

Sections of this annual report that by their nature contain forward-looking statements include, but are not limited to, Item3. "Key Information," Item4. "Information on the Bank," Item5. "Operating and Financial Review and Prospects" and Item11. "Quantitative and Qualitative Disclosure About Market Risk."

## **PART I**

### **Item1. Identity of Directors, Senior Management and Advisers**

Not Applicable.

### **Item2. Offer Statistics and Expected Timetable**

Not Applicable.

### **Item3. Key Information**

A. [Reserved]

### **B. Capitalization and Indebtedness**

Not Applicable.

### **C. Reasons for the Offer and Use of Proceeds**

Not Applicable.

### **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) labor disputes and work stoppages; (viii) the level of expenditure by the Argentine government and ability to sustain fiscal balance; (ix) changes in economic or fiscal policies implemented by the Argentine government; and (x) the level of unemployment, political instability and social tensions.

In the last few years, 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 has been directly intervening 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 has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency devaluation.**

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 November 19, 2023, presidential elections were held, in which Javier Milei from the "La Libertad Avanza" party was elected President, defeating the two parties that governed Argentina in recent years. We cannot foresee the impact that the new administration's actions (including the prospective dollarization of the economy) will have on the Bank's business, financial condition, results of operations and cash flows. Political uncertainty regarding measures to be adopted by the Argentine government could affect macroeconomic, political, regulatory, or social conditions in Argentina. Furthermore, the capacity of the incumbent government to secure necessary alliances to introduce or amend legislation remains uncertain.

The Argentine government faces unique macroeconomic challenges, such as reducing the inflation rate, achieving commercial and fiscal surpluses, accumulating reserves, supporting the peso, refinancing debt owed to private creditors, and improving the competitiveness of local industry based on different factors that affect it (including the invasion of Ukraine by the Russian Federation and the conflict between Israel and Hamas in the Gaza Strip). Most recently, on April 1, 2024, an air strike on an Iranian consulate building in Damascus, Syria resulted in the death of senior Iranian commanders. In retaliation, Iran launched drones and missiles towards Israel. Subsequently, on April 19, 2024, Israel conducted a military attack against targets in Iran. These developments have led to heightened regional tensions and uncertainty.

The new administration has enacted Decree No. 70/2023 contemplating several measures to reduce the size of the public administration and public expenses and to de-regularize the economy. Decree No. 70/2023 was analyzed by the Chamber of Senators on March 14, 2024 where it obtained 42 votes against, 25 in favor and 4 abstentions and despite its rejection, the rights acquired during its effectiveness will remain enforceable. Decree No. 70/2023 is yet to be analyzed by the Chamber of Deputies.

In addition, on December 27, 2023, the Argentine Executive Branch presented a draft bill to the Argentine Congress entitled "Bases and Starting Points for the Freedom of the Argentine People." The draft bill declares a public emergency in economic, financial, fiscal, social security, defense, tariff, energy, health and social matters until December 31, 2025, extendable for two additional years, and delegates a series of legislative powers to the Argentine Executive Branch for the duration of the emergency. The bill also includes a series of legal, institutional, tax and criminal reforms spanning various economic sectors, alongside a significant reformulation of the current labor scheme (e.g., individual labor relations, collective bargaining, essential services, union powers, etc.). However, due to a judicial measure requested by the General Confederation of Labor (i.e., the main labor union entity in the country), a precautionary suspension of the labor provisions of such Decree (present in Chapter IV) was ordered, pending an analysis of the constitutional validity of such Decree. Therefore, it will be important to see how the Courts proceed with respect to the enforceability of the Decree.

As of the date of this annual report, the Chamber of Deputies had preliminarily approved the bill by 144 votes in favor and 109 against. However, a subsequent article by article examination led to its rejection and referral back to the committee. Its reconsideration by the committee and the Chamber of Deputies will follow standard legislative processes, as if it had not previously been sanctioned. As of the date of this annual report, it is not possible to establish when the bill will be dealt with in committee. However, in order for the bill to pass, Javier Milei needs to forge alliances with the other political associations in order to obtain the additional votes needed for the bill to enter into force.

During the 2024 opening legislative sessions, President Milei called on governors, former presidents and leaders of the main political parties to put aside their personal interests and meet on May 25, 2024 in the province of Córdoba to sign a new social contract, called the "May Pact" (*Pacto de Mayo*), which establishes the ten principles of the proposed new Argentine economic order. These are: (i) the inviolability of private property; (ii) non-negotiable fiscal balance; (iii) the reduction of public expenditure; (iv) a tax reform that reduces fiscal pressure over the Argentine population; (v) a federal tax reform; (vi) the provinces' commitment for the natural resources exploitation; (vii) a labor reform; (viii) a reform to the retirement system; (ix) a political structural reform; and (x) the opening of international trade in a way that Argentina becomes a protagonist in the global market again.

