

# BANCO HIPOTECARIO S.A.

## EARNINGS RELEASE – FIRST QUARTER 2023





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

Thursday, June 1<sup>st</sup>, 2023, 09:00 AM EST

If you would like to participate, the hyperlink is:

[https://us06web.zoom.us/j/81717140741?pwd=MGJEVDVRM1dYZm9Lc1NnVm9s  
ZXIyUT09](https://us06web.zoom.us/j/81717140741?pwd=MGJEVDVRM1dYZm9Lc1NnVm9sZXIyUT09)

Web Seminar ID: 817 1714 0741

Access code: 656937

Or you can dial in:

U.S.A: +1 305 224 1968 or +1 309 205 3325

Preferably 10 minutes before the call is due to begin.

The conference will be held in English.





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## FIRST 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 March 31<sup>th</sup>, 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. 3,655.7, compared to Ps. 1,707.6 million of last quarter and Ps. 2,387.0 million of same quarter last year.
- The ROAE for Q1 2023 was 23.6% compared to 11.5% for Q4 2022 and 17.7% for the same quarter last year, while ROAA for the same periods were 3.2%, 1.5% and 1.4%, respectively.
- The net operating income for the quarter was Ps. 27,836.4 million, 5.7% higher than the Ps. 26,341.6 million of previous quarter and 9.9% higher than the Ps. 25,320.9 million of same quarter of last year. Operating income for the quarter was Ps. 13,176.2 million, compared to Ps. 7,745.1 million of previous quarter and Ps. 6,279.5 million of same quarter of last year.
- As of March 31, 2023, Liquidity Coverage Ratio (LCR) was 173,0% Net Stable Funding Ratio (NSFR) was 220,4% and the liquid assets to deposits ratio was 94.1%.
- Loans to the non-financial private sector and foreign residents decreased 11.1% QoQ and 28.0% YoY.
- Deposits decreased 18.7% QoQ and 25.7% YoY, while capital markets debt decreased 11.6% QoQ and 41.4% YoY.
- On a consolidated basis, NPL decreased from 4.8% in Q4 2022 to 2.7% in Q1 2023. The coverage ratio increased from 61,9% to 119,0% during the same period.
- Total capital ratio as a percentage of RWA as of March 31, 2023 was 25.1% compared to 23.1% of previous quarter and 17.1% of same quarter of last year.
- The general level of the consumer price index accumulated an increase of 21.7% in the first quarter of 2023, while it was 17.2% and 16.1% for 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, May 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 March 31<sup>th</sup>, 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 1<sup>st</sup>, 2020 (Communications "A" 6430, "A" 6651, "A" 6778 and "A" 6847).

## II. FIRST QUARTER 2023 CONSOLIDATED RESULTS

Net income attributable to owners of the parent company for the quarter was Ps. 3,655.7, compared to Ps. 1,707.6 million of last quarter and Ps. 2,387.0 million of same quarter last year.

Regarding profitability ratios, the ROAA for Q1 2023 was 3.2% compared to 1.5% for Q4 2022 and 1.4% for Q1 2022, while ROAE for the same periods were 23.6%, 11.5% and 17.7%, respectively.

Net interest income for the quarter was Ps. (6,839.0) million, compared to Ps. (4,766.5) million of the previous quarter and to Ps. 74.5 million of same quarter last year.

### Income statement

(in millions of pesos)

