

BANCO HIPOTECARIO S.A.

EARNINGS RELEASE – SECOND QUARTER 2023





Banco Hipotecario cordially invites you to participate in its
Second Quarter 2023 conference call

Friday, August 25th, 2023, 09:00 AM EST

If you would like to participate, the hyperlink is:

<https://us06web.zoom.us/j/84005319775?pwd=YTZlWGlvYGRzUmRYYTAWYWRsRnovUT09>

Web Seminar ID: 840 0531 9775

Access code: 935372

Or you can dial in:

U.S.A: +1 386 347 5053;

+1 507 473 4847

Preferably 10 minutes before the call is due to begin.

The conference will be held in English.



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SECOND QUARTER 2023 CONSOLIDATED RESULTS

The Bank began reporting results applying Hyperinflation Accounting, in accordance to IFRS rule IAS 29 ("IAS 29") as established by the Central Bank as of Q1 2020. Therefore, every result and variation described in this report is expressed in constant currency as of June 30th, 2023. Also, the provisioning model of IFRS 9 section 5.5 was applied, as established by the Central Bank.

HIGHLIGHTS

EXECUTIVE SUMMARY

- Net income attributable to owners of the parent company for the quarter was Ps. 4,015.4, compared to Ps. 4,525.1 million of last quarter and Ps. 2,946.2 million of same quarter last year.
- The ROAE for Q2 2023 was 19.9% compared to 23.6% for Q1 2023 and 16.9% for the same quarter last year, while ROAA for the same periods were 2.7%, 3.2% and 1.7%, respectively.
- The net operating income for the quarter was Ps. 37,681.2 million, 9.4% higher than the Ps. 34,456.2 million of previous quarter and 8.5% higher than the Ps. 34,742.9 million of same quarter of last year. Operating income for the quarter was Ps. 16,781.9 million, compared to Ps. 16,309.6 million of previous quarter and Ps. 9,235.3 million of same quarter of last year.
- Loans to the non-financial private sector and foreign residents decreased 3.3% QoQ and 26.9% YoY.
- Deposits increased 37.5% QoQ and decreased 3.9% YoY, while capital markets debt decreased 15.5% QoQ and 48.5% YoY.
- NPL decreased from 4.2% in Q2 2022 to 2.7% in Q2 2023 which remained QoQ. The coverage ratio increased from 82.3% in Q2 2022 to 119% in Q1 2023 and decreased to 113,3% in Q2 2023.
- Total capital ratio as a percentage of RWA as of June 30, 2023 was 23.8% compared to 25.1% of previous quarter and 18.9% of same quarter of last year.
- The general level of the consumer price index accumulated an increase of 23.8% in the second quarter of 2023, while it was 21.7% and 17.3% on the previous quarter and for the same quarter of last year, respectively.
- In April 2023, the Bank made the amortization payments of the senior unsecured notes Series 5 for a total amount of USD 10,000,000.



Buenos Aires, August 24th, 2023

I. BANCO HIPOTECARIO'S CONSOLIDATION

Banco Hipotecario S.A. has consolidated line by line its balance sheet and income statement with the financial statements of its subsidiaries: BACS Banco de Crédito y Securitización S.A. and BHN Sociedad de Inversión S.A. The consolidated financial statements as of June 30th, 2023 were prepared under IFRS according to Central Bank's convergence plan (Communication "A" 5541 and its modifications). Also, provisions under IFRS 9 (5.5) and inflation accounting were implemented starting on January 1st, 2020 (Communications "A" 6430, "A" 6651, "A" 6778 and "A" 6847).

II. SECOND QUARTER 2023 CONSOLIDATED RESULTS

Net income attributable to owners of the parent company for the quarter was Ps. 4.015,4, compared to Ps. 4.525,1 million of last quarter and Ps. 2.946,2 million of same quarter last year.

Regarding profitability ratios, the ROAA for Q2 2023 was 2.7% compared to 3.2% for Q1 2023 and 1.4% for Q2 2022, while ROAE for the same periods were 21.7%, 23.6% and 17.3%, respectively.

