

BANCO HIPOTECARIO S.A.

EARNINGS RELEASE – THIRD QUARTER 2021





Banco Hipotecario cordially invites you to participate in its
Third Quarter 2021 conference call

Friday, November 26th, 2021, 09:00 AM EST

If you would like to participate, the hyperlink is:

<https://us06web.zoom.us/j/87108754133?pwd=dzI5MVNLSGpBeDJGeTNpRmlwMjZsdz09>

Meeting ID: 871 0875 4133

Password: 322915

Or you can dial in:

U.S.A: +1 646 558 8656

Argentina: +54 343 414 5986

Meeting ID: 871 0875 4133

Password: 322915

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



**Contacts:**

Juan Altuna
Milagros Faes
Capital Markets
Tel. (54-11) 4347- 5967/5986
Fax (54-11) 4347-5874
Buenos Aires, Argentina
jaltuna@hipotecario.com.ar
mfaes@hipotecario.com.ar

Martín Diez
CFO
Tel. (54-11) 4347-5856
Buenos Aires, Argentina

THIRD QUARTER 2021 CONSOLIDATED RESULTS

The Bank began reporting results applying Hyperinflation Accounting, in accordance to IFRS rule IAS 29 ("IAS 29") as established by the Central Bank as of Q1 2020. Therefore, every result and variation described in this report is expressed in constant currency as of September 30th, 2021. Also, the provisioning model of IFRS 9 section 5.5 was applied, as established by the Central Bank.

HIGHLIGHTS

EXECUTIVE SUMMARY

- Net income attributable to owners of the parent company for the quarter was Ps. (1,120.1), compared to Ps. (1,214.6) million of last quarter and Ps. 249.9 million of same quarter last year.
- The net operating income for the quarter was Ps 5,184.5 million, 11.5% lower than the Ps. 5,856.8 million of previous quarter and 27.5% lower than the Ps. 7,151.2 million of same quarter of last year. Operating income for the quarter was Ps. (842.7) million, compared to Ps. (691.8) million of previous quarter and Ps. 714.2 million of same quarter of last year.
- As of September 30, 2021, Liquidity Coverage Ratio (LCR) was 139.3% Net Stable Funding Ratio (NSFR) was 180.1% and the liquid assets to deposits ratio was 89.4%.
- Loans to the non-financial private sector and foreign residents decreased 10.3% QoQ and 5% YoY.
- Deposits increased 13.7% QoQ and 33% YoY, while capital markets debt decreased a 5% compared to the previous quarter and a 62.4% YoY.
- On a consolidated basis, NPL remained constant in 14.3%. The NPL in the consumer portfolio increased from 2.9% in 2Q 2021 to 3.4% in 3Q 2021 and the coverage ratio increased from 78.2% to 94.9% in the same period.
- Total capital ratio as a percentage of RWA as of September 30, 2021 was 15.3% compared to 16.6% of previous quarter and 17.9% of same quarter of last year.
- The Bank has issued a new Class 5 negotiable obligation of 10 million dollars at a 0% rate with an 18 month maturity.
- The general level of the consumer price index accumulated an increase of 9.3% in the third quarter of 2021, while it was 11% and 7.7% for the previous quarter and for the same quarter of last year, respectively. As of September 2021, accumulated inflation is 37%.
- During 2020 and 2021, the Central Bank established measures that affected the result of our operations and remain valid for this period such as: maximum rate for credit cards, minimum rate for term deposits, freezing of fees, zero-rate loans for the self-employed, productive investment line of 7.5% of deposits from the private sector, among others measures.





Buenos Aires, November 24th, 2021

I. BANCO HIPOTECARIO'S CONSOLIDATION

Banco Hipotecario S.A. has consolidated line by line its balance sheet and income statement with the financial statements of its subsidiaries: BACS Banco de Crédito y Securitización S.A. and BHN Sociedad de Inversión S.A. The consolidated financial statements as of September 30th, 2021 were prepared under IFRS according to Central Bank's convergence plan (Communication "A" 5541 and its modifications). Also, provisions under IFRS 9 (5.5) and inflation accounting were implemented starting on January 1st, 2020 (Communications "A" 6430, "A" 6651, "A" 6778 and "A" 6847).