It is difficult to predict the social, political or economic impact of the measures announced and implemented by the government to date and/or future measures and/or the outcome of the ambitious deregulation scheme purported to be enforced by means of Decree No. 70/2023 and the abovementioned draft bill. Such measures could affect our financial condition and results of operations.

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

Argentina's economy remains vulnerable to external shocks that could be caused by a variety of adverse regional or global developments. This includes global economic instability driven by uncertainty about trade policies, the economic conditions in its major trading partners (including Brazil, the European Union, China and the United States), and geopolitical tensions. The geopolitical conflicts, notably the ongoing dispute between Russia and Ukraine, and between Israel and Hamas in the Gaza Strip, contribute to this instability by causing heightened inflation, supply chain problems, interest rate increases, market volatility, and impacts on commodity prices, particularly crude oil and gas. These conflicts could further slow the global economy and affect the payment capacity of our customers, especially those with exposure to the Russian or Ukrainian markets.

In October 2023, the Israeli-Palestinian conflict intensified as Hamas, which has controlled the Gaza Strip for over 15 years, infiltrated the militarized border into Israel. This incursion led to swift Israeli military responses, including the declaration of a state of war and the launch of Operation Iron Sword. The Israeli army mobilized to reinforce the borders, encircle the Gaza Strip, and search for Hamas terrorists within Israeli territory. The armed conflict continues, and additional tension in the region has increased as Israel was involved in the bombing of an Iranian consulate in Syria, which escalated tensions with Iran. As a consequence of the ongoing conflict between Israel and Hamas, which already involved several jurisdictions (given that

Israel has received attacks from Hezbollah cells spread across the region -which in many cases it responded to-), on, April 13, 2024, Iran launched an unprecedented attack on Israel in a new escalation of the violent situation in the Middle East. Iran's offensive is in retaliation for an Israeli attack on its consulate in Damascus, Syria, which resulted in the death of an Iranian military commander. This attack signals the beginning of an open conflict between two nations, and it cannot be assured that there will be no other countries involved. As of the date of this annual report, the conflict is ongoing, and the potential consequences of a broader regional escalation remain uncertain.

The imposition of economic sanctions and trade restrictions against Russia by the United States, European Union, United Kingdom, and other major economies could lead to an increase in severity, resulting in raw material shortages, higher inflation levels, and supply chain interruptions. Interruptions in the global supply chain could affect various sectors, particularly energy, and create difficulties in local markets.

Furthermore, global economic and financial crisis, the general weakness of the global economy and instability in the international financial system, negatively affect emerging economies like Argentina. The Argentine economy could suffer from 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. In addition, the long-term effects of the expansionary monetary and fiscal policies adopted by central banks and financial authorities in some of the world's major economies, including the United States and China, are uncertain.

The Argentine economy may also be affected by conditions in developed economies, such as the United States, which are significant trading partners of Argentina or have an influence on international business cycles. If interest rates increase significantly in developed economies, including the United States (which has occurred in recent years), Argentina and its developing economy trading partners, such as Brazil, could find it more challenging and burdensome to borrow capital and refinance existing debt, which could adversely affect economic growth in those countries. Reduced growth in Argentina's trading partners could have a material adverse effect on Argentina's export markets and, in turn, adversely affect economic growth.

During the first quarter of 2023, the failure of significant banking entities including Silicon Valley Bank on March 10, 2023 the largest U.S. bank to fail since the collapse of Washington Mutual in 2008, and Signature Bank shortly thereafter, sparked concerns about liquidity and stability in the global banking system. These events have had a ripple effect, influencing the shares of banks such as Credit Suisse and causing concern at the European Central Bank due to the sell-off of Deutsche Bank's shares. Although the U.S. government decided not to bail out the institutions, it 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.

We cannot assure investors that developments in other markets will not affect macroeconomic, political, or social conditions in Argentina. Consequently, there is a risk that our business, results of operations, and financial condition may be adversely impacted by these multifaceted external influences. The exact consequences of these developments on the global economy and financial markets, and by extension on the Argentine economy, are challenging to predict due to the complexities involved.