	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Interest and adjustments income	35,367.5	38,126.5	26,800.4	(7.2)%	32.0%
Interest and adjustments expense	(42,206.4)	(42,893.0)	(26,725.9)	(1.6)%	57.9%
<b>Net interest income</b>	<b>(6,839.0)</b>	<b>(4,766.5)</b>	<b>74.5</b>	<b>43.5%</b>	<b>N/A</b>
Fee and commission income	2,952.8	3,047.0	3,574.8	(3.1)%	(17.4)%
Fee and commission expense	(168.9)	(236.7)	(229.9)	(28.6)%	-27%
<b>Net fee and commission income</b>	<b>2,783.8</b>	<b>2,810.3</b>	<b>3,344.9</b>	<b>(0.9)%</b>	<b>(16.8)%</b>
Net income from financial instruments at fair value through profit or loss	24,207.8	22,120.7	17,509.5	9.4%	38.3%
Income from asset derecognition measured at amortized cost	-	-	-	N/A	N/A
Gold and foreign currency exchange rate differences	(372.1)	986.4	(764.4)	(137.7)%	(51.3)%
Other operating income	8,736.6	4,438.9	5,767.8	96.8%	51.5%
Loan loss provision	(680.8)	751.8	(611.3)	(190.6)%	11.4%
<b>Net operating income</b>	<b>27,836.4</b>	<b>26,341.6</b>	<b>25,320.9</b>	<b>5.7%</b>	<b>9.9%</b>
Personnel expenses	(6,055.0)	(6,544.2)	(6,336.8)	(7.5)%	(4.4)%
Administrative expenses	(2,777.2)	(3,716.1)	(3,023.3)	(25.3)%	(8.1)%
Depreciation and impairment of non-financial assets	(442.6)	(522.1)	(511.8)	(15.2)%	(13.5)%
Other operating expenses	(5,385.4)	(7,814.1)	(9,169.6)	(31.1)%	(41.3)%
<b>Operating income (loss)</b>	<b>13,176.2</b>	<b>7,745.1</b>	<b>6,279.5</b>	<b>70.1%</b>	<b>109.8%</b>
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Gain (loss) on net monetary position	(7,248.5)	(4,710.9)	(1,027.9)	53.9%	N/A
Income tax	(2,327.6)	(1,391.0)	(2,905.4)	67.3%	(19.9)%
Net income of the period attributable to non-controlling interests	(55.7)	(64.3)	(40.9)	(13.4)%	36.2%
<b>Net Income attributable to the parent's company</b>	<b>3,655.7</b>	<b>1,707.6</b>	<b>2,387.0</b>	<b>114.1%</b>	<b>53.1%</b>





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 FY2022 was Ps. 16,996.7 million, compared to Ps. 18,340.6 million of last year, which represents a decrease of 7.3% QoQ and an increase of 1.1% YoY.

Financial Margin	For the period ended on			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Net interest income	(6,839.0)	(4,766.5)	74.5	43.5%	N/A
Net Income from financial instruments at fair value	24,207.8	22,120.7	17,509.5	9.4%	38.3%
Gold and foreign currency exchange rate	(372.1)	986.4	(764.4)	N/A	(51.3)%
<b>Financial Margin</b>	<b>16,996.7</b>	<b>18,340.6</b>	<b>16,819.6</b>	<b>(7.3)%</b>	<b>1.1%</b>

Interest income for the quarter was Ps. 35,567.5; representing a 7.2% decrease and a 32.0% 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 (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Interest on cash and due from bank	22,969.6	22,579.1	11,893.9	1.7%	93.1%
Interest on loans to the financial sector	16.3	23.9	68.5	(31.6)%	(76.2)%
Interest from public and corporate securities	1,888.8	4,515.7	5,753.1	(58.2)%	(67.2)%
Interest on overdrafts facilities	574.7	428.1	93.9	34.3%	N/A
Interest on promissory notes	1,017.1	1,169.2	833.2	(13.0)%	22.1%
Interest on pledge loans	3.0	4.1	9.9	(26.5)%	(69.6)%
Interest on financial leases	207.7	236.3	49.3	(12.1)%	N/A
Interest on other loans	1,192.6	1,237.7	1,052.0	(3.6)%	13.4%
Interest from commercial loans	2,995.1	3,075.5	2,038.2	(2.6)%	46.9%
Interest on consumer loans	1,253.0	1,226.3	1,265.8	2.2%	(1.0)%
Interest on credit card loans	2,689.9	2,940.0	2,832.6	(8.5)%	(5.0)%
Interest from consumer loans	3,942.9	4,166.3	4,098.4	(5.4)%	(3.8)%
Interest on mortgage loans	415.1	417.9	641.6	(0.7)%	(35.3)%
Interest on other receivables from financial operations	(4.3)	1.2	0.3	N/A	N/A
Income from CER, CVS, UVA and UVI adjustments	3,137.6	3,313.0	2,306.3	(5.3)%	36.0%
Interest from mortgage loans	3,548.4	3,732.1	2,948.2	(4.9)%	20.4%
Others	6.3	33.9	0.0	(81.4)%	N/A
<b>Total</b>	<b>35,367.5</b>	<b>38,126.5</b>	<b>26,800.4</b>	<b>(7.2)%</b>	<b>32.0%</b>