Income statement (in millions of pesos)	3 month period ended			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Interest and adjustments income	64,330.4	43,778.2	29,602.7	46.9%	117.3%
Interest and adjustments expense	(74,352.1)	(52,243.5)	(33,493.3)	42.3%	122.0%
Net interest income	(10,021.7)	(8,465.3)	(3,890.6)	18.4%	157.6%
Fee and commission income	3,596.0	3,654.9	4,229.3	(1.6)%	(15.0)%
Fee and commission expense	(234.2)	(209.1)	(235.2)	12.0%	0%
Net fee and commission income	3,361.8	3,445.8	3,994.1	(2.4)%	(15.8)%
Net income from financial instruments at fair value through profit or loss	43,351.6	29,964.6	30,143.1	44.7%	43.8%
Income from asset derecognition measured at amortized cost	(91.1)	-	-	N/A	N/A
Gold and foreign currency exchange rate differences	(391.5)	(460.6)	(161.1)	(15.0)%	143.0%
Other operating income	1,822.4	10,814.3	6,533.2	(83.1)%	(72.1)%
Loan loss provision	(350.4)	(842.7)	(1,875.8)	(58.4)%	(81.3)%
Net operating income	37,681.2	34,456.2	34,742.9	9.4%	8.5%
Personnel expenses	(9,384.9)	(7,495.0)	(9,953.4)	25.2%	(5.7)%
Administrative expenses	(3,588.4)	(3,437.6)	(3,839.9)	4.4%	(6.5)%
Depreciation and impairment of non-financial assets	(552.6)	(547.9)	(706.6)	0.9%	(21.8)%
Other operating expenses	(7,373.3)	(6,666.2)	(11,007.7)	10.6%	(33.0)%
Operating income (loss)	16,781.9	16,309.6	9,235.3	2.9%	81.7%
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Gain (loss) on net monetary position	(10,048.5)	(8,972.2)	(3,145.7)	12.0%	219.4%
Income tax	(2,519.6)	(2,881.2)	(3,207.4)	(12.6)%	(21.4)%
Net income of the period attributable to non-controlling interests	198.4	(68.9)	(64.0)	N/A	N/A
Net Income attributable to the parent's company	4,015.4	4,525.1	2,946.2	(11.3)%	36.3%

Financial margin, measured as the sum of Net Interest Income, Net Income from financial instruments at fair value through profit or loss, and Gold and foreign currency exchange rate differences for Q2 2023 was Ps. 32,938.4 million, compared to Ps. 21,038.7 last quarter and Ps. 26,091.41 million same quarter of last year, which represents a decrease of 56.6% QoQ and an increase of 26.2% YoY.



Financial Margin	For the period ended on			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Net interest income	(10,021.7)	(8,465.3)	(3,890.6)	18.4%	158%
Net Income from financial instruments at fair value	43,351.6	29,964.6	30,143.1	44.7%	43.8%
Gold and foreign currency exchange rat	(391.5)	(460.6)	(161.1)	-15.0%	143.0%
Financial Margin	32,938.4	21,038.7	26,091.4	56.6%	26.2%

Net interest income for the quarter was Ps. (10,021.7) million, compared to Ps. (8,465.3) million the previous quarter and to Ps. (3,890.4) million same quarter last year.

Interest income for the quarter was Ps. 64,330; representing a 46.9% and a 117.3% increase QoQ and YoY respectively. This does not include income from Central Bank notes (Leliq), which are reflected in net income from financial instruments at fair value through profit and loss.