**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.

On October 28, 2022, the former Minister of Economy, Sergio Massa, announced a new agreement with the Paris Club. The agreement is an addendum to the one signed in 2014 by the then Minister of Economy, Axel Kicillof, and recognizes a principal amount of U.S.\$ 1,971 million, extending an amortization term of thirteen semi-annual installments, starting in December 2022 to be finally cancelled in September 2028. The interest rate was improved from 9.00% to 3.90% in the first three installments, with a gradual increase to 4.50%. The payment profile implies an average semiannual payment of U.S.\$ 170 million (principal and interest included). Over the next two years, Argentina will repay 40.00% of the principal due.

On June 26, 2023, the former Minister of Economy, Sergio Massa signed bilateral agreements with three members of the Paris Club to refinance the existing debt with the institution. Thus, after signing the new agreement reached in 2022, the former Minister of Economy was able to seal bilateral agreements with 15 of the 16 creditors of the institution.

In addition, the Argentine government negotiated with the International Monetary Fund (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 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.

The program was approved by the Argentine Congress through Law No. 27,668 on March 17, 2022, being enacted by means of Decree No. 130/22.

On March 25, 2022 the IMF Executive Board approved a thirty-month agreement under the Extended Fund Facility for an amount equivalent to U.S.\$44 billion, including an immediate disbursement of U.S.\$9.6 billion. On June 8, 2022, the IMF approved the first review of the agreement, giving access to Argentina to U.S.\$ 4.03 billion. On October 7, 2022, the IMF approved the second review of the agreement and authorized the disbursement of U.S.\$ 3.8 billion. On December 2022, the IMF Board approved the third quarter targets (July to September 2022) and authorized a disbursement of approximately U.S.\$ 6.0 billion.

On March 13, 2023, the IMF issued a press release in response to the increasingly severe impact of the drought, announcing that the IMF staff and the Argentine authorities reached an agreement to modify the net international reserves accumulation target for 2023. On April 4, 2023, the IMF Executive Board approved the fourth review of the program with Argentina. As a result, Argentina received an immediate disbursement of U.S.\$ 5.4 billion. On August 23, 2023, the IMF confirmed the approval of the fifth and sixth reviews of the program and approved the disbursement of U.S.\$ 7.5 billion to Argentina.

On January 31, 2024, the Executive Board of the IMF concluded the seventh review of the agreement which enables and immediate disbursement of around U.S.\$ 4.7 billion, this brings total disbursements under the arrangement to approximately U.S.\$ 41 billion. As described by the IMF, Argentina is implementing an ambitious stabilization plan centered on the establishment of a strong fiscal anchor along with policies to durably bring down inflation and strengthen reserves.

In the event that the Argentine government does not comply with the economic and fiscal commitments and targets agreed with the IMF, Argentina could default on its debt with the IMF and, consequently, its financial and economic situation could be adversely affected.

We cannot assure that the conditions of the agreements 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 stabilization plan being implemented nor 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 December 29, 2023, the country risk stood at 1,906 points. As of April 19, 2024, it was at 1,216 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 (United Nations Commission on International Trade Law) awards against Argentina for a total of U.S.\$7.5 million, (ii) one ICC (International Chamber of Commerce) 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 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 continued between plaintiffs and Argentina. On September 15, 2023, a final judgement against Argentina was rendered, in which the District Court ordered that the plaintiffs shall recover on their claim for breach of contract from Argentina approximately U.S.\$ 16 billion and, in accordance with the decision rendered on March 31, 2023, decided to dismissed plaintiffs' claims against YPF. The plaintiffs then asked the District Court to order Argentina to deposit a guarantee equivalent to the full amount of the ruling with the court. Argentina asked for an extension to deposit such guarantees which was denied by the District Court. Additionally, Argentina is filling for an appeal of the final ruling. On October 18, the plaintiffs appealed the District Court's final judgment. Recognizing that failure to address these issues could increase the risk of political instability, distort decision-making processes and negatively affect Argentina's international reputation and its ability to attract foreign investment, the Argentine government has announced several measures aimed at strengthening Argentine institutions and reducing corruption. These measures include the reduction of criminal convictions in exchange for cooperation with the government in corruption investigations, increased access to public information, the restitution to the state of assets of corrupt officials, the increase of the powers of the Anti-Corruption Office, the presentation of a draft of a new public ethics law, among others. The ability of the Argentine government to implement these initiatives is uncertain, as it would be subject to independent review by the judiciary, as well as legislative support by the opposition parties. On February 22, 2024, the Argentine Government filed before the Second Circuit Court of Appeals in New York (United States) its arguments to initiate the appeal. The two main axes of the strategy, according to the brief, are aimed at challenging the fact that the case is being heard in the New York court, and at reviewing the millionaire amount of the indemnity established in the first instance ruling. On March 25, the plaintiffs filed reply to the appeal made by the Argentine government on February 22, challenging the decision that absolved YPF of any liability for the re-expropriation, thereby reintroducing YPF into the legal proceedings.