II. THIRD QUARTER 2021 CONSOLIDATED RESULTS

Net income attributable to owners of the parent company for the quarter was Ps. (1,120.1) million, compared to Ps. (1,214.6) million of last quarter and Ps. 249.9 million of same quarter last year.

Regarding profitability ratios, the ROAA for Q3 2021 was (2.8)% compared to (3.2)% for Q2 2021 and 0.2% for Q3 2020, while ROAE for the same periods were (26.3)%, (28.5)% and 2.1%, respectively.

Income statement (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Interest and adjustments income	11,456.0	8,813.1	6,381.5	30.0%	79.5%
Interest and adjustments expense	(11,364.2)	(9,622.4)	(6,727.3)	18.1%	68.9%
Net interest income	91.8	(809.3)	(345.8)	(111.3)%	(126.5)%
Fee and commission income	1,427.8	1,539.6	2,175.7	(7.3)%	(34.4)%
Fee and commission expense	(91.5)	(95.9)	(96.2)	(4.6)%	-5%
Net fee and commission income	1,336.3	1,443.7	2,079.5	(7.4)%	(35.7)%
Net income from financial instruments at fair value through profit or loss	3,477.1	3,977.5	3,535.2	(12.6)%	(1.6)%
Income from asset derecognition measured at amortized cost	(41.9)	(19.7)	-	112.7%	N/A
Gold and foreign currency exchange rate differences	(275.9)	(157.9)	(242.2)	74.7%	13.9%
Other operating income	2,396.6	1,962.2	2,162.2	22.1%	10.8%
Loan loss provision	(1,799.6)	(539.8)	(37.6)	233.4%	N/A
Net operating income	5,184.5	5,856.8	7,151.2	(11.5)%	(27.5)%
Personnel expenses	(2,341.4)	(2,180.3)	(2,565.8)	7.4%	(8.7)%
Administrative expenses	(1,190.5)	(1,284.6)	(1,388.6)	(7.3)%	(14.3)%
Depreciation and impairment of non-financial assets	(162.8)	(348.2)	(279.9)	(53.3)%	(41.8)%
Other operating expenses	(2,332.6)	(2,735.4)	(2,202.7)	(14.7)%	5.9%
Operating income (loss)	(842.7)	(691.8)	714.2	21.8%	(218.0)%
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	-	N/A	N/A
Gain (loss) on net monetary position	(626.3)	(816.0)	(308.5)	(23.3)%	103.0%
Income tax	335.4	279.7	(157.2)	19.9%	N/A
Net income of the period attributable to non-controlling interests	(13.5)	(13.5)	(1.3)	0.1%	N/A
Net Income attributable to the parent's company	(1,120.1)	(1,214.6)	249.9	(7.8)%	N/A





Net interest income for the quarter was Ps. 91.8 million, compared to Ps. (809.3) million for Q2 2021 and Ps. (345.8) million of same quarter last year.

Interest income for the quarter was Ps. 11,456; representing a 30% and a 79.5% increase QoQ and YoY respectively. This does not include income from Central Bank notes (Leliq), which are reflected in net income from financial instruments at fair value through profit and loss.

Interest and adjustments income (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Interest on cash and due from bank	6,741.0	4,346.4	1,723.2	55.1%	291.2%
Interest on loans to the financial sector	42.5	42.3	17.4	0.4%	144.6%
Interest from public and corporate securities	1,535.9	718.2	503.4	113.9%	205.1%
Interest on overdrafts facilities	27.1	26.3	56.5	3.1%	(52.1)%
Interest on promissory notes	188.7	201.7	27.9	(6.5)%	N/A
Interest on pledge loans	2.4	2.0	6.0	22.6%	(59.8)%
Interest on financial leases	6.7	7.8	3.1	(13.3)%	117.3%
Interest on other loans	375.3	451.7	526.7	(16.9)%	(28.7)%
Interest from commercial loans	600.2	689.4	620.3	(12.9)%	(3.2)%
Interest on consumer loans	404.4	443.0	787.9	(8.7)%	(48.7)%
Interest on credit card loans	1,056.6	1,235.6	1,781.7	(14.5)%	(40.7)%
Interest from consumer loans	1,461.0	1,678.6	2,569.6	(13.0)%	(43.1)%
Interest on mortgage loans	249.9	222.2	244.7	12.5%	2.1%
Interest on other receivables from financial operations	1.1	0.6	9.4	104.7%	(87.9)%
Income from CER, CVS, UVA and UVI adjustments	821.6	1,105.6	621.8	(25.7)%	32.1%
Interest from mortgage loans	1,072.6	1,328.3	876.0	(19.2)%	22.4%
Others	2.8	9.9	71.7	(71.8)%	(96.1)%
Total	11,456.0	8,813.1	6,381.5	30.0%	79.5%

