

120
years

“

English

”



01

Board of Directors & Senior Staff



President
Jorge Polgar



Vice-President
Leandro Francolino



Director
Pablo Moyal



Second Vice-President
Adriana Rodríguez



Director
Eduardo Elinger





Senior Staff

- SENIOR STAFF -



General Secretariat	Roberto Borrelli	General Management	Mariela Espino
Secretariat	Jorge Chamorro		Human Resources Office Nair Cortalezzi
Legal Department	José Fernández Granito		Strategic Planning Office Adriana Abraham
Civil-Law Notary Services Department	Adalberto Mihali	Assistant General Management of Accounting	Adriana Núñez
		Assistant General Management of Business	Budget Office Silvia Noguez
			Accounting and Control Office Carla Angelero
			Adriana González
			Finance Mónica Galli
			Corporate Gabriela Fernández
			Retail Banking Carlos Souto
			Social Credit Julio Lamath
		Assistant General Management of Sales and Distribution	Eduardo Barbot
			Distribution Network Gustavo Gomila
			Money Logistics Luis Ferrari
		Assistant General Management of Resources Administration	Fernando Di Bello
Risk Policies and Control Office	Ana Sarmiento		Information Technologies Pablo Salomón
Internal Audit	Marcelo Di Bello		Processes Favio Calabuig
Corporate Communication	Francisco Jáuregui		Operations Germán Rodríguez
BROU Cluster	Ana Lorenzo		Infrastructure María Yaney Osorio



02

Message from the President

Jorge Polgar Pisano

“ I am very pleased to submit the 121st Year Annual Report of Banco de la República Oriental del Uruguay (BROU), for the period from January 1 to December 31, 2016.

During the period under review, the 120th anniversary was celebrated, and our Bank reaffirmed its leading position in the local market, both in terms of profitability and market share. ”



President
Jorge Polgar Pisano.

In addition, progress was made in the implementation of organizational changes aimed at modernizing operations, and needed to consolidate the status of BROU as the country's main financial institution in the coming years.

In the last fiscal year, our Bank obtained a profit equivalent to USD 75 million, the largest of the system, where the entire gains were USD 81 million. In relation to the previous year, BROU income decreased by USD 123 million, mainly due to lower gains from currency translation difference in valuation, and to higher payment of Business Income Tax (IRAE) and higher provisions. In turn, the decline was mitigated by increases in financial margin and service income, and by the reduction in operating expenses.

At the same time, the indicators of average return on equity (ROE) and average return on assets (ROA) were 5.57% and 0.46% respectively. For the system as a whole, the ROE was 3%, while the ROA of our Bank reached 0.2%.

Also, the assets of the commercial banking system amounted to USD 35,589 million in 2016, while liabilities totaled USD 32,886 million. In both cases, the share of BROU increased in relation to the end of 2015, reaching 45.4% and 45%, respectively.

At the organizational level, during the year, the first of the three planned CORE Project implementation phases was deployed, whereby functionalities of several areas migrated to the new banking system.

Streamlining the use of resources also allowed the merger of the former Agricultural and Corporate Banking Divisions into the new Corporate Area. The purpose of this

change is efficiency and improvement of customer service, reducing processing times and providing comprehensive financial assistance. In order to reach the purposes outlined, allowing support to greater numbers of customers, it should be borne in mind that organizational change must be accompanied by a cultural change.

Likewise, the number of operational debit cards increased by 114,168 during 2016, an annual increase of 9.7%. This growth is basically due to the opening of wage deposit accounts and retirement deposit accounts, clearly reflecting the leadership of our Bank in terms of financial inclusion.

Meanwhile, there was an important increase in the use of debit cards as a means of payment, hand in hand with VAT rebates established by the Financial Inclusion Law, with special benefits to BROU customers when shopping at various stores and when buying tickets for a range of shows. There was an 80% increase in the number of transactions with debit cards, while the amount of purchases, measured in US dollars, increased 65%.

In addition, the greater use of the e-BROU website and the BROU mobile app shows a strong modernization in our Bank customer relationship management, one of the main goals of the BROU 2020 Agenda.

In this sense, the number of customers using our website had a 43% year-on-year variation and the use of the mobile app more than doubled (+ 121%). In addition, comparing transactions via e-BROU in December 2016 with the same month of the previous year, a 48% increase is evidenced. Actually, for the BROU App, the increase is even more significant – 164%.



Opening of Carmelo Branch
in May 1902.

Actions were also implemented for a greater number of customers to be able to manage their social credits through e-BROU. At year-end 2016, 140,000 customers were using this service, a number three times higher than a year earlier.

Another relevant data connected to online banking services is related to the 2016 social loans for retired senior citizens, for the first time these loans could be managed online. The result was that almost 20% of these loans were made using our website.

As can be seen, 2016 was a period of significant changes for our Bank, promoted for the purpose of capacity building to serve more customers and provide greater value added services.

Ultimately, the goal is to encourage modernization and efficiency in BROU, ensuring that our Bank continues to be the most important financial institution of Uruguay and a key instrument to improve the lives of Uruguayans, as it has been for 120 years.



Jorge Polgar Pisano
Board Chair and President

03



Presentation of the Bank and Corporate Governance

The Banco de la República Oriental del Uruguay (BROU) –established by Law No. 2480 dated August 4, 1896, as a universal bank, originally under the legal form of a corporation– is presently an Autonomous Entity of the commercial domain of the State, governed by Sections XI, XIII and XIV of the Constitution of Uruguay.

Its current Charter was approved by Law No. 18716 of December 24, 2010, setting up a modern regulatory framework, comprehensive and pragmatic, covering every operation of this multiple bank, both a commercial and development bank, all within the constitutional and legal provisions, and the Central Bank regulations in force.

Such law has been regulated by the Executive Branch under Decree 100/013 of April 2, 2013, published on April 10, 2013 in the Official Gazette. This regulation addressed the main aspects of the administrative organization of BROU and its mandate, and the various roles and duties of senior officers and administrative areas are established therein. This completes an updated legislation, in line with present times, even contemplating for instance the use of new technologies for deliberative bodies if necessary.

Mission

To provide financial services available to the population at reasonable costs, encourage savings and foster the production of goods and services, contributing to the productive, economic and social development of Uruguay.

Vision

We see ourselves as a multiple national bank, but also unique and competitive, focused on meeting customer needs in a comprehensive way, combining the necessary profitability of business with the fulfillment of its Corporate Social Responsibility, driving financial inclusion, investment, production and Uruguayan exports.

Corporate Values

Commitment to service

To provide quality financial services that meet the needs of customers and contribute to financial inclusion, and the economic and social development of Uruguay.

Ethical Performance

Caring for the observance of ethical principles in both personal and institutional actions, as a permanent hallmark in the development of the operations of our Bank.

Corporate Governance

Turning the quality of the Bank Corporate Governance into a means for growth and value creation.

Team Work

Forging a working philosophy that encourages to act as cohesive teams, creating a common vision of our Bank.



Opening of Tala Branch
in July 1908.

Maximizing synergies that emerge from team work, both within areas and with cross-cutting actions that require the unified commitment of the various businesses of our Bank.

Professional Management

Working professionally, i.e. seeking to reach the highest level of quality in everything we do.

Mutual Respect

Always acting based on the logic of solidarity, banishing confrontations that give birth to paralyzing clashes and fiefdoms.

Equity

Providing fair, egalitarian and ethical treatment to all customers, suppliers, associates and workers, ruling out any discriminatory attitude or policy.

Transparency

Turning transparency in management into a true competitive advantage, creating value, reliability and financial stability.

Promoting an organizational culture based on comprehensive and transparent information, subject to the standards in force.

Social Responsibility

Ensuring a strong commitment to the community through social, environmental, ethical and human resources considerations in businesses and transactions.

Head Office of
Banco República.

Corporate Governance

The governance and the management of our Bank are in charge of a Board composed of a Chair and President, and four Directors appointed by the President of the Republic in conformity with the Council of Ministers, prior consent by the Senate to the proposals made by the Executive Branch. Such proposals are based on the personal characteristics, professional qualifications and skills of the nominees. The persons appointed remain in office until their successors are appointed in the same way.

When the Board enters into office, a First Vice-President is appointed to chair in case of absence, resignation or inability of the President, and a Second Vice-President, to act in the case of absence, resignation or inability of the first two. Also, when the requirements of good service so require, the President may delegate his powers to the Vice-President.

The President -assisted by the Secretary General- acts on behalf of the Bank in all corporate matters, and as concerns equity matters, the President and the General Manager act jointly as the Bank's representatives.

To carry out its mandate, the Board has the most ample powers. To make decisions, a minimum quorum of three members is required; a simple majority vote being enough to resolve, except in those cases where the law or the regulations require a special quorum.

Also to provide the dynamic management required by present-day entities, the new Charter empowers the President so that in exceptional circumstances, he may make an early decision in those cases where the law does not impose a special majority, the Board being bound to consider such decision in the next meeting.

With the same purpose of providing flexibility and efficiency to the Bank, the Board has delegated its decision making to several Committees composed of Board members, the General Manager, and Executive Managers of the areas directly involved. In this regard, such Committees include the following:

The Financial Investments Committee

This Committee is for the discussion and definition of financial investment policies and the Bank's interest rates. This is where the financial goals are determined, as well as the means to achieve them and monitoring procedures.

The Administration Committee

Final resolutions in all administrative matters exceeding the powers of each service are adopted by this Committee, provided that the proposed actions do not require a special majority of the Board of Directors.

The Asset Recovery Committee

Final resolutions on matters relating asset recovery are adopted by this Committee when special majorities are not required. This Committee is empowered to grant deductions in the amount of delinquent loans. The releases of guarantees and attachments, assignments and/or substitution of loans, as well as payment agreements are authorized by this Committee, determining -within its authority- the currencies and amounts for paying off such amounts.

The Audit Committee

Analyzing the advisory opinions of the Internal Audit Office corresponds to this Committee, along with monitoring the implementation of recommendations for changes to procedures made by such Office. Additionally, the coordination of the internal and external controls interacting at the Bank, and the supervision of the financial reporting process are responsibilities of this Committee. Furthermore, this Committee is in charge of monitoring the proper operation of the integrated internal control system.

The Anti-Money Laundering and Counter-Terrorism Financing Committee

Within the comprehensive framework of the Anti-Money Laundering and Counter-Terrorism Financing, this committee regularly examines the proper operation of the system and discusses and approves the plans and reports on the subject, prepared by the Anti-Money Laundering Unit.

Other aspects of Corporate Governance

The Bank has an organizational structure with operational lines of command where the Secretary General and the General Manager report to the Board. The General Secretariat, Civil-Law Notary Services and Legal Services report to the Secretary General. The Executive Managers report to the General Manager, as well as the following Area Managers: Business (Corporate Banking, Retail Banking and Finance report to this manager), Sales and Distribution (Distribution Network and Cash Logistics report to this Manager), Accounting (comprising Budget, and Accounting and Control), and Resource Management (including the areas of Information Technology, Processing, Operations and Infrastructure). Additionally, Human Resource Management and Strategic Planning report directly to the General Manager as advisory units. In turn, the Anti-Money Laundering Unit, Risk Control and Policies, the Internal Audit Office, and Corporate Communications and the Unit dedicated to the Cluster, they all report to the President (such unit dedicated to the Cluster coordinates with the remaining entities that belong to BROU).

Considering its special dual status as a commercial bank and a State-owned entity, BROU is under the control of the Central Bank of Uruguay (BCU) and its Superintendence of Financial Services. Likewise, it is under the supervision of the National Accounting Office, in charge of monitoring, among other things, the

financial management of the Bank and the legality of expenditure and payments.

Concerning credit risk within the non-financial sector, the Bank must comply with the limits set forth by the BCU regulations and those set forth by its own Charter, which are even more restrictive. The limit for credits to individuals or legal entities was set at 5% of Equity (USD 52,700,000.00 for 2016), except in the case of credits to industrial and business entities of the public sector (as referred to in Section 221 of the Constitution of Uruguay) for which the limit is 10% of Equity, (USD 105,400,000.00 for 2016). Also, if any of these individuals, companies or entities belong to an economic group, the above limits will remain, but the total amount of credits or loans to the economic group may not exceed such limits by more than 50%.

For qualified lending, following the best practices of Corporate Governance, resolutions are adopted by corporate professional bodies composed of several members in order to assure greater security and objectivity. In this regard, notwithstanding such loans or credits legally under the Board's responsibility due to the amount or the special number of votes required, all the remaining credit decisions are made by Committees and their final resolutions need to be adopted by a unanimous vote.

Of such Committees, the main one is the Credit Committee, composed of the General Manager, the Assistant Business Manager, the Executive Manager of Risk Control and Policies and the Executive Managers of the business units involved. This Committee adopts the final resolutions about credits for up to USD 1.2 million exceeding the powers of the credit committee of the respective area. As for credits granted by branches overseas, the Credit Committee is empowered up to USD 400,000.

Likewise, in order to strengthen credit management and early delinquency processes, by resolution of the Board of October 19, 2016, the Corporate Preventive Committee (CCP for its Spanish acronym) was created, reporting directly to the Assistant Business Manager Office and composed of the Executive Management of the Corporate Area and the Corporate Credit and Corporate Credit Recovery Management Offices. The main purpose of this Committee is to evaluate the 100 largest clients of our Bank or economic groups, as part of their credit process and before consideration by the corresponding corporate professional bodies, and propose, where appropriate, an action plan to improve our Bank's position.

Under Article 24 of the Bank Charter, "the State is directly liable for the deposits and the transactions made by the Bank". Additionally, like all other financial entities, the deposits with our Bank are also guaranteed by the Bank Deposits Guarantee Fund, created by Art. 45 of Law No. 17613 dated December 27, 2002, under the management of the Corporation of Bank Savings Protection.

In terms of transparency it should be noted that our Bank also has the Coordination Unit on Corporate Information. Within the limits of the legal framework relating to bank secrecy and confidentiality, this Unit is responsible for the exchange of information with external bodies, and aims to ensure fundamental rights of access to public information, and personal information protection, promoting transparency in the management of our entire Bank.

This Unit also coordinates the preparation of information for the reports required by the Central Bank of Uruguay, mainly the Corporate Governance Annual Report, and the questionnaire of the CERT evaluation process, etc.

Moreover, the BROU Cluster Unit was created by Board Resolution of July 2, 2015 using the best practices of corporate governance. This Unit has been mandated mainly to support the coordinated, professional and inclusive management of the different companies and organizations that make up the BROU Group.

Finally, as established by the Central Bank of Uruguay in Article 184.11 of the Securities Market Rules, since BROU is licensed to issue publicly offered securities, this report must include the information required by such provision. In this regard, according to the legal framework in force, the remuneration of the President and remaining Directors is the same as Ministers and Under-Secretaries of State, respectively, at Jan 1, 2010, updated according to the increases applicable to salaries of the Central Government. The resulting amounts are reported by the national Planning and Budget Authority. The wages of the remaining Bank officials are regulated based on a single standard scale that applies to all Public banks. Also, according to the provisions of the Staff Rules and existing collective agreements, officials can come to perceive a reward of up to two additional salaries,

subject to certain conditions: a) a positive result for the year, that allows to maintain the assets in constant values in relation to the previous year and that the total payment does not affect the integrity of the Bank's equity; b) meeting the goals established in the strategic planning, regarding corporate, division and personal targets, approved by the Board before the year started, and that their design and implementation do not merit objections of the national Planning and Budget Authority.

