Such Resolution was notified to BHSA on September 24, 2021 and on October 19, 2021 it was appealed under the terms of section 42 of Financial Institutions Law No. 21526.

On June 9, 2022, an official letter was served on the National Treasury Attorney's Office and the court fee was paid.

On June 16, 2022, the court ordered to serve notice of the appeal for a term of 30 days. On August 30, 2022, the BCRA answered the appeal and on August 31, 2022, the case was set for judgment.

2. On September 15, 2020, BACS' General Manager, Diego A. Jordan; and BACS' Operations Manager, Karina A. Riccardi; were served notice of administrative proceedings No. 381/10/21 in their capacity as defendants under Resolution No. 134, pursuant to section 8 of Criminal Exchange Law No. 19359, regulated by Decree 480/95 ("Criminal Exchange Law"). The administrative proceedings were initiated due to charges raised against Jordan and Riccardi for the offenses set forth under section 1. e) and f) of the Criminal Exchange Law, in addition to item 2 of Communication "A" 6799 issued by the BCRA. The charges against BACS were grounded on section 1. e) and f) and section 2. f), first paragraph of the Criminal Exchange Law, and on item 2 of Communication "A" 6799 issued by the BCRA, in connection with a transaction carried out in January 2020, in the amount of US\$ 15,000, which was reversed a few days after completion.

In March 2021, BACS and the above-mentioned managers appeared and designated a defense counsel. On June 2, 2021, they presented their defense, offered evidence and requested the closing of the proceedings to the BCRA's Office of Foreign Exchange Contentious Matters. By means of a resolution dated October 15, 2021, the BCRA decided to start the discovery stage of the proceedings. During November 2021, informative and oral evidence was produced.

In this regard, on February 25, 2022, the BCRA resolved to close the discovery period and on March 8, 2022, the defendants filed their arguments on the evidence produced, requesting once again that the proceedings be closed.

On June 21, 2022, the administrative record was sent to the Criminal Courts in Economic Matters, and the case was referred to Criminal Court in Economic Matters No. 10. As a previous measure to any other proceedings, the Court required the BCRA to send the administrative record in hard copy and asked the BCRA to report on the foreign exchange background of the defendants. Besides, the preparation of DJ and KR's background checks was required, and they were prepared on September 4, 2022 and September 29, 2022. Finally, on November 1, 2022, DJ and KR were summoned to attend the hearing provided for in section 41 of the Criminal Code on December 1, 2022. Said hearings have already taken place on the established date.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

Finally, on February 7, 2023, the intervening court rendered a judgment, acquitting BACS, DJ and KR. The judgment was notified to the parties on February 8, 2023 and is final.

II – Summary proceedings pending court decision

1. On October 31, 2014, the Bank was notified of Resolution No. 685 dated October 29, 2014 issued by the Superintendent of Financial and Foreign Exchange Institutions in the summary proceedings in financial matters No. 1320, whereby the Bank and its authorities had been charged, on the one hand, with alleged violations to the rules governing financial aid to the non-financial public sector, excess over the applicable credit limits requirements regarding the non-financial public sector, excess in the allocation of assets pledged as collateral, failure to satisfy minimum capital requirements, and objections against the accounting treatment afforded to the “Cer Swap Linked to PG08 and External Debt” transaction and, on the other hand, with delays in communicating the appointment of new directors and in providing documentation associated with the directors recently elected at the Shareholders’ Meetings.

By means of Resolution No. 685 Banco Hipotecario S.A. was fined with ARS 4,040. Its directors (Eduardo S. Elsztain; Jacobo J. Dreizzen; Carlos B. Písula; Edgardo L. Fornero; Gabriel G. Reznik; Pablo D. Vergara del Carril; Ernesto M. Viñes; Saul Zang; Mauricio E. Wior), former directors (Clarisa D. Lifsic de Estol; Federico L. Bensadon; Jorge L. March and Jaime A. Grinberg), supervisory auditors (Messrs. Ricardo Flammini; José D. Abelovich; Marcelo H. Fuxman; Alfredo H. Groppo; and Martín E. Scotto), the Area Manager Gustavo D. Efkhian and former managers (Gabriel G. Saidon and Enrique L. Benitez) were also subject to fines for an aggregate amount of ARS 51,582. Under this resolution, former supervisory auditor Ms. Silvana M. Gentile was acquitted.

On November 25, 2014, Banco Hipotecario S.A. and the other individuals affected by the adverse decision lodged an appeal under section 42 of the Financial Institutions Law, which was submitted by the Argentine Central Bank to the Federal Appellate Court in Administrative Matters. Therefore, at present, the case is being heard by Courtroom I of such Appellate Court. Moreover, on December 30, 2014, the Bank and the individuals against whom sanctions were imposed sought injunctive relief against the enforcement pursued by the Argentine Central Bank for collection of the fines.

Upon being notified of the resolution issued by the Appellate Court on June 30, 2016, dismissing the injunctive relief filed by the Bank, the directors, managers and some of the supervisory auditors, and in order to prevent any further conflict and financial damage that might result from actions to compel payment of fines, the Bank’s Executive Committee decided to apply the indemnity rules regarding directors, high-ranking officers and supervisory auditors, as an alternative for the amounts not covered by the D&O insurance policy approved by the Bank’s Board of Directors at its meetings held on August 2, 2002 and May 8, 2013, and resolved to deposit the amounts of the fines.

Such deposit, including the amount relating to the fine imposed on the Bank and the respective legal costs, totaled 57,672. Out of this amount, 53,632 were recorded as an expense for the fiscal year ended December 31, 2015 and ARS 4,040 were computed as an allowance for the fiscal year ended December 31, 2014.

Notwithstanding the foregoing, the brief filed with the court hearing the proceedings to compel payment argued that the amounts deposited in the judicial accounts opened to such end were subject to attachment, and a petition was

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

filed for the respective amounts to be invested in automatically renewable 180-day-time deposits in order to ensure the integrity of the funds until the Federal Appellate Court in Administrative Matters issued a decision on the appeal lodged against Resolution No. 685/14 of the Argentine Central Bank.

Upon rejecting the requests for injunction, the court continued pursuing proceedings to enforce the fines against each of the defendants. For such reason, the amounts subject to attachment were used for the payment of the relevant fines.

On February 22, 2019, Courtroom I of the Federal Appellate Court in Administrative Matters resolved the following, with one negative vote from a judge: “1) Partially sustain the appeal filed by BHSA, its directors –Mrs. Lifsic de Estol and Messrs. Elsztain, Bensadon, Dreizzen, Fornero, Grinberg, March, Písula, Reznik, Vergara del Carril, Viñes, Zang and Wior- and its managers –Benitez, Saidón and Efkhianian – and, therefore, order the file to be returned to the BCRA for it to determine and substantiate the amounts of the penalties to be applied to such officers within sixty days, pursuant to the provisions of paragraph XIII; and 2) order each party to pay its court costs, based on the complexity of the issues involved and their resolution process (section 68, paragraph two of the Argentine Civil and Commercial Code of Procedure)”.

Given that certain grounds in the judgment issued by the Appellate Court are questionable, and taking into consideration the grounds stated by the judge voting against such judgment, an Extraordinary Appeal in accordance with Section 14 of Law 48 was filed before that Court on March 12, 2019.

On April 11, 2019, Courtroom I of the Appellate Court sustained both extraordinary appeals – the one filed by Banco Hipotecario S.A. and the one filed by the BCRA – as regards the federal matter invoked and the arbitrariness of judgment. It only rejected BCRA’s appeal on the serious institutional implications invoked.

Finally, on June 16, 2022, the Argentine Supreme Court of Justice rendered judgment dismissing the extraordinary appeal filed by Banco Hipotecario S.A., under the terms of section 280 of the Argentine Civil and Commercial Code of Procedure, pursuant to which the Supreme Court is empowered to dismiss it by just invoking such provision. On the other hand, it declared that the BCRA’s appeal had not satisfied the requirement of autonomous grounds as required by section 15 of Law 48, and dismissed the appeal on serious institutional implications.

Thus, the judgment of Courtroom I of the Federal Appellate Court in Administrative Matters, which partially sustained the appeal filed by Banco Hipotecario S.A., became final and, consequently, although the infringement that had given rise to the fine was deemed to have occurred, the amount of the fine was revoked on grounds of unreasonableness.

Once the proceedings are returned to the court of origin, they will be forwarded to the BCRA, which shall have a 60-day term to determine and justify the amount of the penalties imposed.

Subsequently, on August 18, 2022, Banco Hipotecario S.A. claimed the reimbursement by the BCRA of the amounts paid as fine plus interest. In addition, the related calculation was made and the determination of an adjustment mechanism was requested.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

On September 9, 2022, a request to clarify the amounts of fines and interest was filed by means of a notice submitted by Banco Hipotecario S.A. to the BCRA. Finally, on November 2, 2022, Banco Hipotecario S.A. submitted a copy of the proof of payments (principal and interest) thus clarifying the August 18, 2022 filing.

Finally, on February 28, 2023, the Appellate Court decided to reject the claim filed by Banco Hipotecario S.A., stating that the refund must be requested before the court of first instance in which the execution proceeding initiated by the BCRA is being heard, and in which the deposit was timely made.

Accordingly, on March 27, 2023, it was requested in the aforementioned execution proceeding, which is being processed under File No. 75609/2014, that the BCRA be ordered to return the amounts deposited, plus the corresponding interest.

2. On August 11, 2015, the Bank was notified of Resolution No. 76/15, whereby the Chairman of the Financial Information Unit (UIF) had ordered the commencement of summary proceedings against Banco Hipotecario S.A., its directors (Eduardo S. Elsztain, Mario Blejer, Jacobo Julio Dreizzen, Carlos B. Písula, Ernesto M. Viñes, Gabriel G. Reznik, Pablo D. Vergara del Carril, Mauricio Wior, Saúl Zang, Edgardo Fornero, Diego Bossio, Mariana Gonzalez and Ada Maza) and its Compliance Officer (Ernesto M. Viñes) in connection with the alleged failure to comply with section 21. a) of Law No. 25246 and Resolution UIF No. 121/11. According to such resolution, the Bank and its directors had *prima facie* failed to comply with certain customer identification requirements, monitoring standards, the risk matrix definition, and the procedures to update its customers' background and profiles, among others.

On September 23, 2015, the Bank filed its defense with the UIF along with documentary evidence, and offered informative evidence, IT expert opinions and oral evidence. On April 13, 2016, the production of evidence was ordered, and all evidence was duly produced in due time and form, including the report issued by the Argentine Central Bank on the risk adjustment and mitigation plan timely submitted by Banco Hipotecario S.A. Upon conclusion of this procedural stage, the attorneys of the persons subject to the summary proceedings filed their closing arguments regarding the evidence produced.

On March 6, 2019, Resolution UIF No. 10/2019 was notified, whereby the Chairman of the UIF decided to impose a fine of ARS 100 on Banco Hipotecario and ARS 100 on the directors subject to the summary proceedings, on grounds of the violations of Resolution No. 121/2011. On March 13, 2019, the fine was paid.

On April 16, 2019, a direct appeal was filed with the Federal Appellate Court in Administrative Matters, and the action was heard by Courtroom IV, under case file No. 19717/2019.

On August 27, 2020, notice of the judgment rendered was served dismissing the appeal and confirming the materiality of the penalties imposed by the UIF and, hence, the amount thereof. In addition, the court awarded legal costs and expenses against the losing party and assessed the fees payable to the defendant's attorneys. On September 10, an extraordinary appeal was lodged against this judgment.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

On September 28, 2020, the UIF answered the notice of the extraordinary appeal, and the case was set for judgment on that same date. On October 29, 2020, Courtroom IV of the Federal Appellate Court in Administrative Matters dismissed the Federal Extraordinary Appeal lodged.

As a result, on November 5, 2020, an appeal was filed with the Supreme Court of Justice. On December 21, 2022, the Argentine Supreme Court of Justice resolved to reject the claim on the grounds of section 280 of the Argentine Civil and Commercial Code of Procedure.

3. On November 25, 2014, the Financial Information Unit (UIF) notified Tarshop S.A.U. of the commencement of summary proceedings identified under Resolution No. 234/14, on grounds of potential formal violations arising from the alleged breach of section 21. a) of Law No. 25246 and Resolutions UIF No. 27/11 and 2/12. Tarshop S.A.U., its Compliance Officer (Mauricio Elías Wior) and the then Directors (Eduardo Sergio Elsztain, Saúl Zang, Marcelo Gustavo Cufre and Fernando Sergio Rubin) were summoned to file defense. In the legal counsel's opinion, at the current stage of the proceedings and based on the precedents existing at the UIF in connection with similar cases, an administrative penalty is likely to be imposed. Accordingly, the Bank has booked an allowance of 360 for the year ended December 31, 2016. On May 4, 2018, the Company was notified that the UIF had decided to impose a lower penalty, which would be duly appealed. As from September 2, 2019, the date of the merger of Tarshop S.A.U. into Banco Hipotecario S.A., all the assets, rights and obligations of Tarshop S.A.U. were transferred to the Bank, as merging or surviving company; therefore, it is the continuing party to these summary proceedings.

On July 3, 2020, notice was served of the judgment rendered on the merits of these proceedings, whereby the appeal so filed was dismissed and costs were awarded against the losing party. The Appellate Court dismissed the appeal on merely formal grounds. On August 18, 2020, a motion for extraordinary appeal was lodged against the judgment rendered on July 3, 2020.

On December 3, 2020, Courtroom V of the Federal Appellate Court in Administrative Matters granted the appeal lodged. At present, the Bank is awaiting final judgement from the Argentine Supreme Court of Justice.

26.7. Restrictions on the distribution of profits

Regulations issued by the BCRA provide that 20% of the fiscal year's profits, net of potential adjustment from prior years, if applicable, shall be allocated to a legal reserve.

In accordance with the conditions set forth by the BCRA, profits may be distributed only to the extent there are positive results after the off-balance sheet deduction of unappropriated retained earnings/losses, and legal, statutory and/or special reserves set up for the following items: the difference between the book value and the market value of sovereign debt and/or monetary regulation instruments issued by the BCRA valued at amortized cost, amounts recorded in assets for lawsuits related to deposits, the result from revaluation of property, plant & equipment and intangible assets and investment property, among others.

Furthermore, the Bank shall verify that, after the proposed distribution of profits is carried out, there is a capital margin over risk-weighted assets, in addition to the minimum capital requirements set forth under applicable regulations, paid out of level 1 ordinary capital, net of deductibles.

In addition, the technical ratio of minimum capital requirements shall be met to distribute profits. The technical ratio

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

shall be assessed excluding the aforementioned items from assets and unappropriated retained earnings/losses. Any existing deductible item regarding minimum capital requirements, payment and/or position shall not be computed.

As from January 2016, the BCRA provided for a capital preservation margin in addition to the minimum capital requirement equivalent to 2.5% of risk-weighted assets. Said margin shall be fully paid in out of level 1 ordinary capital, net of deductible items. The distribution of profits shall be limited when the level and composition of the Entity's Regulatory Capital (*Responsabilidad Patrimonial Computable*) is within the capital preservation margin range.

At present, financial institutions shall secure the BCRA's previous consent to distribute profits.

Communication "A" 7427 provided that, from January 1, 2022 to December 31, 2022, financial institutions may only distribute profits for up to 20 % of the amount that should have otherwise been distributed if the rules on "Distribution of profits" had been applied. Besides, as from January 1, 2022, financial institutions that have secured the BCRA's previous consent will be required to make such distribution in 12 equal, monthly and consecutive instalments.

Finally, on March 9, 2023, Communication "A" 7719 was issued, repealing point 4. of the aforementioned communication as of April 1, 2023, allowing from that date and until December 31, 2023 the distribution of profits, with the prior authorization of the BCRA, in 6 equal, monthly and consecutive installments for up to 40% of the amount that would have corresponded if the provisions of section 6 on the "Distribution of Profits" had been applied.

In accordance with the provisions of the CNV rules, the Shareholders' Meeting considering the annual financial statements shall resolve on the treatment of accumulated gains/losses.

27. SUBSEQUENT EVENTS

There are no other events that have occurred between the end of the reporting period and the issuance of these consolidated condensed interim financial statements that could significantly affect the financial position or results of operations for the period that have not been disclosed in the notes to the financial statements.

28. LEGALIZATION OF BOOKS

At the date of these financial statements, the transactions conducted by the Bank for the period January 1, 2023 through March 31, 2023 are pending transcription into the legalized books as set forth in the regulations in force.

