

BANCO HIPOTECARIO S.A.

EARNINGS RELEASE – THIRD QUARTER 2023





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

Friday, December 1st, 2023, 09:00 AM EST

If you would like to participate, the hyperlink is:

<https://us06web.zoom.us/j/85755027075?pwd=BrRsbHvma57cbK5Hak1rv1cOUo324>
T.1

Web Seminar ID: 857 5502 7075

Access code: 015248

Or you can dial in:

U.S.A: +1 646 558 8656;

+1 646 931 3860

Preferably 10 minutes before the call is due to begin.

The conference will be held in English.



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THIRD 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 September 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. 1,936.5 million, compared to Ps. 5,413.7 million of last quarter and Ps. 1,495.0 million of same quarter last year.
- The ROAE for Q3 2023 was 6.9% compared to 19.9% for Q2 2023 and 6.2% for the same quarter last year, while ROAA for the same periods were 0.8%, 2.7% and 0.7%, respectively.
- The net operating income for the quarter was Ps. 49,834.2 million, 2.0% less than the Ps. 50,870.9 million of previous quarter and 16.6% higher than the Ps. 42,723.4 million of same quarter of last year.
- Operating income for the quarter was Ps. 21,301.9 million, compared to Ps. 22,625.7 million of previous quarter and Ps. 13,169.3 million of same quarter of last year.
- Loans to the non-financial private sector and foreign residents decreased 15.8% QoQ and 29.6% YoY.
- Deposits increased 12.8% QoQ and 49.5% YoY, while capital markets debt decreased 3.2% QoQ and 40.4% YoY.
- NPL increased QoQ from 2.7% to 3.0% but decreased from 4.4% same quarter last year. Consumer and commercial NPL was 2.5% and 3.8%, respectively. The coverage ratio increased from 92.3% in Q3 2022 to 113.3% in Q2 2023 and to 117.8% in Q3 2023. The coverage ratio for the consumer portfolio was 159.7% and for the commercial portfolio 71.7%.
- Total capital ratio as a percentage of RWA as of September 30, 2023 was 25.3% compared to 23.8% of previous quarter and 22.2% of same quarter of last year.
- The general level of the consumer price index accumulated an increase of 34.7% in the third quarter of 2023, while it was 23.9% and 21.7% on the previous quarter and for the same quarter of last year, respectively.
- In October 2023, the Bank executed the installment payments of the senior unsecured notes Series 4 for a total amount of USD 15,667,200.



Buenos Aires, November 30th, 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 September 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. THIRD QUARTER 2023 CONSOLIDATED RESULTS

Net income attributable to owners of the parent company for the quarter was Ps. 1,936.5, compared to Ps. 5,413.7 million of last quarter and Ps. 1,495.0 million of same quarter last year.

Regarding profitability ratios, the ROAA for Q3 2023 was 0.8% compared to 2.7% for Q2 2023 and 0.7% for Q3 2022, while ROAE for the same periods were 6.9%, 19.9% and 6.2%, respectively.

Income statement (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2023	6/30/2023	9/30/2022	QoQ	YoY
Interest and adjustments income	109,875.1	86,731.2	39,074.6	26.7%	181.2%
Interest and adjustments expense	(132,808.0)	(100,242.6)	(54,089.0)	32.5%	145.5%
Net interest income	(22,932.9)	(13,511.4)	(15,014.4)	69.7%	52.7%
Fee and commission income	5,047.2	4,848.2	5,122.4	4.1%	(1.5)%
Fee and commission expense	(333.8)	(315.8)	(407.8)	5.7%	-18%
Net fee and commission income	4,713.4	4,532.5	4,714.6	4.0%	(0.0)%
Net income from financial instruments at fair value through profit or loss	72,297.3	58,447.2	46,682.6	23.7%	54.9%
Income from asset derecognition measured at amortized cost	(5,175.7)	-	18.1	N/A	N/A
Gold and foreign currency exchange rate differences	(5,952.1)	(527.8)	247.0	N/A	N/A
Other operating income	7,714.5	2,525.5	7,453.6	205.5%	3.5%
Loan loss provision	(830.3)	(472.3)	(1,378.0)	75.8%	(39.7)%
Net operating income	49,834.2	50,870.9	42,723.4	(2.0)%	16.6%
Personnel expenses	(11,078.9)	(12,652.9)	(10,371.6)	(12.4)%	6.8%
Administrative expenses	(4,966.8)	(4,838.0)	(4,463.4)	2.7%	11.3%
Depreciation and impairment of non-financial assets	(794.2)	(745.1)	(916.3)	6.6%	(13.3)%
Other operating expenses	(11,692.3)	(10,009.3)	(13,802.8)	16.8%	(15.3)%
Operating income (loss)	21,301.9	22,625.7	13,169.3	(5.9)%	61.8%
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Gain (loss) on net monetary position	(20,379.0)	(13,547.5)	(7,902.8)	50.4%	157.9%
Income tax	1,239.8	(3,396.9)	(3,786.2)	(136.5)%	(132.7)%
Net income of the period attributable to non-controlling interests	226.3	267.5	(14.7)	(15.4)%	N/A
Net Income attributable to the parent's company	1,936.5	5,413.7	1,495.0	(64.2)%	29.5%

