



**Consolidated Condensed Interim Financial
Statements as of September 30, 2019**
Together with independent auditors' reports and
Supervisory Committee's reports on interim Financial
Statements

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30,
2019**

TABLE OF CONTENTS

Limited Review Report by the Independent Auditors on the Consolidated Condensed Interim Financial Statements

Limited Review Report by the Independent Auditors on the Separate Condensed Interim Financial Statements

Cover

Consolidated Condensed Interim Balance Sheet

Consolidated Condensed Interim Statement of Income

Consolidated Condensed Interim Statement of Other Comprehensive Income

Consolidated Condensed Interim Statement of Changes in Shareholders' Equity

Consolidated Condensed Interim Statement of Cash Flows

Notes to the Consolidated Condensed Interim Financial Statements

1. Banco Hipotecario Sociedad Anónima
2. Economic context
3. Accounting standards and basis for preparation
4. Significant accounting criteria and estimates
5. Cash and bank deposits
6. Financial Instruments
7. Loans and other financing arrangements
8. Transfer of financial assets
9. Other non-financial assets
10. Income tax
11. Negotiable obligations issued
12. Commitments and contingencies
13. Interest and adjustment income / fee and commission income
14. Interest and adjustment expense
15. Other operating income / (expense)
16. Expenses by function and nature
17. Employee benefits
18. Earnings per share
19. Segment reporting
20. Transactions and balances with related parties
21. Financial risk factors
22. Capital management
23. Notes required by the Argentine Central Bank
24. Corporate reorganization
25. Subsequent events
26. Rubrication of books

27. Financial statements publication

28. Personal assets tax

Schedule B – Consolidated Classification of Loans and Other Financing Arrangements according to Loans and Guarantees Received

Schedule C – Consolidated Concentration of Loans and Other Financing Arrangements

Schedule D – Consolidated Breakdown of Loans and Other Financing Arrangements by Maturity Dates

Schedule H – Consolidated Concentration of Deposits

Schedule I – Consolidated Breakdown of Financial Liabilities by Maturity Dates

Schedule R – Consolidated Adjustment of Value due to Losses - Provision for Loan Losses

Separate Condensed Interim Financial Statements

Notes to the Separate Condensed Interim Financial Statements

Schedules to the Separate Condensed Interim Financial Statements

Supervisory Committee's Review Report on Separate Condensed Interim Financial Statements

Supervisory Committee's Review Report on Consolidated Condensed Interim Financial Statements



LIMITED REVIEW REPORT BY THE INDEPENDENT AUDITOR

To the Shareholders and Directors of
Banco Hipotecario S.A.
Registered office: Reconquista 151
Autonomous City of Buenos Aires
CUIT – 30-50001107-2

Introduction

We have reviewed the consolidated condensed interim financial statements of Banco Hipotecario S.A. (hereinafter, “the Bank”) that comprise the balance sheet as of September 30, 2019, the related statements of income and other comprehensive income for the nine and three-month periods ended September 30, 2019 and the consolidated statements of changes in shareholders' equity and of cash flows for the nine-month period ended on that same date, as well as a summary of the significant accounting policies and other explanatory information included in the notes and exhibits that supplement them.

The balances and other information for fiscal year 2018 and interim periods are an integral part of the above-mentioned financial statements and should therefore be considered in connection with these financial statements.

The Board's responsibility

The Bank's Board of Directors is responsible for preparing and presenting the financial statements in conformity with the accounting framework laid down by the Argentine Central Bank (BCRA). The Board of Directors is also responsible for the existence of such internal controls as it deems necessary to allow the preparation of financial statements free from significant misstatements arising from mistakes or irregularities.

Scope of our review

Our review was limited to the application of the review procedures established by Technical Pronouncements No. 37 of the FACPCE to review interim financial statements and the audit standards issued by the BCRA for limited reviews. The review of interim financial statements consists in posing enquiries to the Bank's personnel in charge of preparing the information included in the consolidated condensed interim financial statements and applying analytical procedures and other review procedures. The scope of this review is substantially narrower than that of an audit examination conducted in accordance with Argentine audit standards. Therefore, a review will not allow us to obtain assurance that we will gain knowledge into all the significant issues that could be identified in an audit. Therefore, we do not issue an audit opinion on the Bank's consolidated financial condition, consolidated comprehensive income or consolidated cash flow.

Price Waterhouse & Co. S.R.L., Bouchard 557, 8th Floor, C1106ABG – City of Buenos Aires
T: + (54.11) 4850.0000. F: +(54.11) 4850.1800. www.pwc.com/ar

Price Waterhouse & Co. S.R.L. is a member firm of PricewaterhouseCoopers International Limited (PwCIL). Each firm is a separate legal entity and does not act as agent of PwCIL or any other member firm of the network



Conclusion

On the basis of our review, there has been nothing that could have led us to believe that the consolidated condensed interim financial statements mentioned in the first paragraph of this report have not been prepared in all their significant aspects in accordance with the accounting framework set forth by the BCRA.

Emphasis Paragraph

Without changing our conclusion, as stated in Note 2, the attached consolidated condensed interim financial statements have been prepared in accordance with the accounting framework set forth by the Argentine Central Bank. Said regulations differ from the professional accounting standards in force. The impact on said financial statements as a result of the different valuation and presentation criteria has been identified by the Bank in said note.

Paragraph on other matters

Without changing our opinion, we draw attention to the fact that these consolidated condensed interim financial statements were prepared in accordance with the accounting framework set forth by the BCRA, and that said framework significantly and generally differs from the professional accounting standards in force (International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE)). These differences lie in that the accounting framework set forth by the BCRA does not provide for the application of item 5.5 "Impairment" of IFRS 9 "Financial Instruments", nor of International Accounting Standard No. 29 "Financial reporting in hyperinflationary economies". The Bank has not quantified these differences in a note to these financial statements. The consolidated condensed interim financial statements should be read, for their correct interpretation, in the light of these circumstances.

Report on compliance with currently applicable rules and regulations

In compliance with the regulations in force, we report that:

- a) Banco Hipotecario SA's consolidated condensed interim financial statements arise from accounting records which, in their formal aspects, are kept in accordance with statutory provisions;
- b) Banco Hipotecario SA's consolidated condensed interim financial statements as of September 30, 2019, have been transcribed into the "Inventory and Balance Sheet" book and, insofar as concerns our field of competence, are in compliance with the provisions of the Argentine Business Companies Law and the relevant resolutions issued by the BCRA and the Argentine Securities Commission;
- c) we have read the information summary and the additional information to the notes to the consolidated condensed interim financial statements as required under Section 12, Chapter III, Title IV, of the rules issued by the Argentine Securities Commission on which we have no comments to make as concerns our field of competence;
- d) as of September 30, 2019, the amounts accrued in favor of Banco Hipotecario SA's Argentine Comprehensive Social Security System according to the Bank's accounting records amounted to \$49,851,655.96, with no amounts being due and enforceable at that date; and



- e) we have read the information provided in Note 23 to the consolidated condensed interim financial statements as of September 30, 2019 in connection with the minimum requirements imposed by the Argentine Securities Commission in terms of Minimum Shareholders' Equity and Counterbalancing entry on which we have no comments to make as concerns our field of competence.

Autonomous City of Buenos Aires, November 5, 2019.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Volume 1 – Page 17

Dr. Diego Sisto
Public Accountant (UCA)
C.P.C.E.C.A.B.A.
Volume 274 – Page 12



LIMITED REVIEW REPORT BY THE INDEPENDENT AUDITOR

To the Shareholders and Directors of
Banco Hipotecario S.A.
Registered office: Reconquista 151
Autonomous City of Buenos Aires
CUIT – 30-50001107-2

Introduction

We have reviewed the separate condensed interim financial statements of Banco Hipotecario S.A. (hereinafter, “the Bank”) that comprise the balance sheet as of September 30, 2019, the related statements of income and other comprehensive income for the nine and three-month periods ended September 30, 2019 and the separate statements of changes in shareholders' equity and of cash flows for the nine-month period ended on that same date, as well as a summary of the significant accounting policies and other explanatory information included in the notes and exhibits that supplement them.

The balances and other information for fiscal year 2018 and interim periods are an integral part of the above-mentioned financial statements and should therefore be considered in connection with these financial statements.

The Board’s responsibility

The Bank’s Board of Directors is responsible for preparing and presenting the financial statements in conformity with the accounting framework laid down by the Argentine Central Bank (BCRA). The Board of Directors is also responsible for the existence of such internal controls as it deems necessary to allow the preparation of financial statements free from significant misstatements arising from mistakes or irregularities.

Scope of our review

Our review was limited to the application of the review procedures established by Technical Pronouncements No. 37 of the FACPCE to review interim financial statements and the audit standards issued by the BCRA for limited reviews. The review of interim financial statements consists in posing enquiries to the Bank’s personnel in charge of preparing the information included in the separate condensed interim financial statements and applying analytical procedures and other review procedures. The scope of this review is substantially narrower than that of an audit examination conducted in accordance with Argentine audit standards. Therefore, a review will not allow us to obtain assurance that we will gain knowledge into all the significant issues that could be identified in an audit. Therefore, we do not issue an audit opinion on the Bank’s separate financial condition, separate comprehensive income or separate cash flow.

Price Waterhouse & Co. S.R.L., Bouchard 557, 8th Floor, C1106ABG – City of Buenos Aires
T: + (54.11) 4850.0000. F: + (54.11) 4850.1800. www.pwc.com/ar

Price Waterhouse & Co. S.R.L. is a member firm of PricewaterhouseCoopers International Limited (PwCIL). Each firm is a separate legal entity and does not act as agent of PwCIL or any other member firm of the network



Conclusion

On the basis of our review, there has been nothing that could have led us to believe that the separate condensed interim financial statements mentioned in the first paragraph of this report have not been prepared in all their significant aspects in accordance with the accounting framework set forth by the BCRA.

Emphasis Paragraph

Without changing our conclusion, as stated in Note 2, the attached separate condensed interim financial statements have been prepared in accordance with the accounting framework set forth by the Argentine Central Bank. Said regulations differ from the professional accounting standards in force. The impact on said financial statements as a result of the different valuation and presentation criteria has been identified by the Bank in said note.

Paragraph on other matters

Without changing our opinion, we draw attention to the fact that these separate condensed interim financial statements were prepared in accordance with the accounting framework set forth by the BCRA, and that said framework significantly and generally differs from the professional accounting standards in force (International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE)). These differences lie in that the accounting framework set forth by the BCRA does not provide for the application of item 5.5 "Impairment" of IFRS 9 "Financial Instruments", nor of International Accounting Standard No. 29 "Financial reporting in hyperinflationary economies". The Bank has not quantified these differences in a note to these financial statements. The separate condensed interim financial statements should be read, for their correct interpretation, in the light of these circumstances.

Report on compliance with currently applicable rules and regulations

In compliance with the regulations in force, we report that:

- a) Banco Hipotecario SA's separate condensed interim financial statements arise from accounting records which, in their formal aspects, are kept in accordance with statutory provisions;
- b) Banco Hipotecario SA's separate condensed interim financial statements as of September 30, 2019, have been transcribed into the "Inventory and Balance Sheet" book and, insofar as concerns our field of competence, are in compliance with the provisions of the Argentine Business Companies Law and the relevant resolutions issued by the BCRA and the Argentine Securities Commission;
- c) we have read information summary and the additional information to the notes to the separate condensed interim financial statements as required under Section 12, Chapter III, Title IV, of the rules issued by the Argentine Securities Commission on which we have no comments to make as concerns our field of competence;
- d) as of September 30, 2019, the amounts accrued in favor of Banco Hipotecario SA's Argentine Comprehensive Social Security System according to the Bank's accounting records amounted to \$49,851,655.96, with no amounts being due and enforceable at that date; and



- e) we have read the information provided in Note 23 to the separate condensed interim financial statements as of September 30, 2019 in connection with the minimum requirements imposed by the Argentine Securities Commission in terms of Minimum Shareholders' Equity and Counterbalancing entry on which we have no comments to make as concerns our field of competence.

Autonomous City of Buenos Aires, November 5, 2019.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Volume 1 – Page 17

Dr. Diego Sisto
Public Accountant (UCA)
C.P.C.E.C.A.B.A.
Volume 274 – Page 12



BANCO HIPOTECARIO S.A.

Registered office: Reconquista 151 – City of Buenos Aires – Argentine Republic
 Main activity: Banking
 Taxpayer's Code (CUIT): 30 - 50001107– 2
 Bylaws' Registration Date with the Public Registry of Commerce: September 28, 1997
 Registration date of latest amendment to the bylaws: January 23, 2019 (No.1,643 of book 93 of stock companies)
 Expiration date of Bylaws: 99 years from the date of incorporation (September 28, 1997)

Stock capital composition as of 09/30/2019						
Shares					Subscribed	Paid-in
Number	Type	Face value	No. of votes per share	Class	(In thousands of Ps.)	
664,489,424	Book-entry common shares	1	1	A	664,489	664,489
57,009,279		1	1	B	57,009	57,009
75,000,000		1	1	C	75,000	75,000
703,501,297		1	3	D	703,502	703,502
1,500,000,000					1,500,000	1,500,000

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

For the period ended 09/30/19, comparative as of 12/31/2018

In thousands of Argentine Pesos

ITEM	NOTES	09/30/2019	12/31/2018
ASSETS			
Cash and bank deposits	5 and 6	16,097,387	8,832,786
Cash		1,674,645	1,393,427
Financial institutions and correspondents		13,357,913	6,571,467
- Argentine Central Bank (B.C.R.A.)		5,859,682	4,773,649
- Other domestic and foreign institutions		7,498,231	1,797,818
Other		1,064,829	867,892
Debt securities at fair value through profit or loss	6	8,334,496	19,287,877
Derivative instruments	6	1,640	69,478
Repo transactions	6	2,958,961	589,474
Other financial assets	6	1,584,884	2,311,097
Loans and other financing arrangements (Schedules B, C, D)	6 and 7	40,933,422	43,566,664
Non-Financial Public Sector		28	29,146
Other Financial Institutions		21,289	415,506
Non-Financial Private Sector and Foreign Residents		40,912,105	43,122,012
Other debt securities (Schedules A, B, C, D)	6	5,141,572	1,700,018
Financial assets pledged as collateral	6	3,215,865	2,007,114
Current income tax assets	10	858,144	445,076
Investments in equity instruments	6	292,793	187,475
Investments in subsidiaries, associates and joint ventures		2,522	13,364
Bank premises and equipment	9	1,699,562	1,502,557
Intangible assets	9	156,781	145,268
Deferred income tax assets	10	324,279	47,339
Other non-financial assets	9	820,087	3,855,978
Non-current assets held for sale	9	4,573,852	-
TOTAL ASSETS		86,996,247	84,561,565

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

For the period ended 09/30/2019, comparative as of 12/31/2018
In thousands of Argentine Pesos

ACCOUNT	NOTES	09/30/2019	12/31/2018
LIABILITIES			
Deposits (Schedules H, I)	6	32,740,814	29,307,580
Non-financial public sector		5,020,522	3,625,037
Financial sector		2,070	1,508
Non-financial private sector and foreign residents		27,718,222	25,681,035
Liabilities at fair value through profit or loss (Schedule I)	6	484,200	751,511
Derivative instruments (Schedule I)	6	23,289	136,281
Repo transactions (Schedule I)	6	578,600	65,188
Other financial liabilities (Schedule I)	6	6,881,178	7,547,776
Loans from the B.C.R.A. and other financial institutions (Schedule I)	6	1,235,569	657,696
Negotiable obligations issued (Schedule I)	6 and 11	29,647,690	31,660,467
Current income tax liabilities		518,893	434,006
Provisions	12	372,660	306,876
Other non-financial liabilities		2,959,707	3,603,000
TOTAL LIABILITIES		75,442,600	74,470,381
SHAREHOLDERS' EQUITY			
Capital stock		1,500,000	1,500,000
Non-capitalized contributions		75,577	28,381
Capital adjustments		717,115	717,115
Reserves		7,256,108	5,644,012
Unappropriated retained earnings		70,266	(142,120)
Accumulated other comprehensive income		-	-
Income for the period/year		1,692,220	2,051,412
Shareholders' equity attributable to parent's shareholders		11,311,286	9,798,800
Shareholders' equity attributable to non-controlling interests		242,361	292,384
TOTAL SHAREHOLDERS' EQUITY		11,553,647	10,091,184
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		86,996,247	84,561,565

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

CONSOLIDATED CONDENSED INTERIM STATEMENT OF INCOME

For the periods ended 09/30/2019 and 09/30/2018

In thousands of Argentine Pesos

Item	Notes	Three-month period ended		Nine-month period ended	
		09/30/2019	09/30/2018	09/30/2019	09/30/2018
Interest and adjustments income	13	4,185,961	3,748,987	12,543,178	10,291,455
Interest and adjustments expense	14	(3,026,001)	(3,350,519)	(11,050,426)	(8,237,102)
Net interest income		1,159,960	398,468	1,492,752	2,054,353
Fee and commission income	13	1,243,994	1,137,149	3,544,052	3,069,783
Fee and commission expense		(160,836)	(185,057)	(474,266)	(537,339)
Net fee and commission income		1,083,158	952,092	3,069,786	2,532,444
Net income from measurement of financial instruments at fair value through profit or loss		2,245,051	1,361,547	7,992,900	3,444,362
Gold and foreign currency quotation differences		(1,391,806)	393,699	(3,373,747)	(94,871)
Other operating income	15	2,325,813	945,153	5,145,050	3,019,361
Loan loss provision (Schedule R)		(850,555)	(480,420)	(2,792,906)	(1,280,044)
Net operating income		4,571,621	3,570,539	11,533,835	9,675,605
Employee benefits	17	(1,379,546)	(953,313)	(3,937,728)	(2,666,205)
Administrative expenses	16	(899,349)	(834,854)	(2,526,059)	(2,286,111)
Depreciation and impairment of assets		(81,342)	(92,808)	(220,587)	(167,737)
Other operating expenses	15	(1,089,888)	(997,239)	(3,185,184)	(2,383,829)
Operating income		1,121,496	692,325	1,664,277	2,171,723
Share of profit (loss) of subsidiaries, associates and joint ventures		-	-	-	-
Income before tax		1,121,496	692,325	1,664,277	2,171,723
Income tax	10	(62,519)	(146,933)	53,881	(598,928)
Net income		1,058,977	545,392	1,718,158	1,572,795
NET INCOME FOR THE PERIOD		1,058,977	545,392	1,718,158	1,572,795
Net income for the period attributable to the parent's shareholders		1,039,867	542,168	1,692,220	1,547,640
Net income for the period attributable to non-controlling interests		19,110	3,224	25,938	25,155

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

CONSOLIDATED CONDENSED INTERIM STATEMENT OF INCOME

For the periods ended 09/30/2019 and 09/30/2018

In thousands of Argentine Pesos

Earnings per share	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
NUMERATOR				
Net income attributable to the parent company's shareholders	1,039,867	542,168	1,692,220	1,547,640
PLUS: Effect of dilution inherent in potential common shares	-	-	-	-
Net income attributable to the parent company's shareholders adjusted to reflect the effect of dilution	1,039,867	542,168	1,692,220	1,547,640
DENOMINATOR				
Weighted average of outstanding common shares for the fiscal period	1,469,399	1,465,187	1,468,075	1,464,369
PLUS: Weighted average of additional common shares with diluting effects	-	-	-	-
Weighted average of outstanding common shares for the fiscal period adjusted to reflect the effects of dilution	1,469,399	1,465,187	1,468,075	1,464,369
EARNINGS PER BASIC SHARE	0.708	0.370	1.153	1.057
EARNINGS PER DILUTED SHARE	0.708	0.370	1.153	1.057

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Lorena C. Morchón
 General Accounting Manager

Manuel J.L. Herrera Grazioli
 General Manager

 See our report dated
 November 5, 2019
 PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
 Chairman

Ricardo Flammini
 For the Supervisory Committee

(Partner)
 C.P.C.E.C.A.B.A. Volume 1 Page 17

CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the periods ended 09/30/2019 and 09/30/2018

In thousands of Argentine Pesos

Item	Three-month period		Nine-month period	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Net income for the period	1,058,977	545,392	1,718,158	1,572,795
Total other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,058,977	545,392	1,718,158	1,572,795
Total comprehensive income for the period attributable to the parent's shareholders	1,039,867	542,168	1,692,220	1,547,640
Total comprehensive income for the period attributable to non-controlling interests	19,110	3,224	25,938	25,155

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 09/30/2019
In thousands of Argentine Pesos

Changes	Capital Stock		Non-capitalized Contributions		Equity adjustments	Profit reserves			Retained earnings	Total Shareholders' Equity controlling interests 09/30/2019	Total Shareholders' Equity non-controlling interests 09/30/2019	Total as of 09/30/2019
	Outstanding	Treasury Stock	Share issuance premium	Stock-based payment		Legal	Stock-based payments	Others				
Opening balances for the period	1,465,661	34,339	834	27,547	717,115	1,448,649	412,070	3,783,293	1,909,292	9,798,800	292,384	10,091,184
Distribution of retained earnings – Approved by the Shareholders' Meeting held on 04/10/2019												
Legal reserve	-	-	-	-	-	381,858	-	-	(381,858)	-	-	-
Other reserves	-	-	-	-	-	-	-	1,527,434	(1,527,434)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(250,000)	-	(250,000)	-	(250,000)
Stock-based payments under compensation plan	3,933	(3,933)	-	47,196	-	-	(47,196)	-	-	-	-	-
Distribution of subsidiary dividends	-	-	-	-	-	-	-	-	-	-	(1,890)	(1,890)
Acquisition of non-controlling interest in Tarshop S.A.U.	-	-	-	-	-	-	-	-	70,242	70,242	(74,071)	(3,837)
Acquisition of non-controlling interest in BH Valores S.A.	-	-	-	-	-	-	-	-	24	24	-	24
Net income for the period	-	-	-	-	-	-	-	-	1,692,220	1,692,220	25,938	1,718,158
Closing balances for the period	1,469,594	30,406	834	74,743	717,115	1,830,507	364,874	5,060,727	1,762,486	11,311,286	242,361	11,553,647

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 09/30/2018

In thousands of Argentine Pesos

Changes	Capital Stock		Non-capitalized Contributions		Equity adjustments	Profit reserves			Retained earnings	Total Shareholders' Equity controlling interests 09/30/2018	Total Shareholders' Equity non-controlling interests 09/30/2018	Total as of 09/30/2018
	Outstanding	Treasury Stock	Share issuance premium	Stock-based payment		Legal	Stock-based payments	Others				
Opening balances for the period	1,463,365	36,635	834	-	717,115	1,129,962	439,617	2,708,321	1,451,316	7,947,165	287,921	8,235,086
Distribution of retained earnings – Approved by the Shareholders' Meeting held on 04/9/2018												
Legal reserve						318,687			(318,687)			
Other reserves								1,274,749	(1,274,749)			
Cash dividends								(199,774)		(199,774)		(199,774)
Stock-based payments under compensation plan	2,087	(2,087)		25,043			(25,043)					
Net income for the period									1,547,640	1,547,640	25,155	1,572,795
Closing balances for the period	1,465,452	34,548	834	25,043	717,115	1,448,649	414,574	3,783,296	1,405,520	9,295,031	313,076	9,608,107

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the periods ended 09/30/2019 and 09/30/2018

In thousands of Argentine Pesos

ITEM	09/30/2019	09/30/2018
Net income for the period before income tax	1,664,277	2,171,723
<u>Adjustments to obtain cash flows from operating activities</u>		
Depreciation and impairment of assets	220,587	167,737
Loan loss provisions, net of recovered loans	2,667,172	1,120,016
Provision for loan losses, net of reversed provisions	111,977	51,359
Net interest income	(1,492,752)	(2,054,353)
Changes in fair value of investments in financial instruments	(7,945,214)	(3,423,043)
Profit from sale of bank premises and equipment/Revaluation of investment property	(1,806,603)	(2,049)
Other adjustments	(5,724)	-
<u>Net increase /(decrease) from operating assets</u>		
Debt securities at fair value through profit or loss	18,898,595	6,950,655
Derivative instruments	(9,478)	(252,967)
Repo Transactions	(2,369,487)	(303,143)
Loans and other financing arrangements		
Non-financial public sector	29,118	45,877
Financial sector	712,352	174,738
Non-financial private sector and foreign residents	10,874,477	296,294
Other debt securities	(2,749,093)	(3,642,250)
Financial assets pledged as collateral	(1,208,751)	(238,740)
Investments in equity instruments	(105,318)	15,152
Other assets	(1,458,348)	(4,131,502)
<u>Net increase / (decrease) from operating liabilities</u>		
Deposits		
Non-financial public sector	1,395,485	1,682,787
Financial sector	562	214
Non-financial private sector and foreign residents	(2,919,790)	(397,338)
Liabilities at fair value through profit or loss	(267,311)	207,748
Derivative instruments	(35,676)	54,894
Repo transactions	635,656	(1,078,547)
Other liabilities	(1,366,688)	8,569,444
Collections/Payments due to income tax	(274,300)	(477,238)
Total from operating activities	13,195,725	5,507,468

Lorena C. Morchón
General Accounting Manager

Eduardo S. Elsztain
Chairman

Manuel J.L. Herrera Grazioli
General Manager

Ricardo Flammini
For the Supervisory Committee

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.
.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the periods ended 09/30/2019 and 09/30/2018

In thousands of Argentine Pesos

ITEM	09/30/2019	09/30/2018
Cash flows from investing activities		
Payments		
Purchase of bank premises and equipment, intangible assets and other assets	(185,851)	(243,614)
Collections		
Sale of bank premises and equipment, intangible assets and other assets	2,319	2,049
Total from investing activities	(183,532)	(241,565)
Cash flows from financing activities		
Payments		
Dividends	(249,425)	(199,778)
Unsubordinated negotiable obligations	(8,695,960)	(4,614,530)
Loans from domestic financial institutions	(17,350,656)	(20,832,890)
Other payments related to financing activities	(3,648,728)	(3,720,845)
Collections		
Unsubordinated negotiable obligations	3,538,141	1,605,032
Loans to domestic financial institutions	18,223,475	21,038,447
Other collections related to financing activities	494,000	4,439,578
Total from financing activities	(7,689,153)	(2,284,986)
Effect of exchange rate variations	1,941,561	1,179,229
TOTAL VARIATION OF CASH FLOWS		
Net Increase/(Decrease) in cash and cash equivalents	7,264,601	4,160,146
Cash and cash equivalents at the beginning of the period	8,832,786	3,951,549
Cash and cash equivalents at the end of the period	16,097,387	8,111,695

Notes and schedules are an integral part of these consolidated condensed interim financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

1. BANCO HIPOTECARIO SOCIEDAD ANÓNIMA

Pursuant to Law 24,855 enacted on July 2, 1997 and promulgated by the National Executive Branch through Decree 677 dated July 22, 1997, and implementing Decree 924/97, Banco Hipotecario Nacional was declared "subject to privatization" under the terms of Law 23,696 and the National Executive Branch was ordered to proceed to its transformation into a corporation ("*sociedad anónima*"). The new entity arising from this transformation will do business under the denomination of "Banco Hipotecario Sociedad Anónima", and as a commercial bank in accordance with Law 21,526 and supplementary rules, as amended, with the scope envisaged by the regulations, and with the rights and obligations of its predecessor, as well as with the franchise to provide insurance over transactions originated until July 23, 2007.

Banco Hipotecario Sociedad Anónima has a corporate capital of Ps. 1,500,000 thousand, fully subscribed and paid-in, represented by 1,500,000,000 common book-entry Class A, B, C and D shares, with a face value of Ps. 1 each and one vote per share (according to the decision made by the General Ordinary and Extraordinary Shareholder's Meeting held on July 21, 2006), except for the special multiple vote right for Class D shares envisaged by the Bank's by-laws.

Due to the expiration on January 29, 2009 of the Total Return Swap that had been executed and delivered on January 29, 2004, Deutsche Bank AG transferred to the Bank 71,100,000 common Class "D" shares of Banco Hipotecario Sociedad Anónima with a face value of \$ 1 each, which were available according to the terms and conditions prescribed in section 221 of the Argentine Companies Law.

Through Minutes No. 268 dated January 12, 2010, the Board of Directors resolved: 1) to propose to the Shareholders' Meeting that treasury Class D shares be given as payment to the holders of Stock Appreciation Rights (StARS) to the extent of their accrued amounts, considering the shares' value at that moment, and 2) to discuss possible alternatives for the Shareholders' Meeting to resolve upon the allocation of the remaining shares.

On June 16, 2010, the Board of Directors resolved to launch a preemptive offer to sell a portion of the Bank's treasury shares, for a total of 36.0 million class D shares. The remaining shares would be delivered in payment to the holders of StAR coupons arising from the debt restructuring, which fell due on August 3, 2010. On July 26, 2010, within the framework of the referred offer, the Bank sold approximately 26.9 million of the shares mentioned above.

On August 3, 2010, the proceeds of the offer and the balance of the shares referred in the preceding paragraph were made available to the holders of the StAR coupons. With the above-mentioned offering, 999,312 Class D shares were sold in excess of those required to pay off the obligation previously mentioned. In connection with such excess sale, Ps. 554 thousand were recorded as Unappropriated retained earnings to reflect the addition of the shares to the entity's equity, which took place on January 29, 2009 as detailed in this note, and further Ps. 834 thousand were booked as Additional paid-in capital for the difference between the value as added to the entity's equity and the sales value.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

The General Ordinary Shareholders' Meeting held on April 24, 2013 resolved to allocate 35,100,000 Class D treasury shares to a compensation program for the personnel under the terms of Section 67 of Law 26,831.

On April 24, 2014, the General Ordinary Shareholders' Meeting acknowledged the incentive or compensation program described in the preceding paragraph and its extension to the personnel employed by the subsidiaries BACS Banco de Crédito y Securitización S.A., BH Valores S.A., BHN Sociedad de Inversión S.A., BHN Vida S.A. and BHN Seguros Generales S.A.

As of December 31, 2016, the Bank held 36,634,733 treasury shares, out of which 1,534,733 correspond to third-party holders of StARs who have not filed the documentation required for their collection. The Shareholders' Meeting held on April 4, 2017 unanimously resolved to include 1,534,733 common shares in the compensation program for the personnel that had been approved at the Shareholders' Meetings held on April 24, 2013 and April 24, 2014.

On November 30, 2017, the Board of Directors of the CNV considered that it would be advisable to approve Banco Hipotecario S.A.'s Rules of the Compensation Program for the personnel of the entity and its subsidiaries, BACS Banco de Crédito y Securitización S.A. – BHN Sociedad de Inversión S.A., BHN Vida S.A., BHN Seguros Generales S.A. and BH Valores S.A.

Under Decree 2127/2012 and Resolution 264/2013 issued by the Ministry of Economy and Public Finance, the *Programa de Propiedad Participada* (Employee Stock Ownership Plan) was implemented. Under this plan, in a first stage, out of a total of 75,000,000, 17,990,721 Class B shares were converted into Class A shares, to be allocated among the employees that have withdrawn from the Bank in accordance with the implementation guidelines. Upon delivery to the former employees, the 17,990,721 shares will become Class D shares. The shares allocated to the Bank's current employees are designated as Class B shares, representing the *Programa de Propiedad Participada*.

The following table shows the composition of the capital stock as of September 30, 2019, detailing the classes of shares and their face value.

Class	Shares	Fair value	Capital stock
A	664,489,424	1	664,489,424
B	57,009,279	1	57,009,279
C	75,000,000	1	75,000,000
D	703,501,297	1	703,501,297
	<u>1,500,000,000</u>		<u>1,500,000,000</u>

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

2. ECONOMIC CONTEXT

The Entity operates in a complex economic context, the main variables of which have recently suffered strong volatility, both in the domestic and the international scenarios.

Within the domestic scenario, the following circumstances should be noted:

- During the first half of the year a 2.5% drop of GDP YoY was observed.
- Accumulated inflation between January 1, 2019 and September 30, 2019 reached 37.7%.
- The significant devaluation of the Argentine peso since August has generated a sudden withdrawal of dollar deposits from the financial system (thus resulting in a fall in the Central Bank's reserves) and an increase in the reference interest rate above 74%.

Under these circumstances, the government decided to implement certain measures, namely:

- o Set limits to the acquisition of foreign currency.
- o Set specific terms to enter and settle exports.
- o BCRA's prior authorization for the formation of foreign assets for companies.
- o BCRA's prior authorization for the payment of debts to foreign related companies.
- o Deferral of the payment of certain sovereign debt instruments.
- o Fuel price control.

In particular, and as regards financial assets, pursuant to Decree No. 596/2019 dated August 28, 2019, the Argentine Government resolved to extend the maturity dates of short-term securities (Letes, Lecap, Lecer and Lelink).

This context of volatility and uncertainty continues as of the date of these consolidated condensed interim financial statements.

The Entity's Board of Directors permanently monitors the evolution of variables that affect its business, in order to define its course of action and identify potential impacts on its financial position. The Company's consolidated condensed interim financial statements should be read in light of these circumstances.

3. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

Banco Hipotecario S.A. (hereinafter, "the Bank") is a financial institution subject to the Financial Institutions Law No. 21,526 and, as such, is also required to comply with the regulations laid down by the Argentine Central Bank ("BCRA") in its capacity as Regulatory Authority of Financial Institutions. The Bank is also required to comply with the regulations handed down by the Argentine Securities Commission, in accordance with Law No. 26,831. The Bank and its subsidiaries are jointly referred to as "the Group."

The main activities the Group is engaged in are described in Note 19.

These consolidated condensed interim financial statements were approved by the Board of Directors on November 5, 2019.

3.1. Adoption of International Financial Reporting Standards (IFRS)

The Argentine Central Bank, through Communication "A" 5541, as amended, set forth a convergence plan towards the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), to be complied with by entities under the Argentine Central Bank's

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

oversight, except for Item 5.5. (Impairment) of IFRS 9 “Financial Instruments,” effective for fiscal years commenced on January 1, 2018. Entities are also required to prepare their opening financial statements since January 1, 2017, which will serve as comparative basis to the financial statements commencing on January 1, 2018, with the interim financial statements as of March 31, 2018 being the first interim financial statements in being prepared under these standards, except for the application of Item 5.5. (Impairment) of IFRS 9 “Financial Instruments” and IAS 29 “Financial reporting in hyperinflationary economies”.