Interest and adjustments income (in millions of pesos)	3 month period ended			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Interest on cash and due from bank	44,463.6	28,431.9	4,582.4	56.4%	N/A
Interest on loans to the financial sector	50.0	20.2	79.1	147.2%	(36.9)%
Interest from public and corporate securities	5,234.6	2,338.0	11,996.8	123.9%	(56.4)%
Interest on overdrafts facilities	653.2	711.3	187.1	(8.2)%	249.1%
Interest on promissory notes	1,351.4	1,259.0	1,144.1	7.3%	18.1%
Interest on pledge loans	2.6	3.7	9.4	(29.0)%	(71.9)%
Interest on financial leases	227.4	257.1	104.1	(11.5)%	118.4%
Interest on other loans	1,388.5	1,476.2	1,450.4	(5.9)%	(4.3)%
Interest from commercial loans	3,623.1	3,707.4	2,895.0	(2.3)%	25.1%
Interest on consumer loans	1,631.6	1,551.0	1,554.4	5.2%	5.0%
Interest on credit card loans	3,859.4	3,329.6	3,562.7	15.9%	8.3%
Interest from consumer loans	5,491.0	4,880.6	5,117.1	12.5%	7.3%
Interest on mortgage loans	472.4	513.8	773.3	(8.1)%	(38.9)%
Interest on other receivables from financial operations	8.1	(5.3)	1.1	(253.2)%	N/A
Income from CER, CVS, UVA and UVI adjustments	4,987.4	3,883.8	4,114.8	28.4%	21.2%
Interest from mortgage loans	5,467.9	4,392.3	4,889.1	24.5%	11.8%
Others	0.2	7.8	43.2	(96.8)%	(99.4)%
Total	64,330.4	43,778.2	29,602.7	46.9%	117.3%

Interest and adjustments expense for the quarter was Ps. 74,352.1 million compared to Ps. 52,243.5 million of Q1 2023 and Ps. 33,493.3 million of Q2 2022; representing a 42.3% increase QoQ and a 122% increase YoY.

Interest and adjustments expense (in millions of pesos)	3 month period ended			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Interest on current accounts deposits	(41,953.3)	(30,594.8)	(9,724.9)	37.1%	N/A
Interest on saving accounts deposits	(19.4)	(17.9)	(18.4)	8.6%	5.3%
Interest on time deposits	(30,824.0)	(19,499.5)	(20,872.4)	58.1%	47.7%
Interest from deposits	(72,796.7)	(50,112.2)	(30,615.7)	45.3%	137.8%
Interest on other liabilities resulting from financial transactions	(691.2)	(1,128.1)	(1,645.3)	-38.7%	-58.0%
Expense for CER, CVS, UVA and UVI adjustments	(832.8)	(993.1)	(1,176.2)	-16.1%	-29.2%
Interest from corporate bonds	(1,523.9)	(2,121.2)	(2,821.5)	-28.2%	-46.0%
Interest on interfinancial loans received	(1.4)	(2.5)	(33.5)	-44.0%	-95.9%
Others	(30.1)	(7.7)	(22.6)	293.0%	32.8%
Total	(74,352.1)	(52,243.5)	(33,493.3)	42.3%	122.0%



Net fee and commission income for the quarter was Ps. 3,361.8 million; compared to Ps. 3,445.8 million of Q1 2023 and Ps. 3,994.1 million of Q2 2022; representing a 2.4% and 15.8% decrease QoQ and YoY respectively.

Net fee and commission income (in millions of pesos)	3 month period ended			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Fee and commission income					
Fee charged on consumer clients	2,412.0	2,567.5	3,190.7	-6.1%	-24.4%
Linked to liabilities	1,024.9	938.7	894.6	9.2%	14.6%
Others	159.1	148.8	144.0	6.9%	10.5%
Total	3,596.0	3,654.9	4,229.3	-1.6%	-15.0%
Fee and commission expense					
Credit related fees	(102.7)	(103.4)	(100.6)	-0.7%	2.1%
Debt placement charges	(78.3)	(95.7)	(109.6)	-18.1%	-28.6%
Others	(53.2)	(10.0)	(25.0)	N/A	112.8%
Total	(234.2)	(209.1)	(235.2)	12.0%	-0.4%
Net fee and commission income	3,361.8	3,445.8	3,994.1	-2.4%	-15.8%

Net income from financial instruments at fair value through profit and loss for the quarter was Ps. 43,351.6 million, compared to Ps. 29,964.6 million of Q1 2023 and Ps. 30,143.1 million of Q2 2022, which represents an increase of 44.7% QoQ and of 43.8% YoY.