Financial margin, measured as the sum of Net Interest Income, Net Income from financial instruments at fair value through profit or loss, Income from asset derecognition and Gold and foreign currency exchange rate differences for Q3 2023 was Ps. 38,236.6 million, compared to Ps. 44,285.2 last quarter and Ps. 31,933.3 million same quarter of last year, which represents a decrease of 13.9% QoQ and an increase of 19.4% YoY.



Financial Margin	For the period ended on			Variation (%)	
	30/09/23	30/06/23	30/09/22	QoQ	YoY
Net interest income	(22,932.9)	(13,511.4)	(15,014.4)	69.7%	53%
Net Income from financial instruments at fair value through profit or loss	72,297.3	58,447.2	46,682.6	23.7%	54.9%
Income from asset derecognition measured at amortized cost	(5,298.5)	(122.8)	18.1	N/A	N/A
Gold and foreign currency exchange rate differences	(5,952.1)	(527.8)	247.0	1027.6%	N/A
Financial Margin	38,113.8	44,285.2	31,933.3	(13.9)%	19.4%

Net interest income for the quarter was Ps. (22,932.9) million, compared to Ps. (13,511.4) million the previous quarter and to Ps. (15,014.4) million same quarter last year.

Interest income for the quarter was Ps. 109,875.1, representing a 26.7% and a 181.2% 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 (%)	
	30/09/23	30/06/23	30/09/22	QoQ	YoY
Interest on cash and due from bank	83,668.2	59,946.5	11,211.1	39.6%	N/A
Interest on loans to the financial sector	59.8	67.3	86.0	(11.3)%	(30.5)%
Interest from public and corporate securities	7,043.2	7,057.3	9,972.6	(0.2)%	(29.4)%
Interest on overdrafts facilities	854.2	880.6	655.0	(3.0)%	30.4%
Interest on promissory notes	1,603.7	1,822.0	1,696.3	(12.0)%	(5.5)%
Interest on pledge loans	2.6	3.6	8.9	(26.1)%	(70.6)%
Interest on financial leases	269.6	306.6	215.3	(12.1)%	25.2%
Interest on other loans	2,130.2	1,872.0	2,093.2	13.8%	1.8%
Interest from commercial loans	4,860.3	4,884.7	4,668.7	(0.5)%	4.1%
Interest on consumer loans	1,983.0	2,199.8	2,097.2	(9.9)%	(5.4)%
Interest on credit card loans	5,126.7	5,203.3	4,609.1	(1.5)%	11.2%
Interest from consumer loans	7,109.7	7,403.1	6,706.3	(4.0)%	6.0%
Interest on mortgage loans	621.8	636.9	752.6	(2.4)%	(17.4)%
Interest on other receivables from financial operations	8.6	10.9	2.2	(21.9)%	295.3%
Income from CER, CVS, UVA and UVI adjustments	6,503.5	6,724.1	5,619.2	(3.3)%	15.7%
Interest from mortgage loans	7,133.8	7,371.9	6,374.0	(3.2)%	11.9%
Others	0.1	0.3	55.9	(68.7)%	(99.8)%
Total	109,875.1	86,731.2	39,074.6	26.7%	181.2%

Interest and adjustments expense for the quarter was Ps. 132,808.0 million compared to Ps. 100,242.6 million of Q2 2023 and Ps. 54.089 million of Q3 2022; representing a 32.5% increase QoQ and a 145.5% increase YoY.