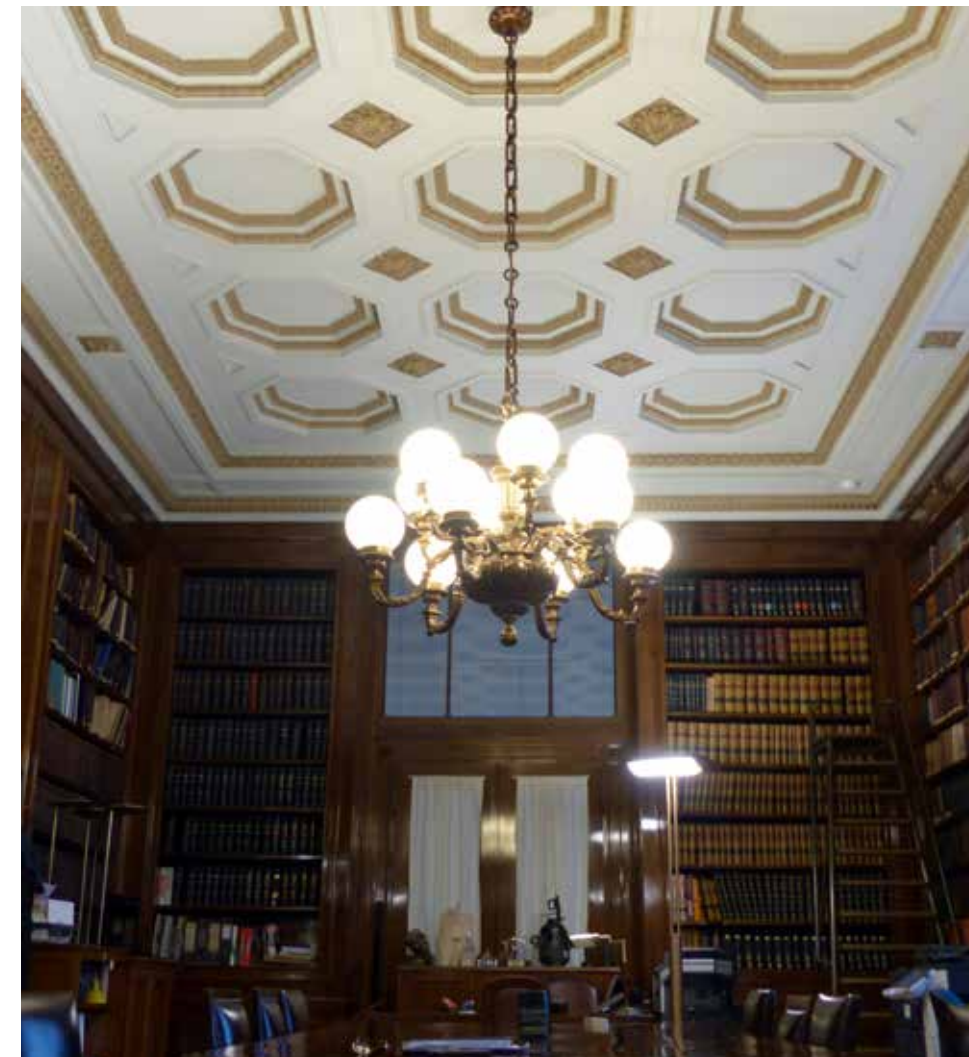
During 2016, the following changes were made to the Senior Officers: in compliance with the resolution of the Executive Branch dated June 6, 2016, Mr. Jorge Polgar Pisano, who previously served as Vice-President, took office as President, while Mr. Leandro Francolino and Mr. Pablo Moyal were appointed as Directors. Also, on June 13, 2016, prior consent by the Senate, Mrs. Adriana Rodriguez and Mr. Eduardo Elinger were appointed Directors by the Executive Branch.

Consequently, in accordance with the provisions of Article 5 of the Bank Charter, the Bank Board is composed as follows: Chair and President Mr. Jorge Andrés Polgar Pisano, Vice-President Mr. Leandro Santiago Francolino Moyano, Second Vice-President Ms. Adriana Rodríguez Cabrera, Board Member Mr. Pablo Moyal Varela and Board Member Mr. Eduardo Javier Elinger Mello.

Likewise, from March 1, 2016, Mr. Jorge Chamorro Lorenzotti took office as Secretary of BROU, on the occasion of the retirement of Mr. Daniel Bruzzzone Martinez. In turn, as part of the ongoing Bank transformation towards the consolidation of its BROU 2020 Vision, as from June 6, 2016, the position of Corporate Executive Manager was assigned to Ms. Gabriela Fernández Rodríguez. On July 19, 2016, Ms. Adriana Abraham Ramos was appointed Strategic Planning Manager.



Presidency Room. BROU Head Office.



Entrance Hall of the Board's Meeting Room. BROU Head Office.

04



Special Chapter

The first 120 years of our country Bank

The founding of BROU in 1896 responded to the aspiration of broad social sectors that demanded the establishment of an official institution providing money, affordable credit and circulation channels. These sectors, in their vast majority, were not served by the traditional orista¹ banking system, linked to the high level exporting and importing trade.

Thus, the Farming Congress of 1895 had proposed the creation of a bank with a rural credit department “for farmers and landowners to borrow on long-term bills, renewable or payable in advance, and at moderate interest rates”² under conditions adjusted to the productive cycle, whether through mortgage, pledge or personal credit. This is how, the middle-class rural sector and the agricultural and livestock farmers sought independence from the burdensome intermediation of pulperos and barraqueros (owners of grocery stores and large storage places), because the lack of credit and currency led to usury practices³. The high-class rural sector, in turn, the only one with access to credit, also intended to break the voracious monopoly of the traditional banking that belonged to the oristas.

Members of the middle-class urban sectors, such as small traders and industrialists, craftsmen and wage earners added their support to the creation of a state financial entity. The impoverished aristocracy, civil servants, pensioners and dependents of the State demanded the creation of a social credit institute or a Mount of Piety to access loans secured by their wages or personal valuables, because, back then, they could only go to usurers linked to the orista environment.

Also, the founding of an official bank was strongly opposed by conservative sectors linked to the high level export and import trade of Montevideo, the traditional orista banking system, some of the biggest estancieros (owners of large cattle ranches) and saladeristas (producers of salted meat), lenders, civil-law notaries, lawyers and advisers of foreign



Head Office
of Banco República.

1 The expressions oristas and cursistas virtually mean liberals and interventionists. Oristas represented the sector of the ruling class that controlled the foreign trade, they promoted the restriction of money supply and credit and the free conversion of banknotes into gold. Cursistas, who even proposed the compulsory legal tender, defended the interests related to the domestic market, raised the need for a greater issuance of coins and banknotes and expansion of credit, and did not consider the free conversion as an indisputable dogma. (HISTORIA ECONOMICA DEL URUGUAY - TOMO II 1860 - 1910 - MILLOT, Julio; BERTINO, Magdalena).

2 BARRÁN, José Pedro y NAHUM, Benjamín: “Historia Rural del Uruguay Moderno” Tomo III, Ediciones de la Banda Oriental, Montevideo, 1973, page 353.

3 LARRALDE, Luis E.; MOREIRA, Andreina; orientador FAILACHE, César; “La gestión de crédito del Banco de la República entre 1896 y 2000. Sus destinos y sus fuentes” Monografía UDELAR, FCE, 2005, cap. 3.5.1. page 50

companies. Some opponents associated the founding of a state bank with the implementation of forced currency and recalled the bad bankruptcy experiences of Banco Nacional and Banco Mauá.

The aspirations for credit instruments and currency of those broad social sectors could begin to materialize at the end of the crisis of 1890, when the balance of power became appropriate. Uruguay was about to begin a stage of prosperity called the outward-oriented growth model or agro-export model, eventually marked by a successful meat processing industry.

For the initial capital of BROU, of five million pesos, a loan was obtained in London. Part of Customs revenue, mainly taxes on the import of consumer goods, was allocated to the repayment and payment of interest on this debt. It was then consumers, particularly the working classes, who financed the initial capital of BROU.

The first Board meeting was held on August 24, 1896. "The Minister of Finance Federico R. Vidiella inaugurated the first Directors in a ceremony that has been considered the initial act of the Bank organizational life."⁴ His speech described the government's conception of the role that the new Bank should play: "... the action of BROU will be powerful, broad, useful, advantageous because it is the impulsive force of our accumulated wealth; a standard controller of credit, without intermittent periods or vagaries, in all its varied forms; a continued support for production and labor; an insurmountable barrier to plunder and usury always triumphant, always contemplated, never contradicted or contained in their voracious and insatiable appetites (...) will introduce useful mobilization to idle capital assets; will stimulate fruitful and reproductive initiatives; will open wide horizons to public convenience companies; will allow the free expansion of the country's living forces, hitherto compressed by speculative and overwhelming pessimism." The Minister referred to the sectors linked to traditional banking that had monopolized credit: "I foresee that the Bank will be vividly and skillfully attacked by the most irreconcilable political passions, by very powerful interests, we must keep in mind that this new Bank will disturb the exclusive monopoly of credit and will also be relentlessly fought by usury."⁵

The BROU Charter reflected the correlation of forces between different social groups. It was founded, in principle, as a public-private partnership bank, with the possibility of capital contribution by private parties. This never happened, and BROU permanently became state owned in 1911. A current account was opened where the Government received collection of taxes, judicial deposits and public debt service. Credit was oriented to the rural population, and the obligation was established to open branches in the capital cities of the different departments of the country within a year, with at least forty percent of the Bank capital being used for this purpose. The Bank was to create a National Mount of Piety that, in 1907, was renamed the National Savings and Discounts Fund, which largely supported the poorest segments of society. BROU was granted a monopoly on the issuance of national currency, becoming effective in 1907, when the last authorization of a private bank expired.

On October 22, 1896, BROU opened its doors. Its network of branches rapidly expanded throughout the country and, by creating currency, credit and circulation channels, this Bank contributed decisively to the consolidation of Uruguay as a State and as a country. BROU was a cornerstone for the social and economic development of Uruguay. Thus, dynamic sectors that led the models of growth in stages of prosperity were supported

4 NAHUM, Benjamín, LARRALDE, Luis E; HARRIETT, Silvana; MOREIRA, Cecilia; RODRÍGUEZ, Lucía; BERTONI, Florencia; SZARFMAN, Eva; "Memoria Histórica de los primeros 114 años de trayectoria institucional del Banco de la República. 1896 - 2010." BROU – Tradinco S.A., Montevideo, 2015, p. 54

5 BROU; Montero Bustamante, Raúl; "El Banco de la República en su cincuentenario. Memoria Histórica 1896 - 1946". Talleres gráficos del Banco de la República, 1946, pp 97- 101, citado en NAHUM, Benjamín "Memoria Histórica..." p. 54.

by BROU, and the production process in times of crisis was also supported. In that sense, throughout its history various specialized credit mechanisms were implemented, such as the Rural Credit Department in 1912, or the Rural and Industrial Credit Department in 1925. Government authorities entrusted the Bank with different assignments as historical development imposed particular problems, such as the defense of currency and foreign exchange during the years of the 1930s crisis, or credits to England and France during the First World War. BROU also acted as a government advisor on economic and financial matters. The institutional forms were changed and, in 1967, the Issue Department of BROU gave rise to the Central Bank of Uruguay.

The management of BROU in its first 120 years reflects the journey of the country's history, both in times of prosperity and in times of stagnation and crisis. On more than one occasion, BROU existence was endangered when its assets were seriously jeopardized, this was the case in the last crisis of 2002. To overcome these turbulent times BROU had government support and a particular feature that makes its institutional strength– the confidence of generations of citizens who feel BROU as their own. The loyalty to its duties since its foundation, its commitment to serve seriously as an instrument for the social and economic development of the country, have been the backbone of such confidence. Its slogan is very true and evident: Our country Bank

Mr. Benjamín Nahum, Professor

Mr. Luis Eduardo Larralde⁶, Economist

6 Our Bank expresses deep gratitude and appreciation to Mr. Benjamín Nahum and Mr. Luis Eduardo Larralde for writing this chapter. Both professionals had participated as coordinator and supervisor, respectively, for the team authoring the book "Memoria Histórica de los primeros 114 años de trayectoria institucional del Banco de la República 1896 - 2010" published in January 2016.

05



Macroeconomic Environment

The international economy maintained a moderate performance in 2016. After a beginning of the year with general weakening of world growth, in a context of significant increase of volatility and uncertainty, conditions improved towards the second half, mainly in emerging markets. Nevertheless, the global advance of strongly nationalist positions, reflected in the surprising electoral victories in both Europe and the United States, underscored the global risks for the future.

The economy of Latin America fell in 2016, mainly due to the crises in the main economies of the South. In Brazil the GDP fell again sharply, in a year marked by the political crisis and the change of government. While inflation eased and confidence levels recovered, economic activity continued in recession. In Argentina, GDP also declined, in the context of a significant rise in inflation and unemployment.

THE URUGUAYAN ECONOMY

The Gross Domestic Product of Uruguay grew by 1.5% in 2016, despite the regional context of recession, reaching 14 consecutive years of increase in economic activity.

The 2016 GDP increase came from an improvement in the performance of domestic demand, while the foreign trade balance was less negative than in 2015. The Final Consumption Expenditure recovered during the year, following the rise in Private Consumption, while investment increased, driven by the expansion of public investment. In the external sector, there was an overall decline, steeper in imports.

In terms of production, there have been mixed results across the different sectors. The greatest positive impact on the overall performance came from Transport, Storage and Communications, again driven by the strong telecommunication expansion. Conversely, the level of activity contracted in the sectors of Construction and Trade,

Repairs, Restaurants and Hotels, although the decline was lower than in 2015.

FOREIGN TRADE

Exports of goods and services from Uruguay totaled USD 11,392 million in 2016, which meant a US dollar-measured decline of 7% in the year. The fall was due to an international scenario of slowdown in global trade, and the regional context of recession.

FOB exports of goods totaled USD 7,034 million, falling 8% as compared to the previous year.

Meat was the main export category, with total sales of USD 1,443 million, which involved more than 20% of exports of goods, and a slight 1% increase in relation to the previous year.

The second largest exports were oilseeds, with an export value of USD 865 million, and a fall of 23% compared to 2015. Sales of soybeans fell for the third consecutive year, impacted by adverse weather events with adverse effect on the exported volume.

As an export destination, Brazil ranked first with a value of just over USD 1,240 million, accounting for more than 17% of the total exports, and an increase of 7% compared to 2015. China ranked second, but if sales to Free Zones are considered, China would be first.

CIF imports of goods totaled USD 8,139 million in 2016, an important decline of 14% as compared to the previous year. The decline in imports was widespread in terms of components. Most of this decline corresponded to imports of intermediate inputs, which experienced a drop of 26% based on the lower oil purchases. Imports of capital goods fell 20%, while imports of consumer goods recorded the smallest decline, down 17%.



Chuy branch office.

As a result of the performance of exports and imports (FOB value), in 2016 the net external balance improved, with a deficit in the trade balance of goods, of USD 601 million, compared to USD 1,229 million in 2015.

PRICES AND INCOME

Inflation in 2016 stood at 8.1%, meaning a slowdown as compared to 2015.

The lower exchange rate, together with a more restrictive monetary policy, favored a moderation in inflationary pressures towards the end of the year. In the most important areas, the most significant increases were in Education (11.9%) and Restaurants and Hotels (10.9%), while Housing (8.8%), and Health (8.12%) also showed rises above average. Food and Beverage inflation was 7.2%, while Transport closed at 3.9%.

The prices for producers of national products decreased 1.9% in 2016. Interbank US dollar rate at the end of the year stood at \$ 29.26 per US dollar, representing a 2% decrease in the year. The nominal Average Wage Index increased 11.6%, while considering the inflation for the period, real wages increased 3.3%. In the labor market, the unemployment rate increased slightly, reaching 7.8% for the average of 2016.