Net income from financial instruments at fair value through profit or loss

(in millions of pesos)	3 month period ended			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Income from government securities	37,403.5	28,100.6	29,655.9	33.1%	26.1%
Income from other corporate securities	2,500.2	981.6	357.1	154.7%	N/A
Income from other securities	3,447.8	882.5	130.1	290.7%	N/A
Total	43,351.6	29,964.6	30,143.1	44.7%	43.8%

Other operating income for the quarter was Ps. 1,822.4 million, compared to Ps. 10,814.3 million of Q1 2023 and Ps. 6,533.2 million of Q2 2022, which represents a decrease of 83.1% QoQ and a decrease of 72.1% YoY.

Other operating income

(in millions of pesos)	3 month period ended			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Loan servicing	561.8	577.1	712.9	-2.6%	-21.2%
Borrowing transactions commissions	239.5	253.9	273.8	-5.7%	-12.5%
Income from Procrear services	1,385.0	737.2	1,898.7	87.9%	-27.1%
Other income from services	365.7	105.0	431.9	248.1%	-15.3%
Penalty interest	54.6	57.1	101.2	-4.4%	-46.1%
Loans recovered	124.7	166.6	209.1	-25.1%	-40.3%
Net Income from non current assets held for sell measured at fair value	(3,268.3)	4,641.8	-	-170.4%	N/A
Premium and income from insurance activity	3,118.6	3,892.5	4,016.2	-19.9%	-22.3%
Others	(759.2)	383.1	(1,110.5)	-298.1%	-31.6%
Total	1,822.4	10,814.3	6,533.2	-83.1%	-72.1%



Provision for loan losses for the quarter was Ps. 350.4 million which represents a decrease of 58.4% QoQ and an decrease of 81.3% YoY.

Personnel expenses for the quarter were Ps. 9,384.9 million, compared to Ps. 7,495million of Q1 2023 and to Ps. 9,953.4 of Q2 2022, which represents an increase of 25.2% QoQ and a decrease of 5.7% YoY.

Personnel expenses (in millions of pesos)	3 month period ended			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Salaries	(4,579.5)	(4,098.4)	(4,698.3)	11.7%	-2.5%
Vacation bonus	(526.9)	(517.6)	(690.3)	1.8%	-23.7%
Social security expenses	(990.6)	(1,008.2)	(1,713.3)	-1.7%	-42.2%
Severance and bonus expenses	(2,906.6)	(1,573.0)	(2,522.0)	84.8%	15.2%
Other personnel expenses	(381.3)	(297.7)	(329.5)	28.1%	15.7%
Total	(9,384.9)	(7,495.0)	(9,953.4)	25.2%	-5.7%

Administrative expenses for the quarter were Ps. 3,588.4million, compared to Ps. 3,437.6 million of Q1 2023 and to Ps. 3,839.9 million of Q2 2022, which represents an increase of 4.4% QoQ and a decrease of 6.5% YoY.

Administrative expenses (in millions of pesos)	3 month period ended			Variation (%)	
	06/30/2023	3/31/2023	06/30/2022	QoQ	YoY
Directors' and statutory auditors' fees	(459.1)	(463.6)	(504.0)	-1.0%	-8.9%
Fees and compensation for services	(1,362.7)	(1,359.7)	(1,587.0)	0.2%	-14.1%
Advertising, promotion and research expenses	(219.1)	(121.7)	(116.3)	80.1%	88.4%
Taxes and duties	(409.3)	(451.5)	(434.1)	-9.3%	-5.7%
Maintenance and repairs	(272.6)	(279.5)	(301.2)	-2.5%	-9.5%
Electricity, gas and telephone services	(240.9)	(258.2)	(266.3)	-6.7%	-9.5%
Others	(624.6)	(503.4)	(631.0)	24.1%	-1.0%
Total	(3,588.4)	(3,437.6)	(3,839.9)	4.4%	-6.5%

Other operating expenses for the quarter were Ps. 7,373.3 million, compared to Ps. 6,666.2 million of Q1 2023 and to Ps. 11,007.7 million of Q2 2022, which increased 10.6% QoQ and decreased 33% YoY.

