



**Banco Hipotecario S.A.**  
**Earnings Release - Second Quarter 2019**

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Banco Hipotecario cordially invites you to participate in its  
Second Quarter 2019 conference call

**Friday, Aug 9<sup>th</sup>, 2019, 10:00A EST**

If you would like to participate, please call:

EEUU: (800) 230-1096  
International: (612) 332-0107  
PIN # 470574

Slideshow available at:

<http://choruscall.com.br/bancohipotecario/2q19.htm>

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

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**Banco Hipotecario SA reports**  
**Second Quarter 2019 consolidated results**

**Highlights**

**Executive Summary**

- Net income for the quarter was Ps. 615.8 million, compared to Ps. 36.6 million of last quarter and Ps. 486.1 million of same quarter last year.
- Net operating income for the quarter was Ps. 4,127.9 million, 45.6% higher than the Ps. 2,834.3 million of previous quarter and 26.3% higher than the Ps. 3,268.9 million of same quarter of last year. Operating income for the quarter was Ps. 618.9 million, compared to Ps. (76.1) million of previous quarter and Ps. 708.8 million of same quarter of last year.
- As of June 30, 2019, Liquidity Coverage Ratio (LCR) was 262%, Net Stable Funding Ratio (NSFR) was 160.4% and the liquid assets to deposits ratio was 101.3%.
- Loans to the non financial private sector decreased 4.0% QoQ and 9.4% YoY.
- Deposits increased 2.2% QoQ and increased 10.2% YoY, while corporate bonds decreased 6.3% QoQ and 2.7% YoY.
- On a consolidated basis, NPL increased from 11.9% in Q1 2019 to 13.3% in Q2 2019, mainly driven by the nominal decrease in the total loan portfolio mentioned before. Besides, the quarterly growth rate of the non-performing loans of the consumer portfolio was significantly lower than previous quarter, decreasing from 14.7% to 6.5%. Coverage ratio remained at 52.2% for the period.
- Total capital ratio as a percentage of RWA as of June 30, 2019 was 12.92%, compared to 12.66% of previous quarter and 11.95% of same quarter of last year.
- On July 24, 2019, the shareholders approved in an extraordinary general meeting the absorption of Tarshop S.A.U. and BH Valores S.A.

**Buenos Aires, Aug 9<sup>th</sup>, 2019**

## I. Banco Hipotecario Consolidation

Banco Hipotecario S.A. has consolidated line by line its balance sheet and income statement with the financial statements of its subsidiaries: BACS Banco de Crédito y Securitización S.A., BH Valores S.A., BHN Sociedad de Inversión S.A. and Tarshop S.A. The consolidated financial statements as of June 30<sup>th</sup>, 2019 were prepared under IFRS according to Central Bank's convergence plan (Communication "A" 5541 and its modifications). Provisions under IFRS 9 (5.5) and inflation accounting will be implemented starting on January 1<sup>st</sup>, 2020 (Communication "A" 6430 and "A" 6651).

## II. Q2 2019 consolidated results

Net income for the quarter was Ps. 615.8 million, compared to Ps. 36.6 million of last quarter and Ps. 486.1 million of same quarter last year.

Regarding profitability ratios, the ROAA for annualized accumulated results for Q2 2019 was 1.55% compared to 0.17% for Q1 2019 and 2.70% for Q2 2018, while ROAE for the same periods were 13.00%, 1.48% and 24.08%, respectively. The ROAA for annualized quarterly results for Q2 2019 was 2.91% compared to 0.17% for Q1 2019 and 2.48% for Q2 2018, while ROAE for the same periods were 24.42%, 1.48% and 22.58%, respectively.

The negative result of difference in quoted prices of gold and foreign currency for the quarter was Ps. 1,029.1 million, which compensates with the net income from financial instruments at fair value through profit and loss of Ps. 3,296.9 million.