Interest and adjustments expense for the quarter was Ps. (11,364.2) million compared to Ps. (9,622.4) million of Q2 2021 and Ps. (6,727.3) million of Q3 2020; representing a 18.1% increase QoQ and a 68.9% increase YoY.

Interest and adjustments expense (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Interest on current accounts deposits	(3,646.1)	(3,012.5)	(1,185.2)	21.0%	207.6%
Interest on saving accounts deposits	(3.6)	(3.0)	(2.6)	19.5%	37.9%
Interest on time deposits	(6,041.9)	(4,676.6)	(3,070.4)	29.2%	96.8%
Interest from deposits	(9,691.6)	(7,692.0)	(4,258.2)	26.0%	127.6%
Interest on other liabilities resulting from financial transactions	(848.3)	(825.7)	(1,905.0)	2.7%	(55.5)%
Expense for CER, CVS, UVA and UVI adjustments	(818.0)	(1,100.9)	(535.1)	(25.7)%	52.9%
Interest from corporate bonds	(1,666.3)	(1,926.6)	(2,440.1)	(13.5)%	(31.7)%
Interest on interfinancial loans received	(5.8)	(2.6)	(24.7)	125.4%	(76.7)%
Interest on other financing from financial institutions	-	-	-	N/A	N/A
Others	(0.6)	(1.2)	(4.4)	(52.6)%	(86.8)%
Total	(11,364.2)	(9,622.4)	(6,727.3)	18.1%	68.9%





Net fee and commission income for the quarter was Ps. 1,336.3 million; compared to Ps. 1,443.7 million of Q2 2021 and Ps. 2,079.5 million of Q3 2020; representing a 7.4% and 35.7% decrease QoQ and YoY respectively.

Net fee and commission income (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Fee and commission income					
Fee charged on consumer clients	1,123.5	1,241.0	1,919.4	(9.5)%	(41.5)%
Linked to liabilities	263.0	253.2	229.4	3.9%	14.6%
Others	41.3	45.4	26.9	(9.1)%	0.5
Total	1,427.8	1,539.6	2,175.7	(7.3)%	(34.4)%
Fee and commission expense					
Credit related fees	(44.9)	(49.7)	(52.8)	(9.8)%	(15.0)%
Debt placement charges	(38.7)	(37.5)	(34.4)	3.3%	12.7%
Others	(7.9)	(8.6)	(9.1)	(9.0)%	(13.1)%
Total	(91.5)	(95.9)	(96.2)	(4.6)%	(4.9)%
Net fee and commission income	1,336.3	1,443.7	2,079.5	(7.4)%	(35.7)%

Net income from financial instruments at fair value through profit and loss for the quarter was Ps. 3,477.1 million, compared to Ps. 3,977.5 million of Q2 2021 and Ps. 3,535.2 million of Q3 2020, which represents a decrease of 12.6% QoQ and of 1.6% YoY.

Net income from financial instruments at fair value through profit or loss (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Income from government securities	3,156.1	3,589.2	3,279.5	(12.1)%	(3.8)%
Income from other corporate securities	223.0	215.2	205.4	3.6%	8.6%
Income from other securities	98.0	173.1	50.4	(43.4)%	94.6%
Total	3,477.1	3,977.5	3,535.2	(12.6)%	(1.6)%

The negative result of difference in quoted prices of gold and foreign currency for the quarter was Ps. 275.9 million, compared to Ps. 157.9 million of Q2 2021 and Ps. 242.2 million of Q3 2020.





