

D. Risk Factors

You should carefully consider the risks described below with all of the other information included in this annual report before deciding to invest in our Class B shares or our ADSs. If any of the following risks actually occurs, it may materially harm our business and our financial condition and results of operations. As a result, the market price of our Class B shares or/and our ADSs could decline and you could lose part or all of your investment.

Investors should carefully read this annual report in its entirety. They should also take into account and evaluate, among other things, their own financial circumstances, their investment goals, and the following risk factors.

Information provided by the Central Bank of Argentina and/or the INDEC and the information included in this section has been prepared in accordance with a methodology that may not necessarily follow the methodology used for the preparation of our consolidated financial statements included in this annual report (e.g. it has not been adjusted for inflation), as a result of the aforementioned may not be comparable.

Risks relating to Argentina

The Argentine economy could be adversely affected by the economic, social and political measures adopted by the Argentine government.

Substantially all of our operations, properties and customers are located in Argentina and, as a result, our business is to a large extent dependent upon macroeconomic, political, regulatory and social conditions prevailing in Argentina, including but not limited to, the following: (i) international demand and prices for Argentina's commodity exports; (ii) competitiveness and efficiency of domestic industries and services; (iii) stability and competitiveness of the Peso against foreign currencies; (iv) foreign and domestic investment and financing; (v) level of foreign exchange reserves in the Central Bank which may cause abrupt changes in currency values and exchange and capital control regulations; (vi) interest rates, inflation, wage and price controls; (vii) effects of the COVID-19 pandemic and results of the measures adopted by the Argentine government in response; (viii) changes in economic or fiscal policies implemented by the Argentine government; (ix) labor disputes and work stoppages; (x) the level of expenditure by the Argentine government and ability to sustain fiscal balance; and (xi) the level of unemployment, political instability and social tensions.

Developments in economic, regulatory and social conditions in Argentina, and measures taken by the Argentine government, have had and are expected to continue to have a significant impact on our business, results of operations and financial condition. The Argentine government directly intervenes in the economy and in private sector operations and companies, limiting certain aspects of private sector businesses, establishing (i) minimum salary levels and mandatory employees' benefits, (ii) price controls, (iii) requirements for business to submit monthly information on prices, quantities sold of final and intermediate goods and stock, and (iv) controls over tariffs for public services. Employers, both in the public and private sector, have also been experiencing intense pressures from their personnel, or from the labor unions representing them, demanding salary increases and certain benefits for the workers, given the high inflation rates.

The Argentine economy is also particularly sensitive to local political developments. Presidential elections take place in Argentina every four years and legislative elections every two years, resulting in the partial renewal of both chambers of the Argentine Congress. The next presidential and legislative elections are scheduled for October 2023. In such elections, (i) the president of Argentina will be elected; (ii) the head of government of the Autonomous City of Buenos Aires and the governors of 21 provinces will be elected; (iii) half of the chamber of deputies of the nation will be renewed; (iv) one third of the senate of the nation will be renewed; and (v) there will be elections for the positions of provincial legislators, mayors and municipal councilors. In this regard, according to the report issued by the International Monetary Fund ("IMF") on October 7, 2022, Argentina's economy presents very high risks that will increase with the proximity of the 2023 presidential elections. Persistent inflation and lower growth could exacerbate social unrest and weaken political support, which would bring difficulties in implementing planned subsidy and social assistance reforms and in securing debt rollover rates.

The result of presidential as well as legislative mid-term and full-term elections may lead to changes in government policies that may impact the Bank's business. We cannot give you any assurance as to whether such changes will occur or as to their timing, nor can we estimate the impact they may have on our business. We cannot predict the impact of any measures that the Argentine government has adopted or may adopt in the future, or whether those measures will have the effects pursued. Uncertainty with respect to government policies may lead to additional volatility of Argentine stock market prices. Additionally, we cannot guarantee that the current policies that apply to banks will not be modified in the future.

Additionally, the Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency devaluation. No assurances can be given that the Argentine economy will grow on a sustainable basis. If economic conditions in Argentina were to deteriorate, or the economy were to continue to contract, if inflation were to accelerate further, or if the Argentine government's measures to attract or retain foreign investment and international financing in the future to incentivize domestic economy activity are unsuccessful, such events could adversely affect Argentina's economic growth and in turn affect our financial condition and results of operations.

On January 13, 2023, the Argentine Secretaries of Finance and Treasury issued the joint resolution 3/2023 pursuant to which a non-transferable national treasury bill denominated in U.S. dollars and maturing on January 16, 2033 will be issued to the Central Bank for an amount of up to U.S.\$7,132,655,012.39, in accordance with the terms and conditions set forth in such resolution. On February 17, 2023, the Argentine Secretaries of Finance and Treasury further issued the joint resolution 8/2023 pursuant to which the amount of the aforementioned non-transferable national treasury bill was increased in up to U.S.\$17,849,809.36, and the bill will accrue interest as from the placement date.

On March 9, 2023, the Argentine government carried out a voluntary exchange of its sovereign debt in local currency. The exchange closed with an acceptance of 64% of the eligible securities, which resulted in the extension of maturities for an amount of Ps. 4.34 billion.

For the maturities of April, May and June 2023, the level of acceptance reached 61.5%, while for March 2023 (including the operation carried out in January) the participation exceeded 72%. Prior to the exchange, the Treasury faced maturities of Ps. 0.8 trillion in March, Ps. 2.5 trillion in April, Ps. 2.1 trillion in May and Ps. 2.5 trillion in June 2023. After the exchange, these amounts were reduced to Ps 0.6 trillion, Ps 1.0 trillion, Ps 0.9 trillion and Ps 0.8 trillion, respectively.

On March 23, 2023, Decree 163/2023 established that payments of interest and principal amortization services of US dollar denominated bills issued under Decrees Nos. 622 of 2021, 576 of 2022 and 787 of 2022 will be replaced, on their maturity date, by new government securities whose conditions will be jointly defined by the Secretariats of Finance and Treasury. Additionally, by means of Decree 164/2023, it was established that the jurisdictions, entities and funds described therein (related to the National Public Sector) must proceed to the sale or auction of their holdings of national government securities denominated and payable in US dollars under local legislation. In turn, it was provided that the holdings of securities under foreign legislation held by such jurisdictions, entities and funds must be delivered in exchange to the National Treasury for the government securities issued. Finally, the issuance of government securities payable in Pesos of the National Treasury was authorized up to the amount necessary for the exchange.

The Argentine economy could be adversely affected by economic and political developments in other countries.

Argentina's economy remains vulnerable to external shocks that could be caused by adverse regional or global developments. Global economic instability such as uncertainty about global trade policies, the deterioration of economic conditions in Argentina major trading partners (including Brazil, the European Union, China and the United States), geopolitical tensions between the United States and a number of foreign countries, conflict between Russia and Ukraine, idiosyncratic, political and social discords, terrorist attacks, pandemic diseases, could have a material adverse impact on Argentina's balance of trade and adversely affect Argentina's economy.

Although economic conditions vary from country to country, investors' perceptions of events occurring in other countries have, and may continue to, substantially affect capital flows into and investments in securities from issuers in other countries, including Argentina.

Global economic and financial crisis, the general weakness of the global economy and the instability of the international financial system, negatively affect emerging economies like Argentina. If international and domestic conditions for Argentina were to worsen further, the Argentine economy could be negatively affected as result of lower international demand and lower prices for its products and services, lower capital inflows and higher risk aversion, which may also adversely affect our business, results of operations, and financial condition.