Other operating expenses (in millions of pesos)	3 month period ended			Variation (%)	
	6/30/2023	3/31/2023	6/30/2022	QoQ	YoY
Turnover tax and others	(4,147.8)	(3,437.3)	(2,731.9)	20.7%	51.8%
Contribution to the deposit insurance fund	(132.8)	(199.1)	(268.1)	(33.3)%	(50.5)%
Loan servicing	(1,583.3)	(1,559.5)	(1,721.6)	1.5%	(8.0)%
Charges for other provisions	(390.1)	(427.3)	(1,271.7)	(8.7)%	(69.3)%
Debit card, credit card & loan rebates	(146.2)	(168.9)	(87.1)	(13.4)%	67.9%
Others	(973.2)	(874.0)	(4,927.4)	11.3%	(80.3)%
Total	(7,373.3)	(6,666.2)	(11,007.7)	10.6%	(33.0)%





Non-financial private sector loan portfolio totaled Ps. 101,245.1 million in the quarter, compared to Ps. 104,659 million of Q1 2023 and to Ps. 138,591.2 million of Q2 2022, which represents a decrease of 3.3% QoQ and of 26.9% YoY.

Loans to the non-financial private sector and foreign residents

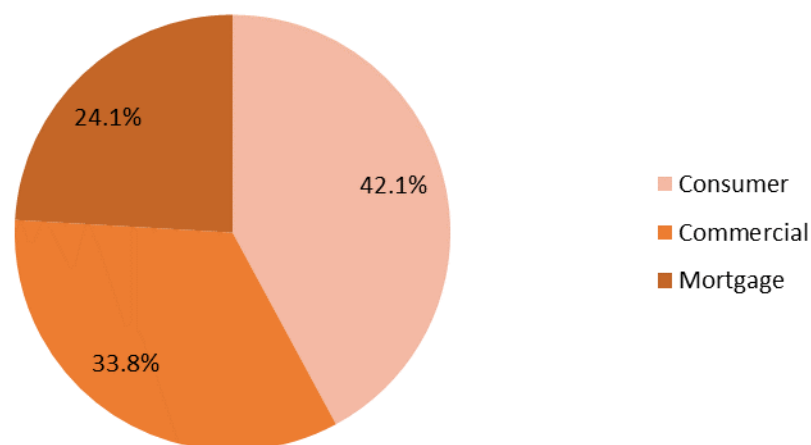
(in millions of pesos)

	3 month period ended			Variation (%)	
	06/30/23	03/31/23	06/30/22	QoQ	YoY
Overdraft facilities	2,138.5	5,320.4	2,236.1	-59.8%	-4.4%
Promissory notes	12,652.4	10,552.7	14,758.7	19.9%	-14.3%
Mortgage loans	23,313.5	23,830.1	27,608.6	-2.2%	-15.6%
Pledge loans	25.0	36.8	93.1	-32.1%	-73.2%
Consumer loans	8,503.2	9,297.6	11,696.3	-8.5%	-27.3%
Credit cards	34,142.1	34,973.6	52,002.1	-2.4%	-34.3%
Financial leases	1,555.0	1,916.5	790.9	-18.9%	96.6%
Loans to entity's personnel	1,063.6	1,115.6	1,267.7	-4.7%	-16.1%
Unallocated collections	(12.4)	(14.4)	(16.8)	-14.2%	-26.3%
Others	17,926.9	16,887.1	26,256.3	6.2%	-31.7%
Accrued interest and quotation differences receivable	1,976.7	1,940.1	3,022.0	1.9%	-34.6%
Documented interest	(2,039.4)	(1,197.0)	(1,123.8)	70.4%	81.5%
Total	101,245.1	104,659.0	138,591.2	-3.3%	-26.9%

BH's non-financial private sector loan portfolio composition as of June 30th, 2023 was 66.2% of retail financing and housing loans (42.1% consumer and 24.1% housing) and 33.8% of commercial loans, providing a highly diversified client base.

