



**Banco Hipotecario S.A.**  
**Earnings Release - Third Quarter 2018**

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Banco Hipotecario cordially invites you to participate in its  
Third Quarter 2018 conference call

**Friday, Nov 16<sup>th</sup>, 2018, 10:00A EST**

If you would like to participate, please call:

EEUU: (800) 230-1074  
International: (612) 234-9960  
PIN # 456878

Slideshow available at:

<https://www.webcaster4.com/Webcast/Page/970/28328>

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

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**Banco Hipotecario SA reports  
Third 2018 consolidated results**

**Highlights****Executive Summary**

- Net income for the quarter was Ps. 541.7 million, compared to Ps. 481.0 million of last quarter and Ps. 436.1 million of same quarter last year, which represents an increase of 12.6% and 24.2% respectively.
- Net operating income for the quarter was Ps. 3,376.3 million, 3.1% higher than the Ps. 3,273.5 million of previous quarter and 30.7% higher than the Ps. 2,583.8 million of same quarter of last year.
- Operating income for the quarter was Ps. 691.7 million, 1.7% lower than the Ps. 703.6 million of previous quarter and 42.0% higher than the Ps. 487.0 million of same quarter of last year.
- Loans to the non financial private sector increased 4.8% QoQ and 33.3% YoY.
- Deposits decreased 6.6% QoQ and increased 29.7% YoY, while corporate bonds increased 9.1% QoQ and 67.9% YoY.
- On an individual basis, NPL increased from 2.3% in Q2 2018 to 2.8% in Q3 2018, while coverage ratio was 87.7% for the period. On a consolidated basis, NPL increased from 4.5% in Q2 2018 to 4.9% in Q3 2018, while coverage ratio was 77.8% for the period.
- Total capital ratio as a percentage of RWA as of September 30, 2018 was 11.15%, compared to 12.75% of same quarter of last year.

**Buenos Aires, Nov 14<sup>th</sup>, 2018**

## 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 September 30<sup>th</sup>, 2018 were prepared under IFRS according to Central Bank's convergence plan (Communication "A" 5541 and its modifications). Provisions under IFRS 9 (5.5) will be implemented starting on January 1<sup>st</sup>, 2020 (Communication "A" 6430).

## II. Q3 2018 consolidated results

Net income for the quarter was Ps. 541.7 million, compared to Ps. 481.0 million of last quarter and Ps. 436.1 million of same quarter last year, which represents an increase of 12.6% and 24.2% respectively.

Regarding profitability ratios, the ROAA for Q3 2018 was 2.73% compared to 2.68% for Q2 2018 and 2.61% for Q3 2017, while ROAE for the same periods were 23.94%, 24.05% and 20.57%, respectively.

The positive result of the difference in quoted prices of gold and foreign currency for the quarter was Ps. 402.0 million, which partially compensates with the loss for FX forward transactions of Ps. 387.2 million.

### Income statement

(in millions of pesos)