Interest and adjustments expense (in millions of pesos)	3 month period ended			Variation (%)	
	30/09/2023	30/06/2023	30/09/2022	QoQ	YoY
Interest on current accounts deposits	(75,050.3)	(56,562.1)	(20,672.4)	32.7%	263.0%
Interest on saving accounts deposits	(32.7)	(26.2)	(26.4)	24.9%	23.8%
Interest on time deposits	(56,261.8)	(41,557.4)	(28,620.3)	35.4%	96.6%
Interest from deposits	(131,344.8)	(98,145.6)	(49,319.2)	33.8%	166.3%
Interest on other liabilities resulting from financial transactions	(739.9)	(931.8)	(1,863.2)	(20.6)%	(60.3)%
Expense for CER, CVS, UVA and UVI adjustments	(604.1)	(1,122.7)	(2,750.6)	(46.2)%	(78.0)%
Interest from corporate bonds	(1,344.0)	(2,054.6)	(4,613.8)	(34.6)%	(70.9)%
Interest on interfinancial loans received	(9.5)	(1.9)	(112.5)	N/A	(91.6)%
Others	(109.7)	(40.5)	(43.5)	170.7%	152.3%
Total	(132,808.0)	(100,242.6)	(54,089.0)	32.5%	145.5%





Net fee and commission income for the quarter was Ps. 4,713.4 million; compared to Ps. 4,532.5 million of Q2 2023 and Ps. 4,714.6 million of Q3 2022; representing a 4% decrease QoQ and remained YoY.

Net fee and commission income (in millions of pesos)	3 month period ended			Variation (%)	
	30/09/23	30/06/23	30/09/22	QoQ	YoY
Fee and commission income					
Fee charged on consumer clients	3,261.3	3,252.0	3,842.3	0.3%	(15.1)%
Linked to liabilities	1,612.9	1,381.8	1,120.4	16.7%	44.0%
Others	173.0	214.5	159.6	(19.3)%	8.4%
Total	5,047.2	4,848.2	5,122.4	4.1%	(1.5)%
Fee and commission expense					
Credit related fees	(158.2)	(138.4)	(171.4)	14.3%	(7.7)%
Debt placement charges	(145.3)	(105.6)	(202.0)	37.5%	(28.1)%
Others	(30.4)	(71.7)	(34.4)	(57.6)%	(11.7)%
Total	(333.8)	(315.8)	(407.8)	5.7%	(18.1)%
Net fee and commission income	4,713.4	4,532.5	4,714.6	4.0%	(0.0)%

Net income from financial instruments at fair value through profit and loss for the quarter was Ps. 72,297.3 million, compared to Ps. 58,447.2 million of Q2 2023 and Ps. 46,682.6 million of Q3 2022, which represents an increase of 23.7% QoQ and of 54.9% YoY.

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

(in millions of pesos)	3 month period ended			Variation (%)	
	30/09/2023	30/06/2023	30/09/2022	QoQ	YoY
Income from government securities	64,101.1	50,428.0	44,696.8	27.1%	43.4%
Income from other corporate securities	2,894.1	3,370.8	1,487.1	-14.1%	94.6%
Income from other securities	5,302.1	4,648.4	498.8	14.1%	N/A
Total	72,297.3	58,447.2	46,682.6	23.7%	54.9%

Other operating income for the quarter was Ps. 7,714.5 million, compared to Ps. 2,525.5 million of Q2 2023 and Ps. 7,453.6 million of Q3 2022, which represents an increase of 205.5% QoQ and of 3.5% YoY.