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.**

In the last few years 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 "MEP" or "blue chip swap") widened considerably, creating a gap between these rates which reached 217% by 2023 and that is currently around 17.56%. 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. The Peso depreciated by 14.7% in 2021, 42.9% in 2022 and 77.9% in 2023, against the US Dollar. As of December 29, 2023, the exchange rate was Ps. 808.4833 per US Dollar, reflecting an increase of approximately 78.0% 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. In an effort to address the fiscal deficit, the newly elected government implemented a currency adjustment, leading to a devaluation of the Peso close to 55% in December 2023 and from then on, it is maintaining a monthly devaluation of 2%.

Should the Peso undergo a substantial devaluation, 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.

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.

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

In the past, inflation has materially undermined the economy and Argentina's ability to create conditions conducive to growth. High inflation may also weaken Argentina's competitiveness abroad and lead to a decline in private consumption which, in turn, could also affect employment levels, wages and interest rates. In addition, a high inflation rate could undermine confidence in Argentina's financial system, reducing the peso deposit base and negatively affecting long-term credit markets.

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 50.9% in 2021, 94.8% in 2022 and 211.4% in 2023. Regarding year 2024, inflation in January, February and March was 20.6%, 13.2% and 11.0% respectively.

In reference to the above, the newly elected government is lifting price and tariff restrictions imposed by the preceding government. This impactful policy shift has, in turn, played a crucial role in the inflation dynamics over the past few months.

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. 1,407,641 million in 2021, Ps. 1,955,140 million in 2022 and Ps. 1,991,316 million in 2023. Public spending was Ps. 7,733,816 million in 2021 and Ps. 13,191,168 million in 2022.

It is worth mentioning that the new government is actively pursuing measures to streamline the public administration and curtail public expenditure. This involves the termination of employment contracts previously initiated by the prior administration, adjustments to public service fees, and the temporary suspension of public works, among other strategic initiatives.

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.**

According to the Corruption Perceptions Index published on January 30, 2024 by the organization Transparency Corruption, Argentina dropped four positions in relation to 2022 and finished 98th out of 180 countries in terms of corruption. 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 material adverse consequences for the global economic, financial, and business conditions, could materially and adversely affect the Argentine economy, and our business, financial condition and results of operations.

Some potential negative effects include adverse impacts on financial markets, a decrease in the demand for exports and imports leading to reduced revenue, and a significant fall in the international prices of commodities. This fall in prices can be attributed to a sharp decline in demand coupled with producers' inability to decrease supply in an orderly fashion, which would negatively affect the Argentine economic environment. Additionally, substantial changes in business and social behaviors may influence the sale of commodities.

We cannot predict or estimate the future negative impact that a new pandemic may have on the Argentine economy, and our business, results of operations, and financial condition, and it would 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.

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 wildfire outbreaks in multiple provinces. The effects 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. On average, precipitation levels have been about 20% below the 30-year mean. The drought persisted until October 2023 and was responsible for leaving a negative balance in the annual accumulated rainfall. After October 2023, the rainfall recovered, which generates a good projection for the 2023/24 heavy season in the region, with 60% of the first soybean crops and 90% of the early corn reported to be in excellent to very good conditions.

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 decrease 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, including the final rules adopted by the SEC in March 2024, which requires registrants to include extensive climate-related disclosures in registration statements and annual reports. The implementation of such rules 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. The application of these measures is currently suspended by a U.S. court order.

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 2021, 2022, and 2023, 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 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 ability 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 and challenging macroeconomic conditions. This trend has significantly impacted the asset quality of financial institutions, including our own. However, in the recent period, there has been a noticeable enhancement in the quality of the portfolio across the financial system and within our portfolio. This improvement was partially driven by measures introduced by the previous government, which provided incentives for consumer spending, such as installment plans with subsidized interest rates on credit card payments, and created special credit lines for small and medium-sized enterprises (SMEs) to fund working capital in an advantageous environment for borrowers, characterized by negative real interest rates.

Although the agreement with the IMF has significantly reduced uncertainty about short-term macroeconomic policies, the external situation remains fragile. Against the background of a change of government, 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 -11.5 points, approximately, in the period between January and December 2023.

The irregularity ratio of credit to the private sector remained at the same levels during 2023, with a slight increase at the end of 2023 reaching a level of 3.7% as of December 2023. The irregularity levels in corporate financing reached 4.4% and with lower irregularity levels in household financing, as is the case of mortgage lines.