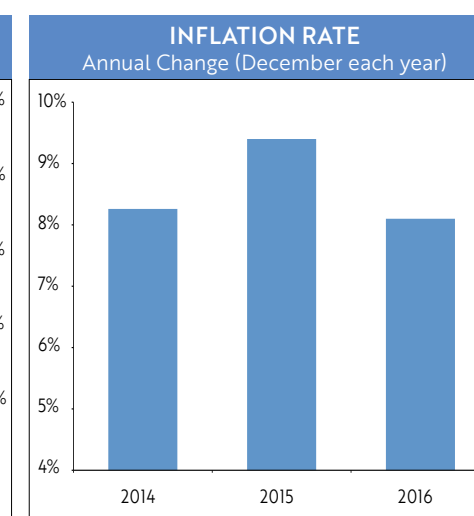
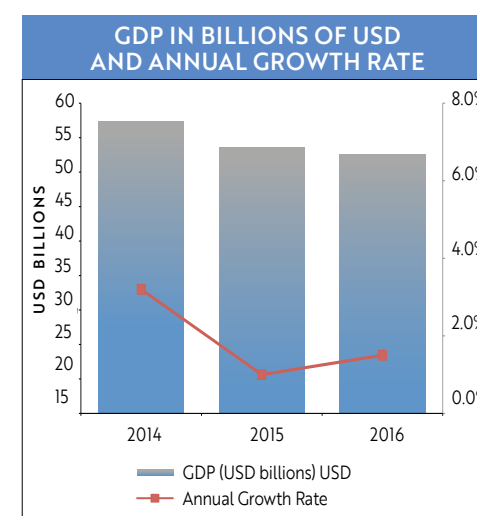
GROSS DOMESTIC PRODUCT			
Variation rate of PVI in%			
Type of Economic Activity	2014	2015	2016
Primary Activities	-0.2%	0.4%	0.9%
Manufacturing	4.2%	5.7%	0.4%
Electricity, Gas and Water	15.7%	-8.1%	15.6%
Construction industry	0.7%	-5.4%	-3.9%
Trade, Restaurants and Hotels	-0.6%	-2.5%	-1.6%
Transport and Communications	7.4%	3.1%	6.5%
Other	2.4%	1.6%	0.2%
Gross Domestic Product	3.2%	1.0%	1.5%



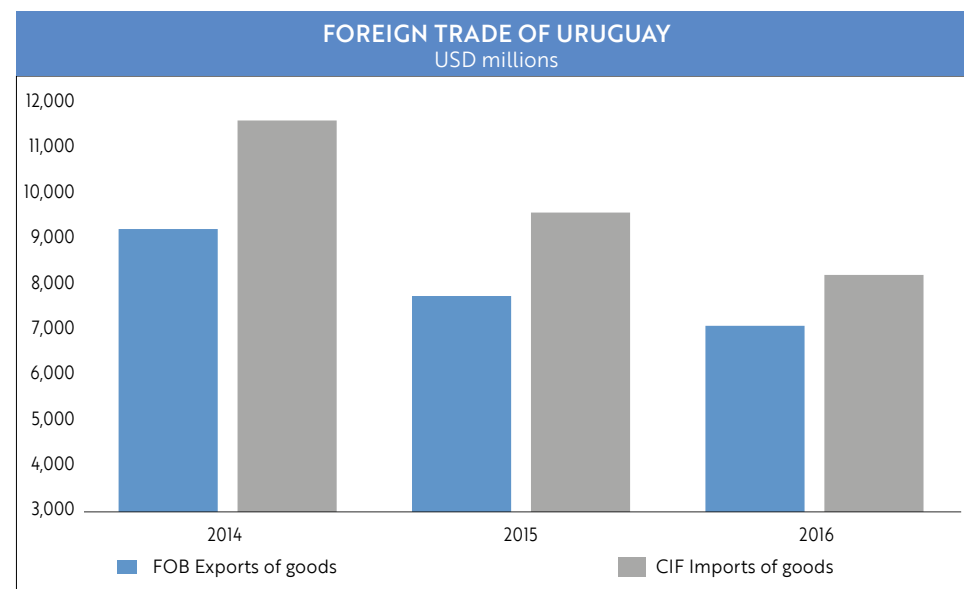
Telecommunications Tower Complex, view from the Legislative Palace.



Palacio de la Luz (Electric Light Palace) UTE's Head Office, designed by Architect Román Fresnedo in 1946, inaugurated on August 22nd, 1951.



GOODS EXPORTED FROM URUGUAY			
FOB in USD millions			
Main Export Products	2014	2015	2016
Meat	1,466	1,428	1,443
Oilseeds	1,620	1,122	865
Wood	687	801	857
Dairy	823	629	567
Grain	507	360	431
Furs and Leather	332	304	278
Others	3,697	3,036	2,593
Total	9,132	7,680	7,034



URUGUAY			
MAIN SOCIO-ECONOMIC INDICATORS			
Indicator	2014	2015	2016
Population (thousands)	3,320	3,332	3,487
Gross Domestic Product (USD millions)	57,333	53,365	52,510
GDP per inhabitant in USD	17,269	16,016	15,060
GDP growth (annual change PVI)	3.2%	0.4%	1.5%
Annual exports of goods (USD millions, FOB)	9,160	7,675	7,034
Annual imports of goods (USD millions, CIF)	11,485	9,489	8,132
Current Account Balance, BoP (% of GDP)	-4.6%	-2.1%	-0.2%
Gross Debt (% of GDP)	58%	59%	65%
Annual Inflation Rate	8.3%	9.4%	8.1%
Annual Depreciation rate	13.8%	22.8%	-2.1%
USD exchange rate at each year end	24.33	29.87	29.26
Inflation-indexed unit rate at each year end	2.9632	3.2426	3.5076

Sculpture "Las Instrucciones del año XIII" by artist Serapio Pérez, dated 1950.



06



Competitive Banking Environment

At the end of 2016, the Uruguayan financial system consisted of one public commercial bank, 9 private commercial banks, 1 public mortgage bank and 7 non-bank financial institutions.

The total financial system assets totaled USD 37,622 million at the end of 2016, falling 0.2% in dollar terms in the year, which represented a 72% of the GDP.

COMMERCIAL BANKING SYSTEM

The commercial banking system assets amounted to USD 35,589 million in 2016, representing a 0.7% annual increase in US dollar terms, based on the increase in BROU, being the leading financial institution in the country, with an asset share of 45.4% of the total, slightly higher compared to the end of 2015.

Gross Loans to the Non-Financial Sector totaled USD 14,343 million at the end of 2016, representing 40% of the assets of the commercial banking system. In the fiscal period, there was a balance increase of 4% measured in US dollars.

The amount of gross loans to the Resident Non Financial Private Sector, meanwhile, reached USD 13,332 million, 4% higher than 2015. This growth spanned the entire system, meaning an acceleration compared to 2015, when the growth had been 1%.

The delinquency rate for the entire banking system stood at 3.24%, an increase in relation to recent years.

In 2016, the liabilities of the commercial banking system reached a balance of USD 32,886 million, implying an annual increase of 0.2% measured in US dollars. Such growth was primarily due to an increased attraction of funds of the Resident Private Sector, and to a lesser extent from the Public Sector.

At year end 2016 the bank liabilities were formed primarily by Non-Financial Sector Deposits, which accounted for more than 89% of the total liabilities.

The share of BROU liabilities in the total banking liabilities was 45%, higher than 2015, when it had been 42%.

The balance of the Non Financial Sector Deposits as of December 2016 amounted to USD 29,370 million, an annual increase of 2% measured in US dollars.

The structure per term continued to show a stronger concentration in short-term deposits: 85% are deposited for less than 30 days, 9% for 31 days to 1 year, and 6% for a term longer than 1 year. BROU maintains a slightly lower concentration in the short term. In this sense, the term deposits for less than 30 days in BROU accounted for 83%, while in the case of private banks this ratio stood at 88%.

The Deposits of the Non Financial Private Sector totaled USD 25,143 million, 6% higher than 2015, with a dollarization level of 78%.



Establishment of the Central Bank of Uruguay
on July 6th, 1967.

The equity of the commercial banking system amounted to USD 2,703 million measured in US dollars at year end, increasing 7.8% in the year. The equity share of BROU remained in 2016 at 49% of the total equity of the banking system.

The solvency of the banking system remained at a good level, which was reflected in the net qualifying capital of the banking system, 34% above the minimum required by regulatory standards. Such ratio was 1.42 times for BROU and 1.28 times for the private banks. The annual operating income of the commercial banking system reached USD 490 million in 2016, USD 77 million higher than the previous year's operating result. BROU recorded an operating income of USD 286 million, which represents 58% of the overall result.

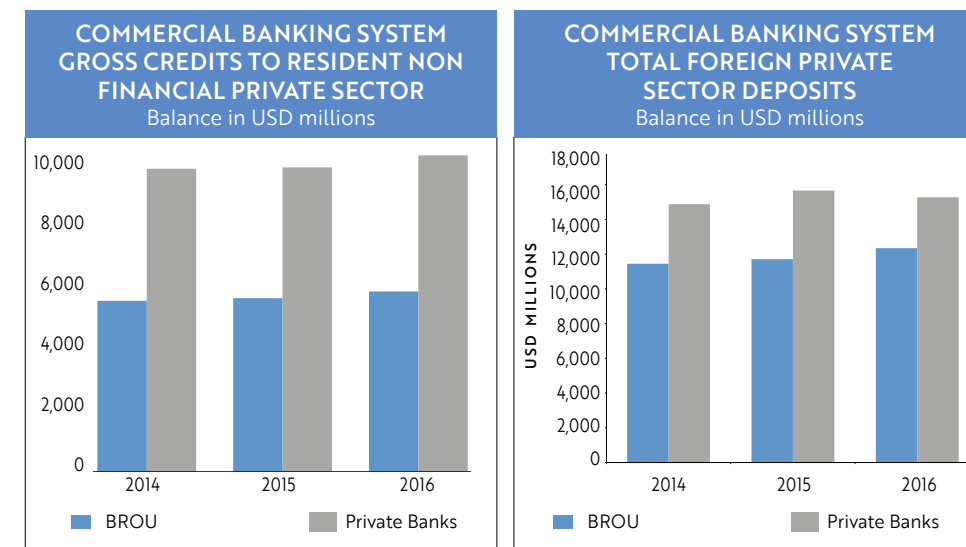
The economic result of the commercial banking system in 2016 was USD 81 million, a decrease compared to the previous year. BROU recorded an economic result in 2016 of USD 75 million, the largest in the system.

Overall, the deterioration in economic results in 2016 compared to the performance in 2015 was the consequence of a loss from exchange differences in valuation. Such effect was accentuated by a higher tax burden, and partially tempered by the increased operating income and a slight decline in the loss on inflation adjustment.

The profitability indicators fell in the year under review. The rate of return on equity (ROE) of the banking system was 3%, while the rate of return on assets (ROA) was 0.2%.

URUGUAYAN FINANCIAL SYSTEM							
Assets, liabilities and equity at December 31, 2016 – In millions of USD and percentage share							
Type of Institution	No.	Assets	%	Liabilities	%	Equity	%
Commercial Banking System	10	35,589	95%	32,886	97%	2,703	76%
BROU	1	16,142	43%	14,813	43%	1,329	37%
Private Banks	9	19,447	52%	18,073	53%	1,374	39%
Other Financial Intermediaries	8	2,033	5%	1,168	3%	865	24%
Banco Hipotecario (Mortgage Bank)	1	1,749	5%	950	3%	799	22%
Financial Cooperatives	1	24	0.1%	18	0.05%	6	0.2%
Deposit taking institutions	3	171	0.5%	147	0.4%	24	1%
Offshore Financial institutions	2	63	0%	30	0%	33	1%
Savings Associations	1	26	0.1%	23	0.1%	3	0.1%
Total	18	37,622	100%	34,054	100%	3,568	100%

URUGUAYAN COMMERCIAL BANKING SYSTEM				
ACTIVITY LEVEL INDICATORS				
	2014	2015	2016	% 2016
Gross Credits to the Non-Financial Sector (% of GDP)	26%	26%	27%	
Gross Credits to the Non-Financial Sector (USD millions)	14,123	13,847	14,343	
BROU	5,480	5,223	5,316	37%
Private Banks	8,643	8,624	9,027	63%
Non-Financial Sector Deposits (GDP %)	51%	54%	56%	
Non-Financial Sector Deposits (USD millions)	28,235	28,931	29,370	
BROU	13,342	13,149	14,005	48%
Private Banks	14,893	15,782	15,365	52%



COMMERCIAL BANKING INDICATORS			
Indicators	2014	2015	2016
ROE Return on Equity	11.7%	13.0%	3.0%
ROA Return on Assets	0.9%	1.0%	0.2%
Delinquency Rate	1.5%	2.0%	3.2%
Solvency - Tier I to Risk-Weighted Assets	11.6%	11.1%	12.2%



Tribute to Banco República on its 120th anniversary.

07



Management Report⁷

On December 31, 2016, BROU **Assets** amounted to **USD 16,142 million**, which represented an increase of 7% in US dollars compared to the end of 2015.

Cash on hand and financial loans accounted for 66% of total assets, amounting to USD 10,624 million; non-financial sector investments (private and public) represented 32%, while the remaining 4% were fixed assets and other assets.

Assets grew by USD 1,019 million, there was an increase in **financial loans** (USD 836 million), and in **cash on hand** (USD 131 million) which are mainly Current Accounts with BCU (USD 155 million), and the **non-financial sector lending** (USD 48 million).

Financial investments reached USD 6,972 million, with a growth of securities for investment (USD 573 million) and in fixed-term loans with BCU in local currency (USD 303 million) and a decline in deposits abroad (USD 393 million) in foreign currency. Including overseas (41%) (34% with the New York Branch and 7% with foreign banks) and securities (50%).

The net loans to the **non-financial sector** amounted to USD 4,933 million (gross number of USD 5,348 million minus provisions of USD 415 million), USD 93 million increase compared to December 31, 2015, with a Private Sector increase of USD 181 million and a drop in the public sector of USD 88 million. 91% were Private sector loans and 9% were loans to the Public sector. Financial Trusts had a balance of USD 10.7 million at December 31, 2016.

Gross lending to private sector residents (excluding trusts) reached USD 4,500 million. In 2016 there was an increase of 1% (USD 32 million), including: "Social loans" (USD 108 million), "Development" (USD 34 million), "Loan Refinancing" and "Credit Cards" (USD 5 million each). This increase was moderated by decreases in: "Industry, Trade and Services" (USD 46 million), "Exports" (USD 47 million), "Agricultural Loans" (USD 22 million) and "Imports" (USD 12 million).

The balance of loans to the Public Sector (USD 476 million) fell by USD 87 million.

The non performing loans of the private and public Non Financial Sector (excluding trusts) amounted to USD 305 million, representing 5.9% of the gross placements. This index was higher than the one recorded at year-end 2015 (3.3 %) due to the increase in the past due portfolio of USD 134 million.

In the remaining categories of assets there have not been any significant changes.

Liabilities amounted to USD 14,813 million, increasing by 7% compared to December 31, 2015.

⁷ The balances of loans and deposits in this chapter and those of different Business Areas do not include accrued interest receivable and payable. The Business Areas do not report those balances where customers are not identified, those of the MEF Agreement and of the banking portfolio recovery trusts.



"19 de Junio" Building of Banco República.

These liabilities were composed of 80% deposits by the resident private sector, 11% public sector deposits and 4% foreign sector. Other liabilities and sundry liabilities accounted for the remaining 5%.

The resident and non-resident **Private Sector Deposits** totaled USD 12,344 million, a 5% growth (USD 635 million). Balances in national currency (USD 402 million) and in foreign currency (USD 233 million) increased for all products, primarily in savings accounts.

The products with greater liquidity (savings and sight accounts) concentrated 83% of total sectoral deposits (68% savings and 15% sight), while the remaining 17% were Fixed Term deposits. In terms of currencies, foreign currency deposits increased by 3%; deposits in national currency by 13% and those in inflation-indexed units by 33%.

The share of foreign currency deposits from resident depositors of the private sector amounted to 76%, 2% lower than December 31, 2015. In Uruguayan pesos, the share amounted to 20% (down 2%) and denominated in inflation-indexed units remained at 4%.

The balance of **Public Sector deposits** was USD 1,683 million, a growth of 17% compared to December 31, 2015 in all currencies and in savings accounts and fixed term deposits.

In 2016, the **Equity** of BROU in US dollar terms (USD 1,329 million) increased by USD 97 million (8%). In addition to the gain obtained in the year (USD 75 million), this figure was impacted by the decline in the US dollar exchange rate during the period (2.1% versus the 22.8% increase in 2015) and by the contribution to general revenue corresponding to the 2015 profit made on June 28, 2016 for IU 273 million (equivalent to UYU 899 million) and USD 60 million.

The Tier 1 capital (RPN) was 42% above the minimum capital requirement, higher than December 31, 2015 (24%).

Provisioning for total gross non performing loans amounted to 49.04% (lower than December 31, 2015 - 66.39%), while for our own non performing receivables reached 8.22 times such receivables, lower than the previous year (20.83) due to the increase in past due credits.

ECONOMIC RESULTS

BROU obtained in 2016 a profit equivalent to USD 75 million, USD 123 less than the previous year. This decline is mainly due to lower profits from exchange differences in valuation, and higher payment of Business Income Tax (IRAE) and by the cost of risk, and mitigated by increases in the financial margin and revenues for services, and reduced operating losses.

The financial margin amounted to USD 747 million and showed an improvement of 1.9% (USD 14 million) due to greater financial income in domestic and foreign currency.

In 2016 there was a loss of USD 115.4 million for the net establishment of allowances for bad debts, 21% higher than the one of 2015.