Other operating income

(in millions of pesos)	3 month period ended			Variation (%)	
	30/09/2023	30/06/2023	30/09/2022	QoQ	YoY
Loan servicing	849.6	757.4	369.6	12.2%	129.9%
Borrowing transactions commissions	346.3	322.8	367.1	7.3%	(5.7)%
Income from Procrear services	2,477.6	1,867.2	2,484.2	32.7%	(0.3)%
Other income from services	1,142.7	493.0	1,210.4	131.8%	(5.6)%
Penalty interest	88.6	73.6	69.0	20.4%	28.3%
Loans recovered	142.4	168.2	435.1	(15.4)%	(67.3)%
Net Income from non current assets held for sell measured at fair value	(119.2)	(4,406.4)	-	(97.3)%	N/A
Premium and income from insurance activity	4,122.8	4,204.6	5,423.6	(1.9)%	(24.0)%
Others	(1,336.2)	(955.0)	(2,905.6)	39.9%	(54.0)%
Total	7,714.5	2,525.5	7,453.6	205.5%	3.5%



Provision for loan losses for the quarter was Ps. 830.3 million which represents an increase of 75.8% QoQ and a decrease of 39.7% YoY.

Personnel expenses for the quarter were Ps. 11,078.9 million, compared to Ps. 12,652.9 million of Q2 2023 and to Ps. 10,371.6 of Q3 2022, which represents a decrease of 12.4% QoQ and an increase of 6.8% YoY.

Personnel expenses (in millions of pesos)	3 month period ended			Variation (%)	
	30/09/2023	30/06/2023	30/09/2022	QoQ	YoY
Salaries	(6,077.8)	(6,174.1)	(5,628.7)	(1.6)%	8.0%
Vacation bonus	(656.3)	(710.4)	(594.9)	(7.6)%	10.3%
Social security expenses	(711.1)	(1,335.5)	(918.8)	(46.8)%	(22.6)%
Severance and bonus expenses	(3,147.4)	(3,918.7)	(2,856.0)	(19.7)%	10.2%
Other personnel expenses	(486.2)	(514.1)	(373.3)	(5.4)%	30.3%
Total	(11,078.9)	(12,652.9)	(10,371.6)	(12.4)%	6.8%

Administrative expenses for the quarter were Ps. 4,966.8 million, compared to Ps. 4,838.0 million of Q2 2023 and to Ps. 4,463.4 million of Q3 2022, which represents an increase of 2.7% QoQ and a decrease of 11.3% YoY.

Administrative expenses (in millions of pesos)	3 month period ended			Variation (%)	
	30/09/2023	30/06/2023	30/09/2022	QoQ	YoY
Directors' and statutory auditors' fees	(747.8)	(619.0)	(55.0)	20.8%	N/A
Fees and compensation for services	(1,856.1)	(1,837.3)	(2,206.7)	1.0%	(15.9)%
Advertising, promotion and research expenses	(297.9)	(295.4)	(257.0)	0.8%	15.9%
Taxes and duties	(668.4)	(551.9)	(539.5)	21.1%	23.9%
Maintenance and repairs	(397.0)	(367.6)	(349.2)	8.0%	13.7%
Electricity, gas and telephone services	(277.4)	(324.8)	(347.5)	(14.6)%	(20.2)%
Others	(722.2)	(842.1)	(708.5)	(14.2)%	1.9%
Total	(4,966.8)	(4,838.0)	(4,463.4)	2.7%	11.3%

Other operating expenses for the quarter were Ps. 11,692.3 million, compared to Ps. 10,009.3 million of Q2 2023 and to Ps. 13,802.8 million of Q 2022, which increased 16.8% QoQ and decreased 15.3% YoY.

Other operating expenses (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2023	6/30/2023	9/30/2022	QoQ	YoY
Turnover tax and others	(7,595.2)	(5,592.1)	(3,931.6)	35.8%	93.2%
Contribution to the deposit insurance fund	(240.5)	(179.0)	(277.2)	34.3%	(13.3)%
Loan servicing	(2,104.1)	(2,134.7)	(2,038.0)	(1.4)%	3.2%
Charges for other provisions	(469.3)	(594.5)	(467.1)	(21.0)%	0.5%
Debit card, credit card & loan rebates	(245.3)	(197.1)	(355.5)	24.4%	(31.0)%
Others	(1,038.0)	(1,312.0)	(6,733.5)	(20.9)%	(84.6)%
Total	(11,692.3)	(10,009.3)	(13,802.8)	16.8%	(15.3)%





Non-financial private sector loan portfolio totaled Ps. 114,940.5 million in the quarter, compared to Ps. 136,500.1 million of Q2 2023 and to Ps. 163,246.7 million of Q3 2022, which represents a decrease of 15.8% QoQ and of 29.6% YoY.

