

BANCO HIPOTECARIO S.A.

EARNINGS RELEASE – FIRST QUARTER 2022





Banco Hipotecario cordially invites you to participate in its
First Quarter 2022 conference call

Tuesday, May 31st, 2022, 09:00 AM EST

<https://us06web.zoom.us/j/85660506146?pwd=d2VkWVA0SDFtT2VqOGZXOWxaQkVrUT09>

Seminar ID: 856 6050 6146

Password: 320014

Or you can dial in:

U.S.A: +16465588656

Preferably 10 minutes before the call is due to begin.
The conference will be held in English.



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FIRST QUARTER 2022 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 March 31th, 2022. 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. 1,168.4 million, compared to Ps. 630.6 million of last quarter and Ps. (2,520.4) million of same quarter last year.
- The ROAE for Q1 2022 was 17.0% compared to 8.9% for Q4 2021 and (37.4)% for Q1 2021, while ROAA for the same periods were 1.4%, 0.8% and (4.4)%, respectively.
- The net operating income for the quarter was Ps 13,558.1 million, 27% higher than the Ps. 10,672.7 million of previous quarter and 85.8% higher than the Ps. 7,298.7 million of same quarter of last year. Operating income for the quarter was Ps. 4,217.8 million, compared to Ps. 1,333.3 million of previous quarter and Ps. (1,325.1) million of same quarter of last year.
- As of March 31, 2022, Liquidity Coverage Ratio (LCR) was 151.8%, Net Stable Funding Ratio (NSFR) was 212.7% and the liquid assets to deposits ratio was 88.9%.
- Loans to the non-financial private sector and foreign residents decreased 16.4% QoQ and 28.0% YoY.
- Deposits decreased 42.6% QoQ and increased 32.7% YoY, while capital markets debt decreased 45.2% QoQ and 51.7% YoY.
- NPL decreased from 13.4% in Q4 2021 to 6.6% in Q1 2022. NPL in the commercial portfolio decreased from 28.5% to 13.5% during the same period. The coverage ratio also decreased from 89.1% to 78.5% for the same period.
- Total capital ratio as a percentage of RWA as of March 31, 2022 was 17.1% compared to 16.4% of previous quarter and 18.5% of same quarter of last year.
- The Bank has issued a new Class 6 Senior Unsecured bond of 15.9 million dollars at a 0% rate with an 24 month maturity.
- The general level of the consumer price index accumulated an increase of 16.1% in the first quarter of 2022, while it was 10.2% and 13.0% for the previous quarter and for the same quarter of last year, respectively.
- During the first months of 2022, the BCRA has sanctioned new reforms regarding the country's monetary policy. Among them, an increase of 650 bps in the monetary policy rate and the creation of new 180-days instruments stand out. These last instruments include fixed rate (LELIQs) and variable rate (NOTALIQs). Additionally, the new resolutions established an increase in the maximum rate on credit cards and in the productive investment line rate.





Buenos Aires, May 27th, 2022

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 March 31th, 2022 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. FIRST QUARTER 2022 CONSOLIDATED RESULTS

Net income attributable to owners of the parent's company for the quarter was Ps. 1,168.4 million, compared to Ps. 630.4 million of last quarter and Ps. (2,520.4) million of same quarter last year.

Regarding profitability ratios, the ROAA for Q1 2021 was 1.4% compared to 0.8% for Q4 2021 and (4.4)% for Q1 2021, while ROAE for the same periods were 17.0%, 8.9% and (37.4)%, respectively.