Revenues for services (USD 107 million) increased by 13%, mainly in local currency. Expenses for services (USD 16 million) grew by 21%.

The **gross result** (financial margin net of allowances plus income from services) amounted to USD 722 million, showing a slight increase (0.5%).

Other operating results showed a net loss of USD 436 million, 4% lower than the previous year, impacted by lower personnel costs and lower operating costs in US dollar terms and increased profits from exchange rate difference.

Operating result (gross income minus other operating income) amounted to USD 286 million, an increase of 8% resulting from the causes mentioned in the above paragraph.

Results before income tax amounted to USD 177 million, a drop of 30% responding mainly to exchange differences in valuation of USD 13 million, compared to 2015, when it was USD 116 million. The net valuation result was a loss of USD 109 million including loss on inflation adjustment (USD 98 million) and exchange difference in valuation (USD 13 million) and profits from exchange differences in valuation (USD 2 million).

The Business Income Tax paid amounted to USD 103 million.

The efficiency ratio (prepared by the Economic Analysis Advisory Services) reached 55%, better than 2015 (58%).

Indicators of average return on equity (ROE) and average return on assets (ROA) amounted to 5.57% and 0.46% respectively, showing an improvement over the previous year (ROE 17.23% and ROA 1.45%) due to fiscal year decreased profit.

BANCO DE LA REPÚBLICA ORIENTAL DEL URUGUAY						
BALANCE SHEET - ASSETS						
USD millions						
	2014	2015	2016	Breakdown by currency, 2016		
				UYU	I.U.	Fgn. Curr.
Cash on hand	3,964	3,521	3,651	938	0	2,713
Financial Investments	5,304	6,137	6,972	472	259	6,241
Investments Financial Sector	19	1	1	0	0	1
Net investments Non Financial Sector	5,132	4,884	4,933	956	1,781	2,195
Corporate Banking Division	3,046	2,999	2,966	280	357	1,214
Retail Banking	2,094	1,980	2,139	744	1,377	18
Trust and Agreement with MEF	332	245	211	0	204	7
Others(I)	-340	-339	-383	-80	-160	-144
Fixed Assets	208	171	177	177	0	0
Investments	194	198	210	95	0	115
Other assets	198	211	198	162	1	35
Total Assets	15,019	15,122	16,142	2,801	2,041	11,299

BROU - NON FINANCIAL SECTOR INVESTMENTS			
USD millions			
	2014	2015	2016
Gross Investments - Resident Private Sector	4,530	4,591	4,723
Gross Investments - Public Sector	885	564	476
Trust	59	68	117
Others(I)	32	32	32
Provisions for bad debts	-374	-371	-415
Net investments Non Financial Sector	5,132	4,884	4,933

(I) Foreign Private Sector and Accrued Interest included

BALANCE SHEET - LIABILITIES						
USD millions						
	2014	2015	2016	Breakdown by currency, 2016		
				UYU	I.U.	Fgn. Curr.
Deposits	13,374	13,189	14,064	3,133	741	10,191
Private Sector	10,904	11,094	11,802	2,319	511	8,971
Foreign Sector	542	615	542	9	1	533
Public Sector	1,895	1,439	1,683	781	228	674
Banking Sector	32	41	37	24	0	13
Sundry liabilities	58	341	307	0	0	307
Other liabilities	330	359	441	344	36	60
Total Liabilities	13,762	13,889	14,813	3,478	777	10,558
Equity	1,258	1,233	1,329	-676	1,264	741

BANCO DE LA REPÚBLICA ORIENTAL DEL URUGUAY			
INCOME STATEMENT			
USD millions ⁽¹⁾			
	2014	2015	2016
Financial Gains	913	898	942
Financial Expenses	-155	-165	-195
Gross Financial Margin	758	733	747
Provisions for bad debts	-96	-95	-115
Net Financial Margin	663	637	632
Revenues for Services	82	94	107
Expenses for Services	-14	-13	-17
Gross Profit	731	718	722
Operating Gains	86	72	79
Other Gains for exchange rate differences	32	38	44
Other Gains	54	34	35
Operating Expenses	-562	-527	-515
Wages and Social Charges	-306	-312	-304
Depreciations	-21	-19	-22
Taxes, rates and contributions	-50	-49	-49
Other losses & expenses	-185	-145	-140
Operating result	255	264	286
Extraordinary Income	0	0	0
Results of Previous Periods	-1	-4	0
Inflation results	-94	-106	-98
Currency translation difference from valuation	59	116	-13
Adjustment for restatement of results in USD	-8	-17	2
Results before income tax	211	254	177
Income tax	-42	-56	-103
Income for the year	170	198	75

(1) At the average exchange rate for each year: 2014: US\$ 1 = \$ 23,20 / 2015: US\$ 1 = \$ 27,49 / 2016: US\$ 1 = \$ 30,11

GENERAL INFORMATION			
Number	2014	2015	2016
Branches	141	139	135
Foreign branches	3	3	3
Employees	4,192	4,058	4,030
Self-Service Terminals	3,288	3,565	5,217
ATMs	351	376	390
Small indoors ATMs	2,743	2,951	4,551
Deposit taking ABMs	138	171	194
Web Terminals	56	67	82
RedBrou Cards	1,171,693	1,168,827	1,282,508
E-Banking Customers	322,148	428,417	613,933
Non-Fin Sector deposit customers	1,118,579	1,084,765	1,144,219
Non-Fin Sector Inv. customers	454,588	466,664	509,459

FINANCIAL AND INCOME STATEMENT			
USD millions			
	2014	2015	2016
Assets	15,019	15,122	16,142
Liabilities	13,762	13,890	14,813
Equity	1,258	1,233	1,329
Operating result	255	264	286
Income for the year	170	198	75

FUNDS AND INVESTMENTS			
USD millions			
	2014	2015	2016
Non-Financial Sector Deposits	13,342	13,148	14,027
Local Currency	3,332	2,788	3,109
Inflation-indexed units (IU)	689	523	740
Foreign Currency	9,321	9,838	10,178
Net investments Non Financial Sector	5,132	4,884	4,933
Local Currency	1,229	887	956
Inflation-indexed units (IU)	1,699	1,657	1,781
Foreign Currency	2,204	2,341	2,195

MANAGEMENT INDICATORS			
Indicators	2014	2015	2016
Profitability			
ROE	14.1%	17.2%	5.6%
ROA	1.2%	1.5%	0.5%
Solvency			
Tier 1 capital ratio- (Tier 1 Capital/ Risk-Weighted Assets)	13%	12%	14%
Tier 1 capital / Minimum Tier 1 capital (Nº times)	1.3	1.2	1.4
Credit Risk			
Delinquency Rate	2.3%	3.2%	5.7%
Total Provisioning	6.8	7.1	7.8
Own coverage - total non performing Credits (Nº times)	28	21	8
Prov. total gross non performing Credits	66%	66%	49%
Efficiency			
Efficiency ratio	61%	58%	55%

ATM



Business Area Finance Area

The Finance Area is oriented towards the management of cash on hand and other assets that make up the set of financial loans, so as to maximize the contribution margin within the metrics of risk set by our Bank.

The actions of this Area are directed to provide support in the administration of assets and liabilities, and third party funds, in a business and decision making field consolidated in terms of operations, risk management and human resources.

At year-end 2016 financial assets amounted to USD 10,623 million, up nearly USD 1,000 million (10%) which more than doubles the figure of the previous year.

	FINANCIAL ASSETS					
	Balance in USD millions					
	2014	2015	2016	Breakdown by currency		
				UYU	I.U.	Fgn. Curr.
Cash on hand	3,964	3,521	3,651	938	0	2,713
Financial Investments	5,304	6,136	6,972	472	259	6,241
Total	9,268	9,657	10,623	1,410	259	8,954

Unlike the last two years, when financial assets in local currency recorded persistent declines in their values in US dollar terms, in 2016 the increase above mentioned was divided between the assets in foreign currency (56%) and those in national currency (44%), impacted by a range of organizational measures implemented in order to strengthen the funding base in this currency. Such measures were in turn triggered by the increases in the reserve requirements set by the regulator from April 2016 on. This led to a drop of the percentage share of financial loans in foreign currency, 87% at the end of the previous year, to 84% by December 31, 2016. It should also be noted that during 2016 the Uruguayan peso appreciated by 2% (compared to a depreciation of 22.8% in 2015), causing a slight additional upward bias in the values of assets in national currency expressed in US dollars.

In net terms, financial loans were 86% of the uses of funds in 2016 while an increase in deposits was the main source for the period (81%). Differentiated by currency, financial assets prevailed in the use of foreign currency, funded by the increase in captured deposits and a decrease in lending in general. While in national currency, financial assets were also the main use, accompanied by an increase in general lending, based on funds coming from an increase in deposits.

Liquidity ratios for 30 days and 91 days (Source BCU) at December 31, 2016 in our Bank were different from those of the private financial system: while both indicators increased for BROU as compared to the previous year, they were lower for private banking. The figures for BROU were 56% and 55% respectively this year (52% and 51% for 2015). For the private financial system, the ratios stood at 50% and 52% respectively.

During 2016, debt service continued, as well as the obligations under two financial transactions with foreign entities from the previous year (one with a multilateral development institution and one with an international private financial institution) to strengthen the financing structure by periods of the balance sheet, backed primarily by 95% of deposits with maturities essentially concentrated on the short term. At the same time, in 2016, the Central Bank of Uruguay authorized the underwriting of a public offering of Transferable Certificates of Deposit in Uruguayan pesos, inflation-indexed units and/or US dollars, with issue, during the year, in national currency for a nominal value equivalent to USD 165 million approximately.

The assets abroad amounted to USD 5,539 million, representing 62% of financial lending in foreign currency; their growth was approximately USD 550 million compared to 2015 (11%). These financial assets abroad absorbed the surplus in US dollars released by the net flow of the business, once the April increase in reserve requirements in foreign currency was covered. The percentage structure by instruments of assets abroad shows at year-end 2016 a 47% allocation of these funds to investment securities, 43% deposits in the New York Branch, and the balance with other international financial institutions. In this period, the securities portfolio management continued to strengthen --with an increase of approximately USD 600 million in the year-- maintaining the target allocation for the sub-portfolios. Each one is managed considering the limits established in terms of amount, duration and value at risk, with the corresponding levels of risk appetite and tolerance, consistent with the cross-cutting ceilings by counterparty risk, country risk, group of countries and by ratings.

Within the management of these investments, credit quality, assessing the counterparty risk, and the degree of liquidity continue to be a priority. Geographical diversification, as well as diversification in terms of instruments and issuers are all maintained within the conservative profile of our domestic rules, cross-cutting features encompassing all financial lending.

	FINANCIAL ASSETS BY TYPE		
	Balance in USD millions		
	2014	2015	2016
Foreign Currency	7,595	8,410	8,954
Cash	3,041	2,740	2,713
Central Bank of Uruguay	0	0	0
Overseas Branches	1,967	2,022	2,360
Investment Securities	2,031	2,657	3,250
Foreign Sector	491	910	517
Other	64	82	115
National currency and inflation-indexed units	1,673	1,247	1,670
Total	9,268	9,657	10,623

BROU is active in the electronic interbank market of foreign exchange, money and securities. The total transaction volume of this market in 2016 was equivalent to USD 58,201 million, around 6% corresponding to BROU. The amount of transactions in both the system and BROU decreased by 11% compared to 2015. In the foreign exchange market, our Bank increased its share, concentrating 12.5% of the operation (previously 11%), being number two in the trading volume of that market. In the money market, BROU maintained its relative share at 10.5%.

During 2016, purchase, underwriting and sale of securities to customers reached the US dollar equivalent to USD 481 million, which translates into a reduction of about 11% relative to the total value traded in the previous year. This decrease is basically explained by the decline in transactions with national currency bills –still prevailing in terms of composition by instrument– mainly as a result of an active policy of our Bank for domestic currency funds- additional rates for term deposits in local currency under certain conditions and promotions of products, as well as a change of investor portfolio, moving from instruments in nominal pesos to instruments denominated in dollars and inflation-indexed units. Additionally, in the comparison of volumes with the previous year, the impact of the exchange rate evolution is not absent, to the extent that monetary regulation bills are denominated in pesos, in its original currency, the decrease in volume is reduced by half.

The transactions with the remaining instruments (USD 127 million) --excluding bills-- had an increase of 23% over the previous year.

Regarding the major movements of 2016 in the selection of instruments available to customers, within Government bonds, the reopening in July of US dollar denominated Uruguayan global sovereign bonds maturing in 2027 and 2050, worth USD 1,147 million stands out. While in the market of private negotiable bonds, the issuance by CON-APROLE with a face value of approximately USD 15 million, in terms and at rates interesting to the retail market must be highlighted.

In transactions with customers, specialized platforms (Executive Investment Banking) continued with its role as a delivery channel. These platforms operate in five branches (Bvar. España, Montevideo Shopping, Ciudad Vieja, Punta del Este and Colonia) and are served by executives trained both in investment products and sales, who have obtained the certifications required by the regulations of the Central Bank of Uruguay. Through these platforms and through comprehensive service, our Bank offers customers a portfolio of traditional products in addition to other investment alternatives. Also, during the year the implementation of the new business and service model started, defined by our Bank under the BROU 2020 Agenda. In connection with customer service to the high income segment, this has meant the inclusion of New differential customer service pilot points.



Load of 7.7 meter long Eucalyptus Grandis.

Likewise, the strengthening of financial operation risk analysis and control has continued in this area, with training and greater systematization of support information within the framework of change and implementation of core applications currently carried out by our Bank.

Corporate Area

The Corporate Area is responsible for managing the activities related to the business strategy and the delivery of products and services in the corporate segment, following our Bank's strategic guidelines and the risk parameters defined.

Its main responsibilities include:

- Implementation, adjustment and follow up on the approved business model, consistent with the definitions of operating and service models.
- Design and coordination of the Business Plan implementation and its business solutions for the defined segment, with the purpose of maximizing return within the risk defined by our Bank.
- Proposal of general strategies and policies for the management of financial products and services that are appropriate, competitive and profitable, to corporate clients.
- Coordination of marketing strategies for products and services with the areas involved.
- Monitoring the efficient operation of the processes of analysis, granting and centralized management of credit.



The business units of this Area, with their specialization cover all market segments, thereby providing specific solutions to both micro and small businesses, as well as medium and large companies, covering those with production intended for the domestic and the international market.

For this, a complete offer of credit products, financial services and deposit capture services is available, which fully understands the needs of customers.

The most important credit products are those intended to support the treasury, working capital, sales financing, import and export financing, leasing, purchase of fixed asset, technological entrepreneurship, cleaner production, quality certification and investment projects. The conditions of loans take into account the characteristics of the applicant and the market context. Special attention was given in 2016 to the dairy sector through the credit line awarded to the Dairy Sector Sustainable Development and Financing Fund.

Financial services also include the management of documents related to foreign trade, business services (including payroll, suppliers, collection) and others related to asset management and profitability of surpluses (including checking accounts, savings accounts, term deposits). This area is involved in 31% of the volume of loans granted to the Non-Financial Sector.

The lending balance at December 31, 2016 had a retraction of 0.5%, due to the fact that, although Public Sector financing increased, the Private Sector contracted its activity, since the increase in assistance to agriculture and services was slightly lower than the decline in credit to manufacturing, construction and trade.

With regard to the structure of credits by currency, the share in national currency increased both in pesos (10%) and in inflation-indexed units (12%). This was a result of continuing to prioritize assistance matching the currency of credit with the currency of income in order to avoid adverse effects in customers' ability to repay.

CORPORATE CREDIT BY PURPOSE						
Balance in USD millions						
Purpose	2014	2015	2016	Breakdown by currency, 2016		
				UYU	I.U.	Fgn. Curr.
Agricultural	1,007	1,101	1,116	13	3	1,100
Manufacturing	593	635	608	20	11	577
Construction industry	87	103	84	18	7	59
Trade	235	246	236	25	85	126
Service	568	641	653	64	180	409
Public Sector	556	254	269	144	73	52
Total	3,045	2,980	2,966	284	360	2,322

As shown in the table below, short-term working capital assistance increased by 16% due to support to the public sector to cover temporary cash misalignments. Meanwhile there was a contraction of balances placed on long-term projects because the effect of repayment of loans was not replaced by new assistance. This is particularly explained by the fact that the large private sector projects financed in wind farms in recent years, as part of the national energy matrix transformation plan, and also agricultural mega-projects, began to be canceled. Given their size, this had a downward impact on lending.