### Income statement

(in millions of pesos)

	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Interest Income	4,284.7	4,206.2	3,365.9	1.9%	27.3%
Interest Expense	(4,114.1)	(4,044.0)	(2,647.5)	1.7%	55.4%
<b>Net Interest Income</b>	<b>170.6</b>	<b>162.2</b>	<b>718.4</b>	<b>5.2%</b>	<b>(76.3)%</b>
Fee Income	1,234.6	1,065.5	1,034.6	15.9%	19.3%
Fee Expense	(148.1)	(165.3)	14.9	(10.4)%	N/A
<b>Net Fee Income</b>	<b>1,086.4</b>	<b>900.2</b>	<b>1,049.4</b>	<b>20.7%</b>	<b>3.5%</b>
Net Income from financial instruments at Fair Value through profit & Loss	3,296.9	2,451.0	1,427.3	34.5%	131.0%
Difference in quoted prices of gold and foreign currency	(1,029.1)	(952.8)	(552.7)	8.0%	86.2%
Other operating income	1,215.4	1,603.8	1,047.5	(24.2)%	16.0%
Provision for loan losses	(612.2)	(1,330.1)	(421.0)	(54.0)%	45.4%
<b>Net Operating Income</b>	<b>4,127.9</b>	<b>2,834.3</b>	<b>3,268.9</b>	<b>45.6%</b>	<b>26.3%</b>
Personnel expenses	(1,367.8)	(1,190.4)	(862.0)	14.9%	58.7%
Administrative expenses	(873.7)	(753.0)	(750.3)	16.0%	16.4%
Depreciation and impairment of assets	(76.9)	(62.4)	(37.6)	23.3%	104.6%
Other operating expenses	(1,190.6)	(904.7)	(910.2)	31.6%	30.8%
<b>Operating Income</b>	<b>618.9</b>	<b>(76.1)</b>	<b>708.8</b>	<b>N/A</b>	<b>(12.7)%</b>
Income tax from continuing operations	9.0	107.4	(213.1)	(91.7)%	(104.2)%
Net income of the period attributable to non-controlling interests	(12.1)	5.3	(9.6)	N/A	25.9%
<b>Net Income</b>	<b>615.8</b>	<b>36.6</b>	<b>486.1</b>	<b>N/A</b>	<b>26.7%</b>

Net interest income for the quarter was Ps. 170.6 million; representing a 5.2% increase QoQ and a 76.3% decrease YoY.

Interest income for the quarter was Ps. 4,284.7 million; representing a 1.9% increase QoQ and a 27.3% increase YoY. This does not include income from Central Bank notes (Leliq), which are reflected in net income from financial instruments at fair value through profit and loss.

## Interest Income

(in millions of pesos)

	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Interest on cash and due from banks	22.7	2.2	1.6	N/A	N/A
Interest from loans to the financial sector	3.8	21.1	38.2	(81.8)%	(90.0)%
Interest from public and corporate securities	190.6	244.6	91.5	(22.1)%	108.2%
Interest on overdrafts	53.3	35.1	79.9	51.9%	(33.3)%
Interest on documents	40.4	44.5	47.5	(9.2)%	(15.0)%
Interest on pledge loans	14.2	13.9	24.3	2.7%	(41.5)%
Interest on financial leases	10.7	12.9	9.6	(17.5)%	10.7%
Interest on other loans	724.4	471.3	321.6	53.7%	125.2%
Income from adjustments	83.1	35.9	10.6	131.4%	N/A
Interest from commercial loans	926.1	613.5	493.7	51.0%	87.6%
Interest on personal loans	889.8	782.0	829.5	13.8%	7.3%
Interest on credit card loans	1,660.4	1,996.6	1,642.4	(16.8)%	1.1%
Interest from consumer loans	2,550.2	2,778.6	2,471.9	(8.2)%	3.2%
Interest on mortgage loans	160.0	147.0	123.2	8.8%	29.9%
Interest on other receivables from financial operations	0.0	0.0	3.9	(18.7)%	(99.8)%
Income from adjustments	343.7	277.0	110.4	24.1%	211.4%
Interest from mortgage loans	503.7	424.1	237.5	18.8%	112.1%
Others	87.6	122.1	31.5	(28.2)%	178.6%
<b>Total</b>	<b>4,284.7</b>	<b>4,206.2</b>	<b>3,365.9</b>	<b>1.9%</b>	<b>27.3%</b>

Interest expense for the quarter was Ps. 4,114.1 million; representing a 1.7% increase QoQ and a 55.4% increase YoY.