We cannot assure you that developments in other markets will not affect macroeconomic, political or social conditions in Argentina and, consequently, our business, results of operations and financial condition.

During the first quarter of 2023, it was observed that important banking entities suffered liquidity problems, giving rise to a situation of uncertainty that could affect the global economy. In this regard, on March 10, 2023, Silicon Valley Bank became the largest U.S. bank to fail since the collapse of Washington Mutual in 2008. Two days later, regional bank Signature Bank failed too, after the New York Department of Financial Services warned of the risks to the financial system that could result from the bank's continued existence and, in light of the recent failure of Silicon Valley Bank. Fearing that Signature Bank would suffer the same fate as Silicon Valley Bank days earlier, customers moved their deposits to other banks.

The U.S. government, while deciding not to bail out the institutions, assured depositors that their holdings would not be affected. Subsequently, U.S. bank First Citizens agreed to purchase all Silicon Valley Bank's loans and deposits.

Influenced by the instability in the banking system initiated in the United States and other factors, on March 15, 2023, the shares of the Swiss bank Credit Suisse plummeted by as much as 30%, and the sell-off continued even after the Swiss National Bank's first attempt to stop Credit Suisse's fall, when it announced a liquidity injection to cope with the withdrawal of customer deposits. Subsequently, the Swiss regulators requested UBS to merge with Credit Suisse, with UBS as the surviving entity.

At the same time, Deutsche Bank suffered a massive sell-off of its shares, which caused concern to the European Central Bank, as it evidenced that banks continue to have difficulties in sustaining their share prices on developed countries stock exchanges.

As of the date of this annual report, it is not possible to foresee the consequences that may continue to arise from the instability of the banking system worldwide. However, beyond the inconveniences that are affecting the banking system, it is not expected that they will have a negative impact on our Bank.

The Argentine economy could be adversely affected by the conflict involving Russia and Ukraine.

The conflict involving Russia and Ukraine has recently had, and will likely continue to have, significant global economic effects, including heightened inflation, supply chain problems, increases in interest rates, market volatility and an impact on commodity prices, especially with regard to international crude oil and gas prices which have increased significantly in February and March 2022. The conflict and its effects could exacerbate the current slowdown in the global economy and could negatively affect the payment capacity of some of our customers, especially those with more exposure to the Russian or Ukrainian markets.

Furthermore, the conflict has resulted in the imposition of economic and trade sanctions and restrictions targeting Russia and certain Russian economic sectors and companies by the United States, the European Union, the United Kingdom and other major countries. The severity of these sanctions may increase and could contribute to a shortage of raw materials and commodities, which could, in turn, generate greater levels of inflation and create interruptions in the global supply chain. Interruptions in the global supply chain could particularly affect the energy sector and could create supply chain difficulties in local markets.

Furthermore, the risk of cyberattacks on companies and institutions is expected to increase as a result of the conflict and in response to the sanctions imposed, which could adversely affect our ability to maintain or enhance our cybersecurity and data protection measures. We are actively monitoring the situation to ensure that cyber defenses remain updated against current and emerging threats.

Although our businesses, results of operations and financial position could be adversely affected by any of these factors directly or indirectly arising from the war in Ukraine, due to the uncertainties inherent to the scale and duration of the conflict and its direct and indirect effects, it is not reasonably possible to estimate the impact this conflict will have on the global economy and financial markets, on the Argentine economy and, consequently, on our business, financial condition and results of operations.

Argentina's ability to obtain financing from international markets may be limited or costly, which may impair its ability to implement reforms and public policies and foster economic growth.

During recent years Argentina has experienced financial distress, which have led to difficulties in the payment of its sovereign debt.

During 2020 the Argentine government engaged in negotiations with Argentina's creditors to restore the sustainability of its public external debt. In August 2020, the Argentine government restructured approximately U.S.\$66.5 billion of its foreign currency global bonds issued under foreign laws exchanging such bonds for new bonds. Moreover, in June 2021, Argentina reached an agreement with the Paris Club members under the Paris Club 2014 Settlement Agreement to extend the maturity of its obligations until March 2022. On March 22, 2022, the Argentine government reached an agreement with the Paris Club for a new extension of the understanding reached in June 2021.

In addition, the Argentine government negotiated with the IMF in order to renegotiate the principal maturities of the U.S.\$ 44.1 billion disbursed between 2018 and 2019 under a Stand-By Agreement, originally planned for the years 2021, 2022 and 2023. On January 28, 2022, the Argentine government announced it had reached an agreement with the IMF on the most relevant points. On March 3, 2022, the Argentine government and the IMF announced that the agreement is based on what is known as the IMF's Extended Fund Facility, which includes 10 reviews to be carried out quarterly for two and a half years. The first disbursement was made upon approval of the program by the IMF Board. The remaining disbursements will be made after each review. The repayment period for each disbursement is 10 years, with a grace period of four and a half years, starting in 2026 and ending in 2034.

The program seeks to solve the problem of high inflation through the reduction of monetary financing of the fiscal deficit and a monetary policy framework that generates positive real interest rates; improve public finances through progressivity, efficiency and tax compliance; and strengthen Argentina's balance of payments through policies that stimulate reserve accumulation, net exports and maintain a competitive real effective exchange rate.

On March 11, 2022 the program was approved by the Chamber of Deputies of the Argentine Congress and on March 17, 2022 it was approved by the Chamber of Senators of the Argentine Congress through Law No. 27,668, being enacted by means of Decree No. 130/22. On March 19, 2022, the IMF informed that the Board would address the issue on March 25, 2022 and that they would combine Argentina's payment obligations due on March 21 and 22 into a single repurchase to occur prior to March 31, 2022, avoiding Argentina's default before the IMF Board meeting. Finally, on March 25, 2022, the IMF Executive Board approved a thirty-month agreement for an amount equivalent to U.S.\$44 billion, including an immediate disbursement of U.S.\$9.6 billion.

On September 19, 2022, the IMF staff and the Argentinean authorities reached a staff-level agreement on an updated macroeconomic framework and associated policies needed to complete the second review under Argentina's 30-month Structural Adjustment Facility ("SAF") arrangement. Upon completion of the review, Argentina would have access to about U.S.\$ 3.9 billion. Most of the quantitative program targets until end-June 2022 were met, with the exception of the net international reserves floor, mainly due to higher-than-programmed import volume growth and delays in external official support. Subsequently, a period of volatility in the exchange and bond markets was halted following decisive measures that corrected earlier setbacks and rebuilt credibility. On this basis, the government must provide detailed and complete information on the agreement signed with the IMF. On October 7, 2022, the IMF approved the second review of the SAF arrangement and authorized the disbursement of approximately U.S.\$ 3.8 billion. On April 1, 2023, the Executive Board of the IMF concluded the fourth review of the SAF, allowing for an immediate disbursement of about US\$5.4 billion.

Negotiations with the IMF are ongoing, as Argentina is seeking to renegotiate not only the fiscal and monetary targets, but also the alternatives in dollar transfers from the organization and the maturities scheduled for 2023. In the context of an increasingly severe drought, rising inflation and weak reserve coverage, a stronger policy package may be needed to safeguard stability, address setbacks and secure program objectives.