Income statement (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Interest and adjustments income	13,118.4	19,509.2	8,433.4	(32.8)%	55.6%
Interest and adjustments expense	(13,081.9)	(16,390.6)	(10,473.0)	(20.2)%	24.9%
Net interest income	36.5	3,118.7	(2,039.6)	(98.8)%	(101.8)%
Fee and commission income	1,749.8	1,845.4	1,991.3	(5.2)%	(12.1)%
Fee and commission expense	(112.5)	(114.8)	(93.2)	(2.0)%	21%
Net fee and commission income	1,637.3	1,730.5	1,898.1	(5.4)%	(13.7)%
Net income from financial instruments at fair value through profit or loss	8,570.6	3,481.0	4,466.6	146.2%	91.9%
Income from asset derecognition measured at amortized cost	-	80.8	-	(100.0)%	N/A
Gold and foreign currency exchange rate differences	(374.2)	(222.4)	(77.0)	68.2%	N/A
Other operating income	3,987.1	2,288.9	3,350.3	74.2%	19.0%
Loan loss provision	(299.2)	195.2	(299.7)	(253.3)%	(0.1)%
Net operating income	13,558.1	10,672.7	7,298.7	27.0%	85.8%
Personnel expenses	(3,101.7)	(3,451.1)	(3,224.4)	(10.1)%	(3.8)%
Administrative expenses	(1,479.9)	(1,680.7)	(1,517.2)	(12.0)%	(2.5)%
Depreciation and impairment of non-financial assets	(250.5)	(241.3)	(359.7)	3.8%	(30.3)%
Other operating expenses	(4,508.2)	(3,966.4)	(3,522.5)	13.7%	28.0%
Operating income (loss)	4,217.8	1,333.3	(1,325.1)	216.3%	N/A
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Gain (loss) on net monetary position	(1,647.2)	151.2	(1,404.1)	N/A	17.3%
Income tax	(1,422.2)	(847.6)	171.7	67.8%	N/A
Net income of the period attributable to non-controlling interests	(20.0)	6.2	(37.1)	N/A	(46.1)%
Net Income attributable to the parent's company	1,168.4	630.6	(2,520.4)	85.3%	(146.4)%





Net interest income for the quarter was Ps. 36.5 million, representing a 98.8% decrease QoQ.

Interest income for the quarter was Ps. 13,118.4 million; representing a 32.8% decrease QoQ and a 55.6% increase YoY. 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 (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Interest on cash and due from bank	5,821.9	12,626.9	2,782.4	(53.9)%	109.2%
Interest on loans to the financial sector	33.5	40.4	45.1	(17.0)%	(25.7)%
Interest from public and corporate securities	2,816.1	2,484.9	479.7	13.3%	N/A
Interest on overdrafts facilities	45.9	45.6	33.1	0.8%	38.9%
Interest on promissory notes	407.9	423.9	269.7	(3.8)%	51.2%
Interest on pledge loans	4.8	2.0	4.3	139.0%	12.8%
Interest on financial leases	24.1	13.5	9.6	78.4%	150.6%
Interest on other loans	514.9	534.1	659.5	(3.6)%	(21.9)%
Interest from commercial loans	997.7	1,019.1	976.2	(2.1)%	2.2%
Interest on consumer loans	619.6	578.5	666.4	7.1%	(7.0)%
Interest on credit card loans	1,386.5	1,430.9	1,831.7	(3.1)%	(24.3)%
Interest from consumer loans	2,006.1	2,009.5	2,498.1	(0.2)%	(19.7)%
Interest on mortgage loans	314.1	269.5	292.9	16.5%	7.2%
Interest on other receivables from financial operations	0.1	1.1	0.0	(88.4)%	N/A
Income from CER, CVS, UVA and UVI adjustments	1,128.9	1,057.7	1,345.5	6.7%	(16.1)%
Interest from mortgage loans	1,443.1	1,328.3	1,638.4	8.6%	(11.9)%
Others	0.0	0.0	13.4	(100.0)%	(100.0)%
Total	13,118.4	19,509.2	8,433.4	(32.8)%	55.6%

Interest and adjustments expense for the quarter was Ps. 13,081.9 million; representing a 20.2% decrease QoQ and a 24.9% increase YoY.