## Interest Expense

(in millions of pesos)

	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Interest on checking accounts	(32.8)	(44.5)	(237.8)	(26.2)%	(86.2)%
Interest on saving accounts	(3.8)	(3.2)	(2.0)	17.6%	94.6%
Interest on time deposits	(1,444.4)	(1,393.6)	(654.0)	3.6%	120.8%
Expense from adjustments	(109.8)	(63.8)	(68.1)	72.0%	61.1%
Interest from deposits	(1,590.8)	(1,505.1)	(962.0)	5.7%	65.4%
Interest from other liabilities from financial operations	(2,208.5)	(2,250.9)	(1,452.5)	(1.9)%	52.0%
Expense from adjustments	(311.6)	(234.0)	(132.5)	33.2%	135.3%
Interest from corporate bonds	(2,520.1)	(2,485.0)	(1,584.9)	1.4%	59.0%
Interest on interfinancial loans	(0.6)	(21.1)	(17.7)	(97.0)%	(96.4)%
Interest on other financing from financial institutions	(0.5)	(21.5)	(39.0)	(97.8)%	(98.8)%
Others	(2.1)	(11.3)	(43.9)	(81.2)%	(95.2)%
<b>Total</b>	<b>(4,114.1)</b>	<b>(4,044.0)</b>	<b>(2,647.5)</b>	<b>1.7%</b>	<b>55.4%</b>

Net fee income for the quarter was Ps. 1,086.4 million, representing a 20.7% increase QoQ and a 3.5% increase YoY.

## Net Fee Income

(in millions of pesos)

	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
<b>Fee Income</b>					
Fee charged on consumer clients	1,181.7	1,007.7	995.9	17.3%	18.7%
Fee charged on SME clients	0.2	1.7	1.4	(89.3)%	(86.5)%
Fee charged on corporate clients	(2.9)	11.3	15.2	(125.6)%	(119.1)%
Fee charged on liability transactions	47.7	34.2	12.5	39.4%	280.6%
Others	7.8	10.5	9.6	(25.7)%	(18.8)%
<b>Total</b>	<b>1,234.6</b>	<b>1,065.5</b>	<b>1,034.6</b>	<b>15.9%</b>	<b>19.3%</b>
<b>Fee Expense</b>					
Credit related fees	(115.6)	(144.0)	49.1	(19.7)%	N/A
Debt placement charges	(30.7)	(19.8)	(33.0)	54.8%	(7.0)%
Others	(1.9)	(1.5)	(1.3)	26.3%	51.0%
<b>Total</b>	<b>(148.1)</b>	<b>(165.3)</b>	<b>14.9</b>	<b>(10.4)%</b>	<b>N/A</b>
<b>Net Fee Income</b>	<b>1,086.4</b>	<b>900.2</b>	<b>1,049.4</b>	<b>20.7%</b>	<b>3.5%</b>

Net income from financial instruments at fair value through profit and loss for the quarter was Ps. 3,296.9 million, representing a 34.5% increase QoQ and a 131.0% increase YoY.