Other operating income for the quarter was Ps. 2,396.6 million, compared to Ps. 1,962.2 million of Q2 2021 and Ps. 2,162.2 million of Q3 2020, which represents an increase of 22.1% QoQ and 10.8% YoY.

Other operating income (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Loan servicing	1,399.9	1,344.6	1,604.8	4.1%	(12.8)%
Borrowing transactions commissions	195.7	86.1	80.0	127.3%	144.7%
Other income from services	357.7	221.4	203.2	61.5%	76.1%
Penalty interest	60.3	28.4	40.2	112.5%	49.9%
Loans recovered	136.0	153.0	200.6	(11.1)%	(32.2)%
Others	247.0	128.7	33.4	91.9%	N/A
Total	2,396.6	1,962.2	2,162.2	22.1%	10.8%

Provision for loan losses for the quarter was Ps. (1,799.6) million, compared to Ps. (539.8) million of Q2 2021 and to Ps. (37.6) million of Q3 2020, which represents an increase of 233.4% QoQ.

Personnel expenses for the quarter were Ps. (2,341.4) million, compared to Ps. (2,180.3) million of Q2 2021 and to Ps. (2,565.8) of Q3 2020, which represents an increase of 7.4% QoQ and a decrease of 8.7% YoY.

Personnel expenses (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Salaries	(1,333.2)	(1,371.9)	(1,498.4)	(2.8)%	(11.0)%
Vacation bonus	(150.1)	(235.4)	(208.9)	(36.2)%	(28.2)%
Social security expenses	(322.8)	(270.8)	(363.7)	19.2%	(11.2)%
Severance and bonus expenses	(442.6)	(228.3)	(355.2)	93.8%	24.6%
Other personnel expenses	(92.7)	(73.9)	(139.6)	25.6%	(33.6)%
Total	(2,341.4)	(2,180.3)	(2,565.8)	7.4%	(8.7)%

Administrative expenses for the quarter were Ps. (1,190.5) million, compared to Ps. (1,284.6) million of Q2 2021 and to Ps. (1,388.6) million of Q3 2020, which represents a decrease of 7.3% QoQ and of 14.3% YoY.

Administrative expenses (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Directors' and statutory auditors' fees	(90.4)	(132.4)	(124.7)	(31.7)%	(27.5)%
Fees and compensation for services	(526.5)	(583.7)	(589.8)	(9.8)%	(10.7)%
Advertising, promotion and research expenses	(35.3)	(28.5)	(27.9)	23.9%	26.4%
Taxes and duties	(146.3)	(151.1)	(157.7)	(3.2)%	(7.2)%
Maintenance and repairs	(95.1)	(103.7)	(122.7)	(8.3)%	(22.5)%
Electricity, gas and telephone services	(114.1)	(124.2)	(112.5)	(8.1)%	1.5%
Others	(182.7)	(161.0)	(253.2)	13.5%	(27.8)%
Total	(1,190.5)	(1,284.6)	(1,388.6)	(7.3)%	(14.3)%





Other operating expenses for the quarter were Ps. (2,332.6) million, compared to Ps. (2,735.4) million of Q2 2021 and to Ps. (2,202.7) million of Q3 2020, which decreased 14.7% QoQ and increased 5.9% YoY.

Other operating expenses (in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Turnover tax and others	(1,035.4)	(932.4)	(605.5)	11.0%	71.0%
Contribution to the deposit insurance fund	(73.0)	(57.7)	(35.4)	26.5%	106.0%
Loan servicing	(623.7)	(769.3)	(854.0)	(18.9)%	(27.0)%
Charges for other provisions	(59.3)	(96.1)	(145.4)	(38.3)%	(59.2)%
Debit card, credit card & loan rebates	(154.9)	(140.4)	(157.3)	10.3%	(1.5)%
Others	(386.2)	(739.5)	(405.1)	(47.8)%	(4.7)%
Total	(2,332.6)	(2,735.4)	(2,202.7)	(14.7)%	5.9%

Non-financial private sector loan portfolio totaled Ps. 53,016.6 million in the quarter, compared to Ps. 55,794.9 million of Q2 2021 and to Ps. 67,948.2 million of Q3 2020, which represents a decrease of 5% QoQ and of 22% YoY.