Signed for identification purposes with our
report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume
2, Page 6

Andrea Pastrana

(Partner)

Public Accountant (UCA)

C.P.C.E.C.A.B.A. Volume 383 – Page 244

29. MARKET DISCIPLINE

Information on Banco Hipotecario S.A.'s regulatory capital structure and sufficiency, risk exposure and management, on a separate and on a consolidated basis with its subsidiaries, as required by Communication "A" 6143 of the BCRA, is available at the Bank's website (<http://www.hipotecario.com.ar>), under the "Market Discipline – Minimum Disclosure Requirements" link.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

SCHEDULE B – CONSOLIDATED CLASSIFICATION OF LOANS AND OTHER FINANCING ARRANGEMENTS BY STATUS AND GUARANTEES RECEIVED

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Commercial Portfolio	03/31/2023	12/31/2022
Normal situation	32,999,102	38,474,146
With “A” preferred collateral and counterguarantees	5,351,824	7,967,517
With “B” preferred collateral and counterguarantees	1,569,822	1,926,316
Without preferred collateral and counterguarantees	26,077,456	28,580,313
With special follow-up	1,035	16,834
Under observation	1,035	16,834
With “A” preferred collateral and counterguarantees	-	13,768
Without preferred collateral and counterguarantees	1,035	3,066
Troubled	4,870	7,477
With “A” preferred collateral and counterguarantees	3,396	7,085
Without preferred collateral and counterguarantees	1,474	392
With high risk of insolvency	306,553	751,568
With “A” preferred collateral and counterguarantees	89,304	254,440
Without preferred collateral and counterguarantees	217,249	497,128
Uncollectible	748,912	2,599,519
With “A” preferred collateral and counterguarantees	-	2
With “B” preferred collateral and counterguarantees	669,926	2,338,328
Without preferred collateral and counterguarantees	78,986	261,189
Total commercial portfolio	34,060,472	41,849,544

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

**SCHEDULE B – CONSOLIDATED CLASSIFICATION OF LOANS AND
OTHER FINANCING ARRANGEMENTS BY STATUS AND GUARANTEES
RECEIVED**

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Consumer and housing portfolio	03/31/2023	12/31/2022
Normal situation	53,464,583	56,756,381
With "A" preferred collateral and counterguarantees	446,435	882,612
With "B" preferred collateral and counterguarantees	17,750,637	18,988,775
Without preferred collateral and counterguarantees	35,267,511	36,884,994
Low risk	1,028,019	964,477
Low risk	1,026,227	961,697
With "A" preferred collateral and counterguarantees	4,429	11,332
With "B" preferred collateral and counterguarantees	500,073	436,997
Without preferred collateral and counterguarantees	521,725	513,368
Special treatment	1,792	2,780
Without preferred collateral and counterguarantees	1,792	2,780
Mid risk	483,821	531,432
With "A" collateral and counterguarantees	3,562	12,135
With "B" collateral and counterguarantees	181,119	220,119
Without preferred collateral and counterguarantees	299,140	299,178
High risk	534,699	538,109
With "A" collateral and counterguarantees	7,599	13,636
With "B" preferred collateral and counterguarantees	196,466	154,607
Without preferred collateral and counterguarantees	330,634	369,866
Uncollectible	372,430	399,449
With "A" collateral and counterguarantees	125	592
With "B" preferred collateral and counterguarantees	241,443	250,886
Without preferred collateral and counterguarantees	130,862	147,971
Total consumer and housing portfolio	55,883,552	59,189,848
Total general (1)	89,944,024	101,039,392

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

**SCHEDULE B – CONSOLIDATED CLASSIFICATION OF LOANS AND
OTHER FINANCING ARRANGEMENTS BY STATUS AND GUARANTEES
RECEIVED**

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

(1) Reconciliation between Schedule B and the Statement of Financial Position:

	03/31/2023	12/31/2022
Loans and other financing arrangements	81,933,273	92,543,236
Other debt securities (*)	5,059,553	5,471,932
Off-balance sheet accounts	1,013,700	1,171,931
plus allowances	2,917,043	2,986,739
less IFRS adjustments not computable for Statement of Debtors' Condition	250,232	269,815
less items not computable for Statement of Debtors' Condition	(1,229,777)	(1,404,261)
TOTAL	89,944,024	101,039,392

(*) It includes Negotiable Obligations and debt securities in financial trusts.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

SCHEDULE C – CONSOLIDATED CONCENTRATION OF LOANS AND OTHER FINANCING ARRANGEMENTS

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Number of customers	FINANCING			
	03/31/2023		12/31/2022	
	Debt balance	% of total portfolio	Debt balance	% of total portfolio
10 largest customers	8,062,918	8.96%	10,191,697	10.09%
50 following largest customers	11,246,878	12.50%	15,134,499	14.98%
100 following largest customers	5,172,492	5.75%	7,001,753	6.93%
Rest of customers	65,461,736	72.79%	68,711,443	68.00%
Total (1)	89,944,024	100.00%	101,039,392	100.00%

(1) Reconciliation between Schedule C and the Statement of Financial Position:

	03/31/2023	12/31/2022
Loans and other financing arrangements	81,933,273	92,543,236
Other debt securities (*)	5,059,553	5,471,932
Off-balance sheet accounts	1,013,700	1,171,931
plus allowances		
	2,917,043	2,986,739
less IFRS adjustments not computable for Statement of Debtors' Condition	250,232	269,815
less items not computable for Statement of Debtors' Condition	(1,229,777)	(1,404,261)
TOTAL	89,944,024	101,039,392

(*) It includes Negotiable Obligations and debt securities in financial trusts.

Signed for identification purposes with
our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

**SCHEDULE D – CONSOLIDATED BREAKDOWN OF LOANS AND OTHER FINANCING ARRANGEMENTS
BY MATURITY DATES**

As of 03/31/2023

In thousands of Argentine Pesos and constant currency

Item	Past due portfolio	Remaining terms to maturity						Total
		1 month	3 months	6 months	12 months	24 months	More than 24 months	
Non-financial public sector	9	-	-	-	-	-	-	9
Financial sector	-	17,150	23,449	33,935	63,947	95,462	-	233,943
Non-financial private sector and foreign residents	2,180,746	22,623,768	13,798,539	9,668,520	10,445,648	9,870,579	26,065,550	94,653,350
TOTAL	2,180,755	22,640,918	13,821,988	9,702,455	10,509,595	9,966,041	26,065,550	94,887,302

The decrease in future contractual flows is presented, including interest and additional amounts to be accrued until maturity of non-discounted agreements.

Signed for identification purposes with
our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

SCHEDULE H – CONSOLIDATED CONCENTRATION OF DEPOSITS

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Number of customers	DEPOSITS			
	03/31/2023		12/31/2022	
	Debt balance	% of total portfolio	Debt balance	% of total portfolio
10 largest customers	96,843,401	33.10%	161,492,150	44.85%
50 following largest customers	76,179,090	26.04%	68,177,975	18.94%
100 following largest customers	13,582,957	4.64%	10,238,353	2.84%
Rest of customers	105,933,634	36.22%	120,129,466	33.37%
TOTAL	292,539,082	100.00%	360,037,944	100.00%

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

SCHEDULE I – CONSOLIDATED BREAKDOWN OF FINANCIAL LIABILITIES BY MATURITY DATES

As of 03/31/2023

In thousands of Argentine Pesos and constant currency

Item	Remaining terms to maturity						Total
	1 month	3 months	6 months	12 months	24 months	More than 24 months	
Deposits							
Non-financial public sector	20,119,601	3,401,856	426,403	-	-	846,753	24,794,613
Financial sector	217	-	-	-	-	-	217
Non-financial private sector and foreign residents	217,336,872	56,120,132	1,215,321	356,621	48,913	24,128	275,101,987
Liabilities at fair value through profit or loss	3,217,577	-	-	-	-	-	3,217,577
Derivative instruments	-	-	-	-	-	18,039	18,039
Other financial liabilities	24,839,249	20,339	341,138	608,953	1,081,773	3,805,784	30,697,236
Loans from the BCRA and other financial institutions	77,951	60,963	189,588	-	-	-	328,502
Negotiable obligations issued	-	2,568,675	-	3,753,122	7,245,688	3,593,502	17,160,987
TOTAL	265,591,467	62,171,965	2,172,450	4,718,696	8,376,374	8,288,206	351,319,158

The decrease in future contractual flows is presented, including interest and additional amounts to be accrued until maturity of non-discounted agreements.

Signed for identification purposes with
our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

**SCHEDULE R – CONSOLIDATED
ALLOWANCE FOR LOAN LOSSES**

For the fiscal period ended 03/31/2023

In thousands of Argentine Pesos and constant currency

Item	Balances at beginning of year	ECL for the next 12 months	ECL of remaining life of financial asset		Monetary gain (loss) from allowances	Balance as of 03/31/2023
			Financial instruments with significant increase in credit risk	Credit-impaired financial instruments		
Other financial assets	66,560	3,319	-	-	(11,882)	57,997
Loans and other financing arrangements						
Other financial institutions (Note 7)	12	(10)	-	-	(2)	-
Non-financial private sector and foreign residents (Note 7)	2,895,100	257,301	156,912	44,382	(516,847)	2,836,848
Overdraft facilities	41,412	28,877	(62)	(1,225)	(7,393)	61,609
Promissory notes	70,350	(25,792)	1	-	(12,559)	32,000
Mortgage loans	889,099	55,450	101,598	109,268	(158,727)	996,688
Pledge loans	124	(23)	-	-	(22)	79
Consumer loans	539,999	84,517	820	11,472	(96,404)	540,404
Credit cards	599,484	88,916	55,355	29,147	(107,023)	665,879
Finance leases	5,484	(155)	-	-	(979)	4,350
Call loan rate to companies	214,719	(21,335)	-	(135,881)	(38,333)	19,170
Other	534,429	46,846	(800)	31,601	(95,407)	516,669
Other debt securities	91,627	51,152	-	(46,226)	(16,358)	80,195
Contingent commitments	200,602	66,359	27,882	-	(35,813)	259,030
TOTAL ALLOWANCES (Note 6.3)	3,253,901	378,121	184,794	(1,844)	(580,902)	3,234,070

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

Manuel J.L. Herrera Grazioli
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

INDEPENDENT AUDITORS' REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Chairman and Directors of
Banco Hipotecario S.A.
Registered office: Reconquista 151
City of Buenos Aires
Taxpayer identification number [CUIT]: 30-50001107-2

Report on the financial statements

Identification of interim financial statements subject to review

We have reviewed the accompanying consolidated condensed interim financial statements of Banco Hipotecario S.A. (hereinafter, the "Entity") and its subsidiaries, comprising the consolidated statement of financial position as of March 31, 2023, the consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as their related Schedules and selected explanatory Notes.

Board of Directors' and Management's Responsibility

The Entity's Board of Directors and Management are responsible for the preparation and presentation of the accompanying consolidated condensed interim financial statements in accordance with the financial reporting framework established by the Argentine Central Bank ("BCRA"), as described in Note 3.1 to the accompanying financial statements. The Entity's Board of Directors and Management are also responsible for such internal control as deemed appropriate to ensure that the interim financial statements are free from material misstatements, due to fraud or error.

Our responsibility

Our responsibility is to express an opinion on the consolidated condensed interim financial statements based on our review. We performed such review in accordance with the applicable review standards set out in chapter IV of Technical Resolution No. 37 of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") as adopted by Resolution CD No. 46/2021 of the Professional Council of Economic Sciences of the City of Buenos Aires and with the "Minimum Standards for External Audits" issued by the BCRA applicable to reviews of interim financial statements, under which we are required to comply with ethical requirements. According to such standards, a review primarily encompasses applying analytical and other procedures on the accounting information disclosed in the interim financial statements and making inquiries of the individuals responsible for preparing such information. A review is substantially less in scope than an audit conducted in accordance with applicable audit standards and, therefore, it cannot be ensured that any significant matters that might be identified in an audit will come to our attention. Therefore, we do not express an audit opinion on these consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that would lead us to believe that the accompanying consolidated condensed interim financial statements of Banco Hipotecario S.A. as of March 31, 2023 and for the three-month period then ended were not prepared, in all material respects, in accordance with the financial reporting framework set forth by the BCRA.

Emphasis Paragraph

Without modifying our conclusion, we draw users' attention to the disclosures made in Note 3.1 to the accompanying financial statements, which states that such financial statements were prepared by the Entity's Board of Directors and Management in accordance with the financial reporting framework established by the BCRA. Such framework differs from the International Financial Reporting Standards adopted by the FACPCE in the aspects described in such note.



Information required by other legal and regulatory standards

In compliance with applicable provisions, we hereby report that:

- a) the accompanying consolidated condensed interim financial statements are pending transcription into the "Inventory and Financial Statements" book, and arise from the accounting records also pending transcription into the Daily Ledger;
- b) the figures in the accompanying consolidated financial statements arise from the application of the consolidation procedures set forth by the financial reporting framework established by the BCRA based on the separate financial statements of the entities comprising the economic group, and detailed in Note 1;
- c) as of March 31, 2023, as described in Note 26.4 to the accompanying consolidated financial statements, the Entity's shareholders' equity and minimum cash contra-account in eligible assets exceed the respective minimum requirements established in the applicable standards issued by the Argentine Securities Commission (CNV);
- d) we have read the Entity's summary of activity (in particular, the sections "Capital Structure", "Profit & Loss Structure," "Cash Flow Structure," "Statistical Data" and "Ratios"), in respect of which, as it relates to our area of responsibility, we have no significant observations to make, and
- e) as of March 31, 2023, based on the Entity's accounting records, accrued liabilities in respect of taxes and contributions owing to the Argentine Integrated Retirement and Pensions System amount to ARS 297,454,462, there being no due and payable debts as of such date.

City of Buenos Aires, May 30, 2023

KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA - Volume 383 – Page 244

SUPERVISORY COMMITTEE'S REPORT

To the Chairman and Directors of
BANCO HIPOTECARIO S.A.

Introduction

In compliance with the terms of section 294, subsection 5 of Argentine Companies Law No. 19550, we have reviewed the accompanying consolidated condensed interim financial statements of Banco Hipotecario S.A. (hereinafter, the "Entity") and its subsidiaries, comprising the consolidated condensed statement of financial position as of March 31, 2023, and the corresponding consolidated condensed statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as their related schedules and selected explanatory notes.

Board of Directors' and Management's Responsibility

The Entity's Board of Directors and Management are responsible for the preparation and presentation of the accompanying financial statements in accordance with the financial reporting framework established by the Argentine Central Bank ("BCRA"), as described in note 3.1 to the accompanying financial statements. The Entity's Board of Directors and Management are also responsible for such internal control as deemed appropriate to ensure that the interim financial statements are free from material misstatements, due to fraud or error.

Scope of our Review

Our review was performed in accordance with supervisory committee standards currently in force. These standards require that we examine the documents identified in the first paragraph in accordance with applicable audit standards for limited reviews of interim financial statements, and that we also see whether the documents subject to review are consistent with the information on corporate decisions disclosed in minutes, and whether such decisions are in compliance with applicable laws and by-laws in all formal and documentary aspects.

SUPERVISORY COMMITTEE'S REPORT (Continued)

Scope of our Review (Continued)

In conducting our review of the documents identified in the first paragraph, we examined the work performed by the Entity's external auditors, KPMG, pursuant to the review procedures set forth in Technical Resolution No. 37 of FACPCE adopted by Resolution CD No. 46/2021 of the Professional Council of Economic Sciences of the City of Buenos Aires and the "Minimum Standards for External Audits" established by the BCRA applicable to the review of interim financial statements. According to such standards, a review primarily encompasses performing analytical and other procedures on the accounting information disclosed in the interim financial statements and making inquiries of the individuals responsible for preparing such information. A review is substantially less in scope than an audit conducted in accordance with applicable audit standards and, therefore, it cannot be ensured that any significant matters that might be identified in an audit will come to our attention. Therefore, we do not express an audit opinion on the accompanying separate condensed interim financial statements. The Entity's external auditors issued their report on May 30, 2023. We agree to the contents of such report. Since the Supervisory Committee is not responsible for management control, the review did not encompass the corporate criteria and decisions of the Entity's several areas, for such issues are the exclusive responsibility of the Board of Directors.

Conclusion

Based on our review, nothing has come to our attention that would lead us to believe that the accompanying consolidated condensed interim financial statements of Banco Hipotecario S.A. as of March 31, 2023, were not prepared, in all material respects, in accordance with the financial reporting framework set forth by the BCRA.

Emphasis Paragraph

Without modifying our opinion, we draw users' attention to the disclosures in Note 3.1 to the accompanying consolidated condensed interim financial statements which indicates that such financial statements were prepared by the Entity's Board of Directors and Management in accordance with the financial reporting framework established by the BCRA. This framework differs from the International Financial Reporting Standards (IFRS) adopted by the FACPCE in the aspects described in said Note:

SUPERVISORY COMMITTEE'S REPORT (Continued)

Information required by other legal and regulatory standards

In compliance with applicable provisions, we hereby report that:

- a) the consolidated condensed interim financial statements have not yet been transcribed into the "Inventory and Financial Statements" book and arise from accounting records also pending transcription into the Daily Ledger;
- b) the figures in the accompanying consolidated condensed interim financial statements arise from the application of consolidation procedures set forth by the financial reporting framework set forth by the BCRA from the separate financial statements of the companies comprising the economic group, as detailed in note 1;
- c) as of March 31, 2023, as described in Note 26.4 to the accompanying consolidated condensed interim financial statements, the Entity's shareholders' equity and minimum cash contra-account in eligible assets exceed the respective minimum requirements established in applicable standards issued by the Argentine Securities Commission ("CNV"), in such respect. and
- d) we have complied with the provisions of Section 294 of Argentine Companies Law No. 19550.