We cannot assure that the conditions of the agreement with the IMF and the Paris Club will not affect Argentina's ability to implement reforms and public policies and boost economic growth. We also cannot predict the impact of the outcome of that negotiation on Argentina's (and indirectly our) ability to access the international capital markets.

In spite of the restructuring of the Argentine public debt carried out in 2020, the international markets continue showing signs of doubts as to whether Argentina's debt is sustainable and, therefore, country risk indicators remain high. As of April 24, 2023, Argentina's country risk increased to 2,622 points. According to a Morgan Stanley Capital International ("MSCI") release, Argentina was considered an "emerging market" until June 2021, when it was reclassified as a "standalone market", investing in such markets generally carries additional risks.

There can be no assurances that Argentina's credit ratings will be maintained or that they will not be downgraded, suspended or cancelled. Any credit rating downgrade, suspension or cancellation for Argentina's sovereign debt may have an adverse effect on the Argentine economy and on our business. As such, any adverse effect on our business due in part to changes in Argentina's credit rating may adversely affect the market price and trading of our securities. Argentina's lack of access to financing in the international financial markets may have a direct impact in our ability to access the financial markets to fund our operations, including the financing of capital expenditures, which in turn may negatively affect our business financial position and results of operations.

Argentina is subject to litigation by foreign shareholders of Argentine companies and holders of Argentina's defaulted bonds, which have resulted and may result in adverse judgments or injunctions against Argentina's assets and limit its financial resources.

There are outstanding claims against the Argentine government submitted before the International Centre for Settlement of Investment Disputes ("ICSID") which may entail new sanctions against the Argentine government, which in turn could have a substantially adverse effect on the Argentine government's ability to implement reforms and to foster economic growth and to access credit or international capital markets. We cannot assure you that in the future the Argentine government will not breach its obligations.

Litigation, as well as ICSID claims against the Argentine government, have resulted in material judgments and may result in further material judgments, and could result in attachment of or injunctions relating to assets of Argentina that the government intended for other uses. As a consequence, the Argentine government may not have all the necessary financial resources to honor its obligations, implement reforms and foster growth, which could have a material adverse effect on Argentina's economy, and consequently, our business, financial condition and results of operations.

There are pending ICSID claims against the Argentine government which could result in further awards against Argentina, which in turn could have a material adverse effect on the Argentine government's ability to implement reforms and foster economic growth. As of the date hereof, there are (i) six outstanding final awards issued by ICSID tribunals against Argentina for a total of U.S.\$804 million, (ii) one ICSID award against Argentina for U.S.\$21.7 million pending annulment requested by Argentina, and (iii) five ongoing ICSID proceedings against Argentina with claims totaling U.S.\$2,950 million.

In addition to the above, there (i) are two final UNCITRAL awards against Argentina for a total of U.S.\$7.5 million, (ii) one ICC award for U.S.\$67.1 million against Argentina pending annulment requested by Argentina, (iii) one ongoing UNCITRAL proceeding against Argentina for U.S.\$11 million, and (iv) two suspended ICC proceedings with claims totaling U.S.\$200.7 million. We cannot guarantee that in the future the Argentine government will not default on its obligations.

It is important to note the recent ruling in the lawsuit brought by Petersen and Eton Park Capital Management, L.P., Eton Park Master Fund, LTD. and Eton Park Fund, L.P. who filed opening briefs in support of cross-motions for summary judgment with respect to a claim of liability and damages against YPF S.A. ("YPF") and Argentina. Plaintiffs requested the United States District Court for the Southern District of New York (the "District Court") for summary judgment in their favor, while each of the defendants argued that they had no liability and should not indemnify the plaintiffs and requested the District Court for summary judgment in their favor and to dismiss all remaining claims against them.

In a decision rendered on March 31, 2023, the District Court granted YPF's summary judgment motion and denied plaintiffs' summary judgment motion as to YPF in its entirety. The District Court decided that YPF has no contractual liability and owes no damages to plaintiffs for breach of contract and, accordingly, dismissed plaintiffs' claims against YPF. The District Court denied the Argentina's motion for summary judgment, and the proceeding will continue between plaintiffs and Argentina. Plaintiffs may appeal the District Court's judgment as to YPF or seek to reassert previously dismissed claims against YPF, in each case, in accordance with applicable procedural law. Should that be the case, YPF will continue to defend itself in accordance with the applicable legal procedure and available defenses.

Also, the Bank cannot assure that no new litigation will be filed against Argentina, nor that these new cases will not affect the Argentina's economy and our business.

Exchange controls and capital inflow and outflow restrictions have limited, and could continue to limit, the availability of international credit and may adversely affect the Argentine economy.

The Argentine government and the Central Bank have implemented certain measures that control and restrict the ability of companies and individuals to access to the foreign exchange market to purchase foreign currency and to transfer it abroad, in order to contain the decrease in the level of international reserves held by the Central Bank. Those measures include, among others: (i) restricting access to the Argentine foreign exchange market for the purchase or transfer of foreign currency abroad for any purpose, including the payment of dividends to non-residents stakeholders; (ii) restrictions on the acquisition of any foreign currency to be held as cash in Argentina; (iii) requiring exporters to repatriate and settle in Pesos, in the local exchange market, all the proceeds of their exports of goods and services; (iv) limitations on repayment of foreign debt and to the transfer of securities into and from Argentina; (v) establishing certain mandatory refinancing's; and (vi) the implementation of taxes on certain transactions involving the acquisition of foreign currency. For further information, see "Item 10.D - Exchange Controls".

As a consequence of exchange controls, the gap between the official exchange rate, which is currently used for commercial and financial transactions, and other informal exchange rates that implicitly emerged as a result of certain transactions commonly carried out in the capital market (dollar "REP" or "blue chip swap") widened considerably, creating a gap between these rates that is presently around 100%. The Argentine government could maintain a single official exchange rate or create multiple exchange rates for different

types of transactions, and thus split the exchange market substantially modifying the applicable exchange rate at which we acquire currency to service our outstanding foreign currency denominated liabilities. In addition, the imposition by the government of further exchange controls and restrictions and/or taking other measures in response to capital outflows or the devaluation of the Peso could weaken public finances. Such a weakening of public finances could have an adverse effect on Argentina's economy and on our results of operations and financial condition.

It is not possible to anticipate for how long these measures will be in force or even if additional restrictions will be imposed. Such measures could undermine the Argentine government's public finances, which could adversely affect Argentina's economy, which, in turn, could adversely affect our business, results of operations and financial condition.

Significant devaluation of the Peso against the U.S. dollar may adversely affect the Argentine economy.

Despite the positive effects of the real depreciation of the Peso on the competitiveness of certain sectors of the Argentine economy, the depreciation of the Peso has had and may continue to have a negative impact on the ability of certain Argentine businesses to service their foreign currency-denominated debt, lead to inflation, significantly reduce real wages and jeopardize the stability of businesses whose success depends on domestic market demand and adversely affect the Argentine Government's ability to honor its foreign debt obligations. The Peso has suffered significant devaluations against the US Dollar in the past and has continued to depreciate against the US Dollar in recent months. The Peso depreciated by 40.5% in 2020, 14.7% in 2021 and 42.9% in 2022, against the US Dollar. As of December 30, 2022, the exchange rate was Ps. 177.1283 per US Dollar, reflecting an increase of approximately 72.4% compared to the same period of the previous year. In reference to the above, it is important to note that in recent years the level of inflation has exceeded the level of official devaluation.

