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SUSTAINABILITY REPORT

20



HIGHLIGHTS



62

Branches



INSURANCE:

+550 thousand customers trust in our protection (+54 thousand enrollments in 2020).



CUSTOMER SERVICE

+1,5 million calls in 2020 (94% were satisfied or very satisfied. 86% received a solution to their concern).



+ 55,000 bundles sold

14,600 savings accounts in pesos, 27,350 savings accounts in dollars and 5,800 new checking accounts were opened.



+38,000

Social Savings Accounts.

AR\$ 916.5 million

was the net income for the fiscal year 2020.



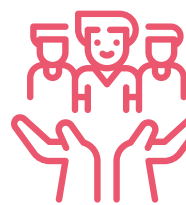
277 social organizations with which we interacted.



270,640 people who were accompanied with our programs.

AR\$ 69.2 million

invested in the community.



44 organizations sponsored by collaborators who participated in the program to strengthen solidarity initiatives.



188 volunteer employees.



1,704 employees.



50.8% are women.



87% of our staff covered by Collective Bargaining Agreements.



+ 20,000 hours of training.

We launched A·D·N

our new virtual space for Learning, Development and Business.

Digital Workplace, adoption of digital creation and collaboration tools.
Launch of the new BH Intranet.



99.8% reduction in electricity consumption.



56.6% reduction in gas oil consumption in UPS units.



-88% wet waste in the head office.



1,150 kilos of paper and 5 kilos of plastic delivered to the Garrahan Foundation.



313 pieces of furniture and IT equipment were delivered to 10 NGOs under the "Equipados para Dar" (Equipped to Give) program.



We implemented a Multidimensional Contingency Plan.



We arranged remote Customer Service operations in record time.



We adapted the layout of our branches to take care of our employees and customers.



We distributed +125,000 prevention elements such as face masks, alcohol-based hand sanitizer and gloves.



We promoted the digitalization of products and services, and the adoption of self-service channels.



We carried out massive digital crime prevention campaigns.

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WE ARE BANCO HIPOTECARIO

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CHAIRMAN'S LETTER

CHAIRMAN'S LETTER



GRI Content 102-14

I welcome you to the 10th Sustainability Report of Banco Hipotecario, corresponding to 2020, prepared in accordance with the Global Reporting Initiative (GRI) Standards.

At Banco Hipotecario, we are aware of the significant role of the Financial Sector in the building of sustainable development. That is why we continually work to manage our business in a responsible way, protect our human capital and develop it, support the communities where we operate and conserve natural resources.

In line with the above, in 2020 we updated our strategic vision, with a focus on 2023, strengthening our role as an efficient digital financial services provider for Argentine households, families and businesses, renowned for its outstanding customer service; instilling a people-centric culture, data-based decision making and characterized by a positive social footprint.

Among the highlights of the year, it is worth mentioning that the COVID-19 pandemic was an unprecedented event, which ran through the entire 2020 management and which put us to the test as an organization and as individuals.

In view of this scenario, we created a Crisis Committee, made up of referents from different managements; we developed a Contingency Plan and build general and cross-cutting protocols for the Bank and its subsidiaries.

On the local economic front, certain imbalances were evident, persistent inflation and laws and regulations enacted by the government and by regulatory authorities, including a freeze on rent and mortgage payment hikes, a ban on evictions and layoffs, subsidies, compulsory credit refinancing, among others. Despite such adverse circumstances, the result of the different business lines made it possible to obtain a net income of AR\$ 916.5 million.

Regarding the social aspect, in 2020 we maintained our commitment to the community and we continued to support the NGOs with which we usually work. At the same time, we promoted collaborative work and we continued working to provide access to housing.

Our customers were, are and will be our center. In 2020, we strived to provide agile and responsible responses, in line with our historical social mission, supporting the great effort made by all Argentines. We maintained in-person service across the entire Branch Network, provided with protection and prevention elements, adopting protocols and social distancing measures.

Regarding the staff, the ways of working were adapted for employees based in our emblematic head office; a 100% virtual scheme was adopted. To do so, we defined good practices for remote work and remote leadership.

I take this opportunity to acknowledge and congratulate our human capital for their commitment to the Bank and for having maintained the operations with high quality standards and, above all, for having kept the Bank at the service of the community.

As for the future, I also wish to mention that we ratify our commitment to the Sustainable Finance Protocol and that we continue to work on building a sustainable finance strategy in the banking industry.

Without further ado, I invite you once again to read the Report and learn more about our Sustainability Management.

Eduardo S. Elsztain,
Chairman.

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**WE ARE
BANCO HIPOTECARIO**





We Are Banco Hipotecario

GRI Content 102-1, 102-5

We are a simple and contemporary bank with a broad presence throughout the country. Our management focuses on providing comprehensive solutions in terms of credit, savings and investment, aimed at families, businesses and public sector entities.

With 134 years of history, we are one of the most solid institutions in the financial system, with a mixed shareholding composition that empowers the strengths of the public and private sectors.

We were born in 1886 as Banco Hipotecario Nacional (BHN) and, almost a hundred years later, we became Banco Hipotecario SA. Currently, our main private shareholder is IRSA Inversiones y Representaciones SA, a leading real estate development company in Argentina.

Our history linked to mortgage loans allowed more than 1.8 Million Argentine families to access their first home, what made us creators of owners.

› 2.1 Our Business Areas

GRI Content 102-6

Through **Retail Banking**, we provide consumer financing alternatives for individuals and comprehensive solutions for housing. Among the transactional services offered are electronic means of payment, the payroll accreditation in account and the placement of funds.

In 2020, we increased the Bank's commitment to developing digital channels to enhance the customer experience both in obtaining new products and services and in transactions.


Through **Wholesale Banking**, we finance large companies and entrepreneurs, and promote their access to capital markets.

› 2.2 Location of our Operations

GRI Content 102-3, 102-4

We have a head office, located in Reconquista 101, Autonomous City of Buenos Aires, and a wide Branch Network, which allows us to reach all the provincial capitals of the country.

During 2020, in response to the exceptional situation caused by the COVID-19 pandemic, the service model was adapted to a system of provision in rotating bubbles that ensured business continuity across the entire Branch Network. At the same time, the use of the "shift schedule" was intensified, which made it possible to meet the demand of our customers; and the referral to digital channels was promoted.



WE HAVE A NETWORK OF 62 BRANCHES





	97%	WITH ACCESS RAMP FOR PEOPLE WITH MOBILITY IMPAIRMENTS
	+150	ATMS
	+200	SELF-SERVICE TERMINALS
	20	BRANCHES AND ATMS WITH FUNCTIONS FOR PEOPLE WITH VISUAL IMPAIRMENTS



Table 1 Location of operations

Branches



ATMs



SELF-SERVICE TERMINALS



BRANCHES AND ATMs WITH FUNCTIONS FOR PEOPLE WITH VISUAL IMPAIRMENTS

Autonomous City of Buenos Aires	10	24	2
Buenos Aires	51	62	6
Catamarca	3	2	-
Córdoba	13	20	1
Chaco	4	5	1
Chubut	4	5	1
Corrientes	3	3	1
Entre Ríos	5	8	1
Formosa	4	4	-
Jujuy	1	4	-
La Pampa	2	2	-
La Rioja	3	4	-
Mendoza	5	7	-
Misiones	4	3	-
Neuquén	3	5	1
Río Negro	2	1	-
Salta	3	4	-
San Juan	3	4	-
San Luis	2	3	1
Santa Cruz	3	3	1
Santa Fe	14	17	2
Santiago del Estero	2	6	-
Tierra del Fuego	2	2	1
Tucumán	5	8	1



› 2.3 Shareholding Structure

GRI Content 102-5, 201-4

Our capital stock is made by four classes of shares:

› **Class "A" shares:** held by the Argentine government, or its designated trustees, whose voting rights are exercised by the Argentine government.

› **Class "B" shares:** aimed at the employees under the Employee Stock Ownership Program, who -currently - represent 3.8% of the capital stock and whose voting rights (until they are awarded to them) are exercised by the Argentine government.

› **Class "C" shares:** reserved for primary sale in public offering to companies engaged in housing construction or in the real estate business. Currently held by the Argentine government through the FFIR¹. This share class accounts for 5% of capital stock.

› **Class "D" shares:** held by the private sector.

Any Class "A" shares sold by the FFIR, as well as the shares that will be subsequently sold by the future purchasers of Class "B" and Class "C" shares shall be converted into Class "D" shares.

¹ FFIR: Fideicomiso del Fondo de Infraestructura Regional

Class "D" shares shall not change class because they are eventually subscribed or acquired

by the Argentine government, another public legal entity or by employees under in the Employee Stock Ownership Program.

During the 2020 management period, no contributions were made to Banco Hipotecario S.A., by national, provincial and municipal governments, either for tax benefits or financing aid/subsidies.

Regarding the shareholding structure, the Argentine government holds a 58.04% stake with respect to the capital and 35.04% of the votes, through different types of shares.

Table 2 Shareholding distribution
as of 31/12/2020

SHAREHOLDERS	CLASS OF SHARES	% OF CAPITAL ²
ARGENTINE GOVERNMENT/ BANCO DE LA NACIÓN ARGENTINA as Trustee of the Fideicomiso del Fondo de Infraestructura Regional (FFIR)	A	44.30%
BANCO DE LA NACIÓN ARGENTINA in its capacity as Trustee of the Employee Stock Ownership Program	B	3.80%
BANCO DE LA NACIÓN ARGENTINA in its capacity as Trustee of the Fideicomiso de Asistencia al Fondo Federal de Infraestructura Regional (FFIR)	C	5.00%
ANSES (Argentine Social Security Office)	D	4.94%
PRIVATE SHAREHOLDERS	D	41.96%

(¹) Out of a total of 1,500,000,000 shares.

› Economic Group Structure

GRI Content 102-10, 102-45

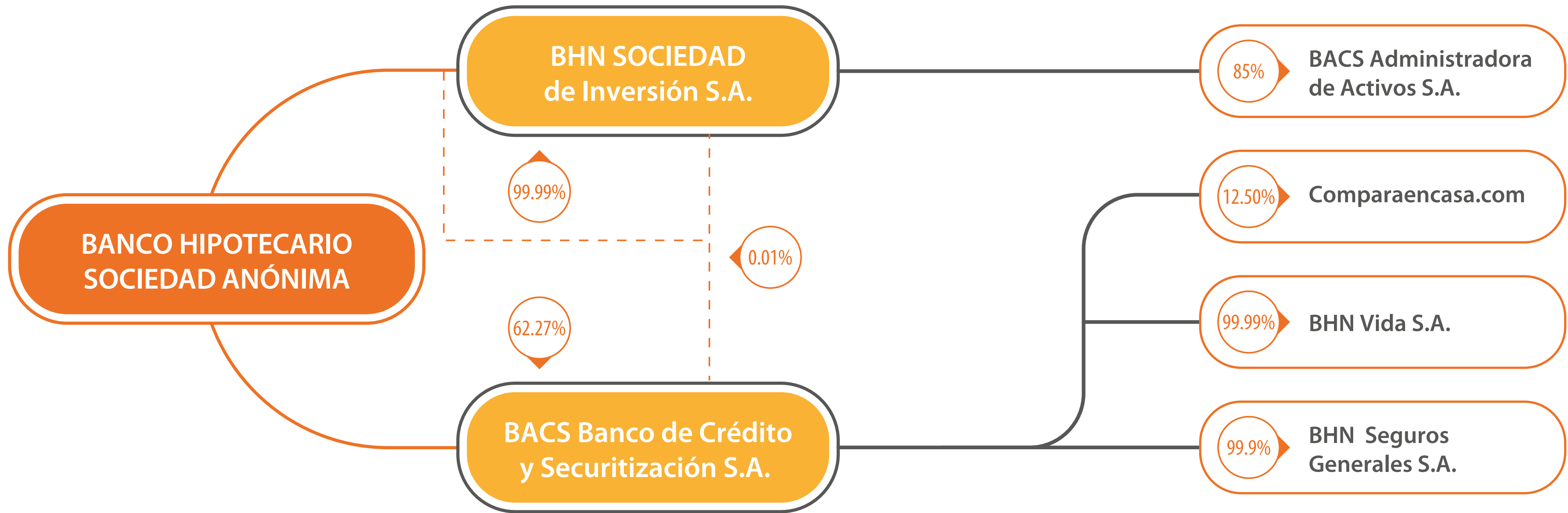
The consolidated financial statements of Banco Hipotecario S.A. include companies over which the Bank has direct or indirect control². The subsidiaries that are not part of this Report are detailed below:

› BHN Sociedad de Inversión S.A., a company engaged in investments and in managing ownership interests in the capital stock of other companies; BHN Vida S.A., a life insurance company; BHN Seguros Generales S.A., an insurance company that carries insurance against fire and damage to real property, and Comparaencasa.com.

› BACS Banco de Crédito y Securitización S.A. (BACS), a commercial bank which in turn owns a shareholding in BACS Administradora de Activos SA (BACSAA).

As the parent company, at Banco Hipotecario we are at the center of the main financial intermediation activities and defer to other economic units the banking supplementary businesses and services, as well as insurance and mutual fund management companies.

² In the reported period, there were no significant changes with regard to the structure, share ownership or supply chain of the Organization.





› 2.4 Products and Services

Material Aspects: **Access to a home, Microcredits**

GRI Content **102-2, 102-6**

Through our products and services, we create value for the diversity of our customers, according to the needs of each of the segments.

The structure and balance between assets and liabilities allow us to carry out our growth strategy and development of quality products.

During the reported period, as a result of the COVID-19 pandemic and the measures taken by the Argentine government, the Central Bank of the Argentine Republic (BCRA) made certain modifications to the products, aimed at easing the financial situation of the different groups of

customers. Among other measures, the due dates of financial obligations have been modified, the collection of usage fees on some ATM operations has been eliminated, the collection of punitive interest for some financial obligations has been suspended for a specified period, the maximum and minimum rates of certain active and passive products have been regulated, among others.

As a counterpart and to offset these impacts on the financial system, the cost of funding was reduced and the liquidity requirements were modified.

As of December 31, 2020, lending products totaled AR\$ 128,855 million, a 13% increase compared to 2019. Out of the total the lending products, the item loans reached 37.6%.

For their part, borrowing products (deposits and negotiable obligations), which are funding sources for the Bank, registered a balance of AR\$ 111,353 million, equivalent to an increase of 14% compared to 2019.

This occurred as a consequence of an increase of more than 87% in deposits and a decrease of 48% in negotiable obligations compared to the values recorded in 2019.

Lending Products

- › Mortgage Loans
- › Consumer Loans
- › Credit Cards
- › Insurance Business
- › SMEs Loans
- › Corporate Loans

Borrowing Products

- › Deposits
- › Negotiable Obligations

Table 3 Volume of Lending and Borrowing Products

	2020	2019	2018
› Lending Products	128,855	114,310	167,620
› Borrowing Products	111,353	97,724	147,142
› Deposits	83,113	44,238	62,014
› Negotiable Obligations	18,829	38,934	62,757

Figures stated in millions of pesos. Values according to the financial statements separated as of 12/31/20.



Table 4 Distribution of the portfolio – Retail Banking Products

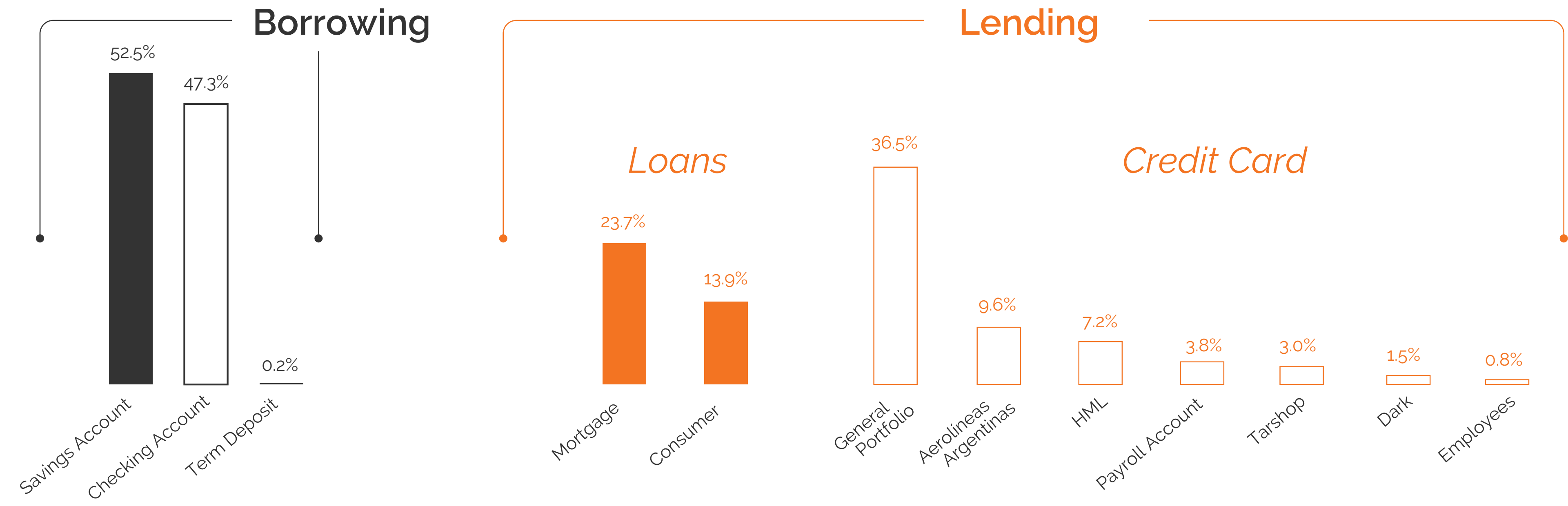
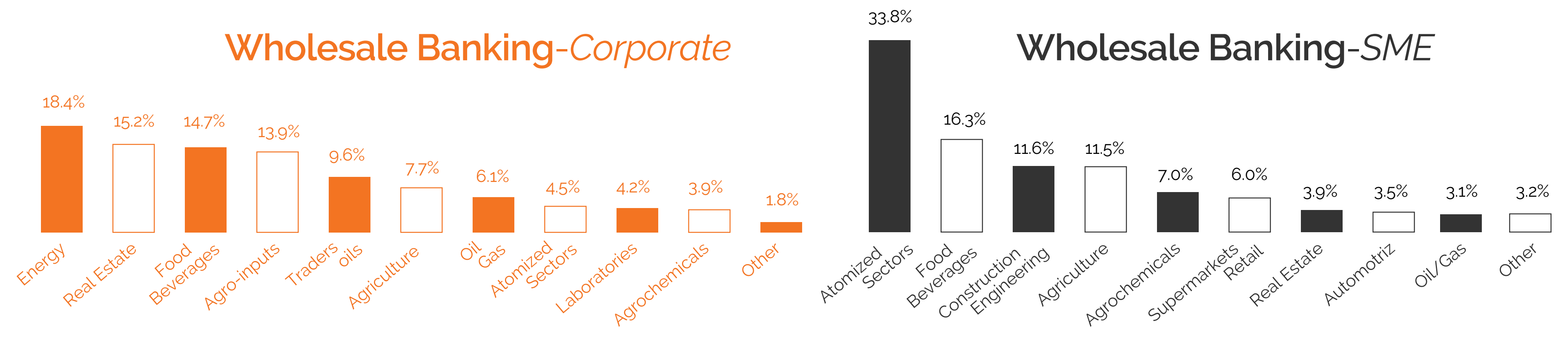


Table 5 Distribution of the portfolio by sectors - Wholesale Banking





Regarding the distribution by sectors of the wholesale portfolio (Corporate) in 2020, the Energy and Real Estate sectors had the highest participation, exceeding 30% of the portfolio. Regarding the geographical distribution of the products, the Corporate segment kept 100% of its destination in the central region. Regarding the SME segment, the NOA (Argentine Northwest) region increased its participation compared to 2019 and reached 11%.

> **Lending Products**

Mortgage Loans

Mortgage loans are the products that materialize our mission of helping to make the Argentine dream of having "their own home" come true. These loans are granted with our own and third party's equity, and have made it possible to assist different governmental organizations, such as provincial housing departments and the National Housing Fund.

In 2020, we continued with the origination of UVA-linked mortgage loans out of our own equity. These loans are primarily intended to fund the construction, acquisition, completion and enlargement of first and second homes for the general public and customers with payroll accounts at the Bank. In addition, we continued pursuing the development of the PRO.CRE.AR program, in our capacity as trustee since 2012.

In turn, we completed further upgrades in the di-

gital origination channel to enhance customers' experience and shorten credit origination terms. We primarily focused on the development of products under the PRO.CRE.AR program, to allow for an entirely online credit application process. In 2020, we also incorporated new functionalities, such as the transaction tracking dashboard which allows customers to monitor the status of a credit application, fill out the application form and upload the required supporting documents, among other features.

This allowed to maintain the program origination levels, with customers being able to apply for the loans without the need for being physically present at the branch during the pandemic, so that families could access housing solutions while preserving their health.

In turn, we finalized the "Third Party Financing" project, which allows to manage the funds of any party interested in originating mortgage loans, using cash management and credit origination services.

Table 6 Geographical distribution of our products	
Wholesale Banking - Corporate	
› Center	100%
Wholesale Banking - SME	
› Center	82.5%
› Cuyo	2.1%
› NEA	3.7%
› NOA	11.0%
› Patagonia	0.8%





The purpose of the **PRO.CRE.AR** program is to increasingly guarantee the right to have access to a home and to foster a virtuous circle in the economy

In 2020 we completed eight years as administrators of the **PRO.CRE.AR**, trust, under which **we delivered more than + de 213,000 housing solutions** as a response to the housing needs identified in the country

PRO.CRE.AR. Bicentennial

In 2012, the Public Trust Fund was established, called the Argentine Bicentennial Credit Program for Single Family Housing, which led to the most important Credit Program in recent decades to access housing. The main purpose of the Program, in addition to becoming a necessary driver for the revitalization of the economy, was and is to address the housing demand, until its creation, unsatisfied.

In our role as trustees of the Trust, from Banco Hipotecario, we implement the granting and collection of the loans offered, guaranteeing the execution of the Program and applying our broad experience in the home loan market.

Attributes of the PRO.CRE.AR Program

- Multiplier
- Federal
- Transparent
- Inclusive

Due to the health situation, in August 2020, the Program was re-launched, prioritizing three main axes:

- > **Urban Agenda Updating:** a wide range of recipients, with the commitment to include people with disabilities, respect and protection of local identities, and the gender perspective. Likewise, criteria of connectivity, accessibility, environmental sustainability and community hygiene were incorporated.
- > **Projects Integrity:** integration of these with the urban fabric, generating quality public spaces and new infrastructures that allow commercial, cultural and community uses, establishing the concept of the federal spirit of the Program.
- > **Economic Dynamization:** reactivation of local economies taking into account the critical context, generating employment and recognizing the strategic role of construction.

To do so, credit vehicles were created in accordance with the current framework and bearing in mind the salary difficulties of this fiscal year. A new credit update formula called Hog.Ar was created, which is linked to salary variation and replaces UVAs, providing predictability over the life of the loan.

The credit lines reached by this re-launch are the following:

- > Enhancement Microcredit Line: to enhance terminations and minor arrangements.
- > Refurbishment Improvement Line: for general refurbishment of the home.
- > Gas Enhancement Line: to carry out home installations for access to the gas network up to three outlets.
- > Enlargement Line: for enlargements of up to 20m2 in existing homes.
- > Construction Line: for construction of houses of up to 60m2 in PRO.CRE.AR, Municipal or own lot.
- > Lots with Utilities Line: generation of urban land for families that do not have their own land.
- > Urban Development Line: urban development and housing complexes in PRO.CRE.AR premises.



Handling of community conflicts: we managed to reach peaceful agreements with beneficiaries groups, which fostered shared rules not only inside the neighborhoods but also with surrounding neighborhoods.

Individual Home Financing

The individual credit lines vary according to the needs of the beneficiaries: construction, enlargement, completion and refurbishment of homes.

LINE	AMOUNT OF LOANS		AMOUNT LENT (MILLIONS OF PESOS)		EQUITY
	2020	2019	2020	2019	
Home construction	2	27	7.1	44.9	BHSA own equity
Home acquisition	11	23	15.3	33.9	
PRO.CRE.AR Young Savings "Ahorro Joven"	22	92	15.7	83.7	PRO.CRE.AR
Microcredits Better Home "Mejor Hogar"	13,416	25,371	558.9	853.2	

Urban Developments

The Urban Development line constitutes the major credit line to buy brand-new homes available in the country.

Families from several parts of Argentina have a chance to participate in raffles for homes -turnkey- or lots with utilities, depending on the proposal available in their area.

Urban Projects are a tool to strengthen and consolidate social integration processes

and to encourage economic growth through home building. In turn, they bring along the added value of controlling and using urban land for social purposes, helping to limit speculation in real estate transactions.

Achievements 2020

+23,000 HOMES IN EXECUTION WITH A VOLUME GREATER THAN 2 MILLION M²

- > 70 lots of land awarded and underway (average project completion is at 97.7%, while average finance completion is at 95.4%).
- > 16 housing lots raffled among 55,000 enrolled people (new lots and lots remaining from other draws), accounting for a total of 3,267 homes.
- > 45 lots with utilities raffled among 70,000 enrolled people (lots remaining from other

draws), accounting for a total of 4,604 lots.

- > In the same period, and in an adverse context, 2,687 homes and 503 lots with utilities were delivered.

The milestone of deliveries was achieved despite the current sanitary restriction and in full compliance with all the protocols issued by the Government authorities. It represented the start-up of novel processes with the aim of complying with the guidelines set by the Program authorities, without detriment to the care of workers in the different stages of this process, which is quite complex (Bank employees from external and internal areas, notaries' offices, general employees of the works, government officials and authorities and, above all, beneficiary families throughout the country).

The Young Savings line, which brought together young people between the ages of 18 and 35, was discontinued, but the Program's commitment to delivering a housing solution was maintained. In this regard, the process of those Beneficiaries who had advanced in the process continued.



Buenos Aires Station's Urban Development

In 2020, 76 families acquired their home in the lot through a subsidized loan and the relocation process was completed.

These families were living on public land, in precarious buildings that threatened their health. When the Urban Development was built, buildings were constructed so that they could have legal tenure of their homes and live in quality apartments with all the basic utilities.

Consumer Loans

The consumer loans we offered to our customers in the retail segment in 2020 were characterized by being at a fixed rate, with financing payable up to 60 months and an aggregate amount offered of up to AR\$ 1,000,000 (one million).

In turn, as of June, preferential rate offers were incorporated for High Income and Payroll Account customers, which were advertised in digital and in-branch campaigns. Consequently, origination increased as from the second half of the year, allowing the Bank to surpass the year's initial target.

Finally, in 2020 the Bank originated 2,808 consumer loans, which accounted for AR\$ 327 mi-

llion in volume, which represents a 28% decrease compared to 2019

Our customers are offered and can acquire this product primarily at our Branch Network. The breakdown of origination shares is as follows: Branches: 69%; Home Banking: 29%; and Tele-marketing: 2%.

Table 8		Consumer Loans	
		2020	2019
› Consumer loans granted	-----	2,808	7,642
› Volume (millions of pesos)	-----	327	456

Credit Cards

The VISA Credit Card portfolio (National, International, Gold, Platinum and Signature) was comprised by 658,910 accounts with account statements, which represented a volume of AR\$ 19,762 million for 2020.

During the year, the Argentine Government implemented several policies (regulations enacted

Table 9		Customers - Credit and debit cards		
		2020	2019	2018
› Number of credit cards	-----	658,910	829,181	769,255
› Number of debit cards	-----	788,551	795,463	741,275

by the BCRA) by reason of the social distancing, such as: origination of zero-rate credit card loans for taxpayers under the simplified tax regime and self-employed workers; the refinancing of monthly credit card outstanding balances with a grace period and at fixed rate; fees and commissions remained unchanged all over the year, among others.