Loans to the non-financial private sector and foreign residents

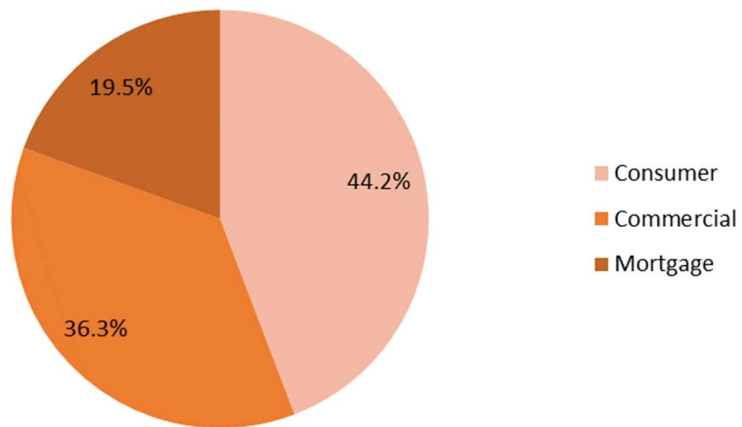
(in millions of pesos)	3 month period ended			Variation (%)	
	9/30/2021	6/30/2021	9/30/2020	QoQ	YoY
Overdraft facilities	379.9	203.2	688.0	87.0%	(44.8)%
Promissory notes	3,343.4	2,469.0	649.2	35.4%	N/A
Mortgage loans	9,892.6	10,216.4	11,475.3	(3.2)%	(13.8)%
Pledge loans	24.6	25.0	80.4	(1.6)%	(69.4)%
Consumer loans	3,845.1	4,164.1	6,833.8	(7.7)%	(43.7)%
Credit cards	19,583.2	21,272.1	27,697.0	(7.9)%	(29.3)%
Financial leases	89.8	102.9	35.1	(12.8)%	156.0%
Loans to entity's personnel	436.8	440.9	521.5	(0.9)%	(16.2)%
Unallocated collections	(12.1)	(3.4)	(25.6)	256.2%	(52.7)%
Others	14,212.9	15,360.8	18,616.9	(7.5)%	(23.7)%
Accrued interest and quotation differences receivable	1,507.3	1,718.8	1,448.5	(12.3)%	4.1%
Documented interest	(286.9)	(175.0)	(71.8)	63.9%	299.7%
Total	53,016.6	55,794.9	67,948.2	(5.0)%	(22.0)%





BH's non-financial private sector loan portfolio composition as of September 30th, 2021 was 63.7% of retail financing and housing loans (44.2% consumer and 19.5% housing) and 36.3% of commercial loans, providing a highly diversified client base.

Non-financial Private Sector and Foreign Residents' Loan Portfolio Diversification
Q3 2021





On a consolidated basis, NPL remained constant in 14.3%. The NPL in the consumer portfolio increased from 2.9% in 2Q 2021 to 3.4% in 3Q 2021 and the coverage ratio increased from 78.2% to 94.9% in the same period.

Non-performing loans

(in millions of pesos)

	As of		
	9/30/2021	6/30/2021	9/30/2020
Consolidated level			
Non-performing loans	7,926.5	8,292.3	7,512.5
Total portfolio	55,487.3	57,824.0	63,691.9
Allowances (total)	7,519.9	6,486.3	6,935.8
Non-performing loans / Total portfolio	14.3%	14.3%	11.8%
Allowances (total) / Non-performing loans	94.9%	78.2%	92.3%
Consumer portfolio			
Non-performing loans (consumer)	1,138.2	1,028.9	986.5
Consumer portfolio	33,500.4	35,886.1	39,382.4
Allowances (consumer)	1,773.7	1,938.4	2,150.7
Non-performing loans (consumer) / Consumer portfolio	3.4%	2.9%	2.5%
Allowances (consumer) / Non-performing loans (consumer)	155.8%	188.4%	218.0%
Commercial portfolio			
Non-performing loans (commercial)	6,788.3	7,263.4	6,526.0
Commercial portfolio	21,986.9	21,937.9	24,309.5
Allowances (commercial)	5,746.2	4,547.9	4,785.1
Non-performing loans (commercial) / Commercial portfolio	30.9%	33.1%	26.8%
Allowances (Commercial) / Non-performing loans (commercial)	84.6%	62.6%	73.3%

Deposits totaled Ps. 168,290.9 million, representing an increase of 13.7% QoQ and of 33% YoY, while capital markets debt totaled Ps. 19,926.9 million, which meant a decrease of 5% QoQ and of 62.4% YoY.