Interest and adjustments expense for the quarter was Ps. 42,206.4 million compared to Ps. 42,893.0 million of Q4 2022 and Ps. 26,725.9 million of Q1 2022; representing a 1.6% decrease QoQ and a 57.9% increase YoY.

Interest and adjustments expense (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Interest on current accounts deposits	(24,716.9)	(19,493.6)	(8,547.1)	26.8%	189.2%
Interest on saving accounts deposits	(14.4)	(16.6)	(15.0)	-13.0%	-3.7%
Interest on time deposits	(15,753.2)	(20,995.6)	(15,474.5)	-25.0%	1.8%
Interest from deposits	(40,484.6)	(40,505.8)	(24,036.6)	-0.1%	68.4%
Interest on other liabilities resulting from financial transactions	(912.0)	(867.1)	(1,648.7)	5.2%	-44.7%
Expense for CER, CVS, UVA and UVI adjustments	(802.3)	(1,424.9)	(1,036.5)	-43.7%	-22.6%
Interest from corporate bonds	(1,714.3)	(2,292.0)	(2,685.1)	-25.2%	-36.2%
Interest on interfinancial loans received	(2.0)	(87.7)	(0.7)	-97.7%	191.4%
Others	(5.5)	(7.5)	(3.5)	-25.9%	57.1%
<b>Total</b>	<b>(42,206.4)</b>	<b>(42,893.0)</b>	<b>(26,725.9)</b>	<b>-1.6%</b>	<b>57.9%</b>

Net fee and commission income for the quarter was Ps. 2,783.8 million; compared to Ps. 2,810.3 million of Q4 2022 and Ps. 3,344.9 million of Q1 2022; representing a 0.9% and 16.8% decrease QoQ and YoY respectively.

Net fee and commission income (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
<b>Fee and commission income</b>					
Fee charged on consumer clients	2,074.2	2,184.0	2,723.3	-5.0%	-23.8%
Linked to liabilities	758.3	767.7	718.3	-1.2%	5.6%
Others	120.2	95.3	133.2	26.1%	-9.8%
<b>Total</b>	<b>2,952.8</b>	<b>3,047.0</b>	<b>3,574.8</b>	<b>-3.1%</b>	<b>-17.4%</b>
<b>Fee and commission expense</b>					
Credit related fees	(83.5)	(89.9)	(104.3)	-7.0%	-19.9%
Debt placement charges	(77.3)	(124.5)	(103.6)	-37.9%	-25.4%
Others	(8.1)	(22.4)	(22.0)	-63.9%	-63.2%
<b>Total</b>	<b>(168.9)</b>	<b>(236.7)</b>	<b>(229.9)</b>	<b>-28.6%</b>	<b>-26.5%</b>
<b>Net fee and commission income</b>	<b>2,783.8</b>	<b>2,810.3</b>	<b>3,344.9</b>	<b>-0.9%</b>	<b>-16.8%</b>

Net income from financial instruments at fair value through profit and loss for the quarter was Ps. 24,207.8 million, compared to Ps. 22,120.7 million of Q4 2022 and Ps. 17,509.5 million of Q1 2022, which represents an increase of 9.4% QoQ and of 38.3% YoY.