CORPORATE CREDITS BY TYPE			
Balance in USD millions			
Type	2014	2015	2016
Working Capital	1601	1316	1528
Investment	1307	1453	1246
Refinancing	135	211	192
Other	2	0	0
Total	3,045	2,980	2,966

In relation to refinancing operations, there was a 10% decrease approximately in the balance, as a result of strict monitoring of the loan portfolio and also because new assistance was driven only to well-qualified clients.

The Corporate Area manages 13,225 credit customers, resulting from the merger of the Agricultural and Corporate Banking Divisions; 50% of them are in the farming business, and the remaining 50% have business in industry, trade or services. Of the total number of credit customers, 23% are small sized enterprises.

With regard to deposits, at year-end, the balance in demand accounts and term deposits reached USD 3.8 billion, deposited in 327,000 accounts.

Attraction of corporate funds	Dec 31, 2016	
	USD millions	Number of accounts
Current accounts	1,787	38,480
Savings Accounts	1,083	38,574
Fixed Term Deposits	429	2,097
Other demand accounts	511	248,013
Total	3,811	327,164

MAIN ACTIONS DEVELOPED IN 2016

In order to achieve a better quality of customer service, streamlining of resources and optimizing management, within the framework of the provisions of the BROU 2020 Agenda, the former Agricultural and Corporate Banking Divisions merged into the so-called Corporate Area. In the same vein, the new segmentation of customers was defined, and there was a change in customer service and in customer relationship with each segment.

The 11th Bidding for Investment Projects was conducted. In this edition, 22 projects were selected for a total funding of USD 33 million. These proposals were ranked according to the criteria and weighting of metrics related to BROU acting as a development bank: belonging to an attractive business sector, job creation, geographical decentralization, domestic value added of exports, use of cleaner production processes, quality and/or traceability systems and emphasis on their contribution to economic and social development.

This initiative is established as the best proposal for long-term funding in the market and it is a benchmark for investment grade nationally. In these eleven years 316 projects have been selected representing USD 1,238 million financing, including large infrastructure and renewable energy projects, aligning our Bank with the transformation policies in the energy matrix of Uruguay.

According to our Bank's commitment to adhere to the Equator Principles, any project exceeding a USD 10 million investment was evaluated taking into account the performance standards of the International Finance Corporation.

BIDDING FOR INVESTMENT PROJECT FINANCING							
Projects submitted at the end of each call							
Bidding	2010	2011	2012	2013	2014	2015	2016
Number of projects submitted	69	43	74	60	51	51	31
Amount of investment (USD millions)	570	550	990	1,011	608	417	200
Funding requested (USD millions)	336	197	480	373	321	199	110
Number of projects selected	35	28	41	35	33	24	22
Amount of investment (USD million)	244	325	675	538	394	94	73
Funding requested (USD million)	120	139	290	203	165	46	28

The traditional Awards Ceremony to the Exporting Effort was also carried out, jointly with the Union of Exporters of Uruguay, with the purpose of recognizing and rewarding the export effort in its different sectors: major sector exporters, exporting effort among BROU corporate customers, recognition to service exporting companies, and major exporters of goods of Uruguay.

Projects were implemented in the form of Project Finance and co-financing with the involvement of organizations such as the IDB and ICO-FIEM.

The use of the National Guarantee Fund -SiGa- continued to be encouraged, with 500 loans granted to clients that lack sufficient guarantees, thus allowing the development of more

firms and a greater distribution of resources in the largest segment of the economy, made up of micro-enterprises.

As part of the dissemination of the comprehensive range of products designed for micro-enterprises, there was participation in events organized with Fundación Banco República (BROU Foundation), by presenting exhibitions in locations such as Trinidad, Mercedes, Paysandú, Paso de los Toros, Treinta y Tres, Minas and Chuy, with a very favorable feedback from participants.

Along the same lines, there was active participation in the event jointly organized by the head of the Micro-enterprise segment and the *Centro Comercial, Industrial y de Fomento de Atlántida* (Business, Industrial and Development Center of Atlántida) for the dissemination of products and services for business in the area. This was enthusiastically embraced by local firms, rapidly creating business for our Bank.

In line with our Bank's support for the use of renewable energies, BROU was actively involved in the First Electric Mobility Exhibition -MUEVE- organized by the Ministry of Industry and Energy, UTE and the Local Government of Montevideo, advising those attending the exhibition -mainly transport business owners- on our Bank's comprehensive proposal, covering not only financing of vehicles, but also assisting firms through electronic services and investment and fundraising products.

Significant progress was made in agreements with different financial correspondents. The signing of these agreements will allow our Bank to approach the most distant points of the country and bring our supply closer.

Our Bank took part in "Expo Activa" in Mercedes, with our traditional stand, where the launching of the UPM forest card was carried out.

Our Bank also participated in the "Expo Melilla", an event mainly aimed at small farmers, with a stand to advise the attendees, and with flags with the BROU logo on the site.

BROU was a sponsor of the *XLIV Jornadas de Buiatría* (44th Meeting on Buiatrics) held on June 9 - 10 in the city of Paysandú, and organized by the *Sociedad de Medicina Veterinaria* (Society of Veterinary Medicine) of Uruguay. These annual meetings have been declared an event of tourist interest by the Ministry of Tourism, of ministerial interest by the Ministry of Livestock, Agriculture and Fisheries, and departmental interest by the Legislative Departmental Board of Paysandú.

World Trade Center Montevideo. Office Building Complex for enterprises, located at Montevideo, Uruguay, next to Montevideo Shopping Center, at the borough of Buceo.

Our Area shared the stand with Retail Banking at "Expo Prado" to attract customers and for account opening. While our bank was sponsoring the Environmental Management Project together with Blasina & Asociados, a special launch was held in order to promote the Spring Auctions together with Plaza Rural, and trophies were awarded to the winning breeders of Hereford, Polled Hereford, Corriedale and Aberdeen Angus.

The ADP Zone in the city of Dolores was sponsored. This day is focused on agribusiness, providing keys for agriculture and livestock. The organizing company, ADP, maintains a high level of reciprocity with our Bank.

We continued providing customer service at Breeder Auctions and Livestock Fairs, both throughout the country and to those held through screen auctions jointly with the firm Plaza Rural in Montevideo.

The credits and guarantees portfolio was monitored, so as to maintain and enhance the high quality standard reached in recent fiscal years.

As regards staff training, participation continued with in-house courses designed to improve the skills required for proper job performance and for the incorporation of new technologies and business:

- First Introductory Workshop on Financing for works carried out under the public-private partnership system in conjunction with the *Corporación Nacional para el Desarrollo* - CND (National Development Agency).
- Officials of our area participated in training on Credit Risk, conducted by the *Liga de Defensa Comercial* (Commercial Defense League).
- In conjunction with the areas of Training and Channel Network, officials from all over the country were trained to sell comprehensive assistance to micro-enterprises.
- Integration event with the officials who arrived at the Corporate Building, coming from the former Agricultural Division. This unification leads to better use of human and material resources, and facilitates the implementation of single processes.
- Training for the Telemarketing Contact Center (micro-entrepreneur proposal telephone sales), unprecedented event driving changes in the relationship with customers. This event was carried out with the support and coordination of the Training Department.

Retail Area

Retail Banking

The mission of Retail Banking is to encourage savings and provide comprehensive coverage of the financial needs of individuals and families, providing quality products and services at competitive prices, promoting financial inclusion and universal access to banking services.

The main actions implemented during 2016, designed to meet the objectives of this Area, are detailed below.

DEPOSITS AND SERVICES Financial Inclusion

Within the framework of the Financial Inclusion Act and to maintain leadership in this sector, the products intended for banking inclusion were updated. This was done through an improvement in product transactional possibilities also through specific promotions in benefit of those customers who are paid their pension benefits at the Bank.

Alternative Channels

In line with the 2020 Vision defined by BROU, which provides a timely and tailored service for the need of every customer, available when needed (in the understanding that the majority of customers should operate via e-channels: ATMs/Internet/Mobile Banking, minimizing and tending to eliminate the need to go to the physical network), the Department of Deposits and Service of Retail Banking designed and developed procedures whereby retail customers can join the e-BROU virtual transactional platform and/or re-activate access, change passwords, pre-register accounts and change operating profiles through the ABMs available at RedBROU (ATMs and deposit machines) available 24/7 with no need to visit a Bank branch.

In addition, actions were taken to continue deepening the incentive to place term deposits through e-BROU. A specific e-BROU Board was created, with preferential rates for the fixed term deposits made via this channel. This Board covers all terms and types for national currency, including preferential rates both for newly created and renewed deposits.

Customer deposits from the Resident and Non Resident Private Sector

Total private sector deposits measured in US dollars were grew by 4.7%, as a result of the increase in placements in all currencies. In turn, it is observed that most of the deposits are in foreign currency, accounting for more than 81.3% of the total.

TOTAL FOREIGN PRIVATE SECTOR DEPOSITS			
Balance in USD millions			
Type of Deposits and Currencies	2014	2015	2016
UYU	1,628	1,399	1,577
Sight Deposits	42	31	29
Savings Accounts	1,296	1,135	1,299
Fixed Term Deposit	290	232	249
Inflation-indexed units	296	244	250
Foreign Currency	7,022	7,667	7,921
Sight Deposits	131	126	112
Savings Accounts	5,647	6,248	6,550
Fixed Term Deposit	1,244	1,293	1,259
Total	8,947	9,309	9,748

MEANS OF PAYMENT

Debit Cards

During 2016, our Bank began to diversify its portfolio of debit products, including products under the Visa label. This label allows the issuance of products under co-branding agreements (such as the current RedBROU VISA Costa Urbana Shopping Card), smart or chip cards (scheduled for 2017), and also allows the addition of optional services such as SMS alerts to customers reporting any purchase or withdrawal abroad.

During the year a campaign placing and activating BROU Visa Debit cards was also carried out, rewarding those customers who used their cards for the first time in purchases, both personally and online. This feature provided via Internet is a novelty of these BROU debit cards, being the only ones in the market that currently have this attribute.

Maestro in turn, has been a strongly positioned card during the entire process of Financial Inclusion, with basic benefits and almost exclusively used in national territory.

The use of cards for purchases has continued to increase, reaching its peak in December 2016, with more than 3.6 million transactions in that month and a volume exceeding USD 170 million.

The indicators in numbers of cards, transactions and volume in US dollars (purchases) throughout 2016 increased compared to previous years, as shown in the following summary:

	2014	2015	2016
ACTUAL OPERATING CARDS (December)	1,171,693	1,168,827	1,282,995
NUMBER OF PURCHASES (Annual data)	5,008,503	15,543,966	28,081,445
AMOUNT IN USD - PURCHASES (Annual data)	285,481,074	847,747,539	1,397,189,690

Another important indicator that has shown a significant increase in recent years is the number of active cards, i.e. those cards with at least one purchase in the last 90 days. In December 2014 this indicator reached 246,198 cards, in December 2015 about 355,260 cards, and reached 514,248 cards in December 2016.

The Port of Montevideo is the main commercial port of Uruguay on the coast of Río de la Plata river, in the bay of the city of Montevideo, an important cargo transit zone of the Mercosur.



South Promenade.



e-Services

In 2016, the e-Services area focused not only on increasing Multipagos transactionality, services and fee income, but also strong emphasized the objective of expanding the digital services and media available to customers for payments, with the understanding that we are facing the opportunity to lead the development of digital banking, which is one of the main responsibilities under the BROU 2020 Vision.

For this reason, in addition to the more than 50 new services joining Multipagos, in 2016 several targets were reached and developments of different types took place in our mobile app and digital wallets.

In 2016 we continued working on the development of the BROU App and achieved major developments in this regard, such as the possibility of customers to access their BROU App by using their e-BROU password as well. In addition, the money transfer mobile service was developed and implemented exclusively for the BROU App. This service allows customers to make money transfers any time from any place to mobile phone users of any cell phone carrier, whether or not they are BROU customers.

During 2016, the "BROU Digital Wallet User Agreement" was implemented, a starting point for the joint development with business partners, of different features and applications for customers.

After more than a year of coordination and development, the Deferred Digital Payment (Spanish Acronym PDD) was launched jointly with SISTARBANC S.R.L. and the support of a major national company as the first partner. This service is the electronic equivalent of the system of postdated checks, {specific of this region}. The system allows supplier companies to enter invoices issued to any customer affiliated with e-BROU, who can quickly and easily access information on invoices due, already paid or in process, with their suppliers. In addition, the system ensures sufficient flexibility to change due dates, cancel payment orders, among other advantages.

Regarding the Multipagos mobile app, work continued on providing more and better services to customers. This resulted in a 62% increase in the number of transactions, compared to 2015. Regarding amounts, payments made in pesos increased by 67%, while those made in US dollars increased by 82%.

Credit Cards and Prepaid Cards

Retail Banking is responsible for establishing the policy and regulations of credit to individuals through credit cards.

The accounting balance of the performing credit card portfolio was USD 68 million at December 31, 2016, equivalent to an 8% increase in US dollars terms compared to the previous year. This increase was due to the development of promotional actions for this product, as well as the expansion of current Cobrandings, the agreements with Costa Urbana Shopping and ANCAP standing out.

During 2016 there was a growth in the number of Credit Cards and Prepaid Cards of 2%, resulting from both the issuance of new cards and a clean-up exercise of the portfolio, due to the decrease of inactive cards.

The US dollar value of purchases increased by 1.5% in 2016 compared to the previous year, when transactions in domestic currency grew by 2% and foreign currency transactions by 11%.

The volume transacted with credit and prepaid cards (excluding those related to government plans) during 2015 totaled USD 406 million, and reached USD 412 million in 2016. At year-end 2016, more than 11 million transactions had been reached with these means of payment, representing a growth of 22% over the previous year.

In 2016, the agreement for the issuance of cobranding credit cards with the Costa Urbana Shopping Mall was strengthened, with promotions with significant benefits



School of Architecture, Design and City Planning. Located at Br Artigas 1031, since 1948., in one of the most characteristic buildings of the city of Montevideo, designed by Architects Román Fresnedo and Mario Muccinelli.

Route 102.



for cardholders, reflected in an increase in the volume of purchases by this group. In addition, cobranding was implemented with the company UPM Forestal Oriental, the first cards were issued, and a cobranding agreement was also signed and implemented with Motociclo. These agreements are expected to impact the performance of the portfolio during the next year.

Main Actions developed in 2016 by the Business Department

As in previous years, during 2016, Retail Banking continued to support cultural, entertainment and leisure events, through benefits for customers in ticket sales. In the period discussed, there was new participation at the new season of "Carnaval", Opera at Teatro Solís, Ballet at SODRE, shows were added at the Del Anglo, El Circular and El Galpón theaters.

Both the traditional 50% benefits for basketball when paying with debit card, and the 2-for-1 in Life Cinemas with all means of payment were maintained.

There was participation throughout the country, granting benefits to promote the activation and use of debit cards. The Patria Gaucha traditional folk Festival in Tacuarembó must be highlighted, and theater performances in several departments of the country (Spagat de gira, Juceca, Murga Agarrate Catalina). In turn, the 2-for-1 agreement was maintained in the purchase of tickets in eight movie theaters when paying with BROU means of payment.

Also, as usual, promotional campaigns of the BROU means of payment together with several business partners were also carried out (with Aguerrebere, Facal, and Vía Confort).

In order to encourage the use of the Costa Urbana Shopping Mall co-branding cards our Bank participated with special discounts in campaigns such as Happy Days, Gran Barata, Mother's Day, Por Fin Viernes, 18.03% OFF, and 16 hours.

The agreements signed for the use of means of payment with merchants of different categories continued. They included vehicle assistance, car rental, appliances, food, hospitality, prescription eyeglasses stores, healthcare providers. Of particular note is the signing of agreements with exclusive benefits for Master Black and Platinum Visa cardholders in Hotels, Restaurants, Vehicle Assistance and Mobile Telephony.

Lastly, the creation of the website (beneficiosbrou.com.uy) including BROU benefits is worth mentioning. This site has given an important visibility to the benefits associated with means of payment and channels of our Bank. Likewise, digital campaigns have been carried out to spread out the existence of this site.