|   | 3 month period ended |                |                | Variation (%)  |                |
|---|----------------------|----------------|----------------|----------------|----------------|
|   | 30/09/18             | 30/06/18       | 30/09/17       | QoQ            | YoY            |
| Interest Income   | 4,105.0              | 3,479.0        | 2,525.8        | 18.0%          | 62.5%          |
| Interest Expense  | (3,543.8)            | (2,745.8)      | (1,597.5)      | 29.1%          | 121.8%         |
| <b>Net Interest Income</b>  | <b>561.2</b>         | <b>733.2</b>   | <b>928.4</b>   | <b>(23.5)%</b> | <b>(39.6)%</b> |
| Fee Income  | 1,141.7              | 1,095.8        | 936.2          | 4.2%           | 22.0%          |
| Fee Expense   | (180.5)              | (173.2)        | (151.2)        | 4.2%           | 19.4%          |
| <b>Net Fee Income</b>   | <b>961.2</b>         | <b>922.6</b>   | <b>785.0</b>   | <b>4.2%</b>    | <b>22.5%</b>   |
| Net Income from financial instruments at Fair Value through profit & Loss | 1,180.4              | 1,366.5        | 538.8          | (13.6)%        | 119.1%         |
| Difference in quoted prices of gold and foreign currency                  | 402.0                | (509.7)        | (2.7)          | (178.9)%       | N/A            |
| Other operating income  | 754.7                | 1,180.6        | 600.3          | (36.1)%        | 25.7%          |
| Provision for loan losses   | (483.2)              | (419.7)        | (266.0)        | 15.1%          | 81.7%          |
| <b>Net Operating Income</b>   | <b>3,376.3</b>       | <b>3,273.5</b> | <b>2,583.8</b> | <b>3.1%</b>    | <b>30.7%</b>   |
| Personnel expenses  | (953.3)              | (866.1)        | (936.6)        | 10.1%          | 1.8%           |
| Administrative expenses   | (833.2)              | (747.5)        | (653.1)        | 11.5%          | 27.6%          |
| Depreciation and impairment of assets                                     | (37.8)               | (38.2)         | (38.4)         | (1.2)%         | (1.8)%         |
| Other operating expenses  | (860.3)              | (918.2)        | (468.7)        | (6.3)%         | 83.6%          |
| <b>Operating Income</b>   | <b>691.7</b>         | <b>703.6</b>   | <b>487.0</b>   | <b>(1.7)%</b>  | <b>42.0%</b>   |
| Income tax from continuing operations                                     | (146.8)              | (213.0)        | (57.2)         | (31.1)%        | 156.7%         |
| Net income of the period attributable to non-controlling interests        | (3.2)                | (9.6)          | 6.4            | (66.5)%        | (150.6)%       |
| <b>Net Income</b>   | <b>541.7</b>         | <b>481.0</b>   | <b>436.1</b>   | <b>12.6%</b>   | <b>24.2%</b>   |

Net interest income for the quarter was Ps. 561.2 million; representing a 23.5% decrease QoQ and a 39.6% decrease YoY.

Interest income for the quarter was Ps. 4,105.0 million; representing a 18.0% increase QoQ and a 62.5% increase YoY. This was mainly due to the increase in interest from public and corporate securities and interest from the loan portfolio.

## Interest Income

(in millions of pesos)

|   | 3 month period ended |                |                | Variation (%) |              |
|---|----------------------|----------------|----------------|---------------|--------------|
|   | 30/09/18             | 30/06/18       | 30/09/17       | QoQ           | YoY          |
| Interest on cash and due from banks                     | 3.1                  | 1.6            | 0.0            | 89.9%         | N/A          |
| Interest from loans to the financial sector             | 49.9                 | 38.2           | 31.0           | 30.4%         | 60.9%        |
| Interest from public and corporate securities           | 423.5                | 221.9          | 85.8           | 90.8%         | N/A          |
| Interest on overdrafts                                  | 95.2                 | 79.9           | 43.3           | 19.1%         | 120.0%       |
| Interest on documents                                   | 42.1                 | 47.5           | 49.5           | (11.4)%       | (15.0)%      |
| Interest on pledge loans                                | 21.8                 | 24.3           | 26.3           | (10.6)%       | (17.3)%      |
| Interest on financial leases                            | 9.9                  | 9.6            | 8.6            | 2.6%          | 15.2%        |
| Interest on other loans                                 | 454.0                | 321.6          | 277.4          | 41.1%         | 63.7%        |
| Income from adjustments                                 | 25.9                 | 10.6           | -              | 142.8%        | N/A          |
| Interest from commercial loans                          | 648.8                | 493.7          | 405.1          | 31.4%         | 60.2%        |
| Interest on personal loans                              | 876.5                | 829.5          | 610.0          | 5.7%          | 43.7%        |
| Interest on credit card loans                           | 1,787.6              | 1,642.4        | 1,253.1        | 8.8%          | 42.7%        |
| Interest from consumer loans                            | 2,664.0              | 2,471.9        | 1,863.1        | 7.8%          | 43.0%        |
| Interest on mortgage loans                              | 114.1                | 105.9          | 130.4          | 7.7%          | (12.5)%      |
| Interest on other receivables from financial operations | 3.8                  | 3.9            | 4.4            | (1.6)%        | (12.8)%      |
| Income from adjustments                                 | 186.4                | 110.4          | (4.5)          | 68.9%         | N/A          |
| Interest from mortgage loans                            | 304.3                | 220.2          | 130.4          | 38.2%         | 133.4%       |
| Others  | 11.5                 | 31.5           | 10.4           | (63.6)%       | 10.3%        |
| <b>Total</b>  | <b>4,105.0</b>       | <b>3,479.0</b> | <b>2,525.8</b> | <b>18.0%</b>  | <b>62.5%</b> |