City of Buenos Aires, May 30, 2023

Marcelo Héctor Fuxman
Regular Supervisory Auditor

SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2023

TABLE OF CONTENTS

Separate Condensed Interim Statement of Financial Position

Separate Condensed Interim Statement of Income

Separate Condensed Interim Statement of Changes in Shareholders' Equity

Separate Condensed Interim Statement of Cash Flows

Notes to the Separate Condensed Interim Financial Statements

1. General Information and reason for the preparation of separate financial statements
2. Changes in the macroeconomic context and financial and capital systems
3. Accounting standards and basis for preparation
4. Material accounting policies and estimates
5. Statement of cash flows
6. Financial instruments
7. Loans and other financing arrangements
8. Other financial assets and liabilities
9. Other non-financial assets and liabilities
10. Income tax
11. Investments in subsidiaries
12. Negotiable obligations issued
13. Provisions
14. Capital stock
15. Interest income and adjustments/ fee and commission income
16. Interest expense and adjustments
17. Foreign currency exchange difference
18. Net income from measurement of financial instruments at fair value through profit or loss
19. Other operating income / (expense)
20. Expenses by function and nature
21. Employee benefits
22. Off-balance sheet accounts
23. Transactions and balances with related parties
24. Financial risk factors
25. Capital management
26. Additional information required by the Argentine Central Bank
27. Subsequent events
28. Legalization of books
29. Market discipline

Schedule B – Classification of Loans and Other Financing Arrangements by Status and Guarantees Received

Schedule C – Concentration of Loans and Other Financing Arrangements

Schedule D – Breakdown of Loans and Other Financing Arrangements by Maturity Dates

Schedule H – Concentration of Deposits

Schedule I – Breakdown of Financial Liabilities by Maturity Dates

Schedule J – Changes in Allowances and Provisions

Schedule L – Foreign Currency Balances

Schedule O – Derivative Financial Instruments

Schedule R – Consolidated Allowance for Loan Losses

Independent Auditor's Review Report on Separate Condensed Interim Financial Statements

Supervisory Committee's Review Report on Separate Condensed Interim Financial Statements

SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

ITEM	NOTES	03/31/2023	12/31/2022
ASSETS			
Cash and bank deposits	5	33,485,118	32,705,260
Cash		6,088,363	7,299,318
Financial institutions and correspondents		27,396,755	25,405,942
- Argentine Central Bank (B.C.R.A.)		26,705,224	24,586,396
- Other domestic and foreign institutions		691,531	819,546
Debt securities at fair value through profit or loss (Schedule A)		117,831,003	144,532,918
Derivative instruments		73,007	74,538
Repo transactions	6.1	72,653,010	101,559,119
Other financial assets	8.1	9,880,114	5,954,455
Loans and other financing arrangements (Schedules B and C)	7	79,302,108	89,689,633
Non-financial public sector		9	-
Other financial institutions		218,249	295,601
Non-financial private sector and foreign residents		79,083,850	89,394,032
Other debt securities (Schedule A)		17,351,264	30,818,585
Financial assets pledged as collateral	26.2	15,060,928	4,760,235
Current income tax assets	10	330,799	402,689
Investments in equity instruments (Schedule A)		229,750	337,781
Investments in subsidiaries	11	10,401,000	12,894,943
Property and equipment	9.1	15,260,159	15,389,369
Intangible assets	9.2	592,543	525,101
Other non-financial assets	9.3	3,535,712	3,575,704
Non-current assets held for sale	9.4	13,743,530	9,993,502
TOTAL ASSETS		389,730,045	453,213,832

 Signed for identification purposes with
 our report dated May 30, 2023

KPMG

 Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
 Volume 2, Page 6

Lorena C. Morchón
 General Accounting
 Manager

Manuel J.L. Herrera
Grazioli
 General Manager

Eduardo S. Elsztain
 Chairman

Andrea Pastrana
 Partner
 Public Accountant (UCA)
 CPCECABA Volume 383 Page 244

Marcelo Fuxman
 By the Supervisory
 Committee

SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As of 03/31/2023 and 12/31/2022
 In thousands of Argentine Pesos and
 constant currency

ACCOUNT	NOTES	03/31/2023	12/31/2022
LIABILITIES			
Deposits (Schedule H)		265,682,753	332,484,912
Non-financial public sector		22,619,368	12,905,139
Financial sector		31,420	87,915
Non-financial private sector and foreign residents		243,031,965	319,491,858
Liabilities at fair value through profit or loss (Schedule I)		3,209,355	-
Derivative instruments		3,428,676	3,629,572
Other financial liabilities	8.2	21,935,152	25,074,184
Loans from the B.C.R.A. and other financial institutions	5	2,181	2,011
Negotiable obligations issued	5 and 12	15,503,853	15,719,610
Provisions	13	951,683	1,302,082
Deferred income tax liabilities	10	5,173,636	3,404,953
Other non-financial liabilities	9.5	10,132,661	11,542,130
TOTAL LIABILITIES		326,019,950	393,159,454
SHAREHOLDERS' EQUITY			
Capital stock	14	1,500,000	1,500,000
Capital adjustments		51,183,738	51,183,738
Reserves		7,370,640	-
Income for the period / year		3,655,717	7,370,640
TOTAL SHAREHOLDERS' EQUITY		63,710,095	60,054,378
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		389,730,045	453,213,832

Notes and schedules are an integral part of these separate condensed interim financial statements.

Signed for identification purposes with
 our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
 Volume 2, Page 6

Lorena C. Morchón
 General Accounting
 Manager

Manuel J.L. Herrera
Grazioli
 General Manager

Eduardo S. Elsztain
 Chairman

Andrea Pastrana
 Partner
 Public Accountant (UCA)
 CPCECABA Volume 383 Page 244

Marcelo Fuxman
 By the Supervisory
 Committee

SEPARATE CONDENSED INTERIM STATEMENT OF INCOME

For the three-month periods ended 03/31/2023 and 03/31/2022

In thousands of Argentine Pesos and constant currency

ACCOUNT	NOTES	03/31/2023	03/31/2022
Interest income and adjustments	15	31,187,526	24,805,209
Interest expense and adjustments	16	(38,151,613)	(25,093,298)
Net interest income (expense)		(6,964,087)	(288,089)
Fee and commission income	15	3,215,965	3,876,089
Fee and commission expense		(95,537)	(141,692)
Net fee and commission income		3,120,428	3,734,397
Net income from measurement of financial instruments at fair value through profit or loss	18	21,704,635	15,901,603
Foreign currency exchange rate differences	17	(996,587)	(584,970)
Other operating income	19	5,182,876	1,980,802
Loan loss	6.3	(673,910)	(597,157)
Net operating income		21,373,355	20,146,586
Employee benefits	21	(5,309,907)	(5,580,978)
Administrative expenses	20	(2,073,617)	(2,387,438)
Depreciation and impairment of assets		(339,744)	(417,852)
Other operating expenses	19	(4,317,718)	(8,297,113)
Operating income		9,332,369	3,463,205
Income in subsidiaries and associates	11	506,051	465,473
Gain (loss) on net monetary position		(4,414,020)	922,239
Income before tax		5,424,400	4,850,917
Income tax expense	10	(1,768,683)	(2,463,888)
NET INCOME FOR THE PERIOD		3,655,717	2,387,029

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

SEPARATE CONDENSED INTERIM STATEMENT OF INCOME

For the three-month periods ended 03/31/2023 and 03/31/2022

In thousands of Argentine Pesos and constant currency

EARNINGS (LOSS) PER SHARE	03/31/2023	03/31/2022
NUMERATOR		
Net income attributable to parent's shareholders	3,655,717	2,387,029
Net income attributable to parent's shareholders adjusted to reflect the effect of dilution	3,655,717	2,387,029
DENOMINATOR		
Weighted average of outstanding common shares for the fiscal period	1,473,954	1,472,637
Weighted average of outstanding common shares for the fiscal period adjusted to reflect the effects of dilution	1,473,954	1,472,637
EARNINGS(LOSS) PER BASIC SHARE	2.480	1.621
EARNINGS (LOSS) PER DILUTED SHARE	2.480	1.621

Notes and schedules are an integral part of these separate condensed interim financial statements.

Signed for identification purposes with
our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

Manuel J.L. Herrera
Grazioli
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended 03/31/2023

In thousands of Argentine Pesos and constant currency

Changes	Capital Stock		Capital adjustments	Legal reserve	Unappropriated retained earnings / (losses)	Total as of 03/31/2023
	Outstanding	Deliverable				
Balances at beginning of the year	1,473,832	26,168	51,183,738	-	7,370,640	60,054,378
Distribution of retained earnings – Approved by the Shareholders' Meeting held on 03/30/2023 (*)						
- Legal reserve	-	-	-	7,370,640	(7,370,640)	-
Share-based payments under compensation plan	209	(209)	-	-	-	-
Income for the period	-	-	-	-	3,655,717	3,655,717
Balances at period-end	1,474,041	25,959	51,183,738	7,370,640	3,655,717	63,710,095

Notes and schedules are an integral part of these separate condensed interim financial statements.

(*) See Note 3.3.

Signed for identification purposes with
our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended 03/31/2022
In thousands of Argentine Pesos and constant currency

Changes	Capital Stock		Capital adjustments	Retained earnings / (losses)	Total as of 03/31/2022
	Outstanding	Deliverable			
Balances at beginning of the year	1,472,210	27,790	61,145,982	(9,962,244)	52,683,738
Distribution of retained earnings approved by the Shareholders' Meeting dated 03/30/2022					
– Absorption of unappropriated retained losses	-	-	(9,962,244)	9,962,244	-
Share-based payments under compensation plan	627	(627)		-	-
Net income for the period	-	-	-	2,387,029	2,387,029
Balances at period-end	1,472,837	27,163	51,183,738	2,387,029	55,070,767

Notes and schedules are an integral part of these separate condensed interim financial statements.

Signed for identification purposes with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the three-month periods ended 03/31/2023 and 03/31/2022

In thousands of Argentine Pesos and constant currency

ITEM	03/31/2023	03/31/2022
Net income for the period before income tax	5,424,400	4,850,917
Gain / (loss) on net monetary position	4,414,020	(922,239)
<u>Adjustments to obtain cash flows from operating activities</u>		
Depreciation and impairment of assets	339,744	417,852
Loan loss, net of reversed allowances	477,597	362,116
Provision for loan losses, net of reversed allowances (Note 18)	345,094	493,031
Net interest income / (expense)	6,964,087	288,089
Loss from investment in subsidiaries	(506,051)	(465,473)
Net (loss) from financial instruments measured at fair value through profit or loss	(21,704,635)	(15,901,603)
Income from valuation of non-current assets held for sale, investment property and sale of property and equipment	(3,651,067)	3,475,840
<u>Net increase / (net decrease) from operating assets</u>		
Debt securities at fair value through profit or loss	22,662,565	(163,750,308)
Derivative instruments	(11,776)	246,586
Repo Transactions	30,472,925	279,385,447
Loans and other financing arrangements		
Non-financial public sector	(9)	(6)
Financial sector	144,064	64,974
Non-financial private sector and foreign residents	4,109,254	(20,422,861)
Other debt securities	9,099,919	(15,721,232)
Financial assets pledged as collateral	(11,150,517)	(5,128,905)
Investments in equity instruments	47,728	(184,486)
Other assets	(5,265,773)	(12,401,311)
<u>Net increase / (net decrease) from operating liabilities</u>		
Deposits		
Non-financial public sector	12,018,128	(87,787,904)
Financial sector	(40,800)	(5,851)
Non-financial private sector and foreign residents	(56,856,741)	7,180,818
Liabilities at fair value through profit or loss	3,209,355	19,144,183
Derivative instruments	388,218	1,073,768
Repo transactions	(6,171)	(48,255)
Other liabilities	2,762,447	25,475,255
Total cash flows from operating activities	3,686,005	19,718,442

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

Manuel J.L. Herrera
Grazioli
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana

Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman

By the Supervisory
Committee

SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the three-month periods ended 03/31/2023 and 03/31/2022

In thousands of Argentine Pesos and constant currency

ITEM	03/31/2023	03/31/2022
Cash flows from investing activities		
Payments		
Purchase of property and equipment, intangible assets and other assets	(158,877)	(98,602)
Collections		
Sale of property and equipment	-	1,150
Other collections related to investing activities (Note 11)	-	3,268,736
Total cash flows (used in) / from investing activities	(158,877)	3,171,284
Cash flows from financing activities		
Payments		
Unsubordinated negotiable obligations (Note 5)	-	(20,000,272)
Loans from domestic financial institutions (Note 5)	(1,635,714)	(205,324)
Other payments related to financing activities	(91)	(23,161)
Collections		
Loans to domestic financial institutions (Note 5)	1,635,714	205,324
Total cash flows used in financing activities	(91)	(20,023,433)
Effect of exchange rate variations	3,091,551	1,388,132
Effect of gain (loss) on net monetary position of cash	(5,838,730)	(14,277,938)
TOTAL VARIATION OF CASH FLOWS		
Net increase – (Net decrease) in cash	779,858	(10,023,513)
Restated cash at the beginning of the year	32,705,260	42,305,974
Cash at period-end	33,485,118	32,282,461

Notes and schedules are an integral part of these separate condensed interim financial statements.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting
Manager

**Manuel J.L. Herrera
Grazioli**
General Manager

Eduardo S. Elsztain
Chairman

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory
Committee

1. GENERAL INFORMATION AND BASIS FOR THE PREPARATION OF SEPARATE FINANCIAL STATEMENTS

Banco Hipotecario S.A. (hereinafter, "the Bank") is a financial institution subject to Financial Institutions Law No. 21526 and, as such, is also required to comply with the regulations established by the Argentine Central Bank (BCRA) in its capacity as Regulator of Financial Institutions. The Bank is also required to comply with the regulations set by the Argentine Securities Commission, in accordance with Law No. 26831.

These financial statements are supplementary to the Bank's and its subsidiaries' consolidated financial statements as of March 31, 2023, in order to comply with legal and regulatory requirements.

2. CHANGES IN THE MACROECONOMIC CONTEXT AND FINANCIAL AND CAPITAL SYSTEMS

The information related to the economic context of these separate financial statements is presented in Note 2 to the consolidated condensed interim financial statements.

3. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

These separate condensed interim financial statements were approved by the Board of Directors at a virtual meeting held on May 30, 2023.

3.1. Basis of presentation

The condensed interim financial statements as of March 31, 2023 have been prepared in accordance with the financial reporting framework established by the BCRA. Under such reporting framework, entities subject to the BCRA's supervision are required to submit financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), with the following deviations (the "financial reporting framework established by the BCRA"):

- the temporary waiver of the application of the impairment model set forth in paragraph 5.5 "Impairment" of IFRS 9 "Financial Instruments" for debt securities issued by the non-financial public sector established in Communication "A" 6847. If the Bank had applied the impairment model to these instruments, its shareholders' equity as of March 31, 2023 and December 31, 2022 would have decreased by 1,261,294 and 1,575,823, respectively;
- the deferral until January 1, 2024 of the application of the impairment model set forth in paragraph 5.5 "Impairment" of IFRS 9 "Financial Instruments" for Group "C" financial institutions, that are neither branches nor subsidiaries of foreign banks classified as systemically important, as it is the case of BACS, according to Communication "A" 7659. Had it not been for the deferral established by the BCRA in such communication, the Bank's shareholders' equity would have increased by 4,868 and 9,603 as of March 31, 2023 and December 31, 2022, respectively;

Signed for identification purposes
with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

- the measurement of public sector debt securities received in exchange for other securities which, according to Communication "A" 7014, were recognized at the carrying amount of the instruments delivered in replacement, while under IFRS instruments received should be carried at fair value, with the difference in respect of the carrying amount of the securities delivered being recognized in profit or loss. Had the accounting criteria established by IFRS been applied, the Bank's shareholders' equity would have decreased by 852,303 and 895,165 as of March 31, 2023 and December 31, 2022, respectively; and
- the valuation of the building "Edificio del Plata" recognized in "Non-current assets held for sale" which, as of March 31, 2023 and December 31, 2022, has been valued in accordance with the accounting treatment established by the BCRA, as detailed in Note 9.4. Had the accounting criteria established by IFRS been applied, the Bank's shareholders' equity would have increased by 11,047 and 4,222,521 as of March 31, 2023 and December 31, 2022, respectively.

Furthermore, the BCRA, through Communications "A" 6323 and 6324, set forth guidelines for the preparation and presentation of financial institutions' financial statements, including additional reporting requirements as well as the disclosure of certain information in the form of Schedules.

The Bank's management has concluded that these separate condensed interim financial statements fairly present its financial position, financial performance and cash flows.

In preparing these condensed interim financial statements, the Bank is required to make estimates and assessments affecting the reported amounts of assets and liabilities, the disclosure of contingencies, as well as the reported amounts of income and expenses during the period. In this sense, estimates are made, for instance, to calculate the allowance for credit risk, the useful life of property & equipment, depreciation and amortization, the recoverable value of assets, the income tax expense, some labor-related costs, and the allowances for contingencies and labor, civil and commercial lawsuits and the fair value of certain financial instruments. Future actual results may differ from the estimates and assessments made as of the date these separate condensed interim financial statements were prepared.

The areas involving a higher degree of judgment or complexity or the areas in which the assumptions and estimates are material for these separate condensed interim financial statements are described in Note 4 to the consolidated condensed interim financial statements.

As of the date of these condensed interim financial statements, they are pending transcription into the Inventory and Financial Statements Book.

3.2. Functional and presentation currency

The Bank considers the Argentine Peso as functional and presentation currency. All amounts are stated in thousands of pesos, unless otherwise specified.

International Accounting Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") is applied in these separate condensed interim financial statements. As concerns the grounds for its application and the methodology applied, refer to Note 3.2 to the consolidated condensed interim financial statements.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

3.3. Distribution of Unappropriated retained earnings

On March 30, 2023, the Shareholders' Meeting resolved to distribute unappropriated retained earnings accumulated as of December 31, 2022 by allocating them to the Legal reserve.

3.4. Comparative information

The information contained in these separate condensed interim financial statements and in their respective notes as of December 31, 2022, which was prepared in accordance with applicable standards in force in fiscal year 2022, is presented for comparative purposes only with the information as of March 31, 2023.

3.5. Accounting standards

See Note 3.5. to the consolidated condensed interim financial statements.

4. MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The material accounting policies and estimates adopted for these separate condensed interim financial statements are described in Note 4 to the consolidated condensed interim financial statements.

Investments in subsidiaries

Subsidiaries are all entities (including structured entities, if applicable) controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its interest in the investee and has the power to affect the variability of those returns. The Bank reassesses whether it maintains control when changes in any of the aforementioned conditions occur.

Investments in subsidiaries are measured using the equity method. They are initially recognized at cost, which includes transaction costs. After initial recognition, the financial statements include the Bank's share in profit or loss and OCI of investments accounted for under the equity method, until the date on which significant influence or joint control ceases.