Social Credit

Within the offer of Social Credits, consumer credits are the outstanding product. Consumer credits are offered in both local currency and in inflation-indexed units.

Consumer credits have a wide range of credit lines including: loans to retirees, loans to active workers, cash advances against fixed term deposits, paycheck loans, and pawn loans.

Additionally, this Unit grants loans of great social impact, intended not only to offer a credit on beneficial terms, but also to allow access to funds for certain social sectors, such as those affected by natural disasters, people with disabilities for the purchase of motor vehicles, and systems to improve social inclusion of these individuals, as well as other plans for similar purposes.

The number of clients with loans as of December 30, 2016 was 556,000.

Loans of this Unit amounted to USD 2,057 million at year-end 2016, representing an increase of USD 77 million as compared to 2015.

In the composition of the portfolio by currency, loans denominated in inflation-indexed units still prevail, maintaining the 67% of the total portfolio at year-end 2016.

In relation to Loans for Housing, 188 housing solutions were provided throughout 2016, amounting to USD 15.5 million.

In December the Loan Scheme for Senior Citizens was conducted, whereby retirees and pensioners of all pension funds could access loans on terms more beneficial than usual. At this time, the total amount of loans settled was 102,168, of which 19,424 were paid through e-BROU and the remaining 82,744 at Bank offices, meaning an increase in the portfolio of Liabilities of USD 94 million, an increase slightly lower than the previous edition of this scheme (1%).

The overall delinquency of this portfolio was 3.21% at December 30, 2016, higher than the result of 2.40% at the end of 2015.

In order to continue to promptly bring financial products of Social Credit to the entire population, in 2016, actions were carried out for customers to adhere to the possibility of obtaining loans through e-BROU, and, by a simple process, credit the loan amount on line to their accounts. At the close of 2016, 140,000 customers had subscribed to this service, a figure three times higher than the figure on the same date of the previous year.

Also during 2016, 50 new agreements with Associated Companies were signed, which meant the inclusion of 3,100 potential customers.

CREDIT TO INDIVIDUALS						
Balance in USD millions						
Type	2014	2015	2016	Breakdown by currency, 2016		
				UYU	IU	For. Ex.
Consumer Social Credit	1,967	1,905	1,969	679	1,287	3
Social Credit (mortgage)	74	75	90	0	90	0
Credit Cards	50	63	68	50	0	14
TOTAL	2,091	2,043	2,127	729	1,377	18

Trust Department

The mission of the Trust Department is to manage trusts and our Bank performance in the issuance of negotiable bonds or other securities by companies.

TRUSTS

One of the key objectives for the creation of the Trust Department was to facilitate access to credit, adding increased protection possibilities.

Thus, every year our Bank has developed the implementation of the collateral trust in lending, broadening the basis for lending and since 2006 the Trust Department has been acting as trustee of such trusts and also as trustee of management trusts.

Additionally, since 2012 our Bank has been registered as Financial Trustee in the Equity Market Registry of the Central Bank of Uruguay.

Accordingly, our Bank currently has three basic types of trusts in its product offering, authorized by the legal system of Uruguay since Law 17,703 of October 27, 2003 became effective, namely:

- **Guarantee Trusts**
They enable a new way of establishing guarantees, consequently reducing credit risk with benefits to both the customers and the Bank.
- **Management Trusts**
Under this arrangement, there is a possibility of transferring assets to a third party for administration, with legal certainty for all parties because the mandate given to the trustee is implemented in relation to property or rights that have been placed under trust securing their exclusive allocation for the purposes specified in the trust agreement.
- **Financial Trusts**
Financial trusts are a way of financing through the securitization of property or rights. Assets are transferred to a trust in order to back the issue of debt securities (fixed-income) or share certificates (variable income), that may be subject either to public or private offering.

At year end 2016 loans guaranteed by trusts managed by the Trust Department amounted to USD 308 million, meaning a 5% decrease compared to the ones at the closing of the previous year. With regard to this decrease, it should be kept in mind that in the Bank's Cluster there are two trustees (República Negocios Fiduciarios SA and República



World Trade Center Montevideo. Office Building Complex for enterprises, located at Montevideo, Uruguay, next to Montevideo Shopping Center, at the borough of Buceo.

AFISA), so that when creating business, specialization and comparative advantages must be a priority, and harness synergies among group members.

ISSUANCE OF NEGOTIABLE BONDS AND SHARE CERTIFICATES

Our Bank offers, through its Trust Department, the services of Bondholders Representative, Record Keeping Entity, Paying Agent and Dealer Manager for the issue of negotiable bonds by companies, and share certificates in Financial Trusts.

During 2016, BROU acted in the issuance of Negotiable Bonds of CONAPROLE, underwriting the issue of USD 15.2 million by receiving applications entirely via e-BROU.

Sales and Distribution

e-CHANNELS

In December 2015, the Board approved the new role for channels in our Bank's value proposition, providing the Media Channels Department with a structure consistent with continued growth and the need to support new customers as a result of the entry into force of Law 19.210 and its position as **"leader in financial inclusion"**.

In 2016, certification of the Quality Management System in all e-banking processes was maintained in conjunction with the Operations Quality Certification of our Distribution Network, consolidating our system operating since 2000.

This implies a strong commitment of our Bank, particularly of the Sales and Distribution Area - Distribution Network with Quality Management and customer satisfaction, ensuring compliance with the requirements of the aforementioned international standard, thus continuous improvement being a corporate pillar in the delivery of digital services to customers.

Evolution of Customers, Transactions, ABMs and Service Points

The Digital Channels of BROU have maintained their growth as a result of the actions carried out in pursuit of the

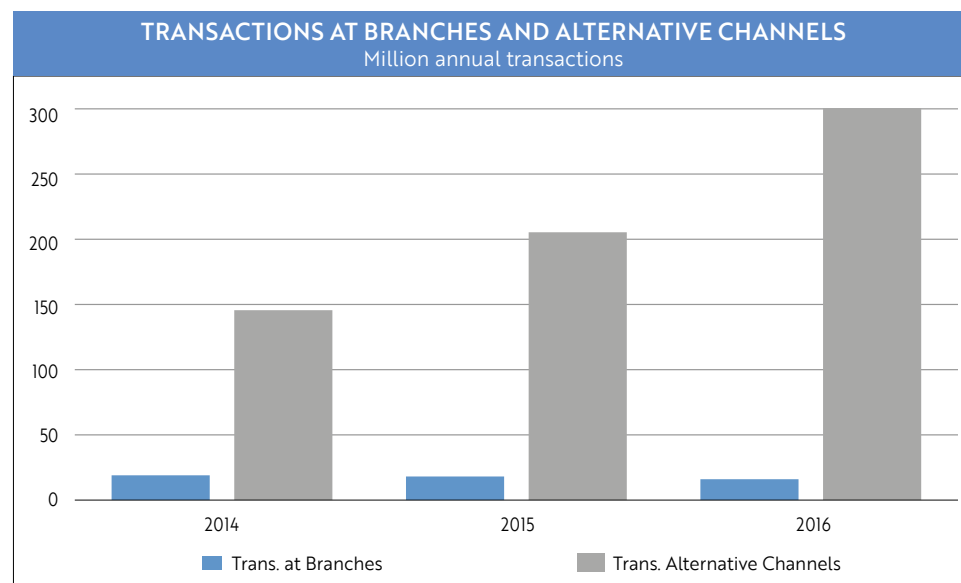
objectives set forth by BROU 2020 VISION. These actions have also been aligned with the Strategic Plan 2016-2017.

With more than 285 million transactions carried out in 2016, there was growth of 38.7% compared to 2015, the largest increase in transactions since 2011.

This significant transaction volume shows that efforts leading customers to our various media channels (Redbrou ABMs, internet and mobile e-BROU banking, telephone Fonobrou banking, e-banking) have been successful

In particular, during 2016, the New Customer Service Model was implemented, with a "pilot" in five branches. This had a direct impact on the Contact Center, including customer service to the corporate segment through its Special Service Unit.

The following tables show the significant growth in the number of customers in the different e-Channels, as well as the number of transactions, showing that once customers have taken ownership of a new channel, they make more transactions, given their ease of access, also to meet their needs immediately. The evolution in the use of the mobile application BROU App is of particular interest



Number	2010	2011	2012	2013	2014	2015	2016
Transactions (millions)	38.1	41.5	48	52.5	67.9	73.9	94.9
RedBrou Cards	767,048	847,609	957,439	1,068,586	1,171,693	1,168,827	1,282,508
ATMs	258	281	305	313	353	376	390
Smaller indoor ATMs	277	263	1,024	2,611	2,761	2,510	4,556
Deposit taking ABMs	30	76	106	115	138	114	102
Web Terminals	14	29	45	48	56	67	82
Service Level Agreement (uptime)	97%	97.60%	97.40%	97.10%	97%	97%	97%
e-Banking Customers	95,296	124,678	191,332	250,175	322,148	428,417	613,933
Mobile Banking Customers	1,415	5,105	13,652	26,104	48,862	90,401	199,942
Banknote recognition ABMs	0	0	0	0	0	48	93

2016 Transactions	
e-BROU	153,787,100
BROU App	10,202,588
Telephone Banking	163,089
Self-Service Terminals	10,322,870
ATMs	94,970,262
e-Banking	15,563,125
Correspondents	15,635,916
TOTAL	300,644,950

Our Bank's digital platform, available 24/7, is one of the competitive advantages of BROU in the financial market due to its **availability, stability and scalability**.

e-BROU continued adding new features that do not require the face-to-face customer service to meet customers' needs. Examples include: renewal of social credit in inflation-indexed units, and bonus rates loans to senior citizens, improved usability of the e-Executive scheduling system, more services available for online payments, payroll and suppliers via the Interbank Payment System (SPI), and saving account openings. These additions were accompanied by a strong communication and dissemination campaign highlighting the benefits and the multiplicity of services offered through e-Channels.

Also, e-BROU service registration features were incorporated into ATMs and the approval of pre-contracted accounts or e-BROU user profiles changes in ABMs, where customers have access to new channels or functionalities with a simple procedure, with high geographical availability and extended hours for the use ABMs.

· REDBROU Self Service Banking

The infrastructure of automatic banking machines composed of ATMs (including all functionalities and cash only), deposit taking ABMs, banknote recognition ABMs and self-help machines, totaled 666 machines at year end. Also, in 2016, 118 machines were installed, 52 of them were ATMs, 44 were banknote recognition ABMs and 12 were deposit taking machines for use with envelopes. In 2015, BROU started to add new equipment including new technology into the network of ATMs, such as banknote recognizing machines, and this year the installation of this equipment doubled. This is beneficial not only to customers, allowing the money they deposit to be credited on line to their accounts, but BROU is also benefited by allowing the money to be recycled and dispensed like a cash machine, reducing maintenance and cash loading costs

It should be added that our partnership with networks such as ABITAB, RedPagos and Scanntech makes it possible for BROU to increase its presence significantly, with more than 4,200 POS operating as smaller indoor ATMs nationally and internationally with Banred, Banelco, Link and Cirrus.

· Internet Banking (e-BROU)

In December 2016, almost 600,000 individual customers and more than 16,000 corporate customers joined this system. Transactions carried out that month increased by 48% in relation to the same month of 2015. The cumulative number of e-BROU users increased by 43% over the same period.

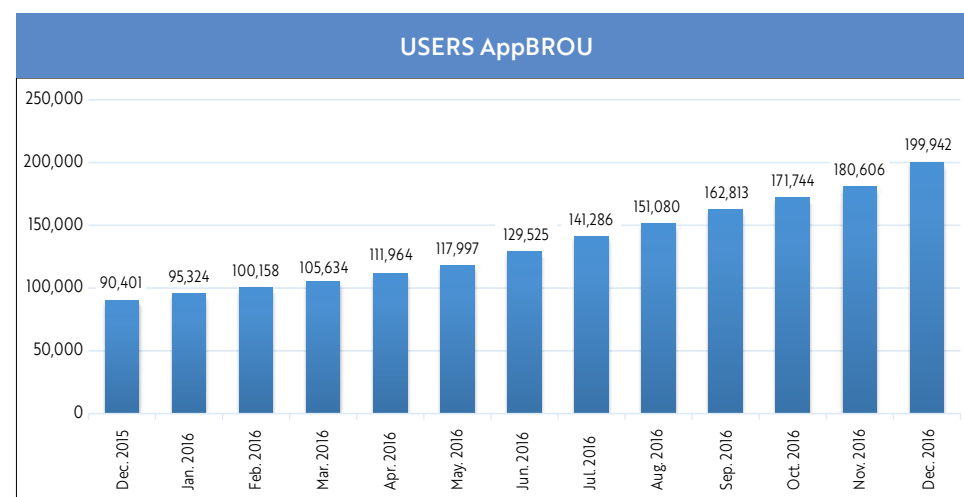
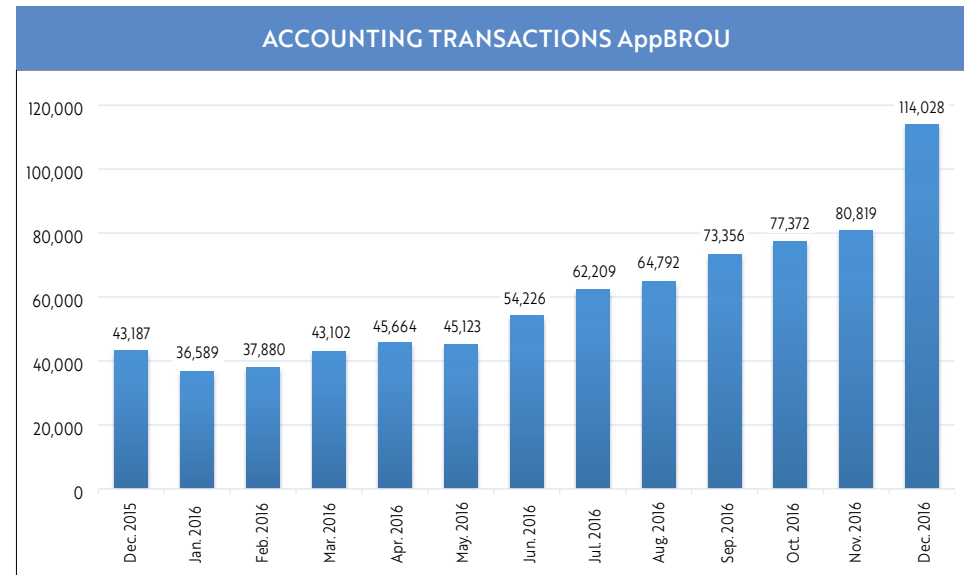
In addition to the convenience, security and readiness of digital channels, the inclusion of new functionalities in the Internet channel makes it possible for BROU customers to have a better and more efficient service, with important benefits such as preferential rates, special low interest rates for fixed term deposits created via e-BROU, interest subsidized on social credit for workers, possibility of opening accounts and investments, among others. It should be noted that this year, social loans for senior citizens and loans in inflation-indexed units for active workers were promoted, and more than 40 thousand credits were granted through this channel; Also the e-Executive scheduling system continued being promoted to begin the process of opening financial inclusion accounts. This system was changed and simplified, improving its usability. Finally, in its second year of operation, the Salary Savings product reached the end of the year with 7,000 users.

In September, the option to join the channel was enabled through ATMs, and in the last 4 months of the year more than 20 thousand people used this functionality.

Following an initiative of the regional management offices outside the capital city, and in coordination with Shopping Malls of different inland locations, meetings were held to promote the use of Digital Channels in companies, highlighting their benefits for payment of wages, suppliers, and utilities among others, where the slogan "easier with e-BROU" could be disseminated in order to add more customers with an increasingly comprehensive bank menu on line.

• BROU App

Mobile Banking is the channel with the greatest expansion in numbers of users, totaling almost 200,000 in December 2016, a growth of 121% over the same month of the previous year. In turn, accounting transactions recorded an even greater increase in the same year-on-year comparison, rising 164%.



One aspect that facilitated access to this application was the possibility of using the same key or password used by customers to access e-BROU. With this improvement the channel has grown in terms of use and customer satisfaction.

• Financial Correspondents

In July 2016, BROU agreed with its financial correspondents, ABITAB and RedPagos, to increase single transaction deposit caps and withdrawal limits, in pesos and US dollars. This is beneficial to customers, decreasing the number of transactions to be made.