Interest expense for the quarter was Ps. 3,543.8 million; representing a 29.1% increase QoQ and a 121.8% increase YoY. This was mainly due to the increase in interest from deposits and interest from corporate bonds.

## Interest Expense

(in millions of pesos)

|   | 3 month period ended |                  |                  | Variation (%) |               |
|---|----------------------|------------------|------------------|---------------|---------------|
|   | 30/09/18             | 30/06/18         | 30/09/17         | QoQ           | YoY           |
| Interest on checking accounts                             | (367.1)              | (237.8)          | (40.3)           | 54.3%         | N/A           |
| Interest on saving accounts                               | (2.4)                | (2.0)            | (1.3)            | 25.0%         | 89.9%         |
| Interest on time deposits                                 | (873.0)              | (654.0)          | (525.5)          | 33.5%         | 66.1%         |
| Expense from adjustments                                  | (97.5)               | (62.4)           | (6.6)            | 56.2%         | N/A           |
| Interest from deposits                                    | (1,340.1)            | (956.2)          | (573.6)          | 40.1%         | 133.6%        |
| Interest from other liabilities from financial operations | (1,921.8)            | (1,574.8)        | (949.8)          | 22.0%         | 102.3%        |
| Expense from adjustments                                  | (187.3)              | (132.5)          | (10.6)           | 41.4%         | N/A           |
| Interest from corporate bonds                             | (2,109.1)            | (1,707.3)        | (960.4)          | 23.5%         | 119.6%        |
| Interest on interfinancial loans                          | (8.6)                | (17.7)           | (12.4)           | (51.2)%       | (30.4)%       |
| Interest on other financing from financial institutions   | (39.5)               | (20.7)           | (24.4)           | 90.8%         | 61.9%         |
| Others  | (46.6)               | (43.9)           | (26.6)           | 6.1%          | 74.8%         |
| <b>Total</b>  | <b>(3,543.8)</b>     | <b>(2,745.8)</b> | <b>(1,597.5)</b> | <b>29.1%</b>  | <b>121.8%</b> |

Net fee income for the quarter was Ps. 961.2 million; representing a 4.2% increase QoQ and a 22.5% increase YoY.

## Net Fee Income

(in millions of pesos)

|                                       | 3 month period ended |                |                | Variation (%) |              |
|---------------------------------------|----------------------|----------------|----------------|---------------|--------------|
|                                       | 30/09/18             | 30/06/18       | 30/09/17       | QoQ           | YoY          |
| <b>Fee Income</b>                     |                      |                |                |               |              |
| Fee charged on consumer clients       | 1,071.7              | 987.5          | 844.8          | 8.5%          | 26.9%        |
| Fee charged on SME clients            | 0.1                  | 1.4            | 3.2            | (92.1)%       | (96.6)%      |
| Fee charged on corporate clients      | (26.9)               | 15.2           | 13.2           | (276.8)%      | N/A          |
| Insurance fee                         | 72.9                 | 69.6           | 55.4           | 4.7%          | 31.5%        |
| Fee charged on liability transactions | 17.3                 | 12.5           | 10.9           | 38.2%         | 58.3%        |
| Others                                | 6.5                  | 9.6            | 8.6            | (32.4)%       | (24.6)%      |
| <b>Total</b>                          | <b>1,141.7</b>       | <b>1,095.8</b> | <b>936.2</b>   | <b>4.2%</b>   | <b>22.0%</b> |
| <b>Fee Expense</b>                    |                      |                |                |               |              |
| Credit related fees                   | (144.6)              | (139.0)        | (123.0)        | 4.0%          | 17.5%        |
| Debt placement charges                | (34.6)               | (33.0)         | (27.1)         | 4.9%          | 27.8%        |
| Others                                | (1.3)                | (1.3)          | (1.1)          | 4.3%          | 17.1%        |
| <b>Total</b>                          | <b>(180.5)</b>       | <b>(173.2)</b> | <b>(151.2)</b> | <b>4.2%</b>   | <b>19.4%</b> |
| <b>Net Fee Income</b>                 | <b>961.2</b>         | <b>922.6</b>   | <b>785.0</b>   | <b>4.2%</b>   | <b>22.5%</b> |