Net income from financial instruments at fair value through profit or loss (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Income from government securities	22,701.9	20,870.4	16,800.3	8.8%	35.1%
Income from other corporate securities	793.0	849.0	323.2	-6.6%	145.4%
Income from other securities	712.9	401.3	386.0	77.6%	84.7%
<b>Total</b>	<b>24,207.8</b>	<b>22,120.7</b>	<b>17,509.5</b>	<b>9.4%</b>	<b>38.3%</b>





The result of difference in quoted prices of gold and foreign currency for the quarter was Ps. (372,1) million, compared to Ps. 986.4 million of Q4 2022 and Ps. (764.4) million of Q1 2022.

Other operating income for the quarter was Ps. 8,736.6 million, compared to Ps. 4,438.9 million of Q4 2022 and Ps. 5,767.8 million of Q1 2022, which represents an increase of 96.8% QoQ and of 51.5% YoY.

Other operating income (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Loan servicing	466,2	3.804,3	587,6	-87,7%	-20,7%
Borrowing transactions commissions	205,1	202,2	271,5	1,4%	-24,5%
Other income from services	680,4	261,4	876,3	160,3%	-22,4%
Penalty interest	46,1	46,3	51,3	-0,4%	-10,1%
Loans recovered	134,6	152,5	201,9	-11,7%	-33,3%
Insurance fee	3.144,7	-	3.280,0	N/A	-4,1%
Others	4.059,6	(27,7)	499,2	N/A	N/A
<b>Total</b>	<b>8.736,6</b>	<b>4.438,9</b>	<b>5.767,8</b>	<b>96,8%</b>	<b>51,5%</b>

Provision for loan losses for the quarter was Ps. (680.8) million, compared to Ps. 751.8 million of Q4 2022 and to Ps. (611.3) million of Q1 2022, which represents a decrease of 190.6% QoQ and an increase of 11.4% YoY.

Personnel expenses for the quarter were Ps. 6,055.0 million, compared to Ps. 6,544.2 million of Q4 2022 and to Ps. 6,336.8 of Q1 2022, which represents a decrease of 7.5% QoQ and of 4.4% YoY.

Personnel expenses (in millions of pesos)	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Salaries	(3,311.1)	(3,814.1)	(3,122.2)	-13.2%	6.0%
Vacation bonus	(418.2)	(419.8)	(170.7)	-0.4%	145.0%
Social security expenses	(814.5)	(580.1)	(873.9)	40.4%	-6.8%
Severance and bonus expenses	(1,270.8)	(1,332.4)	(1,902.7)	-4.6%	-33.2%
Other personnel expenses	(240.5)	(397.9)	(267.3)	-39.6%	-10.0%
<b>Total</b>	<b>(6,055.0)</b>	<b>(6,544.2)</b>	<b>(6,336.8)</b>	<b>-7.5%</b>	<b>-4.4%</b>





Administrative expenses for the quarter were Ps. 2,777.2 million, compared to Ps. 3,716.1 million of Q4 2022 and to Ps. 3,023.3 million of Q1 2022, which represents a decrease of 25.3% QoQ and of 8.1% YoY.

### Administrative expenses

(in millions of pesos)

	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Directors' and statutory auditors' fees	(374.5)	(798.3)	(263.4)	-53.1%	42.2%
Fees and compensation for services	(1,098.5)	(1,347.2)	(1,272.1)	-18.5%	-13.6%
Advertising, promotion and research expenses	(98.3)	(238.4)	(88.1)	-58.8%	11.6%
Taxes and duties	(364.8)	(334.1)	(393.6)	9.2%	-7.3%
Maintenance and repairs	(225.8)	(226.8)	(219.1)	-0.4%	3.0%
Electricity, gas and telephone services	(208.6)	(199.1)	(234.8)	4.8%	-11.2%
Others	(406.7)	(572.1)	(552.2)	-28.9%	-26.4%
<b>Total</b>	<b>(2,777.2)</b>	<b>(3,716.1)</b>	<b>(3,023.3)</b>	<b>-25.3%</b>	<b>-8.1%</b>

Other operating expenses for the quarter were Ps. 5,385.4 million, compared to Ps. 7,814.1 million of Q4 2022 and to Ps. 9,169.6 million of Q1 2022, which representing a decrease of 31.1% QoQ and of 41.3% YoY.