During 2020, we continued pursuing our Commercial Strategy focused on growth and preservation of target segments, from acquisition to loyalty/retention.

Finally, we kept enhancing the Customer Experience, primarily on Digital Channels (focused on Mobile Banking display and browsing capabilities).

We have +658 thousand credit card accounts and +788 thousand debit card accounts



+550 thousand customers trust our protection
+54 thousand new policies in 2020

Insurance Business

We offer our customers the protection they most need through a wide range of insurance:

- > Home Insurance
- > Life Insurance
- > Personal Accident Insurance
- > Personal Property Insurance
- > ATM Theft Insurance
- > Purchase Protection
- > Health Insurance
- > Car Insurance
- > Comprehensive Business Insurance

The insurances make up the portfolio that generated 152 thousand sales in 2019. The number of current insurances in the reported period was 686,000 and the level of accrued premiums amounted to AR\$ 1,539 million.

In 2020, we originated 54,500 new policies, 62% of which through the telemarketing channel and 38% at branches. At the year-end, the insurance

portfolio comprised 555,000 current policies, 20% less than those registered at the end of 2019. Accrued premiums for the year amounted to AR\$ 1,706 million.

In 2020, we also posted fee income as a result of promotional actions and customer referrals for the Multi-assistance Home Insurance offering. The fees derived from this business line during the year amounted to AR\$ 49 million.

Corporate And Smes Loans

In line with the global strategy, Corporate Banking was focused on increasing transactional volumes. Consequently, the credit offering was primarily targeted at working capital financing and customers with reciprocal transactional business, thus maintaining a balanced portfolio,

with adequate exposure to credit risk.

Relative to 2019, Corporate's Banking assets in pesos increased, primarily in the form of working capital agreements and loans, with the U.S. dollar portfolio having declined USD 40 million (-42%).

The SME segment has over 3,200 customers from a broad variety of segments. At year-end, the Bank's credit exposure to SMEs was around AR\$ 2,605 million, with secured loans accounting for 82% of that total, supporting the credit facilities for SMEs countrywide mandated by the BCRA.

The breakdown of the portfolio of private-sector loans was as follows: 66.3% in consumer and mortgage loans and 33.7% in commercial loans. In turn, secured loans, with different types of collateral, stood at 17%.

Table 10 Insurance

	2020	2019	2018
> Current policies	555,000	686,000	853,000
> Accrued premiums (millions of pesos)	1,706	1,539	1,282

Values according to reports at the end of each year.

Table 11 SMEs Loans

	2020	2019	2018
> Credit exposure - SMEs (millions of pesos)	2,605	950	1,700
> Secured loans	82%	65%	82%

Table 12 Loans to the Private Sector

	2020	2019	2018
> Volume (millions of pesos)	48,448.0	43,594.9	45,161.8
> Type			
• Consumer	49.3%	55.8%	59.3%
• Commercial	33.7%	28.1%	28.1%
• Mortgage	17.0%	16.1%	12.6%

Values according to reports at the end of each year.



> Borrowing Products

Sight Deposits

During 2020, account captures were primarily focused on the Product Bundling acquisition strategy, succeeding in opening 98,035 new accounts denominated in pesos. Twenty six per cent (26%) of these new accounts were opened at our branches, while 60% of them were opened through our electronic channels, primarily, Home Banking. Such a distribution is due to the decrease in branch traffic as a consequence of the COVID-19 pandemic.

In turn, the Bank opened 35,541 savings accounts denominated in U.S. dollars, with a sharped decline compared to 2019.

The Bank continued to make progress with its bundling strategy. As at December, the Bank sold 55,000 bundles accounting for the opening of 14,600 savings accounts in pesos, 27,350 savings accounts in U.S. dollars, and 5,800 new checking accounts.

In an effort to foster customer loyalty, account usage and transactions, the Bank continued with its segmented marketing campaign plan targeted at certain customers. Such campaigns are focused on increasing the use of bank accounts as a means of payment, and fostering Debit Card spending and activation, by offering

benefits in several lines (stores, supermarkets, among others).

Regarding the inventory of accounts, in 2020 there was a considerable increase in Social Savings Banks, which exceeded 38,000 accounts at the end of the period.

Table 13 Account Opening

	2020	2019	2018
> Savings Accounts in Argentine pesos	98,035	80,748	129,733
> Checking Accounts	6,369	16,413	18,635
> Savings Accounts in USD	35,541	100,117	90,541

Table 14 Inventory of Accounts

	2020	2019	2018
> Number of Checking Accounts	38,884	42,540	26,167
> Number of Savings Accounts	815,228	816,426	795,389
> Number of Social Assistance Savings Accounts	38,229	11,833	-



Term Deposits

Our term deposit taking strategy was aimed at reaffirming the criteria of sustainability, quality and optimization of portfolio profitability. In so doing, different approaches were used depending on whether the customers were institutions or individuals. Different interest rates were applied to different segments optimizing funding costs. In addition, individual customers were offered a differential rate by term and amount, with the ensuing improvement in the profitability of each tranche.

Effective since November 2020, the Bank resumed its term deposit taking campaigns offering preferential rates to target segments and noncustomers through the on-line term deposit known as *Plazo Fijo Web*.

As concerns managing institutional customers, leadership at the branches in the Argentine provinces continued to be reinforced. Emphasis was placed on customized service and on a segmented offering of products depending on the type of customer. Furthermore, the Bank continued to deploy the strategy for the promotion of and referral to electronic channels to make term deposits (Home Banking, TAS, and Mobile Banking), thus fostering the use of accounts generating float.

In 2020, we managed to increase the balance of individuals' term deposits across the entire Branch Network, by AR\$ 3,279 million and reaching more than 35,900 customers.

Table 15 Inventory of Deposits

	2020	2019	2018
› Term Deposit in pesos (millions of pesos)	33,244	13,588	13,752
› UVA Term Deposit (millions of pesos)	356.8	757.5	630
› Term Deposit in USD (millions of U.S. dollars)	41	63	44

Other Funding Sources

During 2020, we continued pursuing our funding source diversification strategy, based on sight and term deposits and debt borrowed from capital markets (DCM). We placed Negotiable Obligations in pesos in the local market for an aggregate principal amount of AR\$ 390.6 million at 18 months, and Negotiable Obligations in UVA for an aggregate principal amount equal to UVA 60.3 million, at 24 months. Additionally, we issued Negotiable Obligations in U.S. dollars for an aggregate principal amount of USD 78.3 million as a result of the exchange of Class XXIX Negotiable Obligations.

Table 16 Funding Sources

	2020	2019	2018
› Local Indebtedness	10.0%	14.4%	9.7%
› International Indebtedness	9.0%	32.8%	24.1%
› Total Deposits	81.0%	52.8%	66.2%

3

COVID-19 CONTINGENCY PLAN





We developed a multidimensional contingency plan that prioritized the health of our employees and the safeguarding of the business management, always committed to the care and assistance of our customers

COVID-19 CONTINGENCY PLAN

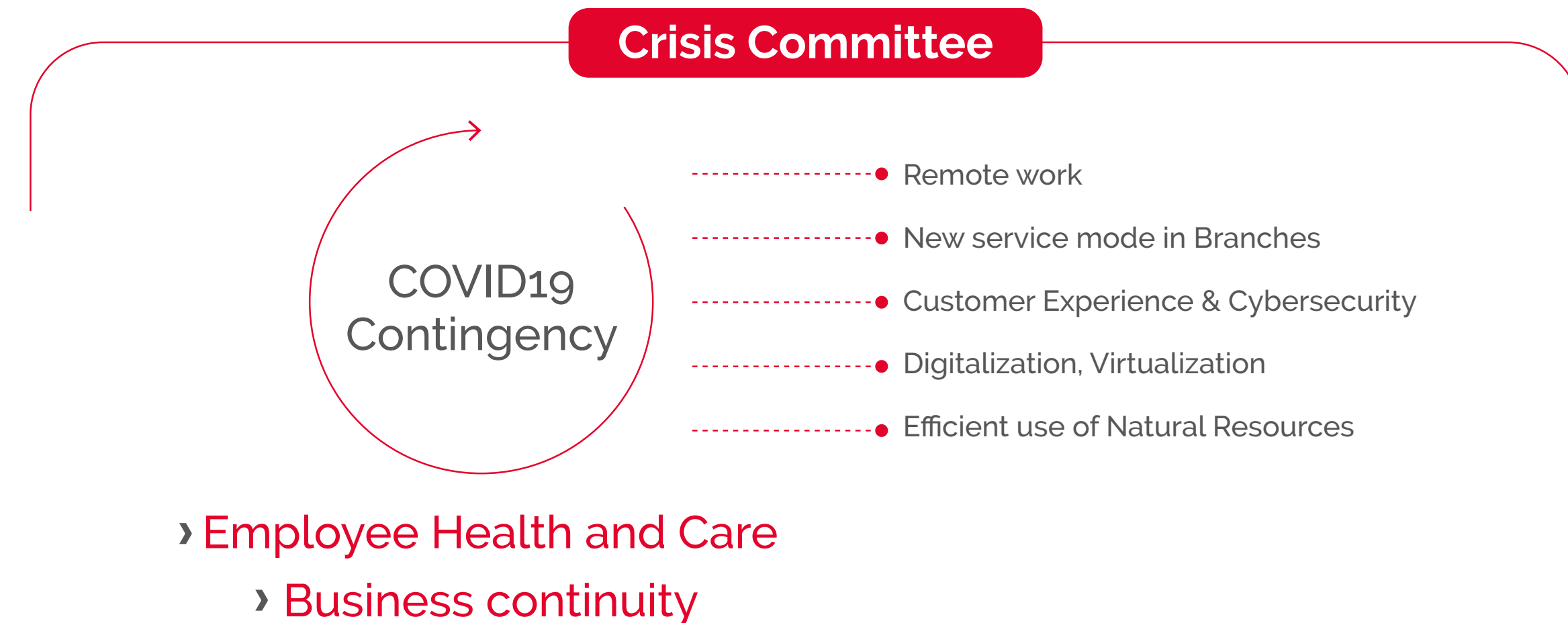
Material Aspect: **Health and Safety**

GRI Content **103-2, 403-5, 403-6, 403-7**

The sudden emergence of the COVID-19 pandemic imposed an agenda as challenging as it was urgent, for both the public and private sectors. In turn, the great impact at the health, economic and social level posed unprecedented challenges and the necessary collaboration between banking entities in order to share best practices and mutual help.

It is worth noting that, in the area of Social Responsibility, in 2020 we continued with close work and collaboration with different NGOs, and our social investment actions were adapted to the demands and urgencies that were manifested as a result of the COVID-19 pandemic.

To carry out the Contingency Plan, it was essential to create a Crisis Committee, made up of referents from different managements, as well as the development of general and cross-cutting protocols for the Bank and its subsidiaries.



› 3.1 Health and Care of Employees

One of the first measures we implemented was to arrange for **100% of the employees in the central areas to work remotely**, maintaining the service, quality and security standards required for the proper functioning of the Bank. To do so, we established good telework and remote leadership practices. In turn, to accompany this new Home Office work modality, all the Bank's IT equipment was managed, coordinated and configured.

For those who had to attend work in person, we implemented a **health sworn statement** and developed **emergency protocols** in the event of a positive or suspicious case. At the

same time, we distributed personal prevention supplies and signage in Branches; and we provided mandatory training addressed to all employees to raise awareness on the COVID-19.

On the other hand, we arranged **vinfluenza vaccination** sites across the entire Branch Network, with 7 vaccination points in the City of Buenos Aires and Greater Buenos Aires area for the head office's employees.

To know the perception of our employees, learn about opportunities and empower their performance, we conducted **4 pulse surveys, with an average of 200 participants**.



4 Pulse surveys reflected 85% acceptance of teleworking as a regular work modality

As concerns Culture and Communication, in 2020, we focused on the adoption of collaborative tools that foster and encourage better ways of working, such as Teams, SharePoint, Forms, and Stream, among others. The major milestone that convened many of these tools was the launch of a new, more agile, accessible and collaborative Intranet, developed with new technology within SharePoint.

We conducted over 15 communication campaigns related to the business and Human Capital programs, and organized several virtual celebrations to commemorate special dates (the Customer's Voice, lifetime achievement medals, year-end, etc.) to strengthen the commitment and the goals for the year.

More than 100 communication actions helped reinforce the commitment to the business continuity and the preventive measures to take care of our customers and employees.

¿CÓMO USAR CORRECTAMENTE EL BARBIJO O TAPABOCAS?

Recordá que deberás usarlo siempre que estés en contacto con otras personas.

Si trabajás en Sucursal, es obligatorio durante todo el horario de atención.

- Debe cubrir barbilla, boca y nariz completamente.
- NO usar el barbijo por debajo de la nariz.
- NO dejar aberturas a los costados.
- NO dejar la barbilla expuesta.
- NO usarlo que sólo cubra la punta de la nariz.
- NO bajarlo y tenerlo en el cuello para luego subirlo de nuevo.

#NosCuidamosEntreTodos

ENCUESTA PULSO III COVID-19

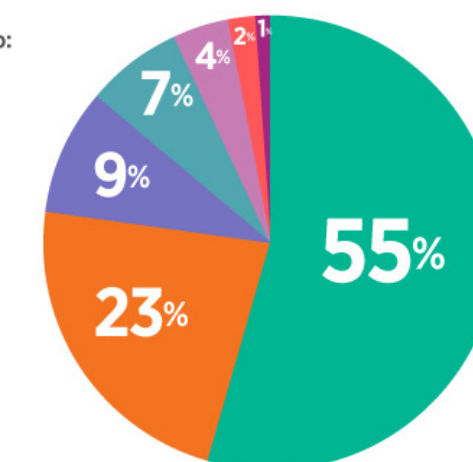
291 PARTICIPANTES

SOBRE EL TRABAJO REMOTO

- En BH se sigue fomentando la productividad y la planificación del trabajo. ★★★★★
- Mi líder confía en que puedo realizar mis tareas de manera remota. ★★★★★
- Mi líder se enfoca más en los resultados que voy obteniendo que en el seguimiento detallado de las tareas que realizo. ★★★★★

En la vuelta a la oficina, continuaría trabajando remoto:

- Si, un día por semana
- Si, dos días por semana
- Si, tres días por semana
- NO, me desempeño con atención al público
- NO, para completar mi tarea tengo que estar en la oficina
- NO, me gusta el trabajo 100% presencial
- Otras



Thanks and applause to all the people of BH for the effort and commitment. General Management Team.



We adapted the layout of the branches, we provided them with safety items and distributed **+125,000 prevention elements** such as face masks, alcohol-based hand sanitizer and gloves, to take care of the health of employees and customers

› 3.2 Business Continuity

The pandemic had major consequences on business and economic activities at the global and local levels. Therefore, to ensure business continuity and reinforce our commitment to our customers, we implemented a series of actions that are in line with the Bank's new vision of positioning itself as an efficient and effective financial services provider.

As a first step, we had to **adjust the Bank's daily processes** to face the new scenario and to comply with the rules and regulations mandated by the Argentine Government and the BCRA throughout the year..

› Branches

In response to the mandatory lockdown and social distancing measures associated with the COVID-19 pandemic, **we modified our service model by implementing rotating workforce bubbles** that ensured business continuity across the entire branch network..

In turn, the use of the **appointment agenda** implemented in 2018 gained particular relevance during the year, in that it allowed to swiftly accommodate to the unknown scenario and meet our customers' demands.

Among the items distributed to the branches, 30 thousand disposable face masks were included that were purchased from *Somos Juno*, a social company from the province of San Juan that provides opportunities to generate extra income to women who perform sewing tasks from home. JUNO seeks to empower women through work and thus, positively impact their families and society. Women network, promoting the freelance concept in offline jobs using idle skills. Most of the women that make up the network own semi-industrial machines but do not use them 100% or manage to overcome self-employment.

› Digitalization, Virtualization & Cybersecurity

In order to continue providing a quality service to our customers in the new context imposed by the pandemic, we made **further progress with digital processes**: simplified documentation, workflow re-engineering, paperless processes, advances in the deployment of a digital container, and identification of channel referrals for customers' self-service, taking into account the restrictions on in-person service.

In turn, as a sales strategy to address the lesser number of customers present at branches, **we promoted the referral to digital channels** both for our existing customers and the digital onboarding to capture new customers.

In addition, the Bank initiated a phone management pilot test with the Genesys dialer solution for business officials operating remotely and the acquisition of a tool to capture digital signatures in a secure manner to reinforce remote origination.

100% Online

- › Accounts Opening
- › Appointments For Service At
- › Branches
- PRO.CRE.AR: Credit Application And Processing

The sudden virtualization of economic and social life led many swindlers and cyber-criminals to take advantage of certain users carelessness or lack of experience to steal personal data, up to and including money.

The emergence of new modalities and a greater number of cyber-attacks prompted us to launch several awareness campaigns to prevent digital frauds perpetrated on our customers, through a series of security recommendations published on digital media and social networks.



The banks joined in a massive digital crime prevention campaign

Jamás brindes información como:



Datos personales



Claves



Números de cuentas o tarjetas



Token o números de tarjetas de coordenadas



Evitemos las estafas

Protege tus datos y operá seguro

CONOCÉ CÓMO PROTEGERTE



During 2020, reports of digital fraud increased by 3000%, as a result of the greater exposure on public sites and social media. Consequently, the banks joined in a massive campaign to prevent digital crime. Banco Hipotecario, in association with Banco Itaú, BBVA and Banco Macro, fostered the first joint action in the banking industry. We combined aesthetics and messages to warn customers about the multiple stunts used by cyber-criminals to take advantage of non-tech savvy users, lacking knowledge about the use of digital tools and channels.





Internally, among the measures implemented as a result of the reconfiguration of the work model proposed by the pandemic, are::

- New VPN policies for employees (Mac and Windows).
- Two-factor authentication of collaborative tools.
- 99% update of the antivirus of all PCs and Notebooks.
- Phishing and Ransomware drills to raise awareness of risks on the internet, etc.

On the other hand, we reinforced the knowledge of new maneuvers and technological skills to tackle new issues, we increased controls and carried out procedures to take extreme care and reduce risks.

At the same time, we deepened the mechanisms for the **prevention of money laundering and the anti-fraud policy** of the Company.

As regards marketing and communication actions, 2020 was characterized by virtualization and digitalization. We focused on informing and educating customers on the changes in banking transactions and on fostering the adoption of digital self-service channels.

Our Focus

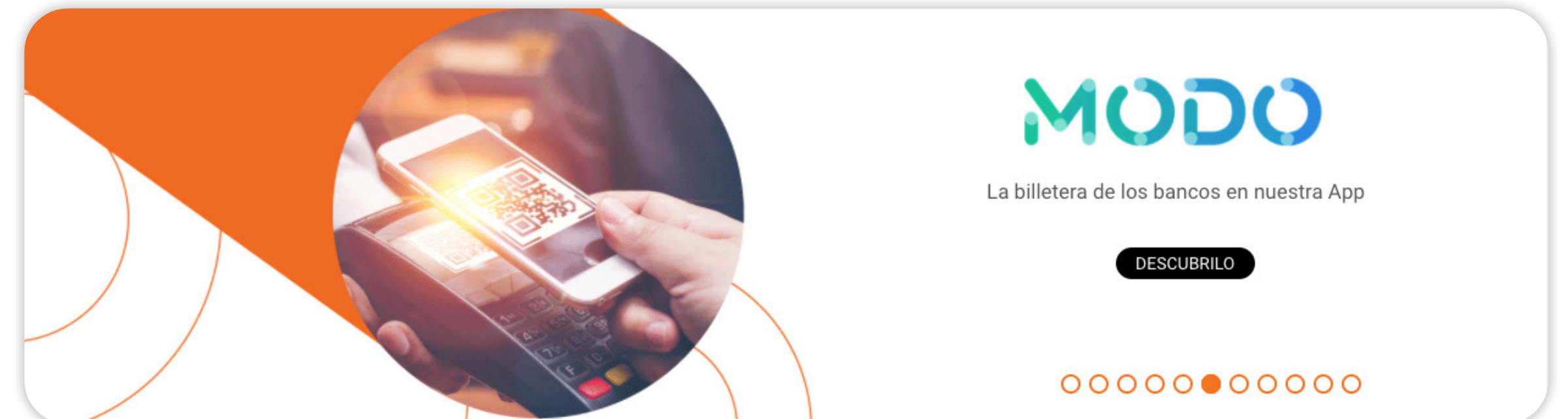
- › Inform and educate our customers
- › Foster the adoption of self-service channels
- › Warn customers about possible cyber-attacks

We also created a **website where customers can make appointments** to do their banking business in person at the branches.

During the year, we launched campaigns to **foster the use of the banks digital wallet, MODO**, which allows to shop directly from a mobile phone using a QR code.

In turn, we implemented for the first time the use of **push notifications** to reach our Mobile Banking app users with offers and relevant messages.

As a result of our intense **new customer acquisition campaigns on social media, Email Marketing and Google Adwords**, among other platforms, we generated over 22,000 bundle offers targeted at prospects.



> Efficient Management Of Resources

The COVID-19 pandemic brought about a substantial decrease in electricity consumption vis-a-vis 2019. However, the Bank also took several actions to mitigate its environmental impact, including:

- Lighting: The Bank reduced its lighting-related electricity consumption by shutting down lights on inactive floors at the head office.
- Ventilation and AC: The Bank shut down all AC equipment and ancillary ventilation systems on floors that remained inactive during the year.
- Heating: Heating remained on only in winter on the ground floor and 1st basement level, thus achieving substantial gas savings.
- The Bank sought advice from electricity experts to streamline energy consumption, with the ensuing impact on energy savings and costs. In addition, at the head office, monthly electrical protocols were implemented to ensure the building's power sustainability.

Due to the situation described, electricity consumption was reduced by almost 100% and gas oil consumption in UPS units declined by around 57%.

> Customer Experience

The context of COVID-19 fostered remote Customer Service operations in record time. We coordinated the transfer of customer service representatives and their workstations to their homes, providing continuous service through all enabled channels (telephone, email and social networks), which allowed us to be available to our customers in such a challenging moment.

We mobilized our resources to ensure a continuous quality service for our customers

The challenge was not only to have the equipment available, like the one we usually have, but also to manage, train and develop remotely. This situation had an impact on both people and processes.

In order to support virtuality, we worked on changing the impact processes on customers that had as a component the in-person service in branches, which migrated throughout the year, such as the release of mortgage or the increase of the credit card purchase limit.

Likewise, we prioritized customer service for segments with special needs, such as the elderly or beneficiaries of the PRO.CRE.AR program credits.

At the same time, we added the important milestone of the deployment of our new CRM, Dynamo, which offers us a comprehensive, dynamic and intuitive view of our relationship with the customers.

We are still experiencing the pandemic and the scope of its effects is unknown. However, we are closely monitoring the situation and taking all measures that are within our power in order to preserve the integrity of employees and operations.

4

OUR BUSINESS STRATEGY



OUR BUSINESS STRATEGY

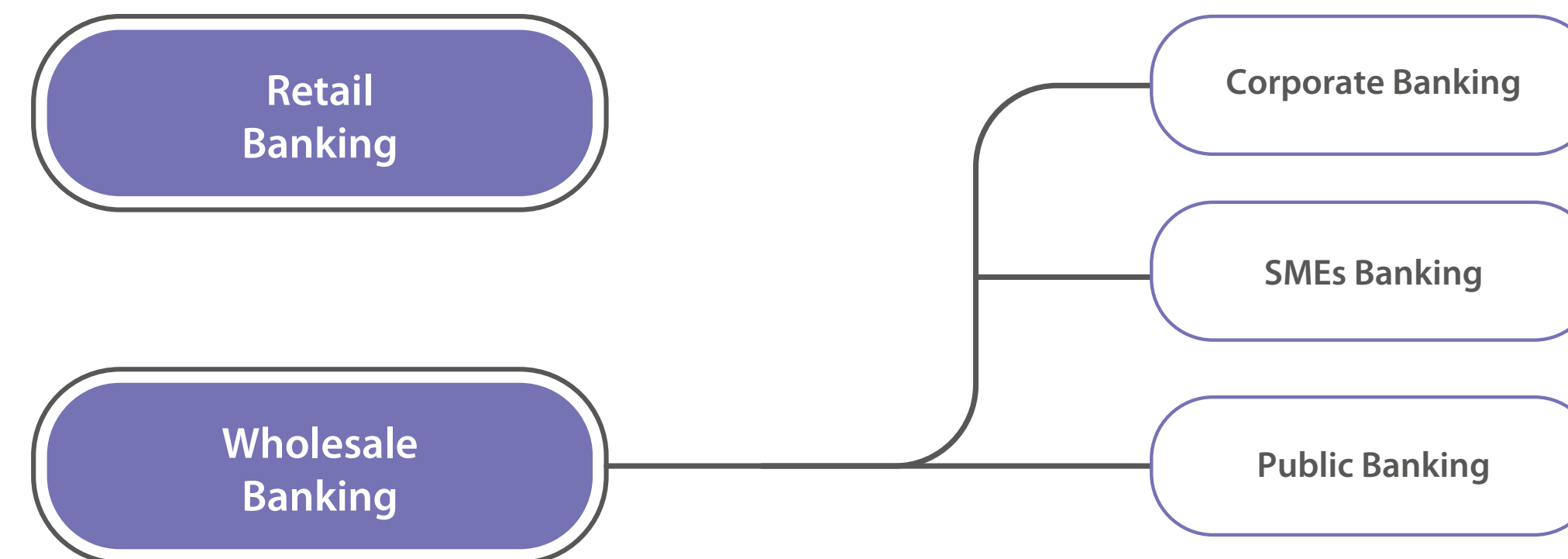
Material Aspects: **Economic Performance, Acquisition Practices, Customer Experience**

In 2020, the management of our business yielded a positive result for the year and was characterized by the following axes:

As regards **Retail Banking**, we continued to deepen our relationship with the customers, strengthening our position in the market. With a strategy focused on the continuous offering of products, we sought to improve funding and transactions.

Due to the pandemic, we increased the commitment on the development of digital channels to enhance the customer experience both in obtaining new products and services, as well as in transactions.

Additionally, in this period we reinforced the communication with customers through digital media, and we also strengthened the development of the use of social media (Instagram and Facebook). As for traditional channels, such as branches and the contact center, we quickly adapted to the new working conditions associated with the pandemic. At branches, the work teams were split in order to continue servicing customers in a sustainable manner; the branches could be kept 100% operational. Agents activities at the contact center were ra-



pidly decentralized through the current providers, allowing to maintain the service to the customer without sacrificing quality.

As regards **Corporate Banking** we focused on increasing liabilities and transactional volumes. Consequently, the credit offering was primarily targeted at working capital financing and customers with reciprocal transactional business, thus maintaining a balanced portfolio, with adequate exposure to credit risk. In addition, Corporate Banking, together with Finance, offered corporate customers several investment alternatives.

Some relevant overall results of the strategy include: liabilities in pesos increased threefold vis-a-vis 2019, accounting for an increase of AR\$ 1,638 million, the transactional volume rose 40%, totaling AR\$ 7,338 million and the number of payroll accounts grew 127.

In 2020, we continued to consolidate the **SMEs Banking** segment by adding new customers, consolidating the relationship with the existing ones, and developing and hiring human capital with expertise in this segment, particularly, at branches, with a view to increase its presence in the short term.

The growth strategy was primarily focused on transactional businesses, offering competitive and comprehensive products primarily encompassing Payroll Account Services, Collection Systems, Payments to Suppliers, Tax payments to the Argentine tax authorities (AFIP), Link ATM Network Payments, and Echeq, among others.

In turn, we launched the PyME Pack, a group of products and services with exclusive benefits designed for the microenterprise segment. On the other hand, we maintained our share in the reciprocal guarantee company (SGR) market.

4



OUR BUSINESS STRATEGY

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



17 PARTNERSHIPS FOR THE GOALS



As regards **Public Banking**, during 2020, we made progress with a strategy focused on liability growth (primarily in terms of demand deposits), marketing of transactional products, and payroll accounts.