Impairment of financial assets

By means of Communication “A” 6430, the BCRA established that Financial Institutions shall apply the financial assets impairment provisions in Item 5.5 of IFRS 9 for fiscal years beginning on or after January 1, 2020.

For such purposes, IFRS 9 provides for a model of expected credit losses whereby financial assets are classified into three stages of impairment, based on credit quality changes after initial recognition, indicating how an entity measures impairment losses and applies the effective interest method.

As of the date of these consolidated condensed interim financial statements, the Bank is in the process of quantifying the effect the application of that impairment model would have.

Pursuant to Communication “A” 6114 issued by the BCRA, the Entity has applied the provisions in Note 3.2.c. to recognize credit losses in these financial statements.

On February 22, 2019, the BCRA published Communication “A” 6651 setting forth that Financial Institutions shall apply IAS 29 for fiscal years beginning on or after January 1, 2020.

The Group’s management has concluded that these consolidated condensed interim financial statements fairly present its financial position, financial performance and cash flows.

3.2. Basis for Preparation

These consolidated condensed interim financial statements were prepared in accordance with the accounting framework laid down by the BCRA as disclosed in Note 3.1.

In preparing these consolidated condensed interim financial statements, the Group is required to make estimates and assessments affecting the reported amounts of assets and liabilities, and contingent assets and liabilities disclosed as of the date of these consolidated condensed interim financial statements, as well as the reported amounts of income and expenses.

The Group makes estimates, for instance, to calculate the allowance for loan losses, the useful life of bank’s premises & equipment, depreciation and amortization, the recoverable value of assets, the income tax expense, some labor-related costs, and the provisions for contingencies and lawsuits. Future actual results may differ from the estimates and assessments made as of the date these consolidated condensed interim financial statements were prepared.

The areas involving a higher degree of judgment or complexity or the areas in which the assumptions and estimates are material for these consolidated condensed interim financial statements are described in Note 4.

The consolidated condensed interim financial statements are denominated in pesos, which is the Group’s functional currency.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

(a) Going Concern

As of the date of these consolidated condensed interim financial statements, there are no uncertainties as to developments or circumstances that may call into question the likelihood that the Group will continue operating normally as a going concern.

(b) Restatement of inflation of financial statements

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of an entity whose functional currency is that of a highly inflationary economy be stated in terms of the current measurement unit as of the reporting year-end, regardless of whether such financial statements are based on the historical or the current cost method. To such end, in general terms, entities are required to account for inflation occurring since the acquisition date or the revaluation date, as applicable, in non-monetary items. Such requirements are also applicable to the comparative information disclosed in the financial statements.

The standard sets out a number of factors that should be considered to conclude that an economy is highly inflationary under IAS 29, including a cumulative inflation rate for three consecutive years close to, or in excess of, 100%. Therefore, pursuant to IAS 29, the Argentine economy should qualify as highly inflationary as from July 1, 2018.

In summary, according to the restatement mechanism set forth in IAS 29, monetary assets and liabilities will not be restated for they are already stated in the measuring unit current at the end of the reporting period. Assets and liabilities subject to adjustments on the basis of specific arrangements will be adjusted according to such arrangements. Non-monetary items measured at their current values at the end of the reporting period, such as net realizable value or others, will not be restated. All other non-monetary assets and liabilities will be restated by applying a general price index. Gains or losses from an entity's net monetary position will be charged to the reporting period's net income or loss in a separate item.

On February 22, 2019, the BCRA published Communication A 6651 setting forth that Financial Institutions shall apply IAS 29 for fiscal years beginning on or after January 1, 2020.

The Group is working on estimating the restatement.

Based on the foregoing, the Group's shareholders' equity and results would significantly differ from currently reported balances if they were restated in constant currency as of the measurement date, pursuant to the restatement mechanism provided for under IAS 29.

(c) Accounting policies

The accounting policies adopted in the presentation of these financial statements are consistent with those used in the preparation of the consolidated financial statements as of December 31, 2018, described in Note 2 thereto.

The Group has adopted IFRS 16 "Leases", IFRIC 23 "Uncertainty over income tax treatment" and amendments to IFRS 9 "Financial instruments" and IAS 28 "Investments in associates and joint ventures" for this period using the prospective approach, therefore, the impact of the adoption was recognized in the results for the period ended September 30, 2019, and comparative balances have not been modified due to this adoption.

The main changes are as follows:

IFRS 16 Leases

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 - F° 17

The standard sets out a new accounting model for leases. Under IFRS 16, a contract is or contains a lease if the contract confers the lessee a right to control the use of an identified asset for a period of time, for consideration. IFRS 16 requires that the lessee recognize the liability arising from the lease reflecting the lease future payments and a right of use of the assets for substantially all leases, other than certain short-term leases and leases of low-value assets.

IFRIC 23 Uncertainty over Income Tax Treatment

This interpretation sheds light on how the recognition and measurement requirements of IAS 12 "Income Tax" should be applied when there is uncertainty over the income tax treatment.

Amendment to IFRS 9 Financial Instruments

This amendment allows entities to measure certain instruments allowing early payment with negative compensation at amortized cost. For such assets, which include certain loans and bonds, to be measured at amortized cost, the negative compensation shall be "reasonable compensation for early termination" and the asset shall be held in a business model as held for collection.

Changes in IAS 28 Investment in associates and joint ventures

The changes introduced clarify long-term accounting of associates and joint ventures for which the equity method shall not apply. Entities shall account for such investments pursuant to IFRS 9 "Financial Instruments" before applying the impairment requirements of IAS 28 "Investment in associates and joint ventures".

The effect on the statement of income for the nine-month period ended September 30, 2019 due to the first implementation of IFRS 16 is as follows:

	Pursuant to previous standard	Implementation of IFRS 16	Current statement of income
(In thousands of Ps.)			
Interest and adjustments income	12,543,178	-	12,543,178
Interest and adjustments expense	(11,050,426)	-	(11,050,426)
Net interest income	1,492,752	-	1,492,752
Fee and commission income	3,544,052	-	3,544,052
Fee and commission expense	(474,266)	-	(474,266)
Net fee and commission income	3,069,786	-	3,069,786
Net income from measurement of financial instruments at fair value through profit or loss	7,992,900	-	7,992,900
Gold and foreign currency quotation differences	(3,349,091)	(24,656)	(3,373,747)
Other operating income	5,145,050	-	5,145,050
Loan loss provision	(2,792,906)	-	(2,792,906)
Net operating income (loss)	11,558,491	(24,656)	11,533,835
Employee benefits	(3,937,728)	-	(3,937,728)
Administrative expenses	(2,638,983)	112,924	(2,526,059)
Depreciation and impairment of assets	(141,783)	(78,804)	(220,587)
Other operating expenses	(3,125,949)	(59,235)	(3,185,184)
Operating income (loss)	1,714,048	(49,771)	1,664,277
Share of profit (loss) of associates and joint ventures	-	-	-
Income (loss) before income tax	1,714,048	(49,771)	1,664,277
Income tax	41,438	12,443	53,881
Net income (loss) for the period	1,755,486	(37,328)	1,718,158

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Net income (loss) for the period attributable to the parent's owners	1,722,420	(30,200)	1,692,220
Net income (loss) for the period attributable to non-controlling interests	33,066	(7,128)	25,938

The adoption of "IFRIC 23 "Uncertainty on income tax treatment" and the amendments to IFRS 9 "Financial instruments" and IAS 28 "Investments in associates and joint ventures" have not effects on the statement of income for the period ended September 30, 2019.

(d) Corporate reorganization – Presentation under the interest combination method

As mentioned in Note 24 to these consolidated condensed interim financial statements, on September 2, 2019, final merger agreements were executed between the Bank and Tarshop and BH Valores.

Solely for comparison purposes, the balances of the separate condensed interim financial statements were restated from January 1, 2018 onwards, as if the corporate reorganization had occurred since the earliest prior period presented in such financial statements.

4. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

In the preparation of these condensed interim financial statements, the significant judgments made by Management, in the application of accounting policies and the main sources of uncertainty in the estimates, were the same as those applied in the consolidated financial statements for the fiscal year ended December 31, 2018.

The preparation of these consolidated financial statements in accordance with the accounting framework established by the Argentine Central Bank requires the use of certain significant accounting estimates. It also requires that Management make judgments in applying the accounting standards set forth by the Argentine Central Bank to define the Group's accounting criteria.

The areas which involve a higher degree of judgment or complexity, or the areas in which the assumptions and estimates are material for these consolidated condensed interim financial statements are described in the consolidated financial statements as of December 31, 2018.

5. CASH AND BANK DEPOSITS

The table below shows a breakdown of items comprising cash and cash equivalents:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Cash	1,674,645	1,393,427
Financial institutions and correspondents	13,357,913	6,571,467
Others	1,064,829	867,892
Cash and bank deposits	16,097,387	8,832,786

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

6. FINANCIAL INSTRUMENTS

The Group held the following financial instrument portfolios:

Instrument portfolio as of 09/30/2019	Fair value – Net income (loss)	Amortized cost	Fair value – OCI	Total
(In thousands of Ps.)				
Assets	10,354,847	68,206,173	-	78,561,020
Cash and bank deposits	-	16,097,387	-	16,097,387
Debt securities at fair value through profit or loss	8,334,496	-	-	8,334,496
Derivative instruments	1,640	-	-	1,640
Repo transactions	-	2,958,961	-	2,958,961
Other financial assets	15,796	1,569,088	-	1,584,884
Loans and other financing arrangements	-	40,933,422	-	40,933,422
Other debt securities	-	5,141,572	-	5,141,572
Financial assets pledged as collateral	1,710,122	1,505,743	-	3,215,865
Investments in equity instruments	292,793	-	-	292,793
Liabilities	(507,489)	(71,083,851)	-	(71,591,340)
Deposits	-	(32,740,814)	-	(32,740,814)
Liabilities at fair value through profit or loss	(484,200)	-	-	(484,200)
Derivative instruments	(23,289)	-	-	(23,289)
Repo transactions	-	(578,600)	-	(578,600)
Other financial liabilities	--	(6,881,178)	--	(6,881,178)
Loans from the Argentine Central Bank and other financial institutions	--	(1,235,569)	--	(1,235,569)
Negotiable obligations issued	--	(29,647,690)	--	(29,647,690)
Total	9,847,358	(2,877,678)	--	6,969,680

Instrument portfolio as of 12/31/2018	Fair value – Net income (loss)	Amortized cost	Fair value – OCI	Total
(In thousands of Ps.)				
Assets	20,699,909	57,852,074	-	78,551,983
Cash and bank deposits	-	8,832,786	-	8,832,786
Debt securities at fair value through profit or loss	19,287,877	-	-	19,287,877
Derivative instruments	69,478	-	-	69,478
Repo transactions	-	589,474	-	589,474
Other financial assets	256,263	2,054,834	-	2,311,097
Loans and other financing arrangements	-	43,566,664	-	43,566,664
Other debt securities	-	1,700,018	-	1,700,018
Financial assets pledged as collateral	898,816	1,108,298	-	2,007,114

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Investments in equity instruments	187,475	-	-	187,475
Liabilities	(887,792)	(69,238,707)	-	(70,126,499)
Deposits	-	(29,307,580)	-	(29,307,580)
Liabilities at fair value through profit or loss	(751,511)	-	-	(751,511)
Derivative instruments	(136,281)	-	-	(136,281)
Repo transactions	-	(65,188)	-	(65,188)
Other financial liabilities	-	(7,547,776)	-	(7,547,776)
Loans from the Argentine Central Bank and other financial institutions	-	(657,696)	-	(657,696)
Negotiable obligations issued	-	(31,660,467)	-	(31,660,467)
Total	19,812,117	(11,386,633)	-	8,425,484

Fair values

The Group classifies the fair value of its financial instruments in 3 levels, according to the quality of the data used in fair value assessment.

Level 1 Fair Value: The fair value of financial instruments traded in active markets (such as, publicly-traded derivatives, and securities held for trading or available for sale) is based on market listed prices as of the reporting period end. The market price used in financial assets held by the Group is the current purchase price. These instruments are included in Level 1.

Level 2 Fair Value: The fair value of financial instruments that are not traded in active markets, for example, the derivatives available over the counter, is determined using valuation techniques that maximize the use of observable information and relies the least possible on the Group's specific estimates. If all the material variables to establish the fair value of a financial instrument are observable, the instrument is included in Level 2.

Level 3 Fair Value: If one or more material variables are not based on observable market information, the instrument is included in Level 3. This is the case of unlisted equity instruments.

The table below shows the Group's financial instruments measured at fair value as of the indicated dates:

Instrument portfolio as of 09/30/2019	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
	(In thousands of Ps.)		
Assets	10,209,697	145,150	-
Debt securities at fair value through profit or loss	8,202,296	132,200	-
Derivative instruments	-	1,640	-
Other financial assets	15,796	-	-
Financial assets pledged as collateral	1,710,122	-	-
Investments in equity instruments	281,483	11,310	-
Liabilities	(484,200)	(23,289)	-
Liabilities at fair value through profit or loss	(484,200)	-	-
Derivative instruments	-	(23,289)	-
Total	9,725,497	121,861	-

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Instrument portfolio as of 12/31/2018	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
	(In thousands of Ps.)		
Assets	20,454,431	245,478	-
Debt securities at fair value through profit or loss	19,123,187	164,690	-
Derivative instruments	-	69,478	-
Other financial assets	256,263	-	-
Financial assets pledged as collateral	898,816	-	-
Investments in equity instruments	176,165	11,310	-
Liabilities	(751,511)	(136,281)	-
Liabilities at fair value through profit or loss	(751,511)	-	-
Derivative instruments	-	(136,281)	-
Total	19,702,920	109,197	-

Valuation Techniques

Valuation techniques to determine fair values include:

- Market or listed prices of similar instruments; and
- Estimated present value of instruments.

All estimates in fair value are included in Level 2, in which fair values were assessed on the basis of present values, adjusted for the issuer's or the entity's own credit risk.

Income (loss) from interest accrued on the Instruments at the effective rate is directly charged to net income (loss) for the period.

Repo transactions

Breakdown as follows:

Assets	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Repo transactions	2,953,342	630,037

Liabilities	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Repo transactions	(641,749)	(59,224)

Fair value of other financial instruments

The Group has financial instruments that are not measured at fair value. For most of them, the fair value does not substantially differ from their residual value, since the interest rate payable or receivable is similar to market rates or the instrument is short-term. The following substantial differences were identified as of period/year-end:

Instruments as of 09/30/2019	Amortized cost	Fair value	
		Amount	Level
(In thousands of Ps.)			
Loans and other financing arrangements	40,933,422	38,999,598	Level 2
Other debt securities	5,141,572	3,978,186	Level 1 and 2
Negotiable obligations issued	(29,647,690)	(16,210,072)	Level 1 and 2

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Instruments as of 12/31/2018	Amortized cost	Fair value	
		Amount	Level
(In thousands of Ps.)			
Loans and other financing arrangements	43,566,664	41,371,752	Level 2
Other debt securities	1,700,018	1,717,454	Level 1
Negotiable obligations issued	(31,660,467)	(29,623,295)	Level 1 and 2

Impairment (Schedule R)

Below is a breakdown of changes in allowances for loan losses for the fiscal period:

	09/30/2019
	(In thousands of Ps.)
Balance at the beginning	2,079,570
Impairment for the period	2,792,906
Write off	(49,794)
Recovery for the period	(1,801,248)
Balance at period-end	3,021,434

7. LOANS AND OTHER FINANCING ARRANGEMENTS

The allowances for loan losses established by the Bank cover the minimum allowances required by the Argentine Central Bank, which are determined according to the level of compliance of debtors, the guarantees securing the loans and the debtor's economic and financial condition, among others, the allowances set up for individual loans refinanced in accordance with the guidelines described in Communication "A" 4583, and supplementary rules, as amended, and certain estimates concerning the impact of the current economic situation on the recoverability of the loan portfolio which includes self-insurance of risks stemming from death and disability on the debit balance of the financing covered by contracts made with insurance companies.

All consumer loans that must be fully accounted for in accordance with the rules in force are written off from the Bank's assets one month after the date on which such provision is made.

The individual mortgage loans granted and managed by the Retail Banking network, in which the participating banks entirely assume guarantees for cash flows, have been classified as normal for purposes of calculating provisioning levels.

Based on the foregoing, the Group's Board of Directors believes that the allowances for loan losses set up are sufficient to cover the minimum allowances required by the Argentine Central Bank rules on the total amount of the portfolio.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

The following table shows a breakdown of balances of loans and other financing arrangements:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
To the non-financial public sector	28	29,146
Other financial institutions	21,289	415,506
Interfinancial - calls granted	-	250,000
Other loans to domestic financial institutions	21,451	148,477
Accrued interest, adjustments and quotation differences receivable	18	17,455
Provision for loan losses (Schedule R)	(180)	(426)
To the non-financial private sector and foreign residents	40,912,105	43,122,012
Overdraft facilities	389,917	595,096
Promissory notes	150,832	303,493
Mortgage loans	6,211,205	5,386,310
Pledge loans	118,883	209,348
Consumer loans	7,418,501	8,537,289
Credit cards	16,122,758	18,241,934
Financial leases	73,164	122,322
Loans to entity's personnel	305,805	285,741
Unallocated collections	(4,365)	(6,259)
Others	12,567,959	10,931,906
Accrued interest and quotation differences receivable	567,171	626,374
Documented interest	(26,718)	(71,785)
Provision for loan losses (Schedule R)	(2,983,007)	(2,039,757)
Total loans and other financing arrangements	40,933,422	43,566,664

8. TRANSFER OF FINANCIAL ASSETS

The Bank has made transfers of financial assets as described in Note 23.3. However, pursuant to IFRS 1, derecognition criteria for financial assets under IFRS 9 were applied on a prospective basis for transactions occurring after the transition date.

However, the Bank has adopted the IFRS for the first time after its subsidiary Tarshop. Therefore, the carrying amounts of this subsidiary's assets and liabilities have been measured in the Bank's consolidated condensed interim financial statements for the same carrying amounts disclosed in the financial statements of that subsidiary (except for Item 5.5. of IFRS 9).

According to IFRS, a transfer of financial assets with the aforementioned features does not qualify for derecognition; accordingly, the Group continues recognizing transferred assets in full and recognizes a financial liability for the consideration it has received.

The table below shows a breakdown of financial trusts which do not qualify for derecognition of financial assets as of September 30, 2019:

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Issuer	Financial trust	Created on	Initial trust debt security		Estimated termination of the series
			Type	Amount (in thousands)	
BHSA	CHA UVA Series I	Apr-18	A	8,645 UVA	Oct-24
			B	5,763 UVA	Apr-28
			CP	4,802 UVA	May-32

Furthermore, as of September 30, 2019, the Group maintains the following repo transactions:

- Ps. 2,953,342 thousand in Reverse Repos booked under off-balance sheet accounts.
- Ps. 641,749 thousand in Repos booked under "Financial assets pledged as collateral".

9. OTHER NON-FINANCIAL ASSETS

9.1. Bank premises and equipment

Changes in bank premises and equipment for the period ended September 30, 2019 were as follows:

Item	Initial value at the beginning of the period	Additions	Withdrawals	Depreciation			Residual value	
				Accumulated	Withdrawal	For the period (1)	As of 09/30/19	As of 12/31/18
- Real estate	1,191,595	-	-	(38,010)	-	(15,315)	1,138,270	1,153,585
- Furniture and fixtures	139,183	16,192	(2,319)	(60,733)	1,242	(10,096)	83,469	78,450
- Machinery and equipment	540,513	70,911	-	(383,789)	-	(68,669)	158,966	156,724
- Vehicles	482	-	-	(290)	-	(72)	120	192
- Right of use of leased real property	-	259,313	-	-	-	(78,803)	180,510	-
- Right of use of leased personal property	19,470	-	-	(3,980)	-	(4,769)	10,721	15,490
- Miscellaneous	22,056	1,711	-	(12,656)	-	(2,363)	8,748	9,400
- Works in progress	88,716	30,042	-	-	-	-	118,758	88,716
Total bank premises and equipment	2,002,015	378,169	(2,319)	(499,458)	1,242	(180,087)	1,699,562	1,502,557

(1) The accounting allocation of depreciations for the period is reported in Note 3.

Additional information

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

	Depreciation method	Useful life (in years)
- Real estate	Straight line basis	Maximum 50
- Furniture and fixtures	Straight line basis	10
- Machinery and equipment	Straight line basis	Machinery: 5 Equipment: 3
- Vehicles	Straight line basis	5
- Right of use of leased properties	Straight line basis	Within the term of each lease agreement
- Miscellaneous	Straight line basis	5
- Works in progress	-	-

9.2 Intangible assets

Changes in intangible assets for the period ended September 30, 2019 were as follows:

	09/30/2019
	(In thousands of Ps.)
Initial net book value	145,268
Increases due to development	49,926
Depreciation fee (1)	(38,413)
Net book value at period-end	156,781
Cost	458,248
Accumulated depreciation	(301,467)
Net book value at period-end	156,781

(1) The accounting allocation of depreciations for the period is reported in Note 3.

Additional information

	Intangible assets
Defined useful life (in years)	5 years
Depreciation method	Straight-line basis

9.3. Other non-financial assets

The balances of other non-financial assets were as follows:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Prepaid fees to directors' and supervisory committee's members	118,145	95,428
Tax prepayments	186,624	387,091
Other prepayments	138,235	113,807
Investment property	363,043	3,244,135
Other	14,040	15,517
Total other non-financial assets	820,087	3,855,978

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Changes in investment property for the period ended September 30, 2019 were as follows:

	Leased properties	Other investment property (1)	09/30/2019
	(In thousands of Ps.)		
Initial book value	363,043	2,881,092	3,244,135
Net (loss) / income from measurement at fair value	-	1,692,760	1,692,760
Transfer to "Non-current assets held for sale"	-	(4,573,852)	(4,573,852)
Net book value at period-end	363,043	-	363,043

(1) On April 20, 2016, the Bank purchased the building known as "Edificio del Plata" through a public auction held by the Government of the City of Buenos Aires, with the purpose of setting up a branch and corporate offices. The purchase price was US Dollars sixty-eight million one hundred and fourteen thousand (68,114,000). On April 29, 2016, fifteen percent of the price (15%) was paid. The balance was paid on April 20, 2017. The title deed was executed on April 25, 2017. This building was considered to be a qualifying asset according to the definition of IAS 23, in that it necessarily takes a substantial period of time to get ready for its intended use. Therefore, as described in Note 2.27., the Bank has capitalized Ps. 1,758,039 thousand and Ps. 305,271 thousand as of September 28, 2018 and December 31, 2017, respectively. The referred amounts correspond to financial costs subject to capitalization applicable to series XXIX tranche II negotiable obligation (see Note 11).

On September 28, 2018, the Bank's Board of Directors decided to discontinue the investment in the construction plan of the new corporate headquarters, changing the originally intended purpose of the building known as "Edificio del Plata". As a result of the Board of Directors' decision, we started to monitor compliance with the requirements set out in IAS 40 for the reclassification of the building as "Investment property." Therefore, the Bank retained an independent appraiser to make an appraisal of the building, resulting in a fair value of Ps. 2,881,092 thousand. Hence, as of December 31, 2018, we recognized an impairment loss in the amount of Ps. 291,029 thousand in the Statement of Income under "Depreciation and impairment of assets. During December 2018, the works in the property were discontinued and communication of change of use to third parties was concluded. As result, the property was reclassified to "Investment property".

On May 24, 2019, the Bank received a notice from the Superintendence of Financial and Foreign Exchange Institutions in connection with the accounting recognition and valuation of the building, whereby the Bank was required to proceed with the reclassification and valuation of such building as a "Non-current asset held for sale" (IFRS 5).

On June 26, the Bank filed a motion for reconsideration with the Argentine Central Bank, stating the criteria relied upon for the recognition of the building under Investment property.

At its meeting held on September 11, 2019, the Bank's Board of Directors resolved to sell the building known as "Edificio del Plata" and to reclassify it as "Non-current asset held for sale", adjusted as set forth in IFRS 5 and to require the Household Comprehensive Development Management Department to prepare the relevant sales plan. Furthermore, at such meeting the Board of Directors resolved to dismiss the motion for reconsideration against the memorandum of the Financial Institutions Supervisory Management, dated May 24, 2019, as it has become abstract.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

The figures included in the result for the period for Investments property are as follows:

	09/30/2019	09/30/2018
	(In thousands of Ps.)	
Rentals	5,399	5,248
Direct expenses from property management	(3,583)	(5,124)

Net results from investment property as of September 30, 2019 and 2018 amount to a profit of Ps. 1,816 thousand, and Ps. 124 thousand, respectively, and are recognized in "Other operating income", "Administrative expenses" and "Other operating expenses" in the comprehensive income statement.

During the fiscal period ended September 30, 2019, there were no sales of investment property. Likewise, there are no contractual obligations to acquire, build or develop investment properties, or for repairs, maintenance or improvements of investment property.

9.4. Non-current assets held for sale

As mentioned in note 9.3, on September 11, 2019, the Bank classified the building known as "Edificio del Plata" as an asset held for sale. Accordingly, under IFRS 5, said asset has been valued at the lesser between its book value and the market value less selling expenses. As of September 30, 2019, the book value amounts to Ps. 4,573,852 thousand.

10. INCOME TAX

The table below shows a breakdown of "Current Income Tax Assets":

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Minimum notional income tax credit	330,799	277,398
Income tax prepayments	527,345	167,678
Total current income tax assets	858,144	445,076

The table below shows a breakdown of the income tax recovery/expense:

	09/30/2019	09/30/2018
	(In thousands of Ps.)	
Income tax refund / (expense) charged to the statement of income	53,881	(598,928)
Income tax refund / (expense) charged to the statement of other comprehensive income	-	-
Total income tax refund/(expense)	53,881	(598,928)

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

The table below shows a reconciliation of the income tax liability charged to income as of September 30, 2019 and 2018 and the income tax liability resulting from applying the effective tax rate to taxable income:

	09/30/2019	09/30/2018
	(In thousands of Ps.)	
Income for the period before income tax	1,664,277	2,171,723
Effective tax rate (*)	30%	30%
Income for the period at the tax rate	(499,283)	(651,517)
Permanent differences at the tax rate	272,183	52,589
Tax inflation adjustment	280,981	-
Total income tax expense for the period	53,881	(598,928)

Tax Reform:

On December 29, 2017, the National Executive Branch enacted Income Tax Law No. 27430. This law has introduced several changes to the previous income tax treatment. Some of the key changes involved in the reform include:

Income tax rate: The income tax rate for Argentine companies shall be gradually reduced from 35% to 30% for fiscal years commencing on January 1, 2018 until December 31, 2019, and to 25% for fiscal years commencing on, and including, January 1, 2020.

Tax on dividends: The law has introduced a tax on dividends or profits distributed by Argentine companies or permanent establishments, among others, to: individuals, undivided estates or foreign beneficiaries, subject to the following considerations: (i) dividends distributed out of the profits made during fiscal years commencing on January 1, 2018 until December 31, 2019 shall be subject to withholding at a 7% rate; and (ii) dividends distributed out of the profits made during fiscal years commencing on January 1, 2020 onwards shall be subject to withholding at a 13% rate.

Dividends distributed from profits earned until the fiscal year before that commenced on January 1, 2018 shall remain subject, in respect of all beneficiaries, to withholding at the 35% rate on the amount in excess of tax-free distributable accumulated profits (equalization tax transition period).

Adjusted deductions: Acquisitions or investments made in fiscal years commencing on January 1, 2018 will be adjusted on the basis of percentage changes in the Wholesale Domestic Price Index (IPIM) reported by the INDEC, which would result in an increase in the deductible depreciation and amortization expense and the tax basis in the event of a sale.

Law 27468 amended the transition regime set forth by Law 27430 for the application of the tax inflation adjustment set forth in Section 95 of the Income Tax Law, which establishes that said adjustment shall be effective for the fiscal years commencing on or after January 1, 2018. Furthermore, for the first, second and third fiscal years as from its effective date, the adjustment procedure shall apply in the event the CPI variation, calculated from the beginning to the end of each of fiscal year, exceeds fifty-five percent (55%), thirty percent (30%) and fifteen percent (15%), respectively. The positive or negative adjustment for inflation, as the case may be, to be calculated shall be charged as follows: one third in such fiscal period and the remaining two thirds, on an equal basis, in the two immediately following fiscal years. As of the date of these consolidated condensed interim financial statements, the Entity's Board of Directors has evaluated and considered that the parameters set forth by the Income Tax Law for the resumption of the

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

tax inflation adjustment will be met as of the end of the fiscal year, and accordingly, it has been considered in the determination of the tax result for the interim period, which recorded a tax loss. The deferral effect of the two thirds of the result for inflation adjustment, as defined in the tax law, has been recognized as a deferred tax asset.

Deferred tax assets and liabilities

The table below shows the changes in deferred tax assets and liabilities:

	Balance as of 12/31/2018	Balance charged to income / (loss)	Balance as of 09/30/2019
(In thousands of Ps.)			
Allowance for loan losses	396,481	86,273	482,754
Bank premises and equipment and asset held for sale	(779,522)	(403,295)	(1,182,817)
Foreign-currency valuation	(17,048)	(6,261)	(23,309)
Provisions	133,779	(8,330)	125,449
Other	3,259	4,862	8,121
Valuation of securities and shares	64,433	(212,664)	(148,231)
Tax inflation adjustment	-	280,981	280,981
Tax losses	245,957	535,374	781,331
Total deferred tax assets, net	47,339	276,940	324,279

As per the analysis performed by the Group, the assets detailed above meet the conditions to be considered recoverable and, accordingly, qualify for recognition.

11. NEGOTIABLE OBLIGATIONS ISSUED

The table below shows the Group's issues of simple, non-convertible negotiable obligations:

	Issue amount	Issue date	Maturity date	Annual interest rate	Book value	
					09/30/19	12/31/18
(In thousands)					(In thousands of Ps.)	
Banco Hipotecario (1)						
XXIX tranche I	US\$ 200,000	11/30/15	11/30/20	9.75%		
XXIX tranche II	US\$ 150,000	05/23/16	11/30/20	8.00%	16,638,914	12,780,205
XXXV	\$ 235,970	02/10/16	02/10/19	Badlar +4.99%	-	236,740
XXXIX	\$ 343,241	08/18/16	08/18/19	Badlar+ 3.49%	-	278,378
XL	\$ 6,078,320	10/12/16	01/11/20	Badlar +2.50%	1,408,467	4,456,505
XLII	\$ 645,638	02/20/17	02/20/20	Badlar +3.20%	271,732	653,818
XLIII	UVA 54,606	05/08/17	05/08/20	2.75%	2,179,824	1,638,423
XLV	\$ 102,436	05/08/17	05/08/20	Badlar +2.98%	37,627	61,288
XLVI	\$ 496,855	08/09/17	02/09/19	Badlar +4.25%	-	444,099
XLVII	US\$ 7,233	08/09/17	08/09/19	4.00%	-	236,447
XLVIII	\$ 6,300,000	11/07/17	11/07/22	Badlar +4.00%	3,224,042	6,426,759
XLIX	\$ 596,373	02/14/18	02/14/20	Badlar +3.60%	290,132	551,926
L	UVA 23,239	02/14/18	02/14/22	4.90%	877,608	660,263

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Series I	\$3,570,141	02/15/19	05/15/21	Badlar +6.15%	3,771,450	-
BACS (2)						
XI	\$ 201,000	11/10/16	11/10/19	Badlar + 4.00%	70,599	139,541
XIII	\$ 201,539	04/28/17	04/28/20	Badlar + 3.50%	178,206	176,274
XIV	\$ 227,886	09/25/17	03/25/19	Badlar + 4.75%	-	68,393
XV	US\$ 10,141	09/25/17	09/25/19	4.40%	-	383,391
XVI	\$ 500,000	02/08/18	08/08/19	Badlar + 3.68%	-	496,981
Series I	\$ 500,000	11/15/18	11/15/19	Badlar + 9.22%	473,412	533,855
Tarshop (3)						
II	\$ 67,360	09/07/16	03/07/19	Badlar + 4.99%	-	69,713
V	\$ 77,818	11/04/16	05/04/19	Badlar + 4.25%	-	84,115
VIII	\$ 53,237	01/24/17	07/24/19	Badlar + 4.69%	-	53,106
X	\$ 211,556	04/20/17	10/20/19	Badlar + 4.74%	225,677	233,839
XI	\$ 346,996	07/12/17	01/12/19	Badlar + 5.00%	-	372,399
XIII	\$ 250,000	11/10/17	05/10/19	Badlar + 6.50%	-	269,252
XV	\$ 354,911	03/28/18	09/28/19	Badlar + 4.75%	-	354,757
					29,647,690	31,660,467

- (1) The Bank uses the net proceeds of the placement of Negotiable Obligations for any of the purposes as set forth in Section 36 of the Negotiable Obligations Law, BCRA Communication "A" 3046, as amended and supplemented, and other applicable regulations.

The Ordinary General Shareholders' Meeting held on May 23, 2008 approved the creation of a new Global Program for the issuance of negotiable obligations, not convertible into shares, secured or unsecured, for up to two billion US dollars (US\$2,000,000,000) or an equal amount in Pesos, which was subsequently amended, extended and increased in several opportunities by subsequent Ordinary General Shareholders' Meetings and Board Resolutions. The current amount authorized to be issued under the Global Note Program is up to US\$ 1,500,000,000 (or its equivalent in Pesos).

The Program's Public Offering was authorized by Resolution No. 16,573 dated May 24, 2011, the increase of the Program amount was authorized by Resolution No. 17,805 dated September 9, 2015, the extension of the Program and the increase of its amount were authorized by Resolution No. 18,145 dated July 28, 2016 and a new increase of its amount was authorized by Resolution No. 18,493 dated February 2, 2017, all of them issued by the CNV.