### Other operating expenses

(in millions of pesos)

	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Turnover tax and others	(2,776.9)	(2,803.5)	(2,148.3)	(0.9)%	29.3%
Contribution to the deposit insurance fund	(160.8)	(129.1)	(313.5)	24.5%	(48.7)%
Loan servicing	(1,259.9)	(1,192.6)	(1,543.9)	5.6%	(18.4)%
Charges for other provisions	(345.2)	(528.5)	(626.2)	(34.7)%	(44.9)%
Debit card, credit card & loan rebates	(136.5)	(247.7)	(190.4)	(44.9)%	(28.4)%
Others	(706.1)	(2,912.7)	(4,347.2)	(75.8)%	(83.8)%
<b>Total</b>	<b>(5,385.4)</b>	<b>(7,814.1)</b>	<b>(9,169.6)</b>	<b>(31.1)%</b>	<b>(41.3)%</b>

Non-financial private sector loan portfolio totaled Ps. 84,551.9 million in the quarter, compared to Ps. 95,141.5 million of Q4 2022 and to Ps. 117,450.2 million of Q1 2022, which represents a decrease of 11.1% QoQ and of 28.0% YoY.

### Loans to the non-financial private sector and foreign residents

(in millions of pesos)

	3 month period ended			Variation (%)	
	03/31/2023	12/31/2022	03/31/2022	QoQ	YoY
Overdraft facilities	4,298.2	1,634.0	1,035.3	163.1%	N/A
Promissory notes	8,525.3	13,541.3	10,130.9	-37.0%	-15.8%
Mortgage loans	19,251.9	20,454.4	23,239.9	-5.9%	-17.2%
Pledge loans	29.7	41.8	96.1	-28.8%	-69.1%
Consumer loans	7,511.3	7,738.0	10,416.0	-2.9%	-27.9%
Credit cards	28,254.5	29,983.5	45,037.6	-5.8%	-37.3%
Financial leases	1,548.3	1,753.5	403.3	-11.7%	283.9%
Loans to entity's personnel	901.3	962.2	1,070.6	-6.3%	-15.8%
Unallocated collections	(11.6)	(18.0)	(25.4)	-35.2%	-54.1%
Others	13,642.7	18,032.1	23,623.0	-24.3%	-42.2%
Accrued interest and quotation differences receivable	1,567.4	2,405.9	3,255.0	-34.9%	-51.8%
Documented interest	(967.1)	(1,387.2)	(832.2)	-30.3%	16.2%
<b>Total</b>	<b>84,551.9</b>	<b>95,141.5</b>	<b>117,450.2</b>	<b>-11.1%</b>	<b>-28.0%</b>

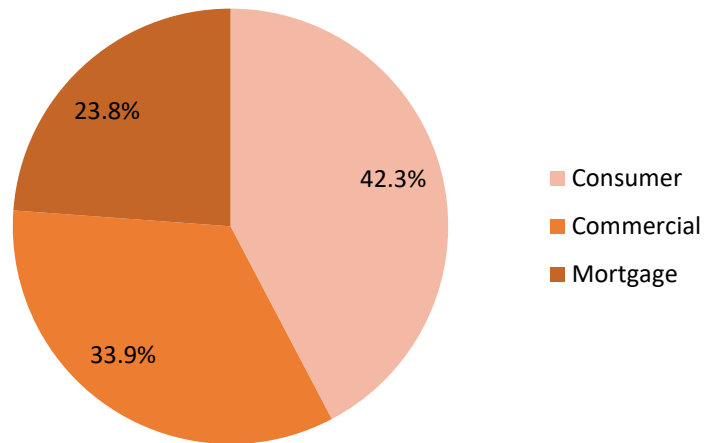






BH's non-financial private sector loan portfolio composition as of March 31<sup>th</sup>, 2023 was 66.1% of retail financing and housing loans (42.3% consumer and 23.8% housing) and 33.9% of commercial loans, providing a highly diversified client base.