Interest and adjustments expense (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Interest on current accounts deposits	(4,183.7)	(6,346.0)	(3,199.2)	(34.1)%	30.8%
Interest on saving accounts deposits	(7.3)	(5.9)	(3.3)	24.9%	120.4%
Interest on time deposits	(7,574.5)	(8,101.7)	(4,693.5)	(6.5)%	61.4%
Interest from deposits	(11,765.5)	(14,453.6)	(7,896.0)	(18.6)%	49.0%
Interest on other liabilities resulting from financial transactions	(806.7)	(935.7)	(1,404.2)	(13.8)%	(42.6)%
Expense for CER, CVS, UVA and UVI adjustments	(507.3)	(993.6)	(1,169.2)	(48.9)%	(56.6)%
Interest from corporate bonds	(1,314.0)	(1,929.2)	(2,573.4)	(31.9)%	(48.9)%
Interest on interfinancial loans received	(0.3)	(3.4)	(3.3)	(90.1)%	(89.8)%
Others	(2.0)	(4.3)	(0.3)	(53.8)%	N/A
Total	(13,081.9)	(16,390.6)	(10,473.0)	(20.2)%	24.9%





Net fee and commission income for the quarter was Ps. 1,637.3 million; representing a 5.4% decrease QoQ and a 13.7% decrease YoY.

Net fee and commission income (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Fee and commission income					
Fee charged on consumer clients	1,333.0	1,437.8	1,632.0	(7.3)%	(18.3)%
Linked to liabilities	351.6	340.8	312.6	3.2%	12.5%
Others	65.2	66.8	46.7	(2.5)%	39.6%
Total	1,749.8	1,845.4	1,991.3	(5.2)%	(12.1)%
Fee and commission expense					
Credit related fees	(51.1)	(53.7)	(51.5)	(4.9)%	(0.9)%
Debt placement charges	(50.7)	(51.4)	(30.7)	(1.3)%	65.4%
Others	(10.8)	(9.7)	(11.1)	10.6%	(2.7)%
Total	(112.5)	(114.8)	(93.2)	(2.0)%	20.7%
Net fee and commission income	1,637.3	1,730.5	1,898.1	(5.4)%	(13.7)%

Net income from financial instruments at fair value through profit and loss for the quarter was Ps. 8,570.6 million, compared to Ps. 3,481.0 million of Q4 2021 and Ps. 4,466.6 million of Q1 2021, which represents an increase of 146.2% and 91.9% QoQ and YoY respectively.

Net income from financial instruments at fair value through profit or loss (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Income from government securities	8,223.5	3,282.8	4,438.5	150.5%	85.3%
Income from other corporate securities	158.2	157.2	23.5	0.6%	N/A
Income from other securities	188.9	41.0	4.7	N/A	N/A
Total	8,570.6	3,481.0	4,466.6	146.2%	91.9%

The negative result of difference in quoted prices of gold and foreign currency for the quarter was Ps. 374.2 million, compared to Ps. 222.4 million of Q4 2021 and Ps. 77.0 million of Q1 2021, which represents an increase of 68.2% QoQ.





Other operating income for the quarter was Ps. 3,987.1 million, compared to Ps. 2,288.9 million of Q4 2021 and Ps. 3,350.3 million of Q1 2021, which represents an increase of 74.2% QoQ and 19.0% YoY.

Other operating income (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Loan servicing	3,057.0	1,881.9	2,572.9	62.4%	18.8%
Borrowing transactions commissions	132.9	4.5	111.0	N/A	19.7%
Other income from services	429.0	425.1	233.2	0.9%	84.0%
Penalty interest	25.1	28.2	35.9	(11.0)%	(30.1)%
Loans recovered	98.8	149.5	161.6	(33.9)%	(38.8)%
Others	244.3	(200.4)	235.7	(221.9)%	3.7%
Total	3,987.1	2,288.9	3,350.3	74.2%	19.0%

Provision for loan losses for the quarter was Ps. (299.2) million, compared to Ps. 195.2 million of Q4 2021 and to Ps. (299.7) million of Q1 2021.