## Net Income from financial instruments at Fair Value through profit & Loss

(in millions of pesos)

	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Income from public securities	3,170.6	2,408.6	966.6	31.6%	228.0%
Income from private securities	149.8	31.2	18.0	N/A	N/A
Income from other securities	(23.6)	11.1	442.7	N/A	(105.3)%
<b>Total</b>	<b>3,296.9</b>	<b>2,451.0</b>	<b>1,427.3</b>	<b>34.5%</b>	<b>131.0%</b>

The negative result of difference in quoted prices of gold and foreign currency for the quarter was Ps. 1,029.1 million, which compensates with the net income from financial instruments at fair value through profit and loss of Ps. 3,296.9 million.

Other operating income for the quarter was Ps. 1,215.4 million, representing a 24.2% decrease QoQ and a 16.0% increase YoY.

## Other operating income

(in millions of pesos)

	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Loan related services	713.1	818.1	682.5	(12.8)%	4.5%
Fee charged on liability transactions	31.7	25.1	20.4	26.2%	55.6%
Other income from services	108.3	90.8	88.2	19.3%	22.7%
Penalty interest	83.4	69.9	36.9	19.4%	126.3%
Recovered loans	27.8	22.6	72.2	23.3%	(61.5)%
Others	251.1	577.4	147.3	(56.5)%	70.5%
<b>Total</b>	<b>1,215.4</b>	<b>1,603.8</b>	<b>1,047.5</b>	<b>(24.2)%</b>	<b>16.0%</b>

Provision for loan losses for the quarter was Ps. 612.2 million, representing a 54.0% decrease QoQ and a 45.4% increase YoY.

Personnel expenses for the quarter were Ps. 1,367.8 million, representing a 14.9% increase QoQ and a 58.7% increase YoY.

Personnel expenses (in millions of pesos)	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Salaries	(645.5)	(605.2)	(507.0)	6.7%	27.3%
Vacation bonus	(50.1)	(48.4)	(31.9)	3.6%	57.1%
Social security expenses	(174.9)	(149.6)	(146.0)	16.9%	19.8%
Severance and bonus expenses	(453.4)	(328.9)	(140.6)	37.8%	222.5%
Other personnel expenses	(43.9)	(58.3)	(36.5)	(24.7)%	20.1%
<b>Total</b>	<b>(1,367.8)</b>	<b>(1,190.4)</b>	<b>(862.0)</b>	<b>14.9%</b>	<b>58.7%</b>

Administrative expenses for the quarter were Ps. 873.7 million, representing a 16.0% increase QoQ and a 16.4% increase YoY.

Administrative expenses (in millions of pesos)	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Directors fees	(86.2)	(37.9)	(51.3)	127.3%	68.1%
Other fees	(364.1)	(317.1)	(284.4)	14.8%	28.0%
Advertising and publicity	(22.5)	(14.0)	(34.4)	61.1%	(34.6)%
Taxes	(107.2)	(104.9)	(84.2)	2.2%	27.3%
Maintenance and conservation fees	(71.3)	(65.4)	(53.7)	9.0%	32.8%
Electricity, gas and communications	(68.1)	(64.3)	(63.6)	5.9%	7.0%
Others	(154.3)	(149.5)	(178.6)	3.2%	(13.6)%
<b>Total</b>	<b>(873.7)</b>	<b>(753.0)</b>	<b>(750.3)</b>	<b>16.0%</b>	<b>16.4%</b>

Other operating expenses for the quarter were Ps. 1,190.6 million, representing a 31.6% increase QoQ and a 30.8% increase YoY.

Other operating expenses (in millions of pesos)	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Turnover tax and others	(483.0)	(459.3)	(441.5)	5.2%	9.4%
Deposit Guarantee Fund contributions	(12.7)	(12.8)	(10.0)	(1.2)%	26.1%
Loan related services	(348.0)	(300.6)	(357.1)	15.7%	(2.6)%
Other provision charges	(111.6)	(9.1)	(16.2)	N/A	N/A
Discounts	(84.4)	(78.7)	(22.3)	7.2%	279.1%
Others	(151.0)	(44.1)	(63.1)	242.1%	139.2%
<b>Total</b>	<b>(1,190.6)</b>	<b>(904.7)</b>	<b>(910.2)</b>	<b>31.6%</b>	<b>30.8%</b>

Non financial private sector loan portfolio totaled Ps. 42,347.0 million in Q2 2019; representing a 4.0% decrease QoQ and a 9.4% decrease YoY.