On the other hand, a substantial increase in the value of the Peso against the U.S. dollar would adversely affect Argentina's economic competitiveness. A significant real appreciation of the Peso would adversely affect exports and increase the trade deficit, which could have a negative effect on GDP growth and employment, as well as reduce the Argentine public sector's revenues by reducing tax collection in real terms.

If the Peso devalues significantly, all of the negative effects on the Argentine economy related to such devaluation could recur, with adverse consequences to our business, financial condition and results of operations.

High inflation levels could have adverse long-term consequences for the Argentine economy.

The Argentine economy has experienced great volatility during the last decades, characterized by periods of low or negative GDP growth, high levels of inflation and currency depreciation and devaluation. Currently, inflation remains high and is likely to remain at similar levels in the future; according to the official data published by INDEC, consumer price inflation was 24.8% in 2017, 47.6% in 2018, 36.1% in 2020, 56.9% in 2021 and 94.8% in 2022. Regarding year 2023, inflation in January, February and March was 6.0%, 6.6% and 7.7% respectively. On April 7, 2023, the Argentine Central Bank announced that the new inflation estimates for years 2023, 2024 and 2025 are 110%, 90% and 54.6%, respectively, pursuant to its survey of market expectations (*Relevamiento de Expectativas de Mercado*)

There can be no assurance that inflation rates will not continue to escalate in the future or that the measures adopted or that may be adopted by the Argentine government to control inflation will be effective or successful. Inflation remains a major challenge for Argentina. Continuing significant inflation could have a material adverse effect on Argentina's economy and in turn could increase our costs of operation, in particular labor costs, and may negatively affect our business, financial condition and results of operations.

High public expenditure could result in long lasting adverse consequences for the Argentine economy.

During the last years, the Argentine government has substantially increased public expenditure and has resorted primarily to the Central Bank's monetary issuance to source part of its funding requirements.

The fiscal deficit was Ps. 1,749,957 million in 2020, Ps. 1,407,641 million in 2021 and Ps. 1,955,149.8 million in 2022. Public spending was Ps. 5,049,123 million in 2020, Ps. 7,733,816 million in 2021 and Ps. 13,191,168 million in 2022.

We cannot assure you that the government will not seek to finance its deficit by gaining access to the liquidity available in the local financial institutions. In that case, government initiatives that increase the exposure of local financial institutions to the public sector could affect our liquidity and assets quality and have a negative effect on clients' confidence in the financial system.

In addition, further deterioration in fiscal accounts could negatively affect the Argentine government's ability to access the international financing markets and could result in increased pressure on the Argentine private sector to cover the Argentine government's financial needs. This could adversely affect the Argentine economy and our business, financial condition and results of operations.

Failure to adequately address actual and perceived risks of institutional deterioration may adversely affect Argentina's economy and financial condition.

In Transparency International's 2022 Corruption Perceptions Index survey of 180 countries, Argentina was ranked 94, slightly improving from 96 in 2021. A lack of a solid institutional framework has been identified as, and continue to be, a significant problem for Argentina. Failure to address these issues could increase the risk of political instability, distort decision-making processes and adversely affect Argentina's international reputation and ability to attract foreign investment, and consequently, may negatively affect our business, financial condition and results of operations. Although the Argentine government has taken several measures aimed at strengthening Argentina's institutions, we cannot guarantee the implementation of measures to ensure transparency and integrity in a highly polarized political context.

An outbreak of a new pandemic may have material adverse consequences on the Argentine economy.

An outbreak of a pandemic, disease or similar public health threat, such as COVID-19, which has had and may continue to have material adverse consequences for the global economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations. In order to assuage the adverse effect of the COVID-19 pandemic on the Argentine economy, the Argentine government has taken certain monetary and fiscal measures, in addition to other measures adopted by the Central Bank. Such measures included: layoff limitations, price controls, lower reserve requirements on bank lending to households and micro-, small- and medium-sized enterprises, temporary easing of bank loan classification rules, a temporary prohibition on charging fees related to ATM services, the suspension of account closures, the reduction of maximum credit card interest rates, freezing and/or postponement of certain loan payments, healthcare benefit extensions, tax reductions and certain other financial assistance programs in connection with the COVID-19 pandemic.

We cannot predict or estimate the future negative impact that a new pandemic will have on our business, results of operations, and financial condition, and will depend on events outside of our control, including the intensity and duration of the pandemic and the measures taken by the different governments, including the Argentine government, in order to contain the pandemic and/or mitigate the economic impact.

Climate change-related risks may adversely affect Argentina's economy.

There is an increasing concern in Argentina and the world over the risks of climate change and related environmental sustainability matters.

Recently, Argentina has experienced relevant environmental disruptions such as droughts, the historic drop in the Paraná River (the country's main tributary) and a large number of fire outbreaks in multiple provinces. The effects that will arise from such environmental disruptions in agriculture caused and will cause significant economic problems in the country as there were significant drops in harvests and cuts in projected results. In addition, adverse weather conditions may affect the production of commodities by the agricultural sector, which represents a significant portion of Argentina's export revenues. In the last semester of 2022, the lack of precipitation aggravated, causing severe damage to the main crops. For example, the wheat harvest of the current season culminated in 12.4 million tons, 10 million less than in the previous cycle, according to the Buenos Aires Grain Exchange (*Bolsa de Cereales de Buenos Aires*). The Rosario Stock Exchange (*Bolsa de Comercio de Rosario*) estimates that if the losses of producers are added to those implied by the lower harvest (lower demand for freight, labor, financial services, etc.), the total losses for national economic activity amount to U.S.\$19,000 million, which is equivalent to 3 points of the estimated Argentine GDP for the year 2023.

A continued decrease in the international prices of the main commodities exported by Argentina or adverse weather conditions (including, but not limited to, droughts) may adversely affect agriculture activities, which in turn could have a negative effect on the level of government revenues and its ability to service its public debt and generate recessionary or inflationary pressures, depending on the government's reaction. A decline in commodity prices could adversely affect the Argentine economy and the Argentine government's tax revenues, thereby affecting our business, financial condition and results of operations.

As evidenced by the above, climate change implies multiple drivers of financial risk that could adversely affect us:

- **Transition risks:** The move to a low-carbon economy, both at idiosyncratic and systemic levels - such as through policy, regulatory and technological changes, and business and consumers preferences- could increase our expenses and impact our strategies.
- **Physical risks:** Discrete events, such as flooding and wildfires, and extreme weather impacts and longer-term shifts in climate patterns, such as extreme heat, sea level rise and more frequent and prolonged drought, which could result in financial losses that could impair asset values and the creditworthiness of our customers. Such events could disrupt our operations or those of our customers or third parties on which we rely and do business with, including through direct damage to assets and indirect impacts from supply chain disruption and market volatility.
- **Liability risks:** Parties who may suffer losses from the effects of climate change may seek compensation from state entities, regulators, investors and lenders, among others.
- **Credit risks:** Physical climate change could lead to increased credit exposure and companies with business models not aligned with the transition to a low-carbon economy may face a higher risk of reduced corporate earnings and business disruption due to new regulations or market shifts.
- **Market and liquidity risks:** Market and liquidity changes in the most carbon-intensive sectors could affect energy and commodity prices, corporate bonds, equities and certain derivatives contracts. Increasing frequency of severe weather events could affect macroeconomic conditions, weakening fundamental factors such as economic growth, employment and inflation. Companies could face liquidity risks derived from cash outflows targeted to improve their reputation in the market or solve climate-related problems.
- **Operational risks:** Severe weather events could directly impact business continuity and operations both of customers and ours operations.
- **Regulatory compliance risks:** Increased regulatory compliance risk may result from the increasing pace, breadth and depth of regulatory expectations requiring implementation in short timeframes across multiple jurisdictions and from changes in public policy, laws and regulations in connection with climate change and related environmental sustainability matters.
- **Conduct risks:** Increasing demand for “green” products where there are differing and developing standards or taxonomies.
- **Reputational risk:** Our reputation and client relationships may be damaged as a result of our practices and decisions related to climate change, social and environmental matters, or to the practices or involvement of our clients vendors or suppliers, in certain industries or projects associated with causing or exacerbating climate change.