- (2) On March 26, 2012, BACS' Ordinary General Shareholders' Meeting approved the creation of a Global Program for the issuance of simple negotiable obligations, non-convertible into shares, secured or unsecured, or secured by third parties, subordinated or unsubordinated, for an aggregate principal amount of up to US\$ 150,000,000 and the subsequent admission to the public offering of negotiable obligations. On January 23, 2014, the CNV authorized the public offering of BACS Banco de Crédito y Securitización S.A.'s negotiable obligations, by way of Resolution No. 17,271. On April 13, 2016, the General Shareholders' Meeting approved the extension of the Global Note Program from an aggregate principal amount of US\$ 150,000,000 to US\$ 300,000,000.
- (3) The Program was approved by Tarshop's Shareholders' Meeting held on April 11, 2016 for an aggregate amount of up to US\$ 400,000,000, amount which was then reduced by resolution of the Company's Board of Directors dated April 11, 2016 to US\$ 200,000,000 (or its equivalent in other currencies). Pursuant to the final merger agreement dated September 2, 2019 whereby the Bank and Tarshop were merged, Banco Hipotecario, as surviving company, assumed Tarshop's negotiable obligations as its own as from such date.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

12. COMMITMENTS AND CONTINGENCIES

Commitments

During the period ended September 30, 2019, the Group has not undertaken any capital commitment.

Contingencies

The Group's main contingencies are described in Note 23.6.

Provisions

It includes the estimated amounts to pay probable liabilities which, in case of occurrence, would generate a loss for the Group.

The Group recognizes the following provisions:

- For labor, civil and commercial lawsuits: These provisions are calculated on the basis of attorneys' reports about the status of the proceedings and the estimate about the potential losses the Group may sustain, as well as on the basis of past experience in proceedings of these kinds.
- For miscellaneous risks: These provisions are set up to address contingencies that may trigger obligations for the Group. In estimating the provision amounts, the Group evaluates the likelihood of realization taking into consideration the opinion of its legal and professional advisors. These include potential claims from tax authorities for various taxes, potential administrative penalties from supervisory entities, among others.
- Estimates related to pre-retirement plans for employees and related medical expenses are included as a provision for post-employment benefits.
- Note 23.6 includes, at the request of the BCRA, all administrative, disciplinary and criminal penalties with a lower court judgment or not, applied or initiated by the BCRA and the Financial Reporting Unit, regardless of whether they are probable, likely to occur or remote.

Based on the Management's estimate, it is probable that less than 50% of the amounts of provisions as of September 30, 2019 will have to be paid during the following 12 months.

The balances of provisions are due to:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Lawsuits	135,065	152,466
Post-retirement benefit plans	138,617	52,052
Taxes	44,572	48,284
Administrative, disciplinary and criminal sanctions	640	640
Other	53,766	53,434
Total Provisions	372,660	306,876

13. INTEREST AND ADJUSTMENTS INCOME / FEE AND COMMISSION INCOME

Interest and adjustment income	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Interest on cash and bank deposits	11,899	3,113	11,367	6,031

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Interest on loans to the financial sector	164	49,866	25,108	111,734
Interest on overdraft facilities	43,879	95,173	132,289	264,505
Interest on promissory notes	26,429	42,100	111,292	136,520
Interest on mortgage loans	165,172	134,592	472,218	402,876
Interest on consumer loans	918,697	876,479	2,590,482	2,440,127
Interest on pledge loans	10,913	21,768	39,009	69,767
Interest on credit card loans	1,931,420	1,787,553	5,588,452	4,942,928
Interest on financial leases	8,579	9,877	32,154	28,670
Interest on other loans	86,082	453,994	1,281,782	1,074,149
Interest on government and corporate securities	365,531	40,006	692,461	322,152
Income from CER, CVS, UVA and UVI adjustments	344,382	212,243	1,084,064	417,707
Other	272,814	22,223	482,500	74,289
Total	4,185,961	3,748,987	12,543,178	10,291,455

Fee and commission income	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Credit card commissions	1,080,502	752,252	3,101,244	2,002,010
Linked to liabilities	59,185	17,325	141,122	40,743
Linked to receivables	3,108	357,745	131,229	992,597
Other commissions	101,199	9,827	170,457	34,433
Total	1,243,994	1,137,149	3,544,052	3,069,783

14. INTEREST AND ADJUSTMENTS EXPENSE

Interest and adjustments expense	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Interest on checking accounts deposits	(264,139)	(367,092)	(315,956)	(740,155)
Interest on savings account deposits	(4,154)	(2,439)	(11,175)	(6,029)
Interest on time deposits	(1,551,625)	(873,043)	(4,389,661)	(2,095,047)
Interest on interfinancial loans received	(29,612)	(48,078)	(73,291)	(117,846)
Interest on other liabilities resulting from financial transactions	(796,578)	(1,734,205)	(5,147,776)	(4,585,859)
Expense for CER, CVS, UVA and UVI adjustments	(314,745)	(279,089)	(1,033,971)	(582,816)
Other	(65,148)	(46,573)	(78,596)	(109,350)
Total	(3,026,001)	(3,350,519)	(11,050,426)	(8,237,102)

15. OTHER OPERATING INCOME / (EXPENSES)

Other operating income	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Loan servicing	821,876	712,441	2,384,218	2,175,412
Borrowing transactions commissions	34,037	25,539	90,878	65,384
Income from services PRO.CRE.AR	81,963	85,212	255,195	232,110

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Penalty interest	82,432	45,488	235,707	114,977
Loans recovered	40,883	28,733	91,253	123,192
Reversal of allowances	1,095	1,417	98,561	166,676
Rentals	5,466	3,710	14,401	11,450
Measurement of investment property at fair value	1,217,244	-	1,692,760	-
Income from sale of non-financial assets	1,757	740	113,875	1,926
Other income	39,060	41,873	168,202	128,234
Total	2,325,813	945,153	5,145,050	3,019,361

Other operating expenses	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Turnover tax	(387,124)	(402,395)	(1,220,162)	(1,148,198)
Loan servicing	(264,015)	(289,642)	(855,925)	(629,823)
Deposit servicing	(47,400)	(24,418)	(104,073)	(66,345)
Other taxes	(62,300)	(43,348)	(170,571)	(132,362)
Debit and credit card rebates	(50,009)	(19,470)	(117,887)	(55,267)
Loan rebates	(31,832)	(7,108)	(122,632)	(16,417)
Contribution to the deposit guarantee trust	(13,597)	(11,471)	(39,064)	(31,074)
Interest on financial leases	(22,287)	-	(59,684)	-
Other provisions	(39,960)	(150,725)	(160,689)	(181,679)
Donations	(25,639)	(21,566)	(52,719)	(44,457)
Other expenses	(145,725)	(27,096)	(281,778)	(78,207)
Total	(1,089,888)	(997,239)	(3,185,184)	(2,383,829)

16. EXPENSES BY FUNCTION AND NATURE

The Group presented its statement of comprehensive income under the expenditure function method. Under this method, expenses are classified according to their function as part of the item "Administrative expenses."

The table below provides the required additional information about expenses by nature:

Administrative expenses	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Fees and compensation for services	(408,973)	(300,076)	(1,090,146)	(838,128)
Directors' and statutory auditors' fees	(42,131)	(56,304)	(166,319)	(163,226)
Advertising, promotion and research expenses	(88,512)	(112,086)	(300,526)	(300,160)
Taxes and duties	(70,864)	(64,330)	(207,580)	(160,863)
Maintenance and repairs	(70,019)	(70,066)	(202,401)	(196,877)
Electricity, gas and telephone services	(12,133)	(11,126)	(40,573)	(38,273)
Insurance	(17,664)	(67,605)	(79,307)	(175,341)
Entertainment and transportation expenses	(8,872)	(4,834)	(26,513)	(17,287)
Office supplies	(23,399)	(40,396)	(59,903)	(96,322)
Rentals	(3,511)	(5,960)	(20,056)	(16,203)
Miscellaneous	(153,271)	(102,071)	(332,735)	(283,431)

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 - F° 17

Total	(899,349)	(834,854)	(2,526,059)	(2,286,111)
--------------	------------------	------------------	--------------------	--------------------

17. EMPLOYEE BENEFITS

The table below shows a breakdown of items disclosed under Employee Benefits:

Employee benefits	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Salaries and social security charges	(867,889)	(729,709)	(2,541,625)	(2,056,573)
Severance payments and bonuses	(417,831)	(187,945)	(1,200,104)	(507,409)
Personnel expenses	(93,826)	(35,659)	(195,999)	(102,223)
Total	(1,379,546)	(953,313)	(3,937,728)	(2,666,205)

18. EARNINGS PER SHARE

Earnings per share are calculated by dividing income attributable to the Group's shareholders by the weighted average of outstanding common shares during the fiscal period. As the Group does not have preferred shares or debt convertible into shares, basic earnings are equal to diluted earnings per share.

	09/30/2019	09/30/2018
Income attributable to the group's shareholders	1,692,220	1,547,640
Weighted-average of common shares outstanding (thousand)	1,468,075	1,464,369
Earnings per share	1.153	1.057

19. SEGMENT REPORTING

The Group determines operating segments based on management reports that are reviewed by the Board of Directors and key management personnel and updated as they show changes.

The Group considers its business is comprised by its product and service offering; thus, it identifies operating segments as follows:

- Finance – Corresponds to the placement of the Group's liquidity according to the other segments' and its own needs and opportunities.
- Wholesale Banking – This segment encompasses corporate and financial advice, as well as asset management and loans to large customers. This segment also includes the operations of our subsidiary BACS.
- Retail Banking – It includes loans granted and other credit products, such as deposit taking from individuals. It also includes the operations of our subsidiary BHN Inversión.

The column "Adjustments" includes consolidation adjustments corresponding to transactions among Group members not including third parties and the non-controlling interest.

The results of operations of the Group's several operating segments are monitored separately in order to make decisions on resource allocation and the evaluation of each segment's performance. The performance of each operating segment is reviewed on the basis of operating income or loss and is measured consistently with the operating income and loss reported in the consolidated statement of

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

When any transaction occurs, the transfer pricing among operating segments is at arm's length similarly to transactions carried out with third parties. Income, expenses and income (losses) resulting from transfers among operating segments are then eliminated from consolidation.

The relevant segment reporting as of the indicated dates is as follows:

	September 30, 2019							
	Finance	Retail Banking		Wholesale Banking		Other	Adjustments	Consolidated
		Retail Banking	Insurance	BHSA	BACS			
	(In thousands of Ps.)							
Total assets	22,094,609	36,455,774	4,032,475	20,108,370	4,846,177	5,313,546	(5,854,704)	86,996,247
Total liabilities	(20,269,143)	(30,554,213)	(2,166,411)	(18,123,569)	(4,212,246)	(3,720,243)	3,603,225	(75,442,600)

	December 31, 2018							
	Finance	Retail Banking		Wholesale Banking		Other	Adjustments	Consolidated
		Retail Banking	Insurance	BHSA	BACS			
	(In thousands of Ps.)							
Total assets	24,915,139	41,721,167	2,678,102	15,146,179	3,633,882	4,916,152	(8,449,056)	84,561,565
Total liabilities	(21,581,671)	(36,149,560)	(1,129,220)	(13,394,838)	(3,103,623)	(4,741,419)	5,629,950	(74,470,381)

	September 30, 2019							
	Finance	Retail Banking		Wholesale Banking		Other	Adjustments	Consolidated
		Retail Banking	Insurance	BHSA	BACS			
	(In thousands of Ps.)							
Net interest income	(795,818)	2,168,954	362,003	(73,788)	(16,074)	(157,165)	4,640	1,492,752
Net fee and commission income	(150,950)	3,591,012	(333,502)	87,594	716	799	(125,883)	3,069,786
Net income from measurement of financial instruments at fair value through profit or loss	5,559,356	881,071	194,560	911,079	419,104	-	27,730	7,992,900
Gold and foreign currency quotation difference	(3,448,552)	(8,263)	77,110	-	5,958	-	-	(3,373,747)
Other operating income	1,712,788	1,050,453	2,137,246	69,760	141,170	163,390	(129,757)	5,145,050
Loan loss provision	-	(1,470,457)	(2,493)	(1,205,842)	(14,831)	-	(99,283)	(2,792,906)

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Total net operating income	2,876,824	6,212,770	2,434,924	(211,197)	536,043	7,024	(322,553)	11,533,835
Operating and administrative expenses	(595,774)	(7,215,304)	(1,002,612)	(875,307)	(426,599)	(15,515)	261,553	(9,869,558)
Income from associates and joint ventures	(22,583)	-	-	-	-	-	22,583	-
Income tax from continuing activities	(65,558)	338,358	(215,038)	-	(3,881)	-	-	53,881
Net income	2,192,909	(664,176)	1,217,274	(1,086,504)	105,563	(8,491)	(38,417)	1,718,158

	September 30, 2018							Consolidated
	Finance	Retail Banking		Wholesale Banking		Other	Adjustments	
		Retail Banking	Insurance	BHSA	BACS			
(In thousands of Ps.)								
Net interest income	(965,271)	2,430,846	100,639	442,429	80,996	(51,773)	16,487	2,054,353
Net fee and commission income	(206,268)	3,174,996	(291,773)	60,769	1,838	536	(207,654)	2,532,444
Net income from measurement of financial instruments at fair value through profit or loss	2,476,202	97,702	548,698	175,782	183,147	-	(37,169)	3,444,362
Gold and foreign currency quotation difference	(197,604)	(474)	85,906	-	17,301	-	-	(94,871)
Other operating income	57,041	802,382	1,872,270	69,235	143,105	86,564	(11,236)	3,019,361
Loan loss provision	262	(985,306)	(4,698)	(282,859)	(7,443)	-	-	(1,280,044)
Total net operating income	1,164,362	5,520,146	2,311,042	465,356	418,944	35,327	(239,572)	9,675,605
Operating and administrative expenses	(488,231)	(5,553,273)	(767,701)	(542,875)	(314,905)	(67,389)	230,492	(7,503,882)
Income from associates and joint ventures	(435)	-	-	-	-	-	435	-

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Income tax from continuing activities	(45,027)	(3,575)	(510,116)	-	(40,210)	-	-	(598,928)
Net income	630,669	(36,702)	1,033,225	(77,519)	63,829	(32,062)	(8,645)	1,572,795

Information on geographic areas:

The Group's operations are entirely conducted in Argentina.

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties are entities that, either directly or indirectly through other entities, control, are under common control with, or have significant influence on, another entity's financial or operating decisions.

The Group controls another entity when it has the power over that entity's financial and operating decisions and also has a share of profits of such entities.

In determining this situation, consideration is given to legal aspects, as well as to the nature and substance of the relationship.

The Bank has carried out transactions with related parties at arm's length.

Principal shareholders

The Bank's principal shareholders are:

Name	Class of shares	09/30/2019		12/31/2018	
		Votes %	Capital %	Votes %	Capital %
Fondo Federal de Infraestructura Regional Assistance Trust	A	22.86%	44.30%	22.86%	44.30%
Employee Stock Ownership Plan	B	1.96%	3.80%	1.96%	3.80%
Fondo Federal de Infraestructura Regional Assistance Trust	C	2.58%	5.00%	2.58%	5.00%
IRSA Inversiones y Representaciones S. A. (a)	D	46.30%	29.91%	46.30%	29.91%
ANSES	D	7.64%	4.94%	7.64%	4.94%
Treasury Shares	D	3.14%	2.03%	3.54%	2.30%
Shares in The Bank of New York	D	9.38%	6.06%	9.38%	6.06%
Other	D	6.14%	3.96%	5.74%	3.69%
		100.00%	100.00%	100.00%	100.00%

(a) IRSA Inversiones y Representaciones ("IRSA") owns these holdings directly and indirectly through the following subsidiaries: Tyrus S.A., Ritelco S.A., E-Commerce Latina S.A., Palermo Invest S.A., and Inversora Bolívar S.A.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Controlled entities / Subsidiaries

Below is a detail of the Group's related parties and the nature of the existing relationship with each of them:

Name	Nature	Percentage interest			
		09/30/2019		12/31/2018	
		Direct	Direct and indirect	Direct	Direct and indirect
BACS Banco de Crédito y Securitización S.A.	Control	62.28%	62.28%	62.28%	62.28%
BHN Sociedad de Inversión S.A.	Control	99.99%	100.00%	99.99%	100.00%
Tarshop S.A.U. (see note 24)	Control	-	-	80.00%	80.00%
BH Valores S.A.(see note 24)	Control	-	-	95.00%	100.00%
CHA Financial Trusts Series VI to XIV	Control	100.00%	100.00%	100.00%	100.00%

All subsidiaries are located in Argentina.

Directors' Fees

According to Law No. 19,550, the fees payable to the Board of Directors, if not established in an entity's by-laws, should be set by the Shareholders' Meeting. The Bank's by-laws provide that total fees payable to directors will be limited to five per cent (5 %) of after-tax profits for the fiscal year at issue when no cash dividends are distributed for whatsoever reason, and will be increased on a proportional basis to cash dividends, if available, until reaching fifteen per cent (15 %) of taxable income.

Some of the Group's directors were hired under Employment Contract Law No. 20,744. This law sets forth certain employment conditions, including, without limitation, salaries, income protection, working hours, vacations, paid leaves, minimum age requirements, workers' protection, and manners to suspend or terminate employment contracts. The fees payable every year to directors are determined in accordance with Law No. 19,550, taking into account whether directors perform technical-administrative duties and based on the profits made during the year. Once the fees payable to directors are determined, they are submitted to the Shareholders' Meeting for approval.

Compensation payable to the Key Management Personnel

The members of our senior management are designated and removed by the Board of Directors and perform their duties following the instructions delivered by the Board.

As compensation for their duties, our Key Management Personnel earn a fixed amount determined by reference to their background, skills and experience, and a variable bonus which is paid on an annual basis and is tied to individual performance and the Group's results of operations.

As of September 30, 2019, the Bank's key personnel is comprised of a general manager and eleven area managers.

Corporate Services Contracts

In the light of the fact that subsidiaries have operating areas that share certain common characteristics, the Bank implemented alternatives to cut certain fixed costs inherent to its business streamlining the

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

individual efficiencies of each of the companies in the several areas comprising operating management.

Costs and rewards of corporate services agreements are allocated on the basis of operating efficiencies and equity, without pursuing individual profits for each of the companies.

Below is a detail of the services areas included in the corporate services agreements:

Entity	Services area
BACS	Human resources, financial services, IT services, procurement and contracting, accounts payable, overall secretarial, legal advice services and exclusive use by BACS of a space within the Bank's Vault.
BHN Vida y BHN Seguros Generales (a)	Human resources; procurement and contracting; maintenance; internal audit; asset management; general services; accounts payable; overall secretarial services; legal advice and supervision; supply, maintenance and administration of communication and IT items; SAP maintenance, and sale of insurance policies through call centers. Furthermore, the companies provided insurance-related services to the Bank, including operating, claim-processing, and system-related services until July 2, 2018.

(a) Controlled by BHN Sociedad de Inversión.

Rental of Offices

BACS, BHN Sociedad de Inversión S.A., BHN Seguros Generales S.A. and BHN Vida S.A. lease offices owned by IRSA Propiedades Comerciales S.A. ("IRSA CP"), the main subsidiary of IRSA Inversiones y Representaciones S.A. at several buildings. The agreements provide for terms and conditions and prices similar to those agreed upon with third parties.

Legal Services

The Group retains the legal services of Estudio Zang, Bergel & Viñes. Saúl Zang is a partner to such law firm and is also a member of the Board of the Bank's subsidiaries.

Trading of Financial Assets

Idle funds are usually placed in several instruments, including those issued by related companies, which are purchased at the time of issuance or from independent third parties in the secondary market.

Financial Transactions

In the ordinary course of business, the Bank enters into certain related party credit facility agreements. The interest rate on these facilities is determined at arm's length.

In addition, BHSA and BACS usually act as placement agents in certain related parties' transactions carried out in the capital market.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Below is a detail of the most significant balances and transactions with related parties as of September 30, 2019:

Related Party	ASSETS					
	Debt securities at fair value through profit or loss	Other debt securities	Investments in equity instruments	Loans and other financing arrangements	Other financial assets	Other non-financial assets
	(In thousands of Ps.)					
BACS	-	-	-	289,046	12,235	-
BHN Inversión	-	-	-	21,839	825,670	-
Financial Trusts CHA IX to XIV	43,861	-	-	2,853	-	-
Total subsidiaries	43,861	-	-	313,738	837,905	-
IRSA (Includes subsidiaries)	-	128,262	18,693	-	1,406	-
Total shareholders	-	128,262	18,693	-	1,406	-
Directors and statutory auditors	-	-	-	-	-	118,145
Total other	-	-	-	-	-	118,145
Total	43,861	128,262	18,693	313,738	839,311	118,145

Related Party	LIABILITIES			
	Deposits	Derivative instruments	Negotiable obligations issued	Other financial liabilities
	(In thousands of Ps.)			
BACS	26,028	-	-	-
BHN Inversión	164,061	-	182,423	52,624
Financial Trusts CHA IX to XIV	3,854	1,979,544	-	-
Total subsidiaries	193,943	1,979,544	182,423	52,624
Zang Bergel y Viñes Law Firm	-	-	-	811
Directors and statutory auditors	-	-	-	169,245
Total other	-	-	-	170,056
Total	193,943	1,979,544	182,423	222,680

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Related Party	Interest income	Interest expense	Fee and commission income	Net income from measurement of financial instruments at fair value through profit or loss	Other operating income	Employee benefits	Administrative expenses
	(In thousands of Ps.)						
BACS	1,961	3,406	-	-	601	-	-
BHN Inversión	-	50,128	249,300	-	3,638	-	-
Financial Trusts CHA IX to XIV	10,506	26,426	-	18,601	-	-	-
Total subsidiaries	12,467	79,960	249,300	18,601	4,239	-	-
IRSA (Includes subsidiaries)	1,274	-	-	-	-	-	30,525
Total Shareholders	1,274	-	-	-	-	-	30,525
Zang, Bergel y Viñes Law Firm	-	-	-	-	-	-	3,837
Directors and statutory auditors	-	-	-	-	-	-	166,319
Key management personnel	-	-	-	-	-	443,880	-
Total other	-	-	-	-	-	443,880	170,156
Total	13,741	79,960	249,300	18,601	4,239	443,880	200,681

Below is a detail of the most significant balances and transactions with related parties as of December 31, 2018:

Related Party	ASSETS					
	Derivative instruments	Other debt securities	Investments in equity instruments	Loans and other financing arrangements	Other financial assets	Other non-financial assets
(In thousands of Ps.)						
BACS	-	-	-	1,264	2,769	-
BHN Inversión	-	-	-	-	42,014	-
Financial Trusts CHA IX to XIV	1,360,536	-	-	-	-	-
Total subsidiaries	1,360,536	-	-	1,264	44,783	-
IRSA (Includes subsidiaries)	-	40,313	18,685	-	3,034	-
Total shareholders	-	40,313	18,685	-	3,034	-
Directors and statutory auditors	-	-	-	-	-	95,428
Total other	-	-	-	-	-	95,428
Total	1,360,536	40,313	18,685	1,264	47,817	95,428

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Related Party	LIABILITIES		
	Deposits	Negotiable obligations issued	Other financial liabilities
BACS	96,333	-	-
BHN Inversión	202,966	103,778	-
Financial Trusts CHA IX to XIV	4,242	-	-
Total subsidiaries	303,541	103,778	-
IRSA (Includes subsidiaries)	-	-	1
Total shareholders	-	-	1
Zang Bergel y Viñes Law Firm	-	-	1
Directors and statutory auditors	-	-	225,596
Total other	-	-	225,597
Total	303,541	103,778	225,598

Below is a detail of the most significant balances and transactions with related parties as of September 30, 2018:

Related Party	Interest income	Interest expense	Fee and commission income	Employee benefits	Administrative expenses
	(In thousands of Ps.)				
BACS	2,184	-	762	-	-
BHN Inversión	-	10,761	214,571	-	1,533
Total subsidiaries	2,184	10,761	215,333	-	1,533
IRSA (Include subsidiaries)	656	-	-	-	23,595
Total Shareholders	656	-	-	-	23,595
Zang Bergel y Viñes Law Firm	-	-	-	-	1,998
Directors and statutory auditors	-	-	-	-	163,226
Key management personnel	-	-	-	337,614	-
Total other	-	-	-	337,614	165,224
Total	2,840	10,761	215,333	337,614	190,352

21. FINANCIAL RISK FACTORS

These consolidated condensed interim financial statements do not include all the information and disclosures on financial risk management, therefore, they should be read jointly with Note 30 to the consolidated financial statements as of December 31, 2018. No changes have occurred in management or in the risk management policies applied by the Group after fiscal year-end.

22. CAPITAL MANAGEMENT

The Bank's capital management goals are:

- Fulfilling the requirements established by the BCRA in its Communication "A" 6260, as amended;
- Supporting the Bank's operations to prevent any situation that may endanger them.

As of December 31, 2018, the Bank's total capital under management and subject to regulation amounted to 1,500,000 (see Note 19 to the consolidated financial statements as of such date).

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

According to the BCRA's guidelines, financial institutions are required to maintain certain capital ratios to mitigate the associated risks. The Bank has met the minimum capital requirement determined in accordance with the BCRA's rules.

Regulatory Capital (*Responsabilidad Patrimonial Computable*) is comprised by Core Capital and Supplementary Capital. The table below shows a breakdown of the respective balances:

	12/31/2018
	(In thousands of Ps.)
Core Capital	
Tier 1 Ordinary Capital	9,791,707
(Deductible items)	(1,182,054)
Tier 1 Additional Capital	15,681
Supplementary Capital	
Tier 2 Capital	418,832
(Deductible items)	-
Regulatory Capital (<i>Responsabilidad Patrimonial Computable</i>)	9,044,166

Below is a detail of the determined capital requirement:

	12/31/2018
	(In thousands of Ps.)
Credit risk	4,153,045
Market risk	420,234
Operational risk	1,238,127
Core requirement	5,811,406
Payment	9,044,166
Surplus / (Deficit)	3,232,760

23. NOTES REQUIRED BY THE ARGENTINE CENTRAL BANK

23.1 Deposit Guarantee Insurance System

Law 24485 and Decrees 540/95 created the Deposit Insurance System for the purpose of providing coverage for bank deposits in addition to the privileges and protection system provided for under the Financial Entities Law. Through Communication "A" 5943, the authority established that as from May 1, 2016, the cap for deposit insurance is 450 thousand pesos until February 28, 2019. As from March 1, 2019, the cap increased to 1,000 thousand pesos through Communication "A" 6654.

Deposits denominated in Pesos and in foreign currency are guaranteed for up to Ps. 1,000 thousand. In the case of transactions in the name of two or more individuals, the guarantee will be apportioned among them. In any case, the total guarantee per individual and per deposit may not exceed Ps. 1,000 thousand, regardless of the number of accounts and/or deposits. Time deposits taken at a rate higher than the reference rate according to the limits set forth by the Argentine Central Bank, time deposits acquired through endorsement, and time deposits made by persons related to the Bank are excluded.

In addition, through Communication "A" 6435, effective January 20, 2018, the BCRA provided for the exclusion of sight deposits with interest rates above reference rates and term deposits and investments with

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

rates that are 1.3 times higher than the reference rate. Time deposits and fixed-term investments will also be excluded when these limits on interest rates are distorted by additional incentives or yields.

The contribution that entities shall make on a monthly basis to the Fund is 0.015% over the monthly average of deposits involved. In addition to the normal deposit, entities shall make an additional contribution according to the result obtained from weighting several factors.

It is also established that the Argentine Central Bank may require an advance payment of an amount equivalent to 24 minimum standard contributions within at least 30 calendar days to meet the Fund's needs for resources.

23.2 Restricted assets

Below is a detail of the restricted assets as of each indicated date:

	09/30/2019	12/31/2018
	(In thousands of pesos)	
Banco Hipotecario		
BCRA special guarantee accounts related to electronic clearing agencies	884,615	537,232
Cash, government securities and instruments issued by the Argentine Central Bank as collateral for OTC ROFEX transactions	1,042,172	768,874
Government securities and instruments issued by the Argentine Central Bank as collateral for MAE transactions	26,631	39,017
Cash and deposits in escrow as collateral for Visa credit card transactions	480,000	505,930
Cash and deposits in escrow as collateral for offices and stores leases	1,889	2,565
Cash and deposits in escrow for attachments	1,060	-
Cash and deposits in escrow as collateral for Red Link losses	2,622	2,083
Pledge over collection rights under the Series XCIX Tarjeta Shopping financial trust as loan collateral	-	32,202
Funds for contingencies, expenses and other miscellaneous receivables from the financial trusts	-	149,557
Time deposits pledged as collateral for tax liabilities from certain trust series	-	9,197
Loans held in trust as collateral for overdraft facilities	-	79,000
	2,438,989	2,125,657
BACS		
Instruments issued by the Argentine Central Bank, government securities and Pesos as collateral for OTC ROFEX transactions	75,438	62,159
Securities pledged for repo transactions	2,368,392	176,347
	2,443,830	238,506
Total	4,882,819	2,364,163

As of such dates, BHN Sociedad de Inversión S.A. did not have restricted assets.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

23.3. Fiduciary activities

The Entity acts as trustee, trustor or administrator in the following trusts:

Role as Trustee:

PROGRAMA CRÉDITO ARGENTINO DEL BICENTENARIO PARA LA VIVIENDA ÚNICA Y FAMILIAR (Pro.Cre.Ar.)

On June 12, 2012, the Argentine Executive Branch issued Decree No. 902 whereby it ordered the creation of a Public Fiduciary Fund referred to as *Programa Crédito Argentino del Bicentenario para la Vivienda Única Familiar* (Argentine Single Family Housing Program for the Bicentennial) (Pro.Cre.Ar.). On that same date, the Bank's Board of Directors approved the Bank's role as trustee of the referred fund.

On July 18, 2012, the Argentine Government, as Trustor, and Banco Hipotecario S.A. as Trustee, created the "PROCLEAR" Administrative and Financial Trust, and its underlying assets were transferred to it as trust property.

The Trust's sole and irrevocable purpose is as follows: (i) to manage the trust assets with the aim of facilitating the population's access to housing and the generation of job opportunities as economic and social development policies, in compliance with the principles and objectives set forth in Decree No. 902; (ii) the use by the Trustee of the net proceeds from the placement of the Trust Bonds (*Valores Representativos de Deuda* or VRDs) and cash contributions by the Argentine Government to originate loans for the construction of houses in accordance with the provisions of Decree No. 902 and the credit lines; and (iii) the repayment of the VRDs in accordance with the terms of the agreement that creates the Trust and the provisions of the Trust Law.

The Trust shall be in effect for a term of thirty (30) years as from the date of execution of the agreement (July 18, 2012).

In addition to the obligations imposed on it under the Trust Law and the Commercial Code, the Trustee is required to:

- Perform the obligations set forth in the Trust Agreement and follow the instructions imparted on it by the Executive Committee;
- Carry out its duties as Trustee with the loyalty, diligence and prudence of a good businessman acting on the basis of the trust placed on such Trustee;
- Exercise the powers granted to it under the Agreement, and preserve the Trust Assets;
- Use the Trust Assets for lawful purposes, in accordance with the provisions of the Agreement and following the Executive Committee's instructions;
- Identify the Trust Property and record it in a separate accounting system, segregated from its own assets or the assets of other trusts held by it at present or in the future in the course of its business;
- Prepare the Trust's financial statements, hire the relevant audit firms and comply with the applicable disclosure regulations;
- Ensure the Trust Assets against risks that could affect their integrity;
- Invest or reinvest the Trust's funds in accordance with the provisions of the Agreement and following the instructions imparted by the Executive Committee.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

As of September 30, 2019, the Trust's financial position, not restated in constant currency, was as follows:

- Assets: Ps. 91,749,391 thousand.
- Liabilities: Ps. 43,859,452 thousand.
- Shareholders' Equity: Ps. 47,889,939 thousand.

As of September 30, 2019, the PRO.CRE.AR Administrative and Financial trust portfolio was composed of 118,620 mortgage loans for the construction of permanent, single family houses and 191,228 consumer loans. The amount disbursed for construction as of such date was Ps. 52,525,751 thousand and Ps. 8,517,115 thousand, respectively. The committed amounts pending disbursement total Ps. 31,704 thousand.

The conditions of these loans vary based on the family income segment involved.

Role as Trustor

GLOBAL MULTI-ASSET MORTGAGE TRUST SECURITIES PROGRAM

"CHA UVA Series I Financial Trust" is a financial trust created pursuant to the Indenture dated April 23, 2018 entered into by the Bank, in its capacity as trustor and TMF Trust Company (Argentina) S.A., in its capacity as trustee. Upon the transfer of the mortgage loans to the trustee, the trustee issues the corresponding debt securities and certificates of participation and settles the amount of the loans transferred by the Bank, out of the proceeds from the issuance. The assets held in trust are separate from the trustee's and the trustor's assets. The following is the single series outstanding under the program as of September 30, 2019:

	Debt securities Class A	Debt securities Class B	Certificates of Participation	Total
CHA UVA Series I - Issued on April 23, 2018				
Face value in thousands of UVA	8,645	5,763	4,802	19,210

GLOBAL TRUST SECURITIES PROGRAM, "CÉDULAS HIPOTECARIAS ARGENTINAS"

The Bank has entered into several financial trust agreements pursuant to which, as trustor, transfers the fiduciary ownership of mortgage loans within its loan portfolio to several financial institutions, as trustee. Once the mortgage loans have been transferred to the trustee, it proceeds to issue the respective debt securities and participation certificates and to settle the amount of the loans assigned by the Bank out of the net proceeds from the placement. The trust property is separate from the trustor's and trustee's assets.

The trustee is liable to manage the trust funds previously created in accordance with the specifications of the trust agreement.