Net income from financial instruments at fair value through profit and loss for the quarter was Ps. 1,180.4 million, representing a 13.6% decrease QoQ and a 119.1% increase YoY.

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

(in millions of pesos)

|                                     | 3 month period ended |                |              | Variation (%)  |               |
|-------------------------------------|----------------------|----------------|--------------|----------------|---------------|
|                                     | 30/09/18             | 30/06/18       | 30/09/17     | QoQ            | YoY           |
| Income from public securities       | 1,464.7              | 966.6          | 509.9        | 51.5%          | 187.3%        |
| Income from private securities      | 125.3                | 18.0           | 50.4         | N/A            | 148.4%        |
| Income from FX forward transactions | (387.2)              | 414.3          | (24.3)       | (193.5)%       | N/A           |
| Income from corporate bonds         | 3.2                  | (0.0)          | 15.7         | N/A            | (79.9)%       |
| Income from interest rate swaps     | (25.8)               | (15.4)         | (10.7)       | 67.8%          | 140.6%        |
| Income from financial trusts        | 0.3                  | (17.0)         | (2.3)        | (101.5)%       | (111.5)%      |
| <b>Total</b>                        | <b>1,180.4</b>       | <b>1,366.5</b> | <b>538.8</b> | <b>(13.6)%</b> | <b>119.1%</b> |

The positive result of the difference in quoted prices of gold and foreign currency for the quarter was Ps. 402.0 million, which partially compensates with the loss for FX forward transactions of Ps. 387.2 million.

Other operating income for the quarter was Ps. 754.7 million, representing a 36.1% decrease QoQ and a 25.7% increase YoY. The decrease in loan related services stands out, where insurance policies sold by BHN Sociedad de Inversión S.A. had a significant participation.

## Other operating income

(in millions of pesos)

|                                       | 3 month period ended |                |              | Variation (%)  |              |
|---------------------------------------|----------------------|----------------|--------------|----------------|--------------|
|                                       | 30/09/18             | 30/06/18       | 30/09/17     | QoQ            | YoY          |
| Loan related services                 | 500.0                | 806.8          | 377.9        | (38.0)%        | 32.3%        |
| Fee charged on liability transactions | 37.3                 | 30.9           | 25.5         | 20.4%          | 45.9%        |
| Other income from services            | 95.0                 | 88.2           | 101.1        | 7.7%           | (6.0)%       |
| Penalty interest                      | 45.5                 | 36.9           | 29.0         | 23.4%          | 56.6%        |
| Recovered loans                       | 28.7                 | 72.2           | 32.1         | (60.2)%        | (10.4)%      |
| Others                                | 48.3                 | 145.6          | 34.7         | (66.8)%        | 39.3%        |
| <b>Total</b>                          | <b>754.7</b>         | <b>1,180.6</b> | <b>600.3</b> | <b>(36.1)%</b> | <b>25.7%</b> |

Provision for loan losses for the quarter was Ps. 483.2 million, representing a 15.1% increase QoQ and a 81.7% increase YoY.

Personnel expenses for the quarter were Ps. 953.3 million, representing a 10.1% increase QoQ and a 1.8% increase YoY.

Administrative expenses for the quarter were Ps. 833.2, representing a 11.5% increase QoQ and a 27.6% increase YoY.