We continued delivering a customized service, consolidating a customer-centric service model, and strengthening our regional presence, through an increased synergy with the branch network. We also engaged ongoing efforts in the introduction of new organizations to the Bank's portfolio.

Some business highlights in 2020 include: the peso-denominated liability portfolio increased twofold, a net increase of over 600 payroll accounts was registered and transactional volumes doubled during the year.

› 4.1 Acceleration in Digital Transformation

Immersed in the digital transformation process that began the previous year, in 2020 we developed a self-assessment survey to measure the Bank's current and target status of digital maturity. The survey has revealed that Banco Hipotecario is at an early stage of maturity in terms of digital transformation and has a challenging ambition.

In view of the Bank's ambition in terms of digital transformation, we underwent certain changes. The Digital Transformation area, which developed its activities separately from the business areas, started to execute its activities under a hybrid model. In other words, it turned into a service area in which digital transformation is anchored in multiple businesses, but centrally managed by the Digital Transformation area.

The Digital Transformation area's main goal is ensuring the alignment, execution and follow-up of the priorities defined by the business through the steering committee at its quarterly meetings, while also being tasked with escalating the agile work methodology organization-wide.

THE 6 ASPECTS THAT LEVERAGE DIGITAL TRANSFORMATION

- 1 HOLISTIC STRATEGY WITH CLEARLY ARTICULATED BUSINESS GOALS
- 2 AGILE MIND AT LEADERSHIP LEVELS (FAIL FAST - LEARN FAST)
- 3 EFFECTIVE MONITORING OF PROGRESS AND RESULTS
- 4 TOTAL COMMITMENT FROM THE CEO/ LEADERSHIP/MIDDLE MANAGEMENT
- 5 OUTSTANDING TALENT TO HANDLE TRANSFORMATION
- 6 MODULAR TECHNOLOGY AND FLEXIBLE DATA PLATFORMS

We are all responsible for change

During 2020, we continued executing activities related to the following workcells:

In turn, through the use of the new agile and governance methodologies developed at the Bank, the Digital Transformation area, jointly with the office of the General Manager, set out

to arrange the restatement of the Bank's vision and the definition of key goals and results, within a 3-year term.

EVERYDAY BANKING

This workcell was primarily tasked with enhancing the customer experience with digital channels, reducing the "friction" when doing transactions via such channels. To such end, new services and products were redesigned and incorporated to mobile and home banking.

In an effort to increase customer transactions, the Bank implemented certain functionalities, such as: details of the business where the customer completed a transaction using a means of payment, so that customer can accurately track the transaction location, deployment of a shopping recommender system based on shopping history, customer geo-localization, etc.

MODO WALLET

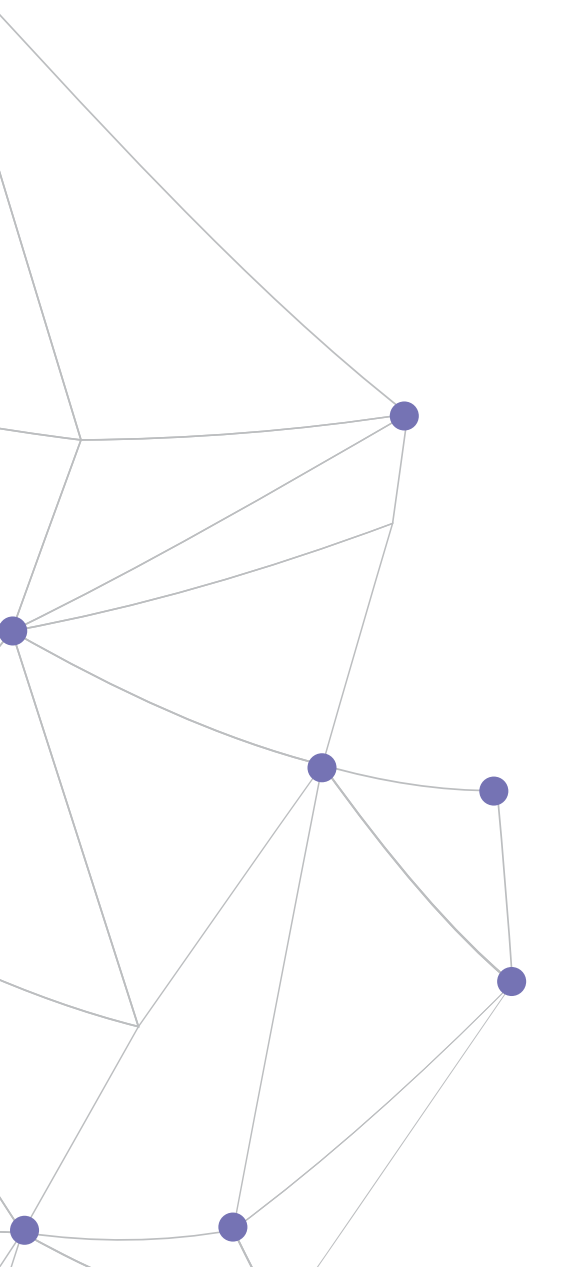
This workcell was primarily tasked with developing services in order for the Bank to be part of the MODO Wallet. The services so developed were related to person-to-person (P2P) money transfers using a mobile phone and in-store purchase transactions using a QR code (P2M).

Both functionalities are developed in the MODO Wallet and available to customers. Also during the year, the Bank deployed the P2P functionality through its mobile banking application.

"BUY YOUR HOME" (COMPRA TU HOGAR)

This workcell further enhanced the digital channel experience in the origination of mortgage loans and consumer loans (microcredit) under the PRO.CRE.AR. program.

It should be noted that the assessment of loans and loan disbursements was performed through an entirely digital process, without the customer having to visit the branch.





› 4.2 Economic Performance

GRI Content 102-7, 103-1, 103-2, 103-3, 201-1

› Macroeconomic Context

In 2020, the COVID-19 pandemic brought about a challenging environment at a global level. However, the fast and strong stimuli measures adopted by governments, together with the absence of disruptive episodes in international financial markets, paved the way for a recovery trend among markets, including emerging economies. Yet, global economic growth expectations remain weak and are likely to be revised downward.

To Argentina, the pandemic meant a combination of unprecedented external and internal shocks on an economy that had already been recessionary for almost two years, coupled with high inflation and public indebtedness at unsustainable levels. However, the financial system continued to display adequate resilience during 2020.

This performance was sustained due to a combination of hedges previously secured to cope with stress scenarios—high and growing levels of liquidity, allowances, and capital—, the benefits of having a regulatory and supervisory fra-

mework aligned with international standards, and the specific actions taken by the BCRA to mitigate lending pro-cyclical dynamics, protect the most badly hit households and businesses, and preserve financial stability.

However, the depth of the financial system is still low within the economy (in part, as a counter effect of the private sector's low leverage levels) and limited term transformation. In addition, a considerable part of transactions are still focused on less complex products, primarily transactional products, while the extent of direct interconnection among the block of financial institutions is limited. Amidst the current challenging environment, these characteristics restrict the sources of vulnerability stemming from the business customary risk exposures, while highlighting the sector's significant growth potential.

Upon the eventual realization of the aforementioned risk factors, it is highlighted that the system has limited sources of vulnerability and is equipped with substantial hedge instruments, which should provide significant resilience. In this respect, an aspect to be monitored is the development of the credit portfolio quality. Other potential source of vulnerability for the system vis-a-vis the aforementioned risks is associated with a slowdown of the intermediation activity.

› Strategy And Management

The different goals set out in the Bank's strategy are subject to a periodic analysis and measurement of the degree of compliance with the different objectives by the manager of the Planning and Management Control Area. From daily tasks to quarterly or annual reports, economic performance is rigorously evaluated by seeking both the correct execution of the Business Plan drawn up, as well as the early detection of deviations and opportunities for improvement, in order to meet long-term strategic objectives and, consequently, the vision defined by Senior Management.

The Planning and Management Control Area, together with the corresponding business areas, define the business objectives and projections, all based on the Vision, Mission and Strategic Axes defined by the Senior Management, and in consideration of an expected macroeconomic context. In addition, such Area is in charge of monitoring said strategic objectives with the corresponding level of disaggregation, making them known at regular business monitoring meetings, in monthly and quarterly reports with indicators and key data for monitoring, in monthly executive reports and quarterly monitoring of spending, among others.

On this occasion, the strategic axes defined by the Bank's Management, and on which the Enti-



ty's performance is evaluated, are in line with the customer's assessment based on an innovative, omni-channel experience renowned for its excellence; people development, within an agile and flexible culture, supported by data-based decisions and fostering a positive social impact and with a highly efficient and profitable, sustainable strategy supported by a balanced and competitively funded business.

As regards the management analysis tools, it is worth mentioning that the Monthly Control Scorecard is issued on a monthly basis, where commercial indicators and targets are monitored, such as loan origination, deposit taking, balance evolution, asset portfolio quality, among others.

Table 17 Main aspects of Banco Hipotecario

	2020	2019	Change
Number of employees	1,704	1,757	-3%
Number of suppliers	3,106	1,377	126%
Assets (millions of Argentine pesos)	128,855	114,310	13%
Liabilities (millions of Argentine pesos)	111,353	97,724	14%
Shareholders' equity (millions of Argentine pesos)	17,502	16,586	6%
Number of Checking Accounts	38,884	42,540	-9%
Number of Savings Accounts	815,228	816,426	-0,1%
Number of Social Assistance Savings Accounts	38,229	11,833	223%
Number of Credit Cards	658,910	829,181	-21%
Number of Debit Cards	788,551	795,463	-1%

Data corresponding to Banco Hipotecario SA (subsidiaries not included). Values according to the financial statements separated as of 12/31/2020.

Likewise, the Quarterly Management Control Report is prepared, where an analysis of the Bank's management is carried out throughout the quarter. This Report, and in addition to what is specified in the Monthly Control Scorecard, states the diversification of the funding structure, workforce, commission income, billing of the insurance activity, sources of income generation for services, analysis of budgetary deviations, degree of progress of the different projects and investments consigned for the current year, follow-up of the businesses of the subsidiaries and follow-up of the stated goals.

On the other hand, and in order to converge in a uniform guideline for the entire Organization towards ongoing improvement and greater efficiency of business processes, the Budget and Expenditure Control area is in charge of ensuring an adequate control environment of budget management, from the preparation of the Budget, to the final execution of expenses and investments. The reasonableness, timeliness and measurement of the requests for funds that are generated are permanently analyzed. It has a methodology for monitoring Administration Expenses and Expenditures for Services that include a series of monthly and quarterly reports, periodic



meetings with the different areas, ad-hoc teams to monitor specific issues and a first-line tool for management budgetary. In addition, a quarterly Expenditure Monitoring Commission was established whose objective is to share, with the first line of General Management, the evolution of the expenditure components in accordance with the annual execution plan.

Although the improvement exercises on the monitoring and management of Economic Performance are continuous, it is always sought to improve the analysis together and in consideration of the business areas, to improve the information from which the Senior Management will make decisions. An example of this are the profitability analysis exercises of the different customer segments, both in individual banking and in wholesale banking, seeking to detect business opportunities based on the observed data.

› Direct Economic Value Generated And Distributed

The following table of "DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED" follows the structure specified in Disclosure 201-1 of the Global Reporting Initiative Standards and reflects the flow of capital between the different stakeholders.

Table 18 Direct Economic Value Generated and Distributed

Component	Stakeholder	Amount	
		2020	2019 ³
Direct Economic Value Generated (EVG)		35,863.4	24,652.5
Income	Customers	35,863.4	24,652.5
Economic value distributed (EVD)		28,898.9	22,553.3
Operating expenses	Suppliers	3,965.8	2,680.2
Salaries and benefits for employees	Employees	5,980.5	4,119.8
Payments to capital providers	Shareholders and Credit Providers	17,299.7	13,98.2
Payments to governments	Government	1,583.6	1,706.7
Investments in the community	Community	69.2	61.4
Economic value retained (EVR) = EVG – EVD		6,964.4	2,099.3

³-The figures for 2019 arise from the Separate Financial Statements of Banco Hipotecario S.A. as of December 31, 2019, audited by Price Waterhouse & Co. S.R.L.

The figures are presented in millions of Argentine pesos and arise from the Individual Financial Statements of Banco Hipotecario S.A. as of December 31, 2020, audited by Price Waterhouse & Co. S.R.L.

It is worth mentioning that Banco Hipotecario S.A. is a financial entity included within Law 21,526 of Financial Entities and, as such, must

also comply with the provisions of the Central Bank of the Argentine Republic (BCRA) as the Regulatory Body of Financial Entities and with the provisions of the Argentine Securities Commission (CNV), in accordance with Law 26,831.

99% Of the bank's purchases for the period were sourced from local suppliers

› 4.3 Value Chain

GRI Content 102-9, 103-1, 103-2, 103-3, 204-1

› Suppliers

The selection and hiring process is framed by our Purchasing and Contracting Policy and by the Procedures Manuals. This process is carried out with full transparency, monitoring that those elected comply with labor and social security legislation and with the law prohibiting the employment of children.

On the other hand, suppliers that do not have their own anti-corruption policy are required to adhere to the Bank's Anti-Corruption Policy and are asked to declare if they have an integrity program (Articles 22 and 23 of Law 27,401, Criminal Liability Law applicable to Private Legal Entities).

Once the commercial relationship has begun, the suppliers that provide services in our facilities are monitored regarding compliance with their fiscal and social security duties.

To such end, an outsourced company requests and controls the documentation and the payment of the due contributions, verifying that they comply with current legislation. Upon detection of deficiencies or lack of documentation, we encourage the supplier to rectify such situation.

Repeated non-compliance with the guidelines of this control can lead to financial penalties and even termination, if serious irregularities are detected (such as non-payment of retirement contributions, gross income tax, etc.).

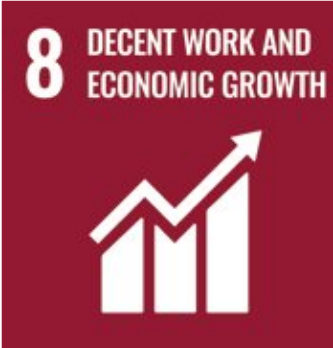
Following the subscription of the Sustainable Finance Protocol, in 2020, a sworn statement was implemented whereby suppliers, whether part of the active portfolio or new to the Bank, shall provide information on social-environmental issues inherent to their activities and respective industry. This document allows us to get to know our value chain in more detail and will contribute to making decisions upon detecting any indirect impact on our operations.

The distribution of the purchase volume between local and foreign suppliers has remained stable in the last three years, being 1.3% the average incidence of purchases from foreign suppliers.

The distribution of the purchase volume between local and foreign suppliers has remained stable in the last three years, being 1.3% the average incidence of purchases from foreign suppliers.

Table 19		Purchase volume		
		2020	2019	2018
› Local suppliers (millions of Argentine pesos)		5,926.8	6,291.2	3,666.2
› Foreign suppliers (U.S. dollars)		2,110,492	464,063	9,601,760

Table 20		Number of suppliers					
		2020		2019		2018	
		Q	%	Q	%	Q	%
› Local suppliers		3,081	99%	1,353	98%	1,338	99%
› Foreign suppliers		25	1%	24	2%	18	1%



> Customers

During 2020, we continued to strengthen the Retail Portfolio customer-centric segmentation strategy, in line with the year's extraordinary scenario.

Some relevant cross-cutting improvements within the entire portfolio include:

- > Adjusting segmentation logics
- > Incorporation of the CRM business segmentation rule
- > Significant improvements in customers' credit ratings, allowing the Bank to be more assertive in its offering
- > Streamlining the communication with Retail Banking customers, monitoring opening and conversion metrics on each scheduled action
- > Delivering online training across the network in order to level off and maintain the segments' tactic and strategic knowledge
- > Implementing a monthly training plan for portfolio-assigned Segment Officers

We also worked on enabling the connection to ANSES to deploy the payment of Retirement Benefits and Social Programs payment segment in 2021.

In 2020, the focus was placed on generating more attractive proposals for the target segments, with distinct benefits and services in payroll account, high income, and individuals engaged in business activities

We seek to develop simple, agile and flexible, business processes, in permanent search for a better customer experience

Segment	Focus	Results for the period
Búho Sueldo	<p>These were some of the highlights of the year:</p> <ul style="list-style-type: none"> > In June we launched "Sueldo Búho", a new product to capture deposits. With this development, customers that have their wages deposited in other banks can automatically transfer them to Banco Hipotecario on a monthly basis, thus enjoying the benefits of the "Búho Sueldo" segment. > New campaigns were developed to capture customers targeted at specific segments. > The "Conversion" campaign offerings were adjusted in line with the year's prevailing context (offering a cash back credited on customer's accounts, instead of travel miles). > We launched a new campaign named "BH Referrals" for the employees, offering rewards to both the referral and the employee. 	<ul style="list-style-type: none"> > 2020 NPS: 29% (16% in December 2019) > 33,811 new accounts > Stock of 75,594 active accounts (13.6% in December 2019)
Búho One	<p>In order to boost loyalty and profitability among high-income customers, during 2020 we improved our credit offering and special benefits, incorporating new bonus arrangements according to this segment's requirements.</p>	<ul style="list-style-type: none"> > 2020 NPS: 32% (26% in December 2019) > 6,609 new Búho One accounts > 12,068 customers
Búho Emprendedor	<p>In order to offer a comprehensive proposal to individuals engaged in business activities (VAT registered taxpayers or small-taxpayers under the simplified tax scheme known as Monotributistas), the Bank continued developing the "Búho Emprendedor" offering. Currently, these customers already have more benefits and</p>	<ul style="list-style-type: none"> > 15,015 Búho Emprendedor customers (+52% in the number of customers)

Customer Experience

In 2020, we carried out different actions to accompany the new scenario resulting from the pandemic and increased the development of digital in order to improve the customer experience, in terms of acquisition of new products and services and also in terms of transactions.

We reinforced the work of the Everyday Banking agile cells, with the primary goal of reducing the "friction" customer may experience when using the channels, and the development of the MODO Wallet, launched during the last quarter of the year. We also strived to enhance the customer experience with mortgage loans and personal loans in the form of construction microcredit under the PRO.CRE.AR. program, through several activities developed by the "Buy Your Home" agile cell.

In 2021, we will continue working with a "customer-centric" approach

During 2021, we will further the progress achieved in previous years. The primary goal will be improving customers' end-to-end experience with a "customer-centric" approach, in order to enhance loyalty ratios for customers to become brand promoters, as well as the level of satisfaction with the usability of the digital channels made available by the Bank.

The Customer's Voice

In 2020, we listened to more than 150,000 customers through surveys, Focus Group, visits to branches and Mystery Shopping, among others. This has given us tools to deepen the expectations and needs of our customers and plan actions to enhance their loyalty.

The main metric that we use to establish the loyalty level of our portfolio is the Net Promoter Score (NPS), which allows us to know the customers perception of value and compare ourselves with the market.

The NPS is a relevant indicator for our management and therefore is considered in the calculation of the Annual Bonus. The formula takes into account the average result of two variables: Banco Hipotecario and NPS net income. For the Branch Network, a similar scheme is applied in variable remuneration.

In 2020, we continued with the "Comprehensive Management of Detractors", which allows us to know the causes that generate dissatisfaction in our customers. Through this practice, on a weekly basis we share in the Branch Network

the list of customers who rated the NPS negatively (exclusively due to the "quality of service" received at the branch). Then, the Branch Manager contacts each customer to clearly identify the causes of the problem, understand if the problem was solved (if not, advise them on how to do it) and resolve doubts or queries about any other aspect that may arise. During 2020, we managed 2,300 detractors (491 detractors in 2019).

Due to the pandemic context, in 2020 we conducted a single Focus Group to identify the needs and expectations of the Búho One customer segment.

As regards "Mystery Shopping", in 2020 we made a total of 124 visits to the Branch Network. Through this practice, we assess the experience and quality of service perceived by the customers in our Branch Network, and we comprehensively survey the building status and appearance of each of the branches.

Table 21 2020 Customers Perception

		2020	2019
In-person	Branch Network NPS	34%	21%
	Bank General NPS	16.4%	11.5%
Remote	ATM ⁴	-	44%
	Home Banking	23%	65%
	TASI	30%	46%
	Mobile Banking	41%	65%
	Búho Bank	65%	51%
	Contact Center ⁵	-5%	46%

⁴ The NPS of ATMs was not measured in 2020.

⁵ In 2019, the general NPS was taken and then filtered by channel used by the customer. In 2020, we modified the way we measure the NPS, consulting the customers directly about the NPS of the channel used.



Our customers in the center

Microsoft Knowledge Base

The Microsoft Dynamics Knowledge base is a 24-hour channel that allows customers to quickly access information.

Regarding the functionality of this base, on the one hand, the customers that visits the website can consult about the products and services, leave comments and suggestions and also rate the articles.

On the other hand, it allows us to know which are the most frequent search trends of the customers, the construction of relevant and quality content, with a language that adapts to these.

In 2020, more than 1.5 million articles were viewed, almost three times the number reached in 2019.

Customer Service

Concerning customer service, in 2020, the Contact Center handled 1.5 million calls, more than 200 thousand emails and 310,000 social media interactions (Facebook and Twitter).

We have a “Service Quality Protocol” across the entire branch network that defines the guidelines and provides a guide to offer the best service to our customers

We handled +1.5 Million calls in 2020

Table 22		Contact Center	
	2020	2019	
› Calls handled	1,500,000	1,200,000	
› E-mails	222,000	117,000	
› Social Media interactions	310,000	165,000	

As a consequence of these contacts and the satisfaction survey that is carried out after each call, the voice of the customers indicated as follows:

94% Were satisfied or very satisfied with the treatment provided by the representative

86% Declared to have received a solution to their concern in that call

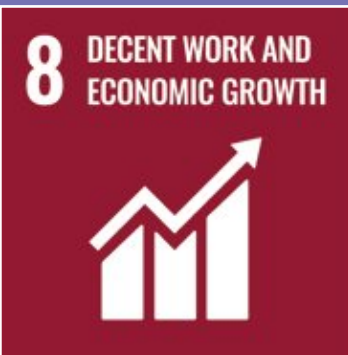
Wholesale Digital Channel (Office Banking)

In order to offer a comprehensive solution for our corporate customers to complete their transactions through self-service and digital channels, we implemented improvements to optimize the user experience and developed new functionalities, such as:

- Payroll Account: massive and online payroll account onboarding.
- New Service Payments module (with LINK code).
- E-cheq at Payments to Suppliers: massive entry of E-cheqs, downloading files in several formats tailored to the customer.

Since the launch of Payments to Suppliers with E-cheq, transactions and volumes increased tenfold. In this respect, electronic transfers grew 273% vis-a-vis the same period in 2019.

Table 23		Results of the satisfaction surveys	
	2020	2019	
› Satisfied or very satisfied with the general attention of the Bank	78%	73%	
› Satisfied or very satisfied with the treatment received by the representative	94%	92%	
› Satisfied or very satisfied regarding the waiting time	72%	69%	
› Received a solution to the concern in the call	86%	84%	





5

SUSTAINABILITY IN BANCO HIPOTECARIO

We developed the **"Positive Social Footprint Index"** to measure the positive impact on the community

The work we do in the community is underpinned by our long-term commitment and federal scope

SUSTAINABILITY IN BANCO HIPOTECARIO

Material Aspects: **Quality Employment, Inclusion, Diversity and Gender Equality, Occupational Health and Safety**

GRI Content 102-29

In 2020, we carried out different actions to respond quickly to the sensitive health, economic and social context, a consequence of the global pandemic, and to approach the community from an active role.

In this framework and in line with a new strategic vision defined at the end of 2020, we designed the **Positive Social Footprint Index**. This calls for both Retail and Wholesale Banking, from a close look at the business, focused on the community.

The Committee of Social and Institutional Affairs approves and monitors our actions and contributions in terms of sustainability that are oriented towards investment in education, urban land management, inclusion, direct assistance and strengthening of citizenship, among others. In line with the implementation of the Positive Social Footprint Index, and in order to achieve the expected results by 2023, different initiatives based on financial inclusion and sustainable financing were approved.

In 2020, about 3% of the Bank's net profits were allocated to social projects, focusing on those specialized in education and inclusion.

Committed to transparency, all our actions and donations are managed in accordance with the management guidelines established in the "Social Responsibility Policy", approved by the Bank's Board of Directors.

In line with our constitutive social mission, we build long-lasting relationships with social organizations, attending to the context, highlighting their needs and providing resources, not only economic, but also those linked to skills and knowledge that provide installed capacity to them. Today, there are more than 270 NGOs with which we maintain such close bond that strengthens the culture of solidarity defining us as social actors of national relevance.

Likewise, we address several issues which are key for our society in line with the global agenda, by carefully listening Argentina's main social leaders and organizations. In this sense, in order to contribute to the Bank's guidelines, we foster initiatives based on financial inclusion and sustainable financing.

We support projects with comprehensive impact throughout the national territory and foster local development with special emphasis on those locations where our businesses operate.

At the same time, we are making progress with the defined goal of influencing the development and implementation of improvements related to the generation of formal and accessible urban land.

We continue implementing those programs characterized by their federal scope, dedicated to professional training, to provide employability tools, to the development of educational scholarships and to comprehensive citizen empowerment that contributes to train future generations in values. In addition, we will continue collaborating with those NGOs focused on guaranteeing decent food, health and housing conditions and offering assistance in the event of any type of emergency.

Our emblematic **"Unidos para Dar"** program continues bringing essential materials to NGOs throughout the country and strengthening the volunteer collaborators bonds with them.

Consistent with the implementation of continuous improvement processes, and as signatories of the Sustainable Finance Protocol, in 2020 we promoted the incorporation of social-environmental aspects in the process of hiring and selecting suppliers. We intend to continue outlining proposals for the incorporation of ESG aspects in our management.

› 5.1 stakeholder Survey

GRI Content 102-40, 102-42, 102-43

In our Stakeholders map, all the actors with whom we interact in the exercise of the operations and activities that we carry out are detailed.

To identify the main stakeholders (internal and external), we conducted an analysis according to the guidelines of the AA1000SES Accountability guide, which covered certain aspects (by responsibility, influence, proximity, dependence and representation).

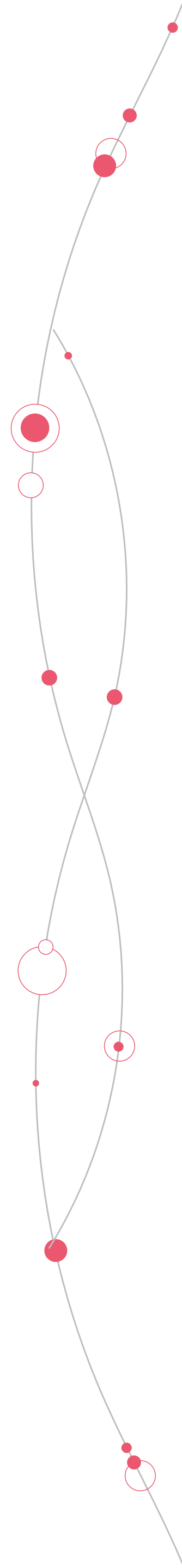
The construction of relevant conversations with our stakeholders is key in the definition of the bank's materiality and in the development of sustainable management

Table 24 Stakeholders

STAKEHOLDERS

COMMUNICATION CHANNELS

 Employees	Intranet, mailing, WhatsApp, Transparency Line, landline and cell phone, meetings, videoconferences
 Customers	Mailing, social media, Banco Hipotecario website, SMS, phone calls, correspondence, surveys, focus group, Mystery Shopping
 Suppliers and contractors	Mail, telephone, meetings
 Government	Mass media, emails, notes, letters, communications, memorandums, provisions
 Local community	Mail, telephone, meetings, surveys
 Shareholders and group companies	Communications through CNV, BYMA, emails, meetings, calls, Banco Hipotecario website
 Academy and media	Mails, WhatsApp messages, meetings, phone calls, Banco Hipotecario website
 Trade unions	Mail
 Business and sector chambers	Mail, telephone, meetings



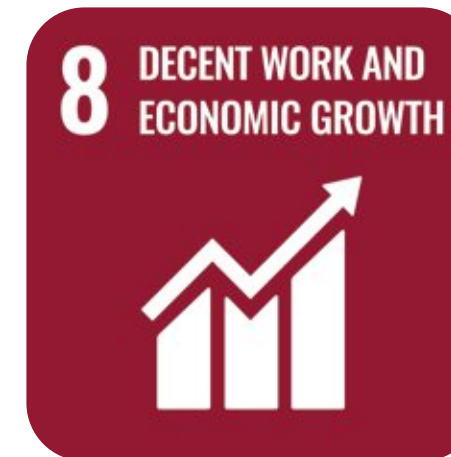
› 5.2 Our Impact on the SDGS

At a global level, the Financial System is committed to Sustainable Development. Locally, from Banco Hipotecario we also assume an active role and subscribed to the Sustainable Finance Protocol.