Loans to the non-financial private sector and foreign residents

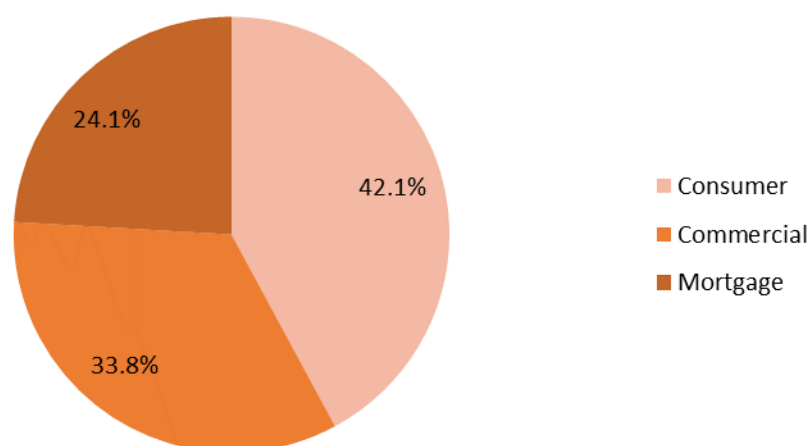
(in millions of pesos)

	3 month period ended			Variation (%)	
	30/09/2023	30/06/2023	30/09/2022	QoQ	YoY
Overdraft facilities	1,826.2	2,883.2	2,719.8	(36.7)%	(32.9)%
Promissory notes	10,569.1	17,058.1	17,351.0	(38.0)%	(39.1)%
Mortgage loans	27,992.6	31,431.6	34,599.4	(10.9)%	(19.1)%
Pledge loans	20.9	33.7	92.0	(37.8)%	(77.2)%
Consumer loans	8,352.8	11,464.2	14,122.9	(27.1)%	(40.9)%
Credit cards	40,688.0	46,030.8	58,282.3	(11.6)%	(30.2)%
Financial leases	1,540.2	2,096.5	1,592.4	(26.5)%	(3.3)%
Loans to entity's personnel	1,250.1	1,434.0	1,695.9	(12.8)%	(26.3)%
Unallocated collections	(11.9)	(16.7)	(47.4)	(28.6)%	(74.9)%
Others	22,394.7	24,169.3	30,997.8	(7.3)%	(27.8)%
Accrued interest and quotation differences receivable	2,173.6	2,665.0	3,622.3	(18.4)%	(40.0)%
Documented interest	(1,855.9)	(2,749.6)	(1,781.6)	(32.5)%	4.2%
Total	114,940.5	136,500.1	163,246.7	(15.8)%	(29.6)%

BH's non-financial private sector loan portfolio composition as of September 30th, 2023 was 68.1% of retail financing and housing loans (42.7% consumer and 25.4% housing) and 31.9% of commercial loans, providing a highly diversified client base.

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

Q3 2023



On a consolidated basis, NPL decreased from 4.4% in Q3 2022 to 2.7% in Q2 2023 but increased this quarter to 3.0%. Coverage ratio increased from 92.3% same quarter last year to 117.8% this quarter. Besides, NPL in the consumer portfolio decreased from 8.2% to 3.8% during the same period.

Non-performing loans (in millions of pesos)	As of		
	30/09/23	30/06/23	30/09/22
Consolidated level			
Non-performing loans	3,714.1	3,999.1	7,735.7
Total portfolio	124,630.5	150,307.9	173,876.0
Allowances (total)	4,376.5	4,530.8	7,137.3
Non-performing loans / Total portfolio	3.0%	2.7%	4.4%
Allowances (total) / Non-performing loans	117.8%	113.3%	92.3%
Consumer portfolio			
Non-performing loans (consumer)	1,946.1	2,237.0	2,421.0
Consumer portfolio	78,135.3	90,363.9	108,742.9
Allowances (consumer)	3,108.0	3,237.8	4,730.2
Non-performing loans (consumer) / Consumer portfolio	2.5%	2.5%	2.2%
Allowances (consumer) / Non-performing loans (consumer)	159.7%	144.7%	195.4%
Commercial portfolio			
Non-performing loans (commercial)	1,768.1	1,762.0	5,314.8
Commercial portfolio	46,495.2	59,944.0	65,133.1
Allowances (commercial)	1,268.4	1,293.0	2,407.1
Non-performing loans (commercial) / Commercial portfolio	3.8%	2.9%	8.2%
Allowances (Commercial) / Non-performing loans (commercial)	71.7%	73.4%	45.3%

Deposits totaled Ps. 757,219.6 million, representing an increase of 12.8% QoQ and of 49.5% YoY, while capital markets debt totaled Ps. 22,536.5 million, which increased 3.2% QoQ and decreased 40.4% YoY.