### Administrative expenses

(in millions of pesos)

|                                     | 3 month period ended |                |                | Variation (%) |              |
|-------------------------------------|----------------------|----------------|----------------|---------------|--------------|
|                                     | 30/09/18             | 30/06/18       | 30/09/17       | QoQ           | YoY          |
| Directors fees                      | (56.3)               | (51.3)         | (31.2)         | 9.7%          | 80.5%        |
| Other fees                          | (298.7)              | (281.8)        | (252.0)        | 6.0%          | 18.6%        |
| Advertising and publicity           | (40.4)               | (34.4)         | (26.1)         | 17.3%         | 54.8%        |
| Taxes                               | (112.1)              | (84.2)         | (90.9)         | 33.1%         | 23.4%        |
| Maintenance and conservation fees   | (64.3)               | (53.7)         | (50.6)         | 19.8%         | 27.1%        |
| Electricity, gas and communications | (70.1)               | (63.6)         | (56.7)         | 10.1%         | 23.5%        |
| Others                              | (191.3)              | (178.4)        | (145.7)        | 7.3%          | 31.3%        |
| <b>Total</b>                        | <b>(833.2)</b>       | <b>(747.5)</b> | <b>(653.1)</b> | <b>11.5%</b>  | <b>27.6%</b> |

Other operating expenses for the quarter were Ps. 860.3 million, representing a 6.3% decrease QoQ and a 83.6% increase YoY.

### Other operating expenses

(in millions of pesos)

|                                      | 3 month period ended |                |                | Variation (%) |              |
|--------------------------------------|----------------------|----------------|----------------|---------------|--------------|
|                                      | 30/09/18             | 30/06/18       | 30/09/17       | QoQ           | YoY          |
| Turnover tax and others              | (438.2)              | (444.8)        | (333.5)        | (1.5)%        | 31.4%        |
| Deposit Guarantee Fund contributions | (11.5)               | (10.0)         | (8.9)          | 14.3%         | 29.3%        |
| Loan related services                | (122.7)              | (357.1)        | (25.9)         | (65.6)%       | N/A          |
| Other provision charges              | (158.3)              | (20.9)         | (40.8)         | N/A           | 288.1%       |
| Discounts                            | (19.5)               | (17.1)         | (18.2)         | 13.5%         | 7.0%         |
| Others                               | (110.1)              | (68.2)         | (41.3)         | 61.5%         | 166.5%       |
| <b>Total</b>                         | <b>(860.3)</b>       | <b>(918.2)</b> | <b>(468.7)</b> | <b>(6.3)%</b> | <b>83.6%</b> |

Non financial private sector loan portfolio totaled Ps. 48,353.9 million in Q3 2018; representing a 4.8% increase QoQ and a 33.3% increase YoY.

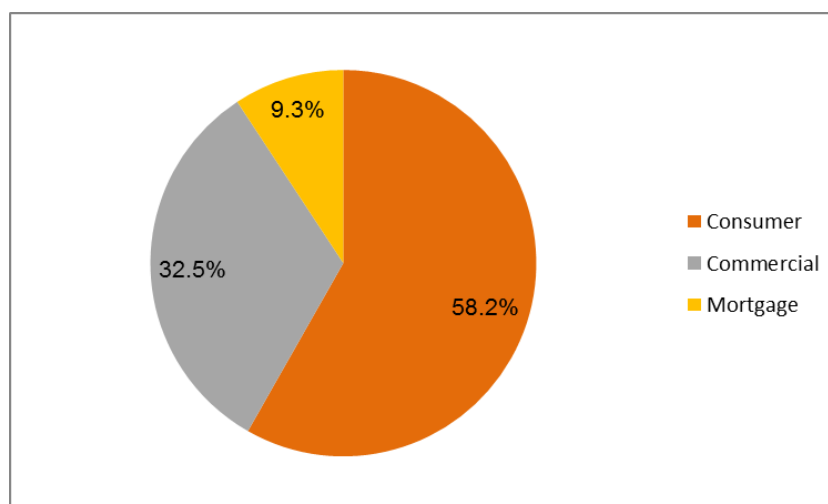
### Loans to the non-financial private sector