In 2004, the Bank created a Global Trust Securities Program, "CÉDULAS HIPOTECARIAS ARGENTINAS" for the securitization of individual mortgage loans for the financing of housing units for a face value of up to Ps. 500,000,000, which was authorized by CNV Technical Pronouncement No. 14814 dated June 3, 2004.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

As of September 30, 2019, fourteen series of Argentine Mortgage Bonds Financial Trusts (CHA) were created, of which eight series fell under the scope of the referred Program, and the other six series were individual issues. As of the closing date of these consolidated condensed interim financial statements, the following series were outstanding:

	Debt securities Class A1/AV	Debt securities Class A2/AF	Debt securities Class B	Participation certificates	Total
CHA IX Issued on 08.28.2009					
Face value in thousands of Ps.	192,509			10,132	202,641
Declared maturity date	02.07.2027			07.07.2027	
CHA X Issued on 08.28.2009					
Face value in thousands of Ps.				17,224	17,224
Face value in thousands of US\$	85,001				85,001
Declared maturity date	01.07.2027			06.07.2028	
CHA XI Issued on 12.21.2009					
Face value in thousands of Ps.	204,250			10,750	215,000
Declared maturity date	03.10.2024			10.10.2024	
CHA XII Issued on 07.21.2010					
Face value in thousands of Ps.	259,932			13,680	273,612
Declared maturity date	11.10.2028			02.10.2029	
CHA XIII Issued on 12.02.2010					
Face value in thousands of Ps.	110,299			5,805	116,104
Declared maturity date	12.10.2029			04.10.2030	
CHA XIV Issued on 03.18.2011					
Face value in thousands of Ps.	119,876			6,309	126,185
Declared maturity date	05.10.2030			08.10.2030	

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

In these trust funds, BACS acted as Arranger and currently acts as General Administrator.

TARSHOP GLOBAL TRUST SECURITIES PROGRAM

The Board of Directors of Tarshop, at the meeting held on April 13, 2009, authorized the creation of a portfolio securitization program ("Programa Global de Valores Fiduciarios Tarshop"). This trust program for the issuance of participation certificates and trust debt securities was developed in accordance with Law No. 24,441 and approved by the CNV through Resolution No. 16,134 dated June 4, 2009, with Banco de Valores S.A. acting as Trustee of Tarjeta Shopping Financial Trusts.

This program is applicable to Financial Trust Tarjeta Shopping Series LI onwards. Commencing upon Financial Trust Tarjeta Shopping Series LX onwards, only trust debt securities are issued in accordance with Law No. 24,441, while the excess of trust receivables over the principal amount of trust debt securities is regarded as over-subscription, and will not be released until the settlement of such securities.

Under the aforementioned securitization programs, Tarshop transferred receivables from credit card consumptions and cash advances to the Financial Trusts Tarjeta Shopping, which in turn issued trust debt securities for public and private investors.

These trusts may issue two types of certificates representing undivided interests therein: trust debt securities ("VDF") and participation certificates ("CP"), the latter of them having been issued up to, and including, Financial Trust Tarjeta Shopping Series LIX. CPs are subordinated securities entitling holders to a proportional interest in cash flows from trade receivables, following the repayment of principal and interest in respect of VDFs, and other fees and expenses.

VDF holders receive periodical payments of principal and interest during the life of the security. The proceeds from the underlying assets are used by the Trust to acquire trade receivables for additional sales during the "revolving" period for series issued under this modality. Upon termination of the "revolving" period, the trust is settled, at which time: (i) no other assets are acquired, (ii) all cash proceeds are used for the service of principal and interest on the remaining VDFs and other expenses, and (iii) the remaining proceeds are used to service principal and interest on CPs, where applicable.

As of September 30, 2019, all financial trusts issued under the program have been settled.

FINANCIAL TRUSTS TARSHOP PRIVADOS

As from 2015, private financial trusts were created pursuant to the terms of Volume Three, Title IV, Chapter 30 of the Argentine Civil and Commercial Code. Tarshop has transferred receivables from credit card consumptions, cash advances and consumer loans. As of December 31, 2018, financial trusts Tarjeta Shopping Privado III, Tarjeta Shopping Privado IV, Tarjeta Shopping Privado V and Tarjeta Shopping Privado VI were in force. As of September 30, 2019, all the financial trusts have been settled.

Role as Administrator

CHA UVA SERIES 1 FINANCIAL TRUST

"CHA UVA Series I Financial Trust" is a financial trust created pursuant to the Indenture dated April 23, 2018 entered into by the Bank, in its capacity as trustor, manager and custody agent and TMF Trust Company (Argentina) S.A., in its capacity as trustee. Furthermore, BACS acts as alternate manager.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

TARSHOP GLOBAL TRUST SECURITIES PROGRAM

Tarshop acted as administrator of the trusts included in its portfolio securitization program ("*Programa Global de Valores Fiduciarios Tarshop*"), apart from having acted as trustor of such trust. As of September 30, 2019, all the trusts have been settled.

FINANCIAL TRUSTS TARSHOP PRIVADOS

Tarshop was the administrator of the private financial trusts issued under the terms of Book III, Title IV, Chapter 30 of the Argentine Civil and Commercial Code, apart from being trustor of such trusts.

As of September 30, 2019, all the financial trusts have been settled.

FINANCIAL TRUST ADMINISTRATION

BACS is the general administrator of the trust funds BACS Funding I, Cédulas Hipotecarias Argentinas (CHA) Series IX, X, XI, XII, XIII, XIV, and Red Mutual 45 to 54 trust fund.

23.4. Compliance with the regulations required by the Argentine Securities Commission**Duty to retain documentation**

On August 14, 2014, through its General Resolution No. 629, the Argentine Securities Commission ("CNV") imposed a duty to detail in a Note to the Financial Statements, the address and identity of the person responsible for the warehouse accommodating the supporting documentation for issuers' accounting transactions and management.

To comply with the duty described in the preceding paragraph, Banco Hipotecario S.A. reports that the documentation retained in an off-site location is at the warehouses of the company Bank S.A. located in Carlos Pellegrini 1401 (Avellaneda).

Capital Markets LawBanco Hipotecario

According to the Capital Markets Law No. 26,831 and the regulations handed down by the CNV, the Bank is registered as: (i) Financial Trustee No. 57, (ii) Settlement and Clearing Agent and Comprehensive Trading Agent No. 40, and (iii) Mutual Fund Placement and Distribution Agent No. 12. In turn, in its capacity as Settlement and Clearing Agent and Comprehensive Trading Agent, the Bank is registered with the following markets authorized by the CNV: (i) Bolsas y Mercados Argentinos S.A. (BYMA), (ii) Mercado Abierto Electrónico S.A. (MAE), and (iii) ROFEX S.A.

On May 11, 2018, the Productive Financing Law No. 27,440 was published in the Official Gazette, amending several other laws, including the Capital Markets Law No. 26,831, as regulated by Decree No. 1023/2013. Therefore, the CNV enacted General Resolution No. 731, expected to come into force since October 1, 2018. Such Resolution provides for a comprehensive amendment to the rules and regulations applicable to Agents set out under General Resolution No. 622/2013.

According to Section 13 of such Resolution, Settlement and Clearing Agents and Comprehensive Trading Agents are required to permanently maintain a minimum shareholders' equity amount of Pesos eighteen million (Ps. 18,000,000) as reflected in their annual and interim financial statements covering nine-month periods. In this sense, it is reported that Banco Hipotecario's minimum shareholders' equity composed as required by the rules issued by the Argentine Central Bank exceeds the minimum amount required under such resolution. On the other hand, the Bank's equity was duly paid in as of September 30, 2019.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

On the other hand, Section 15 of General Resolution No. 731 handed down by the CNV sets forth that no less than fifty percent (50%) of the minimum shareholders' equity amount shall fulfill the requirements of Schedule I, Title VI of the CNV's regulations. In turn, such schedule sets forth the requirements applicable to the liquid balancing account in the Mandatory Guarantee Fund set forth in Section 45 of Law No. 26,831 and in the Guarantee Fund for Customers' Claims. Accordingly, the liquid balancing account is identified – through BONAR 2024 government security – Government Bond carried at fair market value, as per the following detail:

Date	Amount Ps. as per CNV Matrix	Government security	Kind CV	Amount	Listing	Valuation
09/30/2019	9,000,000	AY24	5458	1,000,000	24,21	24,210,000

BACS

Pursuant to CNV's Resolution No. 17,338 dated April 24, 2014, BACS, Banco de Crédito y Securitización S.A., was registered with the Registry of Financial Trustees prescribed by Sections 6 and 7 of Chapter IV, Title V of the Rules, under No. 55. and, on September 19, 2014, CNV communicated to BACS that, in its capacity as Settlement and Clearing Agent - Comprehensive and Trading Agent, the Bank has been assigned License No. 25. It must be noted that BACS' minimum shareholders' equity as of fiscal period-end.

In addition, as Settlement and Clearing Agent and Trading Agent- Comprehensive, the Company has been entered in the Registry of Agents kept by Merval under No. 179, following the resolution adopted by Merval's Board of Directors at its meeting dated November 19, 2014. The Company was permitted to operate on April 17, 2015 pursuant to Merval Communication No. 15,739 and was admitted as member of ROFEX (Mercado a Término de Rosario S.A. and Argentina Clearing S.A.), Communication No. 628.

Through Resolution No. 18,381 issued by the CNV on November 24, 2016, BACS was registered in the Registry of Custody Agents of products of Collective Investment of Mutual Funds under No. 247 under the terms of Section 14 of Law 24,083 and Section 11 of Chapter I, Volume V of the CNV Rules.

23.5. Accounts that identify the compliance of the minimum cash requirements

Below is a detail of the items computed by the Bank to comply with the minimum cash requirements (according to regulations established by Argentine Central Bank on the matter) and the corresponding average balances as of September 30, 2019:

	Currency/ Security				Cap.
	Pesos	Dollar	Euro	BONAR in USD 2024	Treasury Bill \$ due 08/30/19
	(Figures in thousands in the relevant currency)				
Checking accounts at BCRA	1,848,324	50,564	95	-	-
Special accounts at BCRA	799,972	1,268	-	-	-
Payment with BOTE 2020	989,463	-	-	-	-
Payment with Leliq	2,632,589	-	-	-	-
CRYL account (*)	-	-	-	1,950	5,793

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Total paid-in	6,270,348	51,832	95	1,950	5,793
Total requirement	6,668,249	42,127	-	1,941	5,008
Required deduction ("Ahora 12" – MiPyme Plan)	381,697	-	-	-	-
Required carry forward to the following month	16,204	-	-	-	-
Required payment of previous month	-	-	-	-	784
Monthly Position	-	9,705	95	9	1

(1) The values for Bills/Securities in Ps. may correspond to the same species and/or Bote 2020 and/or Leliq up to the percentage permitted under the laws and regulations in force.

23.6. Penalties imposed on the Bank and summary proceedings initiated by the Argentine Central Bank and other regulatory authorities

I – Summary proceedings before administrative authorities:

1. On August 30, 2019, the Bank was notified of Resolution No. 250/2019, whereby the Superintendent of Financial and Exchange Institutions had resolved to file summary proceedings in financial matters against Banco Hipotecario S.A. and Messrs. Eduardo Sergio Elsztain, Mario Blejer, Saúl Zang, Fernando Recalde, Ernesto Manuel Viñes, Carlos Bernardo Písula, Jacobo Julio Dreizzen, Mauricio Elías Wior, Adolfo Gregorio Reznik, Martín Juan Lanfranco, Juan Rubén Jure, Francisco Guillermo Susmel, Pablo Daniel Vergara Del Carril, Nora Edith Zylberlicht, Ricardo Flammini, Francisco Daniel Gonzalez, José Daniel Abelovich, Marcelo Héctor Fuxman, Gabriel Andrés Carretero, Manuel Juan Luciano Herrera Grazioli, Mariano Cané de Estrada, Lorena Cecilia Morchón and Ana María Lemmi, for considering *prima facie* that profits would have been allocated while not having reached the additional capital margins required under the applicable laws and without having secured the prior consent of the Superintendency of Financial and Exchange Institutions, in violation of the provisions of Section 4.1., Communication "A" 5827 and 6.3, Communication "A" 6464.

On September 13, 2019, the Bank filed defenses with the BCRA, along with documentary and IT expert evidence, the latter in the event the emails offered as documentary evidence were dismissed.

On September 17, 2019, the BCRA demanded the defendants to report their actual domiciles and to produce a copy of their identity documents. This demand was complied with on September 19, 2019.

To date, provided that it is unnecessary to produce the IT expert evidence, the following step will be the rendering of a final decision by the Superintendent of Financial and Exchange Institutions.

2. On November 25, 2014, the Financial Information Unit (UIF) notified Tarshop S.A.U. of the commencement of summary proceedings identified under Resolution No. 234/14, on grounds of potential formal violations arising from the alleged breach of Section 21, a) of Law No. 25,246 and Resolutions UIF No. 27/11 and 2/12. Accordingly, the Company (Tarshop S.A.U.), its Compliance Officer (Mauricio Elías Wior) and the then Directors (Eduardo Sergio Elsztain, Saúl Zang, Marcelo Gustavo Cufre and Fernando Sergio Rubín) were summoned to file defenses. In the legal counsel's opinion, at the current stage of the proceedings and based on the precedents existing at the UIF in connection with similar cases, it is estimated that there are chances of imposing an administrative penalty. Accordingly, the Bank has booked

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

an allowance for Ps. 360 thousand in fiscal year ended December 31, 2016. On May 4, 2018, the Company was notified that the UIF has imposed a lower penalty, which will be appealed before the relevant appellate body. As of September 2, 2019, the date of the merger between Tarshop and Banco Hipotecario (see note 24), all the assets, rights and obligations of Tarshop were transferred to the Bank in its capacity as merging or surviving company; therefore, it is continuing party to these summary proceedings. Since September 17, 2019, the case has been awaiting judgment by Room V of the National Court of Appeals with Federal Jurisdiction over Contentious and Administrative Matters.

II – Summary proceedings pending court decision.

1. On October 31, 2014, the Bank was notified of Resolution No. 685 dated October 29, 2014 handed down by the Superintendent of Financial and Foreign Exchange Institutions in the summary proceedings in financial matters No. 1320 whereby the Bank and its authorities had been charged, on the one hand, with alleged violations to the rules governing financial aid to the Non-Financial Public Sector, excess over the limits of fractioned exposure to credit risk from the non-financial public sector, excess in the allocation of assets pledged as collateral, failure to satisfy minimum capital requirements, and objections against the accounting treatment afforded to the “Cer Swap Linked to PG08 and External Debt” transaction and, on the other hand, with delays in communicating the appointment of new directors and tardiness in the provision of documentation associated with the directors recently elected by the shareholders’ meetings.

Resolution No. 685 then fined Banco Hipotecario S.A. with Ps. 4,040 thousand and also fined its directors (Eduardo S. Elsztain; Jacobo J. Dreizzen; Carlos B. Písula; Edgardo L. Fornero; Gabriel G. Reznik; Pablo D. Vergara del Carril; Ernesto M. Viñes; Saul Zang; Mauricio E. Wior), former directors (Clarisa D. Lifsch de Estol; Federico L. Bensadón; Jorge L. March and Jaime A. Grinberg), statutory auditors (Messrs. Ricardo Flammini; José D. Abelovich; Marcelo H. Fuxman; Alfredo H. Groppo; and Martín E. Scotto), the Area Manager Gustavo D. Efkharian and former managers (Gabriel G. Saidón and Enrique L. Benitez) for an aggregate amount of Ps. 51,582 thousand. Under this decision, former Statutory Auditor Ms. Silvana M. Gentile was acquitted.

On November 25, 2014, Banco Hipotecario and the other individuals affected by the adverse decision lodged an appeal under Section 42 of the Financial Institutions Law, that was sent by the Argentine Central Bank to the National Appellate Court with Federal Jurisdiction over Contentious and Administrative Matters. Therefore, at present the case is being heard by Panel I of such Appellate Court. Moreover, on December 30, 2014, the Bank and the individuals against whom sanctions were imposed requested the levying of separate injunctions by such court against the enforcements pursued by the Argentine Central Bank for collection of the fines.

Upon being notified of the resolution handed down on June 30, 2016 by the Appellate Court that denied the motion for injunction filed by the Bank and by the directors, managers and some of the statutory auditors and in order to prevent further conflicts and financial damage that could result from the actions to compel payment of fines, the Bank’s Executive Committee decided to apply the indemnity rules regarding directors, high ranking officers and statutory auditors, as an alternative for the amounts not covered by the D&O insurance policy approved by the Bank’s Board of Directors at its meetings held on August 2, 2002 and May 8, 2013, and resolved to deposit the amounts of the fines.

Such deposit, including the amount corresponding to the fine imposed on the Bank and the respective legal costs, totaled Ps. 57,672 thousand. Out this amount, Ps. 53,632 thousand were expensed for the fiscal year ended December 31, 2015 and Ps. 4,040 thousand were computed as an allowance for the fiscal year ended December 31, 2014.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

This notwithstanding, in the brief filed with the court that is hearing the proceedings to compel payment it was sustained that the amounts deposited in the judicial accounts opened to such end were subject to attachment, and a petition was filed for the respective amounts to be invested in automatically renewable term deposits for 180 days in order to ensure the integrity of the funds until the Appellate Court with Federal Jurisdiction over Contentious and Administrative Matters hands down a decision on the appeal lodged against Resolution No. 685/14 of the Argentine Central Bank. The requests for injunction were rejected and the court made progress in the proceedings for enforcing the fines, against each of the defendants. For such reason, the amounts subject to attachment were applied to the payment of the relevant fines.

On February 22, 2019, Division I of the National Appellate Court with Federal Jurisdiction over Contentious and Administrative Matters resolved the following, with one negative vote from a judge: “1) Partially sustain the appeal filed by BHSA, its directors –Mrs. Lifsic de Estol and Messrs. Elsztain, Bensadón, Dreizzen, Fornero, Grinberg, March, Písula, Reznik, Vergara del Carril, Viñes, Zang and Wior– and its managers –Benítez, Saidón and Efkhianian – and, therefore, order the file to be returned to the BCRA to issue a grounded decision on the amounts for the penalties applied to said officers within sixty (60) days, pursuant to the provisions in paragraph XIII; and 2) order each party to pay its court costs, given the complexity of the issues involved and the resolution process (Section 68, paragraph two of the Argentine Civil and Commercial Code of Procedure)”.

Given that certain grounds in the judgment issued by the Court of Appeals are questionable and taking into consideration the grounds stated by the judge voting against said judgment, an Extraordinary Appeal in accordance with Section 14 of Law 48 was filed before that Court on March 12, 2019.

On April 11, 2019, Room I issued the resolution whereby it awards both extraordinary appeals – the one of Banco Hipotecario S.A. and the one of the BCRA – as regards the federal matter invoked and the arbitrariness of judgment. It only rejects BCRA’s appeal as regards the institutional seriousness invoked. At present, the file is pending submission to the Argentine Supreme Court of Justice.

2. On August 11, 2015, the Bank was notified of Resolution No. 76/15, whereby the Chairman of the Financial Information Unit (UIF) had ordered the commencement of summary proceedings against Banco Hipotecario S.A., its directors (Eduardo S. Elsztain, Mario Blejer, Jacobo Julio Dreizzen, Carlos B. Písula, Ernesto M. Viñes, Gabriel G. Reznik, Pablo D. Vergara del Carril, Mauricio Wior, Saúl Zang, Edgardo Fornero, Diego Bossio, Mariana Gonzalez and Ada Maza) and its Compliance Officer (Ernesto M. Viñes) in connection with alleged failures to comply with Section 21, a) of Law No. 25,246 and Resolution UIF No. 121/11. According to said resolution, the Bank and its directors had *prima facie* failed to comply with certain customer identification requirements, monitoring standards, the risk matrix definition and the procedures to update its customers’ background and profiles, among other things.

On September 23, 2015, the Bank raised depositions and defenses with the UIF along with documentary evidence, and produced informative evidence, IT expert opinions and oral evidence. On April 13, 2016, the production of evidence was ordered, and all evidence was duly produced in due time and form, including, among them, the report issued by the Argentine Central Bank on the risk adjustment and mitigation plan submitted in due time by Banco Hipotecario. At the conclusion of this procedural stage, the attorneys-in-fact of the persons subject to the summary proceedings filed their closing arguments concerning the evidence produced.

On March 6, 2019, Resolution UIF No. 10/2019 was notified, whereby the Chairman of the UIF decided to impose a fine of Ps. 100 thousand on Banco Hipotecario and Ps. 100 thousand on the directors subject to

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

the summary proceedings, on grounds of the violations of Resolution No. 121/2011. On March 13, 2019, the fine was paid.

On April 16, 2019, a direct appeal was filed before with National Appellate Court with Federal Jurisdiction over Contentious and Administrative Matters, with the action being heard by Room IV, under case file No. 19717/2019.

On July 16, 2019, the Tax Authority responded that the court tax should be deemed paid. On August 12, 2019, a court request was sent to the Federal State Attorney (pursuant to the communication contemplated under Section 8, Law No. 25,344) and on August 13, 2019, another court request was sent to the UIF for it to forward the administrative docket.

As of the date of these financial statements, the UIF should forward the administrative docket, as it sent two CDs that were unreadable.

3. On March 7, 2018, the Bank was notified of Resolution No. 94 handed down on February 22, 2018, whereby the Superintendent of Financial and Foreign Exchange Institutions ordered the commencement of summary proceedings in the terms of Section 41 of the Financial Institutions Law against Banco Hipotecario S.A.; directors Martín Juan Lanfranco; Mauricio Elias Wior; and Gabriel A. Reznik; and managers Julieta Albala and Ricardo Gastón (Summary Proceedings No. 1545 – File No. 100,474/17), on grounds of alleged violation of the rules on transfers of funds set forth in Communication “A” 6242 for “breach of the duty of adding the item “Payroll” to the Transfers menu in Home Banking.” On March 21, 2018, the Bank filed its defenses and arguments with the Argentine Central Bank’s Department of Contentious Financial Matters.

On March 11, 2019, Resolution BCRA No. 97/2019 was notified whereby it was resolved to impose a penalty on the persons subject to summary proceedings on grounds of the violation of Communication “A” 6242 – SINAP 1 – 6.1, Item 2.2.2.4. The respective fines were imposed as follows: 1) a fine for Ps. 819 thousand on Banco Hipotecario S.A.; 2) a fine for Ps. 220 thousand on Mr. Gabriel Reznik; 3) a fine for Ps. 189 thousand on Mr. Mauricio Wior, 4) a fine for Ps. 157 thousand on each one of Messrs. Martín Lanfranco and Ricardo Gastón, and Mrs. Julieta Albala.

On March 14, 2019, the fines applied were paid and on April 1, 2019, an appeal was lodged with the BCRA against Resolution No. 97/2019.

On June 21, 2019, Room V of the National Appellate Court with Federal Jurisdiction over Contentious and Administrative Matters ordered that the appeal be transferred to the Argentine Central Bank for a term of 30 days.

On September 4, 2019, the BCRA filed its answer to the direct appeal. Moreover, on October 2, 2019, the State Attorney issued its opinion. Since October 1, 2019, the case has been awaiting judgment.

III. Summary proceedings concluded during the period

1. On February 15, 2016, the Bank was notified of Resolution No. 1014/16 whereby the Superintendent of Financial Institutions ordered the commencement of summary proceedings (Summary Proceedings No. 1486), against Banco Hipotecario and its Chairman, Mr. Eduardo S. Elsztain on grounds of alleged violations of the rules in Communication “A” 4490, including the failure to report the appointment of new authorities and delays in filing the documentation associated with such new authorities. On July 30, 2018, the defendants were notified by electronic means of Resolution No. 371/18 whereby the Superintendent of

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Financial Institutions imposed warning measures on both Banco Hipotecario S.A. and Mr. Eduardo S. Elsztain.

On August 21, 2018, the Bank and Mr. Eduardo S. Elsztain filed a motion to revoke such resolution pursuant to Section 42 of the Financial Institutions Law within the applicable statute of limitations. On October 25, 2018, the allowance created in due time was reversed.

On March 1, 2019, Resolution BCRA No. 93/2019 was issued, whereby the Superintendent of Financial Institutions dismissed the motion to revoke filed in due time. Such resolution has not been notified yet, but it should be noted that it is not subject to appeal in court, therefore, the process shall be deemed concluded.

2. On February 2, 2018, BACS Banco de Crédito y Securitización S.A. was served notice of summary proceedings in financial matters No. 1539, File No. 100,819/16 pending before the Argentine Central Bank's Department of Contentious Financial Matters, pursuant to Resolution No. 963 dated December 29, 2017 ordering the commencement of summary proceedings against the Bank for late filing (beyond the term set forth in Communication "A" 3700) of the documents related to the appointment of one of its directors during the period spanning from April 9, 2012 to June 21, 2012, date on which the required information was submitted. Accordingly, the Bank is held liable as a legal entity and Mr. Eduardo Elsztain is held liable in his capacity as Chairman. On February 22, 2018, the relevant defenses and arguments were filed, asserting the pertinent rights and exceptions. On February 26, 2019, under final resolution No. 79, the Management Department on Financial Contentious Matters of the BCRA resolved to impose on the Bank and its Chairman, Eduardo Elsztain, a "warning" as set forth in section 41, subsection 1 of Law No. 21,526 of Financial Institutions. To that effect, the Bank has decided not to appeal said resolution.

23.7. Restrictions on the distribution of profits

Regulations issued by the BCRA provide that 20% of the fiscal year's profits, net of potential adjustment from prior years, if applicable, shall be allocated to a legal reserve.

In accordance with the conditions set forth by the BCRA, profits may be distributed, to the extent there are positive results after off-balance deduction of unappropriated retained earnings, legal reserves, reserves provided for in the bylaws and/or special reserves, for the following items: the difference between the book value and the market value of government bonds and/or monetary regulation bonds of the BCRA valued at amortized cost, amounts recorded in assets for lawsuits related to deposits, the result from valuation reviews for property, plant & equipment and intangibles and investment properties, among others.

Furthermore, the Entity shall verify that, after the proposed distribution of profits is carried out, there is a capital margin over risk-weighted assets, in addition to the minimum capital requirements set forth under applicable regulations, paid with level 1 ordinary capital, net of deductibles.

In addition, the technical ratio of minimum capitals shall be met as a requirement to distribute profits.

The technical ratio shall be assessed excluding the aforementioned items from the assets and unappropriated retained earnings. Also, any existent franchises regarding minimum capital requirements, payment and/or position shall not be computed.

Communication "A" 6768 provided that effective August 30, 2019, financial institutions shall secure the BCRA's previous consent to distribute profits. In granting its consent, the Superintendency of Financial

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

and Exchange Institutions shall take into account, *inter alia*, the potential effects of applying the international financial reporting standards, pursuant to Communication "A" 6430 (Item 5.5 of IFRS 9 – Impairment of Financial Assets) and the restatement of financial statements contemplated in Communication "A" 6651.

No prior authorization from the SEFyC shall be required to distribute profits, except when a financial institution is within the capital preservation margin and, to determine the distributable result, the level 1 ordinary capital range, net of deductibles, has not increased by 1 percent point. Said restriction was set forth until June 30, 2020.

In accordance with the provisions in General Resolution No. 593 issued by the CNV, the Shareholders' Meeting considering the annual financial statements shall resolve on a specific allocation of the Entity's accumulated income, whether through effective distribution of dividends, capitalization with delivery of free shares, setting up optional reserves in addition to the Legal Reserve, or a combination thereof.

23.8. Capital management and transparent corporate governance policy

Banco Hipotecario assumes that institutions must rely on a Corporate Governance system to provide guidance to the structure and operation of their corporate bodies for the benefit of the institutions, their shareholders, depositors, investors and the community at large.

The Bank's Corporate Governance system is designed as a dynamic process that considers the Company's development, the results derived from its performance, the regulations imposed from time to time, and the recommendations on best market practices, harmonizing them with its social reality.

The Bank's Corporate Governance is thus governed by currently applicable laws and regulations, its by-laws and the Code of Corporate Governance that address matters related to the Bank's operations, its Shareholders' Meetings, the Board, the Board's committees, the office of the General Manager, Senior Management and relations with its subsidiaries.

Besides, the Bank relies on guidelines for internal behavior contained in its Code of Ethics enshrining the ethical tenets and principles that are to inspire the behaviors of directors, managers and employees.

1) The Board of Directors: Structure:

Pursuant to Law No. 24,855, Section 21 and Banco Hipotecario's by-laws, the Bank's Board of Directors is composed of thirteen regular members elected to hold office for two-year terms by the different share class shareholders' meetings. Directors may be re-elected indefinitely and on a step-wise basis. Each class of shares appoints a number of Alternate Directors that is equal to or less than the number of regular directors that the class is entitled to elect.

Candidates to serve in the Bank's Board must not be within the scope of the inabilities set forth in Law No. 19,550, Section 264 and in Law No. 21,526 Section 10; they must have prior experience in financial activities and it is only when the Argentine Central Bank authorizes it that they can take office.

The Central Bank examines Directors' background information looking for the skills and experience for serving in a Board on the basis of: (i) the nominee's professional history in the financial industry and/or (ii) the nominee's professional credentials and track record in the public or private sector in similar matters or

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

areas that are relevant to the Bank's commercial profile. In addition, the Argentine Central Bank's rules require that at least two thirds of Board members should have proven previous experience in financial activities.

Directors are designated by a majority vote at the shareholders' meetings held by each one of the classes of common stock as follows:

- a) Class A shares elect 2 regular Directors and 2 alternates.
- b) Class B shares elect 1 regular Director and 1 alternate in so far as Class B shares are representative of 2% of the capital stock issued at the time the respective shareholders' meeting was called.
- c) Class C shares elect 1 regular Director and 1 alternate Director in so far as Class C shares are representative of more than 3% of the capital stock issued at the time the respective shareholders' meeting was called.
- d) Class D shares are entitled to appoint the rest of the regular and alternate directors (under no circumstances shall this number be less than 9 regular members and at least its equivalent in alternates). When neither Class B or Class C were, for any reason, entitled to appoint and/or participate in the appointment of, directors, any such share class may cast a vote together with Class D shares at the special Class D shareholders' meeting called to elect directors.

The Directors chosen by special Class A, B and C shareholders' meetings in so far as their political rights are exercised by the Argentine Government (Classes A and C) and/or by the Bank's Employees under the Employee Stock Ownership Plan (*Programa de Propiedad Participada*) may take office and serve as directors on a "non commission" basis, subject to the Argentine Central Bank handing down a resolution without prejudice to the validity of the actions that they undertake during that fiscal year.

Class A shares are held by the Argentine Government (or its nominated trustees) who exercises its political rights; class C shares are meant to be initially offered to legal entities engaged in the construction of homes or in real estate activities (up and until the shares are sold, the political rights in these shares are exercised by the Argentine Government), Class D shares, which are transferred in exclusive, perpetual and absolute ownership to private capital. The subscription or acquisition of Class D shares by the Argentine Government, another legal entity run by the State or by the personnel covered by the PPP does not entail a change of class and Class B shares are held by the Employee Stock Ownership Plan (*Programa de Propiedad Participada*, or "PPP") for the Bank's employees, the political rights in these shares were exercised by employees entitled to the Employee Stock Ownership Plan. Furthermore, on December 12, 2018, the first Meeting for the Creation of the Employee Stock Ownership Plan was held, in which the members of the Executive Committee, one Regular Director and one Alternate Director and finally, one Regular and one Alternate Statutory Auditor were appointed on the Syndication of Shares. Such Program also set forth the specific allocation of shares among its 320 members. All the Meeting's resolutions are contingent upon the final resolution of the Argentine Executive Branch.

To strengthen objective decision making and prevent conflicts of interest, the Board considers it advisable that some of its members should be independent directors. Independent directors must satisfy the requirements imposed by Law No. 19,550, Law 26,831, the CNV's regulations and the Argentine Central Bank's rules.

Besides, under the Argentine Companies Law No. 19,550 and the Bank's By-laws, the Bank's Supervisory Committee consists of a committee made up by 5 regular statutory auditors and 5 alternate statutory auditors appointed as follows: 3 regular statutory auditors and 3 alternate statutory auditors are designated by holders of Class D and C shares who cast votes as members of only one class in the class shareholders' meeting held to that end; one regular statutory auditor and one alternate statutory auditor

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

are designated by Class B shares in so far as said Class represents more than 2% of capital stock and 1 regular statutory auditor and 1 alternate statutory auditor are appointed by Class A shares. When Class B shares fall short of representing 2% of capital stock and Class C shares fall short of representing 3% of capital stock, the Company shall reduce the number of statutory auditors to 3 regular statutory auditors and 3 alternate statutory auditors. Two of these regular statutory auditors and two alternate statutory auditors shall be designated by Class B, C and D shares who, to that end, will cast votes as members of a single class in the relevant class shareholders' meeting and one regular statutory auditor and one alternate statutory auditor being appointed by Class A shares. Given that statutory auditors are appointed by classes of shares, in so far as there are classes of shares, the Company will not be required to elect statutory auditors based on cumulative votes. Statutory auditors shall serve for two-year terms and they shall remain in office until they are replaced and may be indefinitely re-elected. In addition, the powers and duties of statutory auditors are set forth in the Argentine Companies Law, Section 293.

Board Committees:

The Bank's by-laws provide for the operation of an Executive Committee. Besides, the Board has approved the creation of various committees made up by directors and entrusted with the following missions:

Executive Committee:

Overall, the Executive Committee is responsible for supervising the Bank's day-to-day businesses and it shall be composed of a minimum of 5 and a maximum of 9 directors elected by Class D shareholders and a number of alternate directors of the same class as determined by the Board.

Audit Committee:

The Audit Committee is in charge of overseeing the reasonable operation of the Bank's internal control environment and the Bank's risk management systems.

Committee for Controlling and Preventing Money Laundering and Terrorism Financing:

This Committee has been entrusted with helping the Bank comply with the obligations imposed by the applicable rules and regulations that seek to prevent these crimes.

Information Technology Committee:

This Committee is responsible for ensuring that the Bank's global IT, informational systems and logical security policies are complied with.

Credit Committee:

This is the committee in charge of establishing the Bank's limits when it comes to credit exposure to its customers.