As climate risk is interconnected with all key risk types, we have developed and continue to enhance processes to embed climate risk considerations into our risk management strategies; however, because the timing and severity of climate change may not be predictable and is rapidly evolving, our risk management strategies may not be effective in mitigating climate risk exposure. Additionally, we may become subject to new or heightened regulatory requirements relating to climate change, which may result in increased regulatory, compliance or other costs. As the risks, perspective and focus of regulators, shareholders, employees, and other stakeholders regarding climate change are evolving rapidly, it can be difficult to assess the ultimate impact on us of climate change-related risks, compliance risks, and uncertainties.

Any of the conditions described above, or our failure to identify other climate-related risks, could have a material adverse effect on our business, financial condition and results of operations.

Risks relating to the Argentine financial system

The growth and profitability of Argentina's financial system depends on the growth of the long-term credit market.

Since most deposits are short-term deposits, a substantial portion of the loans have the same or similar maturities, and there is a small portion of long-term credit lines.

The proportion of long-term credit lines, such as mortgage loans, is low and long-term loan originations were significantly reduced in 2020, 2021 and 2022, as a result of high interest rates and the difficult financial and macroeconomic backdrop.

The uncertainty of the level of inflation in future years is a principal obstacle to a faster recovery of Argentina's private sector long-term lending. This uncertainty has had and may continue to have a significant effect on both the supply of and demand for long-term loans, as borrowers try to hedge against inflation risk by borrowing at fixed rates while lenders hedge against inflation risk by offering loans at floating rates.

If longer-term financial intermediation activity does not grow, the ability of financial institutions, including us, to generate profits will be negatively affected.

The stability of the financial system depends upon the ability of financial institutions, including us, to retain the confidence of depositors.

The measures implemented in the past by the Argentine government regarding financial institutions, particularly the restrictions imposed on depositors in relation to the possibility of freely withdrawing funds from banks and "pesification" and restructuring of their deposits, caused losses to many depositors and weakened the confidence in the Argentine financial system.

The Argentine financial system's growth depends heavily on deposit levels, due to the small size of its capital market and the absence of foreign investments in previous years. During the last years, numerous local financial institutions, including us, have had access to global financial markets to obtain financing through the placement of debt securities, in satisfactory conditions, but this trend has come to an end due to the adverse macroeconomic conditions in recent years. Therefore, there is uncertainty about whether the current availability of funds in international markets will be regained in the coming years.

Although liquidity levels are currently reasonable, it is not possible to offer any guarantee that these levels will not decrease in the future due to adverse economic conditions that could negatively affect the financial system and our business. Furthermore, while banks' liquidity in foreign currency is high, a significant share of it is deposited at the Central Bank, and as a result banks have to rely on the Central Bank in order to access those funds. If we were to experience significant withdrawals by depositors, it could have a material adverse effect on our business, results of operations and financial condition.

As a result of the aforementioned, the deposit base of the Argentine financial system, including ours, may be further affected in the future by adverse economic, social and political events. If there were a further loss of confidence due to such economic, social and political events causing depositors to withdraw significant holdings from banks, there could be a substantially negative effect on the manner in which financial institutions, including us, conduct their business and on their ability to operate as financial intermediaries. International loss of confidence in the financial institutions may also affect the behavior of Argentine depositors which could have a negative impact on our business, financial condition and results of operations.

The asset quality of financial institutions could be deteriorated if the Argentine private sector is affected by economic events in Argentina or international macroeconomic conditions.

The capacity of Argentine private sector debtors to repay their loans has deteriorated significantly in the past years as a result of certain economic events in Argentina or macroeconomic conditions, materially affecting the asset quality of financial institutions, including us. During recent years we observed an improvement in the quality of the portfolio of both the financial system as a whole and our own, partly sustained by certain regulatory flexibilities established by the Central Bank during the pandemic.

Although the agreement with the IMF has significantly reduced uncertainty about short-term macroeconomic policies, the external situation remains fragile. Against the background of high inflation, tightened import restrictions, low international reserves and severely limited fiscal space, risks remain elevated, which will keep investment and private consumption subdued. The high and persistent inflation of recent years is leaving a very negative balance for the purchasing power. This resulted in wages losing purchasing power by -2.43 points, approximately, in the period between January and December 2022.

The irregularity ratio of credit to the private sector stood at 3.1%, maintaining a downward pattern in the last 12 months, with lower irregularity levels in longer-term financing, as is the case of mortgage lines that received a set of government support policies to address the sector's situation.

We cannot assure that the current economic situation and the international context will be favorable and that private sector debtors will improve their ability to pay. Despite the current quality of its portfolio, we may not be successful in recovering substantial portions of outstanding loans. If Argentina's economic growth continues to slow or the financial condition of the private sector deteriorates further, the financial system, including us, could experience an increase in the incidence of non-performing loans.

Reduced spreads between interest rates received on loans and those paid on deposits, without corresponding increases in lending volumes, could adversely affect the financial system.

The spread for Argentina's financial system between the interest rates on loans and deposits could be affected as a result of increased competition in the banking sector and the Argentine government's tightening of monetary policy in response to inflation concerns.

We cannot guarantee that interest rate spreads will remain attractive unless increases in our volume of lending or additional cost-cutting takes place. A reversal of this trend could adversely affect the financial system and our business.

The application of the Consumer Protection Law may prevent or limit the collection of payments with respect to services rendered by financial institutions.

Law No. 24,240 as amended and supplemented from time to time (the "Consumer Protection Law") sets forth certain rules and principles designed to protect consumers, which include our customers. The Consumer Protection Law, contains specific rules regarding financial activities and also general rules that may be used to support its application, pursuant to legal precedents. Additionally, the National Civil and Commercial Code has incorporated the principles of Consumers Protection Law and has established its application to banking sector contracts. Moreover, Law No. 25,065 (as amended and supplemented from time to time by Law No. 26,010 and Law No. 26,361, the "Credit Card Law") also sets forth several mandatory regulations designed to protect credit card holders. Also, Central Bank's regulations provide wide protection to clients of financial services institutions limiting the fees and charges that such institutions can charge to their clients.

Both the involvement of the applicable administrative authorities at the federal, provincial and local levels, and the enforcement of the Consumer Protection Law and the Credit Card Law by the courts are increasing. This trend has increased general consumer protection levels. In the event of we are found responsible for violating the provisions of the Consumer Protection Law, the Credit Card Law, or the consumer protection regulations issued by the Central Bank, potential penalties may limit our ability to collect payments owed for services and credits which may, in turn, adversely affect the financial results of our operations.