(in millions of pesos)

|   | For the period ended |                 |                 | Variation (%) |              |
|---|----------------------|-----------------|-----------------|---------------|--------------|
|   | 30/09/18             | 30/06/18        | 30/09/17        | QoQ           | YoY          |
| Overdrafts  | 407.4                | 657.0           | 497.2           | (38.0)%       | (18.1)%      |
| Documents   | 320.7                | 583.2           | 1,005.0         | (45.0)%       | (68.1)%      |
| Mortgage loans  | 4,282.4              | 3,908.4         | 3,342.6         | 9.6%          | 28.1%        |
| Pledge loans  | 231.7                | 264.3           | 273.3           | (12.3)%       | (15.2)%      |
| Personal loans  | 9,397.5              | 9,509.4         | 6,821.7         | (1.2)%        | 37.8%        |
| Credit card loans                                     | 18,683.4             | 18,865.7        | 16,169.2        | (1.0)%        | 15.5%        |
| Financial leases                                      | 135.1                | 151.8           | 156.9           | (11.0)%       | (13.9)%      |
| Loans to the personnel                                | 277.5                | 264.8           | 199.4           | 4.8%          | 39.2%        |
| Unallocated collections                               | (30.7)               | (5.1)           | (6.6)           | N/A           | N/A          |
| Other   | 14,133.0             | 11,500.8        | 7,555.3         | 22.9%         | 87.1%        |
| Accrued interest and quotation differences receivable | 562.4                | 479.8           | 307.7           | 17.2%         | 82.8%        |
| Documented interest                                   | (46.5)               | (53.1)          | (59.9)          | (12.4)%       | (22.4)%      |
| <b>Total</b>  | <b>48,353.9</b>      | <b>46,127.0</b> | <b>36,261.6</b> | <b>4.8%</b>   | <b>33.3%</b> |

BH's non financial private sector loan portfolio composition as of September 30, 2018 was 67.5% of retail financing and housing loans (58.2% consumer and 9.3% housing) and 32.5% of corporate loans, providing a highly diversified client base.

**Loan Portfolio Diversification**  
(Non-financial Private Sector Loans)  
Q3 2018



On an individual basis, NPL increased from 2.3% in Q2 2018 to 2.8% in Q3 2018, while coverage ratio was 87.7%. On a consolidated basis, NPL increased from 4.5% in Q2 2018 to 4.9% in Q3 2018, while coverage ratio was 77.8%.

**Non-performing loans**

(in millions of pesos)

|  | For the period ended |          | Variation (%) |
|--|----------------------|----------|---------------|
|  | 30/09/18             | 30/06/18 | QoQ           |
| Non-performing loans*                        | 1,126.0              | 888.5    | 26.7%         |
| Total portfolio*                             | 40,924.9             | 38,617.8 | 6.0%          |
| Allowances*                                  | 987.6                | 801.3    | 23.3%         |
| Non-performing loans**                       | 2,288.6              | 2,037.9  | 12.3%         |
| Total portfolio**                            | 47,048.5             | 45,147.6 | 4.2%          |
| Allowances**                                 | 1,780.5              | 1,559.0  | 14.2%         |
| <b>Ratios (%)</b>                            |                      |          |               |
| Non-performing portfolio / Total portfolio*  | 2.8%                 | 2.3%     |               |
| Allowances / Non-performing portfolio*       | 87.7%                | 90.2%    |               |
| Non-performing portfolio / Total portfolio** | 4.9%                 | 4.5%     |               |
| Allowances / Non-performing portfolio**      | 77.8%                | 76.5%    |               |

\* Individual level

\*\* Consolidated level

Deposits totaled Ps. 25,108.7 million, representing a 6.6% decrease QoQ and a 29.7% increase YoY, while corporate bonds totaled Ps. 33,755.2 million, representing a 9.1% increase QoQ and a 67.9% increase YoY.