Funding

(in millions of pesos)

	3 month period ended						Variation (%)	
	9/30/2021		6/30/2021		9/30/2020		QoQ	YoY
	Ps.	%	Ps.	%	Ps.	%		
Deposits	168,290.9	89.4%	148,026.4	87.6%	126,522.7	70.5%	13.7%	33.0%
Local capital markets debt	9,535.2	5.1%	10,823.6	6.4%	29,049.0	16.2%	(11.9)%	(67.2)%
International capital markets debt	10,391.7	5.5%	10,156.0	6.0%	23,971.0	13.4%	2.3%	(56.6)%
Unsubordinated Senior Notes	19,926.9	10.6%	20,979.6	12.4%	53,020.0	29.5%	(5.0)%	(62.4)%
Total	188,217.7	100.0%	169,006.0	100.0%	179,542.7	100.0%	11.4%	4.8%





Comparative consolidated balance sheet (in millions of pesos)	As of		Variation (%)
	09/30/2021	09/30/2020	YoY
Assets			
Cash and due from banks deposits	15,569.2	38,965.3	(60.0)%
Debt securities at fair value through profit or loss	30,857.0	41,494.9	(25.6)%
Derivatives	50.7	0.2	N/A
Repo transactions	82,742.2	43,172.4	91.7%
Loans and other financing	4,883.8	12,655.6	(61.4)%
Non-Financial Public Sector	0.0	0.0	(97.6)%
Financial Sector	551.1	7.7	N/A
Non-Financial Private Sector and Foreign Residents	53,016.6	67,948.2	(22.0)%
Allowances	(7,433.8)	(7,665.7)	(3.0)%
Loans, net of allowances	46,133.9	60,290.2	(23.5)%
Other debt securities	21,289.6	6,091.5	249.5%
Financial assets in guarantee	3,263.1	6,828.3	(52.2)%
Investment in subsidiaries, associates and joint ventures	-	-	N/A
Property, plant and equipment	6,533.2	6,946.9	(6.0)%
Others	14,109.3	13,465.4	4.8%
Total Assets	225,432.1	229,910.8	(1.9)%
Liabilities			
Deposits	168,290.9	126,522.7	33.0%
Liabilities at fair value through profit or loss	1,807.6	1,716.7	5.3%
Derivatives	80.0	1.7	N/A
Repo transactions	-	-	N/A
Other financial liabilities	8,645.7	18,402.1	(53.0)%
Financing received from Argentine Central Bank and other financi	218.1	291.0	(25.1)%
Unsubordinated Senior Notes	19,926.9	53,020.0	(62.4)%
Current income tax liabilities	801.3	462.1	73.4%
Subordinated Senior Notes	-	-	N/A
Provisions	507.0	733.1	(30.8)%
Deferred income tax liabilities	-	-	N/A
Other non financial liabilities	4,946.2	5,065.3	(2.4)%
Total Liabilities	205,223.6	206,214.6	(0.5)%
Shareholders' Equity attributable to non-controlling interest	542.2	613.5	(11.6)%
Shareholders' Equity attributable to parent's shareholder:	19,666.3	23,082.7	(14.8)%
Total Shareholders' Equity	20,208.5	23,696.2	(14.7)%