## Loans to the non-financial private sector

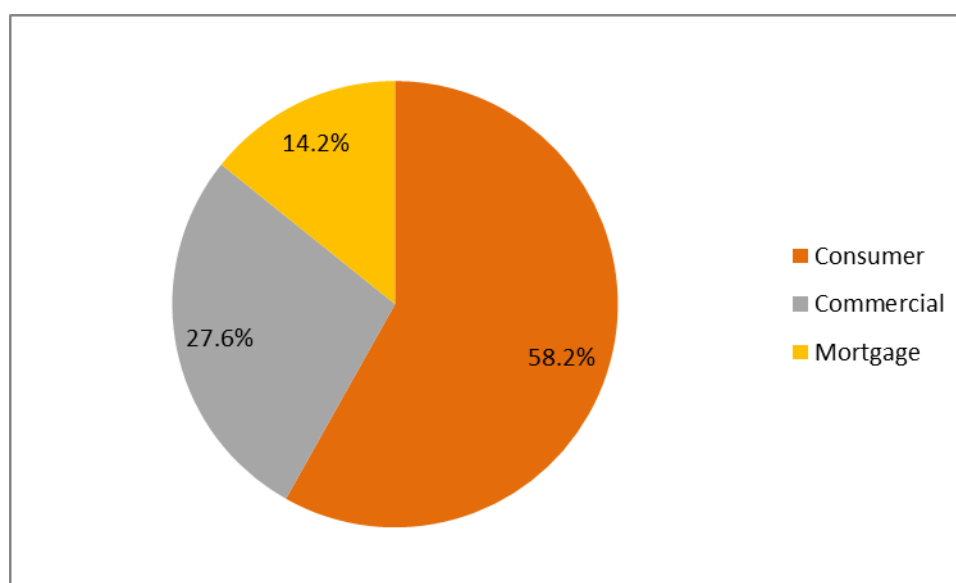
(in millions of pesos)

	3 month period ended			Variation (%)	
	30/06/19	31/03/19	30/06/18	QoQ	YoY
Overdrafts	528.3	252.3	657.0	109.4%	(19.6)%
Documents	193.5	299.0	583.2	(35.3)%	(66.8)%
Mortgage loans	5,801.4	5,595.0	4,517.4	3.7%	28.4%
Pledge loans	143.0	166.7	264.3	(14.2)%	(45.9)%
Personal loans	9,098.7	8,105.9	9,509.4	12.2%	(4.3)%
Credit card loans	15,464.9	17,441.6	18,865.7	(11.3)%	(18.0)%
Financial leases	89.5	105.8	151.8	(15.5)%	(41.1)%
Loans to the personnel	292.2	289.2	264.8	1.0%	10.3%
Unallocated collections	(8.3)	(9.0)	(10.4)	(7.6)%	(20.4)%
Other	10,214.9	11,325.4	11,500.8	(9.8)%	(11.2)%
Accrued interest and quotation differences receivable	566.6	598.7	486.8	(5.4)%	16.4%
Documented interest	(37.5)	(58.9)	(53.1)	(36.2)%	(29.3)%
<b>Total</b>	<b>42,347.0</b>	<b>44,111.8</b>	<b>46,737.7</b>	<b>(4.0)%</b>	<b>(9.4)%</b>

BH's non financial private sector loan portfolio composition as of June 30, 2019 was 72.4% of retail financing and housing loans (58.2% consumer and 14.2% housing) and 27.6% of corporate loans, providing a highly diversified client base.

### Loan Portfolio Diversification

(Non-financial Private Sector Loans)  
Q2 2019



On a consolidated basis, NPL increased from 11.9% in Q1 2019 to 13.3% in Q2 2019, while coverage ratio was 52.2% for the period.