Personnel Incentives Committee:

This is the committee responsible for making sure that the system of personnel incentives is consistent with the Bank's culture, its objectives, long-term businesses, strategy and control environment as outlined in the applicable policy. Such Committee reports to the Executive Committee.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Risk Management Committee:

The main purpose of this Committee is to monitor the risks to which the entity is exposed, with responsibility, *inter alia*, for: i) monitoring the management of credit, market, liquidity, interest rate and operations risks, taking into account the best risk management practices; and ii) advising the Board of Directors on the design of risk policies and strategies.

Corporate Governance Committee:

Its mission is to supervise the enforcement of the Code of Corporate Governance and adherence to the corporate principles of “full disclosure”, “transparency”, “efficiency”, “investor protection”, “equal treatment amongst investors” and “protection of the entity’s stability.” In addition, it will evaluate the Board’s actions, the succession planning schemes in force for Senior Management and control compliance with the Bank’s internal rules and external regulation.

Directors’ and Personnel’s Ethics Committee:

It has been entrusted with making sure that the Bank relies on the means adequate for the promotion of appropriate decision-making within the framework of its ethical considerations.

Finance Committee:

It is responsible for overseeing compliance with the Bank’s solvency and liquidity policies by managing financial risks.

Committee of Social and Institutional Affairs:

This committee has been entrusted with maintaining the Bank’s image and positioning in the community at large within the framework of enterprise social responsibility.

Committee for the Protection of Users of Financial Services:

This committee watches for the Bank’s relationship with users of financial services that purchase its products.

Managers’ Committees:

Committees convene managers from different areas and/or sectors related to a given topic requiring interaction among them - at the applicable decision level in the line - in order to ensure that the aspects discussed are dealt with and executed in a coordinated manner. In these cases, committees will act within the authorization matrix assigned to their respective competencies, defining, in each case, which members shall be in charge of ensuring execution of the agreed-up courses of action. Where the decision level is higher than that of its members, the committees’ conclusions shall be regarded as advice to the management, a committee or the board of directors, as applicable.

The existing Committees are the following: (1) Asset – Liability Committee – ALCO, (2) Retail Banking Pricing and Rates Committee, (3) Investment Committee, (4) SMEs Lending Committee, (5) Real Estate Committee, and (6) Crisis Committee.

Senior Management:

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

The Bank's General Manager and Senior Management members must have the experience and skills required by financial activities. None of them can be within the scope of the disqualifications and incompatibilities prescribed by Law No. 19,550, Section 264 and by Law No. 21,526, Section 10.

The Bank's General Manager and Senior Management members are liable for compliance with applicable laws and regulations, in particular with Laws No. 24,855, 24,240, 21,526, 19,550 and 26,831, as amended, regulatory and supplementary decrees, the rules of the Argentine Central Bank, the regulations of the CNV and the Bank's by-law.

Senior Management members must act with the loyalty and diligence expected from a good businessman. Those members who fail to perform their duties shall incur joint, several and unlimited liability for the damages arising from their actions or omissions.

Furthermore, Senior Management is responsible for deploying the strategy, abiding by the policies and employing the practices that the Board has approved for managing risks such as credit, liquidity, market, interest rate and operational risk and for implementing and developing written procedures to identify, evaluate, monitor, control and mitigate risks.

2) Basic share structure:

The capital stock is represented by 1,500,000,000 shares of a par value of one peso each, divided into Class A, B, C and D shares according to the percentages set forth in the following table. Class A, B and C shares entitle to one vote per share, Class "D" shares, which are owned by the private sector, entitle to three votes per share so long as the Argentine Government owns more than 42% of the capital stock.

Pursuant to the provisions of the Privatization Law and the Bank's bylaws the majority Class "D" shareholders are entitled to elect nine of the thirteen members of the Board of Directors.

The following table shows the current composition of the capital stock, specifying the classes of shares, par value and equity percentage as of September 30, 2019:

Class	Shares	Face value	Capital stock	Ownership Interest %
A	664,489,424	1	664,489,424	44.30%
B	57,009,279	1	57,009,279	3.80%
C	75,000,000	1	75,000,000	5.00%
D	703,501,297	1	703,501,297	46.90%
	<u>1,500,000,000</u>		<u>1,500,000,000</u>	100.00%

As of the end of these financial statements, the main Class "D" non-governmental shareholders (Tyrus S.A., Ritelco S.A., E-Commerce Latina S.A., Palermo Invest S.A., IRSA Inversiones y Representaciones S.A. and Inversora Bolívar S.A. held 75,000,000, 75,000,000, 74,861,691, 71,653,517, 75,000,000 and 75,000,000 Class D shares, respectively) were holders of an aggregate of 446,515,208 shares representing 29.8% of the Capital Stock.

In addition, the following shareholders are holders of Class D shares: (a) 90,905,000 shares are held by the Option Trustee (relating to non-exercised options) which shall be maintained in the Trust until the disposal thereof pursuant to the instructions received from the Selling Shareholder (Argentine

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 - F° 17

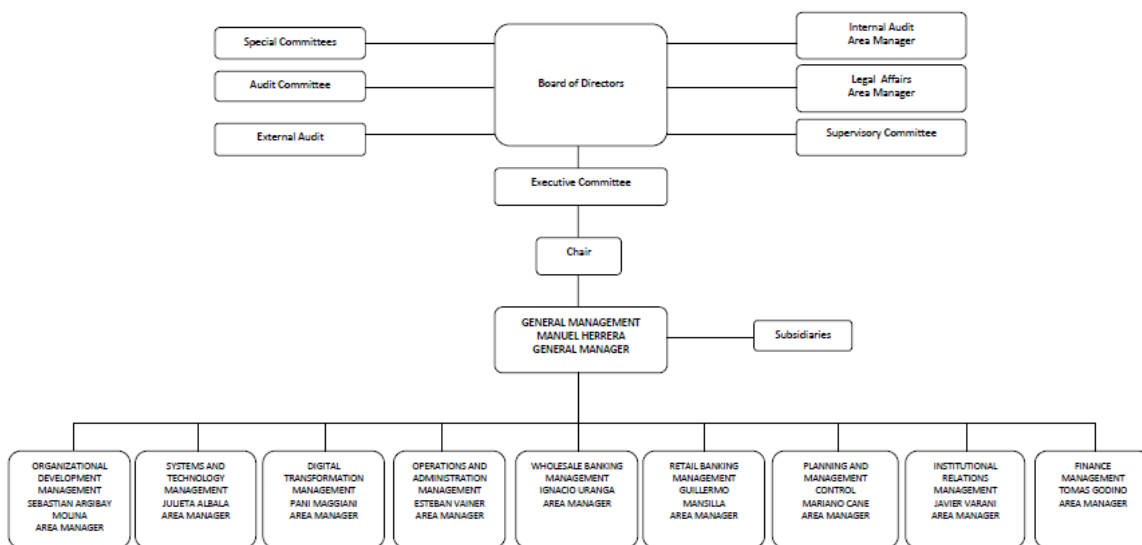
Government). During such period, the political rights attaching thereto shall be exercised by the Trustee of the Trust of the *Fondo Federal de Infraestructura Regional* Assistance Trust (Banco de la Nación Argentina); and (b) 74,037,265 shares are held by ANSES, each of them representing 6.1% and 4.9%, respectively.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

3) Organizational structure:

Law No. 24,855 declared Banco Hipotecario Nacional to be subject to privatization and transformed it into an Argentine corporation (*Sociedad Anónima*). Banco Hipotecario Nacional was a state-run entity founded on November 15, 1886. By virtue of Law No. 24,855 and its regulatory decrees, Decree 677/1997, Decree 924/1997 and Decree 1394/1998, the Argentine Central Bank's Resolutions No. 271/2007, 64/1998, 362/2001 and Communication "B" 6444, starting on December 24, 1998 the Bank has been doing business as Banco Hipotecario SA operating as a merchant retail bank. The Bank was admitted to the public offering regime by the CNV and then it was also authorized to have its shares listed on and traded in the Buenos Aires Stock Exchange.

The following is the Bank's organizational chart as of the issuance of these financial statements:



The Bank controls, either directly or indirectly, the companies comprised in its group of subsidiaries: BHN Sociedad de Inversión SA, engaged in the investment business and responsible for managing ownership interests in other companies; BHN Vida SA, an insurance company that carries life insurance; BHN Seguros Generales SA and ComparaenCasa.com, which provides insurance against fire and damages to real property and others; and BACS Banco de Crédito y Securitización SA, a non-depository merchant bank.

4) Information concerning financial incentives to personnel:

1 - The Personnel Incentives Committee is made up of 3 Directors and the highest officer in the organizational development area. At least one of the Directors in the Committee must have experience in the subject. The Directors shall remain in the Committee for a term of at least 2 years, always provided that their tenure as Directors does not expire earlier. Such term may be extended in each case only upon express decision of the Board of Directors. The term in such office shall not overlap, so that the Committee is always composed of one Director with experience in the subject. The appointment of the members of the Personnel Incentives Committee, as well as any changes in its membership, whether by

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

reason of resignation, leave of absence, addition or replacement of its members or any other cause, shall be notified by the Company to the Argentine Central Bank and the CNV within the terms set forth in the applicable laws.

The Committee's main objective is to monitor the incentive system, and it is responsible for establishing the policies and practices for providing financial incentives to the Bank's personnel involved in risk management (be it credit, liquidity, market, interest rate and/or operational risk), adjusting decisions to the exposure to these risks assumed by the Company according to the liquidity and capital requirements at stake, both on current and future potential risks and/or risks to the entity's reputation and whereby the economic incentives to the members of the organization should be tied to the contribution by each individual and by each business unit to the Company's performance.

2 - The Design is based on the principle that all employees should receive a total compensation that is commensurate with tasks performed, whose internal relative value reflects the responsibilities of the position and the employee's performance, and whose external comparative value is competitive with comparable salaries prevailing in the market, ensuring that internal equity and external competitive criteria are satisfied, by reviewing and managing compensation packages so as to obtain a salary structure aligned to the business needs and possibilities, framed in a set of rules that foster individual progress based on each employee's potential and the Bank's possibilities, so as to ensure an environment that fosters individual development and the organization's advancement.

3 - Personnel financial incentives are adjusted by directly relating each individual contribution to the Organization's performance, with a view to achieving the targets set by the Company's Board of Directors; and the results obtained through the duties that are being compensated are framed into the risk exposure assumed by the Board of Directors.

4 - The bank measures its performance through indicators associated with its strategic environments: business, sustainability, customers, employees and organizational intelligence.

5 - Pursuant to its long-term incentive and performance policy, the Bank establishes a direct relationship between each employee's individual contribution and the Organization's goals, with a view to fulfilling the targets set by the Company's Board of Directors and obtaining sustainable profits, through the following actions, *inter alia*.

- Clearly communicating the corporate targets set by the Board of Directors for the following year and in the long term;
- Strengthening and clarifying the relationship between performance and incentives;
- Aligning incentives with the key factors of success for the Organization and rewarding actions that add value, privileging costs and efficiency;
- Fostering cooperation and team work; Causing the various departments to work hand in hand toward the achievement of common targets consistent with the Organization's strategic plans;
- Rewarding the attainment of quantitative, specific, measurable and controllable objectives; and
- Achieving better clarity and objectivity upon measuring individual and group performance.

6 - The various variable compensation items are: Commissions, Bonus and Profit. Payments are recorded in the salary receipts and are made in cash. Banco Hipotecario S.A. sets the criteria that regulate the Incentive Policy with a view to integrating individual and group efforts, seeing that internal relative value reflects the responsibilities and risks associated with each employee's position and performance and that its external comparative value is competitive in the salary market. Performance management measures the employees' performance in terms of the results attained with respect to the goals set and the

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

qualifications required for each position.

The Bank has a system of financial incentives for personnel, consistent with its culture and objectives, which is aligned with the other managing tools in order to achieve a prudent assumption of both current and future risks.

The Committee of Personnel Incentives assesses individual performance in compliance with targets imposed on their functions and the risk assumed by personnel on behalf of the entity, seeing that the total funds allocated to their payment are consistent with the results obtained during the fiscal year to be remunerated.

5) Policy related to business conduct and/or ethics code, as well as the applicable governance policy or structure:

The Bank has internal rules of conduct (Code of Ethics) that enshrine the ethical tenets and principles that govern interaction amongst directors and employees, within a framework of respect for the law and for the rules that govern the banking industry.

Additionally, the Bank adheres to the Code of Banking Practices, which has been prepared with the involvement of all of Argentina's associations in the industry of banking and financial institutions as a self-regulatory initiative that seeks to promote best banking practices in Argentina and, in turn, the Bank adheres to the Investor Protection Code of Mercado Abierto Electrónico and through BH Valores S.A., to the Merval's Investor Protection Code.

The Bank adhered to those Codes in the belief that its adoption will help strengthen the rights of clients and increase transparency in the information provided to them by financial institutions.

The referred Code of Ethics and the Code of Banking Practices are an integral part of the Bank's and its subsidiaries' Corporate Governance systems.

6) Conflicts of interest:

The decisions and actions of the Bank's members, managers, legal representatives and employees must always aspire to further the Bank's and its customers' best interests and they should never stem from personal considerations. Neither family and friendship relationships nor expectations from current or potential suppliers, contractors, competitors or regulators must affect independence and sound judgment to safeguard the Bank's interests.

7) Complex structures:

In the corporate structure of Banco Hipotecario and its subsidiaries, the controlling company is at the core of the main financial intermediation activities and relies on other economic units for the businesses and supplementary services of non-depository merchant banks and insurance companies, whilst maintaining and reinforcing any possible synergies amongst its different customers.

None of the group companies has affiliates or subsidiaries abroad, nor are they engaged in off-shore transactions.

The organization does not employ complex structures or trusts disguising the development of certain activities.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

The involvement of each company as trustor, trustee or beneficiary is restricted to the sphere of financial trusts whose securities are generally admitted to public offering. The most relevant details surrounding these trusts, as well as the investments in their certificates and securities are disclosed in the Bank's separate financial statements and consolidated financial statements.

24. CORPORATE REORGANIZATION

Acquisition of 20% Equity Interest in Tarshop S.A.U.

On November 15, 2018, the Board of Directors of Banco Hipotecario S.A. resolved to acquire the 20% equity interest in Tarshop S.A.U. held by IRSA Propiedades Comerciales S.A., subject to the fulfillment of the applicable formal requirements.

Subsequently, on December 12, 2018, the Bank's Board of Directors approved the final terms and conditions of purchase of 119,759,288 common, book-entry shares of \$1 par value each, entitled to one vote per share, representing 20% of Tarshop's stock capital. In addition, the Board of Directors resolved to make an irrevocable capital contribution of up to Ps. 600,000 thousand in Tarshop, to start working on improvements on its efficiency and provide to it sufficient resources to perform its obligations. Since the acquisition was not consummated, on December 27, 2018, the Bank's Board of Directors resolved to make the committed irrevocable capital contribution of Ps. 480,000 thousand, i.e., prorata to the 80% shareholding interest held by it in Tarshop as of such date.

On February 14, 2019, the acquisition of the 20% equity interest in Tarshop was consummated; therefore, on such date the Bank became holder of 100% of such company's stock capital.

Acquisition of 5% Equity Interest in BH Valores S.A.

On May 23, 2019, the Bank received an offer for sale from BHN Sociedad de Inversión S.A., valid for such day, of 75,000 shares of BH Valores S.A. representing 5% of its stock capital. One of the conditions of the offer was that it would be deemed accepted only if the sum of Ps. 3,613 thousand was transferred. This amount was transferred on May 23, 2019. On June 5, 2019, the Bank's Board of Directors ratified the action taken by the attorneys-in-fact, approved the acceptance of the offer and the payment of the referred price.

Corporate Reorganization

On June 5, 2019, Banco Hipotecario S.A.'s Board of Directors approved the Bank's reorganization under the terms of Chapter X, Title II of the CNV's rules. Such reorganization would encompass the merger by acquisition (without liquidation) of its subsidiaries Tarshop S.A.U. and BH Valores S.A. in an attempt to benefit from the synergy achieved among their respective businesses which, following the merger, would be under centralized management.

At the same Board of Directors' meeting, directors also resolved to approve: (i) the merger by acquisition plan and prospectus, by and between the Bank and Tarshop, (ii) the merger by acquisition plan and prospectus, by and between the Bank and BH Valores, (iii) Banco Hipotecario's balance sheet for special purposes as of March 31, 2019, (iv) the consolidated balance sheets for merger purposes of Banco Hipotecario, Tarshop and BH Valores as of March 31, 2019, (v) the Supervisory Committee's reports on the balance sheets for special purposes referred to in paragraphs (iii) and (iv); and (vi) the auditor's reports on the balance sheets for special purposes referred to in paragraphs (iii) and (iv).

On July 24, 2019, the Extraordinary General Unanimous Shareholders' Meeting of Tarshop S.A.U. approved the corporate reorganization process and the early dissolution (without liquidation) of the company by reason of its merger into Banco Hipotecario S.A. On that same date, the Extraordinary General Unanimous

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Shareholders' Meeting of BH Valores S.A. approved the corporate reorganization process, the early dissolution (without liquidation) of the company by reason of its merger into Banco Hipotecario S.A., and the deregistration of its license as settlement and clearing agent and trading agent in its own, registered with the CNV under No. 189.

On July 24, 2019, the Bank's Extraordinary General Shareholders' Meeting unanimously approved the corporate reorganization process.

On September 2, 2019, the final merger agreements between the Bank, Tarshop and BH Valores were executed, and the merger became effective on such date. In addition, also as of that date, the Board of Directors of Banco Hipotecario has become in charge of the management and representation of the merged companies. Besides, any transactions required to be made by the merged companies, including, without limitation, payments or collections, issuance or deposits of checks, etc., will be deemed made for the order and account of Banco Hipotecario, who undertakes liability therefor.

25. SUBSEQUENT EVENTS

No events have occurred between the closing date of the period and the date of issuance of these consolidated condensed interim financial statements that could materially affect the financial condition or the results of the period, other than those disclosed in the notes to the referred financial statements.

26. RUBRICATION OF BOOKS

At the date of these financial statements, the transactions conducted by the Bank had been recorded in the rubricated books, as called for by the regulations in force.

27. FINANCIAL STATEMENTS PUBLICATION

In line with the guidelines of Communication "A" 760, the prior involvement of the Argentine Central Bank is not required in order to publish these financial statements.

The document drafted pursuant to the provisions of Communication "A" 5394 issued by the Argentine Central Bank discloses information on Banco Hipotecario S.A.'s regulatory capital structure and sufficiency, risk exposure and management, on a stand-alone basis and in consolidated form with its subsidiaries.

Pursuant to the law, the referred document is posted on the Bank's website (<http://www.hipotecario.com.ar>), by accessing the following link: "Market Discipline – Minimum Disclosure Requirements."

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

28. PERSONAL ASSETS TAX

Law No. 25,585 introduced changes in the treatment afforded to the shareholdings and ownership interests in the capital stock of companies governed by Law No. 19,550, effective since the 2002 tax period.

One of these changes was the addition of Section 25.1 to the Personal Assets Law, which levies a tax on the above mentioned shareholdings held by individuals domiciled and undivided estates established in Argentina and foreign individuals, undivided estates and legal entities. The Bank is responsible for acting as substitute taxpayer of Personal Assets Tax.

In the framework of Law No. 27,260, the Bank obtained a benefit on grounds of good tax performance. This benefit exempts shareholdings and ownership interests in the Bank's capital stock from Personal Assets Tax, and it applies to the 2016, 2017 and 2018 tax periods.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

**SCHEDULE B – CONSOLIDATED CLASSIFICATION OF LOANS AND OTHER
FINANCING ARRANGEMENTS ACCORDING TO LOANS AND GUARANTEES
RECEIVED**

For the period ended 09/30/2019,
comparative as of 12/31/2018
In thousands of Argentine Pesos

Commercial Portfolio	09/30/2019	12/31/2018
Normal situation	11,311,229	15,500,340
With "A" preferred collateral and counterguarantees	368,360	565,375
With "B" preferred collateral and counterguarantees	2,409,280	1,966,708
Without preferred collateral and counterguarantees	8,533,589	12,968,257
With special follow-up	37,743	1,106,223
Under observation	37,743	1,099,978
With "A" preferred collateral and counterguarantees	4,498	23,331
With "B" preferred collateral and counterguarantees	17,099	202,631
Without preferred collateral and counterguarantees	16,146	874,016
Under negotiation or with refinancing agreements	-	6,245
Without preferred collateral and counterguarantees	-	6,245
Troubled	43,286	88,053
With "A" preferred collateral and counterguarantees	11,126	15,259
With "B" preferred collateral and counterguarantees	2,530	1,646
Without preferred collateral and counterguarantees	29,630	71,148
With high risk of insolvency	2,846,558	75,139
With "A" preferred collateral and counterguarantees	10,656	14,372
With "B" preferred collateral and counterguarantees	184,211	2,224
Without preferred collateral and counterguarantees	2,651,691	58,543
Uncollectible	6,086	687
With "A" preferred collateral and counterguarantees	1,755	-
With "B" preferred collateral and counterguarantees	-	96
Without preferred collateral and counterguarantees	4,331	591
Total commercial portfolio	14,244,902	16,770,442

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

**SCHEDULE B – CONSOLIDATED CLASSIFICATION OF LOANS AND
OTHER FINANCING ARRANGEMENTS ACCORDING TO LOANS AND
GUARANTEES RECEIVED**

For the period ended 09/30/2019,
comparative as of 12/31/2018
In thousands of Argentine Pesos

Consumer and housing portfolio	09/30/2019	12/31/2018
Normal situation	26,086,047	27,101,092
With “B” preferred collateral and counterguarantees	5,859,461	4,956,612
Without preferred collateral and counterguarantees	20,226,586	22,144,480
Low risk	1,102,157	1,941,552
With “B” preferred collateral and counterguarantees	74,814	73,089
Without preferred collateral and counterguarantees	1,027,343	1,868,463
Mid risk	1,039,839	1,354,238
With “B” collateral and counterguarantees	21,885	24,966
Without preferred collateral and counterguarantees	1,017,954	1,329,272
High risk	1,649,787	1,149,599
With “B” preferred collateral and counterguarantees	21,623	13,325
Without preferred collateral and counterguarantees	1,628,164	1,136,274
Uncollectible	56,157	266,330
With “B” preferred collateral and counterguarantees	20,542	24,443
Without preferred collateral and counterguarantees	35,615	241,887
Uncollectible for technical reasons	125	167
With “B” preferred collateral and counterguarantees	16	24
Without preferred collateral and counterguarantees	109	143
Total consumer and housing portfolio	29,934,112	31,812,978
General total (1)	44,179,014	48,583,420

(1) Reconciliation between Schedule B and the Balance Sheet:

	09/30/19	12/31/18
Loans and other financing arrangements	40,933,422	43,566,664
Other debt securities	5,141,572	1,700,018
Off-balance sheet items	96,704	221,563
plus allowances	2,990,432	2,071,525
plus IFRS adjustments not computable for ESD	(87,858)	(22,607)
less items not computable for ESD	(305,805)	(285,741)
less government securities at amortized cost	(4,589,453)	1,331,998
TOTAL	44,179,014	48,583,420

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

**SCHEDULE C – CONSOLIDATED CONCENTRATION OF
LOANS AND OTHER FINANCING ARRANGEMENTS**

For the period ended 09/30/2019,
comparative as of 12/31/2018
In thousands of Argentine Pesos

Number of customers	FINANCING			
	09/30/19		12/31/18	
	Debt balance	% of total portfolio	Debt balance	% of total portfolio
10 largest customers	7,275,393	16.47%	5,322,887	10.96%
50 following largest customers	5,706,044	12.92%	5,705,431	11.74%
100 following largest customers	714,575	1.62%	891,851	1.84%
Rest of customers	30,483,002	68.99%	36,663,251	75.46%
TOTAL (1)	44,179,014	100.00%	48,583,420	100.00%

(1) Reconciliation between Schedule C and the Balance Sheet

	09/30/19	12/31/18
Loans and other financing arrangements	40,933,422	43,566,664
Other debt securities	5,141,572	1,700,018
Off-balance sheet items	96,704	221,563
plus allowances	2,990,432	2,071,525
plus IFRS adjustments not computable for ESD	(87,858)	(22,607)
less items not computable for ESD	(305,805)	(285,741)
less government securities at amortized cost	(4,589,453)	1,331,998
TOTAL	44,179,014	48,583,420

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

**SCHEDULE D – CONSOLIDATED BREAKDOWN OF LOANS
AND OTHER FINANCING ARRANGEMENTS
BY MATURITY DATES**

For the period ended 09/30/2019

In thousands of Argentine Pesos

Item	Past due portfolio	Remaining terms to maturity						Total
		1 month	3 months	6 months	12 months	24 months	more than 24 months	
Non-financial public sector	-	28	-	-	-	-	-	28
Financial sector	1,254	54,439	157,037	208,694	14,512	4,672	291	440,899
Non-financial private sector and foreign residents	5,984,736	11,898,197	4,273,731	3,777,005	4,929,785	5,436,405	9,859,492	46,159,351
TOTAL	5,985,990	11,952,664	4,430,768	3,985,699	4,944,297	5,441,077	9,859,783	46,600,278

The decrease in future contractual flows is exposed, including interest and accessories to be accrued until maturity of not discounted agreements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

SCHEDULE H – CONSOLIDATED CONCENTRATION OF DEPOSITS

For the period ended 09/30/2019, comparative as of 12/31/2018

In thousands of Argentine Pesos

Number of customers	Deposits			
	09/30/19		12/31/18	
	Debt balance	% of total portfolio	Debt balance	% of total portfolio
10 largest customers	5,428,819	16.58%	4,326,931	14.76%
50 following largest customers	5,446,195	16.63%	4,488,781	15.32%
100 following largest customers	1,852,883	5.66%	1,464,235	5.00%
Rest of customers	20,012,917	61.13%	19,027,633	64.92%
TOTAL	32,740,814	100.00%	29,307,580	100.00%

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

SCHEDULE I – CONSOLIDATED BREAKDOWN OF FINANCIAL LIABILITIES BY MATURITY DATES

For the period ended 09/30/2019

In thousands of Argentine Pesos

Item	Remaining terms to maturity						Total
	1 month	3 months	6 months	12 months	24 months	more than 24 months	
Deposits							
Non-financial public sector	4,651,109	335,689	110,156	-	-	-	5,096,954
Financial sector	2,070	-	-	-	-	-	2,070
Non-financial private sector and foreign residents	23,061,650	3,695,034	289,499	330,878	623,003	4,562	28,004,626
Liabilities at fair value through profit or loss							
Derivative instruments							
Repo transactions							
Other financial institutions	578,600	-	-	-	-	-	578,600
Other financial liabilities	3,637,054	62,964	97,491	202,685	409,014	2,538,482	6,947,690
Loans from the BCRA and other financial institutions	80,838	1,204,170	452,247	-	-	-	1,737,255
Negotiable obligations issued	1,118,026	2,459,557	2,397,705	5,147,264	23,246,015	4,505,976	38,874,543
TOTAL	33,636,836	7,757,414	3,347,098	5,680,827	24,278,032	7,049,020	81,749,227

The decrease in future contractual flows is exposed, including interest and accessories to be accrued until maturity of not discounted agreements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

**SCHEDULE R – CONSOLIDATED CORRECTION OF VALUE DUE TO LOSSES –
PROVISION FOR LOAN LOSSES**

For the period ended 09/30/2019, comparative as of 12/31/2018

In thousands of Argentine Pesos

Item	Opening balances	Increases	Decreases		Balance as of 09/30/2019	Balance as of 12/31/2018
			Reversals	Allocations		
Other financial assets	8,472	23,724	-	1,194	31,002	8,472
Loans and other financing arrangements						
Non-financial private sector and foreign residents	2,039,757	2,769,007	32,780	1,792,797	2,983,187	2,039,757
Overdraft facilities	269,046	1,157,050	73	6,874	1,419,149	269,046
Promissory notes	1,916	-	-	1,350	566	1,916
Mortgage loans	56,200	19,934	1,652	6,254	68,228	56,200
Consumer loans	578,744	1,069,658	19,915	320,203	1,308,284	578,744
Credit cards	1,044,576	479,521	8,989	1,388,642	126,466	1,044,576
Financial leases	1,375	61	-	589	847	1,375
Other	87,900	42,783	2,151	68,885	59,647	87,900
Corporate securities	31,341	175	2,281	21,990	7,245	31,341
TOTAL PROVISIONS	2,079,570	2,792,906	35,061	1,815,981	3,021,434	2,079,570

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2019

TABLE OF CONTENTS

Separate Condensed Interim Balance Sheet
Separate Condensed Interim Statement of Income
Separate Condensed Interim Statement of Other Comprehensive Income
Separate Condensed Interim Statement of Changes in Shareholders' Equity
Separate Condensed Interim Statement of Cash Flows
Notes to the Separate Condensed Interim Financial Statements
1. Banco Hipotecario Sociedad Anónima
2. Economic context
3. Accounting standards and basis for preparation
4. Significant accounting criteria and estimates
5. Cash and bank deposits
6. Financial instruments
7. Loans and other financing arrangements
8. Transfer of financial assets
9. Other non-financial assets
10. Income tax
11. Investments in subsidiaries, associates and joint ventures
12. Negotiable obligations issued
13. Commitments and contingencies
14. Interest and adjustments income / fee and commission income
15. Interest and adjustments expenses
16. Other operating income / (expenses)
17. Expenses by function and nature
18. Employee benefits
19. Earnings per share
20. Transactions and balances with related parties
21. Financial risk factors
22. Capital management
23. Notes required by the Argentine Central Bank
24. Corporate reorganization
25. Subsequent events
26. Rubrication of books
27. Financial statements publication
Schedule A – Government and Corporate Securities
Schedule B – Classification of Loans and Other Financing Arrangements according to Loans and Guarantees Received



Schedule C – Concentration of Financing

Schedule D – Breakdown of Loans and Other Financing Arrangements by Maturity Dates

Schedule H – Concentration of Deposits

Schedule I – Breakdown of Financial Liabilities by Maturity Dates

Schedule J – Changes in Allowances and Provisions

Schedule L – Foreign Currency Balances

Schedule O – Derivative Financial Instruments

Schedule R – Correction of Value for Losses – Provision for Loan Losses

SEPARATE CONDENSED INTERIM BALANCE SHEET

For the period ended 09/30/2019
 Comparative as of 12/31/2018 (Note 3.2.d.)
 In thousands of Argentine Pesos

ITEM	NOTES	09/30/2019	12/31/2018
ASSETS			
Cash and bank deposits	5 and 6	15,380,706	8,120,552
Cash		1,674,264	1,393,195
Financial institutions and correspondents		12,641,613	5,859,465
- Argentine Central Bank (B.C.R.A.)		5,293,601	4,710,310
- Other domestic and foreign institutions		7,348,012	1,149,155
Other		1,064,829	867,892
Debt securities at fair value through profit or loss (Schedule A)	6	7,660,676	17,106,724
Derivative instruments (Schedule O)	6	1,640	69,478
Repo transactions	6	590,569	413,127
Other financial assets	6	1,345,495	1,703,232
Loans and other financing arrangements (Schedules B, C, D)	6 and 7	39,880,199	42,079,214
Non-financial public sector		28	22,438
Other financial institutions		292,531	379,885
Non-financial private sector and foreign residents		39,587,640	41,676,891
Other debt securities (Schedules A, B, C, D)	6	3,343,634	1,052,348
Financial assets pledged as collateral	6	3,082,833	1,898,956
Current income tax assets	10	330,799	287,470
Investments in equity instruments (Schedule A)	6	191,297	109,377
Investment in subsidiaries, associates and joint ventures	11	2,257,732	1,876,278
Bank premises and equipment	9	1,631,194	1,485,785
Intangible assets	9	122,534	123,043
Deferred income tax assets	10	327,891	51,017
Other non-financial assets	9	650,038	3,585,125
Non-current assets held for sale	9	4,573,852	-
TOTAL ASSETS		81,371,089	79,961,726

Lorena C. Morchón
 General Accounting Manager

Manuel J.L. Herrera Grazioli
 General Manager

See our report dated
 November 5, 2019
 PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
 Chairman

Ricardo Flammini
 For the Supervisory Committee

.....(Partner)
 C.P.C.E.C.A.B.A. Volume 1 – Page 17

SEPARATE CONDENSED INTERIM BALANCE SHEET

For the period ended 09/30/2019
Comparative as of 12/31/2018 (Note 3.2.d.)
In thousands of Argentine Pesos

ITEM	NOTES	09/30/2018	12/31/2018
LIABILITIES			
Deposits (Schedules H, I)	6	30,907,299	29,611,121
Non-financial public sector		5,020,522	3,625,037
Financial sector		31,952	102,083
Non-financial private sector and foreign residents		25,854,825	25,884,001
Liabilities at fair value through profit or loss (Schedule I)	6	484,200	751,511
Derivative instruments (Schedules I, O)	6	2,002,833	1,496,817
Repo transactions (Schedule I)	6	578,600	53,662
Other financial liabilities (Schedule I)	6	4,173,104	4,936,094
Loans from the B.C.R.A. and other financial institutions (Schedule I)	6	595,343	328,764
Negotiable obligations issued (Schedule I)	6 and 12	29,107,895	29,965,810
Current income tax liabilities		-	124,716
Provisions (Schedule J)	13	334,120	282,178
Other non-financial liabilities		1,876,409	2,612,253
TOTAL LIABILITIES		70,059,803	70,162,926
SHAREHOLDERS' EQUITY			
Capital stock		1,500,000	1,500,000
Non-capitalized contributions		75,577	28,381
Capital adjustments		717,115	717,115
Reserves		7,256,108	5,644,012
Unappropriated retained earnings		70,266	(142,120)
Other accumulated comprehensive income		-	-
Income for the period / year		1,692,220	2,051,412
TOTAL SHAREHOLDERS' EQUITY		11,311,286	9,798,800
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		81,371,089	79,961,726

Notes and Schedules hereto are an integral part of these separate condensed interim financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

SEPARATE CONDENSED INTERIM STATEMENT OF INCOME

For the periods ended 09/30/2019 and 09/30/2018 (Note 3.2.d.)