Comparative consolidated income statement (in millions of pesos)	9 month period ended		Variation (%)
	09/30/2021	09/30/2020	YoY
Interest income	23,882.9	16,549.5	44.3%
Adjustments income	2,978.9	2,385.4	24.9%
Interest expense	(26,340.9)	(15,964.3)	65.0%
Adjustments expense	(2,832.9)	(2,245.8)	26.1%
Net interest income	(2,311.9)	724.7	N/A
Fee and commission income	4,524.1	6,597.2	(31.4)%
Fee and commission expense	(260.3)	(287.0)	(9.3)%
Net fee and commission income	4,263.8	6,310.2	(32.4)%
Net Income from financial instruments at fair value through profit or loss	10,946.4	9,535.3	14.8%
Income from asset derecognition measured at amortized cost	(61.6)	-	N/A
Gold and foreign currency exchange rate differences	(494.0)	(832.1)	(40.6)%
Other operating income	6,588.9	6,813.8	(3.3)%
Loan loss provision	(2,573.6)	(2,312.7)	11.3%
Net operating income	16,358.1	20,239.3	(19.2)%
Personnel expenses	(7,042.3)	(7,082.2)	(0.6)%
Administrative expenses	(3,660.9)	(4,290.5)	(14.7)%
Depreciation and impairment of non-financial assets	(792.1)	(861.4)	(8.0)%
Other operating expenses	(7,762.2)	(6,210.7)	25.0%
Operating income	(2,899.5)	1,794.5	(261.6)%
Share of profit (loss) of subsidiaries, associates and joint ventures	-	-	N/A
Gain (loss) on net monetary position	(2,210.9)	(809.5)	173.1%
Income before income tax from continuing operations	(5,110.3)	985.0	N/A
Income tax	749.3	(540.1)	(238.7)%
Net income (loss) for the period attributable to non-controlling interests	(56.0)	78.3	(171.6)%
Net income (loss) for the period attributable to the parent's company	(4,305.0)	366.7	N/A





Statistic data and comparative ratios

For the period ended on

	9/30/2021	6/30/2021	9/30/2020
Profitability			
ROAA (return on average assets)	(2.8)%	(3.2)%	0.2%
ROAE (return on average equity)	(26.3)%	(28.5)%	2.1%
Net financial margin*	5.2%	4.9%	6.3%
Efficiency**	101.0%	98.7%	96.2%
Capital			
Shareholders' Equity / Total Assets	8.7%	10.1%	10.0%
CET I Ratio	14.8%	16.1%	17.4%
Tier 1 Ratio	14.8%	16.2%	17.4%
Total Capital Ratio	15.3%	16.6%	17.9%
Liquidity			
Liquid Assets / Deposits	89.4%	86.0%	102.5%
LCR	139.3%	131.0%	139.0%
NSFR	180.1%	178.7%	128.8%
Loans / Deposits	27.4%	33.9%	47.7%

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

** (Personnel expenses + administrative expenses + depreciation and impairment of assets) /

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





III. COVID-19 PANDEMIC

The outbreak of Covid-19 began in Argentina in March 2020. Since the pandemic was declared, Banco Hipotecario has been operating under challenging circumstances. COVID-19 continues to have consequences on business and economic activities at a global and local level.

In the last few months, vaccination efforts has greatly reduced the Covid-19 transmission. This context has allowed the Bank to promote the gradual return of the employees from certain areas to our offices, combining a virtual with a face-to-face model.

The full impact of COVID-19 cannot be measured yet as emerging variants still prove to be a risk that could potentially lead the government to impose new restrictions. However, the bank's management is closely monitoring the situation and taking all necessary measures to preserve employee safety, ensure the Bank's operations and continue with the return to the New Normal.

IV. NEXT QUARTER AND 2021 PERSPECTIVES

The next quarter and 2021 perspectives for the Bank are based on:

- ✓ Continue with the high standard of our operations.
- ✓ Continue with the high standard of our operations while ensuring the wellbeing of our employees during these unprecedented times.
- ✓ Deepen the implementation of the digital strategy to enhance distribution capacity and increase client base profitability.
- ✓ Sustain a balanced asset and liability structure in order to hedge the different tenors and currencies.
- ✓ Continue with the development of sustainable housing solutions.
- ✓ Improve efficiency and continue with the rationalization of expenses.

Saúl Zang
Vice-chairman

Assets and liabilities denominated in foreign currency as of September 30th, 2021 were converted to Pesos at the exchange rate of Ps. (\$98,735/USD1.00) and Ps. (\$114,2520 /EUR1.00), which was the reference exchange rate published by the Central Bank on such date.

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





Disclaimer

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

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

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