5. STATEMENT OF CASH FLOWS

The table below shows a breakdown of items comprising cash:

	03/31/2023	12/31/2022
Cash	6,088,363	7,299,318
Financial institutions and correspondents	27,396,755	25,405,942
Total cash	33,485,118	32,705,260

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Below is the reconciliation of financing activities as of March 31, 2023 and 2022:

	Balance as of 12/31/2022	Cash flows		Other non-cash changes	Balance as of 03/31/2023
		Collections	Payments		
Negotiable obligations issued	15,719,610	-	-	(215,757)	15,503,853
Loans from the BCRA and other financial institutions	2,011	1,635,714	(1,635,714)	170	2,181
Total	15,721,621	1,635,714	(1,635,714)	(215,587)	15,506,034

	Balance as of 12/31/2021	Cash flows		Other non-cash changes	Balance as of 03/31/2022
		Collections	Payments		
Negotiable obligations issued	43,717,747	-	(20,000,272)	(1,187,945)	22,529,530
Loans from the BCRA and other financial institutions	10,323	205,324	(205,324)	(7,252)	3,071
Total	43,728,070	205,324	(20,205,596)	(1,195,197)	22,532,601

6. FINANCIAL INSTRUMENTS

6.1. Repo transactions

The items "Repo transactions" carried in assets or liabilities show the originally agreed-upon amounts plus accrued premiums from reverse repurchase transactions and repurchase transactions, respectively. The notional values of securities tied to repo transactions are as follows:

	03/31/2023	12/31/2022
Reverse repurchase transactions (a) (b)	82,625,263	112,858,014

- (a) Recognized in Off-balance sheet accounts.
(b) Amount as of March 31, 2023. See Schedule O.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

6.2. Fair value of financial instruments

Fair value hierarchy of financial instruments measured at fair value

The fair value hierarchy of assets and liabilities measured at fair value ("FV") as of March 31, 2023 and December 31, 2022 is detailed below:

Instrument portfolio as of 03/31/2023	Balance	Level 1 FV	Level 2 FV	Level 3 FV
Assets	121,589,963	26,719,372	94,870,591	-
Debt securities at fair value through profit or loss	117,831,003	23,214,186	94,616,817	-
Derivative instruments	73,007	-	73,007	-
Other financial assets	99,456	83,454	16,002	-
Financial assets pledged as collateral	3,356,747	3,356,747	-	-
Investments in equity instruments	229,750	64,984	164,766	-
Liabilities	(6,638,031)	(3,209,355)	(3,428,676)	-
Liabilities at fair value through profit or loss	(3,209,355)	(3,209,355)	-	-
Derivative instruments	(3,428,676)	-	(3,428,676)	-

Instrument portfolio as of 12/31/2022	Balance	Level 1 FV	Level 2 FV	Level 3 FV
Assets	145,049,538	28,379,478	116,670,060	-
Debt securities at fair value through profit or loss	144,532,918	28,097,180	116,435,738	-
Derivative instruments	74,538	-	74,538	-
Other financial assets	104,301	87,361	16,940	-
Investments in equity instruments	337,781	194,937	142,844	-
Liabilities	(3,629,572)	-	(3,629,572)	-
Derivative instruments	(3,629,572)	-	(3,629,572)	-

The Bank monitors the availability of market information in order to evaluate the classification of financial instruments at the different levels of fair value hierarchy, as well as the resulting determination of inter-level transfers at each reporting period end.

As of March 31, 2023 and December 31, 2022, the Bank has not recorded any inter-level transfers.

Fair value of financial instruments not measured at fair value

Below is a detail of the difference between the carrying amount and the fair value of the main assets and liabilities carried at amortized cost.

Instrument portfolio as of 03/31/2023	Balance	Total FV	Level 1 FV	Level 2 FV	Level 3 FV
Assets					
Cash and bank deposits	33,485,118	(*)	-	-	-
Repo transactions	72,653,010	(*)	-	-	-

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Other financial assets	9,780,658	(*)	-	-	-
Loans and other financing arrangements	79,302,108	76,503,318	-	76,503,318	-
Other debt securities	17,351,264	16,925,443	-	16,925,443	-
Financial assets pledged as collateral	11,704,181	4,118,643	4,118,643	-	-
Liabilities					
Deposits	(265,682,753)	(262,988,453)	-	(262,988,453)	-
Other financial liabilities	(21,935,152)	(22,299,627)	-	(22,299,627)	-
Financing received from BCRA	(2,181)	(*)	-	-	-
Negotiable obligations issued	(15,503,853)	(11,108,404)	-	(11,108,404)	-

(*) It is considered that the fair value of instruments is similar to their book value.

Instrument portfolio as of 12/31/2022	Balance	Total FV	Level 1 FV	Level 2 FV	Level 3 FV
Assets					
Cash and bank deposits	32,705,260	(*)	-	-	-
Repo transactions	101,559,119	(*)	-	-	-
Other financial assets	5,850,154	(*)	-	-	-
Loans and other financing arrangements	89,689,633	85,425,000	-	85,425,000	-
Other debt securities	30,818,585	30,818,585	-	30,818,585	-
Financial assets pledged as collateral	4,760,235	4,539,184	4,539,184	-	-
Liabilities					
Deposits	(332,484,912)	(326,480,668)	-	(326,480,668)	-
Other financial liabilities	(25,074,184)	(25,251,575)	-	(25,251,575)	-
Financing received from BCRA	(2,011)	(*)	-	-	-
Negotiable obligations issued	(15,719,610)	(11,750,368)	-	(11,750,368)	-

(*) It is considered that the fair value of instruments is similar to their book value.

Valuation Techniques

In determining fair values, the Bank has applied the techniques and methodologies explained in Note 6.2 to the consolidated condensed interim financial statements.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

6.3. Allowance for expected credit losses

Below is a detail of the changes in the allowances for loan losses during the reporting period:

	03/31/2023
Balance at beginning of year (Schedule R)	3,017,239
Loan loss	673,910
Reversed allowances (Note 19)	(196,313)
Write-offs	(98,554)
Loss on net monetary position (Schedule R)	(538,654)
Other variations	125,273
Balance at year-end (Schedule R)	2,982,901

Maximum exposure to credit risk

Below is an analysis of the credit risk exposure of financial instruments in respect of which the Bank has recognized allowances for expected credit losses. The gross book value of the financial assets included in the accompanying table represents the maximum credit risk exposure associated with such assets.

Consumer Portfolio – Total active	03/31/2023				Total
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Purchased or originated credit- impaired financial assets	
Days in arrears					
Mortgage loans					18,777,865
0	15,656,673	14,316	-	-	15,670,989
1 – 30	1,926,218	1,708	-	-	1,927,926
31 – 90	-	500,469	-	-	500,469
91 – 180	-	171,201	-	-	171,201
Default	-	-	507,280	-	507,280
Consumer loans					8,200,219
0	6,411,656	43,689	-	398,528	6,853,873
1 – 30	551,683	300,168	-	74,687	926,538
31 – 90	-	210,785	-	34,762	245,547
Default	-	-	174,261	-	174,261
Credit cards					28,284,792
0	26,941,707	140,070	-	-	27,081,777
1 – 30	393,660	335,096	-	-	728,756
31 – 90	-	220,270	-	-	220,270
Default	-	-	253,989	-	253,989
Other					70,192,920
0	68,859,536	1,252,648	857	-	70,113,041

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Consumer Portfolio – Total active	03/31/2023				Purchased or originated credit-impaired financial assets	Total
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime			
1 – 30	9,820	2,651	-	-	-	12,471
31 – 90	-	30,549	-	-	-	30,549
Default	-	22,332	14,527	-	-	36,859
Total financial instruments	120,750,953	3,245,952	950,914	507,977	125,455,796	
Allowance for loan losses (Schedule R)	(860,773)	(679,897)	(784,252)	(124,696)		(2,449,618)
Financial instruments, net	119,890,180	2,566,055	166,662	383,281		123,006,178

Corporate Portfolio (*) – Total active	03/31/2023				Purchased or originated credit-impaired financial assets	Total
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime			
Days in arrears						
0	43,639,449	17,791	215,415	-	-	43,872,655
1 – 30	16,547	-	10,718	-	-	27,265
31 – 90	-	51	669,926	-	-	669,977
91 +	61	-	2,413	-	-	2,474
Total financial instruments	43,656,057	17,842	898,472	-	-	44,572,371
Allowance for loan losses (Schedule R)	(154,752)	(1)	(234,172)	-	-	(388,925)
Financial instruments, net	43,501,305	17,841	664,300	-	-	44,183,446

(*) Includes overdraft facilities, promissory notes, mortgage loans, pledge loans, finance leases and other.

SMEs Portfolio– Total active	03/31/2023				Purchased or originated credit-impaired financial assets	Total
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime			
Days in arrears						
0	11,747,244	3,818	4,222	-	-	11,755,284
1 – 30	242,439	7,145	275	-	-	249,859
31 – 90	-	1,021	9	-	-	1,030
91 +	-	-	64,622	-	-	64,622
Total financial instruments	11,989,683	11,984	69,128	-	-	12,070,795

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Allowance for loan losses (Schedule R)	(84,542)	(91)	(59,725)	-	(144,358)
Financial instruments, net	11,905,141	11,893	9,403	-	11,926,437

Collateral and other credit enhancements

Below there is a detail of the book value and fair value of the Bank's collateral as of March 31, 2023:

Impaired credit	Gross exposure	Allowance for loan losses	Book value	Collateral fair value
Overdraft facilities	13,318	13,297	21	-
Promissory notes	938	750	188	-
Mortgage loans	509,440	455,961	53,479	1,039,708
Consumer loans	682,472	260,492	421,980	-
Credit cards	253,989	178,405	75,584	-
Finance leases	54	5	49	50
Call loan rate to companies	226,130	166,093	60,037	-
Others	740,149	127,842	612,307	3,658,912
Total impaired credits	2,426,490	1,202,845	1,223,645	4,698,670

Allowance for credit risk

The allowance for credit risk recognized for the period is affected by several factors, which may be classified into two major groups:

Changes in exposure within each Stage:

- Due to the origination of new financial instruments, as well as financial instruments derecognized during the period (credit repayment and termination of checking account and card services), resulting in the recognition of increases or decreases in the allowance during the period;
- Exposure adjustments due to an increase in UVA or in the peso-dollar exchange rate;
- Impacts due to the time elapsed as a consequence of present value adjustments;
- Transfers to and from Stages due to changes in the perceived credit risk of the instruments and the ensuing "increase" (or "decrease") in 12-month and Lifetime expected credit losses ("ECL").

Changes in the calculation methodology and parameters during the period, resulting from the periodical adjustment of inputs and maintenance of models:

- Impacts on ECL measurement due to changes in models and assumptions;
- Changes in ECLs attributable to the adjustment to the model main parameters:
 - Probability of Default ("PD")
 - Loss given default ("LGD")
 - Exposure at default ("EAD") / Credit conversion factor ("CCF")
- Adjustments to the macroeconomic projections used in forward-looking models.

The following table shows the changes observed in allowances for loan losses under IFRS approach between March 31, 2023 and December 31, 2022.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Consumer Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit- impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	551,746	494,225	632,056	128,925	1,806,952
Inflation adjustment	119,908	107,407	137,361	28,018	392,694
New originated or purchased financial instruments during the period	126,437	5,620	8,916	3,483	144,456
Changes in PDs/LGDs/EADs	201,361	(269,370)	(61,960)	(26,690)	(156,659)
Changes in the model assumptions and methodology	-	-	-	-	-
Foreign currency difference and other changes	9,006	26,561	31,815	940	68,322
Inter-stage transfers					
From Stage 1 to Stage 2	-	331,061	-	-	331,061
From Stage 1 to Stage 3	-	-	30,770	-	30,770
From Stage 2 to Stage 1	(115,683)	-	-	-	(115,683)
From Stage 3 to Stage 1	(26,152)	-	-	-	(26,152)
From Stage 2 to Stage 3	-	-	72,592	-	72,592
From Stage 3 to Stage 2	-	(181)	-	-	(181)
Net amount recognized in profit or loss	314,877	201,098	219,494	5,751	741,220
Derecognitions	(5,850)	(15,426)	(67,298)	(9,980)	(98,554)
Allowance for credit risk as of 03/31/2023	860,773	679,897	784,252	124,696	2,449,618

Corporate Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit- impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	149,802	813	344,130	-	494,745
Inflation adjustment	32,552	177	74,788	-	107,517
New originated or purchased financial instruments during the period	25,979	-	5,259	-	31,238
Changes in PDs/LGDs/EADs	(96,893)	(981)	(208,859)	-	(306,733)
Changes in the model assumptions and methodology	-	-	-	-	-
Foreign currency difference and other changes	42,398	-	18,735	-	61,133
Inter-stage transfers					

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

From Stage 1 to Stage 3	-	-	104	-	104
From Stage 2 to Stage 1	910	-	-	-	910
From Stage 3 to Stage 1	4	-	-	-	4
From Stage 2 to Stage 3	-	-	15	-	15
From Stage 3 to Stage 2	-	(8)	-	-	(8)
Net amount recognized in profit or loss	4,950	(812)	(109,958)	-	(105,820)
Allowance for credit risk as of 03/31/2023	154,752	1	234,172	-	388,925

SMEs Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit- impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	123,800	118	52,970	-	176,888
Inflation adjustment	26,905	26	11,512	-	38,443
New originated or purchased financial instruments during the period	32,915	11	376	-	33,302
Changes in PDs/LGDs/EADs	(99,340)	(8)	(6,659)	-	(106,007)
Changes in the model assumptions and methodology	-	-	-	-	-
Foreign currency difference and other changes	271	-	465	-	736
Inter-stage transfers					
From Stage 1 to Stage 2	-	24	-	-	24
From Stage 1 to Stage 3	-	-	902	-	902
From Stage 2 to Stage 1	23	-	-	-	23
From Stage 3 to Stage 1	(32)	-	-	-	(32)
From Stage 2 to Stage 3	-	-	159	-	159
From Stage 3 to Stage 2	-	(80)	-	-	(80)
Net amount recognized in profit or loss	(39,258)	(27)	6,755	-	(32,530)
Allowance for credit risk as of 03/31/2023	84,542	91	59,725	-	144,358

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Exposure to credit risk

Exposure to credit risk, measured under IFRS 9 BCRA (expected losses model, except for non-financial public sector's financial assets) as of March 31, 2023 and December 31, 2022 is as follows:

Consumer Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit- impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	85,689,991	2,124,197	786,510	536,404	89,137,102
Inflation adjustment	18,622,454	461,638	170,927	116,573	19,371,592
New originated or purchased financial instruments during the period	3,735,072	24,107	13,324	14,565	3,787,068
Changes without inter-stage transfers	11,044,917	98,832	(557)	(111,969)	11,031,223
Foreign currency difference and other changes	2,760,633	106,437	68,634	7,531	2,943,235
Inter-stage transfers					
From Stage 1 to Stage 2	-	530,442	-	-	530,442
From Stage 1 to Stage 3	-	-	12,288	-	12,288
From Stage 2 to Stage 1	141,471	-	-	-	141,471
From Stage 3 to Stage 1	1,371	-	-	-	1,371
From Stage 2 to Stage 3	-	-	33,022	-	33,022
From Stage 3 to Stage 2	-	(1,861)	-	-	(1,861)
Reimbursement and derecognitions	(1,244,956)	(97,840)	(133,234)	(55,127)	(1,531,157)
Balance as of 03/31/2023	120,750,953	3,245,952	950,914	507,977	125,455,796

Corporate Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	8,058,430	73,807	2,251,130	-	10,383,367
Inflation adjustment	1,683,717	16,040	489,224	-	2,188,981
New originated or purchased financial instruments during the period	3,145,773	17,805	105,700	-	3,269,278
Changes without inter-stage transfers	27,377,232	(16,040)	(489,224)	-	26,871,968
Foreign currency difference and other changes	7,711,427	43	7,840	-	7,719,310
Inter-stage transfers					
From Stage 1 to Stage 2	-	(27)	-	-	(27)

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

From Stage 1 to Stage 3	-	-	75	-	75
From Stage 2 to Stage 1	87,735	-	-	-	87,735
From Stage 3 to Stage 1	75	-	-	-	75
From Stage 2 to Stage 3	-	-	33	-	33
From Stage 3 to Stage 1	-	19	-	-	19
Reimbursement and derecognitions	(4,408,332)	(73,805)	(1,466,306)	-	(5,948,443)
Balance as of 03/31/2023	43,656,057	17,842	898,472	-	44,572,371

SMEs Portfolio	Stage 1	Stage 2	Stage 3	Purchased or originated impaired credits	Total
	12-month ECLs	Lifetime ECLs	Lifetime ECLs		
Allowance for credit risk as of 12/31/2022	13,102,330	26,720	68,789	-	13,197,839
Inflation adjustment	15,949,775	32,527	83,738	-	16,066,040
New originated or purchased financial instruments during the period	3,160,259	625	417	-	3,161,301
Changes without inter-stage transfers	(14,314,957)	(32,525)	(83,739)	-	(14,431,221)
Foreign currency difference and other changes	8,484,709	13,401	16,522	-	8,514,632
Inter-stage transfers					
From Stage 1 to Stage 2	-	10,831	-	-	10,831
From Stage 1 to Stage 3	-	-	922	-	922
From Stage 2 to Stage 1	6,817	-	-	-	6,817
From Stage 3 to Stage 1	(142)	-	-	-	(142)
From Stage 2 to Stage 3	-	-	108	-	108
From Stage 3 to Stage 2	-	83	-	-	83
Reimbursement and derecognitions	(14,399,108)	(39,678)	(17,629)	-	(14,456,415)
Balance as of 03/31/2023	11,989,683	11,984	69,128	-	12,070,795

Write-off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity, and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovery in full.

The Bank may write off financial assets which are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the fiscal period ended March 31, 2023 were equivalent to ARS 98,554. The Bank still seeks to recover amounts legally owed to it in full, but which have been partially written off since there is no reasonable expectation of full recovery.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

	03/31/2023
Balance at beginning of period (Note 22)	20,383,721
Additions due to write-offs for the period	98,554
Deletions due to recoveries	(82,726)
Deletions due to accounting recognition	(97,952)
Monetary restatement and other movements	(1,519,953)
Balance at period-end (Note 22)	18,781,644

7. LOANS AND OTHER FINANCING ARRANGEMENTS

Effective since January 1, 2020, the Bank has adopted the guidelines on impairment of financial assets set forth in paragraph 5.5 of IFRS 9, except for non-financial public sector debt instruments, which have been temporarily excluded from the scope of IFRS 9.

In addition, and only for purposes of compliance with the BCRA's rules, the Bank calculates minimum allowances for loan losses pursuant to the regulatory framework established by the BCRA. These minimum allowances are determined according to debtors' degree of compliance, the guarantees securing the loans and debtors' economic and financial condition, among others. Besides, allowances for individual loans refinanced are set up in accordance with the guidelines described in Communication "A" 7443, as supplemented or amended.