In this vein, and based on the analysis of the 2030 Agenda and the 17 Sustainable Development Goals (SDGs) defined by the UN, we identify different possibilities of contribution from our management.

With the implementation of the SDG Compass tool, we analyzed the 17 objectives and the total of the 169 goals. As a result, in this instance, we identified the following goals as relevant:

As active actors in universal banking, we seek to contribute to social development



› 5.3 Materiality Assessment

GRI Content 102-21, 102-44, 102-46, 102-47

In 2020, we once again conducted a materiality assessment, since we understand that it is a particularly relevant element both when it comes to outlining our sustainability management and also necessary to define the contents of the Sustainability Report.

We carried out an Online Materiality Survey, aimed at our main stakeholders (internal and external), in order to incorporate their appraisals and opinions into the process.

Through the survey, we seek to identify and prioritize relevant issues for Banco Hipotecario. That is, those issues in which the organization generates economic, social and environmental impacts, as well as the risks and opportunities regarding them.

Below we present the topics regarded as material, we point out their link with the GRI and SDG Standards, and also the sections where these are addressed.

5



SUSTAINABILITY
IN BANCO
HIPOTECARIO

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



17 PARTNERSHIPS
FOR THE GOALS



Table 25 Material Topics link

MATERIAL TOPIC	REFERENCE CHAPTER	LINK TO GRI STANDARD	SDG
Anti-corruption and regulatory compliance	Corporate Governance, Ethics and Integrity	Anti-corruption	SDG 16
Governance, ethics and transparency	Corporate Governance, Ethics and Integrity	Governance	SDG 12 -17
Quality employment	Social and Environmental Performance	Ethics and Integrity	SDG 8
Access to housing	We are Banco Hipotecario	Employment	SDG 9 - 11
Economic performance of the Company	Our Business Strategy	Own indicators	SDG 9 - 11 -17
Occupational Health and Safety	Social and Environmental Performance	Economic Performance	SDG 8
Education	Social and Environmental Performance	Occupational Health and Safety	SDG 4
Customer experience (relationship and satisfaction)	Our Business Strategy	Local Communities	SDG 9
Employee training and development	Social and Environmental Performance	Own indicators	SDG 8
Social investment in the community	Social and Environmental Performance	Training and Education	SDG 4
Information Security/Cybersecurity	Corporate Governance, Ethics and Integrity	Local Communities	SDG 16
Human Rights	Social and Environmental Performance	Customer Privacy	SDG 5 - 8
Financial Inclusion	Social and Environmental Performance	Non-discrimination	SDG 4
Inclusion, diversity and gender equality	Social and Environmental Performance	Human Rights Assessments	SDG 5 - 8
Supplier management and Procurement Practices	Our Business Strategy	Local Communities	SDG 8
Waste management	Social and Environmental Performance	Diversity and Equal Opportunity	SDG 11 -12
Microcredits	We are Banco Hipotecario	Procurement Practices	SDG 9 - 11



Since december 2020, we are part of the environmental and social committee of the sustainable finance protocol board

› 5.4 Alliances and Initiatives

GRI Content 102-12, 102-13

At Banco Hipotecario, we especially value cooperation and dialogue. Therefore, we voluntarily participate in the following external initiatives, related to sustainability issues and spaces for dialogue in the sector:

- Asociación de Bancos Argentinos (ADEBA)
- Network of Companies for Diversity (R.E.D.)
- American Chamber of Commerce in Argentina (AMCHAM). Members since 2016.

As members of AMCHAM, the Bank collaborates with the development of the Chamber's programs. Likewise, it is part of different spaces for dialogue and initiatives related to sustainability and management in legal matters, anti-corruption and the fight against terrorism. As part of the organizations that are part of ADEBA, we participate in the Gender Equality Committee.

› Sustainable Finance Protocol

Following the subscription of the Sustainable Finance Protocol in November 2019, at Banco Hipotecario we implemented numerous initiatives contributing to the implementation of best practices related to the business environmental and social impact. It is worth mentioning

that the goal of this Protocol, which has the endorsement of ABA, ABAPPRA, IDB Invest and Vida Silvestre, is to build a sustainable finance strategy in the banking industry.

Among the initiatives that we launched in 2020, the implementation of a sworn statement whereby all suppliers shall provide information on social-environmental issues inherent to their activities and respective industry stands out.

A similar document was developed for Wholesale Banking. Even though this requirement could not be included in new account forms in 2020, it is expected to be completed in 2021, strengthening the portfolio analysis and the credit lines to be originated.

The Environmental and Social Committee of the Sustainable Finance Protocol Board is a space created to foster the development of social-environmental policies, in accordance with sustainability standards, within signatory financial entities. In this Committee, we coordinate, together with Banco Nación, the design of a guide for the preparation of a model Sustainability Policy and the planning of a comprehensive environmental and social risk analysis system (SARAS). For their part, Banco Galicia and BICE coordinate actions related to climate change; Banco Patagonia leads the incorporation of satellite monitoring into the management of credit lines for projects with social-environmental

impact and Banco Provincia is working on the preparation of a Sector Guide for agribusiness.

› 5.5 Our Guarantees

Committed to providing a service with high quality standards, we have different certifications that guarantee our work and support our positioning:

- Management of the Corporate Audit Area: ISO 9001: 2015 and Reference N ° 13, in all its processes.
- Cash Management Sector: in the collection processes and salary plan: ISO 9001: 2015.
- ISO 27001: 2015 Certification for Risk Management of Information Assets.

During 2020, the ISO 27001 Internal Auditor Course was held, and the Cybersecurity Governance, IT Regulation Management and Internal Audit teams passed the exam and achieved certification.



› BYMA Sustainability Index

At the end of 2020, we presented our last Sustainability Report; in February 2021, BYMA presented the rebalancing of its 2020 Sustainability Index and again we had the honor of being part of the 15 companies that comprise it.

This non-commercial index is developed with the technical support of the Inter-American Development Bank (IDB) and is based on the IndexAmericas methodology. Its goal is to identify and recognize those companies that are leaders in the market for their sustainability practices and, thus, offer the possibility of having greater visibility at the regional and international level.

› 5.6 Report Parameters

GRI Content **102-45, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56**

This Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, core option, and covers the annual period between January 1, 2020 and December 31, 2020.

The writing of this Report seeks to incorporate the gender perspective and takes as a reference the "Guidelines on gender-inclusive language" published by UN WOMEN . With this premise, we have sought to prioritize the use of generic nouns when possible and reading fluency will not be affected.

The 2019 Report was the last published. This document contemplates the operations of Banco Hipotecario S.A. and was not submitted to external verification.

The Consolidated Statements include the following entities: BACS Banco de Crédito y Securitización S.A., BHN Sociedad de Inversión S.A. and Fid. Financials. CHA, series IX to XIV.

No significant modifications have been identified in the scope or coverage with respect to the 2019 Sustainability Report, or in the reformulation of the information with respect to previous years.

The Social Affairs Area is the point of contact to resolve any doubts that may arise in relation to the content of the Sustainability Report:

KMGUTIERREZ@hipotecario.com.ar

6. <https://www.unwomen.org/-/media/headquarters/attachments/sections/library/gender-inclusive%20language/guidelines-on-gender-inclusive-language-es.pdf?la-es&vs=2633>





6

CORPORATE GOVERNANCE, ETHICS AND INTEGRITY

CORPORATE GOVERNANCE, ETHICS AND INTEGRITY

Material Aspects: **Corporate Governance, Ethics and Transparency, Anti-corruption and Regulatory Compliance, Information Security**

› 6.1 Corporate Governance

GRI Content **102-18, 102-19, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-35, 102-36, 102-37**

The board of directors is comprised by 13 members

We are convinced that the Corporate Governance System is essential to guide the structure and operation of the corporate bodies of our Bank, the Company and its shareholders.

We conceive of the Bank's Corporate Governance System as a dynamic process based on the evolution of the Company, the results that have occurred in its development, the regulations that may be established and the recommendations made on the best practices of the market adapted to their social reality.

In this respect, our Corporate Governance System includes the Corporate Governance Code, the Bylaws and the applicable regulations in force, which regulate matters related to the operation of the Company, the Shareholders' Meetings, the Board of Directors, the General Management, the Senior Management and the different Committees, as well as the members of the Company.

On the other hand, the System has internal rules of conduct included in the Code of Ethics, which enshrine the ethical principles and values that should govern the actions of managers, administrators and employees.

› Board Of Directors

The Board of Directors is currently comprised by 13 regular members and 10 alternate members, with outstanding professional careers and extensive experience in the finance area.

This governing body has 3 independent members, 14% female (2 members) and 92% over 50 years old (regular members).

Table 26 Indicators of the structure of the Board of Directors⁷

	2020	2019	2018
› Gender			
• Women	14%	8%	-
• Men	86%	92%	100%
› Rango Etario			
• <30 years old	-	-	-
• Between 30 and 50 years old	8%	-	-
• >50 years old	92%	100%	100%

7. According to integration as of 12/31/2020

**Table 27** Structure of the 2020 Board of Directors⁸

Surname	Name	Position	Term of office ⁹
Elsztain	Eduardo Sergio	Chairman	05/06/2020 - 12/31/2021
Zang	Saúl	1° Vice-chairman	05/06/2020 - 12/31/2021
Pérez	Alberto Ramón Rafael	Regular Director	10/19/2020 - 12/31/2020 (*)
Ruete	Rodrigo María	Regular Director	05/06/2020 - 12/31/2020 (*)
Viotti	Rogelio Pedro	Regular Director	05/06/2020 - 12/31/2021
Itúrriz	Ada Rosa del Valle	Regular Director	05/06/2020 - 12/31/2021
Wior	Mauricio Elías	Regular Director	05/06/2020 - 12/31/2021
Viñes	Ernesto Manuel	Regular Director	04/10/2019 - 12/31/2020 (*)
Reznik	Gabriel Adolfo Gregorio	Regular Director	04/10/2019 - 12/31/2020 (*)
Dreizzen	Jacobo Julio	Regular Director	04/10/2019 - 12/31/2020 (*)
Vergara del Carril	Pablo Daniel	Regular Director	05/06/2020 - 12/31/2021
Pisula	Carlos Bernardo	Regular Director	05/06/2020 - 12/31/2021
Zylberlicht	Nora Edith	Regular Director	04/10/2019 - 12/31/2020 (*)

(*) Terms of office renewed by meeting (From 03/30/2021 to 12/31/2022).

8. According to integration as of 12/31/2020.

9. Once the respective terms of office have ended, the Directors remain in their positions until the Meeting designates their replacements.

The current structure of the Board of Directors is available at: <https://www.hipotecario.com.ar/nosotros/relaciones-con-los-inversores/autoridades-del-banco/>

The Executive Committee, made up by Class "D" Directors, is in charge of managing ordinary business and all the issues delegated by the Board of Directors. These issues include: developing the business, lending and financial policy, defining organizational restructuring, making management designations, proposing to the Board decisions about the company, branches, among others..

Control over compliance is the responsibility of a Supervisory Committee made up by five members.

The Bank's Board of Directors defines and annually approves a "Business Plan and Projections", to deliver against its strategic plan, which is used for the permanent control and supervision of the Company's management.

The execution of the Business Plan and Projections is the responsibility of the respective management lines, while the monitoring of its compliance is carried out through metrics which are monthly reported in the scorecard. The Plan is in turn submitted to the Central Bank on a confidential basis.

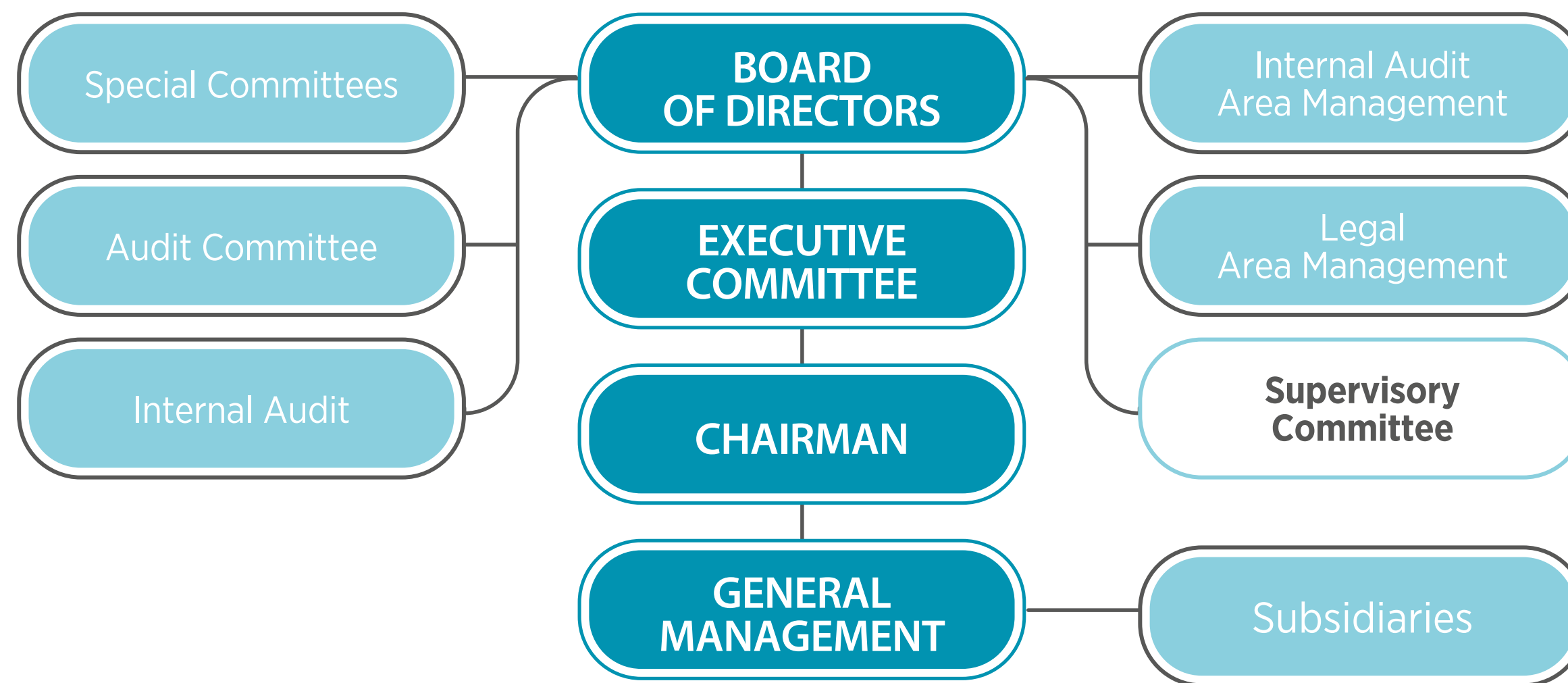
Designations

According to the BHN Privatization Law (Law 24,855) and the By-laws, the election of the members of the Board of Directors is made by special share class meetings. Although in this framework the Bank may not create a Nominating Committee, through the designations formally made by the shareholders in the meetings of Classes of Shares A, B, C and D in their Individual Meetings, it seeks to comply with the levels of adequate independence and diversity to make succession decisions in the best interests of the Company within the framework of succession.

The designation of the Board of Directors is structured according to the different classes of shareholders, as follows:

- › Two designated by Class "A" shares
- › One designated by Class "B"
- › One designated by Class "B"
- › Nine designated by Class "D"

The Chairman and Vice-chairman of the Company are designated from among the directors appointed by Class "D". The Directors designated by Classes "A" and "C" are presently named by the Argentine Government. The directors designated by Class "D" are appointed by private sector shareholders at Special Shareholder's Meeting, while the directors designated by Class "B" are appointed by the holders of shares under the Employee Stock Ownership Program.



Assessment

The Board of Directors' chairman, with the assistance of the Regulatory Compliance Department, carries on the Board of Directors assessment process. Such a process has a self-assessment format and has two levels, one of them global and the other one, individual. The global assessment is carried out by the Management through answers to questions made to members about the Board of Directors operation. At the individual level, each director expresses his/her points of view and rates the several topics related to the operation of the Board.

Training

In 2020, the Board of Directors received training on the following topics: International Financial Reporting Standards (IFRS) and Financial Statements Inflation Adjustment.

Every year, the Chairman, along with the Legal Area department (Regulatory Compliance and Office of the General Secretary to the Board of Directors), arranges for Directors' attendance to lectures and speeches from economists and banking experts, by developing internal and external training programs, in order to keep them updated on industry issues, and based on such training activities equip them with the knowledge required to discharge their duties. Besides, all rules and regulations governing the Committees comprised by directors set forth that they



should receive training on issues related to the duties of each Committee and in order to get familiar with the Bank and its businesses.

Remuneration

As regards remuneration, the by-laws sets forth as follows:

- › Non-executive members: their remuneration is established annually by the Ordinary Shareholder's Meeting on a global basis. Then, it is equally distributed among these members and among their alternate members pro rata of the time during which they were effectively substituting for regular members.
- › Executive members: the Chairman and the Company Directors who perform managerial, technical and administrative duties or who are members of special committees shall be paid for such functions or involvement in committees in line with the fees currently paid in the market for similar tasks in an amount to be fixed by the Board of Directors with the abstention of the parties mentioned and shall be subject to the approval of the Shareholders' Meeting
- › Executive Committee members: the Directors who make up the Executive Committee shall be paid a bonus component equivalent

to a sum that contemplates certain maximum amounts and the remuneration provided in the previous items.

Through its Employees' Incentive Committee, the Board of Directors sets out senior management's assessment policy (including the CEO's). Such assessment is formally carried out on an annual basis, together with a rating process encompassing all Bank's employees, concurrently with an ongoing feedback policy.

Conflicts of interest

The Corporate Governance Code and the Code of Ethics set forth the policy on any conflict of interest that may arise between the Bank's employees and Banco Hipotecario and its subsidiaries. In such cases where a conflict of interest may arise, the Ethics Committee is the body in charge of addressing the issue.

› Board Of Directors' Committees

GRI Content [102-20](#), [102-22](#), [102-23](#), [102-31](#), [102-32](#), [102-33](#)

At the Bank, there are different Board of Directors' special Committees. Generally speaking, these aim to address and make decisions on specific issues. Its composition and responsibilities are described in the Corporate Governan-

ce Code. We currently have thirteen Committees, each with its internal rules of operation.

The Committees are made up by directors and have a manager as an internal reference on the line, who also attends the meetings. As regards the term of the members in their positions, it is worth mentioning that, with the exception of the Executive and Audit Committee, the regular directors remain a minimum of 2 years as members of the Committees, as long as their term of office as regular director does not expire before. This term can be extended for each case, only by express decision of the Board of Directors. The term of the directors in said role must not coincide with each other, in such a way that the Committee is always made up by a director with experience and knowledge in the matter.

In these Committees, the managers and subject-matter experts in charge submit the several topics for consideration by the designated directors. Based on their respective backgrounds and along with their discussions, directors pass resolutions by majority of votes of present members. It should be noted that the managers and subject-matter experts convened to participate in such Committees have voice but no vote.



Table 28 Special Committees

COMMITTEE

ROLE

Executive Committee

It manages the Bank's ordinary business.
Term: Minimum of 2 years, as long as their term of office does not expire before, and they can be re-elected indefinitely under those conditions.

Audit Committee

It oversees the reasonable operation of the Company's internal control environment and the Bank's risk management systems.
Term: Minimum of 2 years (as long as their term of office does not expire before) and maximum of 3 years.

Control and Prevention of Money
Laundering and Terrorist Financing
Committee

It is in charge of contributing to the compliance of the obligations arising from the applicable regulations for the prevention of said crimes.
Term: members remain on the Committee as long as their term of office has not expired.

Information Technology Committee

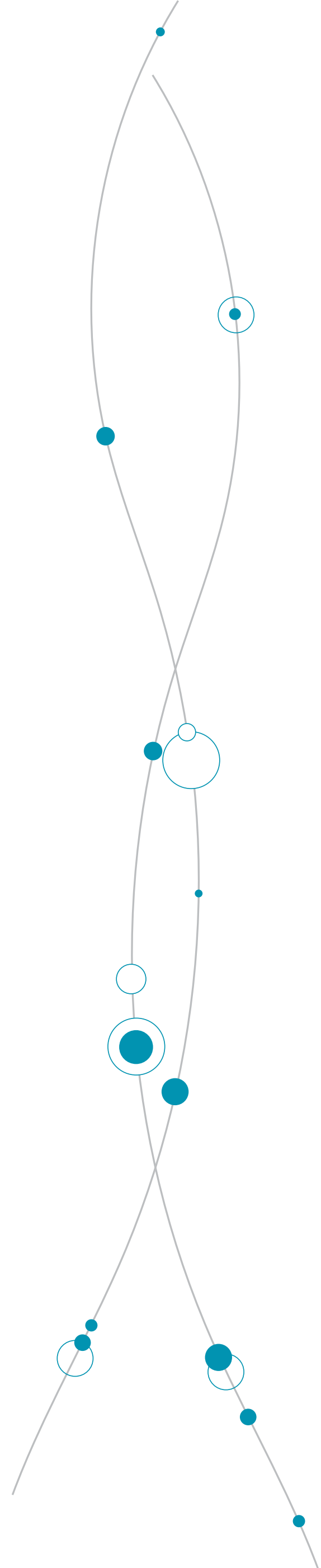
It is in charge of overseeing the observance of global policies on information technology, information systems and logical security.

Credit Committee

It is in charge of establishing the Bank's credit exposure limit with its customers.

Personnel Incentives Committee

It is in charge of ensuring that the system of economic incentives for personnel is consistent with the culture, goals, long-term business, strategy and control environment of the Company, as formulated in the pertinent policy. This Committee depends on the Executive Committee.

**Table 28** Special Committees (Continuation)

COMMITTEE	ROLE
Risk Management Committee	It oversees the risks to which the Company is exposed and is responsible, among other aspects, for: i) overseeing the management of credit, market, liquidity, interest rate and operational risks, taking into account the best risk management practices, and ii) assist the Board of Directors in setting risk policies and strategies.
Board of Directors' Ethics Committee	It ensures that the Bank has the appropriate means to promote appropriate decision-making within its ethical considerations.
Corporate Governance Committee	It is in charge of overseeing the implementation of the Corporate Governance Code and the corporate principles of "full information", "transparency", "efficiency", "protection of the investing public", "equal treatment between investors" and "protection of stability of the entity". In addition, it assesses the management of the Board of Directors and the renewal and replacement of the Senior Management, and monitors compliance with internal and external regulations.
Finance Committee	It is responsible for monitoring compliance with the Bank's solvency and liquidity policies, through the management of financial risks.
Committee of Social and Institutional Affairs	Its mission is related to the image and insertion of the Bank in society as a whole, within the framework of corporate social responsibility.
Committee for the Protection of Financial Service Users (PUSF)	Its mission is related to the relationship that the Bank has through its products with users of financial services.

6



CORPORATE GOVERNANCE, ETHICS AND INTEGRITY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



The **Committee of Social and Institutional Affairs** is made up by the Bank's Chairman and at least one Director representing the Argentine government. Among the tasks of this Committee, are the approval and annual monitoring of the comprehensive sustainability management efforts, and tracking of the allocation of social investments, while approving solidarity initiatives that involve the Bank's employees and the Sustainability Pillars. Accordingly, donations are administered in a transparent manner and in line with the business strategy, in accordance with the management guidelines set out in the "Social Responsibility Policy" approved by the Bank's Board of Directors. This document has helped professionalize processes, develop strategic plans, and systematize sustainable management within the Organization.

› 6.2 Regulatory Framework

GRI Content **102-16, 103-1, 103-2, 103-3, 419-1**

Our management strictly complies with current regulations applicable to financial institutions. In this vein, our operations comply with the provisions of the Central Bank of the Argentine Republic (BCRA), the Argentine Securities Commission (CNV), Bolsas y Mercados Argentinos (BYMA), among others.

In addition, we ensure compliance with our Corporate Governance Code, which includes the Code of Ethics, the Code of Banking Practices and the Code of Conduct for the Comprehensive Compensation and Settlement Agent.

For the drafting of the Corporate Governance Code, the legislation applicable to the Company has been taken into account, in particular the provisions of Laws 21,526; 26,831; 19,550; 25,877;

24,855 and 24,240, the regulatory and complementary decrees, the rules of the Central Bank of the Argentine Republic (BCRA), the Argentine Securities Commission (CNV), the Buenos Aires Stock Exchange (BCBA), the Mercado Abierto Electrónico (MAE) and the by-laws.

In turn, we adhere to the Code of Banking Practices, prepared with the participation of all Associations of Banks and Financial Institutions of the Argentine Republic, as a self-regulation initiative that fosters the best banking practices in the country and adheres to the Protection Code of Protection for the Electronic Open Market Investor.

During 2020, in terms of Users of the Financial System, regulated by the BCRA or the Code of Banking Practices, there were no claims for non-compliance.

10. For more information, refer to the document "Legal Framework of the Argentine Financial System 2021", published by the BCRA, in the following link: <https://www.bcra.gov.ar/Pdfs/SistemasFinancierosYdePagos/MarcoLegalCompleto.pdf>

Our Vision

Being the efficient and effective financial services provider to the Argentine households, families and businesses, renowned for its outstanding customer service and positive social footprint, instilling a people-centric culture, and data-based decision making

Our Mission

Being a financial services and construction project management company; simple, inclusive and contemporary

› 6.3 Vision and Mission

GRI Content 102-16

In 2020, we updated the Bank's strategic vision focused on the year 2023. This new perspective includes three goals that involve the entire Organization and entails the development and implementation of several initiatives that foster their fulfillment.

Strategic focuses (Goals)

- › Innovative, omni-channel customer experience renowned for its excellence.
- › People development, within an agile and flexible culture, supported by data-based decisions and fostering a positive social impact.
- › Sustainable high efficiency and profitability, supported by a balanced and competitively funded business.

It is worth noting that the formulation of the Vision and Mission is the responsibility of the General Management and its validation falls on the Board of Directors. At all times, strategic planning must address these main aspects.

› 6.4 Code of Ethics and Conduct

GRI Content 102-16, 102-17, 102-33, 102-34, 103-1, 103-2, 103-3, 205-1, 205-2, 205-3, 406-1

Our **Code of Ethics** frames our explicit commitment to conduct the Bank in an ethical and transparent manner. It summarizes the general guidelines that should govern the conduct of our Organization and of all the people that comprise it, in the performance of our functions and commercial and professional relationships.

Nobody, regardless of the function or senior position at the Bank, has authority to make exceptions to the Code of Ethics.

Our Codes of Ethics and Conduct formalize, communicate and externalize to the business community and interested third parties, the principles and guidelines of corporate culture and values.

The Code addresses the most relevant issues related to ethics, such as: treatment of employees, workplace safety, penalty system, people with different abilities, confidentiality, anti-money laundering, protection of assets, among others.