Personnel expenses for the quarter were Ps. 3,101.7 million, compared to Ps. 3,451.1 million of Q4 2021 and to Ps. 3,224.4 of Q1 2021, which represents a decrease of 10.1% QoQ and of 3.8% YoY.

Personnel expenses (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Salaries	(1,528.3)	(1,746.2)	(1,670.6)	(12.5)%	(8.5)%
Vacation bonus	(83.5)	(156.5)	(50.8)	(46.6)%	64.4%
Social security expenses	(427.8)	(400.0)	(552.1)	6.9%	(22.5)%
Severance and bonus expenses	(931.3)	(999.5)	(834.3)	(6.8)%	11.6%
Other personnel expenses	(130.8)	(148.9)	(116.5)	(12.1)%	12.3%
Total	(3,101.7)	(3,451.1)	(3,224.4)	(10.1)%	(3.8)%

Administrative expenses for the quarter were Ps. 1,479.9 million, compared to Ps. 1,680.7 million of Q4 2021 and to Ps. 1,517.2 million of Q1 2021, which represents a decrease of 12.0% QoQ and of 2.5% YoY.

Administrative expenses (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Directors' and statutory auditors' fees	(128.9)	(238.9)	(142.8)	(46.0)%	(9.7)%
Fees and compensation for services	(622.7)	(665.9)	(667.1)	(6.5)%	(6.7)%
Advertising, promotion and research expenses	(43.1)	(62.6)	(56.4)	(31.2)%	(23.6)%
Taxes and duties	(192.6)	(135.6)	(206.3)	42.1%	(6.6)%
Maintenance and repairs	(107.3)	(114.9)	(109.2)	(6.7)%	(1.8)%
Electricity, gas and telephone services	(114.9)	(128.8)	(117.0)	(10.8)%	(1.8)%
Others	(270.3)	(334.0)	(218.3)	(19.1)%	23.8%
Total	(1,479.9)	(1,680.7)	(1,517.2)	(12.0)%	(2.5)%





Other operating expenses for the quarter were Ps. 4,508.2 million, compared to Ps. 3,966.4 million of Q4 2021 and to Ps. 3,522.5 million of Q1 2021, which represents an increase of 13.7% QoQ and of 28.0% YoY.

Other operating expenses (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Turnover tax and others	(1,051.6)	(1,262.8)	(1,023.9)	(16.7)%	2.7%
Contribution to the deposit insurance fund	(153.4)	(126.3)	(81.5)	21.5%	88.3%
Loan servicing	(775.5)	(1,191.3)	(846.1)	(34.9)%	(8.3)%
Charges for other provisions	(306.5)	(26.9)	(159.1)	N/A	92.7%
Debit card, credit card & loan rebates	(93.2)	(142.2)	(218.7)	(34.4)%	(57.4)%
Others	(2,127.9)	(1,216.9)	(1,193.3)	74.9%	78.3%
Total	(4,508.2)	(3,966.4)	(3,522.5)	13.7%	28.0%

Non-financial private sector loan portfolio totaled Ps. 57,490.1 million in the quarter, compared to Ps. 68,789.2 million of Q4 2021 and to Ps. 79,793.7 million of Q1 2021, which represents a decrease of 6.2% QoQ and of 16.2% YoY.

Loans to the non-financial private sector and foreign residents

(in millions of pesos)	12 month period ended			Variation (%)	
	03/31/2022	12/31/2021	03/31/2021	QoQ	YoY
Overdraft facilities	506.8	486.3	143.0	4.2%	254.4%
Promissory notes	4,958.9	6,606.0	5,042.5	(24.9)%	(1.7)%
Mortgage loans	11,375.6	12,192.5	13,317.0	(6.7)%	(14.6)%
Pledge loans	47.1	46.9	42.8	0.3%	9.8%
Consumer loans	5,098.5	5,203.2	6,217.8	(2.0)%	(18.0)%
Credit cards	22,045.2	24,535.9	30,491.0	(10.2)%	(27.7)%
Financial leases	197.4	95.5	119.6	106.6%	65.1%
Loans to entity's personnel	524.0	555.5	596.4	(5.7)%	(12.1)%
Unallocated collections	(12.4)	(10.6)	(9.8)	17.4%	27.1%
Others	11,563.1	17,973.1	21,867.7	(35.7)%	(47.1)%
Accrued interest and quotation differences receivable	1,593.3	1,771.6	2,174.0	(10.1)%	(26.7)%
Documented interest	(407.3)	(666.7)	(208.3)	(38.9)%	95.6%
Total	57,490.1	68,789.2	79,793.7	(16.4)%	(28.0)%