Consumer loans fully accounted for in accordance with the regulatory framework established by the BCRA are derecognized from the Bank's assets within 30 days.

The following table shows a breakdown of balances of Loans and other financing arrangements:

	03/31/2023	12/31/2022
To the non-financial public sector	9	-
Other financial institutions	218,249	295,601
Other loans to local financial institutions	215,140	292,383
Accrued interest, adjustments and exchange differences receivable	3,109	3,218
To the non-financial private sector and foreign residents	79,083,850	89,394,032
Overdraft facilities	4,298,243	1,633,990
Promissory notes	6,305,266	11,343,254
Mortgage loans	19,006,856	20,125,093
Pledge loans	28,140	38,940
Consumer loans	7,511,312	7,743,428
Credit cards	28,254,462	29,983,495
Finance leases	1,548,284	1,753,492
Loans to entity's personnel	901,304	962,198
Unallocated collections	(7,378)	(11,451)

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

	03/31/2023	12/31/2022
Others	13,164,605	17,477,052
Accrued interest and exchange differences receivable	1,526,119	2,322,684
Documented interest	(787,489)	(1,224,671)
Allowance for loan losses (Schedule R)	(2,665,874)	(2,753,472)
Total Loans and other financing arrangements (Schedules B and C)	79,302,108	89,689,633

Financing line for MSMEs' productive investments

By means of Communication "A" 7140 dated October 15, 2020, the BCRA established a financing line for productive investments addressed to micro, small and medium-sized enterprises (MSMEs) to finance capital expenditures and/or the construction of the facilities needed for the production and/or marketing of goods and/or services, financing working capital needs and discounting deferred checks and other instruments, and other special eligible credit facilities allowed by applicable law.

The facilities should be granted as part of the quotas in force for fiscal years 2022 and 2023, pursuant to the following conditions:

Quota	Amount to be granted	Calculation of applications
2021/2022 Quota	At least, the equivalent to 7.5% of the monthly average of daily balances of non-financial private sector deposits in pesos in September 2021	Between 10/01/2021 and 03/31/2022
2022 Quota	At least, the equivalent to 7.5% of the monthly average of daily balances of non-financial private sector deposits in pesos in March 2022	Between 04/01/2022 and 09/30/2022
2022/2023 Quota	At least, the equivalent to 7.5% of the monthly average of daily balances of non-financial private sector deposits in pesos in September 2022	Between 10/01/2022 and 03/31/2023
2023 Quota	At least, the equivalent to 7.5% of the monthly average of daily balances of non-financial private sector deposits in pesos in March 2023	Between 04/01/2023 and 09/30/2023
Currency	Pesos	
Minimum term	At the time of disbursement, the credit facilities shall have an average term of 24 months or more, but the total term shall not be of less than 36 months. No minimum term will apply to credit facilities aimed at financing working capital and discounting deferred checks and other instruments.	
Maximum interest rate	Capped at an annual nominal fixed rate of 64.5% for investment projects, and at an annual nominal fixed rate of 74.50% for other purposes.	

As of March 31, 2023, the total amount disbursed by the Bank under the 2022/2023 Quota amounts to 28,729,013 and the simple average of daily balances for financing arrangements effective from October 1, 2022 to March 31, 2023 amounts to 12,401,852.

As of March 31, 2023, September 30, 2022 and March 31, 2022, the Entity is in compliance with 2022/2023 Quota,

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

2022 quota and 2021/2022 quota, respectively.

As per Communication "B" 12544, the total amount to be disbursed by the Bank in respect of the 2023 Quota (from April 1, 2023 to September 30, 2023) amounts to 14,610,003.

8. OTHER FINANCIAL ASSETS AND LIABILITIES

8.1. Other financial assets

	03/31/2023	12/31/2022
Share in mutual funds	83,454	87,361
Financial trust participation certificates	16,002	16,940
Receivables from transactions pending settlement	7,331,557	5,230,107
Subsidiary's dividends receivables	1,500,008	-
Miscellaneous receivables		
Funds to be offset	15,679	59,031
Allowance for loan losses (Schedule R)	(57,997)	(63,165)
Other	991,411	624,181
Total other financial assets	9,880,114	5,954,455

8.2. Other financial liabilities

	03/31/2023	12/31/2022
Credit card consumptions	5,542,245	6,746,705
Payables from transactions pending settlement	6,273,441	13,918,090
Debt securities related to the transfer of financial assets not derecognized	1,223,371	1,463,738
Finance leases	455,494	413,363
Liabilities subject to minimum cash requirement	5,894,500	1,143,681
Other	2,546,101	1,388,607
Total other financial liabilities	21,935,152	25,074,184

TRANSFER OF FINANCIAL ASSETS

The Bank has made transfers of financial assets as described in Note 26.3. Upon the initial adoption of IFRS, derecognition criteria for financial assets under IFRS 9 were applied on a prospective basis for transactions occurring after the IFRS transition date (January 1, 2017).

Transfers of financial assets to financial trusts as of March 31, 2023 that do not qualify for derecognition are detailed below. Therefore, the Bank continues recognizing transferred assets in full and a financial liability for the consideration it has received:

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Issuer	Financial trust	Created on	Securitized Amount	Original trust debt amount		Estimated termination of the series
				Type	Amount	
BHSA	CHA UVA Series I	Apr-18	19,210 UVA	A	8,645 UVA	Oct-24
				B	5,763 UVA	Apr-28
				CP	4,802 UVA	May-32

9. OTHER NON-FINANCIAL ASSETS AND LIABILITIES

9.1. Property and equipment

Changes in property and equipment for the fiscal period ended March 31, 2023 were as follows:

Item	Original value at the beginning of the year	Increases	Decreases	Impairment	Depreciation			Residual value	
					Accumulated	Decreases	For the period	As of 03/31/2023	As of 12/31/2022
- Real estate	15,553,086	-	-	(18,210)	(1,708,624)	-	(76,941)	13,749,311	13,844,462
- Furniture and facilities	3,391,377	4,824	-	-	(2,875,187)	-	(38,928)	482,086	516,190
- Machinery and equipment	16,730,302	28,860	-	-	(16,229,426)	-	(84,254)	445,482	500,876
- Vehicles	8,220	-	-	-	(8,220)	-	-	-	-
- Sundry	374,297	3,364	-	-	(372,132)	-	(418)	5,111	2,165
- Right of use of leased real estate	2,489,880	118,826	(111)	-	(1,974,858)	-	(87,060)	546,677	515,022
- Right of use of leased personal property	339,859	-	-	-	(329,205)	-	(4,162)	6,492	10,654
- Works in progress	-	25,000	-	-	-	-	-	25,000	-
Total property and equipment	38,887,021	180,874	(111)	(18,210)	(23,497,652)	-	(291,763)	15,260,159	15,389,369

Additional information

	Depreciation method	Useful life (in years)
- Real estate	Straight-line basis	Up to 50
- Furniture and facilities	Straight-line basis	10
- Machinery and equipment	Straight-line basis	Machinery: 5 Equipment: 3

Signed for identification purposes with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

- Vehicles	Straight-line basis	5
- Right of use of leased real estate	Straight-line basis	In the term of each lease agreement
- Right of use of leased personal property	Straight-line basis	In the term of each lease agreement
- Sundry	Straight-line basis	5

Right of use for leases

Below is a detail of the amounts of leases in which the Entity acts as lessee:

(i) Amounts recognized in the statement of financial position:

Rights of use:

Personal Property	03/31/2023	12/31/2022
Original value at beginning of year	339,859	339,859
Accumulated depreciation	(333,367)	(329,205)
	6,492	10,654

Real estate	03/31/2023	12/31/2022
Original value at beginning of year	2,489,880	2,104,219
Increases for the period/year	118,826	487,230
Decreases for the period/year	(111)	(101,569)
Accumulated depreciation	(2,061,918)	(1,974,858)
	546,677	515,022

Leases payable:

Personal Property	03/31/2023	12/31/2022
Up to one year	13,378	12,928
	13,378	12,928

Real estate	03/31/2023	12/31/2022
Up to one year	219,292	183,131
Between one and five years	222,824	217,304
	442,116	400,435

(ii) Amounts recognized in the statement of income:

	03/31/2023	12/31/2022
Depreciation of rights of use	91,222	98,241
Interest on lease liabilities (Note 18)	134,684	113,378
Expenses related to short-term leases	13,828	21,920

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

9.2. Intangible Assets

Changes in intangible assets, which include development expenses of the bank's own systems for the period ended March 31, 2023 were as follows:

	03/31/2023
Net book value at beginning of period	525,101
Increases due to development	96,829
Amortization fee (1)	(29,387)
Net book value at period-end	592,543
Cost	7,221,430
Accumulated amortization	(6,628,887)
Net book value at period-end	592,543

(1) The amortization expense for the period is reported in "Depreciation and Impairment of assets" in the statement of income.

Additional information

	Intangible assets
Definite useful life (in years)	5 years
Amortization method	Straight-line basis

9.3. Other non-financial assets

The balances of other non-financial assets are as follows:

	03/31/2023	12/31/2022
Investment property	1,988,856	2,087,817
Tax prepayments	386,185	469,133
Prepaid fees to Directors and Supervisory Committee members	275,957	242,131
Other prepayments	770,276	661,800
Other	114,438	114,823
Total other non-financial assets	3,535,712	3,575,704

Investment property

The fair value of all investment property is based on appraisals performed by Tinsa, Sageo, Serinco and Favereau, independent experts with recognized professional qualification and expertise in the place and category of the investment property (level 3 fair value). Changes in fair value are recognized in profit or loss.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Investment property appraisal was based on the market approach, i.e., considering market prices per constructed square meter of similar property and the characteristics inherent to the property being appraised, including aging, condition, maintenance, and construction quality.

Significant input data used, detailed by zone and their interrelation with the fair value is as follows:

Main calculation variables, non-observable	Interrelation between main variable and fair value	AMBA (Metropolitan Area of Buenos Aires)	Provinces of Buenos Aires and La Pampa	Rest of the country
Price per square meter (in thousands of pesos)	The higher the price per square meter, the greater the fair value	Between 100 and 157	Between 123 and 454	Between 361 and 406
Aging	The greater the age, the lower the fair value	Between 44 and 62 years	Between 43 and 98 years	Between 32 and 102
State of preservation	The better the state of preservation, the higher the fair value	Good	Between regular and good	Between good and very good

Changes in investment property for the period ended March 31, 2023 were as follows:

	03/31/2023
	Leased real estate
Book value at beginning of period	2,087,817
Net loss from measurement at fair value (Note 19)	(98,961)
Net book value at period-end	1,988,856

The figures included in income/(loss) from Investment Property for the period are as follows :

	03/31/2023	03/31/2022
Rentals	19,124	6,429
Direct expenses from property management	(429)	(407)

Net income from investment property as of March 31, 2023 and 2022 amounts to ARS 18,695 and ARS 6,022, respectively, and is recognized in "Other operating income", "Administrative expenses" and "Other operating expenses" in the statement of income.

9.4. Non-current assets held for sale

On April 20, 2016, the Bank purchased the building located at Carlos Pellegrini 211, known as "Edificio del Plata", through a public auction held by the Government of the City of Buenos Aires, with the purpose of setting up a branch and corporate offices.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

On September 28, 2018, the Bank's Board of Directors decided to discontinue the investment in the construction plan of the new corporate headquarters, changing the originally intended purpose of the building known as "Edificio del Plata".

As of March 31, 2023 and December 31, 2022, the referred building is classified as "Non-current asset held for sale" (IFRS 5) and is subject to a sales plan prepared by the Department of Comprehensive Housing Development.

As of December 31, 2022, the building was valued in the amount of 9,993,502 according to the accounting treatment established by the BCRA by means of a note issued on July 27, 2021. Such note instructed to interrupt the building's periodical revaluations as from June 2021 onwards. Had the accounting criteria established by IFRS been applied, the value recorded would have been 16,849,687.

As of March 31, 2023, the building was valued in the amount of 13,743,530, according to the accounting treatment established by the BCRA by means of a note issued on April 14, 2023, in which it has stated that it is pertinent to admit the revaluation of the building taking as maximum amount that which arises from the appraisal of lower value, considering those presented as of December 2022, deducting the area in dispute and net of direct selling expenses. Had the accounting criteria established by IFRS been applied, a value of 13,760,526 would have been recorded. At the end of the current period, the necessary requirements are met for it to be classified as held for sale.

It is worth mentioning that as part of the actions taken to facilitate the sale of Edificio del Plata, a preliminary architectural project was submitted to the Undersecretary of Economic Development of the Ministry of Economic Development and Production of the Government of the City of Buenos Aires to be included in the city downtown conversion plan that would allow us to change the commercial use of the piece of property and access to the benefits of CABA Law 6508 Regime for the Transformation of the Downtown Area of the City of Buenos Aires.

On January 19, 2023, Resolution 2023-24-GCABA-UCGPP of the Government of the City of Buenos Aires was received, informing the pre-approval of the preliminary project submitted. It also states that the project is provided with the tax benefit related to the Turnover Tax prepayment for the beneficiary investors, once the related approval has been obtained.

On February 17, 2023, a presentation was made to the General Department of Urban Interpretation (*Dirección General de Interpretación Urbanística*) to initiate the "Project Stage" procedure, since Edificio del Plata is located in a "Special Area" in accordance with the Urban Code in force. On May 9, 2023, the aforementioned agency approved the Urban Development Feasibility.

On March 15, 2023, a consultation was submitted regarding the feasibility of using a trust as a legal structure. On March 27, 2023, a favorable response to the aforementioned consultation was received.

As of the date of issuance of these financial statements, the project is being offered to potential investors.

Its fair value at each measurement date is determined based on appraisals carried out by independent appraisers hired to such end. Such appraisers act as advisors to the Board of Directors and shall meet the required market knowledge, reputation, independence and professional standards.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

9.5. Other non-financial liabilities

Balances of other non-financial liabilities are as follows:

Other non-financial liabilities	03/31/2023	12/31/2022
Miscellaneous payables	1,734,737	2,127,248
Salaries and social security contributions payable	4,618,477	5,053,458
Other taxes payable	1,325,294	1,708,287
Directors' and Supervisory Committee members' fees	335,957	315,171
Tax withholdings and collections payable	1,596,535	1,729,100
Customers' loyalty programs	51,604	109,915
Termination benefits payable	470,057	498,951
Total other non-financial liabilities	10,132,661	11,542,130

10. INCOME TAX

The table below shows a breakdown of "Current Income Tax Assets":

	03/31/2023	12/31/2022
Minimum notional income tax credit (*)	330,799	402,689
Total current income tax assets	330,799	402,689

(*) Below is a detail of the breakdown and expiration of fiscal credits:

Period	Minimum notional income tax credit	
	Assessed tax	Expiration
2012	897	2023
2015	41	2025
2016	81,835	2026
2017	106,128	2027
2018	138,099	2028
2019	3,799	2029
	330,799	

The income tax expense for the period is estimated using the rate that would be applicable to the income for the period.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

The table below shows a breakdown of the income tax expense:

	03/31/2023	03/31/2022
Deferred income tax expense	(1,768,683)	(2,463,888)
Total – Income tax expense, net	(1,768,683)	(2,463,888)

Deferred income tax liabilities

The table below shows the changes in deferred income tax assets and liabilities:

Deferred income tax assets / (liabilities)	Balance as of 12/31/2022	Balance recognized in profit or loss 2023	Balance as of 03/31/2023
Allowance for loan losses	3,888,462	(377,301)	3,511,161
Property and equipment, Investment property and Non-current assets held for sale	(8,915,784)	(1,341,687)	(10,257,471)
Foreign-currency valuation	(10,226)	(19,087)	(29,313)
Provisions	598,621	(173,611)	425,010
Valuation of financial instruments	16,705	(156,710)	(140,005)
Tax inflation adjustment	743,270	(195,869)	547,401
Tax losses	273,999	495,582	769,581
Total deferred income tax liabilities, net	(3,404,953)	(1,768,683)	(5,173,636)

Below is a detail of the years of origination and expiration of the recognized tax losses:

Originated in	Balance as of 03/31/2023	Expiration
2021	769,581	2026
Total	769,581	

As per the analysis performed by the Bank, the assets detailed above are considered to be recoverable, and they are recognized accordingly.

Income tax rate

Law No. 27430, as subsequently amended by the Social Solidarity and Production Reactivation Law enacted within the framework of the prevailing Public Emergency (the “Economic Emergency Law”), established the following income tax rates:

- 30% for fiscal years beginning on or after January 1, 2018 and 25% for fiscal years beginning on or after 2022; and
- dividends distributed to individuals and foreign beneficiaries as from such fiscal years will be taxed at a 7% and 13% rate, respectively.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Then, Law No. 27630 enacted on June 16, 2021 repealed the aforementioned general decrease in rates and introduced a system of tax brackets which was effective the fiscal year beginning on or after January 1, 2021.

AFIP's General Resolution No. 5168 set forth the tax brackets and rates effective as from January 1, 2023, as follows:

Accumulated net taxable income		Amount payable	Rate %	Over the excess of
Above	To			
-	14,301	-	25%	-
14,301	143,012	3,575	30%	14,301
143,012	onwards	42,189	35%	143,012

AFIP's General Resolution No. 5168 set forth the tax brackets and rates effective as from January 1, 2022, as follows:

Accumulated net taxable income		Amount payable	Rate %	Over the excess of
Above	To			
-	7,605	-	25%	-
7,605	76,049	1,901	30%	7,605
76,049	onwards	22,435	35%	76,049

The amounts included in this system of tax brackets will be adjusted annually, based on the changes in the CPI measured in October each year.

Furthermore, dividends on profits generated in fiscal years beginning on or after January 1, 2018 will be taxed at a single rate of 7%.

As a consequence of such changes, the current tax liability as of March 31, 2023, deferred tax balances were measured by using the progressive rate expected to be in force at the time of reversal of the temporary differences.