Non-financial Private Sector and Foreign Residents' Loan Portfolio Diversification

Q2 2023





On a consolidated basis, NPL remained 2.7% in Q2 2023, while coverage ratio increased from 82.3% same quarter last year to 113.3% this quarter. Besides, NPL in the consumer portfolio decreased from 7.6% to 2.9% during the same period.

Non-performing loans

(in millions of pesos)

	As of		
	06/30/23	03/31/23	06/30/22
Consolidated level			
Non-performing loans	2,966.2	3,034.2	6,265.9
Total portfolio	111,486.6	111,333.5	147,565.4
Allowances (total)	3,360.6	3,610.7	5,154.1
Non-performing loans / Total portfolio	2.7%	2.7%	4.2%
Allowances (total) / Non-performing loans	113.3%	119.0%	82.3%
Consumer portfolio			
Non-performing loans (consumer)	1,659.3	1,721.7	2,088.1
Consumer portfolio	67,024.9	69,173.1	92,558.3
Allowances (consumer)	2,401.5	2,740.2	3,833.9
Non-performing loans (consumer) / Consumer portfolio	2.5%	2.5%	2.3%
Allowances (consumer) / Non-performing loans (consumer)	144.7%	159.2%	183.6%
Commercial portfolio			
Non-performing loans (commercial)	1,306.9	1,312.5	4,177.8
Commercial portfolio	44,461.7	42,160.3	55,007.0
Allowances (commercial)	959.1	870.5	1,320.2
Non-performing loans (commercial) / Commercial portfolio	2.9%	3.1%	7.6%
Allowances (Commercial) / Non-performing loans (commercial)	73.4%	66.3%	31.6%

Deposits totaled Ps. 497,723.6 million, representing an increase of 37.5% QoQ and a decrease of 3.9% YoY, while capital markets debt totaled Ps. 16,196.8 million, which decreased 15.5% QoQ and 48.5% YoY.

Funding

(in millions of pesos)

	NPL						Variation (%)	
	06/30/23		03/31/23		03/31/2021		QoQ	YoY
	Ps.	%	Ps.	%	Ps.	%		
Deposits	497,723.6	96.8%	362,107.3	95.0%	517,708.5	94.3%	37.5%	-3.9%
Local capital markets debt	4,132.7	0.8%	9,352.9	2.5%	20,931.9	3.8%	-55.8%	-80.3%
International capital markets debt	12,064.1	2.3%	9,822.8	2.6%	10,504.3	1.9%	22.8%	14.9%
Unsubordinated Senior Notes	16,196.8	3.2%	19,175.7	5.0%	31,436.2	5.7%	-15.5%	-48.5%
Total	513,920.4	100.0%	381,283.0	100.0%	549,144.6	100.0%	34.8%	-6.4%





Comparative consolidated balance sheet

(in millions of pesos)