## Funding

| (in millions of pesos)        | For the period ended |               |                 |               |                 |               | Variation (%) |              |
|-------------------------------|----------------------|---------------|-----------------|---------------|-----------------|---------------|---------------|--------------|
|                               | 30/09/18             |               | 30/06/18        |               | 30/09/17        |               | QoQ           | YoY          |
|                               | Ps.                  | %             | Ps.             | %             | Ps.             | %             |               |              |
| Deposits                      | 25,108.7             | 42.7%         | 26,870.5        | 46.5%         | 19,364.4        | 49.1%         | (6.6)%        | 29.7%        |
| Local corporate bonds         | 9,049.8              | 15.4%         | 9,660.0         | 16.7%         | 8,366.4         | 21.2%         | (6.3)%        | 8.2%         |
| International corporate bonds | 24,705.4             | 42.0%         | 21,279.9        | 36.8%         | 11,739.7        | 29.7%         | 16.1%         | 110.4%       |
| Corporate bonds               | 33,755.2             | 57.3%         | 30,939.9        | 53.5%         | 20,106.1        | 50.9%         | 9.1%          | 67.9%        |
| <b>Total</b>                  | <b>58,864.0</b>      | <b>100.0%</b> | <b>57,810.4</b> | <b>100.0%</b> | <b>39,470.5</b> | <b>100.0%</b> | <b>1.8%</b>   | <b>49.1%</b> |

## Comparative consolidated balance sheet

| (in millions of pesos)  | For the period ended |                 | Variation (%) |
|---|----------------------|-----------------|---------------|
|   | 30/09/18             | 30/09/17        | YoY           |
| <b>Assets</b>   |                      |                 |               |
| Cash and deposits in banks  | 8,081.9              | 3,506.0         | 130.5%        |
| Debt securities at fair value through profit and loss                 | 11,327.7             | 8,416.9         | 34.6%         |
| Derivatives   | 299.2                | 9.1             | N/A           |
| Repo transactions   | 418.3                | 358.0           | 16.9%         |
| Loans and other receivables   | 2,704.3              | 1,798.2         | 50.4%         |
| Non financial public sector   | 43.7                 | 110.0           | (60.3)%       |
| Financial sector  | 431.3                | 563.2           | (23.4)%       |
| Non financial private sector and foreign                              | 48,353.9             | 36,261.6        | 33.3%         |
| Allowances  | (1,780.5)            | (1,218.8)       | 46.1%         |
| Loans, net of allowances  | 47,048.5             | 35,716.1        | 31.7%         |
| Other debt securities   | 4,584.4              | 2,110.1         | 117.3%        |
| Financial assets in guarantee   | 2,388.8              | 1,491.1         | 60.2%         |
| Investment in other companies, subsidiaries and joint ventures        | 13.4                 | 13.4            | 0.0%          |
| Property, plant and equipment   | 4,660.3              | 2,829.0         | 64.7%         |
| Others  | 1,638.5              | 664.0           | 146.8%        |
| <b>Total Assets</b>   | <b>83,165.1</b>      | <b>56,911.8</b> | <b>46.1%</b>  |
| <b>Liabilities</b>  |                      |                 |               |
| Deposits  | 25,108.7             | 19,364.4        | 29.7%         |
| Liabilities at fair value through profit and loss                     | 207.7                | -               | N/A           |
| Derivatives   | 1,657.1              | 654.0           | 153.4%        |
| Repo transactions   | 50.1                 | 347.9           | (85.6)%       |
| Other financial liabilities   | 7,562.6              | 5,138.8         | 47.2%         |
| Financing received from Central Bank and other financial institutions | 700.7                | 526.3           | 33.2%         |
| Issued corporate bonds  | 33,755.2             | 20,106.1        | 67.9%         |
| Current income tax liabilities  | 849.9                | 175.2           | N/A           |
| Subordinated corporate bonds  | -                    | -               | N/A           |
| Provisions  | 455.9                | 360.2           | 26.5%         |
| Deferred income tax liabilities                                       | -                    | -               | N/A           |
| Other non financial liabilities                                       | 3,243.0              | 2,507.7         | 29.3%         |
| <b>Total Liabilities</b>  | <b>73,591.1</b>      | <b>49,180.6</b> | <b>49.6%</b>  |
| Shareholders' Equity attributable to non controlling interest         | 313.1                | 299.8           | 4.4%          |
| <b>Shareholders' Equity attributable to controlling interest</b>      | <b>9,260.9</b>       | <b>7,431.3</b>  | <b>24.6%</b>  |
| Total Shareholders' Equity  | 9,574.0              | 7,731.1         | 23.8%         |