Class actions against financial entities for an indeterminate amount may adversely affect the profitability of the financial system.

Certain public and private organizations have initiated class actions against financial institutions in Argentina, including us, some of which have been favorable contested while others were duly appealed by us. The Argentine National Constitution and the Consumer Protection Law contain certain provisions regarding class actions. However, their guidance with respect to procedural rules for instituting and trying class action cases are limited. Nevertheless, by means of an *ad hoc* doctrine construction, Argentine courts have admitted class actions in some cases, including various lawsuits against financial entities related to "collective interests" such as alleged overcharging on products, applied interest rates and advice in the sale of public securities, among others.

If class action plaintiffs were to prevail against financial institutions, their success could have an adverse effect on the financial industry and on our business.

Governmental measures and regulatory framework affecting financial entities could have a material adverse effect on the operations of financial entities.

The Argentine government has historically exercised significant influence over the economy and the financial system. Financial institutions, in particular, have operated in a highly regulated environment. We are actively supervised by the Central Bank, the CNV and the UIF, among other agencies. As part of its supervisory duties, we may be subject to sanctions if it detects non-compliance with applicable regulations. The Central Bank has the power to supervise compliance with the regulations applicable to the financial system. Similarly, the CNV has the power to supervise compliance regarding market operations, as well as to make recommendations and instruct best practices in the area of securities trading of corporate governance regulations. Finally, the UIF regulates matters related to money laundering and has the power to supervise regulatory compliance by obligated entities. For more information, see "Item 4.B.–Business Overview–Argentine Banking Regulation".

Any insolvency proceeding against financial institutions would be subject to the powers of and intervention by the Central Bank, which may limit remedies otherwise available and extend the duration of the proceedings.

We have no control over governmental regulations or laws governing all aspects of its operations, including: minimum capital requirements; minimum cash reserve requirements; requirements on fixed-rate asset investments; limits on lending capacity and other credit restrictions, including mandatory allocations; limits and other restrictions on fees; reduced time for financial institutions to deposit the amount of credit card sales into appropriate merchant accounts; limits on the amount of interest a bank may charge or pay, or on the period for capitalizing interest; accounting and statistical requirements; restrictions on dividends; limits or restrictions on foreign exchange; limits on market share; reporting or control regimes as agents or regulated entities; and changes in the deposit insurance regime.

It is not possible to offer any guarantee that new stricter regulations will not be implemented in the future that may generate uncertainty and adversely affect future financial activities. Such changes in the regulatory framework and further changes in the future could limit the ability of financial institutions, including us, to make long-term decisions, such as asset allocation decisions, which could cause uncertainty with respect to our future financial condition and results of operations. We cannot assure that laws and regulations currently governing the economy, or the financial sector will not continue to change in the future or that any changes will not adversely affect our business, financial condition and results of operations.

Certain changes to services and commissions charged by financial entities on debit and credit card sales may affect Argentine financial institutions.

Financial institutions receive income from the commissions they charge merchants on debit and credit card transactions. A change in applicable law that place limits on the fees that merchants may be charged may adversely reduce revenues of the Argentine financial institutions. In March 2017, the Central Bank reduced credit and debit card fees on a gradual annual plan. The maximum debit card sales commissions for 2020 was 0.70% and 0.60% for 2021 and after, and the maximum credit cards commissions for 2020 was 1.50% and 1.30% for 2021 and after. In June 2022, the Central Bank issued Communication "A" 7533, establishing that sales commission fees must not exceed 0.60% for debit card and 1.30% for credit card. The application of the limits established by the Central Bank and any further reduction in credit and debit card sales commissions could adversely affect our profitability, financial condition and results of operations.

It is not possible to offer any guarantee that new regulations on such a matter will not be implemented in the future that may reduce future financial revenues. Such could in turn have a negative impact on the Argentine financial institutions and, in turn, on our business, financial position and results of operations.

Increased operating costs may affect the Argentine financial institutions results of operations.

Argentine financial institutions face the risk of potential claims initiated by individual workers or unions, and possible strikes or general strikes, in the context of negotiations relating to salary increases, benefits and/or compensation. The occurrence of any of the above could increase our operating costs, which could in turn have a negative impact on the Argentine financial institutions and, in turn, on our business, financial position and results of operations.

Risks relating to us

Our target market may be the most adversely affected by economic recessions.

Our business strategy is to increase fee income and loan origination in one of our principal target markets; low- and middle-income individuals and SMEs.

This target market is particularly vulnerable to economic recessions and, in the event of a recession, growth in our target market may slow and consequently adversely affect our business. The Argentine economy as a whole, and our target market in particular, have not stabilized enough for us to be certain that demand will continue to grow. Therefore, we cannot assure you that our business strategy will ultimately be successful without undue delay or at all.

Significant shareholders have the ability to direct our business and their interests could conflict with yours.

As of December 31, 2022, our significant shareholders, Security Trust JHB BMA and Delfin Jorge Ezequiel Carballo, directly or beneficially owned 5,995,996 Class A shares and 194,473,881 Class B shares, and 4,901,060 Class A shares and 112,609,796 Class B shares, respectively. The shares owned by Security Trust JHB BMA were transferred to such trust upon the death of Jorge Horacio Brito in November 2020 as a testamentary disposition, ad referendum of the Central Bank of Argentina. Security Trust JHB BMA's beneficiaries are Mr. Jorge Horacio Brito's heirs apparent. Security Trust JHB BMA's decisions are made by the trustee.

Although there is no agreement among them, if voting together, they could control all decisions made by shareholders with respect to us. They might, without the attendance of the remaining shareholders, elect a majority of our directors, effect or prevent a merger, sale of assets or other business acquisition or disposition, cause us to issue additional equity securities, effect a related party transaction and determine the timing and amounts of dividends, if any.

We will continue to consider acquisition opportunities, which may not be successful.

We have historically expanded our business primarily through acquisitions. We will continue to consider attractive acquisition opportunities that we believe may offer additional value and are consistent with our business strategy. We cannot assure you, however, that we will be able to identify suitable acquisition candidates or that we will be able to acquire promising target financial institutions on favorable terms or that the Central Bank will approve any such transaction without undue delay or at all. Additionally, our ability to obtain the desired effects of any such acquisitions will depend in part on our ability to successfully complete the integration of those businesses and capture expected synergies, of which there can be no assurance. The integration of acquired businesses entails significant risks, including customer retention, integration, valuation adjustments and liability assumption risks. Any integration process gives rise to costs and uncertainties and may strain management resources and business functions. The occurrence of any of the above may have a material adverse effect on our business, results of operations, cash flow or financial condition.

Our estimates and established reserves for credit risk and potential credit losses may prove to be inaccurate and/or insufficient, which may materially and adversely affect our financial condition and results of operations.

A number of our products expose us to credit risk, including consumer loans, commercial loans and other receivables. Changes in the income levels of our borrowers, increases in the inflation rate or an increase in interest rates could have a negative effect on the quality of our loan portfolio, causing us to increase provisions for loan losses and resulting in reduced profits or in losses.

We estimate and establish reserves for credit risk and expected credit losses ("ECL") based on analytical models (statistical models related to loan portfolio management) pursuant to IFRS 9. This process involves subjective and complex judgments, including projections of economic conditions and assumptions on the ability of our borrowers to repay their loans. We may not be able to timely detect these risks before they occur, or due to limited resources or availability of tools, our employees may not be able to effectively implement our credit risk management system, which may increase our exposure to credit risk.