	As of			Variation (%)	
	6/30/2023	03/31/2023	6/30/2022	QoQ	YoY
Assets					
Cash and due from banks deposits	32,387.7	42,598.9	37,793.9	-24.0%	-14.3%
Debt securities at fair value through profit or loss	192,796.3	154,950.3	293,400.2	24.4%	-34.3%
Derivatives	213.6	108.0	34.7	97.8%	N/A
Repo transactions	221,302.8	113,144.6	66,689.3	95.6%	231.8%
Loans and other financing	26,757.6	22,764.8	26,670.1	17.5%	0.3%
Non-Financial Public Sector	-	0.0	0.0	N/A	N/A
Financial Sector	474.9	270.2	782.0	75.8%	-39.3%
Non-Financial Private Sector and Foreign Residents	101,245.1	104,659.0	138,591.2	-3.3%	-26.9%
Allowances	(3,168.1)	(3,511.5)	(4,827.7)	-9.8%	-34.4%
Loans, net of allowances	98,552.8	101,417.7	134,545.5	-2.8%	-26.8%
Other debt securities	42,866.3	29,876.1	76,633.6	43.5%	-44.1%
Financial assets in guarantee	16,472.4	19,416.1	14,626.6	-15.2%	12.6%
Investment in subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Property, plant and equipment	18,857.0	19,076.1	20,204.2	-1.1%	-6.7%
Others	21,843.6	25,883.5	25,442.0	-15.6%	-14.1%
Total Assets	672,049.9	529,236.0	696,040.2	27.0%	-3.4%
	-	-			
Liabilities					
Deposits	497,723.6	362,107.3	517,708.5	37.5%	-3.9%
Liabilities at fair value through profit or loss	4,581.8	3,982.7	9,977.9	15.0%	-54.1%
Derivatives	27.8	22.3	0.7	24.5%	N/A
Repo transactions	1,456.3	-	403.6	N/A	260.8%
Other financial liabilities	39,490.4	36,507.0	42,527.7	8.2%	-7.1%
Financing received from Argentine Central Bank and other financial insti	572.3	261.5	613.4	118.9%	-6.7%
Unsubordinated Senior Notes	16,196.8	19,175.7	31,436.2	-15.5%	-48.5%
Current income tax liabilities	1,572.3	1,772.8	330.6	-11.3%	N/A
Subordinated Senior Notes	-	-	-	N/A	N/A
Provisions	848.3	1,226.1	1,922.3	-30.8%	-55.9%
Deferred income tax liabilities	7,993.7	6,404.0	306.8	24.8%	N/A
Other non financial liabilities	16,384.1	16,844.4	18,044.6	-2.7%	-9.2%
Total Liabilities	586,847.5	448,303.8	623,272.2	30.9%	-5.8%
Shareholders' Equity attributable to non-controlling interest	2,326.1	2,071.3	1,654.8	12.3%	40.6%
Shareholders' Equity attributable to parent's shareholders	82,876.3	78,860.9	71,113.2	5.1%	16.5%
Total Shareholders' Equity	85,202.4	80,932.2	72,768.0	5.3%	17.1%





Comparative consolidated income statement

(in millions of pesos)

	As of		Variation (%)	
	6/30/2023	6/30/2022	QoQ	YoY
Interest income	103.121,2	58.661,7	158,5%	75,8%
Adjustments income	4.987,4	4.114,8	28,4%	21,2%
Interest expense	(125.762,8)	(65.398,6)	145,4%	92,3%
Adjustments expense	(832,8)	(1.176,2)	-16,1%	(29,2)%
Net interest income	(18.487,0)	(3.798,4)	118,4%	N/A
Fee and commission income	7.251,0	8.654,3	98,4%	(16,2)%
Fee and commission expense	(443,3)	(519,8)	112,0%	(14,7)%
Net fee and commission income	6.807,7	8.134,4	97,6%	(16,3)%
Net Income from financial instruments at fair value through profit or loss	73.316,2	51.816,5	144,7%	41,5%
Income from asset derecognition measured at amortized cost	(91,1)	-	N/A	N/A
Gold and foreign currency exchange rate differences	(852,1)	(1.107,3)	85,0%	(23,0)%
Other operating income	12.636,7	13.672,6	16,9%	(7,6)%
Loan loss provision	(1.193,0)	(2.632,5)	41,6%	(54,7)%
Net operating income	72.137,3	66.085,4	109,4%	9,2%
Personnel expenses	(16.879,9)	(17.797,1)	125,2%	(5,2)%
Administrative expenses	(7.026,0)	(7.582,2)	104,4%	(7,3)%
Depreciation and impairment of non-financial assets	(1.100,5)	(1.340,2)	100,9%	(17,9)%
Other operating expenses	(14.039,4)	(22.357,9)	110,6%	(37,2)%
Operating income	33.091,5	17.008,1	102,9%	94,6%
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	N/A	N/A
Gain (loss) on net monetary position	(19.020,7)	(4.418,0)	112,0%	N/A
Income before income tax from continuing operations	14.070,8	12.590,1	91,8%	11,8%
Income tax	(5.400,7)	(6.803,8)	87,4%	(20,6)%
Net income (loss) for the period attributable to non-controlling interests	129,5	(114,6)	-287,9%	(213,0)%
Net income (loss) for the period attributable to the parent's company	8.540,5	5.900,9	88,7%	44,7%