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.

In this sense, following the election of the new government, the Central Bank issued a press release communicating certain measures with the purpose of clarifying and simplifying the signal of the monetary policy rate. Therefore, the monetary policy interest rate will be the rate for one-day reverse repo. A rate that has been set at 60% nominal per annum. Also, the Central Bank announced that it would cease conducting future LELIQ (are Liquidity Bills (*Letras de Liquidez*) used by the Central Bank) auctions, with overnight reverse repo operations becoming its main instrument for absorbing monetary surpluses.

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. Through Communication "A" 7919 of the Central Bank, these percentages were reinstated.

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. Through Decree No. 70/2023, credit card transactions were simplified and the benefits for issuers were applied by eliminating the fee limit which was established by the Law No. 25,067. These limits were 3% for credit cards and 1.5% for debit cards. As from the effectiveness of the Decree No. 70/2023, section 15 provides that "the issuing entity shall mandatorily disclose to the public the financing rate applied to the credit card system." At the same time, section 18 of the Decree No. 70/2023 stipulates that "regardless of the provisions of the substantive laws, punitive interest shall not be capitalizable." For more information see "Risk relating to Argentina - Political uncertainty regarding measures to be adopted by the Argentine government could affect macroeconomic, political, regulatory, or social conditions in Argentina"

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, is 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, 2023, our significant shareholders, Banco de Servicios y Transacciones S.A., as trustee of the Guarantee Trust JHB BMA and Delfin Jorge Ezequiel Carballo, directly or beneficially owned 5,995,996 Class A shares and 104,473,881 Class B shares, and 4,901,060 Class A shares and 118,251,845 Class B shares, respectively. Following Mr. Brito's death in November 2020, the transfer of the shares remained subject to approval by the Central bank. The Central Bank approved the transfer of the shares to the Guarantee Trust JHB BMA in September 2023. The Guarantee Trust JHB BMA's beneficiaries are Mr. Jorge Horacio Brito's heirs. Guarantee Trust JHB BMA's decisions are made by the trustee, based on instructions provided by a majority of Mr. Jorge Horacio Brito's children.

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. In this sense, on November 3, 2023 the shares of: (i) Banco Itaú Argentina S.A. that represent 100% of the share capital and votes; and (ii) Itaú Asset Management S.A. and Itaú Valores S.A. which, directly and indirectly, represent 100% of the share capital and votes of each of said companies were transferred to us.

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 impact that could result from the change in the economic policy regime, the implementation of a macroeconomic imbalances adjustment program and an inflation stabilization plan. In particular, we analyzed the temporary negative impact on the quality of the consumer credit portfolio, on the performance of MIPYMES and on the expected recovery of credit-impaired companies, which would result from relative price adjustments, the elimination of subsidies on public services, and/or the presence of positive real interest rates, among other measures, until certain macroeconomic variables are stable and activity levels recover, and consequently, we decided to make an additional adjustment to the provisions of Ps. 10,978.1 million as of December 31, 2023.

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 the last years, 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.

On March 2023 the Central Bank, issued Communication "A" 7724 that 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 risk management and that this requires time, extensive training and commitment from senior management and the board of directors. Effective October 2023, this regulation contributes to mitigate the specific risks already mentioned and also to reduce and mitigate the entity's reputational risk issues such as cyber resilience, security incident management and integration with integrated risk management policies.

On June 2023, the Central Bank issued Communication "A" 7777, which updates security practices and requirements to form a comprehensive regulatory framework that seeks to protect the user, promote operational resilience and preserve the stability of the financial system.

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 our 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 of 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.

The Central Bank established, as from January 1, 2022, that financial entities authorized by it to distribute their results – in accordance with the provisions of Section 6 of the rules on “Distribution of Results”- must make such distribution in twelve equal, monthly and consecutive installments.

On March 9, 2023, the Central Bank issued Communication “A” 7719 (as further reinstated by Communication “A” 7928), 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.

However, by means of Communication “A” 7984 dated March 21, 2024, the Central Bank extended such date until December 31, 2024 and increased the amount authorized to be distributed up to 60% of the amount that would have been applicable if the “Distribution of Results” rules had been applied.

Additionally, according to the same provision, such distribution of results must be consistent with what is reported in the Information Regime “Business plan and projections and capital self-assessment report”. The calculation of the determination of the distributable income, the verification of liquidity and solvency, the additional capital margins, as well as the amount of the installments indicated, must be made in the same currency as of the date of the meeting that decided the distribution of dividends and the payment of each of the installments, as the case may be.

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