Likewise, with different degrees of progress, the National Postal Service (Correo Uruguayo), República Microfinanzas SA and Scanntech, as well as other operators (Urupago SA and Resonance Uruguay SA), are in the process of becoming correspondents. This is expected to offer BROU services at places where our Bank is not present due to their location or sparse population, making banking and financial inclusion possible to all sectors of the country population.



The José Enrique Rodó Park, also known as Rodó Park is in the city of Montevideo. Tribute to José Enrique Rodó, an important Uruguayan writer.



The Port of Buceo is a small bay on the coast of Montevideo, located at one end of the borough of Buceo, next to the borough of Pocitos.



KIBON, on the bay of Pocitos. Rooms for receptions and parties.



Book entitled "Historical Memory of the first 114 years of Institutional Trajectory of Banco República 1896-2010", written by a team of Researchers lead by Prof. Benjamín Nahum.

· Social Networks

In 2016, under the management of Digital Channels, the Contact Center started to manage social networks (currently Facebook). This initiative emerged as a response to the need to be present where BROU customers express their opinions, queries and complaints. And this allows our Bank to be given the necessary feedback through the channel that has expanded the most in recent times.

The presence of BROU on Facebook is on the rise with 40 thousand followers, more than 1,000 shares of BROU posts in December, and almost 400 comments. Almost 4 million views in December show the importance and the reach of this channel in communicating and promoting the benefits of our financial services.

· International Area

The International Area is composed of the Branches in New York, Buenos Aires and Sao Paulo. Regarding the Sao Paulo Branch, as a result of various studies and analyses, the Board decided on March 9, 2016, to start the processes to cease business activities at that place. For these purposes, that branch is committed to comply fully with all the requirements of the regulations of the Federative Republic of Brazil.

As regards the New York and Buenos Aires Branches, the main activities carried out during the year are listed below.

New York Branch

The main business of the New York Branch focuses on investments, accompanied by services and non-resident deposits. In addition, this Branch intends to facilitate the transactions of Uruguayans in its area of influence, with our Bank in Uruguay and their link with our country.

The license for operating in the United States (Federal Foreign Branch), does not allow financial intermediation with residents. Also, no new business under the new regulatory emphasis of the Dodd-Frank Act is carried out. The focus is constantly reviewed, mainly oriented to profitable activities that make sense for the rest of the organization, controlling risks and operational efficiency. Explicit supervision costs are streamlined by direct access to the Federal Reserve.

The main component of the assets is the securities portfolio. This portfolio grew 19% in 2016, reaching more than USD 2,5 billion, mainly as counterpart of the Head Office term deposits. It is made up of fixed income instruments –within the BROU general policy on the subject– spread out across four continents (the United States, Canada, Australia, Sweden, Japan and France accounting for more than 2/3). A high number of them rate AA or higher, tempering the regulatory capital requirements at consolidated level.

Average portfolio yields maintained their stability (~ 2%) despite market setbacks. The benchmark rates in 2016 were very far from those officially anticipated at the end of 2015. The Federal Reserve again only once raised the rates (to 0.50% - 0.75%, in December). The investment structure did not include higher maturities levels in 2016, as yields hit record lows with the first-quarter market turmoil (deepened with the referendum result in the UK). Acquisitions of the period allowed marginal improvements in returns based on a favorable combination of timing and spreads. Transactions over the past few months have indicated the conditions after the US election.

The average duration of the portfolio remains limited (<2.5 years). Higher maturity level in 2017 - 2018 (40%) would allow to take advantage of a less depressed dollar rate environment, while later maturities are a floor in an alternative scenario. The staggered maturities strategy also facilitates liquidity management (along with an "available for sale" portion).

Most interest income (USD 48 million) was allocated to the Head Office. The annual net income of this Branch (5.6 million) was within expectations (ROE ~ 8%).

Buenos Aires Branch

The Buenos Aires Branch acts as a commercial bank offering a wide range of services to businesses and individuals related to Uruguay and to Uruguayans, particularly in the areas of Foreign Trade, Deposit Capture and Loans, Currency Exchange and Payment of pension benefits to persons based in Argentina.

Apart from the Branch located in the downtown area of the city, there is a Forex Office located at the Buquebus Passenger Terminal, at Puerto Madero, where foreign exchange service is provided by our Bank, with hours of operation Monday through Friday and Saturdays when there is high demand, providing services to tourists and passengers who use the ferry services connecting Argentina and Uruguay.

Additionally, through "Espacio Uruguay-Buenos Aires" our Bank provides specialized infrastructure for conducting business meetings and dissemination meetings in general, for use especially by Uruguayan entities related to foreign trade and investment promotion. Thus the strong commitment to encourage the generation of opportunities and realization of sustainable business to and from Uruguay are further reinforced.

During 2016 the recessionary context in Argentina continued, and, thus, a contraction of credit demand. This is expected to reverse in the coming year. With this expectation, the Bank maintains its full range of financial products.

FINANCIAL AND INCOME STATEMENT AND MANAGEMENT INDICATORS			
	USD millions		
BUENOS AIRES BRANCH	2014	2015	2016
Assets	25	16	14
Liabilities	17.5	11.3	10.6
Equity	7.0	4.7	3.5
Income for the year	0.4	-1.2	-0.4
ROE	5.5%	-17.9%	-11.4%
Efficiency	78%	153%	142%
NEW YORK BRANCH	2014	2015	2016
Assets	2,145	2,198	2,574
Liabilities	2,080	2,128	2,499
Equity	65	70	75
Income for the year	5.3	6.1	5.6
ROE	8.7%	9.0%	7.7%
Efficiency	29%	29%	27%
SAO PAULO BRANCH	2014	2015	2016
Assets	25	20	20
Liabilities	4.5	5.0	2.0
Equity	20	15	18
Income for the year	0.7	1.4	0.6
ROE	2.9%	7.0%	3.8%
Efficiency	84%	71%	75%



The Port of Piriápolis is located on the shore of "Río de la Plata" river, in Piriápolis, Department of Maldonado, Uruguay. Inaugurated in 1916, this port allows the entry of sailboats, inshore fishing boats and even ferries.

Anti-Money Laundering

Focusing on the best practices in the industry, and in compliance with national policies, our Bank has developed a system in order to prevent being used for money laundering and terrorist financing, consisting of an organizational structure, an operational structure, policies and procedures, all compiled in a Manual.

The **organizational structure** of Anti-Money Laundering and Countering the Financing of Terrorism consists of the following bodies:

- The **Board** is the highest authority of our Bank in terms of AML/CFT.
- The **Anti-Money Laundering Commission** is composed of two Directors, the General Manager and the Compliance Officer.
- The **AML Operational Committee** is composed of the Compliance Officer, the Sales and Distribution Deputy Management and the Executive Managements of the areas involved in each topic to be dealt with.
- The **Compliance Officer**, appointed by the Board belongs to the Senior Management of BROU. The appointment of this Officer is notified to the Central Bank of Uruguay, entity regulating the national financial system.
- The **Anti-Money Laundering Unit**, led by the **Compliance Officer**, designs the policies, procedures and controls necessary for proper AML/CFT risk management through OUR Bank's business structure.

The mandate of all such bodies was compiled in the AML/CFT Manual, available in the website of our Bank: www.brou.com.uy (AML/CFT)

The **operational structure** of AML/CFT consists of:

- AML/TF Risk Management System - SARLAFT
- Customer Acceptance Policy
- Customer Due Diligence Policies and Procedures
- Transactions Monitoring System
- Reporting Process for Unusual and/or Suspicious Transactions
- Financial Transactions Reporting to the Central Bank of Uruguay
- Policies and Procedures regarding Correspondent Banks
- Policies and Procedures regarding the Staff
- Independent Review of the Prevention System

In 2016 prevention work continued in search of greater effectiveness and efficiency of the system. For this purpose, keeping the risk approach and complying with the latest regulatory requirements, we continued with the identification and registration of customers who manage third party funds through their accounts, and the third parties involved in transactions. This registration is carried out using an online computer tool developed especially for this task. The system is managed by the Preferential Due Diligence Office, a specialized area in the Anti Money Laundering Unit for controlling high priority customers.

A new computer system purchased from Fircosoft was added to the set of controls in place. This will improve the control of overseas money transfers.

The AML policies were revised and adopted, a new version of the *Manual on AML/CFT Policies* was adopted in June, introducing operational and policy settings aimed at achieving the best practices in the industry.

With regard to staff training, a new web course was launched with key procedures for the prevention of money laundering. The AMLU training team reached 17 BROU branches across the country, providing direct training to staff and officials at their workplaces. There were also five talks throughout the country, and three in Montevideo specific for the staff of Executive Investment Banking, Corporate Area, and branches in the metropolitan area. There were induction courses for newly hired officials.

Two special trainings were also carried out by an international expert hired for this purpose. One of them for Board members and Senior Management, with the participation of government agencies, the Association of Private Banks of Uruguay, and the National Secretariat for Combating Money Laundering and Terrorism Financing, and another one for AMLU officials.

Also, AMLU officials continued their training by taking part in courses and events.

Following the usual practice and applying the SARLAFT (AML/CFT Risk Management System) methodology, the risk of money laundering and financing of terrorism of BROU was evaluated, including the branches abroad.

"Rambla de los Argentinos" Promenade is the focal point of Piriápolis activities, where tourists can find the beach, hotels, shops and restaurants.





South Promenade

Risk Policies and Control

The mission of the Office of Risk Control and Policies is to identify, assess and monitor the risks associated with the Bank business, maintaining an adjusted design of specific policies and controls, taking an integrated approach aligned with the mission and strategic objectives of our Bank.

BROU has a methodological framework approved by the Board, containing guidelines as a basis for an integrated approach, consistent and aligned with its mission and strategic objectives in order to identify, evaluate, respond to and monitor key risks affecting the achievement of the Bank objectives.

This methodological framework contains basic definitions and key concepts for a Comprehensive Risk Management, and a description of the steps to follow, factors to consider, techniques to be used and the main roles and responsibilities related to such management.

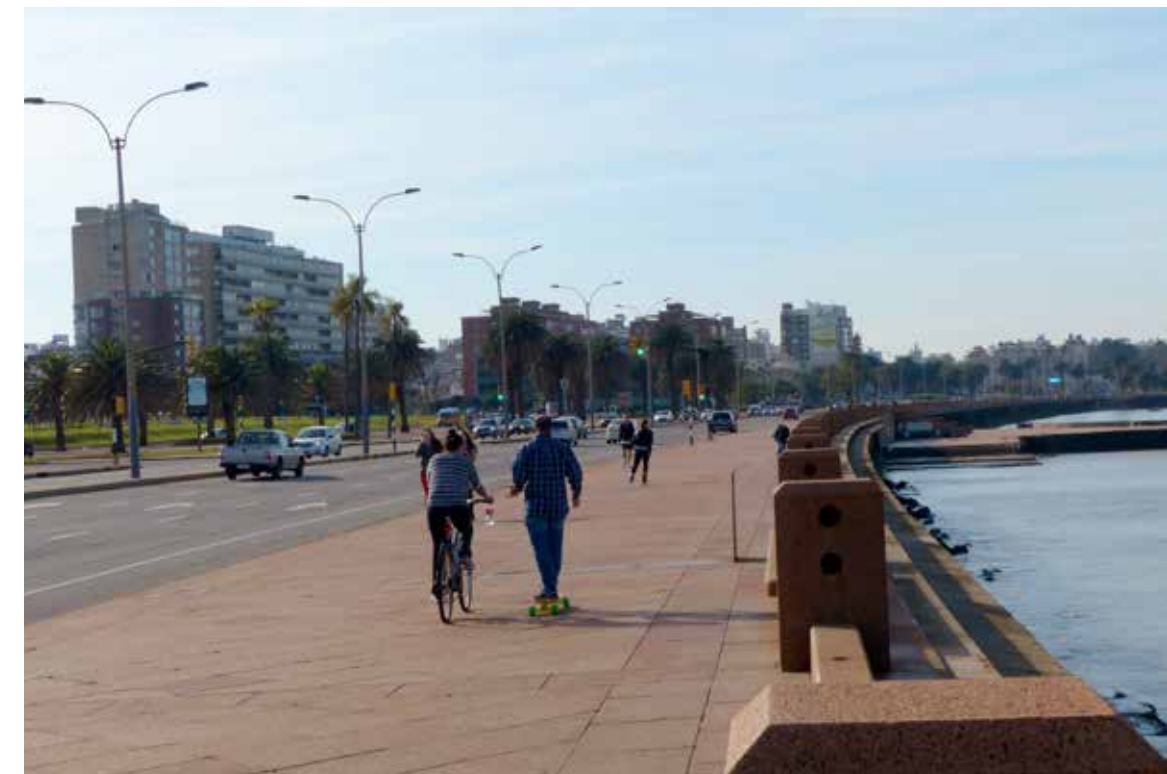
Credit Risk

The Credit Risk Unit is mandated to identify, measure, monitor and control non-financial sector credit risks, and to develop and promote best practices and the design and implementation of information systems for monitoring and analyzing the loan portfolio.

Regarding the acceptance of risks, this Office is also present in the various Credit Committees where borrowings higher than USD 200,000 are approved. An adversary technical opinion of this Office requires that the credit is treated by a Senior Professional Body.

This Office also monitors that the credit risk positions assumed adhere to the ceilings provided for by the Regulation and Control Rules of the Financial System and by internal regulations.

This Office regularly prepares reports to the Board and the Risk Committee on the portfolio of our Bank by sector and by higher exposures, analyzing among others, loan volume, risk categories, provisions and guarantees, besides monitoring the credit risk ceilings of the non-financial sector, established in the Credit Manual and appetite for risk



South Promenade

Special operational reports on lending, reports on the corporate, consumer and housing portfolio of our Bank, and impact analyses on stress scenarios are also prepared.

In terms of credit monitoring, this Office keeps track of the largest clients with delays in meeting their obligations, as well as those defined as potentially problematic according to a set of warning signals, reporting on this.

The credit risk performance of the non-financial sector portfolio in 2016 has stopped the slight deterioration of the previous year, with 78% of transactions in this portfolio in the lower risk categories.

The delinquency indicator of the non-financial sector portfolio, defined as the ratio between gross overdue credits, 60 days or more (past due, collection in process and delinquent credit), and gross total credits, reached 5.69 %, a figure somewhat higher than the previous year.

Market, Liquidity, Country and Counterparty Risks

The mandate of the Market and Liquidity Risk unit is to identify, measure, monitor and control the following risks: liquidity, interest rate, exchange rate, price, counterparty and country risk. By using standard techniques and practices in the industry, this Department provides analytical support to the corporate decision-making related to the main financial risk control and policies.

This unit promotes risk management through the use of traditional measurements such as gap, duration and value at risk, with specific limits for each financial portfolio.

These metrics provide key calculations to understand the nature of the "exchange rate" and "interest rate" risks. The VAR technique on the exchange rate at the end of 2016 showed an estimated maximum loss of UYU 1,535,733,295 equivalent to USD 52,492,935 at the exchange rate used taking Uruguayan pesos as the unit of measure.

Likewise, compliance with the rules on minimum capital requirement established by the BCU provided calculations also very useful for corporate purposes. In December 2016, the Head Office had to maintain the capital requirement for foreign exchange rate equivalent to USD 19,952,283, the interest rate risk equivalent to USD 156,911,536 and commodity risk equivalent to USD 53,369.

In relation to interest rate risk, our Bank uses traditional measurements such as the duration approach and other greater complexity approaches such as the VAR. Based on this, limits are established for each managed portfolio (investment, liquidity, collateral), ensuring continuous monitoring and control.

Also important information on the risk management of structural interest rate is provided, not only identifying such risk in the balance sheet, with its accounting and economic prospects, but with sensitivity tests based on rate curves taken as a reference. By applying standard testing in the industry, the results for the Bank are successful in terms of impact measured both on equity and on financial margin. Other tests with different scenarios have been also maintained based on events of different probability of occurrence and impact, in order to adjust the most general standard test to practice and market reality.

In relation to the process of monitoring and controlling liquidity risk, there is a work environment that allows to display the cash flow of our Bank from different perspectives, with access to information at transaction level. Analyses have been supplemented with stress tests for credit risk scenarios, following the Basel design for such testing.

During 2016, the LCR, part of the Basel Accords was implemented, although maintained internally, BROU adapted the ratio determination to the design established by the regu-

lator. It has been verified that the currency levels of liquidity required by the regulation coming into force in 2017 are met both in domestic and foreign currency.