The ratio had a base effect caused by a decrease in nominal terms of the total loan portfolio. Besides, the quarterly growth rate of the non-performing loans of the consumer portfolio was significantly lower than previous quarter, decreasing from 14.7% to 6.5%. In addition, there is a decrease in relative terms of the loan portfolio in terms of total assets.

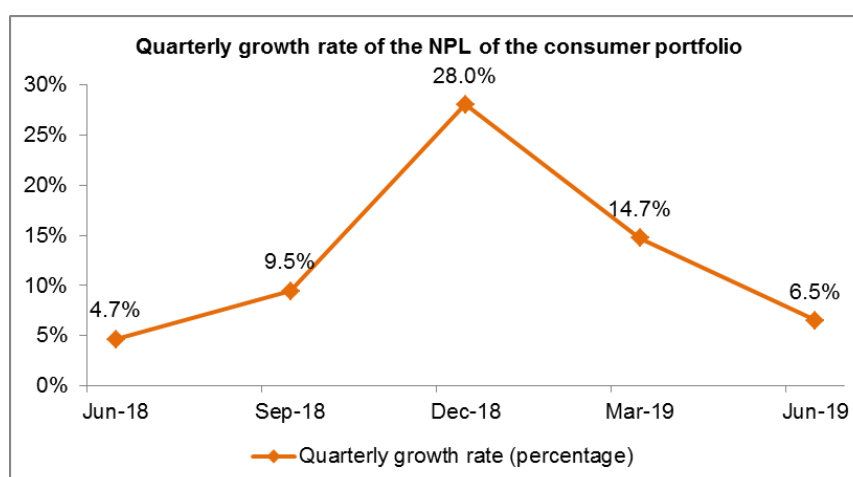


## Non-performing loans

(in millions of pesos)

3 month period ended

	30/06/19	31/03/19	30/06/18
<b>Consolidated level</b>			
Non-performing loans	5,691.5	5,444.6	2,044.7
Total portfolio	42,729.7	45,832.9	51,131.7
Allowances (total)	2,970.2	2,825.9	1,597.6
Non-performing loans / Total portfolio	13.3%	11.9%	4.0%
Allowances (total) / Non-performing loans	52.2%	51.9%	78.1%
<b>Consumer portfolio</b>			
Non-performing loans (consumer)	3,384.7	3,177.6	1,976.5
Consumer portfolio	30,611.3	31,467.9	33,178.2
Allowances (consumer)	1,983.0	1,824.2	1,396.6
Non-performing loans (consumer) / Consumer portfolio	11.1%	10.1%	6.0%
Allowances (consumer) / Non-performing loans (consumer)	58.6%	57.4%	70.7%
<b>Commercial portfolio</b>			
Non-performing loans (commercial)	2,306.8	2,267.1	68.2
Commercial portfolio	12,118.4	14,365.0	17,953.5
Allowances (commercial)	979.6	988.2	173.5
Non-performing loans (commercial) / Commercial portfolio	19.0%	15.8%	0.4%
Allowances (Commercial) / Non-performing loans (commercial)	42.5%	43.6%	254.4%



Deposits totaled Ps. 29,617.2 million, representing a 2.2% increase QoQ and a 10.2% increase YoY, while corporate bonds totaled Ps. 30,090.4 million, representing a 6.3% decrease QoQ and a 2.7% decrease YoY.