We have committed to conducting our business and social activities, **abiding by the highest ethical standards**, efficiency, quality, dedication and transparency

Table 29	Core ethical standards
	Honesty
	Conflicts of interest
	Regulatory Aspects
	Business Practices, Laws and Other Regulations
	International Transactions
	Business relationships
	Gifts and Entertainment
	Representation Activities
	Political Contributions
	Security Trading
	Use of Working Tools IT and Communications



Our investors, customers, suppliers, regulators and all the people who make up the bank, without exception, **should trust our word and our conduct**



By means of the Directors' and Employees' Ethics Committees required by the Code of Ethics, and through their respective members, the Bank fosters, monitors and enforces the principles and guidelines enshrined in such Code.

As regards the scope of the Code, it is important to note that it is applied countrywide, but does not affect the mandatory legal provisions in any jurisdiction; at the same time, it is important to emphasize that the prohibition of discrimination, harassment, intimidation and retaliation extends to vendors, professionals and other suppliers of goods and services with whom we work.

It is important that each member of the Bank understands their responsibility in complying with the ethical standards and values to which the Bank adheres. For this reason, our Code is accessible and publicly known to our human capital. Each member receives a copy with a statement of its reading and knowledge at the time of entering the Bank.

Our Code of Ethics is available for consultation on our Intranet, in the Institutional section and on the public website, in the Transparency Line section¹¹:

The Ethics Committee, a body made up by different representatives of the Bank, analyzes and responds to queries and/or complaints sub-

mitted by employees. They are encouraged to report discrimination, harassment, intimidation, and retaliation. To do this, we ensure that every situation is addressed immediately and confidentially, and that the informant is notified of its resolution. Each case is treated confidentially by the Committee and under no circumstances are adverse measures taken against the person making a consultation or against who, in good faith, reports a possible wrongdoing or abnormal situation that, in its discretion, deviates from what regulated by the Code of Ethics, any law, regulation or internal procedure of the Bank.

Our **"Transparency Line"** has several communication channels enabled to make inquiries or complaints about non-compliance with the Code of Ethics, that is, about any type of abuse, discrimination or inconvenience in the workplace. Such Line is managed by an independent third party, currently KPMG, and all communications are confidential.

As regards our employees, in addition to having the transparency line and email, they can send a telegram or initiate a claim with the Manager or with the immediate superior, with Organizational Development and Quality references or with union delegates. In all cases, complaints are received by the Labor Relations area, which refers such complaints to the Ethics Committee.

11. <https://www.hipotecario.com.ar/nosotros/nueva-linea-etica/>

THE TRANSPARENCY LINE HAS SEVERAL COMMUNICATION MEANS



lineaeticabancohipotecario.lineaseticas.com



lineaeticabancohipotecario@kpmg.com.ar



0800-222-3368



Mail to Bouchard 710, 6to piso, Código Postal 1001, Buenos Aires, Argentina, addressed to "KPGM - Línea Ética Banco Hipotecario".



Fax to (11) 4316-5800, addressed to "Línea Ética Banco Hipotecario".



Personal interviews.

Anonymous, secure and confidential communication channels, managed by an independent third party. Available so that everyone can report any type of irregular situation

These channels are available 24 hours a day, all week, anonymously, confidentially and securely. Once the request is received, the Ethics Committee begins the processes that allow answering the queries, verifying the complaint and reaching a solution (the latter is formally communicated through the most pertinent channel).

Irregular acts contrary to the Code of Ethics and other applicable regulations can be reported, including:

- › Conflicts of interest
- › Theft of assets
- › Data handling
- › Agreement with suppliers
- › Corruption

During 2020, **no** control body applied fines and/or penalties for accounting fraud, discrimination at work or corruption cases. In addition, in pursuit of the criterion of information transparency, in the financial statements, the Bank sets out the different proceeding in which it intervenes.

402 People received training on ethics and anti-corruption issues in 2020

In 2020, two complaints were registered for non-compliance with the Code of Ethics, one for harassment/gender-based violence and the other for workplace mistreatment. The Organizational Development Management proceeded to interview all the employees involved; another interview was conducted by members of the Ethics Committee. As the complaint could not be corroborated, the complaints were dismissed.

As regards penalties, in the reported period two were applied to employees for non-compliance with the Code of Ethics in relation to the Control and Prevention of Money Laundering and Terrorism Financing.

› **Training and communication**

Table 30 Training on ethics and anti-corruption by Professional Category

	2020	2019	2018
Senior Management			
Total headcount	15	16	16
Total assessed	12	10	10
% Assessed	80%	63%	63%
Managers			
Total headcount	100	99	114
Total assessed	41	87	84
% Assessed	41%	88%	74%
Middle Management			
Total headcount	241	256	275
Total assessed	63	237	246
% Assessed	26%	93%	89%
Analysts and Administrative Staff			
Total headcount	1,348	1,386	1,531
Total assessed	286	1,290	1,374
% Assessed	21%	93%	90%

In 2020, 100% of the Company's Board of Directors received specialized training on anti-corruption, in line with the Law on Corporate Criminal Liability.

- › The Code of Ethics was communicated to 100% of the employees through publications in News Banco Hipotecario.
- › The Company's Board of Directors has been notified and has unanimously approved the Organization's Anti-Corruption Policy and its related procedures.
- › Suppliers: if they do not have their own Anti-Corruption Policy, they are required to adhere to our Policy on this matter, so that we can ensure compliance.

Table 31 Training by Location

	2020	2019
	Approved	Approved
› Head Office	323 (31%)	986 (96%)
› Branch Network	79 (12%)	638 (88%)

› **6.5 Fraud Prevention and Control**

GRI Content 103-1, 103-2, 103-3, 205-1, 205-2, 205-3

During 2020, we avoided losses from external fraud by around 0.33% (AR\$ 47 million) over total origination of the Bank's lending products, accounting for a 24% decrease vis-a-vis 2019.

Avoided losses are primarily associated with the prevention of transactional fraud (Credit/ Debit cards) and, to a lesser extent, with Identity Theft attempts at remote origination channels (Búho Bank and Telemarketing).

Losses from external fraud amounted to AR\$ 850,000, equivalent to a 52% decline vis-a-vis the same period the previous year, and accounting for 0.006% of the Bank's lending product origination. Perpetrated frauds were primarily associated with credit card origination activities, though Telemarketing and Búho Bank. It should be pointed out that 98% of frauds were identified before the origination of the lending product requested by the prospect.

Table 32 Fraud losses

	Amount	Incidence on origination amount	Change in monetary value 2019
Avoided losses	\$47,000,000	0.33%	-24%
Losses	\$850,000	0.006%	-52%

By reason of the outbreak of the COVID-19 pandemic, there was a considerable increase in the number of intrusion attempts in Home Banking (HB) and in origination through remote channels. There was also a substantial increase in telephone and social media frauds. Therefore, we deployed new detection tools, customer response workflows, and preventive messages on HB, and social and communication media.

In addition, we redefined its transactional fraud control processes, by automating alerts and stirring risk profiles, including geo-location tools which helped map transactional "attacks".

We also worked actively to prevent internal fraud, by carrying out all necessary activities related to reports received through the Transparency Line and other channels, escalating to the Ethics and/or DO Committee (in due time and form), unusual situations or deviations from internal processes detected within the framework of the Code of Ethics.



On the other hand, during 2020, among the cases of suspicious transactions of customers reported to the Control Body (Financial Information Unit), 8 reports (representing 0.80%) were related to 6 politically exposed persons. Beyond the above, its relationship with proven acts of corruption has not yet been confirmed.

› Training and Communication

The "Prevention of Money Laundering and Terrorism Financing" program defines the policies and actions that authorities and employees must comply with in order to minimize the risks related to the use of the Organization and/or its services for money laundering and terrorism financing, according to the legislation and regulations in force in Argentina, and internationally recognized standards on the matter.

Within the framework of this program, in 2019 the "Money Laundering Prevention" course was updated in accordance with current regulations, and a high percentage of employees received training that same year. In 2020, the Training team monitored the course and reported to the Organizational Development Benchmarks team on a weekly basis, for their knowledge and management. In addition, reinforcement actions and virtual meetings were carried out as tools to achieve 100% progress. Consequently, in 2020 we completed the training of 100% of the employees.

In addition, we held a virtual workshop headed by the Money Laundering Prevention Manager, with an open call for our employees, where the mechanisms for preventing money laundering and the Company's anti-fraud policy were strengthened.

Table 33

Training by Professional Category

	2020	2019	2018
Senior Management			
Total headcount	15	16	16
Total assessed	6	10	15
% Assessed	40%	63%	94%
Managers			
Total headcount	100	99	114
Total assessed	22	87	98
% Assessed	22%	88%	86%
Middle Management			
Total headcount	241	256	275
Total assessed	33	243	263
% Assessed	14%	95%	96%
Analysts and Administrative Staff			
Total headcount	1,348	1,386	1,531
Total assessed	136	1,321	1,472
% Assessed	10%	95%	96%

In 2020, we completed the training of 100% of the employees on the updated course on prevention of money laundering

The percentages indicated for 2020 correspond only to the cases that during that period had to complete the training in Prevention of Money Laundering. The rest had already done the same edition of the course in previous years.

In 2020, 100% of the Board of Directors took part in an update on the Prevention of Money Laundering during one of the Board meetings. In addition, in its entirety, they took notice of the minutes of the PLAyFT Committee, where new provisions are recorded.

- › Prevention of Money Laundering: it was communicated to 100% of the employees through several channels: Intranet Banco Hipotecario, News Banco Hipotecario and Process Portal.

Table 34		Training by Location	
	2020	2019	
	Assessed	Assessed	
› Head Office	158 (15%)	1,018 (99%)	
› Branch Network	39 (6%)	643 (89%)	

› **6.6 Risk Management**

GRI Content 102-11, 102-15, 102-30

In line with the good practices in the matter and, in particular, with the provisions laid down by the BCRA, we have a comprehensive risk management process that allows us to identify, evaluate, monitor, control and mitigate all significant risks.

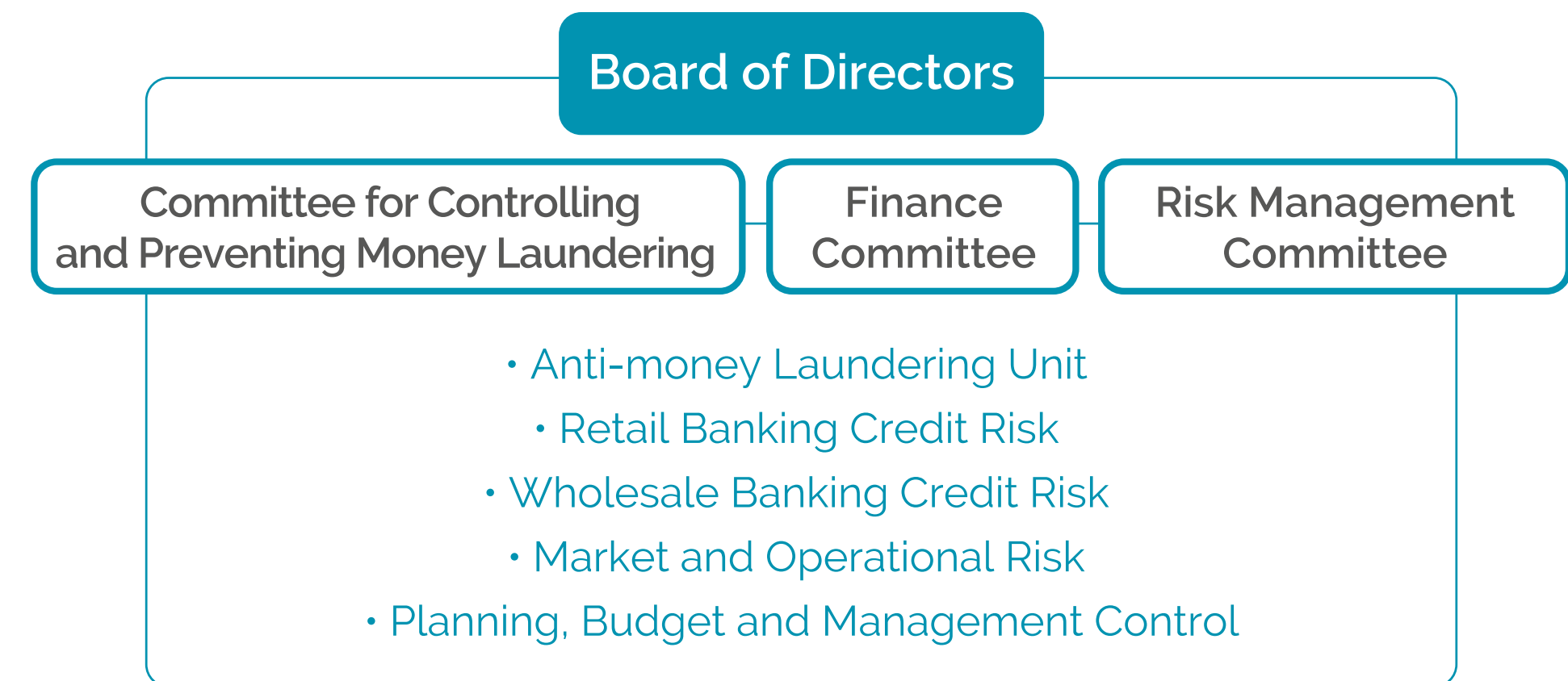
This comprehensive process looks to the Board of Directors and to Senior Management for them to get involved and oversee how all significant risks are managed, understand the nature and level of risk assumed by the entity and their relationship with capital adequacy.

› **Organizational Structure**

At the organizational structure level of the Bank, we have units responsible for managing each of the significant risks embraced in the Risk Management Policy.

The Anti-money Laundering Unit reports to the manager of the Legal department which, in turn, reports to the Board of Directors and to the Committee for Controlling and Preventing Money Laundering. The other units report to the manager of the Planning and Management Control area, which in turn reports to the General Manager.

The Risk Management Committee's main goal is monitoring Senior Management's activities related to risk management and giving advice





to the Board of Directors on the risks the Entity is exposed to.

The structure and responsibilities of the Committees referred to above are outlined in the Corporate Governance Code.

› Policies

Among the main policies that the Bank has to guide its decisions in order to implement its comprehensive risk management strategy, are:

- › **Regulatory Hierarchy Policy:** this policy defines the Bank's internal regulatory policy and the guidelines that must guide the process to create, issue, manage or update and distribute the rules that make it up. In particular, it deals with the launch of new products and/or services in order to make sure that the Board of Directors will approve them and that they will be later on managed.
- › **Risk Management Policy:** this policy sets forth the main guidelines to adequately manage the main risks the Bank is exposed to. It comprises credit, liquidity, market, interest rate, operational, securitization, concentration, reputational and strategic risks. It establishes the general organizational and regulatory framework and all ordinary comprehensive risk

management devices associated to the risks the Bank may be exposed. In addition, it describes the specific management processes for each one of the risks mentioned, and thoroughly describes the methodologies to manage market risks and liquidity risks.

› Management Devices

To guarantee adequate management of the Bank's significant risks, we rely on a management framework and management devices tailored to the entity's size, complexity, economic importance and risk profile.

The Bank has the following common devices in place for managing the major risks it is exposed to:

- › **Risk strategy:** a document prepared every year at the time when the Business Plan is dovetailed and that states the Bank's general approach to risk management. The objective of the risk strategy consists in defining for each one of the Bank's main risks, the level of tolerance and the risk management strategy.
- › **Stress Testing Program:** stress tests are a series of analytical simulation exercises that are undertaken to find out the Bank's capacity to deal with extreme adverse economic situations in the field of liquidity, profitability and solvency.

› **Contingency Plan:** it consists of a menu of possible actions and measures to deal with the occurrence of, or increase in, the likelihood of stress situations in the economic and/or financial juncture that are, a priori, seen as highly adverse to the Bank's solvency, liquidity and profitability.

› **Economic Capital:** the economic capital is the sum of the "values at risk" (likely loss in a given horizon and faced with an associated probability) of each one of the individual risk. Economic capital is that required by the Bank to cover both the unexpected losses stemming from exposure to material risks as well as those that arise from other risks to which it may be exposed.

› **Internal Capital Adequacy Assessment Process (ICAAP):** set of processes and procedures in order to ensure enough capital to cover all the material risks and a strategy to maintain capital with the passage of time. This figure is also subject to stress tests to evaluate capital adequacy.

› **General Information Systems:** the Bank can get to know and monitor the composition and characteristics of exposures in timely and adequate manner so that the risk profile and the Bank's capital needs can be quickly and accurately evaluated. In this respect, the Banks has a Risk Balanced Scorecard.



› **Subsidiary's Risk Management:** the Corporate Governance Code defines the applicable corporate oversight and coordination structure in connection with its subsidiaries. Through this structure, each subsidiary's Board of Directors is able to periodically revise the risk management policies and strategies and the manner in which tolerance levels are defined and verify that managers take the necessary steps to identify, assess, monitor, control and mitigate the risks assumed. As regards risk management, the Bank uses a Risk Balanced Scorecard to oversee compliance with the limits established in each subsidiary's risk management strategies. The scorecard is periodically submitted by the Bank's senior management to the Board of Directors.

Among the main actions of 2020 are:

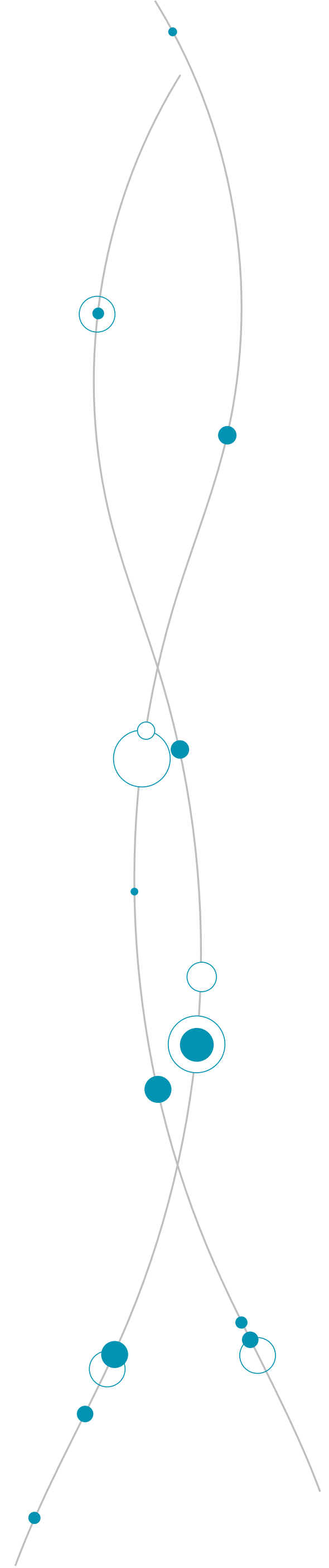
› **Risk exposure:** in light of the scenario brought about by the pandemic and the measures adopted by the Argentine Government, the Bank analyzed and monitored their impact on its exposure to several risks.

› **Stress testing:** we undertook individual stress tests on the major risks adjusting the scenarios to the COVID-19 scenario.

› **Risk Control Dashboard:** we introduced changes to the risk control dashboard in order to monitor the portfolio behavior and the impact on the calculation of expected losses. The Bank further monitored regulatory and economic capital aspects and the behavior of the main risk factors to which it is exposed given its role as trustee in the PRO.CRE.AR. trust.

› **Loan Loss Provision:** we further developed and strengthened the calculation method to estimate the loan loss provision based on the expected loss models.

› **Credit Portfolio Quality:** in order to improve the credit portfolio quality, we reviewed and adjusted the risk policies associated with our target segments. We also took actions to mitigate the portfolio risk exposure in connection with customers with high probability of default and low profitability. All initiatives were supported with actions aimed at streamlining assessment processes seeking to ensure ongoing improvement in portfolio quality and origination.



› 6.7 Information Security

GRI Content 103-1,103-2,103-3, 418-1

As a banking entity, protecting, ensuring and providing for the security of the information in the business processes, systems and mediums that store it, is essential for the operation of the business. Thus, we have a dedicated Cybersecurity and Information Security Governance for this purpose, which also ensures the safe handling of external and internal customers, aligning them with the goals and objectives of the business, in a corporate governance context.

At Banco Hipotecario, we strictly adhere to guidelines issued by the Central Bank of the Argentine Republic Communication A 4609/6017/6375 (among others), good practice models, international standards (O-ISM3, ISO / IEC 27001) and the Personal Data Protection Law, among others.

We have policies, rules and procedures that aim to protect information assets and ensure their acceptable use, observing the principles of Compliance, Control, Confidentiality, Integrity and Availability.

For fiscal year 2020, the focuses of the Cybersecurity Strategy were placed on three fundamental axes:

› Governance Axis.

Align business and security strategy
Dissemination and acceptance of the Cybersecurity Policy, generating a culture of knowledge of the main threats.
Engage the business in the processes as owners of information assets.

› Safe Development Axis.

Generate a synergy between development and security:
Develop security standards for the secure design and development of software.
Deploy tools and train in DevSecOps good practices.

› Cybersecurity Axis.

Manage the complexity of controls and threat vectors:
Manage internal and external network monitoring and develop early detection alerts for vulnerabilities.
Implement automatic deployment and control of the standards developed.

AXES OF THE CYBERSECURITY STRATEGY



During 2020, No Claims Related To The Violation Of Privacy Or The Leak Of Customer Data, Nor Theft Or Loss Of Personal Data Were Registered

At BH, we carry out awareness-raising and training actions for our employees, since we understand the importance of taking care of the customer data that we manage. We believe it is essential to train and inform our employees about the security measures that affect the development of their functions and what is expected of them in terms of data protection and confidentiality.

In 2020, conferences on Phishing (identity theft) were held, an initiative that includes Phishing and Ransomware simulations, as well as dissemination activities and newsletters for malware prevention. In addition, we held a Digital Fraud Workshop to learn about the main causes of these computer crimes and understand how to avoid them and how to protect ourselves from cyber-criminals. We also offered a Cybersecurity Workshop on Social Networks, since the exposure of our data in public places also leads to exposing ourselves to fraud and digital crimes.

WHAT DO WE EXPECT FROM THE BOARD?



Foster cybersecurity culture within the Organization.

Give "High Priority" to cybersecurity in production and project development environments.

Foster and validate the concept of "Asset Owner".

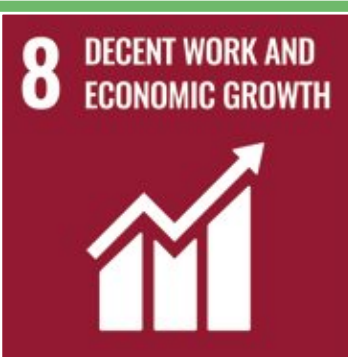
Understand and apply cybersecurity measures in the individual management of each one of us.

7

SOCIAL AND ENVIRONMENTAL PERFORMANCE



Without people there is no digital transformation



SOCIAL AND ENVIRONMENTAL PERFORMANCE

› 7.1 Bank Community

› Our People

Material Aspects: **Quality Employment, Inclusion, Diversity and Gender Equality**

GRI Content **102-8, 102-41, 103-1, 103-2, 103-3, 401-1, 401-2, 401-3, 405-1, 405-2**

As regards the development of the Organization and its quality standards, we work with the commitment and mission of contributing to the sustained growth of the business, consolidating the development of Human Capital. We set out to install an efficient and digital culture, with a focus on managing change in people in order to support digital transformation.

By reason of the outbreak of the COVID-19 pandemic, first of all, we strived to contain and promptly address the needs of our employees, giving priority to their health and contributing to business continuity. We shared best practices and mutual help with other banks.

In this context, and due to the isolation measures established by the Argentine Government, we enabled remote access for almost 1,400 employees to carry out their tasks virtually. We adapted the access systems, programs and methods so that our employees can do it remotely from their homes.

As of December 31, 2020, the Bank's headcount was 1,704 people distributed as follows: 866 women and 838 men, 1038 at the head office and 667 at the branches. The average number of years of service is 12 and the average age is 42 years old.

Table 35		Employees by Gender*		
	2020	2019	2018	
	1,704	1,757	1,936	
	838	874	988	
	866	883	948	

* 100% of the employees are full-time.

Table 36		Employees by Location and Gender		
	2020	2019	2018	
HEAD OFFICE	1,039	1,081	1,231	
	568	602	703	
	471	479	528	
BRANCH NETWORK	665	676	705	
	270	272	285	
	395	404	420	

Table 37		Employees by Employment Contract and Gender		
	2020	2019	2018	
PERMANENTS	1,702	1,753	1,931	
	836	872	984	
	866	881	947	
TEMPORARY	2	4	5	
	2	2	4	
	-	2	1	



Table 38 Employees by Province

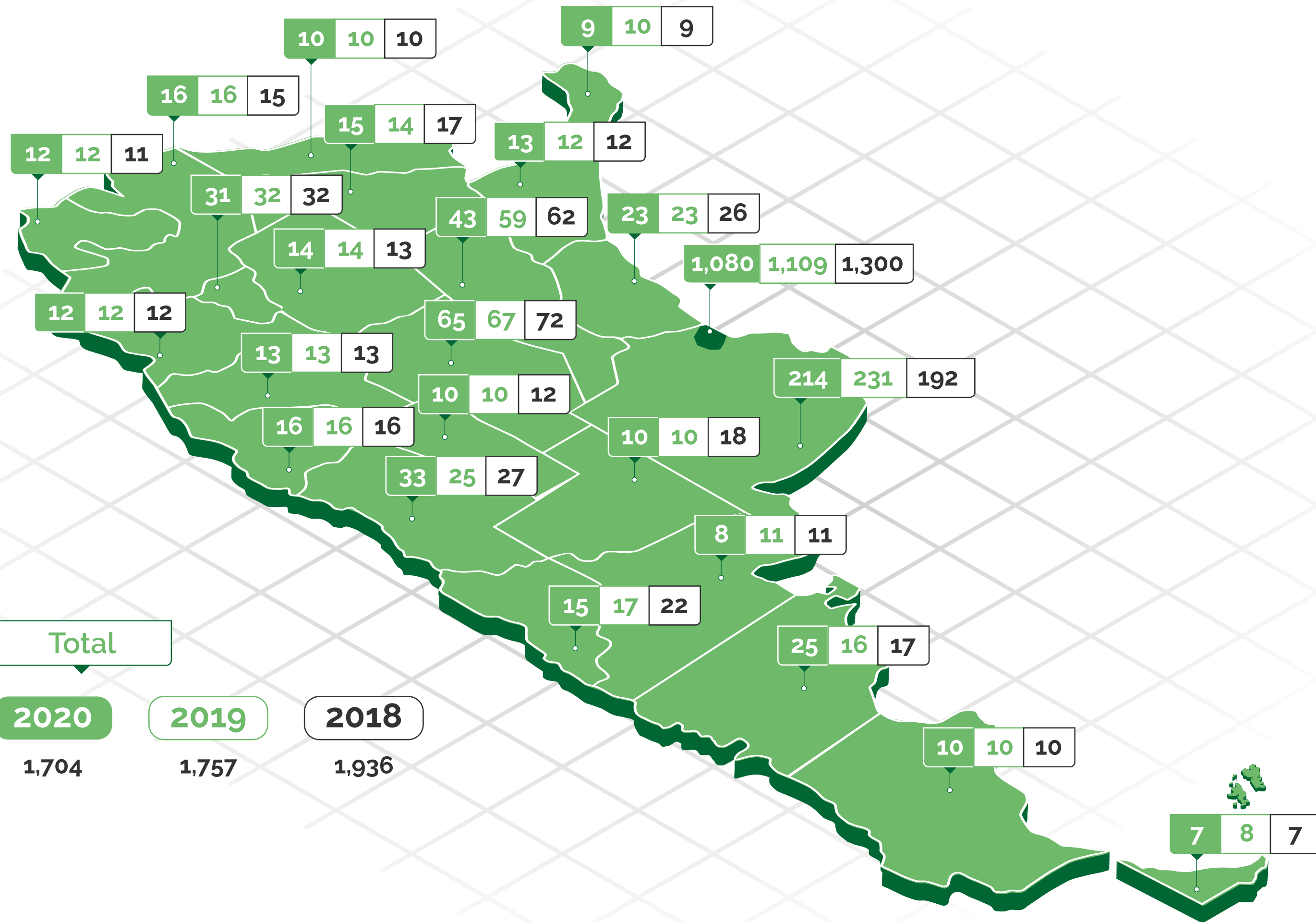


Table 39 Employees by Employment Contract and Location

	2020	2019	2018
PERMANENT	1,702	1,753	1,931
HEAD OFFICE	1,038	1,081	1,229
BRANCH NETWORK	664	672	702
TEMPORARY	2	4	5
HEAD OFFICE	1	0	2
BRANCH NETWORK	1	4	3



Table 40 Employees by Location and Union Status













	2020	2019	2018
NON UNION	220	227	284
 HEAD OFFICE	153	158	198
 BRANCH NETWORK	67	69	86
UNION	1,484	1,530	1,652
 HEAD OFFICE	885	923	1,033
 BRANCH NETWORK	599	607	619
EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	87%	87%	85%

Table 41 Employees by Professional Category

	2020 Q	2020 %	2019 Q	2019 %	2018 Q	2018 %
Senior Management	15	1%	16	1%	16	1%
Managers	100	6%	99	6%	114	6%
Supervisors, Leaders and Bosses	241	14%	256	15%	275	14%
Analysts and Administrative Staff	1,348	79%	1,386	79%	1,531	79%

Table 42 Employees by Professional Category and Gender

	2020	2019	2018
SENIOR MANAGEMENT	0.88%	0.91%	0.83%
 0.76%	0.76%	0.80%	0.77%
 0.12%	0.12%	0.11%	0.05%
MANAGERS	5.87%	5.63%	5.89%
 4.05%	4.05%	3.87%	4.18%
 1.82%	1.82%	1.76%	1.70%
SUPERVISORS, LEADERS AND BOSSES	14.14%	14.57%	14.20%
 7.57%	7.57%	7.85%	7.85%
 6.57%	6.57%	6.72%	6.35%
ANALYSTS AND ADMINISTRATIVE STAFF	79.11%	78.88%	79.08%
 36.80%	36.80%	37.22%	38.22%
 42.31%	42.31%	41.66%	40.86%

We work on instilling a culture of inclusion to foster personnel development and individual contribution

4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



Table 43 Employees by Professional Category and Gender





	2020	2019	2018
Under 30 years old	4.29%	6%	4%
Senior Management	0%	0%	0%
Managers	0%	0%	0%
Supervisors, Leaders and Bosses	0.06%	0.11%	0.10%
Analysts and Administrative Staff	4.23%	5.75%	4.18%
Between 30 and 50 years old	78.23%	78%	77%
Senior Management	0.47%	0.51%	0.46%
Managers	4.11%	3.76%	4.08%
Supervisors, Leaders and Bosses	11.33%	11.72%	10.64%
Analysts and Administrative Staff	62.32%	62.38%	61.57%
Over 50 years old	17.49%	16%	19%
Senior Management	0.41%	0.40%	0.36%
Managers	1.76%	1.88%	1.81%
Supervisors, Leaders and Bosses	2.76%	2.71%	3.46%
Analysts and Administrative Staff	12.56%	10.76%	13.33%

› Employment, Diversity and Inclusion

We participated in the virtual fair organized by the Argentine University of Enterprise (UADE), in order to build our employer brand and create an approach between the BH Community and young students. As a result, the Bank recruited and hired 37 new employees.