### Non-financial Private Sector and Foreign Residents' Loan Portfolio Diversification Q1 2023





On a consolidated basis, NPL increased from 6.6% in Q1 2022 to 2.7% in Q1 2023, while coverage ratio was 119.0% for the quarter. Consolidated NPL was 4.8% in Q4 2022.

### Non-performing loans

(in millions of pesos)

	As of		
	03/31/2023	12/31/2022	03/31/2022
<b>Consolidated level</b>			
Non-performing loans	2,451.3	4,827.6	8,237.5
Total portfolio	89,944.0	101,039.4	124,842.4
Allowances (total)	2,917.0	2,986.7	6,462.5
Non-performing loans / Total portfolio	2.7%	4.8%	6.6%
Allowances (total) / Non-performing loans	119.0%	61.9%	78.5%
<b>Consumer portfolio</b>			
Non-performing loans (consumer)	1,391.0	1,469.0	2,143.8
Consumer portfolio	55,883.6	59,189.8	79,555.7
Allowances (consumer)	2,213.8	2,048.0	3,026.3
Non-performing loans (consumer) / Consumer portfolio	2.5%	2.5%	2.7%
Allowances (consumer) / Non-performing loans (consumer)	159.2%	139.4%	141.2%
<b>Commercial portfolio</b>			
Non-performing loans (commercial)	1,060.3	3,358.6	6,093.7
Commercial portfolio	34,060.5	41,849.5	45,286.7
Allowances (commercial)	703.3	938.8	3,436.1
Non-performing loans (commercial) / Commercial portfolio	3.1%	8.0%	13.5%
Allowances (Commercial) / Non-performing loans (commercial)	66.3%	28.0%	56.4%

Deposits totaled Ps. 292,539.1 million, representing a decrease of 18.4% QoQ and of 25.7% YoY, while capital markets debt totaled Ps. 15,491.7 million, decreasing 11.6% QoQ and 41.4% YoY.

### Funding

(in millions of pesos)

	03/31/2023		12/31/2022		03/31/2021		Variation (%)	
	Ps.	%	Ps.	%	Ps.	%	QoQ	YoY
Deposits	292,539.1	95.0%	360,037.9	95.4%	393,900.3	93.7%	-18.7%	-25.7%
Local capital markets debt	5,668.9	1.8%	9,205.6	2.4%	16,805.4	4.0%	-38.4%	-66.3%
International capital markets debt	9,822.8	3.2%	8,325.4	2.2%	9,612.1	2.3%	18.0%	2.2%
Unsubordinated Senior Notes	15,491.7	5.0%	17,530.9	4.6%	26,417.5	6.3%	-11.6%	-41.4%
<b>Total</b>	<b>308,030.8</b>	<b>100.0%</b>	<b>377,568.9</b>	<b>100.0%</b>	<b>420,317.7</b>	<b>100.0%</b>	<b>-18.4%</b>	<b>-26.7%</b>





## Comparative consolidated balance sheet

(in millions of pesos)