Statistic data and comparative ratios

For the period ended on

	06/30/2023	3/31/2023	06/30/2022
Profitability			
ROAA quarterly annualized (return on average assets)	2.7%	3.2%	1.7%
ROAA accumulated annualized (return on average assets)	2.7%	3.2%	1.4%
ROAE quarterly annualized (return on average equity)	19.9%	23.6%	16.9%
ROAE accumulated annualized (return on average equity)	21.7%	23.6%	17.3%
Net financial margin*	16.9%	14.8%	10.9%
Efficiency**	43.3%	45.5%	48.0%
Capital			
Shareholders' Equity / Total Assets	12.3%	12.2%	10.2%
CET I Ratio	23.7%	24.6%	18.7%
Tier 1 Ratio	23.7%	24.6%	18.7%
Total Capital Ratio	23.8%	25.1%	18.9%
Liquidity			
Liquid Assets / Deposits	98.3%	94.1%	91.7%
LCR	112.0%	173.0%	139.3%
NSFR	214.0%	220.4%	180.1%
Loans / Deposits	19.8%	28.0%	26.0%

* (Annualized net interest income + annualized Net Income from financial instruments at Fair Value through profit and loss + annualized Difference in quoted prices of gold and foreign currency) / Average Assets

** (Personnel expenses + administrative expenses + depreciation and impairment of assets) / (Net Interest Income + Net Fee Income + Net Income from financial instruments at Fair Value through profit and loss + difference in quoted prices of gold and foreign currency + other items included in income and operating expenses)





III. VISION AND STRATEGIC FOCUSES

The bank's vision is to be the provider of financial services for Argentine households, families and companies: efficient and digital, recognized for its excellence in customer service, promoting a culture focused on people, decision-making based on data and characterized in a positive social footprint.

This new perspective includes three objectives that involve the entire Organization, and cover the development and implementation of different initiatives that promote compliance. In turn, they are measured through the analysis of key results in their respective indicators.

The first objective, or strategic focus, is about the customer experience, omnichannel and recognized for its excellence. The second objective focuses on people's development within an agile and flexible culture, supported by decisions based on data and promoting a positive social impact. And the last strategic focus is about efficiency and profitability, sustainable and supported by a balanced and competitively funded business.

The key results that measure these strategic focuses are: Global NPS, digital channel satisfaction index, job satisfaction index, positive social footprint index, ROE, efficiency, NPL, Demand deposits/liabilities and net profit.

IV. NEXT QUARTER AND 2023 PERSPECTIVES

The next quarter and 2023 perspectives for the Bank are based on:

- ✓ Continue with the high quality standard of our operations.
- ✓ Maintain high liquidity and solvency levels and ensure the well-being of our employees.
- ✓ Deepen the implementation of the digital strategy to enhance distribution capacity and increase client base profitability.
- ✓ Sustain a balanced asset and liability structure in order to hedge the different tenors and currencies.
- ✓ Continue with the development of sustainable housing solutions.
- ✓ Improve efficiency and continue with the rationalization of expenses.

Assets and liabilities denominated in foreign currency as of June 30th, 2022 were converted to Pesos at the exchange rate of Ps. (\$125,215/USD1.00) and Ps. (\$131,2535/EUR1.00), which was the reference exchange rate published by the Central Bank on such date.

Unless otherwise indicated, all figures are stated in millions of pesos.





Disclaimer

Any comment made in this release in relation to future events is subject to many conditions and risks detailed and described in our Offering Memorandums and financial statements available at our website (www.hipotecario.com.ar / Investor Relations).

The words “believe,” “may,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition.

This release is a summary analysis of Banco Hipotecario's financial condition and results of operations as of and for the period indicated, which might have certain reclassification from the Financial Statements. For a correct interpretation, this release must be read in conjunction with all other material periodically filed with the Comisión Nacional de Valores (www.cnv.gov.ar) and the Bolsa de Comercio de Buenos Aires (www.bolsar.com). In addition, the Central Bank (www.bcra.gov.ar) may publish information related to Banco Hipotecario as of a date subsequent to the last date for which the Bank has published information.

Eduardo S. Elsztain
Chairman