Table 44 New employee hires

	2020	2019	2018
TOTAL NEW HIRES	37	154	127
BY GENDER			
 Male	15	85	77
 Female	22	69	50
BY LOCATION			
 HEAD OFFICE	22	90	92
 BRANCH NETWORK	15	64	35
BY AGE			
UNDER 30 YEARS OLD	8	41	36
BETWEEN 30 AND 50 YEARS OLD	27	104	82
OVER 50 YEARS OLD	2	9	9
NEW HIRE RATE (*)	2%	9%	7%

(*) Hiring in the period/Headcount at the end of the period

Tabla 45 Employee turnover

	2020	2019	2018
TOTAL TURNOVER	93	333	192
BY GENDER			
 Male	62	198	105
 Female	31	135	87
BY LOCATION			
 HEAD OFFICE	68	234	124
 BRANCH NETWORK	25	99	68
BY AGE			
UNDER 30 YEARS OLD	20	22	7
BETWEEN 30 AND 50 YEARS OLD	66	206	159
OVER 50 YEARS OLD	7	105	26
TURNOVER RATE (*)	5%	19%	10%

(*)Termination of the period/Headcount at the end of the period



Table 46

Ratio of basic salary and remuneration of women to men¹²

	2020	2019
Senior Management	158.09	241.69
Managers	102.18	127.78
Supervisors, Leaders and Bosses	94.76	100
Analysts and Administrative Staff	100	100

12. The ratio (%) was calculated with the following formula = Basic salary for women/Basic salary for men x 100. The average salary of employees who make up each of the positions was considered.

At Banco Hipotecario, we comply with applicable labor laws and we respect Human and Civil Rights. We require that all units provide an environment and working conditions of hygiene and safety, and that each employee receives all the benefits covered by the applicable laws.

Our selection processes and our hiring decisions are based on the skills of job applicants and adhere to a diversity framework, regardless of age, color, origin, civic status, religion, sex, sexual orientation or any other characteristic protected by law.

Possible situations of discrimination, harassment, intimidation or retaliation at work can be reported through our different reporting channels. Such matters will be addressed immediately and confidentially, maintaining the transparency of the process.

Within the Diversity and Inclusion axis, we strived to generate opportunities and foster the development of our employees with diverging points of view and perspectives, being flexible to empower participation and business performance. In this regards, the Bank engaged in several actions, including:







- › Revision and adaptation of the language used in corporate communications to make it more inclusive for all social groups.
- › Ongoing participation in the "Diversity in Business Club" of the Di Tella University, which develops and fosters diversity and inclusion within business organizations.
- › Participation in special dates' events, both internally and externally, such as the LGTB+Pride day.










> BENEFIT PLAN

Regarding **#BeneficiosBH**, we continued promoting the value proposition, based on 5 mottos:




Stay healthy

-  Corporate Health Plan, closed and exclusive for employees and their families.
-  Influenza Vaccination Campaign throughout the country, to prevent and take care of our health.
-  Gympass, corporate values in gyms or sports centers.
-  Medical office in the head office with specialized service from 9 am to 5 pm.
-  ECCO Protected Area Service for medical assistance for employees, customers and suppliers.
-  At the Head Office we have a space so that they can store their bicycles and motorcycles during the working day.

Family is all that matters

-  Extended parental leave. Employees have 15 days to receive the new family member.
-  Adoption leave for mothers (60 days) and fathers (15 days).
-  Lactation room in the head office so that mothers can continue with lactation once their leave is over.
-  Gifts for birth, marriage and graduation..
-  Sick leave to take care of children, both for mothers and fathers.
-  Refunds at daycare, kindergarten, special education, and vacation camp.
-  Fund for aid in situations of specific juncture of the employee (the situation is evaluated to determine the follow-up of the case).

Empower your development

-  Discounts at universities and study centers.
-  Scholarship program for undergraduate, tertiary, university, postgraduate and master's degrees.
-  Examination leave up to 21 days.

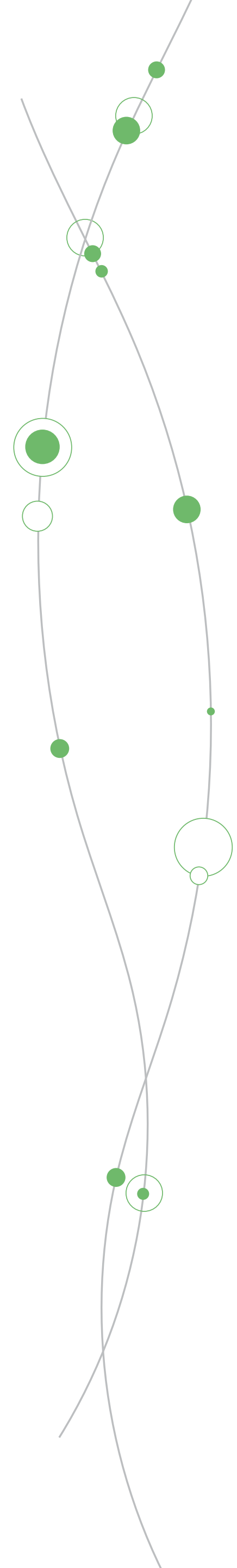
7

SOCIAL AND ENVIRONMENTAL PERFORMANCE

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH



Products with controlled prices

- Exclusive conditions in Bank products.
- Bimbo at home.
- Special offers on ergonomic chairs and desks.
- Discount code at Natural Deli.
- TripOn: reduced price of trips and stays.
- Caffetino: discount code on coffee capsules.
- Exclusive offers in Movistar plans.
- Reduced price at the Llao hotel.
- Offers in Aurora Bikes.
- Benefits in Arredo.
- Exclusive prices on BGH products with delivery countrywide.
- Discount in Aerolíneas Argentinas.
- Cafeteria with a variety of lunches and snacks.
- Brew infusion service at the head office with a free and continuous service of filter coffee, tea and milk from 8:30 am to 5:00 pm. Each branch has a fixed fund for the management of snacks.

Enjoy your free time

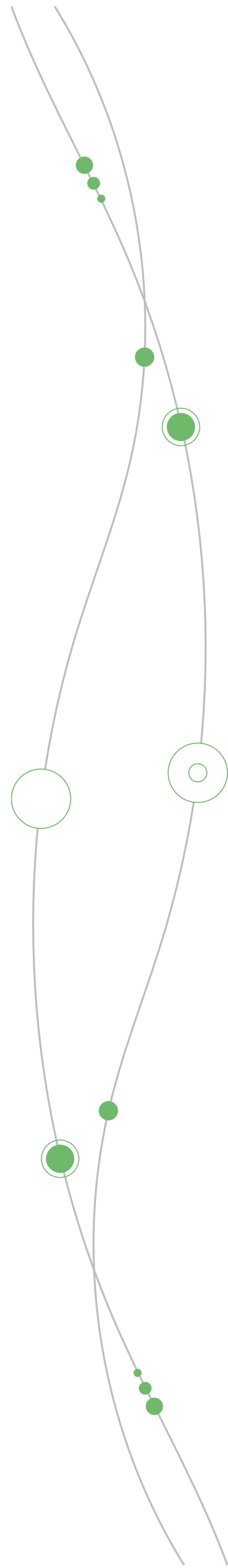
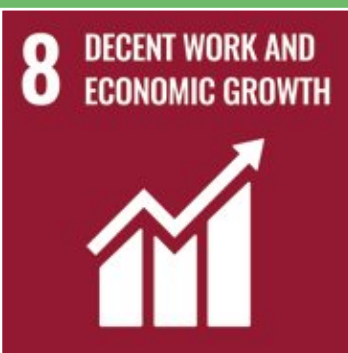
- Vacation leave counted in business days.
- Birthday day off.
- Family day. A free day to share with the family (it can be taken at any time of the year).

All our employees receive the same benefits regardless of the type of working day or contract. In total, there are more than 30 own and internally managed benefits, many of which were adapted to the mandatory social distancing situation. This is the case of Gympass, with which we carry out several actions such as active breaks, group classes, webinars, etc., in that context.

NEW BENEFITS 2020

- Gympass**
- Bimbo at home**
- YMCA: active breaks and open classes**
- TripOn**
- Natural Deli**
- Gris Metal** (chairs and desks)
- Flexible year-end gift**
(www.elegivos.com.ar offering 17 available brands)
- Fravecheck**
For births, marriages and graduations













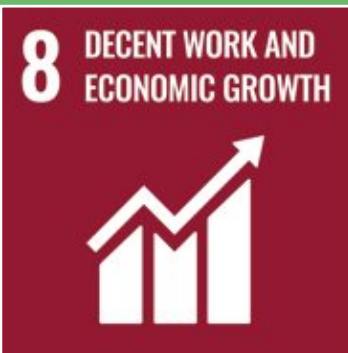


As part of our gender and diversity management, during 2020 we worked on leaves that allow us to accompany all types of families. We agreed to define the leaves for pregnant and non-pregnant women, as well as primary and secondary caregivers, since we would add new leaves to support the families that adopt. These best practices were planned to be implemented in 2021.

As regards the rate of return to work, after parental leaves, in 2020 we again reached 100% and 98% in the retention rate.

Table 47 Parental leaves

	2020	2019	2018
PEOPLE ENTITLED TO PARENTAL LEAVE	67	83	106
 25	25	34	40
 42	42	49	66
PEOPLE WHO EXERCISED THEIR RIGHT TO PARENTAL LEAVE	67	83	106
 25	25	34	40
 42	42	49	66
PEOPLE WHO RETURNED TO WORK AFTER PARENTAL LEAVE	67	82	106
 25	25	34	40
 42	42	48	66
RETURN TO WORK RATE			
 100%	100%	100%	100%
 100%	100%	98%	100%
RETENTION RATE (PEOPLE WHO REMAIN IN THEIR JOB FOR AT LEAST TWELVE MONTHS AFTER RETURNING)			
 96%	96%	100%	92.50%
 100%	100%	98%	92.42%



7

SOCIAL AND ENVIRONMENTAL PERFORMANCE

More than **20,000 Hours of training** were delivered

More than **300** different actions

100% Virtual project

More than **2,300 users**

Average time in **A•D•N 10 hours**

Training And Development Of Employees

Material Aspects: **Quality Employment, Human Rights, Training and Development of Employees**

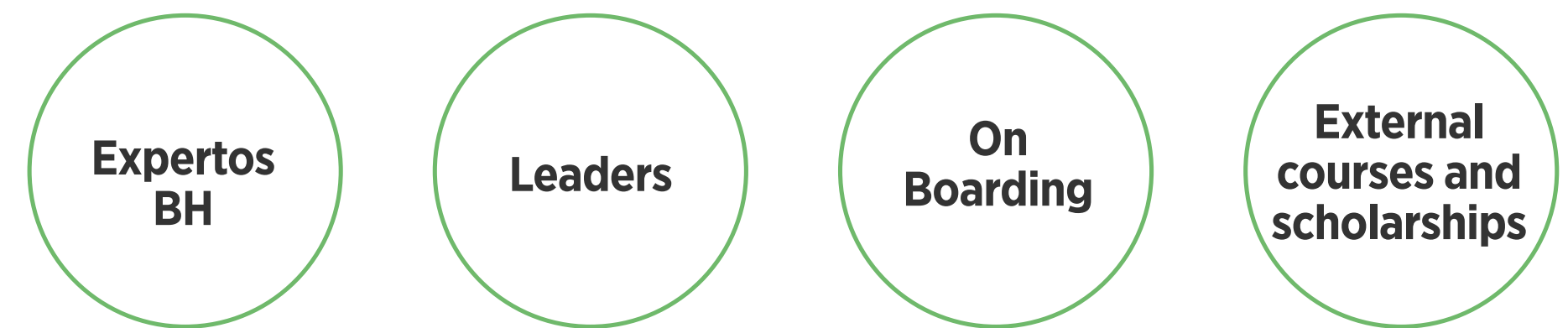
GRI Content **103-1, 103-2, 103-3, 401-2, 404-1, 404-2, 404-3, 412-2**

A training plan was designed with a view to address business needs, amidst the complex scenario posed by the pandemic, seeking to continue with our employees development entirely online.

We launched A•D•N, our new virtual space for Learning, Development and Business. A simpler, more intuitive platform focused on employees experience, to boost their development from home. Learning, Development and Talent modules were incorporated, as a manner to reach each employee in a more innovative, inclusive and effective way.

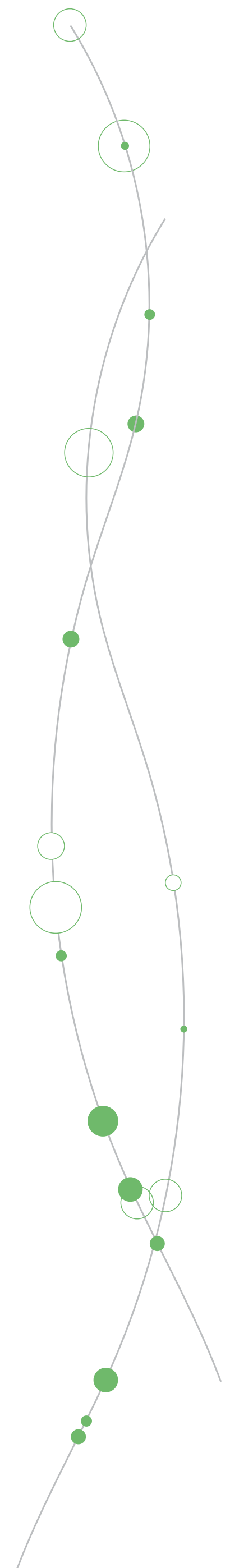


THE MAIN LEARNING ACTIONS WERE THE FOLLOWING



EXPERTOS BH: a virtual experience in which employees offered learning proposals company-wide. Seven business talks were delivered by Area Managers, 3 schools were organized, and 70 workshops were completed on several topics, such as Office Banking, Mindfulness, Project Management, SQL, Effective Listening, Digital Fraud, and Efficient Budget

Management, among others. We continued with Learning Network, our comprehensive training program targeted at the entire branch network nationwide and focused on continuing education, professionalization, and growth of our employees in the commercial and operating platform.



51
EXPERTS

3,584
Participants

5,039
Hours of learning

4.5
Satisfaction

70
Actions

3
Schools

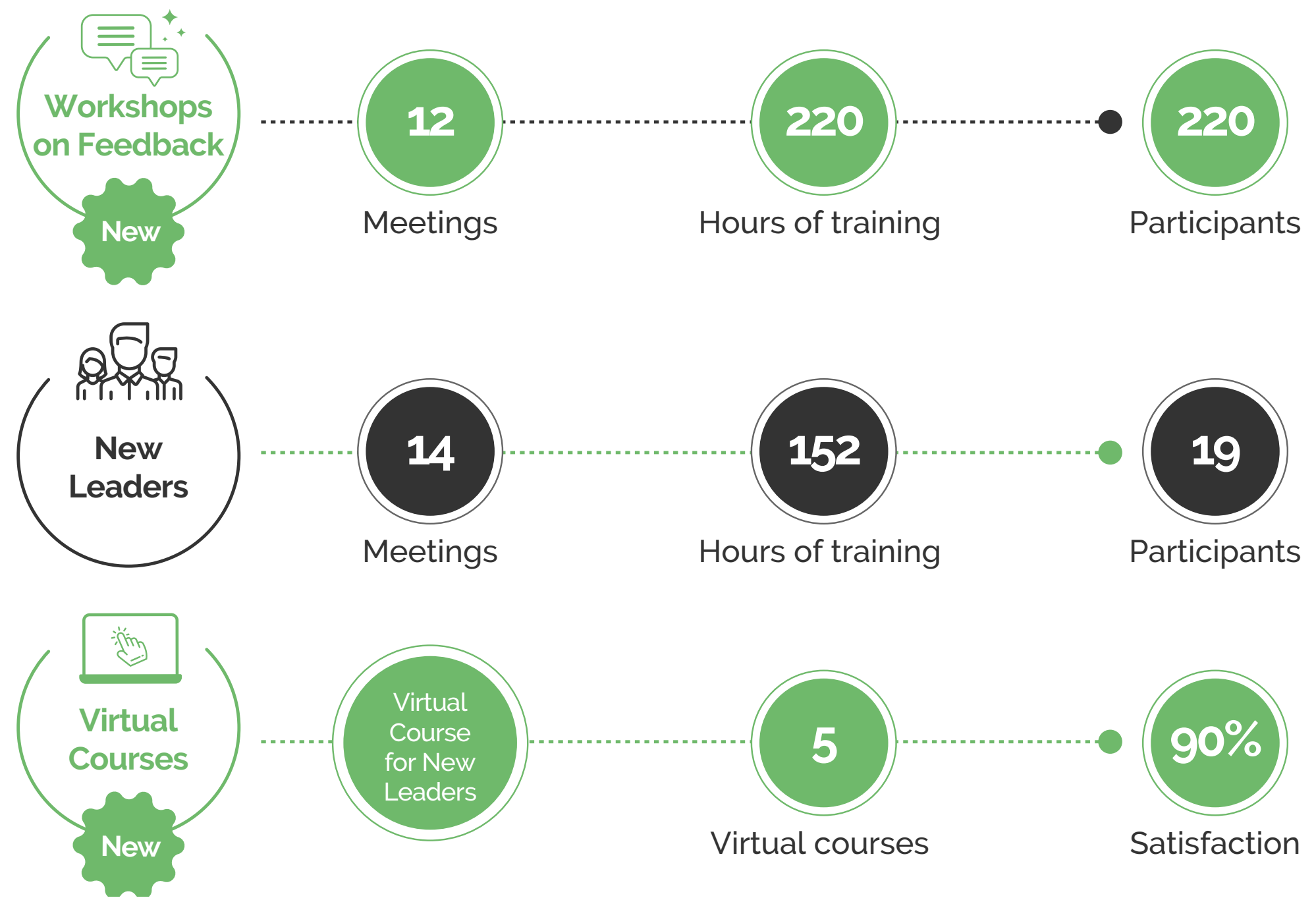
7
Months

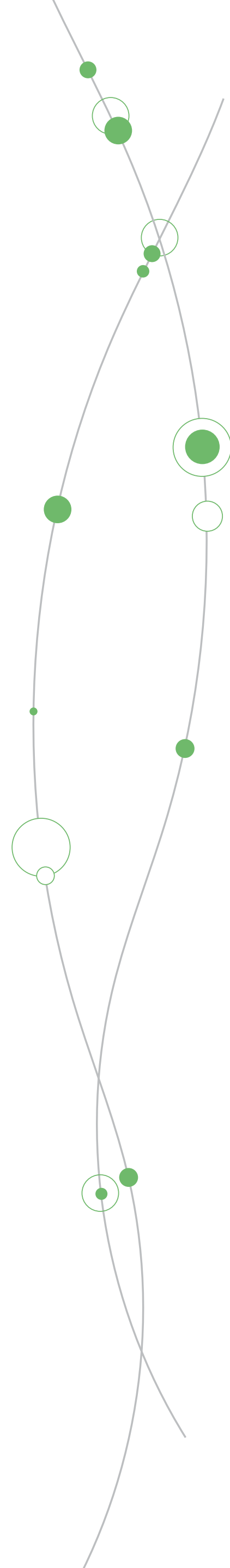
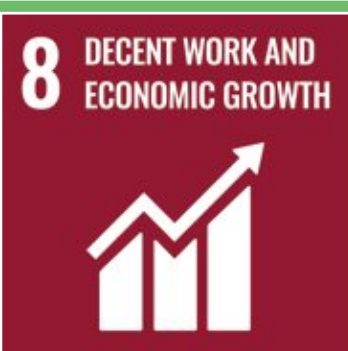
1. Commercial School
training to more than 400 Business Executives on telemarketing tools in light of the social distancing measures, and training delivered to more than 600 SMEs Account Executives and more than 400 Business Executives from the Businesses & SMEs' segment.

2. Digital Transformation School
training on agile methodologies, SCRUM and user experience for more than 200 employees..

3. Investments School:
10 investment updates and 2 semiannual meetings for the experts' community. In addition, 3 training actions were organized open to more than 900 employees on introduction to investments, fixed income and mutual funds.

LEADERS: for the third consecutive year, we supported the professional development of 14 new leaders, including new topics to the program, and delivering open workshops on Feedback and Tough Conversations to more than 200 leaders, and online courses to strengthen their roles.

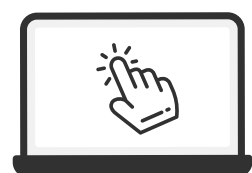




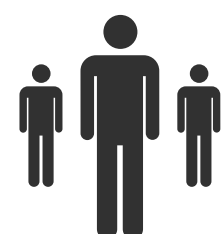
ON BOARDING: we redesigned our Onboarding training into an entirely virtual format, with interactive dynamics and tools for all new hires and we enhanced the benefits of the digital modality with interactive dynamics and tools. We launched the ADN synchronous classroom.



2
Editions



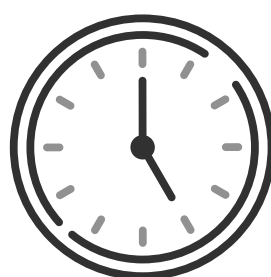
15
Virtual meetings



27
Participants

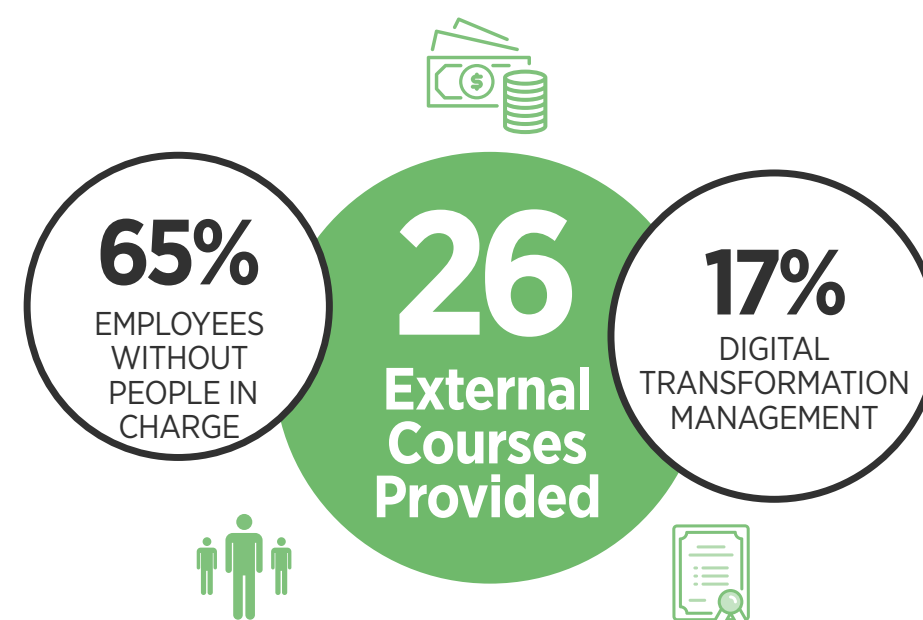
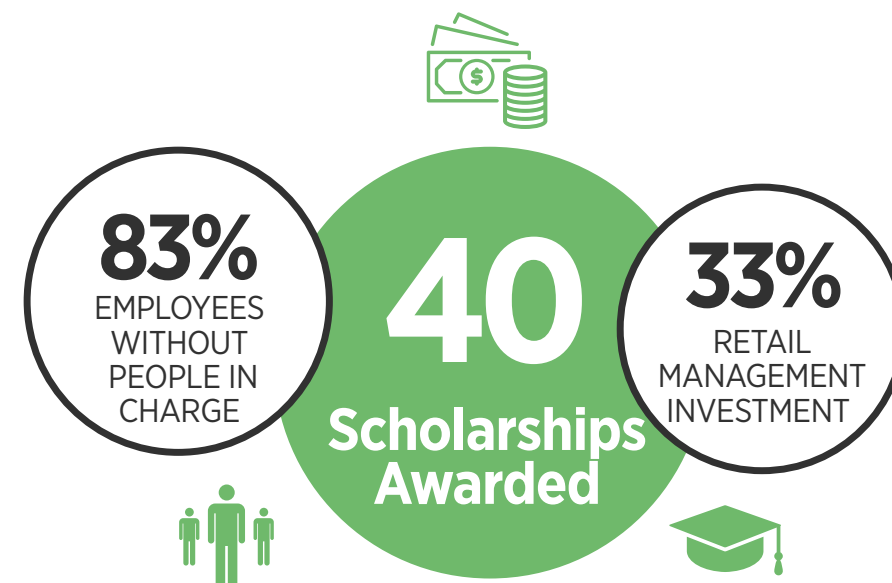


15
Speakers



173hs
hours of training

EXTERNAL COURSES AND SCHOLARSHIPS: handled scholarships and external courses through alliances with different educational institutions and entities to have updated internal knowledge in place (Digital House, IAE, ITBA, UBP, UCEMA, UTN).