## Funding

(in millions of pesos)

	3 month period ended						Variation (%)	
	30/06/19		31/03/19		30/06/18		QoQ	YoY
	Ps.	%	Ps.	%	Ps.	%		
Deposits	29,617.2	49.6%	28,974.3	47.4%	26,866.1	46.5%	2.2%	10.2%
Local corporate bonds	10,443.2	17.5%	11,725.3	19.2%	9,660.0	16.7%	(10.9)%	8.1%
International corporate bonds	19,647.2	32.9%	20,400.8	33.4%	21,279.9	36.8%	(3.7)%	(7.7)%
Corporate bonds	30,090.4	50.4%	32,126.1	52.6%	30,939.9	53.5%	(6.3)%	(2.7)%
<b>Total</b>	<b>59,707.6</b>	<b>100.0%</b>	<b>61,100.5</b>	<b>100.0%</b>	<b>57,806.1</b>	<b>100.0%</b>	<b>(2.3)%</b>	<b>3.3%</b>

## Comparative consolidated balance sheet

(in millions of pesos)

	As of		Variation (%)
	30/06/19	30/06/18	YoY
<b>Assets</b>			
Cash and deposits in banks	7,976.1	6,287.6	26.9%
Debt securities at fair value through profit and loss	20,360.1	16,321.8	24.7%
Derivatives	36.0	135.1	(73.3)%
Repo transactions	1,306.0	155.3	N/A
Loans and other receivables	2,751.7	2,433.2	13.1%
Non financial public sector	0.0	58.1	(100.0)%
Financial sector	29.5	521.6	(94.3)%
Non financial private sector and foreign	42,347.0	46,737.7	(9.4)%
Allow ances	(2,962.6)	(1,570.1)	88.7%
Loans, net of allow ances	39,413.9	45,747.3	(13.8)%
Other debt securities	1,652.4	3,130.0	(47.2)%
Financial assets in guarantee	2,569.9	2,869.4	(10.4)%
Investment in other companies, subsidiaries and joint ventures	2.5	13.4	(81.1)%
Property, plant and equipment	1,662.4	3,611.4	(54.0)%
Others	6,091.2	1,684.1	261.7%
<b>Total Assets</b>	<b>83,822.2</b>	<b>82,388.5</b>	<b>1.7%</b>
<b>Liabilities</b>			
Deposits	29,617.2	26,866.1	10.2%
Liabilities at fair value through profit and loss	1,296.8	271.4	N/A
Derivatives	63.1	77.2	(18.2)%
Repo transactions	-	1,271.3	(100.0)%
Other financial liabilities	7,036.6	9,051.4	(22.3)%
Financing received from Central Bank and other financial institutions	1,227.8	850.2	44.4%
Issued corporate bonds	30,090.4	30,939.9	(2.7)%
Current income tax liabilities	541.3	685.3	(21.0)%
Subordinated corporate bonds	-	-	N/A
Provisions	354.5	255.0	39.0%
Deferred income tax liabilities	-	21.4	(100.0)%
Other non financial liabilities	3,099.9	3,036.7	2.1%
<b>Total Liabilities</b>	<b>73,327.6</b>	<b>73,325.8</b>	<b>0.0%</b>
Shareholders' Equity attributable to non controlling interest	223.2	309.9	(28.0)%
<b>Shareholders' Equity attributable to controlling interest</b>	<b>10,271.4</b>	<b>8,752.9</b>	<b>17.3%</b>
Total Shareholders' Equity	10,494.7	9,062.7	15.8%