11. INVESTMENTS IN SUBSIDIARIES

The Bank has interests in two subsidiaries. The table below shows a breakdown of the Bank's investments in subsidiaries as of March 31, 2023 and December 31, 2022:

	Shareholding	03/31/2023	12/31/2022
BACS Banco de Crédito and Securitización S.A.	62.28%	1,902,777	1,988,902
BHN Sociedad de Inversión S.A.	99.9998%	8,498,223	10,906,041
Total investments in subsidiaries		10,401,000	12,894,943

The table below shows the changes in investments in the Bank's subsidiaries for the fiscal period ended March

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

31, 2023 and the fiscal year ended December 31, 2022:

	03/31/2023	12/31/2022
Net Balance at the beginning of the year	12,894,943	12,759,037
Dividends declared / collected (a) (b)	(2,999,994)	(3,268,736)
Share in profit or loss for the period / year	506,051	3,404,642
Balance at period / year-end	10,401,000	12,894,943

(a) On March 30, 2022, BHN Sociedad de Inversión S.A.'s Shareholders' Meeting approved the distribution of dividends for fiscal year 2021 for ARS 1,600,000 (3,268,745 in constant currency as of December 2022), which were fully collected. On March 30, 2023, BHN Sociedad de Inversión S.A.'s Shareholders' Meeting approved the distribution of dividends for fiscal year 2022 for ARS 3,000,000, of which ARS 1,500,008 are outstanding. Out of the total approved, 99.99% correspond to BHSA.

The following is summary financial information for each subsidiary:

Statement of Financial Position Summary Data

	BACS		BHN Soc. de Inversión	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Total Assets	34,903,335	35,126,010	14,518,828	14,826,430
Total Liabilities	(31,848,137)	(31,932,525)	(6,020,588)	(3,920,367)
Shareholders' equity	3,055,198	3,193,485	8,498,240	10,906,063

Statement of Income Summary Data

	BACS		BHN Soc. de Inversión	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Ordinary operating income	1,435,313	1,296,060	5,126,147	4,029,756
Gain (loss) on net monetary position	(402,408)	(436,269)	(2,555,564)	(1,695,234)
Income (loss) before income tax	(89,105)	(122,527)	1,102,655	988,994
Income tax	(43,968)	3,195	(510,495)	(444,741)
Total Income (loss)	(133,073)	(119,332)	592,160	544,253
Income (loss) Attributable to Non-Controlling Interest	5,212	6,645	-	-

Statement of Cash Flows Summary Data

	BACS		BHN Soc. de Inversión	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Cash flows from operating activities	1,992,634	735,485	862,926	964,488
Cash flows from investing activities	(20,608)	(12,918)	1,128,233	(428,559)
Cash flows from financing activities	(1,973,722)	(781,421)	(19)	-
Effect of gain / loss from monetary position	(136,951)	(90,123)	(374,703)	(765,505)
Net (Decrease) / Increase in Cash	(138,647)	(148,977)	1,616,437	(229,576)

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Cash at the Beginning of the period / year	938,185	520,885	4,403,060	4,890,270
Cash at period / year-End	799,538	371,908	6,019,497	4,660,694

12. NEGOTIABLE OBLIGATIONS ISSUED

The table below shows the Bank's issues of simple, non-convertible negotiable obligations:

Series	Issued amount (In thousands)	Issue date	Maturity date	Annual interest rate	Book Value	
					03/31/2023	12/31/2022
Series IV	US\$78,336	10/14/20	10/14/25	9.75%	10,093,095	10,142,350
Series V	US\$10,000	10/07/21	04/07/23	0.00%	2,089,693	2,153,505
Series VI	US\$15,948	05/04/22	05/04/24	0.00%	3,321,065	3,423,755
Total					15,503,853	15,719,610

The Bank uses the net proceeds of the placement of Negotiable Obligations for any of the purposes set forth in section 36 of the Negotiable Obligations Law, BCRA Communication "A" 3046, as amended and supplemented, and other applicable regulations.

The Annual Shareholders' Meeting held on May 23, 2008 approved the creation of a new Global Program for the issuance of negotiable obligations, non-convertible into shares, secured or unsecured, for up to US\$ 2,000,000,000 or an equal amount in Pesos, which was amended, extended and increased several times by subsequent Annual Shareholders' Meetings and Board Resolutions. The current amount authorized to be issued under the Global Note Program is up to US\$ 1,000,000,000 or its equivalent in other currencies.

The Program's Public Offering was authorized by Resolution No. 16573 dated May 24, 2011, the increase in the Program amount was authorized by Resolution No. 17805 dated September 9, 2015, the extension of the Program and the increase in its amount were authorized by Resolution No. 18145 dated July 28, 2016, whereas a new increase in the program amount was authorized by Resolution No. 18493 dated February 2, 2017, all of them issued by the CNV.

13. PROVISIONS

For information on commitments, contingencies and provisions, see Note 12 to the consolidated condensed interim financial statements for the fiscal period ended March 31, 2023.

Changes in provisions are included in Schedule J accompanying these separate condensed interim financial statements.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

14. CAPITAL STOCK

Banco Hipotecario Sociedad Anónima has a capital stock of 1,500,000,000, which is fully subscribed and paid-in and represented by 1,500,000,000 common, registered shares, with a nominal value of ARS 1 each, classified as follows:

Class	Shares	Nominal Value	Capital Stock
A	664,376,845	1	664,376,845
C	75,000,000	1	75,000,000
D	760,623,155	1	760,623,155
	<u>1,500,000,000</u>		<u>1,500,000,000</u>

- Class A shares: Entitled to 1 vote each. These shares were held by the Argentine Government as part of the privatization process and were subsequently transferred to the Trust Fund to support the Regional Infrastructure Federal Fund;
- Class C shares: Entitled to 1 vote each. These shares may not account for more than 5 % of the Bank's capital stock and are freely transferable. As long as Class C shares account for more than 3 % of the Bank's capital stock, holders of Class C shares gathered at a Shareholders' Meeting will be entitled to elect one member of the Bank's Board of Directors; and
- Class D shares: As long as Class A shares account for more than 42 % of the capital stock, Class "D" shares will be entitled to 3 votes each. An individual or legal entity belonging to the same business group may not own more than five per cent (5 %) of the Bank's capital stock. At times when Class D shares account for, at least, 25 % of the Bank's capital stock, holders of Class D shares, gathered at a Shareholders' Meeting, will be entitled to elect the majority of the members of the Bank's Board of Directors.

Programa de Propiedad Participada (Employee Stock Ownership Plan)

Law No. 24855, whereby Banco Hipotecario Nacional was declared "subject to privatization" and transformed into a corporation ("*sociedad anónima*"), provided for the creation of the *Programa de Propiedad Participada* (Employee Stock Ownership Plan or "PPP"). A PPP is a system envisaged by Law No. 23696 to allow employees of an entity subject to privatization to acquire shares in the privatized entity's capital stock from the government.

The Bank's PPP was implemented by Executive Decree No. 2127/2012, pursuant to which the individuals included in the Bank's payroll as of September 27, 1997 became entitled to participate in the PPP, by subscribing a General Transfer Agreement among the employee, the government and the Trustee (Banco de la Nación Argentina).

Class "B" shares (57,009,279) are entirely held by the PPP. The sale price of the shares was set at \$ 0,665 each.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

The payment of the shares to the government is made by offsetting contributions to the Adjustable Supplementary Pension Fund (*Fondo Complementario Móvil de Jubilaciones*) and capitalizing the dividends from the awarded shares, and out of half the proceeds from the profit-sharing bonus.

The Bank's bylaws provide for the payment of a profit-sharing bonus in respect of profits for fiscal year 2012 through fiscal year 2022. The profit-sharing bonus is calculated as 0.50% of the Bank's profits for the year, as determined at the Annual Shareholder's Meeting at which the financial statements are approved.

On February 22, 2023, Banco de la Nación Argentina reported the cancellation of the total balance of the debt that the aforementioned Program had with the National Government, as well as the lifting of the pledge on the fifty seven million, nine thousand, two hundred and seventy nine (57,009,279) Class "B" Shares. On the other hand, the Special Meeting of Class "B" Shareholders of the Employee Stock Ownership Plan held on December 1, 2022 resolved the withdrawal of one hundred percent (100%) of the Class "B" Shares included in the Employee Stock Ownership Plan and the expiration and dissolution of the Share Syndication Agreement executed by each shareholder at the time said Plan was established. Accordingly and under the provisions of Section 6, subsection b) iv) of the Entity's By-laws, the Argentine Securities Commission was requested to transfer the public offer for the conversion of 57,009,279 Class B common book-entry shares, with 1 vote per share and nominal value of Ps. 1, to Class D common shares with a nominal value of Ps. 1, which was notified on April 5, 2023. Therefore, Banco de la Nación Argentina proceeded to deliver such shares to each of the Plan's beneficiaries.

Treasury shares deliverable

On November 22, 2017 (the "grant date"), the Bank's Board of Directors approved the adoption of the Employee Compensation Program, as approved at the Shareholders' Meetings held on April 24, 2013, April 24, 2014, and June 4, 2017.

Employees of the Bank, BACS, BHN Sociedad de Inversión S.A., BHN Vida S.A., BHN Seguros Generales S.A. and BH Valores S.A. (merged into the Bank in 2019) became entitled to a number of shares, pursuant to the program conditions at the grant date.

The benefit was calculated considering the fair value of the Bank's shares at the grant date, while the value in excess of the nominal value of the shares is recognized in "Reserve for share-based payments,"

If the beneficiary meets the program conditions at the time his/her employment at the entities involved is terminated, that beneficiary meets the program conditions, then such beneficiary will receive Class "D" shares and the shares will be reclassified from "deliverable shares" to "outstanding shares," in both cases under Capital stock.

In addition, until March 2021, the higher value recognized in the "Reserve for share-based payments" was reclassified to the account "Share premium" every time shares were delivered to the program beneficiaries. On March 30, 2021, the Bank's Shareholders' Meeting resolved to absorb the unappropriated retained losses and the accounts "Share premium" and "Reserve for share-based payments" were fully absorbed. Therefore, effective since April 2021, balances are reclassified from "deliverable shares" to "outstanding shares" only.

Dividends from deliverable shares are made available to beneficiaries as soon as the payment of such dividends is

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

approved at the Shareholders' Meeting.

15. INTEREST INCOME AND ADJUSTMENTS / FEE AND COMMISSION INCOME

Interest income and adjustments	03/31/2023	03/31/2022
Interest on loans to the financial sector	16,657	65,832
Interest on overdraft facilities	573,984	93,853
Interest on promissory notes	894,124	734,619
Interest on mortgage loans	407,990	491,893
Interest on consumer loans	1,252,981	1,265,620
Interest on pledge loans	2,518	5,897
Interest on credit card loans	2,689,932	2,832,563
Interest on finance leases	207,703	49,303
Interest on other loans	1,153,298	1,041,811
Interest on government and corporate securities	1,134,508	4,859,898
Income from CER, CVS, UVA and UVI adjustments	3,046,984	2,300,026
Interest on reverse repurchase transactions	19,800,558	11,063,894
Other	6,289	-
Total	31,187,526	24,805,209

Fee and commission income	03/31/2023	03/31/2022
Credit card commissions	2,027,042	2,634,149
Insurance commissions	266,954	303,816
Linked to lending transactions	758,348	718,307
Linked to borrowing transactions	4,489	7,016
Other commissions	159,132	212,801
Total	3,215,965	3,876,089

16. INTEREST EXPENSE AND ADJUSTMENTS

Interest expense and adjustments	03/31/2023	03/31/2022
Interest on checking account deposits	(21,349,139)	(7,736,639)
Interest on savings account deposits	(14,439)	(14,996)
Interest on time deposits	(15,268,807)	(15,166,160)
Interest on interfinancial loans received	(82)	(82)
Interest on other negotiable obligations and debt securities	(716,880)	(1,138,967)
Expense for CER, CVS, UVA and UVI adjustments	(802,266)	(1,036,454)
Total	(38,151,613)	(25,093,298)

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

17. FOREIGN CURRENCY EXCHANGE RATE DIFFERENCE

Originated in:	03/31/2023	03/31/2022
Net transactions denominated in dollars	(220,258)	93,902
Derivative instruments	(808,566)	(698,331)
Net transactions denominated in Euros	32,237	19,459
Quotation differences	(996,587)	(584,970)

18. NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net income from financial instruments at fair value through profit or loss	03/31/2023	03/31/2022
Income from government securities	21,567,078	15,863,225
Loss from financial trusts	10,106	(4,038)
Income (loss) from other corporate securities	188,326	126,655
Loss on derivative financial instruments	(60,875)	(84,239)
Total	21,704,635	15,901,603

19. OTHER OPERATING INCOME / (EXPENSES)

Other operating income	03/31/2023	03/31/2022
Loan servicing	87,810	113,196
Borrowing transactions commissions	205,102	271,532
Income from PRO.CRE.AR services	619,736	802,672
Penalty interest	46,078	50,515
Loans recovered	134,601	201,877
Reversal of allowances (1)	196,313	161,064
Rentals	19,826	6,795
Non-current assets at fair value held for sale	3,750,028	-
Income from sale of non-financial assets	-	205,812
Adjustments and interest on miscellaneous receivables	82,679	74,157
Other income	40,703	93,182
Total	5,182,876	1,980,802

(1) See Note 6.3.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Other operating expenses	03/31/2023	03/31/2022
Turnover tax	(1,865,786)	(1,465,335)
Loan servicing	(909,900)	(1,154,808)
Deposit servicing	(290,897)	(353,015)
Other taxes	(257,218)	(249,221)
Debit and credit card rebates	(70,097)	(101,707)
Loan rebates	(66,358)	(88,742)
Contribution to the deposit insurance fund	(134,808)	(302,304)
Interest on finance leases (Note 9.1)	(134,684)	(113,378)
Charges from other provisions (1)	(345,094)	(620,930)
Donations	(54,771)	(8,003)
Non-current assets at fair value held for sale	-	(3,450,110)
Investment property at fair value (2)	(98,961)	(231,542)
Other expenses	(89,144)	(158,018)
Total	(4,317,718)	(8,297,113)

(1) It includes 199,585 for other provisions, (16,668) for reversal of other provisions and 162,177 for termination benefits payable. As of March 31, 2022, it includes 493,323 for other provisions, (13,226) for reversal of other provisions and 140,833 for termination benefits payable.

(2) See Note 9.3.

20. EXPENSES BY FUNCTION AND NATURE

The Bank presented its statement of comprehensive income under the expenditure function method. Under this method, expenses are classified according to their function as part of the item "Administrative expenses."

The table below provides certain required additional information about expenses by nature and by function:

Administrative expenses	03/31/2023	03/31/2022
Fees and compensation for services	(931,178)	(1,104,846)
Directors' and supervisory committee's members fees	(82,115)	(70,532)
Taxes and duties	(235,954)	(276,837)
Maintenance and repairs	(224,886)	(217,276)
Electricity, gas and telephone services	(193,986)	(218,422)
Entertainment and transportation expenses	(38,033)	(18,666)
Rentals	(13,828)	(21,920)
Insurance	(43,634)	(45,493)
Advertising, promotion and research expenses	(56,111)	(18,862)
Security services	(158,119)	(131,756)
Office supplies	(3,518)	(8,366)
Armored transportation services	(71,535)	(230,776)
Miscellaneous	(20,720)	(23,686)
Total	(2,073,617)	(2,387,438)

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana

Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

21. EMPLOYEE BENEFITS

The table below shows a breakdown of items disclosed under Employee Benefits:

Employee benefits	03/31/2023	03/31/2022
Salaries and social security contributions payable	(3,962,421)	(3,672,333)
Severance payments and bonuses	(1,113,962)	(1,646,328)
Personnel expenses	(233,524)	(262,317)
Total	(5,309,907)	(5,580,978)

22. OFF-BALANCE SHEET ACCOUNTS

The Bank accounts for different transactions under off-balance sheet accounts, according to the rules issued by the BCRA. There follow the balances of the main off-balance sheet accounts as of March 31, 2023 and December 31, 2022:

	03/31/2023	12/31/2022
Guarantees received	58,239,320	66,897,911
Uncollectible loans (Note 6.3)	18,781,644	20,383,721
Securities in custody	78,639,868	105,354,256
Securities to be collected	4,518,603	7,367,674
Securities to be debited	171,107	132,515
Securities to be credited	862,633	694,613
Agreed loans	72,044,658	53,755,443
Guarantees granted	846,403	873,271

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

23. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Bank has carried out transactions with related parties on an arm's length basis.

Main shareholders

The Bank's main shareholders are:

Name	Class of shares	03/31/2023		12/31/2022	
		Votes %	Capital %	Votes %	Capital %
Fideicomiso de Asistencia al Fondo Federal de Infraestructura Regional	A	21.99%	44.29%	22.85%	44.29%
Programa de Propiedad Participada	B	-	-	1.96%	3.80%
Fideicomiso de Asistencia al Fondo Federal de Infraestructura Regional	C	2.48%	5.00%	2.58%	5.00%
IRSA Inversiones y Representaciones S.A. (*)	D	44.56%	29.92%	46.30%	29.92%
ANSES	D	7.35%	4.94%	7.64%	4.94%
Deliverable shares	D	2.58%	1.73%	2.70%	1.74%
The Bank of New York ADRs (**)	D	9.03%	6.06%	9.38%	6.06%
Other	D	12.01%	8.06%	6.59%	4.25%
		100.00%	100.00%	100.00%	100.00%

(*) IRSA Inversiones y Representaciones ("IRSA") holds these shares either directly (4.93%) or indirectly through the following subsidiaries: Tyrus S.A. (5.00%), Ritelco S.A. (5.00%), E-Commerce Latina S.A. (5.00%), Palermo Invest S.A. (4.99%), and Inversora Bolívar S.A. (5.00%)

(**) It represents 90,905,000 ADRs (10 shares = 1 ADR), the political rights of which are exercised by the Argentine Government.