Our management considers that there is uncertainty about the conditions of the interest rate policy and the access to loans from the portfolio that was able to reduce its default rates. In addition, we have considered the macroeconomic environment of Argentina, including the actions performed by the Federal Government to manage its debt instruments and certain uncertainty mainly related to our long-term holdings of Federal Government instruments. Therefore, we decided to record an additional allowance for Ps. 1,837 million as of December 31, 2022. For further information see note 52.1.4 "Additional Forward-looking allowances based on expert credit judgment", section "Adjustment for uncertainty about conditions of accessing loans to MIPYMES and Federal Government Securities", of the audited consolidated financial statements as of December 31, 2022.

Overall, if we are unable to effectively control the level of non-performing or poor credit quality loans in the future, or if our loan loss reserves are insufficient to cover future loan losses, our financial condition and results of operations may be materially and adversely affected.

Changes in market conditions, and any risks associated therewith, could materially and adversely affect our financial condition and results of operations.

We are directly and indirectly affected by changes in market conditions. Market risk, or the risk that values of assets and liabilities or revenues will be adversely affected by variation in market conditions, is inherent in the products and instruments associated with our operations, including loans, deposits, securities, bonds, long-term debt and short-term borrowings. Changes in market conditions that may affect our financial condition and results of operations include fluctuations in interest and currency exchange rates, securities prices, changes in the implied volatility of interest rates and foreign exchange rates, among others.

For more information see “Risk relating to Argentina – The Argentine economy could be adversely affected by economic and political developments in other countries”

Cybersecurity events could negatively affect our reputation, our financial condition and our results of operations.

We depend on the efficient and uninterrupted operation of internet-based data processing, communication and information exchange platforms and networks, including those systems related to the operation of our automatic teller machine (“ATM”) network. We have access to large amounts of confidential financial information and control substantial financial assets belonging to our customers as well as to us. In addition, we provide our customers with continuous remote access to their accounts and the possibility of transferring substantial financial assets by electronic means. Accordingly, cybersecurity is a material risk for us. Cybersecurity incidents, such as computer break-ins, phishing, identity theft and other disruptions could negatively affect the security of information stored in and transmitted through our computer systems and network infrastructure and may cause existing and potential customers to refrain from doing business with us.

During last year, there has been an increase in cases of phishing, and especially of telephone phishing or Vishing and Angler phishing, through social networks, in order to deceive clients and obtain confidential information using different techniques of social engineering. In addition, our risk and exposure to these matters remain heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers. Preventive measures and security components continue to be developed to improve the preventive measures against such kinds of fraud and increase the level of protection of information. In this sense, we have taken measures to mitigate the cases of phishing and digital fraud and protect our customers.

In March 2023, the Central Bank issued Communication “A” 7724, which seeks to prevent and combat the increasingly frequent frauds against banking customers. Through this regulation, it requires banks to improve their policies, procedures and controls in order to obtain more encouraging results in risk assessments and, to improve the mitigation of their risks related to information technology and security. The standard issued indicates that it is essential to define and implement an information technology and security risk management framework as part of the bank’s overall risk management and that this requires time, extensive training and commitment from senior management and the board of directors. This will contribute to mitigate the specific risks already mentioned and also to reduce and mitigate the entity’s reputational risk. Effective on October 2023, it introduces regulations focused on issues such as cyber resilience, security incident management and integration with integrated risk management policies.

Our contingency plans are adequate to restore operations in the time required by the business, however, contingency plans in place may not be sufficient to cover liabilities associated with any such events and, therefore, applicable insurance coverage may be deemed inadequate, preventing us from receiving full compensation for the losses sustained as a result of such a disruption. Although we intend to continue to implement security technology devices and establish operational procedures to prevent such damage, we cannot assure you that all of our systems are entirely free from vulnerability and these security measures will be successful. If any of these events occur, it could damage our reputation, entail serious costs and affect our transactions, as well as our results of operations and financial condition.

Our business is highly dependent on properly functioning information technology systems and improvements to such systems.

Our business is highly dependent on the ability of our information technology systems and the third-party managers of such systems to effectively manage and process a large number of transactions across numerous and diverse markets and products in a timely manner. In addition, we provide our customers with continuous remote access to their accounts and the possibility of transferring substantial financial assets by electronic means. The proper functioning of our financial control, risk management, accounting, customer service and other data processing systems is critical to our business and our ability to compete effectively. Our business activities may be materially disrupted if there were a partial or complete failure of any of our information technology systems communication networks. Such failures could be caused by, among other things, software bugs, computer virus attacks or intrusions, phishing, identity theft or conversion errors due to system upgrading. In addition, any security breach caused by unauthorized access to information or systems, or intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, could have a material adverse effect on our business, results of operations and financial condition.

Our ability to remain competitive and achieve further growth will depend in part on our ability to upgrade our information technology systems and increase our capacity on a timely and cost-effective basis. Any substantial failure to improve or upgrade information technology systems effectively or on a timely basis could materially affect us.

An increase in fraud or transactions errors may adversely affect us.

Given the number of transactions that take place in a financial institution, although we have implemented numerous controls to avoid the occurrence of inefficient or fraudulent operations, errors can occur and aggravate even before being detected and corrected. In addition, some of our transactions are not fully automatic, which may increase the risk of human error or manipulation, and it may be difficult to detect losses quickly. Likewise, cybersecurity is a significant risk to us. Cybersecurity incidents or personal and confidential information may adversely affect the security of information stored and transmitted through the Issuer's computer systems and may cause existing and potential customers to refrain from doing business with us.

Given the high volume of transactions that may occur at a financial institution, errors could be repeated or compounded before they are discovered and remedied. Losses from fraud by employees or outsiders, unauthorized transactions by employees and other operational errors could have a material adverse effect on us.

Liquidity issues could arise that may adversely affect our business.

Any significant changes in the liquidity conditions prevailing in the market arising from material adverse effects on the Argentine economy, on the financial system, and on us, could affect our regular performance of business and, in particular, our funding sources.

We have, and we expect that we will continue to have, significant liquidity and capital resources to finance our business. However, our current and future potential indebtedness could have significant consequences, including the limitation on our ability to refinance existing debt or to borrow money to finance working capital, acquisitions and capital expenditures and the need to allocate a significant part of our cash flow to repay principal and interest, adversely affecting our ability to make dividend payments on our shares and the ADSs.

We cannot assure that changes in the liquidity conditions of the Argentine financial system, either at present or in the future, will not have an adverse effect on our business. If so, our financial, economic or other condition, our results, operations, business, and/or our general repayment ability could be significantly and adversely affected.

For more information see *"Risk relating to Argentina – The Argentine economy could be adversely affected by economic and political developments in other countries"*.

Argentina's implementation of the Corporate Criminal Liability Law and other anti-corruption laws and regulations may expose us to compliance risks.

Due to the nature of our business, we are required to comply with various anti-corruption laws and regulations, including those of Argentina and the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), regarding customer and market conduct, anti-corruption and the prevention of money laundering and the financing of terrorists. These laws and regulations generally prohibit improper payments to government officials for the purpose of obtaining or keeping business or securing any improper advantage. If we do not successfully comply with applicable anti-corruption laws and regulations designed to combat governmental corruption, we could become subject to fines, penalties or other regulatory sanctions, civil litigation as well as to adverse press coverage, which could cause our reputation and business to suffer.