In thousands of Argentine Pesos

Item	Notes	Three-month period ended		Nine-month period ended	
		09/30/2019	09/30/2018	09/30/2019	09/30/2018
Interest and adjustments income	14	3,687,200	3,697,362	11,600,615	9,756,154
Interest and adjustments expense	15	(2,697,167)	(3,206,550)	(10,328,164)	(7,848,673)
Net interest income		990,033	490,812	1,272,451	1,907,481
Fee and commission income	14	1,333,295	1,149,419	3,792,636	3,271,174
Fee and commission expense		(53,595)	(86,193)	(124,762)	(234,019)
Net fee and commission income		1,279,700	1,063,226	3,667,874	3,037,155
Net income from measurement of financial instruments at fair value through profit or loss		2,085,253	731,912	7,236,078	2,696,028
Gold and foreign currency quotation differences		(1,467,173)	381,283	(3,473,032)	(236,011)
Other operating income	16	1,539,137	276,380	2,858,881	1,010,109
Loan loss provision (Schedule R)		(848,372)	(477,378)	(2,775,582)	(1,268,165)
Net operating income		3,578,578	2,466,235	8,786,670	7,146,597
Employee benefits	18	(1,237,242)	(849,517)	(3,554,367)	(2,406,876)
Administrative expenses	17	(753,698)	(691,295)	(2,080,479)	(1,877,902)
Depreciation and impairment of assets		(64,449)	(88,388)	(175,186)	(155,005)
Other operating expenses	16	(795,565)	(799,741)	(2,490,165)	(2,197,975)
Operating income		727,624	37,294	486,473	508,839
Income from subsidiaries, associates and joint ventures	11	441,210	467,161	1,281,453	1,071,176
Income before tax		1,168,834	504,455	1,767,926	1,580,015
Income tax	10	(128,967)	37,713	(75,706)	(32,375)
Net income		1,039,867	542,168	1,692,220	1,547,640
NET INCOME FOR THE PERIOD		1,039,867	542,168	1,692,220	1,547,640

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

SEPARATE CONDENSED INTERIM STATEMENT OF INCOME

For the periods ended 09/30/2019 and 09/30/2018 (Note 3.2.d.)
 In thousands of Argentine Pesos

Earnings per share	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
NUMERATOR				
Net income attributable to the parent company's shareholders	1,039,867	542,168	1,692,220	1,547,640
PLUS: Effects of dilution inherent in potential common shares	-	-	-	-
Net income attributable to the parent company's shareholders adjusted to reflect the effect of dilution	1,039,867	542,168	1,692,220	1,547,640
DENOMINATOR				
Weighted average of outstanding common shares for the fiscal period	1,469,399	1,465,187	1,468,075	1,464,369
PLUS: Weighted average of additional common shares with diluting effects	-	-	-	-
Weighted average of outstanding common shares for the fiscal period adjusted to reflect the effects of dilution	1,469,399	1,465,187	1,468,075	1,464,369
EARNINGS PER BASIC SHARE	0.708	0.370	1.153	1.057
EARNINGS PER DILUTED SHARE	0.708	0.370	1.153	1.057

Notes and Schedules hereto are an integral part of these separate condensed interim financial statements.

Lorena C. Morchón
 General Accounting Manager

Manuel J.L. Herrera Grazioli
 General Manager

See our report dated
 November 5, 2019
 PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
 Chairman

Ricardo Flammini
 For the Supervisory Committee

.....(Partner)
 C.P.C.E.C.A.B.A. Volume 1 – Page 17

SEPARATE CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the periods ended 09/30/2019 and 09/30/2018 (Note 3.2.d.)

In thousands of Argentine Pesos

Item	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Net income for the fiscal period	1,039,867	542,168	1,692,220	1,547,640
Total other comprehensive income for the fiscal period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FISCAL PERIOD	1,039,867	542,168	1,692,220	1,547,640

Notes and Schedules hereto are an integral part of these separate condensed interim financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

C.P.C.E.C.A.B.A. Volume 1 Page 17

SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 09/30/2019

In thousands of Argentine Pesos

Changes	Capital Stock		Non-capitalized Contributions		Equity adjustments	Other comprehensive income	Profit reserves			Retained earnings	Total as of 09/30/2019
	Outstanding	Treasury Stock	Share issuance premium	Stock-based payments			Legal	Stock-based payments	Others		
Opening balances for the fiscal year	1,465,661	34,339	834	27,547	717,115	-	1,448,649	412,070	3,783,293	1,909,292	9,798,800
Distribution of retained earnings – Approved by the Shareholders' Meeting held on 04/10/2019											
Legal reserve	-	-	-	-	-	-	381,858	-	-	(381,858)	-
Other reserves	-	-	-	-	-	-	-	-	1,527,434	(1,527,434)	-
Cash dividends	-	-	-	-	-	-	-	-	(250,000)	-	(250,000)
Stock-based payments under compensation plan	3,933	(3,933)	-	47,196	-	-	-	(47,196)	-	-	-
Acquisition of non-controlling interest in Tarshop (Note 24)	-	-	-	-	-	-	-	-	-	70,242	70,242
Acquisition of non-controlling interest in BH Valores (Note 24)	-	-	-	-	-	-	-	-	-	24	24
Net income for the period	-	-	-	-	-	-	-	-	-	1,692,220	1,692,220
Closing balances for the period	1,469,594	30,406	834	74,743	717,115	-	1,830,507	364,874	5,060,727	1,762,486	11,311,286

Notes and Schedules hereto are an integral part of these separate condensed interim financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 09/30/2018

In thousands of Argentine Pesos

Changes	Capital Stock		Non-capitalized Contributions		Equity adjustments	Other comprehensive income	Profit reserves			Retained earnings	Total as of 09/30/2018
	Outstanding	Treasury Stock	Share issuance premium	Stock-based payments			Legal	Stock-based payments	Others		
Opening balances for the fiscal year	1,463,365	36,635	834	-	717,115	-	1,129,962	439,617	2,708,321	1,451,316	7,947,165
Distribution of retained earnings – Approved by the Shareholders' Meeting held on 04/9/2019											
Legal reserve	-	-	-	-	-	-	318,687	-	-	(318,687)	-
Other reserves	-	-	-	-	-	-	-	-	1,274,749	(1,274,749)	-
Cash dividends	-	-	-	-	-	-	-	-	(199,774)	-	(199,774)
Stock-based payments under compensation plan	2,087	(2,087)	-	25,043	-	-	-	(25,043)	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	1,547,640	1,547,640
Closing balances for the period	1,465,452	34,548	834	25,043	717,115	-	1,448,649	414,574	3,783,296	1,405,520	9,295,031

Notes and Schedules hereto are an integral part of these separate condensed interim financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the periods ended 09/30/2019 and 09/30/2018 (Note 3.2.d.)

In thousands of Argentine Pesos

ITEM	09/30/2019	09/30/2018
Net income for the period before income tax	1,767,926	1,580,015
<u>Adjustments to obtain cash flows from operating activities</u>		
Depreciation and impairment of assets	175,186	155,005
Loan loss provisions, net of recovered loans	2,654,701	1,112,600
Provision for loan losses, net of reversed provisions	111,977	51,359
Income/(loss) from investment in subsidiaries	(1,281,453)	(1,071,176)
Net interest income/(loss)	(1,272,451)	(1,907,481)
Changes in fair value of investments in financial instruments	(7,313,394)	(2,703,153)
Income/(loss) from sale of bank premises and equipment / Revaluation of investment property	(1,806,603)	(2,049)
<u>Net (increase)/decrease from operating assets</u>		
Debt securities at fair value through profit or loss	16,793,065	7,665,888
Derivative instruments	67,838	(252,967)
Repo Transactions	(148,081)	(308,428)
Loans and other financing arrangements		
Non-financial public sector	22,410	160,991
Financial sector	200,921	37,980
Non-financial private sector and foreign residents	10,584,960	(63,028)
Other debt securities	(1,984,009)	(3,636,750)
Financial assets pledged as collateral	(1,183,877)	(144,789)
Investments in equity instruments	(81,920)	6,195
Other assets	(1,055,507)	(3,570,479)
<u>Net increase/(decrease) from operating liabilities</u>		
Deposits		
Non-financial public sector	1,395,485	1,682,787
Financial sector	(70,131)	(109,360)
Non-financial private sector and foreign residents	(4,847,942)	(389,954)
Liabilities at fair value through profit or loss	(267,311)	207,748
Derivative instruments	472,393	871,286
Repo transactions	447,441	(1,170,692)
Other liabilities	(1,189,623)	7,401,521
Collections/(payments) for income tax	(243,751)	(60,781)
Total from operating activities	11,948,250	5,542,288

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the periods ended 09/30/2019 and 09/30/2018 (Note 3.2.d.)

In thousands of Argentine Pesos

ITEM	09/30/2019	09/30/2018
Cash flows from investing activities		
Payments		
Purchase of bank premises and equipment, intangible assets and other assets	(139,493)	(222,259)
Collections		
Sale of bank premises and equipment, intangible assets and other assets	2,319	2,049
Other collections related to investing activities	150,000	50,000
Total from investing activities	12,826	(170,210)
Cash flows from financing activities		
Payments		
Dividends	(249,425)	(199,778)
Unsubordinated negotiable obligations	(7,619,743)	(4,614,530)
Loans from domestic financial institutions	(17,350,656)	(20,832,915)
Other payments related to financing activities	(3,083,644)	(3,720,845)
Collections		
Unsubordinated negotiable obligations	3,538,141	1,333,561
Loans to domestic financial institutions	17,628,844	20,672,890
Other collections related to financing activities	494,000	4,808,997
Total from financing activities	(6,642,483)	(2,552,620)
Effect of exchange rate variations	1,941,561	1,179,229
TOTAL VARIATION OF CASH FLOWS		
Net increase/(decrease) in cash and cash equivalents	7,260,154	3,998,687
Cash and cash equivalents at the beginning of the period	8,120,552	3,825,671
Cash and cash equivalents at the end of the period	15,380,706	7,824,358

Notes and Schedules hereto are an integral part of these separate financial statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

1. BANCO HIPOTECARIO SOCIEDAD ANÓNIMA

Banco Hipotecario S.A. (hereinafter, “the Bank”) is a financial institution subject to the Financial Institutions Law No. 21,526 and, as such, is also required to comply with the regulations laid down by the Argentine Central Bank (BCRA) in its capacity as Regulatory Authority of Financial Institutions. The Bank is also required to comply with the regulations handed down by the Argentine Securities Commission (“CNV”), in accordance with Law No. 26,831.

2. ECONOMIC CONTEXT

The Entity operates in a complex economic context, the main variables of which have recently suffered strong volatility, both in the domestic and international scenarios.

Within the domestic scenario, the following circumstances are observed:

- During the first half of the year a 2.5% drop of GDP YoY was observed.
- Accumulated inflation between January 1, 2019 and September 30, 2019 reaches 37.7.
- The significant devaluation of the Argentine peso since August has generated a sudden exit of deposits in dollars from the financial system (thus resulting in a fall in the Central Bank’s reserves) and an increase in the reference interest rate above 74%.

Under these circumstances, the government decided to implement certain measures, namely:

- Set limits to the acquisition of foreign currency.
- Set specific terms to enter and settle exports.
- BCRA’s prior authorization for the formation of foreign assets for companies.
- BCRA’s prior authorization for the payment of debts to foreign related companies.
- Deferral of the payment of certain sovereign debt instruments.
- Fuel price control.

In particular, and as regards financial assets, by means of Decree No. 596/2019 dated August 28, 2019, the Argentine Government resolved to extend the maturity dates of short-term securities (Letes, Lecap, Lecer and Lelink).

As of September 30, 2019, the Entity has investments in Argentine securities subject to restructuring for an approximate amount of Ps. 11,716 thousand, which are valued at market value.

This context of volatility and uncertainty continues as of the date of these separate condensed interim financial statements.

The Entity’s Board of Directors permanently monitors the evolution of variables that affect its business, in order to define its course of action and identify potential impacts on its financial position. The Company’s separate condensed interim financial statements should be read in light of these circumstances.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 – Page 17

3. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

These separate condensed interim financial statements were approved by the Board of Directors on November 5, 2019.

3.1. Adoption of International Financial Reporting Standards (IFRS)

The BCRA, through Communication "A" 5541, as amended, set forth a convergence plan towards the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), to be complied with by entities under the Argentine Central Bank's oversight, except for Item 5.5. (Impairment) of IFRS 9 "Financial Instruments," effective for fiscal years commenced on January 1, 2018. Entities are also required to prepare their opening financial statements since January 1, 2017, which will serve as comparative basis to the financial statements commencing on January 1, 2018, with the interim financial statements as of March 31, 2018 being the first interim financial statements in being prepared under these standards, except for the application of item 5.5. (Impairment) of IFRS 9 "Financial Instruments" and International Accounting Standard (IAS) 29 "Financial reporting in hyperinflationary economies".

Impairment of financial assets

By means of Communication "A" 6430, the BCRA established that Financial Institutions shall apply the financial assets impairment provisions in Item 5.5 of IFRS 9 for fiscal years beginning on or after January 1, 2020.

For such purposes, IFRS 9 provides for a model of expected credit losses whereby financial assets are classified into three stages of impairment, based on credit quality changes after initial recognition, indicating how an entity measures impairment losses and applies the effective interest method.

As of the date of these separate condensed interim financial statements, the Bank is in the process of quantifying the effect the application of that impairment model would have.

Pursuant to Communication "A" 6114 issued by the BCRA, the Entity has applied the provisions in Note 3.2.c. to recognize credit losses in these financial statements.

On February 22, 2019, the BCRA published Communication "A" 6651 setting forth that Financial Institutions shall apply IAS 29 for fiscal years beginning on or after January 1, 2020.

These separate condensed interim financial statements should be read together with the Bank's financial statements as of December 31, 2018.

The Bank's management has concluded that these separate condensed interim financial statements fairly present its financial position, financial performance and cash flows.

3.2. Basis for Preparation

These separate condensed interim financial statements were prepared in accordance with the accounting framework laid down by the BCRA as disclosed in note 3.1.

In preparing these separate condensed interim financial statements, the Bank is required to make estimates and assessments affecting the reported amounts of assets and liabilities, and contingent assets and liabilities disclosed as of the date of these separate condensed interim financial statements, as well as the reported amounts of income and expenses.

The Bank makes estimates, for instance, to calculate the allowance for loan losses, the useful life of bank's premises & equipment, depreciation and amortization, the recoverable value of assets, the income tax expense, some labor-related costs, and the provisions for contingencies and lawsuits. Future actual results may differ from the estimates and assessments made as of the date these separate condensed interim financial statements were prepared.

The areas involving a higher degree of judgment or complexity or the areas in which the assumptions and estimates are material for these separate condensed interim financial statements are described in Note 4.

The separate condensed interim financial statements are denominated in Pesos, which is the Bank's functional currency.

(a) Going concern

As of the date of these separate condensed interim financial statements, there are no uncertainties as to developments or circumstances that may call into question the likelihood that the Bank will continue operating normally as a going concern.

(b) Restatement of financial statements for inflation

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of an entity whose functional currency is that of a highly-inflationary economy be stated in terms of the current measurement unit as of the reporting fiscal year-end, regardless of whether such financial statements are based on the historical or the current cost method. To such end, in general terms, entities are required to account for inflation occurring since the acquisition date or the revaluation date, as applicable, in non-monetary items. Such requirements are also applicable to the comparative information disclosed in the financial statements.

The standard sets out a number of factors that should be considered to conclude whether an economy is highly-inflationary under the terms of IAS 29, including a cumulative inflation rate for three consecutive years close to, or in excess of, 100%. That is way, pursuant to IAS 29, the Argentine economy should be considered as highly-inflationary as from July 1, 2018.

In summary, according to the restatement mechanism set forth in IAS 29, monetary assets and liabilities will not be restated for they are already stated in the measuring unit current at the end of the reporting period. Assets and liabilities subject to adjustments on the basis of specific arrangements will be adjusted according to such arrangements. Non-monetary items measured at their current values at the end of the reporting period, such as net realizable value or others, will not be restated. All other non-monetary assets and liabilities will be restated by applying a general price index. Gains or losses from an entity's net monetary position will be charged to the reporting period's net income or loss in a separate item.

On February 22, 2019, the BCRA published Communication A 6651 setting forth that Financial Institutions shall apply IAS 29 for fiscal years beginning on or after January 1, 2020.

The Group is working on estimating the restatement.

Based on the foregoing, the Group's shareholders' equity and results would significantly differ from currently reported balances if they were restated in constant currency as of the measurement date, pursuant to the restatement mechanism provided for under IAS 29.

(c) Accounting policies

The accounting policies adopted in the presentation of these financial statements are consistent with those used in the preparation of the separate financial statements as of December 31, 2018, described in Note 3 thereto.

The Bank has adopted IFRS 16 “Leases”, IFRIC 23 “Uncertainty over income tax treatment” and amendments to IFRS 9 “Financial instruments” and IAS 28 “Investments in associates and joint ventures” for this period using the prospective approach, therefore, the impact of the adoption was recognized in the results for the period ended September 30, 2019, and comparative balances have not been modified due to this adoption.

The main changes are as follows:

IFRS 16 Leases

The standard sets out a new accounting model for leases. Under IFRS 16, a contract is or contains a lease if the contract confers the lessee a right to control the use of an identified asset for a period of time, for consideration. IFRS 16 requires that the lessee recognize the liability arising from the lease reflecting the lease future payments and a right of use of the assets for substantially all leases, other than certain short-term leases and leases of low-value assets.

IFRIC 23 Uncertainty over Income Tax Treatment

This interpretation sheds light on how the recognition and measurement requirements of IAS 12 “Income Tax” should be applied when there is uncertainty over the income tax treatment.

Amendment to IFRS 9 Financial Instruments

This amendment allows entities to measure certain instruments allowing early payment with negative compensation at amortized cost. For such assets, which include certain loans and bonds, to be measured at amortized cost, the negative compensation shall be “reasonable compensation for early termination” and the asset shall be held in a business model as held for collection.

Changes in IAS 28 “Investment in associates and joint ventures”

The changes introduced clarify long-term accounting of associates and joint ventures for which the equity method shall not apply. Entities shall account for such investments pursuant to IFRS 9 “Financial Instruments” before applying the impairment requirements of IAS 28 “Investment in associates and joint ventures”.

The effect in the statement of income for the nine-month period ended September 30, 2019 due to the first implementation of IFRS 16 is as follows:

	Pursuant to previous standard	Implementation of IFRS 16	Current statement of income
	(In thousands of Ps.)		
Interest and adjustments income	11,600,615	-	11,600,615
Interest and adjustments expense	(10,328,164)	-	(10,328,164)
Net interest income	1,272,451	-	1,272,451
Fee and commission income	3,792,636	-	3,792,636
Fee and commission expense	(124,762)	-	(124,762)
Net fee and commission income	3,667,874	-	3,667,874
Net income from measurement of financial instruments at fair value through profit or loss	7,236,078	-	7,236,078
Gold and foreign currency quotation difference	(3,473,032)	-	(3,473,032)
Other operating income	2,858,881	-	2,858,881
Loan loss provision	(2,775,582)	-	(2,775,582)
Net operating income	8,786,670	-	8,786,670
Employee benefits	(3,554,367)	-	(3,554,367)
Administrative expenses	(2,159,969)	79,490	(2,080,479)
Depreciation and impairment of assets	(120,247)	(54,939)	(175,186)
Other operating expenses	(2,440,094)	(50,071)	(2,490,165)
Operating income (loss)	511,993	(25,520)	486,473
Share of profit of associates and joint ventures	1,281,453	-	1,281,453
Income (loss) before income tax	1,793,446	(25,520)	1,767,926
Income tax	(82,086)	6,380	(75,706)
Net income (loss) for the period	1,711,360	(19,140)	1,692,220

The adoption of “IFRIC 23 “Uncertainty on income tax treatment” and the amendments to IFRS 9 “Financial instruments” and IAS 28 “Investments in associates and joint ventures” have not effects on the statement of income for the period ended September 30, 2019.

(d) Corporate reorganization – Presentation under the interest combination method

As mentioned in Note 24 to these consolidated condensed interim financial statements, on September 2, 2019, final merger agreements were executed between the Bank and Tarshop and BH Valores.

Solely for comparison purposes, the balances of these separate condensed interim financial statements were restated as from January 1, 2018 onwards, as if the corporate reorganization had occurred since the earliest prior period presented in such financial statements.

4. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

In the preparation of these separate interim financial statements, the significant judgments made by Management, in the application of accounting policies and the main sources of uncertainty in the estimates, were the same as those applied in the separate financial statements for the fiscal year ended December 31, 2018.

The preparation of these separate financial statements in accordance with the accounting framework established by the Argentine Central Bank requires the use of certain significant accounting estimates. It also requires that Management make judgments in applying the accounting standards set forth by the Argentine Central Bank to define the Group's accounting criteria.

The areas which involve a higher degree of judgment or complexity, or the areas in which the assumptions and estimates are material for these separate condensed interim financial statements are described in the separate financial statements as of December 31, 2018.

5. CASH AND BANK DEPOSITS

The table below shows a breakdown of items comprising cash and cash equivalents:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Cash	1,674,264	1,393,195
Financial institutions and correspondents	12,641,613	5,859,465
Others	1,064,829	867,892
Cash and bank deposits	15,380,706	8,120,552

6. FINANCIAL INSTRUMENTS

The Bank held the following financial instrument portfolios:

Instrument portfolio as of 09/30/2019	Fair Value - Net Income (Loss)	Amortized Cost	Fair Value - OCI	Total
	(In thousands of Ps.)			
Assets	9,578,861	61,898,188	-	71,477,049
Cash and bank deposits	-	15,380,706	-	15,380,706
Debt securities at fair value through profit or loss	7,660,676	-	-	7,660,676
Derivative instruments	1,640	-	-	1,640
Repo transactions	-	590,569	-	590,569
Other financial assets	15,796	1,329,699	-	1,345,495
Loans and other financing arrangements	-	39,880,199	-	39,880,199
Other debt securities	-	3,343,634	-	3,343,634
Financial assets pledged as collateral	1,709,452	1,373,381	-	3,082,833
Investments in equity instruments	191,297	-	-	191,297
Liabilities	(2,487,033)	(65,362,241)	-	(67,849,274)
Deposits	-	(30,907,299)	-	(30,907,299)
Liabilities at fair value through profit or loss	(484,200)	-	-	(484,200)
Derivative instruments	(2,002,833)	-	-	(2,002,833)
Repo transactions	-	(578,600)	-	(578,600)
Other financial liabilities	-	(4,173,104)	-	(4,173,104)
Loans from the Argentine Central Bank and other financial institutions	-	(595,343)	-	(595,343)
Negotiable obligations issued	-	(29,107,895)	-	(29,107,895)
Total	7,091,828	(3,464,053)	-	3,627,775

Instrument portfolio as of 12/31/2018	Fair Value - Net Income (Loss)	Amortized Cost	Fair Value - OCI	Total
	(In thousands of Ps.)			
Assets	18,206,001	54,347,007	-	72,553,008
Cash and bank deposits		8,120,552		8,120,552
Debt securities at fair value through profit or loss	17,106,724	-	-	17,106,724
Derivative instruments	69,478	-	-	69,478
Repo transactions	-	413,127	-	413,127
Other financial assets	32,908	1,670,324	-	1,703,232
Loans and other financing arrangements	-	42,079,214	-	42,079,214
Other debt securities	-	1,052,348	-	1,052,348
Financial assets pledged as collateral	887,514	1,011,442	-	1,898,956
Investments in equity instruments	109,377	-	-	109,377
Liabilities	(2,248,328)	(64,895,451)	-	(67,143,779)
Deposits	-	(29,611,121)	-	(29,611,121)
Liabilities at fair value through profit or loss	(751,511)	-	-	(751,511)
Derivative instruments	(1,496,817)	-	-	(1,496,817)
Repo transactions	-	(53,662)	-	(53,662)
Other financial liabilities	-	(4,936,094)	-	(4,936,094)
Loans from the Argentine Central Bank and other financial institutions	-	(328,764)	-	(328,764)
Negotiable obligations issued	-	(29,965,810)	-	(29,965,810)
Total	15,957,673	(10,548,444)	-	5,409,229

Fair Value

The Bank classifies the fair value of its financial instruments in 3 levels, according to the quality of the data used in fair value assessment.

Level 1 Fair Value: The fair value of financial instruments traded in active markets (such as, publicly-traded derivatives, and securities held for trading or available for sale) is based on market listed prices as of the reporting period end. The market price used in financial assets held by the Bank is the current purchase price. These instruments are included in Level 1.

Level 2 Fair Value: The fair value of financial instruments that are not traded in active markets, for example, over-the-counter derivatives, is determined using valuation techniques that maximize the use of observable information and relies, to the least possible extent, on the Bank's specific estimates. If all the material variables to establish the fair value of a financial instrument are observable, the instrument is included in Level 2.

Level 3 Fair Value: If one or more material variables are not based on observable market information, the instrument is included in Level 3. This is the case of unlisted equity instruments.

The table below shows the Bank's financial instruments measured at fair value as of the indicated dates:

Instrument portfolio as of 09/30/2019	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
	(In thousands of Ps.)		
Assets	9,460,671	118,190	-
Debt securities at fair value through profit or loss	7,544,126	116,550	-
Derivative instruments	-	1,640	-
Other financial assets	15,796	-	-
Financial assets pledged as collateral	1,709,452	-	-
Investments in equity instruments	191,297	-	-
Liabilities	(484,200)	(2,002,833)	-
Liabilities at fair value through profit or loss	(484,200)	-	-
Derivative instruments	-	(2,002,833)	-
Total	8,976,471	(1,884,643)	-

Instrument portfolio as of 12/31/2018	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
	(In thousands of Ps.)		
Assets	17,987,483	218,518	-
Debt securities at fair value through profit or loss	16,957,684	149,040	-
Derivative instruments	-	69,478	-
Other financial assets	32,908	-	-
Financial assets pledged as collateral	887,514	-	-
Investments in equity instruments	109,377	-	-
Liabilities	(751,511)	(1,496,817)	-
Liabilities at fair value through profit or loss	(751,511)	-	-
Derivative instruments	-	(1,496,817)	-
Total	17,235,972	(1,278,299)	-

Valuation Techniques

Valuation techniques to determine fair values include:

- Market or listed prices of similar instruments; and
- Estimated present value of instruments.

All estimates in fair value are included in Level 2, in which fair values were assessed on the basis of present values adjusted for the issuer's or the entity's own credit risk.

Gains (losses) from accrual of the effective rate on the instruments are directly charged to income for the year.

Repo transactions

Breakdown as follows:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Repo transactions	589,435	453,918

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Repo transactions	(641,749)	(59,224)

Fair Value of Other Financial Instruments

The Bank has financial instruments that are not measured at fair value. For most of them, the fair value does not substantially differ from their amortized cost, since the interest rate payable or receivable is similar to market rates or the instrument is short-term. The following substantial differences were identified as of period/year-end:

Instruments as of 09/30/2019	Amortized Cost	Fair Value	
		Amount	Level
	(In thousands of Ps.)		
Loans and other financing arrangements	39,880,199	37,946,375	Level 2
Other debt securities	3,343,634	2,173,016	Level 1 and 2
Negotiable obligations issued	(29,107,895)	(15,670,277)	Level 1 and 2

Instruments as of 12/31/2018	Amortized Cost	Fair Value	
		Amount	Level
	(In thousands of Ps.)		
Loans and other financing arrangements	42,079,214	39,884,302	Level 2
Other debt securities	1,052,348	1,062,528	Level 1
Negotiable obligations issued	(29,965,810)	(27,928,638)	Level 1 and 2

Impairment (Schedule R)

Below is a breakdown of changes in allowances for loan losses:

	09/30/2019
	(In thousands of Ps.)
Balance at the beginning	2,029,736
Impairment for the period	2,775,582
Write off	(53,701)
Recovery for the period	(1,776,754)
Balance at period-end	2,974,863

7. LOANS AND OTHER FINANCING ARRANGEMENTS

The allowances for loan losses established by the Bank cover the minimum allowances required by the Argentine Central Bank, which are determined according to the level of compliance of debtors, the guarantees securing the loans and the debtor's economic and financial condition, among others, the allowances set up for individual loans refinanced in accordance with the guidelines described in Communication "A" 4583, and supplementary rules, as amended, and certain estimates concerning the impact of the current economic situation on the recoverability of the loan portfolio which includes self-insurance of risks stemming from death and disability on the debit balance of the financing covered by contracts made with insurance companies.

All consumer loans that must be fully accounted for in accordance with the rules in force are written off from the Bank's assets one month after the date in which such provision is made.

The individual mortgage loans granted and managed by the Retail Banking network, in which the participating banks entirely assume guarantees for cash flows, were classified as normal for purposes of calculating provisioning levels.

Based on the foregoing, the Group's Board of Directors believes that the allowances for loan losses set up are sufficient to cover the minimum allowances required by the Argentine Central Bank rules on the total amount of the portfolio.

The following table shows a breakdown of balances of loans and other financing arrangements:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
To the non-financial public sector	28	22,438
To the financial sector	292,531	379,885
Interfinancial - calls granted	-	250,000
Other loans to domestic financial institutions	292,513	103,634
Accrued interest, adjustments and quotation differences receivable	18	26,251
To the non-financial private sector and foreign residents	39,587,640	41,676,891
Overdraft facilities	389,917	595,096
Promissory notes	11,231	150,210
Mortgage loans	5,681,153	4,805,430
Pledge loans	1,261	1,956
Consumer loans	7,403,978	8,509,580
Credit cards	16,122,758	18,241,934
Financial leases	73,164	122,322
Loans to entity's personnel	305,805	285,741
Unallocated collections	(2,915)	(4,046)
Other	12,000,956	10,394,462
Accrued interest and quotation differences receivable	544,648	598,360
Documented interest	(468)	(26,974)
Provision for loan losses (Schedule R)	(2,943,848)	(1,997,180)
Total loans and other financing arrangements	39,880,199	42,079,214

8. TRANSFER OF FINANCIAL ASSETS

The Bank has made transfers of financial assets as described in Note 23.3. However, pursuant to IFRS 1, derecognition criteria for financial assets under IFRS 9 were applied on a

See our report dated
November 5, 2019

PRICE WATERHOUSE & Co. S.R.L.

**Notes to the separate condensed interim financial statements as of
September 30, 2019, December 31, 2018 and September 30, 2018**

prospective basis for transactions occurring after the transition date.

Under the IFRS, such a transfer of financial assets does not qualify for derecognition; accordingly, the Bank still recognizes the financial asset so transferred in its entirety and a financial liability reflecting the consideration it has received in exchange for the transfer.

The table below shows the financial trust not considered as derecognition of financial assets as of September 30, 2019:

Issuer	Financial trust	Created on	Securitized amount	Trust debt security		Estimated termination of the series
				Type	Amount	
BHSA	CHA UVA Series I	Apr.-18	19,210 UVA	A	8,645 UVA	Oct-24
				B	5,763 UVA	Apr-28
				CP	4,802 UVA	May-32

Furthermore, as of September 30, 2019, the Bank has maintained the following repo transactions:

- Ps. 589,435 thousand in Reverse Repos booked under off-balance sheet accounts.
- Ps. 641,749 thousand in Repos booked under "Financial assets pledged as collateral".

9. OTHER NON-FINANCIAL ASSETS

9.1. Bank premises and equipment

Changes in bank premises and equipment for the period ended September 30, 2019 were as follows:

Item	Initial value at the beginning of the period	Additions	Withdrawals	Depreciation			Residual value	
				Accumulated	Withdrawal	For the period (1)	As of 09/30/19	As of 12/31/18
- Real estate	1,191,595	-	-	(38,010)	-	(15,315)	1,138,270	1,153,585
- Furniture and fixtures	124,738	15,199	(2,319)	(54,252)	1,243	(8,608)	76,001	70,486
- Machinery and equipment	524,001	69,804	-	(369,684)	-	(67,437)	156,684	154,317
- Vehicles	482	-	-	(290)	-	(72)	120	192
- Miscellaneous	11,124	139	-	(8,126)	-	(946)	2,191	2,998
- Right of use of leased real property	-	181,053	-	-	-	(52,604)	128,449	-
- Right of use of leased personal property	19,470	-	-	(3,979)	-	(4,770)	10,721	15,491
- Works in progress	88,716	30,042	-	-	-	-	118,758	88,716
Total bank premises and equipment	1,960,126	296,237	(2,319)	(474,341)	1,243	(149,752)	1,631,194	1,485,785

(1) The accounting allocation of depreciations for the period is reported in Note 3.

Additional information

	Depreciation method	Useful life (in years)
- Real estate	Straight line basis	Maximum 50
- Furniture and fixtures	Straight line basis	10
- Machinery and equipment	Straight line basis	Machinery: 5 Equipment: 3
- Vehicles	Straight line basis	5
- Right of use of leased properties	Straight line basis	Within the term of each lease agreement
- Miscellaneous	Straight line basis	5
- Works in progress	-	-

9.2 Intangible assets

Changes in intangible assets for the period ended September 30, 2019 were as follows:

	09/30/2019
	(In thousands of pesos)
Initial net book value	123,043
Increases due to development	24,309
Depreciation fee (1)	(24,818)
Net book value at period-end	122,534
Cost	354,047
Accumulated depreciation	(231,513)
Net book value at period-end	122,534

(1) The accounting allocation of depreciations for the period is reported in Note 3.