Directors' Fees

The Bank's bylaws provide that total fees payable to Directors will be limited to five per cent (5 %) of after-tax profits for the fiscal year at issue when no cash dividends are distributed for any reason, and will be increased pro rata to cash dividends, if available, until reaching fifteen per cent (15 %) of taxable income.

Some of the Bank's directors were hired under Employment Law No. 20744. This law sets forth certain employment terms and conditions, including, without limitations, salaries, income protection, working hours, vacations, paid leaves, minimum age requirements, workers' protection, and grounds for suspension or termination of employment

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

contracts. The fees payable every year to our Directors are determined in accordance with the provisions of Law No. 19550, taking into account whether directors perform technical-administrative duties and based on the profits recorded during the year. Once the fees payable to directors are determined, they are submitted to the Shareholders' Meeting for approval.

Compensation payable to the Key Management Personnel

Senior Management members are designated and removed by the Board of Directors and perform their duties following the instructions delivered by the Board.

As compensation for their duties, our Key Management Personnel earn a fixed amount determined based on their background, skills and experience, and a variable bonus which is paid on an annual basis and is linked to individual performance and the Bank's results of operations.

As of March 31, 2023, the Bank's Key Management personnel is comprised of a General Manager and twelve Area Managers.

Corporate Services Contracts

As subsidiaries have operating areas that share certain common characteristics, the Bank implemented alternatives to cut certain fixed costs inherent to its business by streamlining the individual efficiency of each of the companies in several areas comprising operating management.

Costs and rewards of corporate services agreements are allocated on the basis of operating efficiency and equity, without pursuing individual profits for each of the companies.

Below there is a detail of the services areas included in the corporate services agreements:

Entity	Services area
BACS	Human resources, financial services, IT services, procurement and contracting, accounts payable, overall secretarial services, legal advice services and exclusive use by BACS of a space within the Bank's Vault.
BHN Vida y BHN Seguros Generales (a)	Human resources; procurement and contracting; maintenance; internal audit; asset management; general services; accounts payable; overall secretarial services; legal advice and supervision; supply, maintenance and administration of communication and IT items; SAP maintenance, and sale of insurance policies through call centers

(a) Controlled by BHN Sociedad de Inversión.

Legal Services

The Bank retains the legal services of Estudio Zang, Bergel & Viñes, Saúl Zang is a partner to such law firm and is also a member of the Board of the Bank's subsidiaries.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Trading of Financial Assets

Idle funds are usually placed in several instruments, including those issued by related companies, which are purchased at the time of issuance or from independent third parties in the secondary market.

Financial Transactions

In the ordinary course of business, the Bank enters into certain related party credit facility agreements. The interest rate on these facilities is determined on an arm's length basis and these facilities are under the normal category at period-end.

In addition, the Bank and BACS usually act as placement agents in certain related parties' transactions carried out in the Capital Market.

Below there is a detail of the balances and transactions with related parties as of March 31, 2023:

Related party	ASSETS			
	Debt securities at fair value through profit or loss	Loans and other financing arrangements	Other financial assets	Other non-financial assets
BACS	-	-	38,328	-
BHN Inversión	-	228	1,575,040	-
Financial Trusts CHA IX to XIV	139,545	-	16,002	-
Toronto Trust Argentina Mutual Fund	-	-	339,181	-
Total subsidiaries	139,545	228	1,968,551	-
IRSA (including subsidiaries)	-	784,857	-	-
Total Shareholders	-	784,857	-	-
Key personnel	-	-	-	275,957
Total other	-	-	-	275,957
Total	139,545	785,085	1,968,551	275,957

Related Party	LIABILITIES			
	Deposits	Derivative instruments	Negotiable obligations issued	Other financial liabilities
BACS	31,335	-	-	-
BHN Inversión	77,583	-	12,185	281,072
Financial Trusts CHA IX to XIV	5,431	3,414,800	-	612,167
Toronto Trust Argentina Mutual Fund	100	-	-	-
Total subsidiaries	114,449	3,414,800	12,185	893,239
Key personnel	-	-	-	335,957
Total other	-	-	-	335,957
Total	114,449	3,414,800	12,185	1,229,196

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Related Party	Interest income	Interest expense	Commission income	Other operating expenses	Employee benefits	Administrative expenses
BACS	332	10,689	-	6,728	-	-
BHN Inversión	-	17,572	263,219	7,100	-	-
Financial Trusts CHA IX to XIV	13,372	41,734	-	-	-	-
Toronto Trust Argentina Mutual Fund	-	-	-	4,837	-	-
Total subsidiaries	13,704	69,995	263,219	18,665	-	-
Zang Bergel & Viñes Law Firm	-	-	-	-	-	2,941
Key personnel	-	-	-	-	146,543	82,115
Total other	-	-	-	-	146,543	85,056
Total	13,704	69,995	263,219	18,665	146,543	85,056

Below there is a detail of the balances and transactions with related parties as of December 31, 2022:

Related party	ASSETS			
	Debt securities at fair value through profit or loss	Loans and other financing arrangements	Other financial assets	Other non-financial assets
BACS	-	-	814	-
BHN Inversión	-	304	1,338	-
Financial Trusts CHA IX to XIV	160,483	-	16,940	-
Total subsidiaries	160,483	304	19,092	-
IRSA (Includes subsidiaries)	-	871,249	-	-
Total Shareholders	-	871,249	-	-
Key personnel	-	-	-	242,132
Total other	-	-	-	242,132
Total	160,483	871,553	19,092	242,132

Related Party	LIABILITIES			
	Deposits	Derivative instruments	Negotiable obligations issued	Other financial liabilities
BACS	83,903	-	-	-
BHN Inversión	114,346	-	6,895	290,654
Financial Trusts CHA IX to XIV	6,365	3,629,382	-	781,407
Total subsidiaries	204,614	3,629,382	6,895	1,072,061
Key personnel	-	-	-	315,171
Total other	-	-	-	315,171
Total	204,614	3,629,382	6,895	1,387,232

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Below there is a detail of transactions with related parties as of March 31, 2022:

Related Party	Interest income	Interest expense	Commission income	Other operating income	Employee benefits	Administrative expenses
BACS	6,607	2,876	-	6,964	-	-
BHN Inversión	-	327	302,253	6,460	-	-
Financial Trusts CHA IX to XIV	9,663	26,730	-	-	-	-
Total subsidiaries	16,270	29,933	302,253	13,424	-	-
Zang Bergel & Viñes Law Firm	-	-	-	-	-	449
Key personnel	-	-	-	-	133,420	70,531
Total other	-	-	-	-	133,420	70,980
Total	16,270	29,933	302,253	13,424	133,420	70,980

24. FINANCIAL RISK FACTORS

These separate condensed interim financial statements do not include all financial risk management information and disclosures and should therefore be read in conjunction with Note 26 to the consolidated financial statements as of December 31, 2022. There have been no changes in the management or risk management policies applied by the Group since the end of the year.

25. CAPITAL MANAGEMENT

The Bank's capital management goals are:

- Fulfilling the requirements established by the BCRA in its Communication "A" 6260, as amended;
- Supporting the Bank's operations to prevent any situation that may affect them.

According to the BCRA's guidelines, financial institutions are required to maintain certain capital ratios to mitigate the associated risks. The Bank has met the minimum capital requirements determined in accordance with the BCRA's rules.

Effective since March 2020, the BCRA required that, for purposes of the calculation of Regulatory Capital (*Responsabilidad Patrimonial Computable*) by Group "A" financial institutions, such as the Bank, the impact resulting from the positive difference between the allowance accounted for pursuant to paragraph 5.5. of IFRS 9 and the higher of the "regulatory" allowance calculated pursuant to the rules on "Minimum allowances for loan losses", or the accounting allowance pursuant to the trial balance as of November 30, 2019, may be considered as Tier 1 Ordinary Capital.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Regulatory Capital (*Responsabilidad Patrimonial Computable*) is comprised of Core Capital and Supplementary Capital. The table below shows a breakdown of the respective balances:

	03/31/2023	12/31/2022
Core Capital		
Tier 1 Ordinary Capital	61,924,220	58,227,795
(Deductible items)	(16,116,746)	(18,939,282)
Supplementary Capital		
Tier 2 Capital	789,163	871,391
Regulatory Capital (<i>Responsabilidad Patrimonial Computable</i>)	46,596,637	40,159,904

Below is a detail of the determined capital requirement:

	03/31/2023	12/31/2022
Credit risk	9,725,192	9,455,316
Market risk	1,823,683	1,551,011
Operational risk	3,248,936	3,382,913
Core requirement	14,797,811	14,389,240
Payment	46,596,637	40,159,904
Surplus	31,798,826	25,770,664

26. ADDITIONAL INFORMATION REQUIRED BY THE ARGENTINE CENTRAL BANK

26.1. Deposit Guarantee Insurance System

For a description of the deposit guarantee insurance, see Note 26.1., to the consolidated condensed interim financial statements.

26.2. Restricted assets

Below there is a detail of financial assets pledged as collateral as of each indicated date:

	03/31/2023	12/31/2022
BCRA special guarantee accounts related to electronic clearing agencies	2,695,672	3,197,369
Cash, government securities and instruments issued by the Argentine Central Bank as collateral for OTC ROFEX transactions	550,232	491,715
Government securities and instruments issued by the Argentine Central Bank as collateral for MAE and BYMA transactions	10,922,789	125,466

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

	03/31/2023	12/31/2022
Cash and deposits in escrow as collateral for Visa credit card transactions	886,807	939,906
Cash and deposits in escrow as collateral for office and store leases	3,756	3,744
Cash and deposits in escrow as collateral for attachments	1,672	2,035
Total	15,060,928	4,760,235

26.3. Fiduciary activities

For a description of the Bank's fiduciary activities, see Note 26.3. to the consolidated condensed interim financial statements.

26.4. Compliance with the regulations required by the Argentine Securities Commission

For information on compliance with the regulations required by the CNV, see Note 26.4. to the consolidated condensed interim financial statements.

26.5. Accounts that identify compliance with minimum cash requirements

Below there is a detail of the items computed by the Bank to comply with the minimum cash requirements (according to applicable regulations established by the Argentine Central Bank) and the corresponding average balances as of March 31, 2023:

	Pesos	Dollars	Euros	Treasury Bonds adjusted by CER due 03/25/24	Argentine Bond in USD due 07/09/35
(in thousands in the relevant currency)					
Checking accounts at BCRA	3,954,839	96,137	80	-	-
Special accounts at BCRA	2,501,477	717	-	-	-
Payment with BOTE 2027	6,584,479	-	-	-	-
Payment with Leliq and LeCer	15,415,625	-	-	-	-
CRYL Account	-	-	-	715	2,065
Total paid-in	28,456,420	96,854	80	715	2,065
Total requirement	38,824,377	88,554	-	179	2,048
Required reduction (miscellaneous)	10,379,348	-	-	-	-
Monthly position	11,391	8,300	80	536	17

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana
Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

26.6. Penalties imposed on the Bank and summary proceedings initiated by the Argentine Central Bank and other regulatory authorities

For a description of the Bank's summary proceedings, see Note 26.6. to the consolidated condensed interim financial statements.

26.7. Restrictions on the distribution of profits

For a detail of the restrictions on the distribution of profits, see Note 26.7. to the consolidated condensed interim financial statements.

Signed for identification purposes with
our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Andrea Pastrana

Partner

Public Accountant (UCA)
CPCECABA Volume 383 Page 244

27. SUBSEQUENT EVENTS

For a description on subsequent events, see Note 27 to the consolidated condensed interim financial statements.

28. LEGALIZATION OF BOOKS

At the date of these financial statements, the transactions conducted by the Bank for the period January 1, 2023 through March 31, 2023 are pending transcription into the legalized books as set forth in the regulations in force.

29. MARKET DISCIPLINE

Information on Banco Hipotecario S.A.'s regulatory capital structure and sufficiency, risk exposure and management, on a separate and on a consolidated basis with its subsidiaries, as required by Communication "A" 6143 of the BCRA, is available at the Bank's website (<http://www.hipotecario.com.ar>), under the "Market Discipline – Minimum Disclosure Requirements" link.

Signed for identification purposes
with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE A – GOVERNMENT AND CORPORATE SECURITIES

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Description	Id.	Holding				Position		
		Fair value	Fair value level	Balances as of 03/31/2023	Balances as of 12/31/2022	Position without options	Options	Financial position
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				117,831,003	144,532,918	117,831,003	(1,611,199)	116,219,804
Argentine Government securities								
Argentine Bond Dual Currency due 02/28/24	80057		1	7,098,568	87 8,053	7,098,568	(1,611,199)	5,487,369
Argentine Bond Dual Currency due 09/29/23	09147		1	5,610,748	6,0 12,320	5,610,748	-	5,610,748
Argentine Bond due 05/23/27	09132		1	2,648,291	-	2,648,291	-	2,648,291
Argentine Treasury Bill due 06/30/23	09172		1	1,777,011	-	1,777,011	-	1,777,011
Treasury Bond in \$ due 10/14/24	09179		1	1,656,174	-	1,656,174	-	1,656,174
Treasury Bond in \$ due 02/14/25	09171		1	1,177,961	22 3,379	1,177,961	-	1,177,961
Other			1	3,245,433	20,983,428	3,245,433	-	3,245,433
BCRA Bills								
BCRA Liquidity Bills	-		2	90,421,132	110,081,450	90,421,132	-	90,421,132
BCRA Notes								
BCRA Liquidity Notes	-		2	-	1,625,750	-	-	-
Corporate securities								
Debt security FT CHA series 9 to 14			2	139,547	160,483	139,547	-	139,547
Other			2	4,056,138	4,568,055	4,056,138	-	4,056,138
OTHER DEBT SECURITIES				17,351,264	30,818,585	17,351,264	(8,544,698)	8,806,566
Measured at amortized cost								
Argentine Government securities								
Argentine Bond in \$ due 05/23/27	09132	5,711,098	2	5,683,833	8,821,866	5,683,833	-	5,683,833
Treasury Bond in \$ due 10/14/24	09179	5,483,400	2	5,675,693	-	5,675,693	(4,067,580)	1,608,113
Treasury Bond in \$ due 02/10/25	09180	5,330,400	2	5,510,300	-	5,510,300	(4,477,118)	1,033,182
Bonte Badlar due 11/23/27	09166	321,798	2	300,107	365,367	300,107	-	300,107
Argentine Bond in USD due 2035	05922	78,747	2	181,331	6,179,371	181,331	-	181,331
Argentine Treasury Bill due 04/21/23		-	-	-	8,317,585	-	-	-
Argentine Treasury Bill due 02/17/23		-	-	-	5,424,165	-	-	-
Argentine Treasury Bill due 03/31/23		-	-	-	1,710,231	-	-	-
EQUITY INSTRUMENTS				229,750	337,781	229,750	-	229,750
Measured at fair value through profit or loss								
Argentine								
Play Digital	80001		2	99,864	86,538	99,864	-	99,864
ADR Grupo Supervielle	92789		1	64,984	64,365	64,984	-	64,984
Mercado Abierto Electrónico	30038		2	64,902	56,307	64,902	-	64,902
Grupo Financiero Galicia	00534		1	-	130,571	-	-	-

Signed for identification purposes
with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

**SCHEDULE B – CLASSIFICATION OF LOANS AND OTHER FINANCING
ARRANGEMENTS BY STATUS AND GUARANTEES RECEIVED**

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Commercial Portfolio	03/31/2023	12/31/2022
Normal Situation	25,632,027	30,701,710
With “A” preferred collateral and counterguarantees	5,172,795	7,761,145
With “B” preferred collateral and counterguarantees	1,569,822	1,926,316
Without preferred collateral and counterguarantees	18,889,410	21,014,249
With Special Follow-up	1,035	16,834
Under observation	1,035	16,834
With “A” preferred collateral and counterguarantees	-	13,768
Without preferred collateral and counterguarantees	1,035	3,066
Troubled	4,870	7,477
With “A” preferred collateral and counterguarantees	3,396	7,085
Without preferred collateral and counterguarantees	1,474	392
With high risk of insolvency	217,249	530,313
With “A” preferred collateral and counterguarantees	-	33,185
Without preferred collateral and counterguarantees	217,249	497,128
Uncollectible	748,912	2,599,519
With “A” preferred collateral and counterguarantees	-	2
With “B” preferred collateral and counterguarantees	669,926	2,338,328
Without preferred collateral and counterguarantees	78,986	261,189
Total commercial portfolio	26,604,093	33,855,853

Signed for identification purposes
with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

**SCHEDULE B – CLASSIFICATION OF LOANS AND OTHER FINANCING
ARRANGEMENTS BY STATUS AND GUARANTEES RECEIVED**

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Consumer and housing portfolio	03/31/2023	12/31/2022
Normal situation	53,231,132	56,447,468
With “A” preferred collateral and counterguarantees	446,435	882,612
With “B” preferred collateral and counterguarantees	17,517,186	18,679,895
Without preferred collateral and counterguarantees	35,267,511	36,884,961
Low risk	1,021,138	954,729
Low risk	1,019,346	951,949
With “A” preferred collateral and counterguarantees	4,429	11,332
With “B” preferred collateral and counterguarantees	493,192	427,249
Without preferred collateral and counterguarantees	521,725	513,368
Special treatment	1,792	2,780
Without preferred collateral and counterguarantees	1,792	2,780
Mid risk	481,975	530,233
With “A” collateral and counterguarantees	3,562	12,135
With “B” collateral and counterguarantees	179,273	218,920
Without preferred collateral and counterguarantees	299,140	299,178
High risk	532,895	535,529
With “A” collateral and counterguarantees	7,599	13,636
With “B” preferred collateral and counterguarantees	194,662	152,027
Without preferred collateral and counterguarantees	330,634	369,866
Uncollectible	366,979	392,265
With “A” collateral and counterguarantees	125	592
With “B” preferred collateral and counterguarantees	235,992	243,736
Without preferred collateral and counterguarantees	130,862	147,937
Total consumer and housing portfolio	55,634,119	58,860,224
General total (1)	82,238,212	92,716,077