	As of			Variation (%)	
	3/31/2023	12/31/2022	3/31/2022	QoQ	YoY
<b>Assets</b>					
Cash and due from banks deposits	34.414,7	33.716,2	32.840,1	2,1%	4,8%
Debt securities at fair value through profit or loss	125.181,2	156.042,2	221.909,0	-19,8%	-43,6%
Derivatives	87,3	88,2	228,6	-1,1%	-61,8%
Repo transactions	91.407,2	119.520,1	25.617,7	-23,5%	256,8%
Loans and other financing	18.391,2	12.770,4	22.441,6	44,0%	-18,0%
Non-Financial Public Sector	-	-	-	N/A	N/A
Financial Sector	218,2	296,9	1.072,5	-26,5%	-79,7%
Non-Financial Private Sector and Foreign Residents	84.551,9	95.141,5	117.450,2	-11,1%	-28,0%
Allowances	(2.836,8)	(2.895,1)	(6.371,2)	-2,0%	-55,5%
Loans, net of allowances	81.933,3	92.543,2	112.151,5	-11,5%	-26,9%
Other debt securities	24.136,3	38.107,8	69.822,0	-36,7%	-65,4%
Financial assets in guarantee	15.685,8	5.162,9	12.389,4	203,8%	26,6%
Investment in subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Property, plant and equipment	15.411,2	15.573,8	16.719,2	-1,0%	-7,8%
Others	20.910,7	17.000,8	26.805,4	23,0%	-22,0%
<b>Total Assets</b>	<b>427.558,9</b>	<b>490.525,6</b>	<b>540.924,4</b>	<b>-12,8%</b>	<b>-21,0%</b>
	-	-	-		
<b>Liabilities</b>					
Deposits	292.539,1	360.037,9	393.900,3	-18,7%	-25,7%
Liabilities at fair value through profit or loss	3.217,6	-	20.154,9	N/A	-84,0%
Derivatives	18,0	0,2	-	N/A	N/A
Repo transactions	-	-	-	N/A	N/A
Other financial liabilities	29.493,3	29.788,8	25.667,7	-1,0%	14,9%
Financing received from Argentine Central Bank and other financial insti	211,2	359,3	501,9	-41,2%	-57,9%
Unsubordinated Senior Notes	15.491,7	17.530,9	26.417,5	-11,6%	-41,4%
Current income tax liabilities	1.432,2	980,9	1.127,9	46,0%	27,0%
Subordinated Senior Notes	-	-	-	N/A	N/A
Provisions	990,5	1.344,3	1.228,3	-26,3%	-19,4%
Deferred income tax liabilities	5.173,6	3.405,0	-	51,9%	N/A
Other non financial liabilities	13.608,2	15.327,2	15.466,8	-11,2%	-12,0%
<b>Total Liabilities</b>	<b>362.175,5</b>	<b>428.774,4</b>	<b>484.465,3</b>	<b>-15,5%</b>	<b>-25,2%</b>
Shareholders' Equity attributable to non-controlling interest	1.673,4	1.696,8	1.388,4	-1,4%	20,5%
Shareholders' Equity attributable to parent's shareholders	63.710,1	60.054,4	55.070,8	6,1%	15,7%
Total Shareholders' Equity	65.383,5	61.751,2	56.459,1	5,9%	15,8%





## Comparative consolidated income statement

(in millions of pesos)