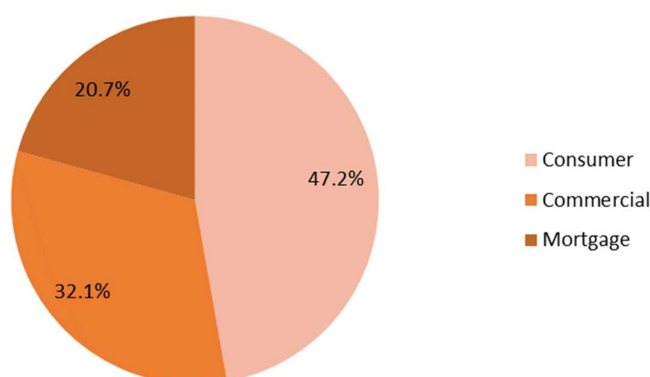




BH's non-financial private sector loan portfolio composition as of March 31th, 2022 was 67.9% of retail financing and housing loans (47.2% consumer and 20.7% housing) and 32.1% of commercial loans, providing a highly diversified client base.

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

Q1 2022



On a consolidated basis, NPL decreased from 13.4% in Q4 2021 to 6.6% in Q1 2022, while coverage ratio also decreased from 89.1% to 78.5% during the same period of time. Besides, NPL in the commercial portfolio decreased from 28.5% to 13.5% from December 2021 to March 2022.

Non-performing loans

(in millions of pesos)

	As of		
	03/31/2022	12/31/2021	03/31/2021
Consolidated level			
Non-performing loans	4,032.1	9,614.4	9,610.0
Total portfolio	61,108.4	71,620.5	81,475.0
Allowances (total)	3,163.3	8,564.3	8,872.3
Non-performing loans / Total portfolio	6.6%	13.4%	11.8%
Allowances (total) / Non-performing loans	78.5%	89.1%	92.3%
Consumer portfolio			
Non-performing loans (consumer)	1,049.4	1,278.9	1,262.0
Consumer portfolio	38,941.3	42,381.8	50,378.2
Allowances (consumer)	1,481.4	1,622.6	2,751.2
Non-performing loans (consumer) / Consumer portfolio	2.7%	3.0%	2.5%
Allowances (consumer) / Non-performing loans (consumer)	141.2%	126.9%	218.0%
Commercial portfolio			
Non-performing loans (commercial)	2,982.8	8,335.5	8,348.0
Commercial portfolio	22,167.1	29,238.8	31,096.8
Allowances (commercial)	1,681.9	6,941.7	6,121.1
Non-performing loans (commercial) / Commercial portfolio	13.5%	28.5%	26.8%
Allowances (Commercial) / Non-performing loans (commercial)	56.4%	83.3%	73.3%





Deposits totaled Ps. 192,808.1 million, representing a decrease of 42.6% QoQ and an increase of 32.7% YoY, while capital markets debt totaled Ps. 12,930.9 million, representing a decrease of 45.2% QoQ and of 51.7% YoY.