Training Management also leveraged and supported the development and deployment of organizational projects: JIRA, Dynamo Post-sales, Variable Compensation, Anti-money Laundering and SOS alerts, among others.

102.5 Hours dedicated to training in policies or procedures on human rights

As regards cybersecurity, this year, it was particularly important that employees be aware of and educated about the existence of cyber-attacks and the importance of reinforcing cybersecurity. In 2020, we deployed two workshops in order to re-educate users and employees on cybersecurity:

- › Digital Crimes workshop, in charge of BH's CISO, and
- › Internet and Social Media Risk Awareness workshop, in charge of the Argentina NGO Cibersegura.

We developed several controlled "phishing" and "ransomware" drills to warn employees about the actions that may compromise the Bank, including an educational test if they fell into the trap. In this way, employees understood how simple it is to get distracted and become a victim of cyber-criminals.



Table 48 Average hours of training per employee



	2020 Q	2020 Reach	2018 Q	2018 Reach	2019 Q	2019 Reach
TOTAL TRAINING HOURS	20,506	12	25,840	14.7	25,577	13.2
BY LOCATION						
 HEAD OFFICE	6,851	6.6	12,662	11.7	12,533	10.2
 BRANCH NETWORK	13,665	20.5	13,178	19.5	13,044	18.5
BY GENDER						
 Male	9,272	11.1	14,018	16.0	12,663	12.8
 Female	11,234	13.0	11,822	13.4	12,914	13.6
BY PROFESSIONAL CATEGORY						
SENIOR MANAGEMENT	64	4.3	49	3.1	49	3.1
MANAGERS	2,368	26.3	3,764	38.0	3,095	27.2
SUPERVISORS, LEADERS AND BOSSES	2,826	11.7	5,330	20.8	6,585	24.0
ANALYSTS AND ADMINISTRATIVE STAFF	14,978	11.1	16,697	12.1	15,848	10.4

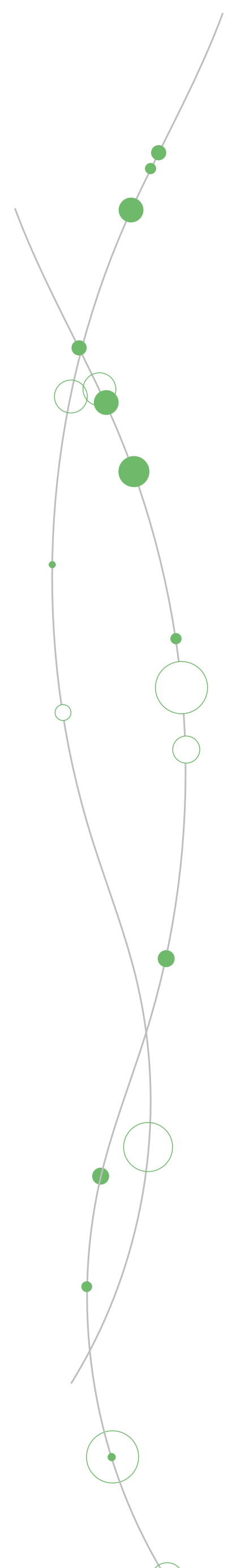
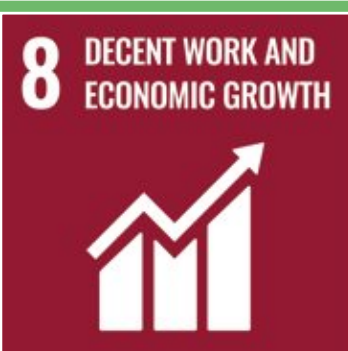


As regards Development, during the year there were 11 internal promotions and 9 lateral shifts, through sponsorship and internal recruitment processes. We supported the professional development of 14 new leaders.

For the third consecutive year, the Bank carried out its competency-based assessment, focusing on the challenges posed by the pandemic.

Table 49 Competency-based assessment

	2020 Q	2020 Reach	2018 Q	2018 Reach	2019 Q	2019 Reach
TOTAL NUMBER OF EMPLOYEES WHO WERE ASSESSED ACCORDING TO THEIR COMPETENCIES	1.641	96%	1.678	96%	1.604	83%
BY GENDER						
 Male	808	96%	830	95%	804	81%
 Female	833	96%	848	96%	800	84%
BY PROFESSIONAL CATEGORY						
SENIOR MANAGEMENT	2	13%	3	19%	14	88%
MANAGERS	88	88%	91	92%	94	82%
SUPERVISORS, LEADERS AND BOSSES	243	100%	250	98%	266	97%
ANALYSTS AND ADMINISTRATIVE STAFF	1,308	97%	1,334	96%	1,230	80%



› Culture And Change Management

We sought to strengthen the organizational culture and development, acting as a facilitator of the transformation process. Our goals were empowering key transformation agents, providing people management tools, engaging employees, and maintaining established and recognized interventions.

The Change Management area continued giving advice and support to strategic projects:

- › **COVID-19 contingency:** rapid management to respond and support our employees, and conduction of PULSE survey.
- › **Digital Workplace:** adoption of digital colla-

boration and creation tools with impact on all of the Bank's employees. The adoption rate was higher than 95%, with the ensuing creation of open learning platforms and a dedicated website for the program on the cloud.


- › **New BH Intranet:** launch of a new Intranet, more agile, accessible and collaborative, developed with new technology within SharePoint.
- › **Dynamo Post-sales:** communication of launched "releases", team reward actions and learning plan promotion with impact on more than 1100 employees.
- › **Digital Transformation Team:** awareness was raised on the area's challenges, introducing new roles and ongoing measurement of teams' management efforts: 8 PULSE surveys were conducted, with 45 communication ac-

tions and promotion of the Intranet launch, the area's own space.

We conducted over 15 communication campaigns related to the business and Human Capital programs, and organized several virtual celebrations to commemorate special dates (the Customer's Voice, lifetime achievement medals, year-end, etc.) to strengthen the commitment and the goals of the year.

Culture actions				
Pink October (breast cancer)	Lifetime achievement medals	#Ihighlight	LGTB+Pride day	#LeadingFromHome
<ul style="list-style-type: none"> • Logo change in our channels • Awareness Survey on Periodic Checkups • Messages in the 4 issues of News of the month 	<ul style="list-style-type: none"> • 15 medal winners • Surprise box at their homes • Video with greetings from their colleagues 	<ul style="list-style-type: none"> • Over 1,000 views and comments 	<ul style="list-style-type: none"> • Logo change in all our channels • News with differential design + message • Awareness message for leaders 	<ul style="list-style-type: none"> • 9 messages


All actions taken are underpinned by several means of communications: All these efforts resulted in the ongoing consolidation of the communication and promotion of the Bank's culture, with the primary purpose of making each employee's individual contribution meaningful to the Bank's performance.



Intranet

RE-LAUNCHED IN 2020


- **1,866** unique users per week
- **75,000** site visits per week
- **12 min, 10 seg:** average time per user
- **99.7%** desktop traffic
- **297** site pages (News + Sections)



Teams

NEW CHANNEL

- **90%** usability
- **51** managerial teams
- **13** project teams
- **1,931** active users
- **2,137** total users
- **+300,000** chat messages per week



LinkedIn

GROWTH + EMPOWERMENT

- **129,453** followers
- **44% +** than 2019
- **87** posts
- **59,091** interactions
- **795,309** views
- **7.4%** engagement rate



News BH

WEEKLY EDITIONS.

- **52** editions



Audiovisuals

MANAGEMENT MILESTONE

- **More than 83 videos** developed to support several campaigns, events, and milestones.



IC WhatsApp

INTERNAL COMMUNICATIONS WHATSAPP

- **+ 200** messages
- **2** groups for leaders
- **Reinforce and contingency messages**

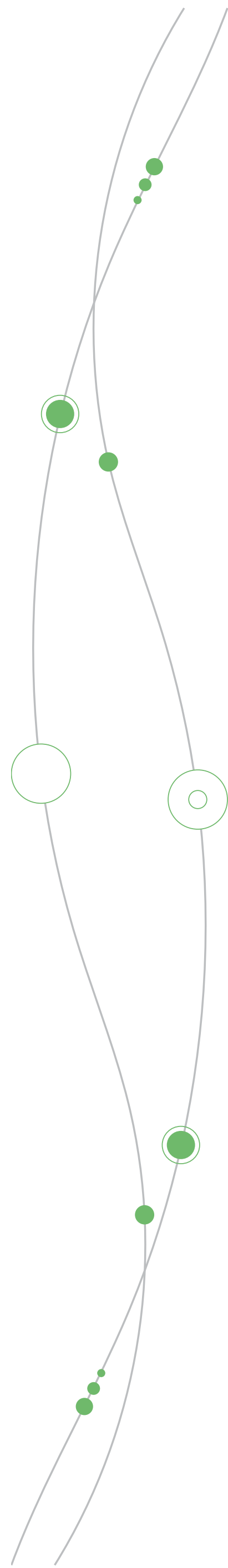
During the COVID-19 contingency, it proved really useful to streamline the contact with all employees.



Internal Mailbox

EFFORTS TO REDUCE THE NUMBER OF MASSIVE MAILS.

- **BACS:** main channel
- **BH:** activity is being migrated to other internal communication channels



Organizational Development Benchmarks

During the year, significant efforts were engaged through the Leader role. It is characterized by an increased level of presence and knowledge about the areas and their teams, being the main contact point on Organizational Development issues. Efforts were focused on the same main 4 pillars: **People Management, Transformational Processes, Relationship Channel, and Structure Planning**. Strong emphasis was placed on knowledge and diagnosis of teams, supporting employees during a year of changes, uncertainty and rearrangement of activities, positioning leaders a key players of the organizational transformation, accountable for people management.

> Occupational Health And Safety

Material Aspects: **Occupational Health and Safety**

GRI Content **103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9**

Despite the mandatory lockdown established according to the framework of the COVID-19 pandemic, the Safety and Hygiene area was able to entirely maintain the operations, since it continued to develop in-person as the employees are considered essential workers. Only some Supervisors, Heads and Area Managers work on a remote basis. The Network and the areas that provided in-person services received supplies (alcohol-based hand sanitizer, face masks, gloves and face shields) to comply with the established protocols and contribute to the care and prevention of the health of the employees. The area participates in the COVID-19 Contingency Committee in which the action protocols and the best way to keep the Bank operating safely are evaluated, both for those who work in the Entity and for customers.

We comply with all applicable laws and regulations concerning health, safety and wellbeing of members and other people who are in the bank's facilities in all our locations

During 2020, 3 occupational accidents with osteomuscular injuries were recorded

The safety approach includes the functions of planning, identification of risky areas, coordination, control and management of safety activities in branches and annexes, all of them in order to prevent accidents and occupational diseases. We consider that effective security management pursues three main goals:

- > Achieve a safe working environment.
- > Make work safe.
- > Make human capital aware of safety.

7



SOCIAL AND ENVIRONMENTAL PERFORMANCE

No incidents regarding physical security were recorded

Our occupational health and safety management system is in accordance with the National Law on Occupational Hygiene and Safety No. 19,587, Decree 351/79. As regard Physical Safety, the framework is given by the regulations, communications and recommendations of the BCRA, plus the Bank's Comprehensive Safety Plan that is prepared taking into account the Branch Risk analysis.

During this year, the approval of the **Self-Protection Plan of the Belgrano, CABA**, branch was obtained. We are part of the Occupational Health and Safety Committee of the Province of Santa Fe, in which the annual preventive plan is monitored (Law No. 12,913 of the Province of Santa Fe). This committee is made up by an employer representation, a worker representation and an Occupational Safety and Hygiene Technician. Meetings are held on a monthly basis and decision-making is by consensus between the employer representation and the union representation.

In order to identify occupational hazards and assess risks, periodic inspections are carried out, suitable personnel are hired and trained. If a member of the Bank learns of any real or potential safety issue, or if they have any concerns, they should immediately notify their Boss/Leader or Manager, the Organizational Development Area Management or the Physical Safety and Logical Security Management.

The outsourced employees are trained by the service provider company, the Bank reinforces their knowledge and additionally offers a course on fire prevention, use of fire extinguishers, use of self-contained breathing apparatus and an evacuation plan (duration of 3 hours). Given the pandemic situation and due to restrictions, our employees receive training through the ART SWISS MEDICAL platform, on fire safety, ergonomics and COVID-19.

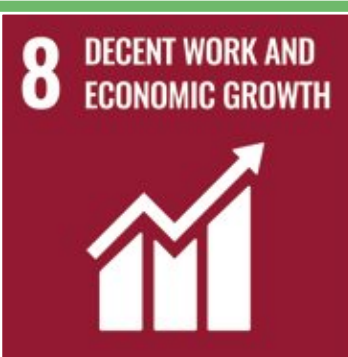
As regards health care, for our own and outsourced employees, we have a **medical service located in our head office**, which interacts with the Occupational Safety Area. This service has a clinical office and an infirmary. An emergency service acts as a "protected area" for any person within the Bank who requires medical assistance and/or transfer due to the seriousness of the health situation presented.

We annually carry out the influenza vaccination campaign together with preventive education in-person and/or through the general communication channels. In addition, we have coverage through a contracted Occupational Risk Insurer (ART) for accidents that occur within the facilities or on the way back and forth to the physical workplace.

Due to the COVID-19 pandemic, we implemented the home office modality, which is why during this period certain regulations were modi-

fied and activities were carried out through the technological channels enabled by the Bank. The influenza vaccination was carried out so that all employees, own or outsourced, were immunized and thus reduce the COVID-19 risk.

2020 was a year determined by the COVID-19 pandemic and the hazards of this virus that was unknown until its appearance. To minimize the risk, home office work mode was authorized for all those functions that were not considered essential. The detection of infectious diseases within the work environment was extremely important in order to avoid the spread and risks among the employees. Based on the information provided by them and the clinical follow-up carried out, we registered 87 cases of COVID-19 disease, and we mourn the death of an employee.



› 7.2 Environmental Impact

Material Aspects: **Waste Management**

GRI Content **103-1, 103-2, 103-3, 306-1, 306-2, 306-3, 306-4**

Environmental protection is a value in itself. Therefore, our comprehensive business management efforts take into consideration its financial, social and environmental impact.

› **Energy**

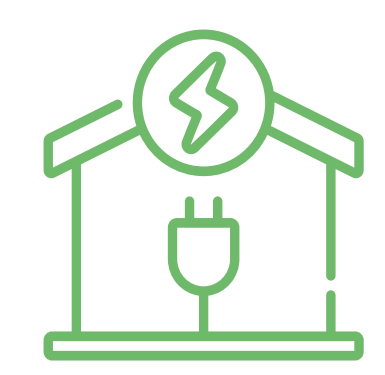
Awareness on electricity consumption was extremely important, considering that during the year a significant part of our employees worked from home. The COVID-19 pandemic brought about a substantial decrease in electricity consumption vis-a-vis 2019.

We implemented several actions, including shutting down lights and heating and AC equipment on inactive floors. In addition, we sought advice from electricity experts to streamline energy consumption. At the head office, monthly electrical protocols were implemented to ensure the building's power sustainability.

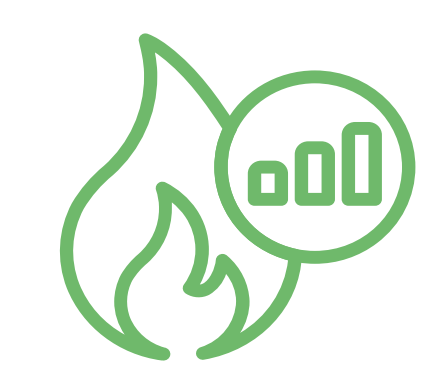
These initiatives supplemented the internal **Responsible Consumption Awareness Campaign**, through e-mail communications to all our employees containing “sustainable tips” to protect our environment.

Table 50 Energy consumption within the organization (GJ) ¹³			
	2020	2019	2018
Renewable energy consumption	0	0	0
Non-renewable energy consumption	6,485,455	17,975,884	19,403,483
Electric power	18,899	11,702,480	12,709,881
Diesel	127,696	294,135	297,767
Natural gas	6,339,460	5,979,269	6,395,835
Total energy consumption within the organization	6,485,455	17,975,884	19,403,483

13. Unit conversion base: 1 kW/h = 3,6 GJ; 1 m3 of Natural Gas = 42.12 GJ; 1L of Gasoil = 36,313 GJ



Electricity consumption was reduced by 99.8%.



Natural gas consumption had a 6% increase.



Gas oil consumption in ups units Declined by around 56.6%.



> Waste

During the pandemic, waste reduction policies continued to be applied; due to the decrease in activity in the central building, a significant drop in the amounts of waste generated was achieved. Work continued on the classification of waste (collaborating with entities such as the Garrahan Hospital), the separation of organic and inorganic waste in new containers adapted for this purpose, and the classification and final disposal of IT waste (batteries, monitors).

As concerns waste management, two types of waste are consumed, handled and disposed of at the Bank:

Due to the mandatory lockdown, in 2020 there was an 88% reduction in wet waste at the head office

Table 51		Recycled waste		
In Kilograms	2020	2019	2018	
Cardboard	1,060	4,600	10,000	
Plastic	200	120	350	
Aluminum Cans	1	5	500	
Paper	0	40	200	
Recycled waste picked up by Greater Buenos Aires	1,261	4,765	11,050	
Plastic lids	5	15	30	
Paper	1,150	3,600	22,000	
Recycled waste picked up by Garrahan Foundation	1,155	3,615	22,030	
Recycled waste	2,416	8,380	33,080	

Wet Waste: in compliance with the regulations of the Government of the City of Buenos Aires, the Bank hires a private company to provide waste pick-up services. The service includes daily waste pick-up and final disposal at CEAM-SE, together with a report. During the reporting period, the average monthly picked-up waste was 2,400 kilograms, 88% less than the average of the previous year.

Recyclable Waste: the Bank installed bins at all internal sectors of the building to classify waste by type. The head office's Logistics area is in charge of such classification, separating wet waste from recyclable waste. The latter is, in turn, sub-classified into white paper, cardboard, aluminum and plastic, and donated to several entities.

As regards the final disposal of IT waste (batteries, monitors), during 2020, 313 pieces of furniture and IT equipment were delivered to 10 NGOs under the "Equipados para Dar", (Equipped to Give) program.

Under this program, the Bank donated furniture, hardware (computers, ATMs, SSTs, printers, etc.) and discontinued merchandising material (with no further specific internal use, but with remaining useful life). The Bank contributed to improve the furniture and technological conditions of local entities nearby its branch network and head office. This program represents an action intended to empower volunteers and to interact with organizations countrywide.

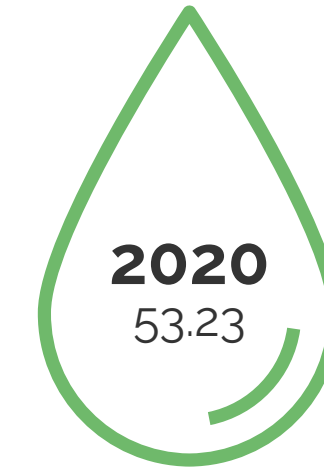
> Water And Effluents

The water used at our corporate building is sourced from AySA's network and is primarily used for two purposes: at restrooms, kitchens, troughs and for cleaning, and for industrial purposes, at cooling towers, cooling machines and heaters (air-conditioning equipment).

As regards effluent treatment, the water used for industrial purposes in closed circuits is chemically treated and periodically analyzed to adequately maintain its properties (PH, hardness, salinity, etc.).

The discharge of water used for non-industrial purposes (toilets, kitchens, etc.) takes place through the sewage piping.

WATER CONSUMPTION (IN MEGALITERS)



2020
53.23

2019
46.5

2018
30



We maintain a close link with the ngos with which we interact countrywide and this allows us to strengthen the solidarity culture that defines us as a social actor of national relevance

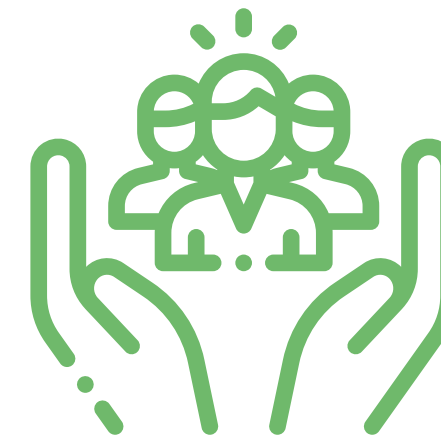
› 7.3 Programs with the Community

Material Aspects: Social Investment in the Community, Financial Inclusion, Education

GRI Content 103-1, 103-2, 103-3, 413-1

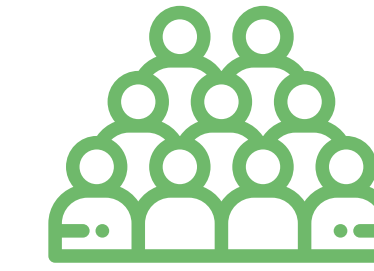
Based on the challenges posed by the pandemic, we work diligently to stay close to our stakeholders. In particular, through the Social Affairs area, we support the NGOs with which we interact, by helping redirect the donated funds to specific actions in an attempt to mitigate the consequences of the pandemic.

In view of the decline in production and poverty growth, and the (health, food, and economic) emergency prevailing in Argentina, through the Committee of Social Affairs, we continue to restate its Sustainability Pillars, highlighting the future challenges to be faced at the country level and the specific contributions we can make to the community as a financial services company. These pillars were approved by the Bank's Board of Directors.



44

organizations sponsored by employees who participated in the program to strengthen solidarity



270,640

people we support with our programs



\$69.2

million invested in the community



277

social organizations with which we interact



188

volunteer employees

THE FOUR SUSTAINABILITY PILLARS

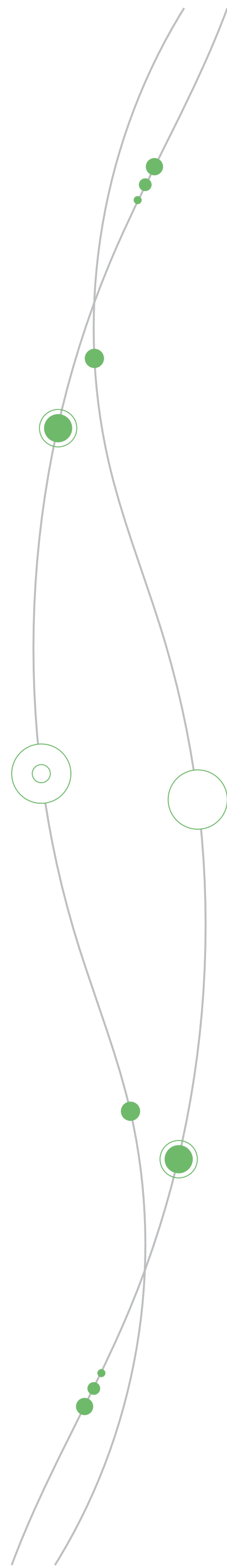
THAT LEAVE A POSITIVE FOOTPRINT IN THE COMMUNITY INCLUDE:

EDUCATION

INCLUSION

CITIZENSHIP

AID



PILLARS		ACTIONS/PROGRAMS
EDUCATION	We foster inclusive and comprehensive education for we believe it is a key factor in any society to develop future growth opportunities.	<ul style="list-style-type: none"> › Formal and informal training: Training delivered to people that are part of the education community, primarily, teachers and students, through in person and e-learning on several areas and scholarships. › Financial Education: In person or remote training on financial tools (savings, budget management, investments, etc.) addressed to vulnerable sectors. › Environmental Awareness: Knowledge about sustainable development and ecological care for our planet, focused on the development of habits, skills, sensitivities, conducts and environmental awareness.
INCLUSION	Social inclusion is closely linked to equal opportunities.	<ul style="list-style-type: none"> › Infrastructure: Infrastructure improvements and contribution of resources to several national organizations through local development. › Digital Accessibility: Contributing to the application of understandable, usable and practicable environments, processes and services for everyone, regardless of the type of hardware, software, network infrastructure, and users' language, culture and abilities. › Preventing Addictions: We also foster practices to take a comprehensive approach to drug use and abuse, and to develop multiplying agents in this respect and endeavor to carry out assistance, training and research activities. › Recreation for Socialization Purposes: We champion learning and social value collective construction processes for people to be integrated to the social fabric. Recreation, being understood as multiple spaces for leisure and social interaction, helps build the individual identity.

7

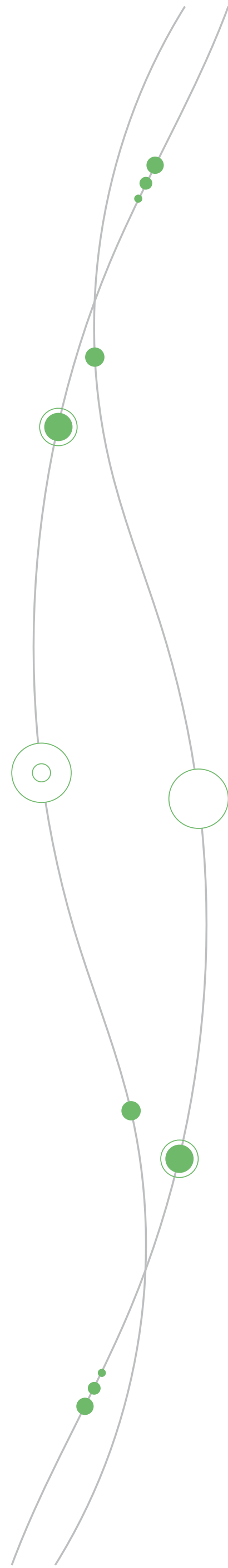


SOCIAL AND ENVIRONMENTAL PERFORMANCE

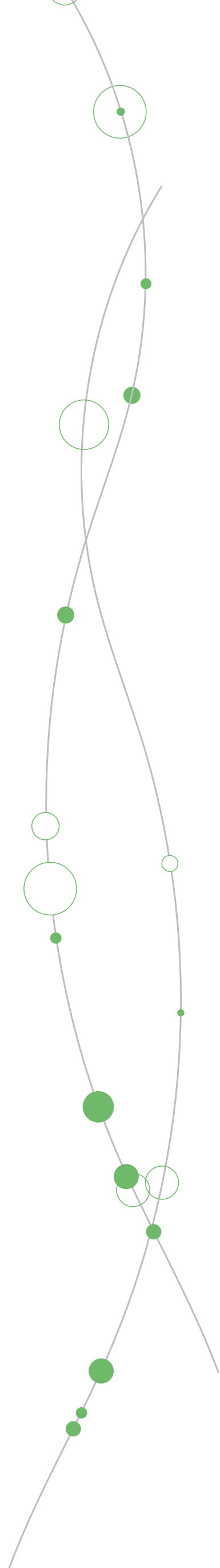
4 QUALITY EDUCATION



5 GENDER EQUALITY



PILLARS		ACTIONS/PROGRAMS
CITIZENSHIP	<p>We endorse several projects that encourage people to be actively involved as engaged citizens in decision-making processes, so as to build consensus enabling the development of a more fair and equal community.</p>	<ul style="list-style-type: none"> › Employability: Access to the job market by people from vulnerable environments or excluded from the job market, through the development of skills, tools and trades. › Empowerment: Contribution to the development of business, political and social leaders that foster development and drive empowerment in their communities to reach sustainable development. We foster solidarity among several people, including our employees, who contribute resources (time, skills, know how, and materials) to cooperate with NGOs. › Human Rights: We support organizations that champion human rights, and that contribute to raise awareness and empower citizens in this respect. The protection and awareness of the universal declaration of human rights is a key factor for everyone to recognize the right to life, freedom, education and employment, among other rights. › Gender: Apart from being a fundamental human right, gender equality is key to deploying the full human potential and community development. Empowering women encourages productivity and contributes to provide equal opportunities from a multidimensional perspective. › Diversity: We encourage interreligious, cross-cultural, social, political and sexual dialog as a constructive contribution to diversity-respectful communities and citizen inclusion. › Sustainable mobility: Fostering healthy traffic through non-contaminating vehicles, organizing public transport, and reducing road accidents are all responsibilities that enhance traffic and transportation efforts.