Signed for identification purposes
with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana

Partner

Public Accountant (UCA)

CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

**SCHEDULE B – CLASSIFICATION OF LOANS AND OTHER FINANCING
ARRANGEMENTS BY STATUS AND GUARANTEES RECEIVED**

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

(1) Reconciliation between Schedule B and the Statement of Financial Position:

	03/31/2023	12/31/2022
Loans and other financing arrangements	79,302,108	89,689,633
Off-balance sheet accounts	1,013,700	1,171,931
plus allowances	2,665,874	2,753,472
less IFRS adjustments not computable for the Statement of Debtors' Condition	248,350	267,398
less items not computable for the Statement of Debtors' Condition	(991,820)	(1,166,357)
TOTAL	82,238,212	92,716,077

Signed for identification purposes
with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE C – CONCENTRATION OF LOANS AND OTHER FINANCING ARRANGEMENTS

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Number of costumers	Financing			
	03/31/2023		12/31/2022	
	Debt balance	% of total portfolio	Debt balance	% of total portfolio
10 largest customers	8,062,918	9.80%	10,035,536	10.82%
50 following largest customers	10,513,162	12.78%	12,457,618	13.44%
100 following largest customers	5,089,565	6.19%	6,524,352	7.04%
Rest of customers	58,572,567	71.23%	63,698,571	68.70%
TOTAL (1)	82,238,212	100.00%	92,716,077	100.00%

(1) Reconciliation between Schedule C and the Statement of Financial Position

	03/31/2023	12/31/2022
Loans and other financing arrangements	79,302,108	89,689,633
Off-balance sheet accounts	1,013,700	1,171,931
plus allowances	2,665,874	2,753,472
less IFRS adjustments not computable for the Statement of Debtors' Condition	248,350	267,398
less items not computable for the Statement of Debtors' Condition	(991,820)	(1,166,357)
TOTAL	82,238,212	92,716,077

Signed for identification purposes
with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE D – BREAKDOWN OF LOANS AND OTHER FINANCING ARRANGEMENTS ACCORDING TO MATURITY DATES

As of 03/31/2023

In thousands of Argentine Pesos and constant currency

Item	Past due portfolio	Remaining terms to maturity						Total
		1 month	3 months	6 months	12 months	24 months	More than 24 months	
Non-financial public sector	9	-	-	-	-	-	-	9
Financial sector	-	17,150	23,449	33,935	63,947	95,462	-	233,943
Non-financial private sector and foreign residents	2,180,747	22,048,274	12,685,635	8,982,190	8,944,877	8,153,747	23,430,907	86,426,377
TOTAL	2,180,756	22,065,424	12,709,084	9,016,125	9,008,824	8,249,209	23,430,907	86,660,329

The decrease in future contractual flows is presented, including interest and additional amounts to be accrued until maturity of non- discounted agreements.

Signed for identification purposes
with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE H – CONCENTRATION OF DEPOSITS

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Number of costumers	Deposits			
	03/31/2023		12/31/2022	
	Debt balance	% of total portfolio	Debt balance	% of total portfolio
10 largest customers	93,446,623	35.17%	157,866,262	47.48%
50 following largest customers	59,315,336	22.33%	49,222,656	14.80%
100 following largest customers	10,528,196	3.96%	8,190,154	2.46%
Rest of customers	102,392,598	38.54%	117,205,840	35.26%
TOTAL	265,682,753	100.00%	332,484,912	100.00%

Signed for identification purposes
with our report dated May 30, 2023

KPMG

Prof. Asoc. Reg. C.P.C.E.C.A.B.A.

Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE I – BREAKDOWN OF FINANCIAL LIABILITIES ACCORDING TO MATURITY TERMS

As of 03/31/2023

In thousands of Argentine Pesos and constant currency

Item	Remaining terms to maturity						Total
	1 month	3 months	6 months	12 months	24 months	More than 24 months	
Deposits							
Non-financial public sector	20,119,601	3,401,856	426,403	-	-	846,753	24,794,613
Financial sector	31,420	-	-	-	-	-	31,420
Non-financial sector and foreign residents	190,328,963	56,120,132	1,215,321	356,621	48,913	24,128	248,094,078
Liabilities at fair value through profit or loss	3,209,355	-	-	-	-	-	3,209,355
Derivative instruments	-	-	-	-	-	3,428,676	3,428,676
Other financial liabilities	21,509,690	6,377	31,520	90,691	111,344	1,575,422	23,325,044
Loans from the BCRA and other financial institutions	2,181	-	-	-	-	-	2,181
Negotiable obligations issued	-	2,568,675	-	3,753,122	7,245,688	3,593,502	17,160,987
TOTAL	235,201,210	62,097,040	1,673,244	4,200,434	7,405,945	9,468,481	320,046,354

The decrease in future contractual flows is presented, including interest and related amounts to be accrued until maturity of non-discounted agreements.

Signed for identification purposes
with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE J – CHANGES IN ALLOWANCES AND PROVISIONS

As of 03/31/2023

In thousands of Argentine Pesos and constant currency

Breakdown	Balances at beginning of year	Increases (Note 19)	Decreases		Monetary gain (loss)	Balance as of 03/31/2023
			Reversals	Allocations		
Other (1)	1,302,082	199,585	(16,668)	(300,862)	(232,454)	951,683
TOTAL PROVISIONS	1,302,082	199,585	(16,668)	(300,862)	(232,454)	951,683

(1) The amount of Other is composed of:

Breakdown	Balances at beginning of year	Increases	Decreases		Monetary gain (loss)	Balance as of 03/31/2023
			Reversals	Allocations		
Provisions for application of IFRS 9 on unused credit card balances	162,543	108,245	-	-	(29,018)	241,770
Provisions for application of IFRS 9 on unused balances of overdraft facilities	37,048	2,131	(16,184)	-	(6,614)	16,381
Provisions for application of IFRS 9 on guarantees granted	1,011	533	(484)	-	(181)	879
Provisions for lawsuits and other claims	1,066,297	88,676	-	(300,862)	(190,360)	663,751
Provisions for taxes	35,183	-	-	-	(6,281)	28,902
	1,302,082	199,585	(16,668)	(300,862)	(232,454)	951,683

Signed for identification purposes
with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE L – BALANCES IN FOREIGN CURRENCY

As of 03/31/2023 and 12/31/2022

In thousands of Argentine Pesos and constant currency

Items	Head office and branches in Argentina	Total as of 03/31/2023	As of 03/31/2023		Total as of 12/31/2022
			Dollars	Euros	
ASSETS					
Cash and bank deposits	26,160,412	26,160,412	26,009,144	151,268	14,809,648
Debt securities at fair value through profit or loss	17,492,909	17,492,909	17,492,909	-	16,859,470
Other financial assets	3,151,717	3,151,717	3,151,717	-	33,493
Loans and other financing arrangements					
Non-financial private sector and foreign residents	5,621,563	5,621,563	5,621,563	-	8,113,679
Other debt securities	181,332	181,332	181,332	-	6,179,369
Financial assets pledged as collateral	8,528,385	8,528,385	8,528,385	-	1,199,842
Investment in equity instruments	64,985	64,985	64,985	-	64,366
TOTAL ASSETS	61,201,303	61,201,303	61,050,035	151,268	47,259,867
LIABILITIES					
Deposits					
Non-financial public sector	6,892,602	6,892,602	6,892,602	-	1,186,548
Financial sector	179	179	179	-	175
Non-financial private sector and foreign residents	19,539,215	19,539,215	19,539,215	-	19,051,480
Liabilities at fair value through profit or loss	1,965,975	1,965,975	1,965,975	-	-
Other financial liabilities	3,174,375	3,174,375	3,167,736	6,639	63,303
Negotiable obligations issued	15,503,852	15,503,852	15,503,852	-	15,719,610
Provisions	879	879	879	-	1,010
Other non-financial liabilities	4,496	4,496	4,496	-	15,433
TOTAL LIABILITIES	47,081,573	47,081,573	47,074,934	6,639	36,037,559

 Signed for identification purposes
with our report dated May 30, 2023

KPMG

 Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana

Partner

 Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE O – DERIVATIVE FINANCIAL INSTRUMENTS

As of 03/31/2023

In thousands of Argentine Pesos and constant currency

Kind of Agreement	Purpose of Transactions	Underlying asset	Kind of settlement	Trading environment or counterparty	Average weighted term originally agreed (in months)	Average residual weighted term (in months)	Average weighted term for the settlement of differences (in months)	Amount
Futures	Brokerage – own account	Foreign currency	Daily differences	ROFEX	1	1	1	(1,429,688)
Repo transactions	Brokerage - own account	Argentine government securities	With delivery of underlying asset	OTC - Domestic residents - Financial Sector	1	1	3	82,625,263
Options	Brokerage – own account	Argentine government securities	Other	BCRA	18	18	-	109,756
Swaps	Brokerage - own account	Other	Upon maturity of differences	OTC - Domestic residents - Non-financial Sector	214	57	30	352,584
Swaps	Brokerage - own account	Foreign currency	Upon maturity of differences	OTC - Domestic residents - Non-financial Sector	233	87	30	54,812

Signed for identification purposes
with our report dated May 30, 2023
KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

SCHEDULE R –ALLOWANCE FOR LOAN LOSSES

For the period ended 03/31/2023

In thousands of Argentine Pesos and constant currency

Item	Balances at beginning of year	ECL for the next 12 months	ECL for the remaining life of financial asset		Monetary gain (loss) from allowances	Balance as of 03/31/2023
			Financial instruments with significant increase of credit risk	Credit-impaired financial instruments		
Other financial assets	63,165	6,108	-	-	(11,276)	57,997
Loans and other financing arrangements						
Non-financial private sector and foreign residents	2,753,472	202,255	156,948	44,764	(491,565)	2,665,874
Overdraft facilities	41,412	28,877	(62)	(1,225)	(7,393)	61,609
Promissory notes	70,350	(25,792)	1	-	(12,559)	32,000
Mortgage loans	879,580	55,644	101,627	109,336	(157,028)	989,159
Pledge loans	124	(23)	-	-	(22)	79
Consumer loans	539,999	84,517	820	11,472	(96,404)	540,404
Credit cards	599,484	88,916	55,355	29,147	(107,023)	665,879
Finance leases	5,484	(155)	-	-	(979)	4,350
Call loan rate to companies	214,719	(21,335)	-	(135,881)	(38,333)	19,170
Other	402,320	(8,394)	(793)	31,915	(71,824)	353,224
Contingent commitments	200,602	66,359	27,882	-	(35,813)	259,030
TOTAL PROVISIONS	3,017,239	274,722	184,830	44,764	(538,654)	2,982,901

 Signed for identification purposes
with our report dated May 30, 2023

KPMG

 Prof. Asoc. Reg. C.P.C.E.C.A.B.A.
Volume 2, Page 6

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA Volume 383 Page 244

Marcelo Fuxman
By the Supervisory Committee

INDEPENDENT AUDITORS' REVIEW REPORT ON SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS

To the Chairman and Directors of
Banco Hipotecario S.A.
Registered office: Reconquista 151
City of Buenos Aires
Taxpayer identification number [CUIT]: 30-50001107-2

Report on the financial statements

Identification of interim financial statements subject to review

We have reviewed the accompanying separate condensed interim financial statements of Banco Hipotecario S.A. (hereinafter, the "Entity"), comprising the statement of financial position as of March 31, 2023, the separate statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as their related Schedules and selected explanatory Notes.

Board of Directors' and Management's Responsibility

The Entity's Board of Directors and Management are responsible for the preparation and presentation of the accompanying financial statements in accordance with the financial reporting framework established by the Argentine Central Bank ("BCRA"), as described in Note 3.1 to the accompanying financial statements. The Entity's Board of Directors and Management are also responsible for such internal control as deemed appropriate to ensure that the interim financial statements are free from material misstatements, due to fraud or error.

Our responsibility

Our responsibility is to express an opinion on the separate condensed interim financial statements based on our review. We performed such review in accordance with the applicable review standards set out in chapter IV of Technical Resolution No. 37 of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") as adopted by Resolution CD No. 46/2021 of the Professional Council of Economic Sciences of the City of Buenos Aires and with the "Minimum Standards for External Audits" issued by the BCRA applicable to reviews of interim financial statements, under which we are required to comply with ethical requirements. According to such standards, a review primarily encompasses applying analytical and other procedures on the accounting information disclosed in the interim financial statements and making inquiries of the individuals responsible for preparing such information. A review is substantially less in scope than an audit conducted in accordance with applicable audit standards and, therefore, it cannot be ensured that any significant matters that might be identified in an audit will come to our attention. Therefore, we do not express an audit opinion on these separate condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that would lead us to believe that the accompanying separate condensed interim financial statements of Banco Hipotecario S.A. as of March 31, 2023 and for the three-month period then ended were not prepared, in all material respects, in accordance with the financial reporting framework set forth by the BCRA.

Emphasis Paragraph

Without modifying our conclusion, we draw users' attention to the disclosures made in Note 3.1 to the accompanying financial statements, which states that such financial statements were prepared by the Entity's Board of Directors and Management in accordance with the financial reporting framework established by the BCRA. Such framework differs from the International Financial Reporting Standards adopted by the FACPCE in the aspects described in such note.



Information required by other legal and regulatory standards

In compliance with applicable provisions, we hereby report that:

- a) the accompanying separate financial statements are pending transcription into the “Inventory and Financial Statements” book, and arise from the accounting records also pending transcription into the Daily Ledger;
- b) as of March 31, 2023, as described in Note 26.4 to the accompanying separate condensed interim financial statements, the Entity’s shareholders’ equity and minimum cash contra-account in eligible assets exceed the respective minimum requirements established in the applicable standards issued by the Argentine Securities Commission (CNV);
- c) as of March 31, 2023, based on the Entity’s accounting records, accrued liabilities in respect of taxes and contributions owing to the Argentine Integrated Retirement and Pensions System amount to ARS 282,246,422, there being no due and payable debts as of such date.

City of Buenos Aires, May 30, 2023

KPMG
Prof. Asoc. Reg. C.P.C.E.C.A.B.A. Volume 2, Page 6

Andrea Pastrana
Partner
Public Accountant (UCA)
CPCECABA - Volume 383 – Page 244

SUPERVISORY COMMITTEE'S REPORT

To the Chairman and Directors of
BANCO HIPOTECARIO S.A.

Introduction

In compliance with the terms of section 294, subsection 5 of Argentine Companies Law No. 19550, we have reviewed the accompanying separate condensed interim financial statements of Banco Hipotecario S.A. (hereinafter, the "Entity"), comprising the separate condensed statement of financial position as of March 31, 2023, and the corresponding separate condensed statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as their related schedules and selected explanatory notes.

Board of Directors' and Management's Responsibility

The Entity's Board of Directors and Management are responsible for the preparation and presentation of the accompanying financial statements in accordance with the financial reporting framework established by the Argentine Central Bank ("BCRA"), as described in note 3.1 to the accompanying financial statements. The Entity's Board of Directors and Management are also responsible for such internal control as deemed appropriate to ensure that the interim financial statements are free from material misstatements, due to fraud or error.

Scope of our Review

Our review was performed in accordance with supervisory committee standards currently in force. These standards require that we examine the documents identified in the first paragraph in accordance with applicable audit standards for limited reviews of interim financial statements, and that we also see whether the documents subject to review are consistent with the information on corporate decisions disclosed in minutes, and whether such decisions are in compliance with applicable laws and by-laws in all formal and documentary aspects.

SUPERVISORY COMMITTEE'S REPORT (Continued)

Scope of our Review (Continued)

In conducting our review of the documents identified in the first paragraph, we examined the work performed by the Entity's external auditors, KPMG, pursuant to the review procedures set forth in Technical Resolution No. 37 of FACPCE adopted by Resolution CD No. 46/2021 of the Professional Council of Economic Sciences of the City of Buenos Aires and the "Minimum Standards for External Audits" established by the BCRA applicable to the review of interim financial statements. According to such standards, a review primarily encompasses performing analytical and other procedures on the accounting information disclosed in the interim financial statements and making inquiries of the individuals responsible for preparing such information. A review is substantially less in scope than an audit conducted in accordance with applicable audit standards and, therefore, it cannot be ensured that any significant matters that might be identified in an audit will come to our attention. Therefore, we do not express an audit opinion on the accompanying separate condensed interim financial statements. The Entity's external auditors issued their report on May 30, 2023. We agree to the contents of such report. Since the Supervisory Committee is not responsible for management control, the review did not encompass the corporate criteria and decisions of the Entity's several areas, for such issues are the exclusive responsibility of the Board of Directors.

Conclusion

Based on our review, nothing has come to our attention that would lead us to believe that the accompanying separate condensed interim financial statements of Banco Hipotecario S.A. as of March 31, 2023, were not prepared, in all material respects, in accordance with the financial reporting framework set forth by the BCRA.

Emphasis Paragraph

Without modifying our opinion, we draw users' attention to the disclosures in Note 3.1 to the accompanying separate condensed interim financial statements which indicates that such financial statements were prepared by the Entity's Board of Directors and Management in accordance with the financial reporting framework established by the BCRA. This framework differs from the International Financial Reporting Standards (IFRS) adopted by the FACPCE in the aspects described in said Note:

SUPERVISORY COMMITTEE'S REPORT (Continued)

Information required by other legal and regulatory standards

In compliance with applicable provisions, we hereby report that:

- a) the accompanying separate financial statements have not yet been transcribed into the "Inventory and Financial Statements" book and arise from accounting records also pending transcription into the Daily Ledger;
- b) as of March 31, 2023, as described in Note 26.4 to the accompanying separate condensed interim financial statements, the Entity's shareholders' equity and minimum cash contra-account in eligible assets exceed the respective minimum requirements established in applicable standards issued by the Argentine Securities Commission ("CNV"), in such respect. and
- c) we have complied with the provisions of Section 294 of Argentine Companies Law No. 19550.

City of Buenos Aires, May 30, 2023

Marcelo Héctor Fuxman
Regular Supervisory Auditor