Funding (in millions of pesos)	NPL						Variation (%)	
	30/09/2023		30/06/2023		30/09/2022		QoQ	YoY
	Ps.	%	Ps.	%	Ps.	%		
Deposits	757,219.6	97.1%	671,038.6	96.8%	506,467.7	93.0%	12.8%	49.5%
Local capital markets debt	6,086.1	0.8%	9,772.7	1.4%	26,182.4	4.8%	(37.7)%	(76.8)%
International capital markets debt	16,450.5	2.1%	12,064.1	1.7%	11,658.0	2.1%	36.4%	41.1%
Unsubordinated Senior Notes	22,536.5	2.9%	21,836.8	3.2%	37,840.4	7.0%	3.2%	(40.4)%
Total	779,756.1	100.0%	692,875.4	100.0%	544,308.1	100.0%	12.5%	43.3%



Comparative consolidated balance sheet

(in millions of pesos)

	As of			Variation (%)	
	30/09/2023	30/06/2023	30/09/2022	QoQ	YoY
Assets					
Cash and due from banks deposits	41,047.5	43,665.5	48,488.7	(6.0)%	(15.3)%
Debt securities at fair value through profit or loss	339,976.9	259,930.9	280,072.8	30.8%	21.4%
Derivatives	454.4	288.0	469.5	57.8%	(3.2)%
Repo transactions	345,635.4	298,363.7	86,745.1	15.8%	298.4%
Loans and other financing	45,902.8	36,075.0	18,492.5	27.2%	148.2%
Non-Financial Public Sector	0.2	0.8	-	(75.5)%	N/A
Financial Sector	447.7	640.3	495.4	(30.1)%	(9.6)%
Non-Financial Private Sector and Foreign Residents	114,940.5	136,500.1	163,246.7	(15.8)%	(29.6)%
Allowances	(4,241.4)	(4,270.9)	(6,760.0)	(0.7)%	(37.3)%
Loans, net of allowances	111,147.0	132,870.3	156,982.1	(16.3)%	(29.2)%
Other debt securities	42,762.6	57,793.0	53,724.9	(26.0)%	(20.4)%
Financial assets in guarantee	16,651.1	22,208.3	19,561.8	(25.0)%	(14.9)%
Investment in subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Property, plant and equipment	26,176.2	25,423.3	26,690.9	3.0%	(1.9)%
Others	29,997.7	29,449.8	30,860.5	1.9%	(2.8)%
Total Assets	999,751.4	906,067.9	722,088.8	10.3%	38.5%
	-	-			
Liabilities					
Deposits	757,219.6	671,038.6	506,467.7	12.8%	49.5%
Liabilities at fair value through profit or loss	11,277.3	6,177.3	3,752.7	82.6%	200.5%
Derivatives	-	37.5	-	(100.0)%	N/A
Repo transactions	1,381.9	1,963.4	-	(29.6)%	N/A
Other financial liabilities	55,061.8	53,241.5	41,701.3	3.4%	32.0%
Financing received from Argentine Central Bank and other financial insti	1,192.5	771.7	587.8	54.5%	102.9%
Unsubordinated Senior Notes	22,536.5	21,836.8	37,840.4	3.2%	(40.4)%
Current income tax liabilities	2,908.7	2,119.8	2,103.6	37.2%	38.3%
Subordinated Senior Notes	-	-	-	N/A	N/A
Provisions	989.1	1,143.7	2,438.6	(13.5)%	(59.4)%
Deferred income tax liabilities	8,988.1	10,777.2	3,797.0	(16.6)%	136.7%
Other non financial liabilities	21,189.4	22,089.3	23,812.4	(4.1)%	(11.0)%
Total Liabilities	882,745.0	791,196.7	622,501.5	11.6%	41.8%
					N/A
Shareholders' Equity attributable to non-controlling interest	3,334.9	3,136.1	2,216.3	6.3%	50.5%
Shareholders' Equity attributable to parent's shareholders	113,671.6	111,735.1	97,371.0	1.7%	16.7%
Total Shareholders' Equity	117,006.4	114,871.2	99,587.3	1.9%	17.5%