Funding (in millions of pesos)	03/31/2022		NPL 12/31/2021		03/31/2021		Variation (%)	
							QoQ	YoY
	Ps.	%	Ps.	%	Ps.	%		
Deposits	192,808.1	93.7%	335,779.9	93.4%	145,322.6	84.4%	(42.6)%	32.7%
Local capital markets debt	1,580.2	0.8%	12,894.2	3.6%	16,933.0	9.8%	(87.7)%	(90.7)%
International capital markets debt	11,350.8	5.5%	10,706.2	3.0%	9,862.9	5.7%	6.0%	15.1%
Unsubordinated Senior Notes	12,930.9	6.3%	23,600.4	6.6%	26,795.9	15.6%	(45.2)%	(51.7)%
Total	205,739.0	100.0%	359,380.3	100.0%	172,118.5	100.0%	(42.8)%	19.5%





Comparative consolidated balance sheet

(in millions of pesos)

	As of		Variation (%)
	12/31/2021	12/31/2020	YoY
Assets			
Cash and due from banks deposits	16,074.7	13,900.3	15.6%
Debt securities at fair value through profit or loss	108,621.1	46,694.5	132.6%
Derivatives	111.9	28.4	293.5%
Repo transactions	12,539.4	36,548.6	(65.7)%
Loans and other financing	10,984.8	4,361.6	151.9%
Non-Financial Public Sector	0.0	0.0	(25.0)%
Financial Sector	525.0	830.3	(36.8)%
Non-Financial Private Sector and Foreign Residents	57,490.1	79,793.7	(28.0)%
Allowances	(3,118.6)	(8,812.9)	(64.6)%
Loans, net of allowances	54,896.4	71,811.1	(23.6)%
Other debt securities	34,176.8	16,274.7	110.0%
Financial assets in guarantee	6,064.4	3,551.1	70.8%
Investment in subsidiaries, associates and joint ventures	-	-	N/A
Property, plant and equipment	8,183.8	8,702.8	(6.0)%
Others	13,120.9	17,521.1	(25.1)%
Total Assets	264,774.2	219,394.3	20.7%
Liabilities			
Deposits	192,808.1	145,322.6	32.7%
Liabilities at fair value through profit or loss	9,865.5	364.3	N/A
Derivatives	-	62.0	(100.0)%
Repo transactions	-	-	N/A
Other financial liabilities	12,564.0	10,800.0	16.3%
Financing received from Argentine Central Bank and other financi	245.7	143.5	71.2%
Unsubordinated Senior Notes	12,930.9	26,795.9	(51.7)%
Current income tax liabilities	552.1	314.4	75.6%
Subordinated Senior Notes	-	-	N/A
Provisions	601.3	781.9	(23.1)%
Other non financial liabilities	7,570.8	5,937.8	27.5%
Total Liabilities	237,138.3	190,522.3	24.5%
Shareholders' Equity attributable to non-controlling interest	679.6	728.1	(6.7)%
Shareholders' Equity attributable to parent's shareholders	26,956.3	28,143.8	(4.2)%
Total Shareholders' Equity	27,635.9	28,871.9	(4.3)%





Statistic data and comparative ratios

For the period ended on

	03/31/2022	12/31/2021	03/31/2021
Profitability			
ROAA (return on average assets)	1.4%	0.8%	(4.4)%
ROAE (return on average equity)	17.0%	8.9%	(37.4)%
Net financial margin*	9.8%	7.9%	3.0%
Efficiency**	41.4%	96.7%	100.8%
Capital			
Shareholders' Equity / Total Assets	10.2%	6.3%	12.8%
CET I Ratio	27.2%	15.8%	18.0%
Tier 1 Ratio	16.6%	15.9%	18.0%
Total Capital Ratio	17.1%	16.4%	18.5%
Liquidity			
Liquid Assets / Deposits	88.9%	92.6%	78.0%
LCR	151.8%	143.0%	125.0%
NSFR	212.7%	226.3%	144.0%
Loans / Deposits	28.5%	18.1%	49.4%

* (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 2022 PERSPECTIVES

The next quarter and 2022 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.

Eduardo S. Elsztain
Chairman

Assets and liabilities denominated in foreign currency as of March 31st, 2021 were converted to Pesos at the exchange rate of Ps. (\$110,9783/USD1.00) and Ps. (\$122,9657/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.