Additional information

	Intangible assets
Defined useful life (in years)	5 years
Depreciation method	Straight-line basis

9.3. Other non-financial assets

The table below shows the balances of other non-financial assets as of the indicated dates:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Investment property	363,043	3,244,135
Tax prepayments	97,897	155,660
Prepaid fees to Directors' and Supervisory Committee's Members	41,614	50,056
Other prepayments	136,356	112,911
Other	11,128	22,363
Total other non-financial assets	650,038	3,585,125

Changes in investment property for the fiscal period ended September 30, 2019 were as follows:

	Leased property	Other investment property (1)	09/30/2019
	(In thousands of Ps.)		
Initial net book value	363,043	2,881,092	3,244,135
Net (Loss) / income due to measurement at fair value	-	1,692,760	1,692,760
Transfer to "Non-current assets held for sale"	-	(4,573,852)	(4,573,852)
Net book value at fiscal period-end	363,043	-	363,043

(1) On April 20, 2016, the Bank purchased the building known as "Edificio del Plata" through a public auction held by the Government of the City of Buenos Aires, with the purpose of setting up a branch and corporate offices. The purchase price was US Dollars sixty-eight million one hundred and fourteen thousand (68,114,000). On April 29, 2016; fifteen percent of the price (15%) was paid. The balance was paid on April 20, 2017. The title deed was executed on April 25, 2017. This building is considered to be a qualifying asset according to the definition of IAS 23, in that it necessarily takes a substantial period of time to get ready for its intended use. Therefore, as described in Note 3, the Bank has capitalized Ps. 1,758,039 thousand and Ps. 305,271 thousand as of September 28, 2018 and December 31, 2017, respectively. The referred amounts correspond to financial costs subject to capitalization under series XXIX tranche II negotiable obligation (Note 12).

On September 28, 2018, the Bank's Board of Directors decided to discontinue the investment in the construction plan of the new corporate headquarters, changing the originally intended purpose of the building known as "Edificio del Plata". As a result of the decision of the Board of Directors, we have started to monitor compliance with the requirements set out in IAS 40 for the reclassification of the building as "Investment property." Therefore, the Bank retained an independent appraiser to make an appraisal of the building, resulting in a fair value of Ps. 2,881,092 thousand. Hence, as of December 31, 2018, we recognized an impairment loss in the amount of Ps. 291,029 thousand in the Statement of Income under "Depreciation and impairment of assets." During December 2018, the works in the property were discontinued and communication of change of use to third parties was concluded. As result, the property was reclassified to "Investment property".

On May 24, 2019, the Bank received a notice from the Superintendence of Financial and Foreign Exchange Institutions in connection with the accounting recognition and valuation of the building, whereby the Bank was required to proceed with the reclassification and valuation of such building as a "Non-current asset held for sale" (IFRS 5).

On June 26, the Bank filed a motion for reconsideration with the Argentine Central Bank, stating the criteria relied upon for the recognition of the building under Investment property.

At its meeting held on September 11, 2019, the Bank's Board of Directors resolved to sell the building known as "Edificio del Plata" and to reclassify it as "Non-current asset held for sale", adjusted as set forth in IFRS 5 and to require the Household Comprehensive Development Management Department to prepare the relevant sales plan. Furthermore, at such meeting the Board of Directors resolved to dismiss the motion for reconsideration against the memorandum of the Financial Institutions Supervisory Management, dated May 24, 2019, as it has become abstract.

**Notes to the separate condensed interim financial statements as of
September 30, 2019, December 31, 2018 and September 30, 2018**

As of the date of these financial statements, the Argentine Central Bank has not yet rendered a decision on the motion, pursuant to which the Bank also moved to suspend the effects of the Superintendence of Financial and Foreign Exchange Institutions' notice. Therefore, the building is still classified and measured according to IAS 40 "Investment Property".

The figures included in the result for the period for Investments property are as follows:

	09/30/2019	09/30/2018
	(In thousands of pesos)	
Rentals	5,399	5,248
Direct expenses from property management	(3,583)	(5,124)

Net results from investment property as of September 30, 2019 and 2018 amount to a profit of Ps. 1,816 thousand and Ps. 124 thousand, respectively, and are recognized in "Other operating income", "Administrative expenses" and "Other operating expenses" in the comprehensive income statement.

During the fiscal period ended September 30, 2019, there were no sales of investment property. Likewise, there are no contractual obligations to acquire, build or develop investment properties, or for repairs, maintenance or improvements of investment property.

9.4 Non-current assets held for sale

As mentioned in note 9.3, on September 11, 2019, the Bank the building known as "Edificio del Plata" classified as an asset held for sale. Accordingly, under IFRS 5, said asset has been valued at the lesser between its book value and the market value less selling expenses. As of September 30, 2019, the book value amounts to Ps. 4,573,852 thousand.

10. INCOME TAX

The table below shows a breakdown of "Current Income Tax Assets":

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Minimum notional income tax credit	330,799	277,398
Income tax prepayments	-	10,072
Total current income tax assets	330,799	287,470

The table below shows a breakdown of income tax refund/(expense):

	09/30/2019	09/30/2018
	(In thousands of Ps.)	
Current income tax	-	-
Income tax - deferred method	(75,706)	(32,375)
Income tax refund / (expense) charged to the Statement of Income	(75,706)	(32,375)
Income tax refund / (expense) charged to the Statement of Other Comprehensive Income	-	-
Total income tax refund / (expense)	(75,706)	(32,375)

**Notes to the separate condensed interim financial statements as of
September 30, 2019, December 31, 2018 and September 30, 2018**

The table below shows a reconciliation of the income tax liability charged to income as of September 30, 2019 and 2018 and the income tax liability resulting from applying the effective tax rate to taxable income:

	09/30/2019	09/30/2018
	(In thousands of Ps.)	
Income for the period before income tax	1,767,926	1,580,015
Effective tax rate	30%	30%
Income for the period at the tax rate	530,378	474,005
Permanent differences at the tax rate:		
- Income (loss) from equity investments	(110,995)	(323,141)
- Income (loss) Tierra del Fuego	22,118	1,580
- Non-taxable income	(37,724)	(16,176)
- Net proceeds from ProCreAr	(62,428)	(54,873)
- Other	(82,254)	(49,020)
Tax inflation adjustment	(183,389)	-
Total Income Tax Expense for the period	75,706	32,375
Deferred tax variation	(75,706)	(90,657)
Total Income Tax for the period Assessed for Tax Purposes	-	(57,657)
Income tax prepayments	-	-
Income Tax Liability	-	(57,657)

Tax Reform:

On December 29, 2017, the National Executive Branch enacted Income Tax Law No. 27,430. This law has introduced several changes to the previous income tax treatment. Some of the key changes involved in the reform include:

Income Tax Rate: The income tax rate for Argentine companies will be gradually reduced from 35% to 30% for fiscal years commencing on January 1, 2018 until December 31, 2019, and to 25% for fiscal years commencing on, and including, January 1, 2020.

Tax on Dividends: The law has introduced a tax on dividends or profits distributed by Argentine companies or permanent establishments, among others, to: individuals, undivided estates or foreign beneficiaries, subject to the following considerations: (i) dividends distributed out of the profits made during fiscal years commencing on January 1, 2018 until December 31, 2019 will be subject to withholding at a 7% rate; and (ii) dividends distributed out of the profits made during fiscal years commencing on January 1, 2020 and thereafter will be subject to withholding at a 13% rate.

Dividends distributed out of profits earned until the fiscal year before that commenced on January 1, 2018 will remain subject, in respect of all beneficiaries, to withholding at the 35% rate on the amount in excess of tax-free distributable accumulated profits (equalization tax transition period).

Adjusted Deductions: Acquisitions or investments made in fiscal years commencing on January 1, 2018 will be adjusted on the basis of percentage changes in the Wholesale Domestic Price Index (IPIM) reported by the INDEC, which would result in an increase in the deductible depreciation and amortization expense and the tax basis in the event of a sale.

Law 27468 amended the transition regime set forth by Law 27430 for the application of the tax inflation adjustment set forth in Section 95 of the Income Tax Law, which establishes that said adjustment shall be effective for the fiscal years commencing on or after January 1, 2018. Furthermore, for the first, second and third fiscal years as from its effective date, the adjustment

**Notes to the separate condensed interim financial statements as of
September 30, 2019, December 31, 2018 and September 30, 2018**

procedure shall apply in the event the CPI variation, calculated from the beginning to the end of each of fiscal year, exceeds fifty-five percent (55%), thirty percent (30%) and fifteen percent (15%), respectively. The positive or negative adjustment for inflation, as the case may be, to be calculated shall be charged as follows: one third in such fiscal period and the remaining two thirds, on an equal basis, in the two immediately following fiscal years. As of the date of these separate condensed interim financial statements, the Entity's Board of Directors has evaluated and considered that the parameters set forth by the Income Tax Law for the resumption of the tax inflation adjustment will be met as of the end of the fiscal year, and accordingly, it has been considered in the determination of the tax result for the interim period, which recorded a tax loss. The deferral effect of the two thirds of the result for inflation adjustment, as defined in the tax law, has been recognized as a deferred tax asset.

Deferred Income Tax Assets/Liabilities

The table below shows changes in deferred income tax assets and liabilities:

	Balance as of 12/31/2018	Balance charged to income/(loss) (*)	Balance as of 09/30/2019
	(In thousands of Ps.)		
Allowance for loan losses	378,172	90,101	468,273
Bank premises & equipment and assets held for sale	(774,893)	(404,551)	(1,179,444)
Valuation in foreign currency	(15,100)	(7,039)	(22,139)
Provisions	104,372	20,508	124,880
Other	3,784	(3,782)	2
Valuation of securities and shares	109,445	(118,187)	(8,742)
Tax inflation adjustment	-	183,389	183,389
Tax losses	245,237	516,435	761,672
Total deferred income tax assets	51,017	276,874	327,891

(*) Out of the total balance, Ps. 352,580 thousand were charged to "Other operating expenses" as they were originated by Tarshop and BH Valores prior to the effective merger date.

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Bank has interests in two subsidiaries. The table below shows a breakdown of the Bank's investments in subsidiaries as of September 30, 2019 and December 31, 2018:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
BACS S.A.	391,570	327,400
BHN Sociedad de Inversión S.A.	1,866,162	1,548,878
Total investments in subsidiaries	2,257,732	1,876,278

**Notes to the separate condensed interim financial statements as of
September 30, 2019, December 31, 2018 and September 30, 2018**

The table below shows the changes in investments in the Bank's subsidiaries, associates and joint ventures for the fiscal period ended September 30, 2019 and the fiscal year ended December 31, 2018:

	09/30/2019	12/31/2018
	(In thousands of Ps.)	
Net Balance at the Beginning of the Period/Year	1,876,278	1,326,458
Dividends received (a)	(150,000)	(799,997)
Dividends receivable (a)	(749,999)	-
Share of profit or loss for the period/year	1,281,453	1,349,817
Balance at period/year-end	2,257,732	1,876,278

(a) On March 28, 2018, the shareholders' meeting of BHN Sociedad de Inversión S.A. approved the distribution of dividends on income for fiscal year 2017 for Ps. 800,000 thousand. Said distribution was made on October 12, 2018 by means of the transfer of Lebacks (Species 11708). On February 28, 2019, the shareholders' meeting of BHN Sociedad de Inversión S.A. approved the distribution of dividends on income for fiscal year 2018 for Ps. 900,000 thousand, of which as of September 30, 2019, Ps. 150,000 thousand have been collected by means of the transfer of capitalizable bills in pesos.

The following is summary financial information for each subsidiary:

Balance Sheet Summary Data

	BACS		BHN Soc. de Inversión	
	09/30/19	12/31/18	09/30/19	12/31/18
	(In thousands of Ps.)			
Total Assets	4,846,177	3,633,882	4,080,408	2,702,304
Total Liabilities	4,217,450	3,108,191	2,214,246	1,153,423
Shareholders' equity	628,727	525,691	1,866,162	1,548,881

Statement of Income and Statement of Comprehensive Income Summary Data

	BACS		BHN Soc. de Inversión	
	09/30/19	09/30/18	09/30/19	09/30/18
	(In thousands of Ps.)			
Ordinary operating income	536,043	418,944	2,434,924	2,311,042
Income before income tax	109,444	101,294	1,432,312	1,543,341
Income tax	(3,881)	(40,210)	(215,038)	(510,116)
Other comprehensive income	-	-	-	-
Total Comprehensive Income	105,563	61,084	1,217,274	1,033,225
Income Attributable to Non-Controlling Interest	39,818	23,041	-	-

Statement of Cash Flows Summary Data

	BACS		BHN Soc. de Inversión	
	09/30/19	09/30/18	09/30/19	09/30/18
	(In thousands of Ps.)			
Cash flows from operating activities	481,506	(585,123)	1,137,438	725,076
Cash flows from investing activities	-	(8,449)	(906,884)	(81,239)
Net cash flow provided by financing activities	(548,771)	637,028	(150,000)	(50,000)
Net (Decrease) / Increase in Cash and Cash Equivalents	(67,265)	43,456	80,554	593,837
		-		-
Cash and Cash Equivalents at the Beginning of the Period	755,518	250,363	944,992	910,660
Cash and Cash Equivalents at Period-End	688,253	293,819	1,025,546	1,504,497

12. NEGOTIABLE OBLIGATIONS ISSUED

For information about the Bank's issuance of negotiable obligations, see Note 11 to the consolidated condensed interim financial statements.

13. COMMITMENTS AND CONTINGENCIES

For information about the Bank's commitments, contingencies and provisions, see Note 12 to the consolidated condensed interim financial statements.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

14. INTEREST AND ADJUSTMENTS INCOME/FEE AND COMMISSION INCOME

Interest and adjustments income	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Interest on cash and bank deposits	257	45	394	220
Interest on loans to the financial sector	1,327	52,050	26,587	113,864
Interest on overdraft facilities	94,252	95,173	182,662	264,505
Interest on promissory notes	6,146	25,809	51,368	88,575
Interest on mortgage loans	153,786	117,826	436,819	350,646
Interest on consumer loans	917,101	876,479	2,583,010	2,440,127
Interest on pledge loans	59	97	203	312
Interest on credit card loans	1,931,420	1,787,553	5,588,452	4,942,928
Interest on financial leases	8,579	9,877	32,154	28,670
Interest on other loans	58,916	416,737	1,198,329	974,239
Interest on government and corporate securities	142,322	96,835	307,277	115,721
Income from CER, CVS, UVA and UVI adjustments	342,369	210,550	1,077,413	413,759
Other	30,666	8,331	115,947	22,588
Total	3,687,200	3,697,362	11,600,615	9,756,154

Fee and commission income	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Credit card fees	1,080,502	752,252	3,101,244	2,002,010
Insurance fees	90,230	72,886	251,800	205,492
Commissions linked to liabilities	59,185	17,325	141,122	40,743
Commissions linked to receivables	2,179	297,129	128,013	988,496
Other commissions	101,199	9,827	170,457	34,433
Total	1,333,295	1,149,419	3,792,636	3,271,174

15. INTEREST AND ADJUSTMENTS EXPENSES

Interest and adjustments expense	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Interest on checking account deposits	(60,743)	(367,092)	(127,617)	(740,155)
Interest on savings account deposits	(4,154)	(2,439)	(11,175)	(6,029)
Interest on time deposits	(1,585,156)	(873,043)	(4,439,789)	(2,095,047)
Interest on interfinancial loans	(80,463)	(47,145)	(123,436)	(115,934)

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

received				
Interest on other liabilities resulting from financial transactions	(651,906)	(1,632,036)	(4,592,176)	(4,304,825)
Expenses for CER, CVS, UVA and UVI adjustments	(314,745)	(284,795)	(1,033,971)	(582,816)
Other	-	-	-	(3,867)
Total	(2,697,167)	(3,206,550)	(10,328,164)	(7,848,673)

16. OTHER OPERATING INCOME / (EXPENSES)

Other operating income	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Loan servicing	44,376	160,679	124,856	296,818
Borrowing transactions commissions	34,037	-	90,878	39,845
Income from services PRO.CRE.AR	81,963	-	255,195	146,898
Penalty interest	81,390	42,934	232,124	110,028
Loans recovered	40,883	28,733	91,253	123,192
Reversal of allowances	(501)	1,080	93,612	162,213
Rentals	5,466	3,710	14,401	11,450
Measurement of investment property at fair value	1,217,244	-	1,692,760	-
Income from sale of non-financial assets	1,757	740	113,875	1,926
Other income	32,522	38,504	149,927	117,739
Total	1,539,137	276,380	2,858,881	1,010,109

Other operating expenses	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Turnover tax	(316,019)	(340,749)	(1,032,332)	(987,528)
Loan servicing	(242,225)	(224,786)	(823,384)	(659,038)
Deposit servicing	(47,400)	(24,418)	(104,073)	(66,345)
Other taxes	87,912	(18,031)	177,935	(148,589)
Debit and credit card rebates	(50,008)	(19,469)	(117,887)	(55,266)
Loan rebates	(39,298)	(7,108)	(134,458)	(16,417)
Contribution to the deposit guarantee fund	(13,368)	(11,471)	(38,835)	(31,074)
Interest on financial leases	(19,175)	-	(50,071)	-
Other provisions	(40,260)	(150,545)	(160,689)	(181,199)
Donations	(1,735)	(255)	(8,086)	(3,678)
Other expenses	(113,989)	(2,909)	(198,285)	(48,841)

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

Total	(795,565)	(799,741)	(2,490,165)	(2,197,975)
--------------	------------------	------------------	--------------------	--------------------

17. EXPENSES BY FUNCTION AND NATURE

The Bank presented its statement of comprehensive income under the expenditure function method. Under this method, expenses are classified according to their function as part of the item "Administrative expenses."

The table below provides certain required additional information about expenses by nature and by function:

Administrative expenses	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Fees and compensation for services	(354,466)	(254,770)	(948,737)	(707,146)
Directors' and statutory auditors' fees	(17,671)	(37,307)	(53,022)	(100,518)
Taxes and duties	(65,081)	(95,741)	(230,210)	(249,644)
Maintenance and repairs	(69,400)	(62,183)	(203,123)	(153,898)
Electricity, gas and telephone services	(58,104)	(60,463)	(172,096)	(170,767)
Entertainment and transportation expenses	(10,172)	(10,393)	(34,621)	(35,452)
Rentals	(16,421)	(58,742)	(74,490)	(155,076)
Insurance	(4,371)	(3,029)	(16,899)	(12,078)
Advertising, promotion and research expenses	(12,711)	(25,589)	(29,490)	(68,620)
Miscellaneous	(145,301)	(83,078)	(317,791)	(224,703)
Total	(753,698)	(691,295)	(2,080,479)	(1,877,902)

18. EMPLOYEE BENEFITS

The table below shows a breakdown of items disclosed under Employee Benefits:

Employee benefits	Three-month period ended		Nine-month period ended	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
	(In thousands of Ps.)			
Salaries and social security charges	(765,243)	(660,003)	(2,256,196)	(1,869,226)
Severance payments and bonuses	(380,243)	(157,780)	(1,107,504)	(445,917)
Personnel expenses	(91,756)	(31,734)	(190,667)	(91,733)
Total	(1,237,242)	(849,517)	(3,554,367)	(2,406,876)

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

19. EARNINGS PER SHARE

For information about earnings per share, see Note 18 to the consolidated condensed interim financial statements.

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties are entities that, either directly or indirectly through other entities, control, are under common control with, or have significant influence on, another entity's financial or operating decisions.

The Bank controls another entity when it has the power over that entity's financial and operating decisions and also has a share of profits of such entities.

In determining this situation, consideration is given to legal aspects, as well as to the nature and substance of the relationship.

The Bank has carried out transactions with related parties at arm's length.

Principal shareholders

The Bank's principal shareholders are as follows:

Name	Class of shares	09/30/2019		12/31/2018	
		Votes %	Capital %	Votes %	Capital %
Fondo Federal de Infraestructura Regional Assistance Trust	A	22.86%	44.30%	22.86%	44.30%
Employee Stock Ownership Plan	B	1.96%	3.80%	1.96%	3.80%
Fondo Federal de Infraestructura Regional Assistance Trust	C	2.58%	5.00%	2.58%	5.00%
IRSA Inversiones y Representaciones S. A. (*)	D	46.30%	29.91%	46.30%	29.91%
ANSES	D	7.64%	4.94%	7.64%	4.94%
Treasury Shares	D	3.14%	2.03%	3.54%	2.30%
Shares in The Bank of New York	D	9.38%	6.06%	9.38%	6.06%
Other	D	6.14%	3.96%	5.74%	3.69%
		100.00%	100.00%	100.00%	100.00%

(*) IRSA Inversiones y Representaciones ("IRSA") owns these holdings directly and indirectly through the following subsidiaries: Tyrus S.A., Ritelco S.A., E-Commerce Latina S.A., Palermo Invest S.A., and Inversora Bolívar S.A.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

Controlled entities / Subsidiaries

Below is a detail of the Bank's related parties and the nature of the existing relationship with each of them:

Name	Nature	PERCENTAGE INTEREST			
		09/30/2019		12/31/2018	
		Direct	Direct and indirect	Direct	Direct and indirect
BACS Banco de Crédito y Securitización S.A.	Control	62.28%	62.28%	62.28%	62.28%
BHN Sociedad de Inversión S.A	Control	99.99%	100.00%	99.99%	100.00%
CHA Financial Trusts Series IX to XIV	Control	100.00%	100.00%	100.00%	100.00%

Directors' Fees

According to Law No. 19,550, the fees payable to the Board of Directors, if not established in an entity's by-laws, should be set by the Shareholders' Meeting. The Bank's by-laws provide that total fees payable to directors will be limited to five per cent (5 %) of after-tax profits for the fiscal year at issue when no cash dividends are distributed for whatsoever reason, and will be increased on a proportional basis to cash dividends, if available, until reaching fifteen per cent (15 %) of taxable income.

Some of the Bank's directors were hired under Employment Contract Law No. 20,744. This law sets forth certain employment conditions, including, without limitation, salaries, income protection, working hours, vacations, paid leaves, minimum age requirements, workers' protection, and manners to suspend or terminate employment contracts. The fees payable every year to our directors are determined in accordance with the guidelines set forth in Law No. 19,550, taking into account whether directors perform technical-administrative duties and based on the profits made during the year. Once the fees payable to directors are determined, they are submitted to the Shareholders' Meeting for approval.

Compensation payable to the Key Management Personnel

The members of our senior management are designated and removed by the Board of Directors and perform their duties following the instructions delivered by the Board.

As compensation for their duties, our Key Management Personnel earns a fixed amount determined by reference to their background, skills and experience, and a variable bonus which is paid on an annual basis and is tied to individual performance and the results of our operations.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

As of September 30, 2019, the Bank's key personnel was comprised of a general manager and eleven area managers.

Corporate Services Contracts

In the light of the fact that subsidiaries have operating areas that share certain common characteristics, the Bank implemented alternatives to cut certain fixed costs inherent to its business streamlining the individual efficiencies of each of the companies in the several areas comprising operating management.

Costs and rewards of corporate services agreements are allocated on the basis of operating efficiencies and equity, without pursuing individual profits for each of the companies.

Below is a detail of the services areas included in the corporate services agreements:

Entity	Services area
BACS	Human resources, financial services, IT services, procurement and contracting, accounts payable, overall secretarial, legal advice services and exclusive use by BACS of a space within the Bank's Vault.
BHN Vida y BHN Seguros Generales (a)	Human resources; procurement and contracting; maintenance; internal audit; asset management; general services; accounts payable; overall secretarial services; legal advice and supervision; supply, maintenance and administration of communication and IT items; SAP maintenance, and sale of insurance policies through call centers. Furthermore, the companies provided insurance-related services to the Bank, including operating, claim-processing, and system-related services until July 2, 2018.

(a) Controlled by BHN Sociedad de Inversión.

Legal Services

The Bank retains the legal services of Estudio Zang, Bergel & Viñes. Saúl Zang is a partner to such law firm and is also a member of the Board of the Bank's subsidiaries.

Trading of Financial Assets

Idle funds are usually placed in several instruments, including those issued by related companies, which are purchased at the time of issuance or from independent third parties in the secondary market.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

Financial Transactions

In the ordinary course of business, the Bank enters into related party credit facility agreements. The interest rate on these facilities is determined at an arm's length.

In addition, the Bank and BACS usually act as placement agents in certain related parties' transactions carried out in the capital market.

Below is a detail of the most significant balances and transactions with related parties as of September 30, 2019:

Related Party	ASSETS			
	Debt securities at fair value through profit or loss	Loans and other financing arrangements	Other financial assets	Other non-financial assets
	(In thousands of Ps.)			
BACS	-	289,046	12,235	-
BHN Inversión	-	21,839	825,670	-
Financial Trusts CHA IX to XIV	43,861	2,853	-	-
Total subsidiaries	43,861	313,738	837,905	-
Directors and statutory auditors	-	-	-	41,614
Total other	-	-	-	41,614
Total	43,861	313,738	837,905	41,614

Related Party	LIABILITIES			
	Deposits	Derivative instruments	Negotiable obligations issued	Other financial liabilities
	(In thousands of Ps.)			
BACS	26,028	-	-	-
BHN Inversión	164,061	-	182,423	52,624
Financial Trusts CHA IX to XIV	3,854	1,979,544	-	-
Total subsidiaries	193,943	1,979,544	182,423	52,624
Zang Bergel y Viñes Law Firm	-	-	-	811
Directors and statutory auditors	-	-	-	44,825
Total other	-	-	-	45,636
Total	193,943	1,979,544	182,423	98,260

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

Related Party	Interest income	Interest expense	Fee and commission income	Income from measurement of financial instruments at fair value through profit or loss	Other operating income	Employee benefits	Administrative expenses
BACS	1,961	3,406	-	-	601	-	-
BHN Inversión	-	50,128	249,300	-	3,638	-	-
Financial Trusts CHA IX to XIV	10,506	26,426	-	18,601	-	-	-
Total subsidiaries	12,467	79,960	249,300	18,601	4,239	-	-
Zang, Bergel y Viñes Law Firm	-	-	-	-	-	-	3,441
Directors and statutory auditors	-	-	-	-	-	-	53,022
Key management personnel	-	-	-	-	-	302,571	-
Total other	-	-	-	-	-	302,571	56,463
Total	12,467	79,960	249,300	18,601	4,239	302,571	56,463

Below is a detail of the most significant balances and transactions with related parties as of December 31, 2018:

Related Party	ASSETS			
	Derivative instruments	Other debt securities	Other financial assets	Other non-financial assets
	(In thousands of Ps.)			
BACS	-	1,264	2,769	-
BHN Inversión	-	-	42,014	-
Financial Trusts CHA IX to XIV	1,360,536	-	-	-
Total subsidiaries	1,360,536	1,264	44,783	-
Zang, Bergel y Viñes Law Firm	-	-	-	-
Directors and statutory auditors	-	-	-	50,056
Total other	-	-	-	50,056
Total	1,360,536	1,264	44,783	50,056

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

Related Party	LIABILITIES		
	Deposits	Negotiable obligations issued	Other financial liabilities
BACS	96,333	-	-
BHN Inversión	202,966	103,778	-
Financial Trusts CHA IX to XIV	4,242	-	-
Total subsidiaries	303,541	103,778	-
Zang, Bergel y Viñes Law Firm	-	-	1
Directors and statutory auditors	-	-	134,813
Total other	-	-	134,814
Total	303,541	103,778	134,814

Below is a detail of the most significant balances and transactions with related parties as of September 30, 2018:

Related Party	Interest income	Interest expense	Fee and commission income	Employee benefits	Administrative expenses
	(In thousands of Ps.)				
BACS	2,184	-	762	-	-
BHN Inversión	-	10,761	214,571	-	-
Total subsidiaries	2,184	10,761	215,333	-	-
Zang Bergel y Viñes Law Firm	-	-	-	-	1,998
Directors and statutory auditors	-	-	-	-	100,518
Key management personnel	-	-	-	226,725	-
Total other	-	-	-	226,725	102,516
Total	2,184	10,761	215,333	226,725	102,516

21. FINANCIAL RISK FACTORS

These separate condensed interim financial statements do not include all the information and disclosures of the financial risk management, therefore, they should be read jointly with Note 29 to the separate financial statements as of December 31, 2018. No changes have occurred in the management or the risk management policies applied by the Bank as from fiscal year-end.

22. CAPITAL MANAGEMENT

The Bank's capital management goals are:

- fulfilling the requirements established by the BCRA in its Communication "A" 6260, as amended; and
- supporting the Bank's operations to prevent any situation that may endanger them.

As of December 31, 2018, the Bank's total capital under management and subject to regulation amounted to 1,500,000 (Note 20 to the consolidated financial statements as of such date).

According to the BCRA's guidelines, financial institutions are required to maintain certain capital ratios to mitigate the associated risks. The Bank has met the minimum capital requirement determined in accordance with the BCRA's rules.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

Regulatory Capital (*Responsabilidad Patrimonial Computable*) is comprised by Core Capital and Supplementary Capital. The table below shows a breakdown of the respective balances:

	12/31/2018
Core Capital	(In thousands of Ps.)
Tier 1 Ordinary Capital	9,543,966
(Deductible items)	(2,858,579)
Tier 1 Additional Capital	-
Supplementary Capital	
Tier 2 Capital	374,800
(Deductible items)	(374,800)
Regulatory Capital (<i>Responsabilidad Patrimonial Computable</i>)	6,685,387

Below is a detail of the determined capital requirement:

	12/31/2018
	(In thousands of Ps.)
Credit risk	3,504,015
Market risk	345,432
Operational risk	759,203
Core requirement	4,608,650
Payment	6,685,387
Surplus / (Deficit)	2,076,737

23. NOTES REQUIRED BY THE ARGENTINE CENTRAL BANK

23.1. Deposit Insurance

For a description of the deposit insurance, see Note 23.1. to the consolidated condensed interim financial statements.

23.2. Restricted Assets

For a description of the Bank's restricted assets, see Note 23.2. to the consolidated condensed interim financial statements.

23.3. Trust Activities

For a description of the Bank's trust activities, see Note 23.3. to the consolidated condensed interim financial statements.

23.4. Compliance with the Regulations Required by the C.N.V.

For the information required to comply with the regulations handed down by the CNV, see Note 23.4. to the consolidated condensed interim financial statements.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

23.5. Accounts Showing Compliance with Minimum Cash Requirements

For information about the Bank's compliance with the minimum cash requirement, see Note 23.5. to the consolidated condensed interim financial statements.

23.6. Penalties Imposed on the Bank and Summary Proceedings Initiated by the Argentine Central Bank and Other Regulatory Authorities

For a description of the Bank's summary proceedings, see Note 23.6. to the consolidated condensed interim financial statements.

23.7. Restrictions on the Distribution of Profits

For information about the restrictions on the distribution of profits, see Note 23.7. to the consolidated condensed interim financial statements.

23.8. Capital Management and Corporate Governance Transparency Policy

For an overview of the Bank's capital management and corporate governance transparency policy, see Note 23.8. to the consolidated condensed interim financial statements.

24. CORPORATE REORGANIZATIONAcquisition of 20% Equity Interest in Tarshop S.A.U.

On November 15, 2018, the Board of Directors of Banco Hipotecario S.A. resolved to acquire the 20% equity interest in Tarshop S.A.U. held by IRSA Propiedades Comerciales S.A., subject to the fulfillment of the applicable formal requirements.

Subsequently, on December 12, 2018, the Bank's Board of Directors approved the final terms and conditions of purchase of 119,759,288 common, book-entry shares of \$1 par value each, entitled to one vote per share, representing 20% of Tarshop's stock capital. In addition, the Board of Directors resolved to make an irrevocable capital contribution of up to Ps. 600,000 thousand in Tarshop, to start working on improvements on its efficiency and provide to it sufficient resources to perform its obligations. Since the acquisition was not consummated, on December 27, 2018, the Bank's Board of Directors resolved to make the committed irrevocable capital contribution of Ps. 480,000 thousand, i.e., prorata to the 80% shareholding interest held by it in Tarshop as of such date.

On February 14, 2019, the acquisition of the 20% equity interest in Tarshop was consummated; therefore, on such date the Bank became holder of 100% of such company's stock capital.

Acquisition of 5% Equity Interest in BH Valores S.A.

On May 23, 2019, the Bank received an offer for sale from BHN Sociedad de Inversión S.A., valid for such day, of 75,000 shares of BH Valores S.A. representing 5% of its stock capital. One of the conditions of the offer was that it would be deemed accepted only if the sum of Ps. 3,613 thousand was transferred. This amount was transferred on May 23, 2019. On June 5, 2019, the Bank's Board of Directors ratified the action taken by the attorneys-in-fact, approved the acceptance of the offer and the payment of the referred price.

Corporate Reorganization

On June 5, 2019, Banco Hipotecario S.A.'s Board of Directors approved the Bank's reorganization under the

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

terms of Chapter X, Title II of the CNV's rules. Such reorganization would encompass the merger by acquisition (without liquidation) of its subsidiaries Tarshop S.A.U. and BH Valores S.A. in an attempt to benefit from the synergy achieved among their respective businesses which, following the merger, would be under centralized management.

At the same Board of Directors' meeting, directors also resolved to approve: (i) the merger by acquisition plan and prospectus, by and between the Bank and Tarshop, (ii) the merger by acquisition plan and prospectus, by and between the Bank and BH Valores, (iii) Banco Hipotecario's balance sheet for special purposes as of March 31, 2019, (iv) the consolidated balance sheets for merger purposes of Banco Hipotecario, Tarshop and BH Valores as of March 31, 2019, (v) the Supervisory Committee's reports on the balance sheets for special purposes referred to in paragraphs (iii) and (iv); and (vi) the auditor's reports on the balance sheets for special purposes referred to in paragraphs (iii) and (iv).

On July 24, 2019, the Extraordinary General Unanimous Shareholders' Meeting of Tarshop S.A.U. approved the corporate reorganization process and the early dissolution (without liquidation) of the company by reason of its merger into Banco Hipotecario S.A. On that same date, the Extraordinary General Unanimous Shareholders' Meeting of BH Valores S.A. approved the corporate reorganization process, the early dissolution (without liquidation) of the company by reason of its merger into Banco Hipotecario S.A., and the deregistration of its license as settlement and clearing agent and trading agent in its own, registered with the CNV under No. 189.

On July 24, 2019, the Bank's Extraordinary General Shareholders' Meeting unanimously approved the corporate reorganization process.

On September 2, 2019, the final merger agreements between the Bank, Tarshop and BH Valores were executed, and the merger became effective on such date. In addition, also as of that date, the Board of Directors of Banco Hipotecario has become in charge of the management and representation of the merged companies. Besides, any transactions required to be made by the merged companies, including, without limitation, payments or collections, issuance or deposits of checks, etc., will be deemed made for the order and account of Banco Hipotecario, who undertakes liability therefor.