	12 month period ended			Variation (%)	
	3/31/2023	12/31/2022	3/31/2022	QoQ	YoY
Interest income	32.229,9	34.813,5	24.494,1	-7,4%	31,6%
Adjustments income	3.137,6	3.313,0	2.306,3	-5,3%	36,0%
Interest expense	(41.404,2)	(41.468,1)	(25.689,4)	-0,2%	61,2%
Adjustments expense	(802,3)	(1.424,9)	(1.036,5)	-43,7%	(22,6)%
<b>Net interest income</b>	<b>(6.839,0)</b>	<b>(4.766,5)</b>	<b>74,5</b>	<b>43,5%</b>	<b>N/A</b>
Fee and commission income	2.952,8	3.047,0	3.574,8	-3,1%	(17,4)%
Fee and commission expense	(168,9)	(236,7)	(229,9)	-28,6%	(26,5)%
<b>Net fee and commission income</b>	<b>2.783,8</b>	<b>2.810,3</b>	<b>3.344,9</b>	<b>-0,9%</b>	<b>(16,8)%</b>
Net Income from financial instruments at fair value through profit or loss	24.207,8	22.120,7	17.509,5	9,4%	38,3%
Income from asset derecognition measured at amortized cost	-	-	-	N/A	N/A
Gold and foreign currency exchange rate differences	(372,1)	986,4	(764,4)	-137,7%	(51,3)%
Other operating income	8.736,6	4.438,9	5.767,8	96,8%	51,5%
Loan loss provision	(680,8)	751,8	(611,3)	-190,6%	11,4%
<b>Net operating income</b>	<b>27.836,4</b>	<b>26.341,6</b>	<b>25.320,9</b>	<b>5,7%</b>	<b>9,9%</b>
Personnel expenses	(6.055,0)	(6.544,2)	(6.336,8)	-7,5%	(4,4)%
Administrative expenses	(2.777,2)	(3.716,1)	(3.023,3)	-25,3%	(8,1)%
Depreciation and impairment of non-financial assets	(442,6)	(522,1)	(511,8)	-15,2%	(13,5)%
Other operating expenses	(5.385,4)	(7.814,1)	(9.169,6)	-31,1%	(41,3)%
<b>Operating income</b>	<b>13.176,2</b>	<b>7.745,1</b>	<b>6.279,5</b>	<b>70,1%</b>	<b>109,8%</b>
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Gain (loss) on net monetary position	(7.248,5)	(4.710,9)	(1.027,9)	53,9%	N/A
<b>Income before income tax from continuing operations</b>	<b>5.927,7</b>	<b>3.034,3</b>	<b>5.251,6</b>	<b>95,4%</b>	<b>12,9%</b>
Income tax	(2.327,6)	(1.391,0)	(2.905,4)	67,3%	(19,9)%
Net income (loss) for the period attributable to non-controlling interests	(55,7)	(64,3)	(40,9)	-13,4%	36,2%
<b>Net income (loss) for the period attributable to the parent's company</b>	<b>3.655,7</b>	<b>1.707,6</b>	<b>2.387,0</b>	<b>114,1%</b>	<b>53,1%</b>





## Statistic data and comparative ratios

For the period ended on

	03/31/2023	12/31/2022	03/31/2022
<b>Profitability</b>			
ROAA (return on average assets)	3.2%	1.5%	1.4%
ROAE (return on average equity)	23.6%	11.5%	17.7%
Net financial margin*	14.8%	15.9%	9.8%
Efficiency**	53.0%	69.8%	82.8%
<b>Capital</b>			
Shareholders' Equity / Total Assets	14.9%	12.2%	10.2%
CET I Ratio	24.6%	22.6%	16.6%
Tier 1 Ratio	24.6%	22.6%	16.6%
Total Capital Ratio	25.1%	23.1%	17.1%
<b>Liquidity</b>			
Liquid Assets / Deposits	94.1%	96.5%	88.9%
LCR	173.0%	126.0%	148.0%
NSFR	220.4%	215.6%	208.1%
Loans / Deposits	28.0%	25.7%	28.5%

\* (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 including 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

Regarding the Bank's outlook for the next quarter and 2023, it is based on:

- ✓ Sustain a superior standard of operational excellence.
- ✓ Maintaining a solid position of liquidity and solvency.
- ✓ Further advancing the implementation of our digital strategy to amplify distribution capabilities and maximize client base profitability.
- ✓ Continuously scaling our agility: In the final quarter of 2022 and the initial quarter of 2023, we successfully launched the Housing Tribe, Wholesale Product Tribe, Retail Product Tribe, Digital Channels Tribe, and Benefits and Home Tribe.
- ✓ Preserving a balanced asset and liability structure through meticulous management of different tenors and currency exposures.
- ✓ Expanding sustainable housing solutions, thereby intensifying our positioning strategy as the leading Home Bank
- ✓ Enhancing efficiency and actively managing expenses to drive optimal performance.

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Eduardo S. Elsztein  
Chairman





Assets and liabilities denominated in foreign currency as of March 31<sup>th</sup>, 2023 were converted to Pesos at the exchange rate of Ps. (\$208.9883/USD1.00) and Ps. (\$226.8386/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](http://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](http://www.cnv.gov.ar)) and the Bolsa de Comercio de Buenos Aires ([www.bolsar.com](http://www.bolsar.com)). In addition, the Central Bank ([www.bcra.gov.ar](http://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.