| Comparative consolidated income statement<br>(in millions of pesos)          | For the 9 month period ended |                | Variation (%)  |
|--|------------------------------|----------------|----------------|
|  | 30/09/18                     | 30/09/17       | YoY            |
| Interest Income  | 10,299.4                     | 7,617.6        | 35.2%          |
| Income from adjustments  | 417.7                        | 0.3            | N/A            |
| Interest Expense   | (8,045.2)                    | (4,539.1)      | 77.2%          |
| Expenses from adjustments  | (582.8)                      | (46.9)         | N/A            |
| <b>Net Interest Income</b>   | <b>2,089.1</b>               | <b>3,031.9</b> | <b>(31.1)%</b> |
| Fee Income   | 3,251.9                      | 2,621.8        | 24.0%          |
| Fee Expense  | (526.5)                      | (407.9)        | 29.1%          |
| <b>Net Fee Income</b>  | <b>2,725.4</b>               | <b>2,213.9</b> | <b>23.1%</b>   |
| Net Income from financial instruments at Fair Value<br>through profit & Loss | 3,427.9                      | 902.3          | 279.9%         |
| Difference in quoted prices of gold and foreign currency                     | (132.8)                      | (13.9)         | N/A            |
| Other operating income   | 2,853.2                      | 2,446.5        | 16.6%          |
| Provision for loan losses  | (1,280.3)                    | (796.7)        | 60.7%          |
| <b>Net Operating Income</b>  | <b>9,682.4</b>               | <b>7,784.1</b> | <b>24.4%</b>   |
| Personnel expenses   | (2,670.3)                    | (2,389.7)      | 11.7%          |
| Administrative expenses  | (2,280.8)                    | (1,919.1)      | 18.8%          |
| Depreciation and impairment of assets  | (113.8)                      | (112.5)        | 1.1%           |
| Other operating expenses   | (2,452.2)                    | (1,938.3)      | 26.5%          |
| <b>Operating Income</b>  | <b>2,165.3</b>               | <b>1,424.4</b> | <b>52.0%</b>   |
| <b>Income before income tax from continuing operations</b>                   | <b>2,165.3</b>               | <b>1,424.4</b> | <b>52.0%</b>   |
| Income tax from continuing operations  | (598.5)                      | (343.4)        | 74.3%          |
| Net income of the period attributable to<br>non-controlling interests        | (25.2)                       | (15.2)         | 65.4%          |
| <b>Net Income</b>  | <b>1,541.7</b>               | <b>1,065.8</b> | <b>44.7%</b>   |

### Statistic data and comparative ratios

|                                     | For the period ended |          |          |
|-------------------------------------|----------------------|----------|----------|
|                                     | 30/09/18             | 30/06/18 | 30/09/17 |
| <b>Profitability</b>                |                      |          |          |
| ROAA (return on average assets)     | 2.73%                | 2.68%    | 2.61%    |
| ROAE (return on average equity)     | 23.94%               | 24.05%   | 20.57%   |
| Net financial margin*               | 9.53%                | 8.69%    | 9.59%    |
| Efficiency**                        | 59.11%               | 60.8%    | 66.0%    |
| <b>Capital</b>                      |                      |          |          |
| Shareholders' Equity / Total Assets | 11.14%               | 10.67%   | 13.06%   |
| CET I Ratio                         | 10.54%               | 11.32%   | 12.15%   |
| Total Capital Ratio                 | 11.15%               | 11.95%   | 12.75%   |
| <b>Liquidity</b>                    |                      |          |          |
| Liquid Assets / Deposits            | 95.6%                | 95.7%    | 72.5%    |
| Loans / Deposits                    | 187.4%               | 168.0%   | 184.4%   |

\* (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 2018 perspectives

The next quarter and 2018 perspectives for the Bank are based on:

- ✓ Continue with the development of sustainable housing solutions.
- ✓ Increase 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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**Mario I. Blejer**  
1° Vice-Chairman

Assets and liabilities denominated in foreign currency as of September 30, 2018 were converted to pesos at the exchange rate of Ps. 40.8967/USD1.00 and Ps. 47.9036/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.