25. SUBSEQUENT EVENTS

For information about subsequent events, see Note 25 to the consolidated condensed interim financial statements.

26. RUBRICATION OF BOOKS

At the date of these financial statements, the transactions conducted by the Bank had been recorded in the rubricated books, as called for by the regulations in force.

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. T° 1 - F° 17

27. FINANCIAL STATEMENTS PUBLICATION

In line with the guidelines of Communication "A" 760, the prior involvement of the BCRA is not required in order to publish these financial statements.

The document drafted pursuant to the provisions of Communication "A" 5394 issued by the Argentine Central Bank discloses information on Banco Hipotecario S.A.'s regulatory capital structure and sufficiency, risk exposure and management, on a stand-alone basis and in consolidated form with its subsidiaries.

Pursuant to the law, the referred document is posted on the Bank's website (<http://www.hipotecario.com.ar>), by accessing the following link: "Market Discipline – Minimum Disclosure Requirements."

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

SCHEDULE A – GOVERNMENT AND CORPORATE SECURITIES

For the period ended 09/30/2019

Comparative as of 12/31/2018 (Note 3.2.d.)

In thousands of Argentine Pesos

Description	Identification	Holding				Position		
		Fair value	Fair value level	Book value as of 09/30/19	Book value as of 12/31/18	Position without options	Options	Final position
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				7,660,676	17,106,724	7,660,676	-	7,660,676
Argentina								
Government securities								
Argentine Bond in USD due 05/06/24	05458	-	1	172,461	392,060	172,461	-	172,461
Province of Chubut debt security class 2 in USD due 03/29/21	32487	-	1	60,705	105,574	60,705	-	60,705
Treasury bill in USD		-	1	10,854	284,726	10,854	-	10,854
Other		-	1	2,659	1,656,874	2,659	-	2,659
BCRA Bills								
BCRA Liquidity bills	-	-	1	7,291,777	14,562,795	7,291,777	-	7,291,777
Corporate securities								
Debt security FT CHA series 9 to 14		-	2	43,860	55,011	43,860	-	43,860
Other			2	72,690	-	72,690	-	72,690
Other	-	-	1	5,670	49,684	5,670	-	5,670
OTHER DEBT SECURITIES		2,173,016		3,343,647	1,076,433	3,343,647	-	3,343,647
Measured at amortized cost								
Argentina								
Government securities								
Argentine Treasury Bond due 11/21/20	05330	1,051,386		1,141,408	982,905	1,141,408	-	1,141,408
Argentine Bond in USD due 10/08/20	05468	465,930		930,264	-	930,264	-	930,264
Argentine Bond in USD due 12/30/38	40792	388,080		549,336	-	549,336	-	549,336
Argentine Bond in USD due 02/13/20	05486	186,000		445,668	-	445,668	-	445,668
Other		80,300		275,651	-	275,651	-	275,651
Corporate securities								
FT debt securities	-	1,320		1,320	93,528	1,320	-	1,320
EQUITY INSTRUMENTS				191,297	109,377	191,297	-	191,297
Measured at fair value through profit or loss								
Argentina								
ADR Grupo Financiero Galicia	44891		1	50,882	-	50,882	-	50,882
ADR Pampa Energía	44765		1	29,976	-	29,976	-	29,976
ADR Grupo Supervielle	92789		1	25,534	-	25,534	-	25,534
Grupo Financiero Galicia	00534		1	815	-	815	-	815
Pampa Holding	00457		1	968	-	968	-	968
Grupo Supervielle	30035		1	546	-	546	-	546
Edenor	00508		1	113	-	113	-	113
Grupo Financiero Valores S.A.	00725		1	28,035	23,502	28,035	-	28,035
Acciones Bolsas y Mercados Argentinos S.A.	30038		1	54,428	85,875	54,428	-	54,428

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

**SCHEDULE B – CLASSIFICATION OF LOANS AND OTHER FINANCING
ARRANGEMENTS ACCORDING TO LOANS AND GUARANTEES
RECEIVED**

For the period ended 09/30/2019
Comparative as of 12/31/2018 (Note 3.2.d.)
In thousands of Argentine Pesos

Commercial Portfolio	09/30/2019	12/31/2018
Normal Situation	10,458,363	14,190,463
With "A" preferred collateral and counterguarantees	344,978	565,375
With "B" preferred collateral and counterguarantees	2,409,280	1,966,708
Without preferred collateral and counterguarantees	7,704,105	11,658,380
With Special Follow-up	37,743	1,088,398
Under observation	37,743	1,082,153
With "A" preferred collateral and counterguarantees	4,498	23,331
With "B" preferred collateral and counterguarantees	17,099	202,631
Without preferred collateral and counterguarantees	16,146	856,191
Under negotiation or refinancing agreements	-	6,245
Without preferred collateral and counterguarantees	-	6,245
Troubled	23,678	88,053
With "A" preferred collateral and counterguarantees	11,126	15,259
With "B" preferred collateral and counterguarantees	2,530	1,646
Without preferred collateral and counterguarantees	10,022	71,148
With high risk of insolvency	2,814,242	54,253
With "A" preferred collateral and counterguarantees	10,656	14,372
With "B" preferred collateral and counterguarantees	184,211	2,224
Without preferred collateral and counterguarantees	2,619,375	37,657
Uncollectible	6,086	687
With "A" preferred collateral and counterguarantees	1,755	-
With "B" preferred collateral and counterguarantees	-	96
Without preferred collateral and counterguarantees	4,331	591
Total commercial portfolio	13,340,112	15,421,854

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

**SCHEDULE B – CLASSIFICATION OF LOANS AND OTHER FINANCING
ARRANGEMENTS ACCORDING TO LOANS AND GUARANTEES
RECEIVED**

For the period ended 09/30/2019
Comparative as of 12/31/2018 (Note 3.2.d.)
In thousands of Argentine Pesos

Consumer and housing portfolio	09/30/2019	12/31/2018
Normal situation	25,470,920	26,350,516
With “B” preferred collateral and counterguarantees	5,255,129	4,228,019
Without preferred collateral and counterguarantees	20,215,791	22,122,497
Low risk	1,088,908	1,911,996
With “B” preferred collateral and counterguarantees	61,764	44,607
Without preferred collateral and counterguarantees	1,027,144	1,867,389
Mid risk	1,033,302	1,338,950
With “B” collateral and counterguarantees	15,861	11,141
Without preferred collateral and counterguarantees	1,017,441	1,327,809
High risk	1,635,328	1,133,168
With “B” preferred collateral and counterguarantees	8,503	3,190
Without preferred collateral and counterguarantees	1,626,825	1,129,978
Uncollectible	33,157	240,923
With “B” preferred collateral and counterguarantees	1,005	771
Without preferred collateral and counterguarantees	32,152	240,152
Uncollectible for technical reasons	125	167
With “B” preferred collateral and counterguarantees	16	24
Without preferred collateral and counterguarantees	109	143
Total consumer and housing portfolio	29,261,740	30,975,720
General total (1)	42,601,852	46,397,574

(1) Reconciliation between Schedule B and the Balance Sheet:

	09/30/2019	12/31/2018
Loans and other financing arrangements	39,880,199	42,079,214
Other debt securities	3,343,634	1,052,348
Off-balance sheet items	96,704	221,097
plus allowances	2,943,861	2,021,265
plus IFRS adjustments not computable for the ESD	(14,414)	(22,607)
less items not computable for the ESD	(305,805)	(285,741)
less government securities at amortized cost	(3,342,327)	1,331,998
TOTAL	42,601,852	46,397,574

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 Page 17

**SCHEDULE C – CONCENTRATION OF LOANS
AND OTHER FINANCING ARRANGEMENTS**

For the period ended 09/30/2019,
comparative as of 12/31/2018 (Note 3.2.d.)
In thousands of Argentine Pesos

Number of customers	Financing			
	09/30/2019		12/31/2018	
	Debt balance	% of total portfolio	Debt balance	% of total portfolio
10 largest customers	7,022,944	16.49%	5,322,876	11.47%
50 following largest customers	5,662,270	13.29%	5,705,070	12.30%
100 following largest customers	661,908	1.55%	891,798	1.92%
Rest of customers	29,254,730	68.67%	34,477,830	74.31%
TOTAL (1)	42,601,852	100.00%	46,397,574	100.00%

(1) Reconciliation between Schedule C and the Balance Sheet

	09/30/2019	12/31/2018
Loans and other financing arrangements	39,880,199	42,079,214
Other debt securities	3,343,634	1,052,348
Off-balance sheet items	96,704	221,097
plus allowances	2,943,861	2,021,265
plus IFRS adjustments not computable for the ESD	(14,414)	(22,607)
less items not computable for the ESD	(305,805)	(285,741)
less government securities at amortized cost	(3,342,327)	1,331,998
TOTAL	42,601,852	46,397,574

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

**SCHEDULE D – BREAKDOWN OF LOANS AND OTHER FINANCING
ARRANGEMENTS ACCORDING TO MATURITY DATES**

For the period ended 09/30/2019

In thousands of Argentine Pesos

Item	Past due portfolio	Remaining terms to maturity						Total
		1 month	3 months	6 months	12 months	24 months	More than 24 months	
Non-financial public sector	-	28	-	-	-	-	-	28
Financial sector	1,254	51,743	98,405	149,642	937	1,309	-	303,290
Non-financial private sector and foreign residents	5,934,722	11,772,382	4,167,228	3,625,931	4,624,763	4,698,035	9,098,772	43,921,833
TOTAL	5,935,976	11,824,153	4,265,633	3,775,573	4,625,700	4,699,344	9,098,772	44,225,151

The decrease in future contractual flows is exposed, including interest and accessories to be accrued until maturity of not discounted agreements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

SCHEDULE H – CONCENTRATION OF DEPOSITS

For the period ended 09/30/2019
Comparative as of 12/31/2018 (Note 3.2.d.)
In thousands of Argentine Pesos

Number of customers	Deposits			
	09/30/19		12/31/18	
	Debt balance	% of total portfolio	Debt balance	% of total portfolio
10 largest customers	5,078,099	16.43%	4,484,389	15.14%
50 following largest customers	4,316,612	13.97%	4,852,664	16.39%
100 following largest customers	1,668,025	5.40%	1,524,781	5.15%
Rest of customers	19,844,563	64.21%	18,749,287	63.32%
TOTAL	30,907,299	100.00%	29,611,121	100.00%

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

**SCHEDULE I – BREAKDOWN OF FINANCIAL LIABILITIES
ACCORDING TO MATURITY TERMS**

For the period ended 09/30/2019

In thousands of Argentine Pesos

Item	Remaining terms to maturity						Total
	1 month	3 months	6 months	12 months	24 months	More than 24 months	
Deposits							
Non-financial public sector	4,651,109	335,689	110,156	-	-	-	5,096,954
Financial sector	31,952	-	-	-	-	-	31,952
Non-financial sector and foreign residents	21,198,253	3,695,034	289,499	330,878	623,003	4,562	26,141,229
Liabilities at fair value through profit or loss							
Derivative instruments	484,200	-	-	-	-	-	484,200
Repo transactions							
Other financial institutions	2,286	-	-	-	-	2,000,547	2,002,833
Other financial liabilities							
Loans from the BCRA and other financial institutions	578,600	-	-	-	-	-	578,600
Negotiable obligations issued							
Other financial liabilities	3,527,385	1,477	4,063	13,757	19,666	611,613	4,177,961
Loans from the BCRA and other financial institutions	19,829	540,034	48,023	-	-	-	607,886
Negotiable obligations issued							
Negotiable obligations issued	1,040,138	1,876,320	2,327,867	5,086,615	23,246,015	4,505,976	38,082,931
TOTAL	31,533,752	6,448,554	2,779,608	5,431,250	23,888,684	7,122,698	77,204,546

The decrease in future contractual flows is exposed, including interest and accessories to be accrued until maturity of not discounted agreements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

ANEXO J – CHANGES IN ALLOWANCES AND PROVISIONS

For the period ended 09/30/2019,
 comparative as of 12/31/2018 (Note 3.2.d.)
 In thousands of Argentine Pesos

Breakdown	Opening balances	Increases	Decreases		Balance as of 09/30/2019	Balance as of 12/31/2018
			Reversals	Allocations		
LIABILITIES						
Administrative, disciplinary and criminal penalties	640	-	-	-	640	640
Post-retirement benefit provisions	52,052	136,606	(50,041)	-	138,617	52,052
Other	229,486	72,982	(68,712)	(38,893)	194,863	229,486
TOTAL PROVISIONS	282,178	209,588	(118,753)	(38,893)	334,120	282,178

Lorena C. Morchón
 General Accounting Manager

Manuel J.L. Herrera Grazioli
 General Manager

See our report dated
 November 5, 2019
 PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
 Chairman

Ricardo Flammini
 For the Supervisory Committee

.....(Partner)
 C.P.C.E.C.A.B.A. Volume 1 - Page 17

SCHEDULE L – BALANCES IN FOREIGN CURRENCY

For the period ended 09/30/2019

Comparative as of 12/31/2018 (Note 3.2.d.)

In thousands of Argentine Pesos

Items	Head office and branches in Argentina	Total as of 09/30/2019	As of 09/30/2019		Total as of 12/31/2018
			Dollar	Euro	
ASSETS					
Cash and bank deposits	13,463,660	13,463,660	13,379,747	83,913	3,971,195
Debt securities at fair value through profit or loss	275,736	275,736	275,736	-	2,036,483
Other financial assets	5,740	5,740	5,677	63	356,786
Loans and other financing arrangements					
Other financial institutions	289,046	289,046	289,046	-	
Non-financial private sector and foreign residents	9,508,548	9,508,548	9,508,548	-	7,922,176
Other debt securities	2,202,225	2,202,225	2,202,225	-	1,168
Financial assets pledged as collateral	1,401,426	1,401,426	1,401,426	-	951,255
Investments in equity instruments	106,392	106,392	106,392	-	-
TOTAL ASSETS	27,252,773	27,252,773	27,168,797	83,976	15,239,063
LIABILITIES					
Deposits					
Non-financial public sector	1,517,904	1,517,904	1,517,904	-	327,495
Financial sector	18,534	18,534	18,534	-	85,759
Non-financial private sector and foreign residents	8,633,585	8,633,585	8,633,585	-	5,681,369
Liabilities at fair value through profit or loss	484,200	484,200	484,200	-	751,511
Other financial liabilities	236,042	236,042	236,042	-	149,183
Loans from the BCRA and other financing arrangements	594,981	594,981	594,981	-	56,712
Negotiable obligations issued	16,638,914	16,638,914	16,638,914	-	13,016,652
Other non-financial liabilities	10,765	10,765	10,765	-	4,325
TOTAL LIABILITIES	28,134,925	28,134,925	28,134,925	-	20,073,006

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

SCHEDULE O – DERIVATIVE FINANCIAL INSTRUMENTS

For the period ended 09/30/2019
In thousands of Argentine Pesos

Kind of Agreement	Purpose of Transactions	Kind of coverage	Underlying asset	Kind of settlement	Trading environment or counterparty	Average weighted term originally agreed (in months)	Average residual weighted term (in months)	Average weighted term for the settlement of differences (In days)	Amount
Futures	Brokerage – own account	Not applicable	Foreign currency	Daily Differences	ROFEX	1	1	1	2,397,330
Repo transactions	Brokerage – own account	Not applicable	Argentine government securities	With delivery of underlying asset	OTC – Domestic residents – Financial sector	1	1	1	1,231,184
Swaps	Brokerage – own account	Not applicable	Other	Upon maturity of differences	OTC – Domestic residents – Non- financial sector	212	99	30	386,785
Swaps	Brokerage – own account	Not applicable	Foreign currency	Upon maturity of differences	OTC – Domestic residents – Non-financial sector	211	89	30	136,457

Lorena C. Morchón
General Accounting Manager

Manuel J.L. Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

**SCHEDULE R – CORRECTION OF VALUE FOR LOSSES – PROVISION
FOR LOAN LOSSES**

For the period ended 09/30/2019,
comparative as of 12/31/2018 (Note 3.2.d.)
In thousands of Argentine Pesos

Description	Opening balances	Increases	Decreases		Balance as of 09/30/2019	Balance as of 12/31/2018
			Reversals	Uses		
Other financial assets	8,472	23,724	-	1,194	31,002	8,472
Loans and other financing arrangements						
Non-financial private sector and foreign residents	1,997,180	2,751,856	29,628	1,775,560	2,943,848	1,997,180
Overdraft facilities	268,912	1,154,557	73	4,522	1,418,874	268,912
Notes	1,916	-	-	1,350	566	1,916
Mortgage loans	55,604	19,337	1,605	5,472	67,864	55,604
Consumer loans	549,185	1,057,418	18,961	783,503	804,139	549,185
Credit cards	1,044,576	479,521	8,989	914,377	600,731	1,044,576
Financial leases	1,375	61	-	589	847	1,375
Other	75,612	40,962	-	65,747	50,827	75,612
Corporate securities	24,084	2	24,073	-	13	24,084
TOTAL PROVISIONS	2,029,736	2,775,582	53,701	1,776,754	2,974,863	2,029,736

Lorena C. Morchón
General Accounting Manager

Manuel J.L Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

SUPERVISORY COMMITTEE'S REPORT
REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

**To the Shareholders, Chairman and Directors of
BANCO HIPOTECARIO S.A.
Registered office: Reconquista 151
City of Buenos Aires
Taxpayer's Code: 30-50001107-2**

Introduction

In accordance with the provisions of subsection 5 of Section No. 294 of the Argentine Business Companies Law No. 19,550, we have reviewed the consolidated condensed interim financial statements of Banco Hipotecario S.A. (hereinafter, "the Bank") that comprise the consolidated balance sheet as of September 30, 2019, the related consolidated statements of income and other comprehensive income for the nine and three-month periods ended September 30, 2019 and the consolidated statements of changes in shareholders' equity and of cash flows for the nine-month period ended on that same date, as well as a summary of the significant accounting policies and all other explanatory information included in the notes and exhibits that supplement them.

The balances and all other information for fiscal year 2018 and interim periods are an integral part of the above-mentioned financial statements and should therefore be considered in connection with these financial statements.

The Board's responsibility

The Bank's Board of Directors is responsible for preparing and presenting the financial statements in conformity with the accounting framework laid down by the Argentine Central Bank (BCRA). The Board of Directors is also responsible for the existence of such internal controls as it deems necessary to allow the preparation of financial statements free from significant misstatements arising from mistakes or irregularities.

Scope of our work

Our work was performed in accordance with standards applicable to statutory auditors currently in force. These standards require statutory auditors to examine the accounting documents detailed in the first paragraph in accordance with auditing standards in force for limited review of financial statements for interim periods and the audit standards issued by the BCRA for limited reviews and include verifying the reasonableness of the significant information contained in the examined documents and whether they are consistent with the remaining information concerning corporate decisions of which we became aware, disclosed in the minutes of the meetings of the Board of Directors and the Shareholders' Meetings, and evaluating the conformity of those decisions with the law and the by-laws insofar as concerns formal and documentary aspects.

For purposes of our professional work involving the accounting documents detailed in the first paragraph, we reviewed the work performed by the Independent Auditor Price Waterhouse & Co S.R.L., in accordance with the auditing standards currently applicable to the limited review of financial statements for interim periods, in conformity with professional accounting standards and the audit standards issued by the BCRA. Said review included verifying the planning of the work, as well as the nature, scope and timing of the procedures applied and the results of the limited review performed by said firm of professional services. A limited review mainly consists in applying analytical procedures to the accounting information and make inquiries to those in charge of accounting and financial matters. This review is performed to a substantially lesser extent than an audit of financial

statements, the purpose of which is to render an opinion on the financial statements taken as a whole. Therefore, not all the procedures necessary to render an opinion on the Bank's consolidated condensed interim financial position, consolidated comprehensive income and consolidated cash flow were applied. The independent auditors issued their Report on November 5, 2019, the content of which we share. Given that it is not the Supervisory Committee's duty to perform management controls, the examination did not span the business criteria and decisions of the Company's various areas, as these matters are solely within the purview of the Board of Directors.

Conclusion

On the basis of our work, there has been nothing that could have led us to believe that the consolidated condensed interim financial statements mentioned in the first paragraph of this report have not been prepared in all their significant aspects in accordance with the accounting framework laid down by the BCRA.

Emphasis Paragraph

Without changing our conclusion, as stated in Note 2, the attached consolidated condensed interim financial statements have been prepared in accordance with the accounting framework set forth by the Argentine Central Bank. Said regulations differ from the professional accounting standards in force. The impact on said financial statements as a result of the different valuation and presentation criteria has been identified by the Bank in said note.

Paragraph on other matters

Without changing our opinion, we draw attention to the fact that these consolidated condensed interim financial statements were prepared in accordance with the accounting framework set forth by the BCRA, and that said framework significantly and generally differs from the professional accounting standards in force (International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE)).

These differences lie in that the accounting framework set forth by the BCRA does not provide for the application of item 5.5 "Impairment" of IFRS 9 "Financial Instruments", nor of International Accounting Standard No. 29 "Financial reporting in hyperinflationary economies". The Bank has not quantified these differences in a note to these financial statements. The consolidated condensed interim financial statements should be read, for their correct interpretation, in the light of these circumstances.

Report on compliance with currently applicable rules and regulations

In compliance with the applicable rules and regulations, we report that:

- a) the Bank's consolidated condensed interim financial statements arise from accounting records which, in their formal aspects, are kept in accordance with statutory provisions;
- b) the Bank's consolidated condensed interim financial statements as of September 30, 2019, have been transcribed into the "Inventory and Balance Sheet" book and, insofar as concerns our field of competence, are in compliance with the provisions of the Argentine Business Companies Law and the relevant resolutions issued by the BCRA and the Argentine Securities Commission;
- c) we have read the information summary and the additional information to the notes to the consolidated condensed interim financial statements required under Section 12, Chapter III, Title IV of the rules issued

by the Argentine Securities Commission, on which we have no comments to make as concerns our field of competence;

- d) We have read the information provided in Note 23 to the consolidated condensed interim financial statements as of September 30, 2019 in connection with the minimum requirements imposed by the Argentine Securities Commission in terms of Minimum Shareholders' Equity and Counterbalancing entry on which we have no comments to make as concerns our field of competence.
- e) We are in compliance with the provisions of Section 294 of the Argentine Business Companies Law.

In addition, any member of the Supervisory Committee is authorized to sign this report on behalf of the entire body.

City of Buenos Aires, November 5, 2019.

***RICARDO FLAMMINI
SUPERVISORY COMMITTEE
STATUTORY AUDITOR***

SUPERVISORY COMMITTEE'S REPORT
REPORT ON SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS

**To the Shareholders, Chairman and Directors of
BANCO HIPOTECARIO S.A.
Registered office: Reconquista 151
City of Buenos Aires
Taxpayer's Code: 30-50001107-2**

Introduction

In accordance with the provisions of subsection 5 of Section No. 294 of the Argentine Business Companies Law No. 19,550, we have reviewed the separate condensed interim financial statements of Banco Hipotecario S.A. (hereinafter, "the Bank") that comprise the separate condensed interim balance sheet as of September 30, 2019, the related separate statements of income and other comprehensive income for the nine and three-month periods ended September 30, 2019 and the separate statements of changes in shareholders' equity and of cash flows for the nine-month period ended on that same date, as well as a summary of the significant accounting policies and all other explanatory information included in the notes and exhibits that supplement them.

The balances and all other information for fiscal year 2018 and interim periods are an integral part of the above-mentioned financial statements and should therefore be considered in connection with these financial statements.

The Board's responsibility

The Bank's Board of Directors is responsible for preparing and presenting the financial statements in conformity with the accounting framework laid down by the Argentine Central Bank (BCRA). The Board of Directors is also responsible for the existence of such internal controls as it deems necessary to allow the preparation of financial statements free from significant misstatements arising from mistakes or irregularities.

Scope of our work

Our work was performed in accordance with standards applicable to statutory auditors currently in force. These standards require statutory auditors to examine the accounting documents detailed in the first paragraph in accordance with auditing standards in force for limited review of financial statements for interim periods and the audit standards issued by the BCRA for limited reviews and include verifying the reasonableness of the significant information contained in the examined documents and whether they are consistent with the remaining information concerning corporate decisions of which we became aware, disclosed in the minutes of the meetings of the Board of Directors and the Shareholders' Meetings, and evaluating the conformity of those decisions with the law and the by-laws insofar as concerns formal and documentary aspects.

For purposes of our professional work involving the accounting documents detailed in the first paragraph, we reviewed the work performed by the Independent Auditor Price Waterhouse & Co S.R.L., in accordance with the auditing standards currently applicable to the limited review of financial statements for interim periods, in conformity with professional accounting standards and the audit standards issued by the BCRA. Said review included verifying the planning of the work, as well as the nature, scope and timing of the procedures applied and the results of the limited review performed by said firm of professional services. A limited review mainly consists in applying analytical procedures to the accounting information and make inquiries to those in charge of accounting and financial matters. This review is performed to a substantially lesser extent than an audit of financial

statements, the purpose of which is to render an opinion on the financial statements taken as a whole. Therefore, not all the procedures necessary to render an opinion on the Bank's separate condensed interim financial position, separate comprehensive income and separate cash flow. The independent auditors issued their Report on November 5, 2019, the content of which we share. Given that it is not the Supervisory Committee's duty to perform management controls, the examination did not span the business criteria and decisions of the Company's various areas, as these matters are solely within the purview of the Board of Directors.

Conclusion

On the basis of our work, there has been nothing that could have led us to believe that the separate condensed interim financial statements mentioned in the first paragraph of this report have not been prepared in all their significant aspects in accordance with the accounting framework laid down by the BCRA.

Emphasis Paragraph

Without changing our conclusion, as stated in Note 2, the attached separate condensed interim financial statements have been prepared in accordance with the accounting framework set forth by the Argentine Central Bank. Said regulations differ from the professional accounting standards in force. The impact on said financial statements as a result of the different valuation and presentation criteria has been identified by the Bank in said note.

Paragraph on other matters

Without changing our opinion, we draw attention to the fact that these separate condensed interim financial statements were prepared in accordance with the accounting framework set forth by the BCRA, and that said framework significantly and generally differs from the professional accounting standards in force (International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE)).

These differences lie in that the accounting framework set forth by the BCRA does not provide for the application of item 5.5 "Impairment" of IFRS 9 "Financial Instruments", nor of International Accounting Standard No. 29 "Financial reporting in hyperinflationary economies". The Bank has not quantified these differences in a note to these financial statements. The separate condensed interim financial statements should be read, for their correct interpretation, in the light of these circumstances.

Report on compliance with currently applicable rules and regulations

In compliance with the applicable rules and regulations, we report that:

- a) the Bank's separate condensed interim financial statements arise from accounting records which, in their formal aspects, are kept in accordance with statutory provisions;
- b) the Bank's separate condensed interim financial statements as of September 30, 2019, have been transcribed into the "Inventory and Balance Sheet" book and, insofar as concerns our field of competence, are in compliance with the provisions of the Argentine Business Companies Law and the relevant resolutions issued by the BCRA and the Argentine Securities Commission;
- c) we have read the information summary and the additional information to the notes to the separate condensed interim financial statements required under Section 12, Chapter III, Title IV of the rules issued

by the Argentine Securities Commission, on which we have no comments to make as concerns our field of competence;

- d) We have read the information provided in Note 23 to the separate condensed interim financial statements as of September 30, 2019 in connection with the minimum requirements imposed by the Argentine Securities Commission in terms of Minimum Shareholders' Equity and Counterbalancing entry on which we have no comments to make as concerns our field of competence.
- e) We are in compliance with the provisions of Section 294 of the Argentine Business Companies Law.

In addition, any member of the Supervisory Committee is authorized to sign this report on behalf of the entire body.

City of Buenos Aires, November 5, 2019.

***RICARDO FLAMMINI
SUPERVISORY COMMITTEE
STATUTORY AUDITOR***

ADDITIONAL INFORMATION REQUIRED BY CHAPTER III, TITLE IV, SECTION 12 OF CNV RULES
(GENERAL RESOLUTION No. 622/13)

I. BHSA's business: General Aspects

1. Significant specific legal regimes that confer benefits which are contingently forfeited and/or granted.

There are none.

2. Significant changes in the Company's businesses or in other similar circumstances occurred in the periods covered by the financial statements and apt to affect their comparability with those presented in previous fiscal years or comparability with financial statements to be presented in the future.

See note 3.2.d. to the Separate Condensed Interim Financial Statements of Banco Hipotecario S.A.

3. Classification of receivables (extensions of credit) and payables (deposits and obligations) according to their maturity dates.

See Schedule "D" – Breakdown of loans and other financing arrangements by maturity dates and Schedule "I" – Breakdown of financial liabilities by maturity dates in Banco Hipotecario S.A.'s Separate Condensed Interim Financial Statements.

4. Classification of receivables (lending) and payables (deposits and obligations) so as to disclose the financial effects stemming from their maintenance.

See Note 3.1, Schedule "D" – Breakdown of loans and other financing arrangements by maturity dates and Schedule "I" – Breakdown of financial liabilities by maturity dates and Schedule "L" – Foreign Currency Balances in Banco Hipotecario S.A.'s Separate Condensed Interim Financial Statements.

5. Detail of the ownership interest percentages in the companies governed by Law No. 19,550, Section 33 in the capital stock and in total votes and debit and/or credit balances by company.

See Note 20 - Related party transactions and balances in Banco Hipotecario S.A.'s Separate Condensed Interim Financial Statements.

6. Trade receivables or loans held against directors, supervisory committee members, surveillance committee members and their relatives up to, and including, the second degree.

As of September 30, 2019, loans to directors, supervisory committee members, surveillance committee members and their relatives up to, and including, the second degree, amount to Ps. 33,495 thousand with the highest amount lent as of that date being Ps. 33,495 thousand. Credit extended to directors, supervisory committee members and their related parties

Lorena C. Morchón
General Accounting Manager

Manuel J.L Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

ADDITIONAL INFORMATION REQUIRED BY CHAPTER III, TITLE IV, SECTION 12 OF CNV RULES
(GENERAL RESOLUTION No. 622/13)

complies with the limits and conditions established in this respect by Section 28, Sub-section d) of the Financial Institutions Law and BCRA's rules (Communications "A" 2140 and supplementary).

II. Physical count of inventories

7. Periodicity and scope of physical counts on inventories.

Given the Company's corporate purpose, this does not apply.

III. Current values

8. Current values used to measure inventories, bank premises and equipment and other significant assets.

The Bank abides by BCRA's rules in force for the valuation of bank premises and equipment and miscellaneous assets. See Note 3 and Note 9 to the Separate Condensed Interim Financial Statements.

9. Bank premises and equipment that have been technically re-measured

The Bank abides by BCRA's rules in force for the valuation of bank premises and equipment and miscellaneous assets. See Note 3 and Note 9 to the Separate Condensed Interim Financial Statements.

10. Bank premises and equipment –unused on grounds of obsolescence

The Bank abides by BCRA's rules in force for the valuation of bank premises and equipment and miscellaneous assets. See Note 3 and Note 9 to the Separate Condensed Interim Financial Statements.

IV. Ownership interests in other companies

11. Ownership interests in other companies in excess of what has been admitted by Section 31 of Law No. 19,550 and plans to regularize the situation.

There are none.

V. Recoverable values

12. Criteria applied to determine all significant "recoverable values" for inventories, bank premises and equipment and other assets, used as limits on their respective book values.

The Bank abides by BCRA's rules in force for the valuation of bank premises and equipment and miscellaneous assets. See Note 3 and Note 9 to the Separate Condensed Interim

Lorena C. Morchón
General Accounting Manager

Manuel J.L Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

**ADDITIONAL INFORMATION REQUIRED BY CHAPTER III, TITLE IV, SECTION 12 OF CNV RULES
(GENERAL RESOLUTION No. 622/13)**
Financial Statements.
VI. Insurance
13. Insurance that covers tangible assets.

Insured Property				
Type of Insurance	Coverage	Risk	Policy No.	Insurance Company
Banking Comprehensive	Cash, checks and valuables	Fraud, theft, safety box and valuables in transit	Policy pending issuance (Effective term 10/31/18 to 10/31/19)	Hipotecario Seguros
All Operating Risk	Building, machinery, equipment, furniture, fixtures and works of art	Fire, looting and earthquake	2800-0010106-01 (Effective term 10/31/18 to 10/31/19)	La Caja
Motor Vehicles	Vehicles	Comprehensive risk and third parties with deductibles	11-147149 (Effective term 06/08/19 to 06/08/20)	Zurich

VII. Positive and negative contingencies

14. Elements considered to calculate the loan losses whose balances, considered individually or in the aggregate, are in excess of two per cent (2%) of equity.

15. The Bank abides by BCRA's rules for loan loss provisions. See Schedule "R" and Note 7 – Loans and other financing arrangements in Banco Hipotecario S.A.'s Separate Condensed Interim Financial Statements.

16. Situations that are contingent as of the date of the financial statements, whose likelihood of occurrence is not remote and whose financial effects have not been accounted for, with an indication as to whether they have not been accounted for based on their probability of occurrence or on difficulties in quantifying their effects.

There are none.

Lorena C. Morchón
General Accounting Manager

Manuel J.L Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17

ADDITIONAL INFORMATION REQUIRED BY CHAPTER III, TITLE IV, SECTION 12 OF CNV RULES
(GENERAL RESOLUTION No. 622/13)

VIII. Irrevocable advances on account of future subscriptions

17. Status of procedures aimed at capitalization.

There are none.

18. Unpaid cumulative dividends on preferred shares.

There are none.

19. Conditions, circumstances or terms for restrictions on the distribution of unappropriated retained earnings to be lifted.

See Note 23.7– Restrictions to the distribution of profits to Banco Hipotecario SA's Separate Condensed Interim Financial Statements.

Lorena C. Morchón
General Accounting Manager

Manuel J.L Herrera Grazioli
General Manager

See our report dated
November 5, 2019
PRICE WATERHOUSE & Co. S.R.L.

Eduardo S. Elsztain
Chairman

Ricardo Flammini
For the Supervisory Committee

.....(Partner)
C.P.C.E.C.A.B.A. Volume 1 - Page 17