Comparative consolidated income statement
(in millions of pesos)

	As of			Variation (%)	
	30/09/2023	30/06/2023	30/09/2022	QoQ	YoY
Interest income	249,125.2	139,029.5	118,091.5	79.2%	111.0%
Adjustments income	6,503.5	6,724.1	5,619.2	(3.3)%	15.7%
Interest expense	(302,881.9)	(169,555.3)	(141,095.6)	78.6%	114.7%
Adjustments expense	(604.1)	(1,122.7)	(2,750.6)	(46.2)%	(78.0)%
Net interest income	(47,857.3)	(24,924.4)	(20,135.4)	92.0%	137.7%
Fee and commission income	14,823.1	9,775.9	16,790.2	51.6%	(11.7)%
Fee and commission expense	(931.5)	(597.7)	(1,108.6)	55.9%	(16.0)%
Net fee and commission income	13,891.6	9,178.2	15,681.6	51.4%	(11.4)%
Net Income from financial instruments at fair value through profit or loss	171,143.3	98,846.0	116,542.4	73.1%	46.9%
Income from asset derecognition measured at amortized cost	(5,298.5)	(122.8)	18.1	N/A	N/A
Gold and foreign currency exchange rate differences	(7,100.9)	(1,148.8)	(1,245.9)	N/A	N/A
Other operating income	24,851.5	17,137.0	25,930.5	45.0%	(4.2)%
Loan loss provision	(2,438.7)	(1,608.4)	(4,927.3)	51.6%	(50.5)%
Net operating income	147,190.9	97,356.7	131,864.0	51.2%	11.6%
Personnel expenses	(33,836.6)	(22,757.7)	(34,366.0)	48.7%	(1.5)%
Administrative expenses	(14,439.4)	(9,472.6)	(14,685.8)	52.4%	(1.7)%
Depreciation and impairment of non-financial assets	(2,277.9)	(1,483.7)	(2,723.1)	53.5%	(16.3)%
Other operating expenses	(30,720.6)	(19,028.3)	(43,989.3)	61.4%	(30.2)%
Operating income	65,916.4	44,614.5	36,099.9	47.7%	82.6%
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Gain (loss) on net monetary position	(46,023.1)	(25,644.1)	(13,859.2)	79.5%	232.1%
Income before income tax from continuing operations	19,893.3	18,970.4	22,240.6	4.9%	(10.6)%
Income tax	(6,041.6)	(7,281.4)	(12,959.2)	(17.0)%	(53.4)%
Net income (loss) for the period attributable to non-controlling interests	400.9	174.6	(169.2)	129.6%	N/A
Net income (loss) for the period attributable to the parent's company	13,450.9	11,514.4	9,450.7	16.8%	42.3%



Statistic data and comparative ratios

For the period ended on

30/9/2023 30/6/2023 30/9/2022

Profitability			
ROAA for three month period (return on average assets)	0.8%	2.7%	0.7%
ROAA for six month period (return on average assets)	2.0%	2.7%	1.2%
ROAE for three month period (return on average equity)	6.9%	19.9%	6.2%
ROAE for six month period (return on average equity)	16.8%	21.7%	13.6%
Net financial margin*	5.4%	7.3%	5.1%
Efficiency**	44.0%	43.3%	47.8%
Capital			
Shareholders' Equity / Total Assets	11.4%	12.3%	13.5%
CET I Ratio	25.3%	23.7%	21.7%
Tier 1 Ratio	25.3%	23.7%	21.7%
Total Capital Ratio	25.3%	23.8%	22.2%
Liquidity			
Liquid Assets / Deposits	101.6%	98.3%	92.6%
LCR	100.5%	112.0%	133.0%
NSFR	226.9%	214.0%	175.0%
Loans / Deposits	14.7%	19.8%	31.0%

* (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 September 30th, 2023 were converted to Pesos at the exchange rate of Ps. (\$349.998/USD1.00) and Ps. (\$367.377/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