PILLARS		ACTIONS/PROGRAMS
AID	We make direct contributions in the form of financial and material resources to address core social issues that endanger human dignity.	<ul style="list-style-type: none"> › Emergency Aid: We contribute to specific situations resulting from unexpected events that require immediate attention. › Food Aid: Support is given to NGOs that strive to guarantee decent food and housing conditions in several communities of our country. › Health Aid: We support organizations engaged in providing health response, detection, contention and mitigation, assisting vulnerable communities, primarily excluded from the healthcare system. › Climate Change: The impact of global warming on national territories is reflected in an increase in aridity, desertification, soil erosion, and fire risks. Therefore, contributing to protecting ecosystems and biodiversity matters.

In addition to these pillars and their respective specific topics, the Bank embraced two additional strategic variables: time and geographic scope.

› **Time:** Refers to the support and sponsorship to organizations and projects over the years. This variable embraces the short-term (1 to 3 years), medium-term (4 to 7 years), and long-term (over 8 years).

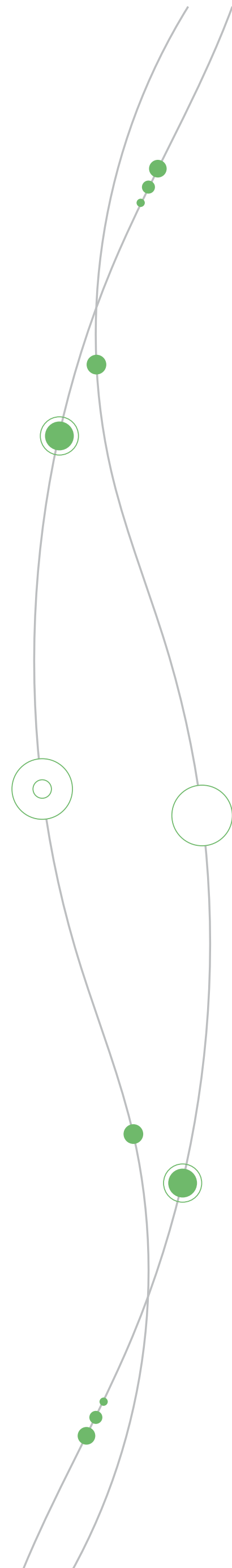
› **Geographic Scope:** This variable considers the coverage of the NGOs' projects directly within the territory. The geographic scope may be regional (impact on one or more regions where the Bank has a footprint through its branches, and is related to community activities), national (embracing the entire national territory), and local (community-based, neighborhood or municipal influence).

In order to strategically channel its investments in the community, within each pillar we supported and boosted programs and actions developed by the same organizations, which are deeply familiar with several social areas.



SOME OF THE NGOs THAT WE SUPPORT ARE THE FOLLOWING:





To the Bank, the relationship with organizations in the medium-term and with regional scope weighs high, for it allows it to take specific actions within each local area, according to their needs, while proposing an estimated time period for projects to be able to continue independently from the Bank. Hence, the relationship goes through a growth process after which the organization attains an installed capacity which allows it to diversify income.

The comprehensive management matrix is underpinned by the Social Responsibility Policy which embodies how the Bank manages its investments in the community, with the primary goal of leaving a positive footprint.

Most of the NGOs the Bank works with asserted their need for executing short-term projects, addressing the multiple pressing needs posed by the COVID-19 pandemic. The primary focus was placed on the need for covering meals and supporting families. As to education, despite the fact that schools were closed, reinforcing the active role of businesses proved utterly important, in that they provided direct assistance to foster learning continuity and the inclusion of children and the youth, in the broadest sense of the word. Access to a job reshapes people's reality and allows to build a fairer and equal future for everyone. It is the Bank's commitment to be attentive to the needs of the society and offer possibilities for the development of full-fledged citizens.

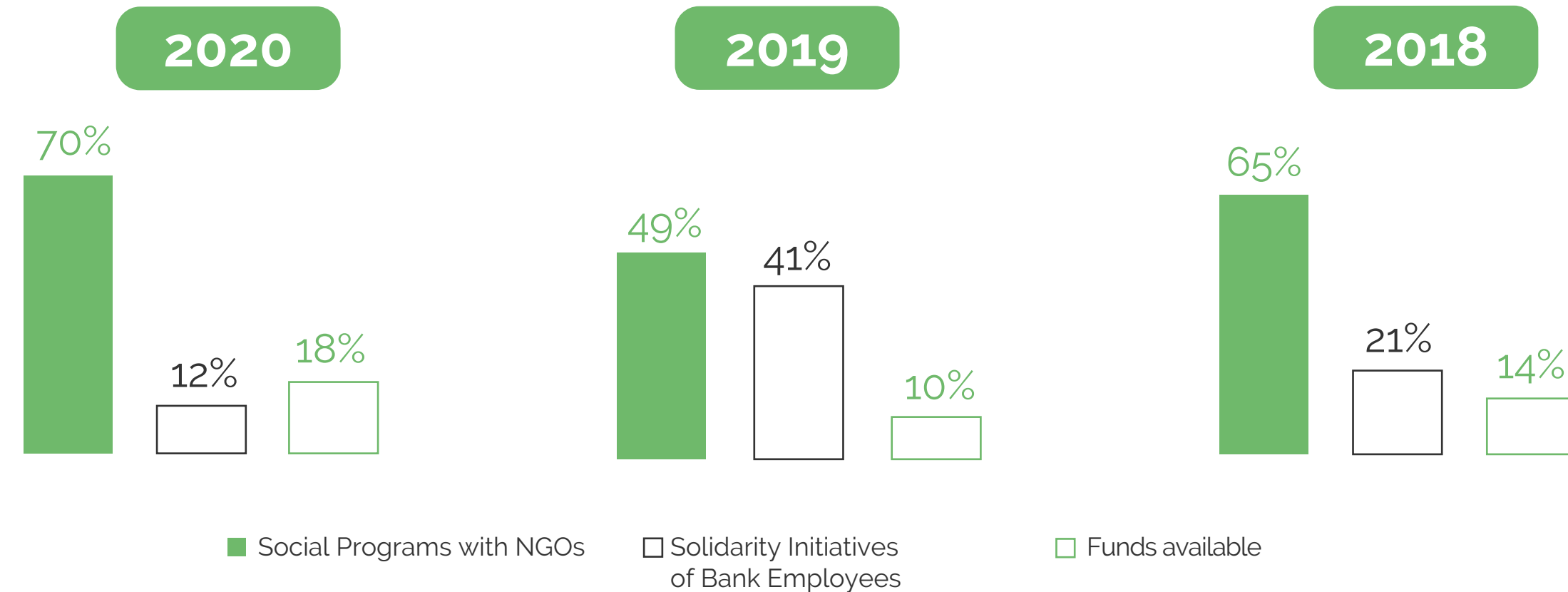
Urban Soil Municipal Management

In 2020, we continued to support the work of the TECHO and RIL (Red de Innovación Local or Local Innovation Network) organizations in their vocation to strengthen municipal public policies for land management, as this is aligned with our historical social mission and empowers local communities in the comprehensive management of urban land.

The main goal of the **#MunicipalSoilManagement** project, an initiative of the Bank, TECHO and RIL, is to promote policies for the generation of formal and accessible urban land in an equitable manner through the generation and visibility of relevant information on the actions that municipalities implement to generate sustainable and integrated cities.

Within the framework of this project, an urban land management self-assessment tool aimed at municipalities was developed that addresses issues such as city vision, strategies, long-term perspectives, instruments and information. This questionnaire gives a final score that places the municipalities on a scale of 0 to 10, which allows local governments to evaluate themselves on this issue.

Table 52 Distribution of Social Programs

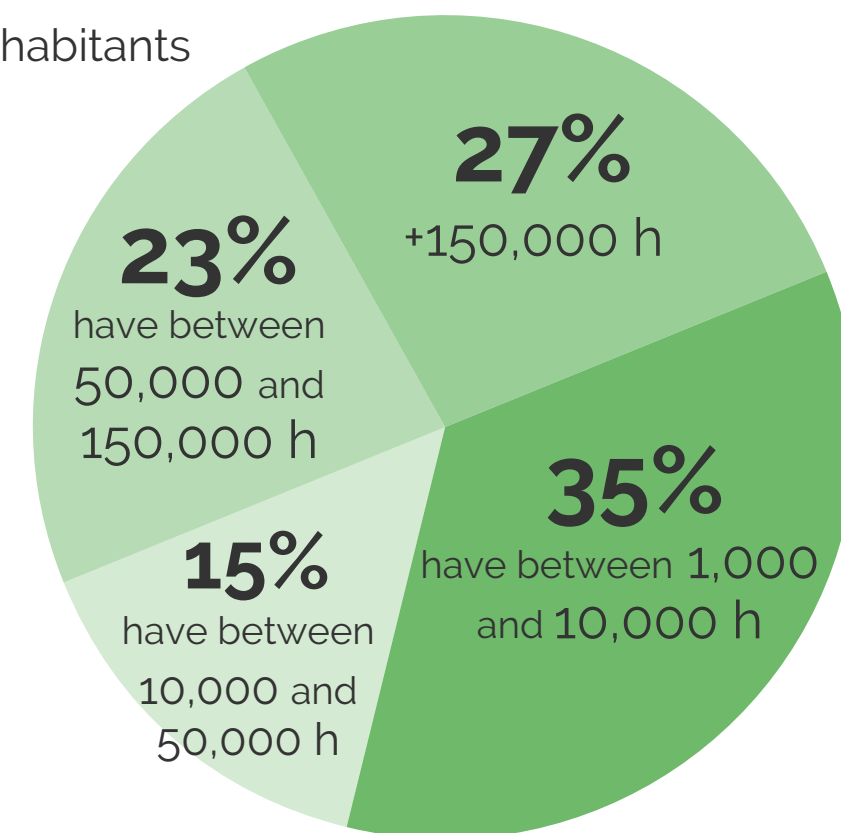




Despite the COVID-19 pandemic, the NGOs TECHO and RIL managed to make progress with the Urban Soil Municipal Management agenda with local governments and got 89 municipalities to respond to the survey developed by more than 40 specialists.

SELF-ASSESSMENT OF URBAN LAND MANAGEMENT FOR MUNICIPALITIES

h = inhabitants



3.99

Average total score of the Municipalities
(Maximum 8.06 and Minimum 0.65)

5.05

Average score for the "Strategy" category

2.81

Average score for the "Instruments" category

The best scored category was "strategy", which sought to determine the degree to which the municipality has instruments to manage urban growth, from land management plans, specific rules and regulations, and land-title regularization programs, among others. The average score in this category was 5.05. It was primarily represented by medium-sized municipalities in terms of population, including several provincial capital and major cities.

The lowest scored category was "instruments", which sought to identify the use of specific urban soil management tools, such as land banks, lots with utilities programs, home ownership savings plans, etc. The average score in this category was 2.81.

PROJECT CONCLUSIONS UNTIL DECEMBER 2020

- › Average of 39.9% of the policies, laws and regulations and strategies under review in the survey.
- › Around 40% asserted that they had not implemented any citizen engagement mechanism in strategic soil issues.
- › 40% lacked a metropolitan and/or regional perspective in their planning.
- › The least developed issue is the implementation of specific soil management instruments, revealing the urgent need for supporting local governments in strengthening their capacity to fully deploy their territorial development.

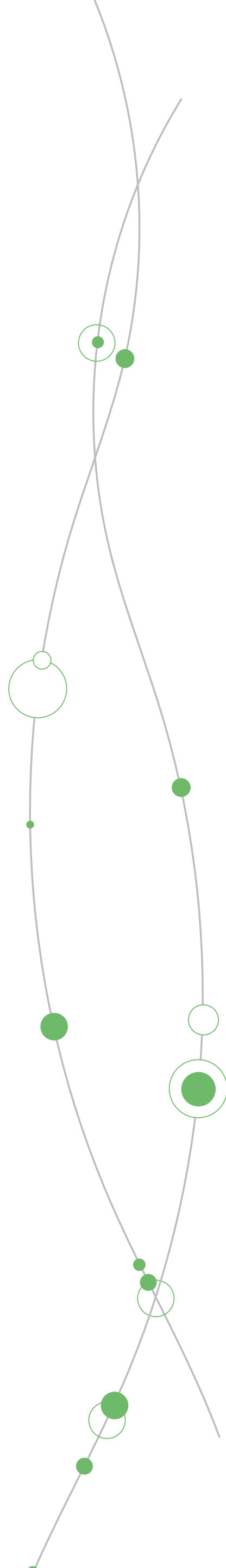
7

SOCIAL AND ENVIRONMENTAL PERFORMANCE

4 QUALITY EDUCATION



5 GENDER EQUALITY



This project, which was conceived by the Bank, reveals the significant opportunities for improvement available to local governments in terms of soil management and contributes to institutional strengthening, honoring its historical social mission. The project also challenges the public sector, the private sector and the community to develop federal, participatory and inclusive territorial management policies at the national level.

> Digital Marketing +45 Program

Unemployment in Argentina is growing significantly, while job insecurity exacerbated in the wake of the COVID-19 pandemic. However, there is still an unmet demand in the job market in positions related to the technology sector. Understanding this reality as an opportunity, the **NGO Diagonal** developed the Digital Marketing +45 program for currently unemployed professionals over 45

years old to acquire technical tools related to this topic.

Puerta 18 is also part of this initiative, leveraging its experience in youth integration through technology. This free and informal education-oriented social program encourages young people to develop skills, vocation and talent through the multiple resources offered by technology. The technical workshops under the Digital Marketing Program are precisely delivered by these young boys and girls that comprise Puerta 18. On the other hand, Diagonal provides the tools to enhance the employability of students over 45 years old.

The Bank is the financial sponsor of the first edition of the program. This initiative got a Net Promoter Score (NPS) of 95%.

24 PROFESSIONALS



5% managed to get an employment contract.

65% launched an independent project.

The remaining 5% has not yet found an opportunity in the job market.

Looking to 2021, we will again support the development of this program, which manages to combine technical know-how with emotional contention, with young people participating as facilitators and adults as trainees, with emphasis on diversity and inclusion. In this way, we reinforce our commitment to the community, by enabling tools to access a quality job.



> Corporate Voluntarism Focused On Financial Education

Corporate voluntarism empowers employees and allows them to contribute their professional know how to community development, strengthening the organizational culture and generating a direct and indirect positive social impact.

In August 2020, Retail Banking volunteers delivered a financial education webinar targeted at entrepreneurs for the Hampatu Foundation. Within this space, volunteers conceptualized several banking products, savings, and how to handle finances to ensure sustainable budget management.

In August 2020, volunteers from several areas participated in Junior Achievement's Personal Finance Program addressed at semi-public schools from the Autonomous City of Buenos Aires, the Province of Buenos Aires, San Juan, Corrientes, Tucumán and Salta. The program was delivered online due to the COVID-19 pandemic. The lectures were focused on conveying professional knowledge related to job expertise on specific topics of personal finances, such as savings, investment, and access to credit, among others.



> "Unidos Para Dar" Program

An opportunity to build the solidarity spirit inside the bank and keep strengthening the federal scope of our business

This program convenes employees from the head office and the branch network, and helps strengthen the bonds with NGOs of their referential world. It poses an opportunity to build the solidarity spirit inside the Bank and keep strengthening the federal scope of our business.

With this program, the Bank seeks to support people living under financially and socially poor conditions. Therefore, upon the start of school, we gave away school supplies and materials to learning institutions and several NGOs countrywide. Despite the mandatory lockdown, the school kits were used by children to do their homework at home.

The christmas edition convened employees from all branches in the country

Total annual investment of almost AR \$4 million







In Christmas, in an effort to be closer to those that most need it, we distributed digital vouchers to be redeemed for non-perishable food and other essential goods to NGOs countrywide, ensuring gratuitous logistics.

In this way, the Bank supported entities that strive to guarantee decent food, health and housing conditions to children, young people, the elderly, and family groups.

In 2020, the Bank had a team of 188 active volunteers, 44 of whom put forward solidarity initiatives for the Bank to provide financial support to its sponsored NGOs. The strategic role of this program strengthens the federal nature of the Bank and generates a high impact on the community with a limited budget.

Table 53

"Unidos para Dar"

	 Start of school 2020	 Start of school 2019	 Start of school 2018	 Christmas 2020	 Christmas 2020	 Christmas 2020
› Participating Branches	60	58	53	62	62	57
› Beneficiary NGOs	176	179	150	112	132	140
› Beneficiaries	7,200	4,200	6,500	22,400	78,240	74,760



Christmas - "Dos Corazones" Soup Kitchen – Pergamino



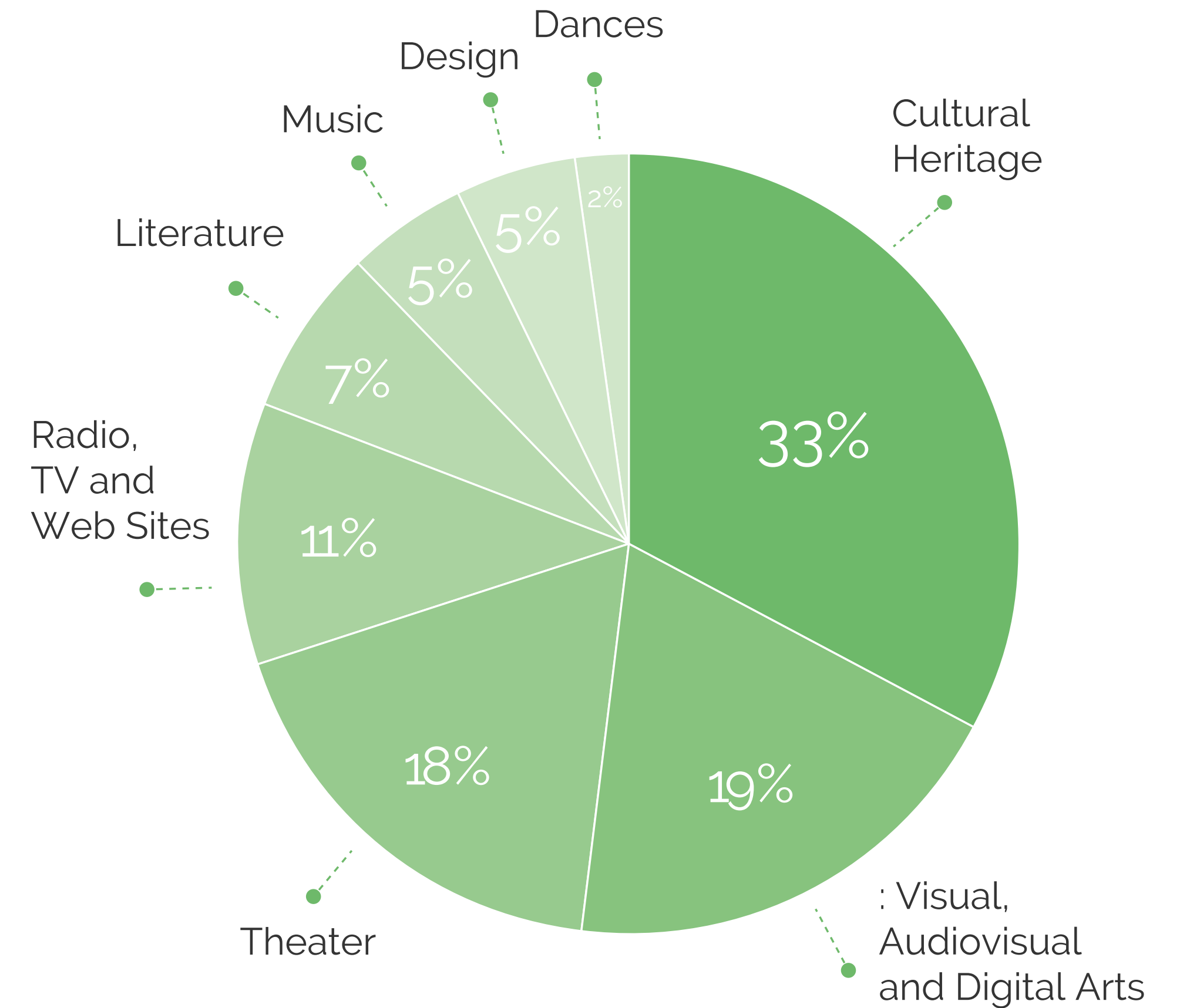
Christmas - Santa Rosa de Lima Cathedral – Santa Rosa

AR\$ 10 million
31 Projects

› Patronage Law

With the enactment of Cultural Participation Law No. 6,026 in late 2019, the Bank reassured its active role in promoting culture. For 9 years now, the Bank has supported several cultural heritage preservation initiatives and efforts addressed to promote new generations of artists.

Table 54	Project category		
	2020	2019	2018
Cultural heritage	33%	7%	12%
Visual, audiovisual and digital arts	19%	29%	24%
Theater	18%	14%	12%
Radio, TV, Web Sites	11%	17%	23%
Literature	7%	7%	6%
Music	5%	18%	9%
Design	5%	4%	7%
Dances	2%	2%	3%
Circuses, bands of street musicians, mimes and the like	0%	2%	5%





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GRI CONTENT INDEX

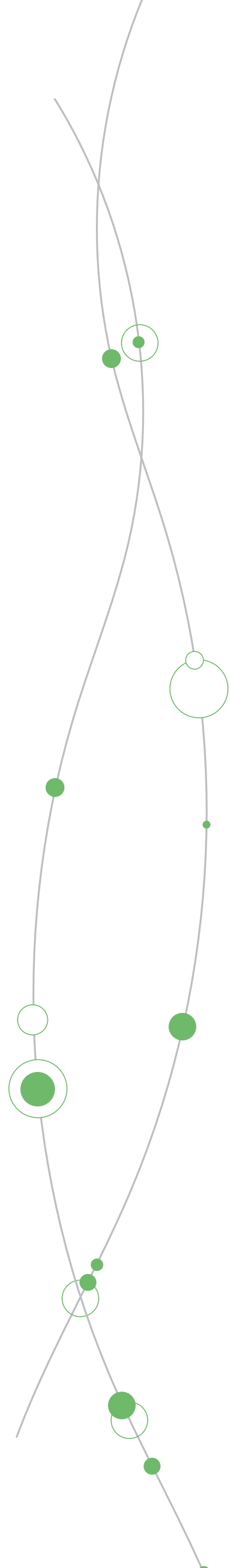
GRI CONTENT INDEX

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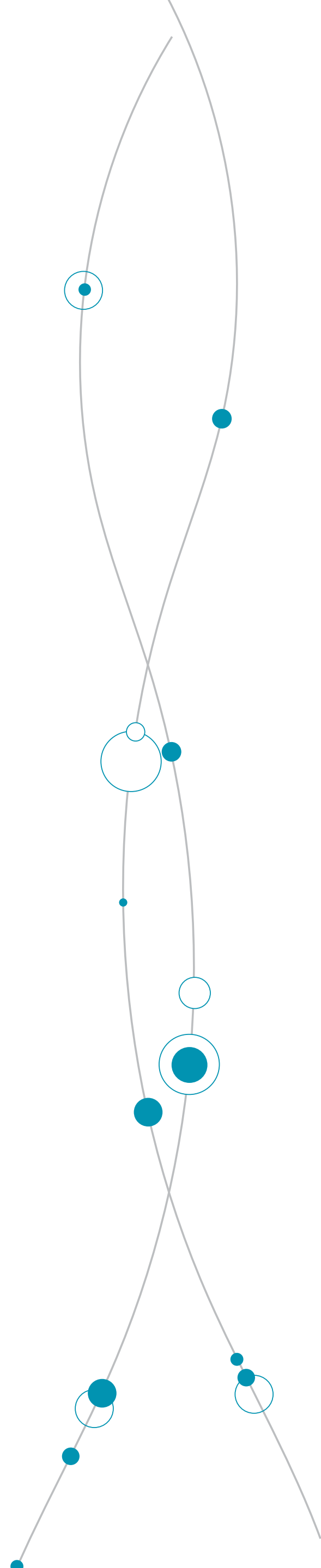
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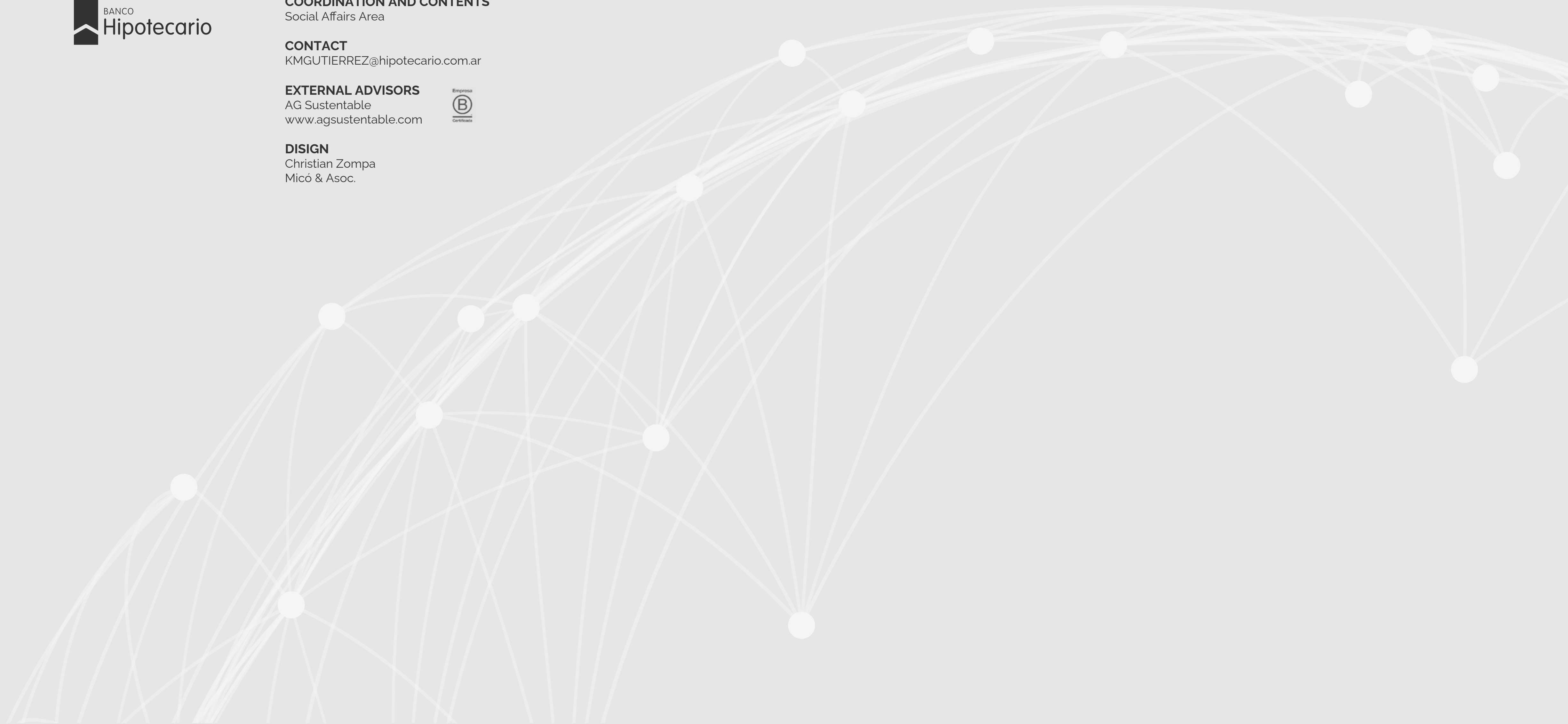
COORDINATION AND CONTENTS
Social Affairs Area

CONTACT
KMGUTIERREZ@hipotecario.com.ar

EXTERNAL ADVISORS
AG Sustentable
www.agsustentable.com



DESIGN
Christian Zompa
Micó & Asoc.





BANCO
Hipotecario