Although we are committed to conducting business in a legal and ethical manner and in compliance with local and international statutory requirements and standards applicable to our business, as we directly or indirectly deal with entities whose employees are government officials, there is a risk that our management, employees or representatives may take actions that could violate applicable laws and regulations. Guilty pleas by or convictions of us or of any our affiliates (including any of our significant shareholders, employees or other agents) in criminal proceedings may have adverse effects on our business.

In addition, there is a risk that third parties using our banking network may carry out illegal or improper activities. Moreover, as technology keeps evolving, the surge of cryptocurrencies and blockchain, and adverse economic conditions, financial crimes could increase while limiting our ability to track the movement of funds.

Increased attention to environmental, social and governance ("ESG") matters may impact our business.

Our business faces increasing public scrutiny related to ESG activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as environmental stewardship, corporate governance and transparency as well as considering ESG factors in our operations. Adverse incidents with respect to ESG activities could impact our brand, the cost of our operations and relationships with clients and other stakeholders, all of which could adversely affect our business and results of operations. Additionally, new regulatory initiatives related to ESG could adversely affect our business and increase our cost of operations.

Risks relating to our Class B shares and the ADSs

Holders of our Class B shares and the ADSs may not receive any dividends.

The dividend distribution is subject to the requirements established by the Central Bank rules, as amended from time to time. Since January 2016, pursuant to Central Bank Communication “A” 5827, additional capital margin requirements have to be complied with, including a capital conservation margin and a countercyclical margin. The capital conservation margin shall be 2.5% of the amount of risk weighted assets (“RWA”), but in the case of entities considered D-SIB, like us, this margin will be increased to 3.5% of the amount of RWA. The countercyclical margin shall be within a range of 0% to 2.5% of RWA, but Central Bank Communication “A” 5938, established countercyclical margin of 0% since April 1, 2016.

On January 31, 2020, the Central Bank issued Communication “A” 6886, pursuant to which financial entities must obtain prior approval of the Central Bank in order to distribute dividends. The Superintendency shall take into account the effects of the enforcement of section 5.5 of the International Financial Reporting Standards 9 by Communication “A” 6430 and the restatement of the financial statements as provided by Communication “A” 6651, among others.

On March 19, 2020, in the midst of the COVID-19 crisis, the Central Bank issued Communication “A” 6939, as amended, by virtue of which the distribution of dividends by financial entities have been suspended at least until December 31, 2021. On December 2021, by means of Communication “A” 7421, as amended, the Central Bank authorized financial entities to distribute dividends from January 1, to December 31, 2022, for up to 20% of accumulated earnings by December 31, 2021. Those financial entities must make such distribution in 12 equal, monthly and consecutive installments.

On March 9, 2023, the Central Bank issued Communication “A” 7719, which provides that as from April 1, 2023 and until December 31, 2023, those financial institutions that have the authorization of the Central Bank may distribute profits in 6 equal, monthly and consecutive installments for up to 40% of the amount that would have corresponded.

We cannot assure this measure or others with similar effect will not be extended after this period nor the extent to which the measure may affect holders of our Class B shares or ADSs.

Holders of our Class B shares and the ADSs located in the United States may not be able to exercise preemptive rights.

Under Argentine Corporate Law No. 19,550 (the “Argentine Corporate Law”), if we issue new shares as part of a capital increase, our shareholders may have the right to subscribe to the proportional number of shares to maintain their existing shareholding. Rights to subscribe for shares in these circumstances are known as preemptive rights. Upon the occurrence of any future increase in our capital stock, U.S. holders of Class B shares or ADSs will not be able to exercise the preemptive rights for such Class B shares or ADSs unless a registration statement under the U.S. Securities Act of 1933, as amended (the “Securities Act”), is effective with respect to such Class B shares or ADSs or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to those Class B shares or ADSs. We cannot assure you that we will file such a registration statement or that an exemption from registration will be available.

Unless those Class B shares or ADSs are registered or an exemption from registration applies, a U.S. holder of our Class B shares or ADSs may receive only the net proceeds from those preemptive rights if those rights can be sold by the depositary. If they cannot be sold, they will be allowed to lapse. Furthermore, the equity interest of holders of Class B shares or ADSs located in the United States may be diluted proportionately upon future capital increases.

We are traded on more than one market, which may result in price variations and investors may not be able to easily move shares for trading between such markets.

The trading prices of our ADSs and our Class B shares may differ on different markets due to various factors. Any decrease in the price of our Class B shares on the BYMA or the MAE could cause a decrease in the trading price of the ADSs on the NYSE. Investors could seek to sell or buy our shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the ADSs available for trading on the other exchange. In addition, holders of ADSs will not be immediately able to surrender their ADSs and withdraw the underlying Class B shares for trading on the other market without effecting necessary procedures with the depositary. This could result in time delays and additional cost for holders of ADSs.

Our shareholders may be subject to liability for certain votes of their securities.

Our shareholders are not liable for our obligations. Instead, shareholders are generally liable only for the payment of the shares they subscribe. However, shareholders who have a conflict of interest with us and who do not abstain from voting may be held liable for damages to us, but only if the transaction would not have been approved without such shareholders' votes. Furthermore, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to the Argentine Corporate Law or our bylaws may be held jointly and severally liable for damages to us or to other third parties, including other shareholders.

Payments on Class B shares or ADSs may be subject to FATCA withholding.

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign pass thru payments") to persons that fail to meet certain certification, reporting, or related requirements. We are a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Class B Shares and the ADSs, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Class B shares or the ADSs, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Class B Shares and the ADSs, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign pass thru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Class B Shares and the ADSs.

We are organized under the laws of Argentina and holders of the ADSs may find it difficult to enforce civil liabilities against us, our directors, officers and certain experts.

We are organized under the laws of Argentina. A significant portion of our and our subsidiaries' assets are located outside the United States. Furthermore, all of our directors and officers and some advisors named in this annual report reside in Argentina. Investors may not be able to effect service of process within the United States upon such persons or to enforce against them or us in United States courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Likewise, it may also be difficult for an investor to enforce in United States courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including judgments predicated upon the civil liability provisions of the United States federal securities laws. It may also be difficult for an investor to bring an original action in an Argentine court predicated upon the civil liability provisions of the U.S. federal securities laws against us or such persons.

Prior to any enforcement in Argentina, a judgment issued by a U.S. court will be subject to the requirements of 517 through 519 of the Argentine Federal Civil and Commercial Procedure Code if enforcement is sought before federal courts or courts with jurisdiction in commercial matters of the Autonomous City of Buenos Aires. Those requirements are: (1) the judgment, which must be valid and final in the jurisdiction where rendered, was issued by a competent court in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an in rem action with respect to personal property which was transferred to Argentine territory during or after the prosecution of the foreign action; (2) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action; (3) the judgment must be valid in the jurisdiction where rendered, and its authenticity must be established in accordance with the requirements of Argentine law; (4) the judgment does not violate the principles of public policy of Argentine law; and (5) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court. Any document in a language other than Spanish, including, without limitation, the foreign judgment and other documents related thereto, requires filing with the relevant court of a duly legalized translation by a sworn public translator into the Spanish language.