Comparative consolidated income statement (in millions of pesos)	For the 3 month period ended		Variation (%)
	30/06/19	30/06/18	YoY
Interest Income	7,751.2	6,187.9	25.3%
Income from adjustments	739.7	205.5	260.0%
Interest Expense	(7,438.9)	(4,582.9)	62.3%
Expenses from adjustments	(719.2)	(303.7)	136.8%
<b>Net Interest Income</b>	<b>332.8</b>	<b>1,506.8</b>	<b>(77.9)%</b>
Fee Income	2,300.1	1,932.6	19.0%
Fee Expense	(313.4)	(160.9)	94.7%
<b>Net Fee Income</b>	<b>1,986.6</b>	<b>1,771.7</b>	<b>12.1%</b>
Net Income from financial instruments at Fair Value through profit & Loss	5,747.8	2,231.9	157.5%
Difference in quoted prices of gold and foreign currency	(1,981.9)	(488.6)	N/A
Other operating income	2,819.2	2,074.2	35.9%
Provision for loan losses	(1,942.4)	(799.6)	142.9%
<b>Net Operating Income</b>	<b>6,962.2</b>	<b>6,296.4</b>	<b>10.6%</b>
Personnel expenses	(2,558.2)	(1,712.9)	49.3%
Administrative expenses	(1,626.7)	(1,451.3)	12.1%
Depreciation and impairment of assets	(139.2)	(74.9)	85.8%
Other operating expenses	(2,095.3)	(1,577.9)	32.8%
<b>Operating Income</b>	<b>542.8</b>	<b>1,479.4</b>	<b>(63.3)%</b>
<b>Income before income tax from continuing operations</b>	<b>542.8</b>	<b>1,479.4</b>	<b>(63.3)%</b>
Income tax from continuing operations	116.4	(452.0)	(125.8)%
Net income of the period attributable to non-controlling interests	(6.8)	(21.9)	(68.9)%
<b>Net Income</b>	<b>652.4</b>	<b>1,005.5</b>	<b>(35.1)%</b>

### Statistic data and comparative ratios

	3 month period ended		
	30/06/19	31/03/19	30/06/18
<b>Profitability</b>			
ROAA (return on average assets)	1.55%	0.17%	2.70%
ROAE (return on average equity)	13.00%	1.48%	24.08%
Net financial margin*	9.74%	7.82%	8.73%
Efficiency**	67.72%	72.2%	60.6%
<b>Capital</b>			
Shareholders' Equity / Total Assets	12.25%	11.62%	10.62%
CET I Ratio	12.37%	12.05%	11.30%
Tier 1 Ratio	12.39%	12.08%	11.32%
Total Capital Ratio	12.92%	12.66%	11.95%
<b>Liquidity</b>			
Liquid Assets / Deposits	101.25%	104.66%	95.81%
LCR	262.00%	266.00%	188.00%
NSFR	160.40%	161.29%	160.40%
Loans / Deposits	133.08%	143.08%	170.28%

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

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

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

### III. Next quarter and 2019 perspectives

The next quarter and 2019 perspectives for the Bank are based on:

- ✓ Maintain high liquidity levels in order to face volatility.
- ✓ Continue with the development of sustainable housing solutions.
- ✓ Enhance the corporate business, while maintaining the presence in the consumer business.
- ✓ Increase the profitability of the client base and enhance the distribution capacity through the implementation of the digital strategy.
- ✓ Sustain a balanced asset and liability structure in order to hedge the different tenors and currencies.
- ✓ Increase efficiency and continue with the rationalization of expenses.

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**Eduardo S. Elsztain**  
Chairman

Assets and liabilities denominated in foreign currency as of June 30, 2019 were converted to pesos at the exchange rate of Ps. 42.4483/USD1.00 and Ps. 48.2719/EUR1.00, which was the reference exchange rate published by the Central Bank on such date.

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

#### Disclaimer

Any comment made in this release in relation to future events is subject to many conditions and risks detailed and described in our Offering Memorandums and financial statements available at our website ([www.hipotecario.com.ar](http://www.hipotecario.com.ar) / Institutional / Financial Information and Bonds). The words "believe," "may," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect" and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. This release is a summary analysis of Banco Hipotecario's financial condition and results of operations as of and for the period indicated, which might have certain reclassification from the Financial Statements. For a correct interpretation, this release must be read in conjunction with all other material periodically filed with the Comisión Nacional de Valores ([www.cnv.gov.ar](http://www.cnv.gov.ar)) and the Bolsa de Comercio de Buenos Aires ([www.bolsar.com](http://www.bolsar.com)). In addition, the Central Bank ([www.bcra.gov.ar](http://www.bcra.gov.ar)) may publish information related to Banco Hipotecario as of a date subsequent to the last date for which the Bank has published information.