

SUPERVISORY COMMITTEE MEETING MINUTES No. 1973

In the Autonomous City of Buenos Aires, on August 7, 2019, at 9:00 a.m. a meeting was held at the registered office of Banco Hipotecario S.A. by the undersigned Statutory Auditors in order to consider the balance sheet of Banco Hipotecario as of June 30, 2019, as well as the relevant statements of income, of changes in shareholders' equity and of cash flows and cash equivalents for the six-month period ended on such date, as well as a summary of the critical accounting policies and other explanatory information included in supplementary notes and schedules. Also, a review was made of the consolidated interim financial statements and the separate interim financial statements of Banco Hipotecario with its subsidiaries for the six-month period ended on June 30, 2019, presented as supplementary information.

The members of the Supervisory Committee examined the accounting documentation submitted to them in order to verify compliance with current regulations.

After said examination, the Supervisory Committee issued the respective reports, transcribed hereinbelow.

SUPERVISORY COMMITTEE'S REPORT

1) REPORT ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the 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 June 30, 2019, the related consolidated statements of income and other comprehensive income for the six-month period ended June 30, 2019 and the consolidated statements of changes in shareholders' equity and of cash flows for the six-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 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 minimum standards on independent audits issued by the Argentine Central Bank. 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 financial position, consolidated comprehensive income and consolidated cash flow were applied. The independent auditors issued their Report on August 7, 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 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 June 30, 2019, have been transcribed unto 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 additional information to the notes to the 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 21 to the consolidated condensed interim financial statements as of June 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, August 7, 2019.

2) REPORT ON SEPARATE INTERIM FINANCIAL STATEMENTS

To the 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 balance sheet as of June 30, 2019, the related separate statements of income and other comprehensive income for the six-month period ended June 30, 2019 and the separate statements of changes in shareholders' equity and of cash flows for the six-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 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 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 minimum standards on independent audits issued by the Argentine Central Bank. 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 financial position, separate comprehensive income and separate cash flow. The independent auditors issued their Report on August 7, 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 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 June 30, 2019, have been transcribed unto 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 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 21 to the separate condensed interim financial statements as of June 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, August 7, 2019.

There being no further business to transact, the meeting rose at 9:30 AM on the first above written date.

Ricardo FLAMMINI
Statutory Auditor

José D. ABELOVICH
Statutory Auditor

Marcelo H. FUXMAN
Statutory Auditor

HUGO HASSAN
Statutory Auditor

Francisco GONZALEZ
Statutory Auditor