The Market and Liquidity Risk Department also provides the rating of financial institutions, highlighting the rating of multiple correspondents that maintain regular relationships with our Bank. Likewise, a matrix design is regularly kept and reviewed, adding the country risk to all other risks and updating discount factors per exposure allowed. During 2016, the strong participation continued in the adequate operational implementation and best practices of the new core banking system (Phase I), promoting risk identification and control in terms of financial sector counterparts and country risk.

The support methodologies allow the monitoring of country risk performance and are the basis for related forecasts in large scale financial investments such as those held by our Bank in lending.

During 2016, specific frameworks for the management of liquidity risk, country and interest rate risk, which contain specific policies and limits for the aforementioned risks, have been reviewed. Continued analytical support has been maintained by the Assets and Liabilities Committee, with specific ratios, indicators and tests on liquidity and interest rate risk following the Basel III recommendations

Operational and Compliance Risk

The Operational Risk Unit has responsibilities for the identification, measurement, monitoring and control of operational risk defined as the risk that the earnings or assets of our Bank might be affected by losses from inadequate or defective processes, staff or systems, or by external events, included the Compliance Risk, defined as the present and future risk that the profits or assets of BROU might be affected by violations of laws, regulations, standards and practices of the industry or ethical standards. This includes compliance with domestic laws or self-regulation of our Bank.

During 2016, the software purchased for Operational Risk management was customized and put into use, introducing improvements in the database for recording loss events to capture incidents and events. Work was also carried out on the specification of requirements to deal with the management of risk incidents during the registration, research and treatment stages.

This unit also worked on the validation of the requirements for the registration and traceability of transactions linked to operational risk in the new core banking corresponding to phases I and II of the project.

The first phase of the Supplier Management project was implemented and put to use. The characteristics of agreements with suppliers were established, as well as contract requirements and capital requirements, among other requirements that must be met by suppliers in cases of outsourcing, external data processing and procurement in areas critical for the Bank.

In terms of Compliance Risk, progress was made in specifying the requirements of some basic control features to be included in the purchased software, allowing progress in treating such risk.

Also in 2016, there was intense work in the risk assessment of medium-term strategic objectives (2020 purposes), starting point for the cascade evaluations of strategic objectives for an annual planning horizon and its supporting processes, adopting a comprehensive approach.

Reputational risk

Monitoring and control was deepened in this fiscal year, and the information base was expanded to issue the reports dealt with by the Risk Committee.

Human Resource Management

The Human Resources Management Area, focused on supporting the implementation of the BROU 2020 Agenda, is responsible for the design and implementation of the strategy for the management of organizational change and cultural transformation, in order to formalize a comprehensive action aligned with Vision 2020 and the existing policies.

The multidisciplinary team of this Area was actively involved in the following projects: Customer Service Model, Customer Segmentation, Credit Process Optimization, Operations, CRM, Core Banking Change, by advising and supporting the decision making process to facilitate and implement the organizational strategy.

The Internal Communication Policy was approved with the objective of consolidating an integral vision and providing a frame of reference for the different communication actions, aiming to manage internal communication as a tool for achieving the expected results.

More than 300 leaders participated in information and awareness events about their role as agents of change and drivers of communication and coordination areas needed to achieve the defined objectives.

There were workshops with 40 Managers and Coordinators of the Distribution Network and the Business Area (Corporate and Retail Banking) who share the same value chain and act directly in monitoring business goals. The challenges of communication, teamwork and leadership were discussed, and the assessment of efficiency and impact of the cascade communication process was systematized for 1,700 employees of the Network.

In addition, the biweekly newsletter *Actualidad BROU*, the biannual magazine *Fuera de Oficina*, managing the Intranet publication "IntraBROU" and training the publishers, they all contributed to the goal of improving internal communication.

With the advisory assistance from the National Agency for Research and Innovation (ANII), the first internal contest for Innovative Ideas was held, encouraging staff to take a proactive role in value-creating opportunities. 7 out of 94 proposals oriented to business, services, customer service and institutional image were awarded.

In the Bank Organizational Structure Review project, the design and approval of the management levels of the following areas were consolidated: Operations, Cash Logistics, Finance, Corporate, and those corresponding to the Process Area.

The staffing and profiles of the sales force were also adjusted and strengthened, and the support and advisory areas (Strategic Planning, Human Resources Management, Accounting and Office of Risk Control and Policies) were partially changed.

Once the structures had been approved, there was a competitive process to cover 125 emerging vacancies, prioritizing the areas of business and sales force. There were 46 promotion competitions (where a total 5,870 people signed up) and 6 assisted selection processes (51 candidates).

Accompanying the implementation of the new business model, 200 new positions of Assistant Business Executives (675 candidates) were selected and 142 Business Executives were also selected for the assigned portfolio of corporate customers and high income segment clients.

In the same vein, 72 entry-level assistants, selected in 2015 through internal competition, and 101 trainees of the program "I Work & Study" were assigned to improve customer service at Branches.

An external competition was also approved, to be held in 2017 for 120 entry-level assistants.

The workforce continues to decline, ending 2016 with a staff of 3,885. The decrease is evidenced in the support areas, with 69.34% in the business areas.

The number of women has stabilized in this three-year period, representing almost 43.81% of the staff.

Those older than 50 are 67% of the workforce. Work on succession plans for managerial positions and the preparation of leaders for the performance of key positions continue, as approximately 900 people will retire in the next 4 years.

BREAKDOWN OF EMPLOYEES BY WORK AREA			
	2014	2015	2016
Business	2,928	2,691	2,694
Support	1,264	1,367	1,191
Total	4,192	4,058	3,885

PAYROLL EVOLUTION			
Montevideo / Rest of Uruguay			
	2014	2015	2016
Montevideo	2,713	2,604	2,533
Upcountry	1,479	1,454	1,352
Total	4,192	4,058	3,885

PAYROLL EVOLUTION			
By gender			
	2014	2015	2016
Female	1,756	1,739	1,702
Male	2,436	2,319	2,183
Total	4,192	4,058	3,885

The annual training plan focused on updating knowledge, including best management and business practices and compliance with regulatory regulations, supporting the multiple strategic projects that emerge from 2020 Vision.

Its implementation included in-person events, designed internally or outsourced, and other distance learning platform events, encouraging the massive use of this tool.

Training actions carried out totaled 11,600 places, with an average of 19 hours per employee. 84% of training was for the Commercial and Sales and Distribution areas.

One of the main focuses was the massive training campaign was in the use of the Microsoft Dynamics CRM tool, purchased in order to centralize business customer service and offer a better customer experience through the various channels, and run more agile, efficient and modern operation internally, incorporating information management that will help identify prospects, optimize the relationship with customers and meet their needs in a comprehensive manner.

For this campaign a squad of 12 internal trainers was formed and the course was carried out in 89 editions at four classrooms outside Montevideo and three in Montevideo, reaching 1780 end users.

From October 26 to 28, our Bank hosted the International Workshop on Formulation and Evaluation of Environmental and Social Impact on Investment Projects of Development Banks, organized jointly with the Asociación Latinoamericana de Instituciones Financieras para el Desarrollo (ALIDE) (Latin-American Association of Development Financing Institutions) and sponsored by the Inter-American Development Bank (IDB).

Thirty-six representatives of Latin American financial and regulatory entities, took part in this international workshop-course, along with Uruguayan representatives of government managed companies and Ministerial offices.

This event is part of the Cooperation Agreement between ALIDE and our Bank, in order to strengthen the action and projection of the financial institutions in MERCOSUR and to promote the exchange of experiences through joint courses, seminars and technical meetings.

From the point of view of labor relations, the role of advice has been fulfilled in implementing the existing laws and regulations.

Within the framework of the three-year tripartite Collective Agreement signed on September 26, 2016 (Executive Branch, Official Banks and the union of bank employees AEBU), the benefits and working conditions agreed for the sector were interpreted and implemented.

In addition, an agreement on a Labor Harassment Protocol was signed by the Official Banks and the union AEBU with the Ministry of Labor and Social Security, where there was participation of BROU representatives of this Area.

Uruguayan Coat of Arms. Artistic craftwork made of glass, located on the Western arch of BROU Head Office building.





08



Financial Statements



Launching of the first ATMs of
Banco República in 1982.



NATIONAL AUDIT OFFICE

OPINION

The National Audit Office of Uruguay has audited the individual financial statements of the Banco de la República Oriental del Uruguay (BROU). Such financial statements include the Comparative Balance Sheet 2016/2015, the relevant comparative Income Statements 2016/2015, the comparative Source and Use of Funds Statement 2016/2015 and the Statement of Changes in Equity for the year ended on Dec.31/2016, as well as their Annexes and Notes on significant accounting policies, and other explanatory notes on the financial statements.

Management's Responsibility for the Financial Statements

BROU Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards, credit risk ratings and appraisal criteria issued by the Central Bank of Uruguay (BCU) and Ordinance No. 81 of the National Audit Office. This responsibility includes designing, implementing and maintaining a proper internal control for the preparation and fair presentation of financial statements free from material misstatements -whether due to fraud or error, selecting and applying suitable accounting policies, and making reasonable accounting estimates in the circumstances.

Auditor's Responsibility

The National Audit Office's responsibility is to express an audit-based opinion on these financial statements. We conducted this audit in accordance with the Fundamental Auditing Principles (ISSAI 100 and 200) and the Financial Audit of the International Organization of Supreme Audit Institutions (INTOSAI). These standards require that we comply with ethical requirements and that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to collect evidence about the accounting amounts and disclosures. The procedures selected depend on the

auditor's professional judgment, including the assessment of risk of material misstatements in the financial statements, whether due to fraud or error. In making risk assessments, the auditor considers the entity's internal controls applied to the preparation and fair presentation of the financial statements, in order to design proper audit procedures, not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the adequacy of accounting policies adopted and the reasonableness of accounting estimates made by Management, as well as evaluating the presentation of the financial statements as a whole. We consider that the audit evidence collected provides us with a reasonable basis to state our opinion.

Opinion

In the opinion of the National Audit Office, the financial statements referred to above present fairly, in all material respects, the financial position of BROU as at Dec. 31/2016, as well as the results of its transactions and cash flows for the fiscal year then ended, in conformity with the accounting standards issued by the Central Bank of Uruguay (BCU) and the provisions of Ordinance No. 81 of the National Audit Office. With regard to their compliance with existing laws and regulations, during the course of the audit, it has been stated in our Opinion on the Consolidated Financial Statements of BROU.

Montevideo, July 6, 2017



Deloitte S.C.
Juncal 1385, 11th floor
Montevideo, 11000
Uruguay

Phone: +598 2916 0756
Fax: +598 2916 3317
www.deloitte.com/uy

Report of the independent auditor on the summary financial statements

To the Board of Directors of
Banco de la República Oriental del Uruguay (BROU)

Opinion

The accompanying summary separate financial statements (expressed in thousands of U.S. dollar), which comprise the summary balance sheet as at December 31, 2016, the summary income statement for the year then ended, and related notes, are derived from the audited financial statements of Banco de la República Oriental del Uruguay for the year ended December 31, 2016.

In our opinion, the summary financial statements derived from the audited financial statements of Banco de la República Oriental del Uruguay for the year ended December 31, 2016 are consistent, in all material respects, with those financial statements, on the basis described in the related notes.

Other matter

Our audit also included the translation of the uruguayan pesos amounts into U.S. dollar amounts in the summarized financial statements and, in our opinion, such translation has been made in conformity with the basis stated in the header of each financial statement, and are presented solely for the convenience of readers outside Uruguay.

Summary financial statements

The summary financial statements do not contain all the disclosures required by the presentation, valuation criteria, risk classification and presentation requirements to the Registro de Estados Contables Auditados (Register of Audited Financial Statements) standards issued by the Banco Central del Uruguay (Central Bank of Uruguay). Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Banco de la República Oriental del Uruguay.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on those financial statements in our report dated March 28, 2017. The report also includes one explanatory paragraph that is described under the title "Other matter". Such financial statements and the aforementioned report are included in the Register of Audited Financial Statements of the Central Bank of Uruguay, published in the Central Bank of Uruguay' web page.

Management's Responsibility for the Summary Financial Statements

Management of Banco de la República Oriental del Uruguay is responsible for the preparation of a summary of the audited financial statements on the basis described in the related notes.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagement to Report on Summary Financial Statements".

March 28, 2017

Juan José Cabrera
Partner, Deloitte S.C.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, Deloitte LLP and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

© 2017 Deloitte S.C. All right reserved.



BANCO DE LA REPÚBLICA ORIENTAL DEL URUGUAY**BALANCE SHEET** as of December 31st., 2016

Amounts in thousands of US dollars / Exchange Rate: \$ 29,256 / USD 1

ASSETS	
Assets	16,141,605
Cash on Hand	3,655,993
Investment securities	3,510,750
Credits (net of provisions)	8,530,186
Outstanding from financial intermediation	8,224,058
Financial Sector	3,457,479
Non-Financial Sector	4,766,579
Forward contracts	16,053
Overdue credits	154,655
Sundry Credits	135,420
Investments	210,006
Fixed Assets	176,845
Intangible Assets	57,826

LIABILITIES	
Liabilities	14,812,147
Liabilities	14,812,147
From financial intermediation	14,355,255
Financial Sector	318,293
Non-Financial Sector	14,036,961
Forward contracts	16,034
Sundry liabilities	233,588
Other liabilities	67,913
Provisions	139,357

EQUITY	
Equity	1,329,458
Paid-in capital	876,557
Adjustments to equity	263,554
Reserves	143,330
Retained earnings	13,992
Net income of the year	74,593
Profit in advance	(42,568)

TOTAL LIABILITIES AND EQUITY	16,141,605
-------------------------------------	-------------------

CONTINGENT ACCOUNTS RECEIVABLE	655,259
---------------------------------------	----------------

MEMORANDUM ACCOUNTS RECEIVABLE	19,005,154
---------------------------------------	-------------------

BANCO DE LA REPÚBLICA ORIENTAL DEL URUGUAY - INCOME STATEMENT

From 1st. January to 31st. December, 2016 - Amounts in thousands of US dollars / Exchange Rate: \$ 29,256 / USD 1

Financial Gains	969,396
From performing credits from financial intermediation	722,903
Financial Sector	115,959
Non- Financial Sector	606,943
From revenues, readjustments and exchange rate differences of investment securities	199,276
From liabilities readjustments	435
From forward contracts	419
From overdue credits	46,364
Financial Expenses	(201,095)
From liabilities	(93,897)
Financial Sector	(8,285)
Non-financial Sector	(85,612)
From readjustments and exchange rate differences of investment securities	(95,565)
From credits readjustments	(11,271)
From forward contracts	(362)
FINANCIAL MARGIN BEFORE PROVISIONS AND EXCHANGE RATE DIFFERENCES	768,302
Gains for exchange rate difference in valuation of assets and liabilities from financial intermediation	(14,984)
FINANCIAL MARGIN BEFORE PROVISIONS	753,318
Provisions	(118,740)
Decrease of provisions and credit revaluation	1,141,310
Increase of provisions and credit devaluation	(1,260,049)
FINANCIAL MARGIN	634,578
Revenues for Services	109,762
Expenses for Services	(16,481)
MARGIN FOR SERVICES	93,280
Other gains for exchange rate differences	46,353
GROSS PROFIT	774,211
Operating Gains	36,052
Gains for sundry credits - Residents	86
Invesments in local equity securities	11,733
Branches abroad	7,223
Revenues	249
Other gains - Residents	16,761
Inflation adjustment	
Operating Expenses	(630,577)
Wages and social charges	(312,882)
Insurances	(716)
Depreciations	(21,765)
Taxes, charges and contributions	(50,866)
Other operating expenses	(108,177)
Other expenses	(31,862)
Investments in local equity securities	(2,358)
Branches abroad	(1,206)
Inflation adjustment	(100,643)
Sundry liabilities	(102)
OPERATING MARGIN	179,686
Extraordinary income	52
Adjustment to previous years' income	672
INCOME BEFORE INCOME TAX	180,410
Income Tax	(105,817)
NET INCOME OF THE YEAR	74,593

Notes to the Financial Statements

A) Consideration by Shareholders' Meeting

These financial statements have been approved by Board of Directors Resolution dated February 22nd, 2017. No shareholders' meetings are held because Banco de la República Oriental del Uruguay (BROU) is a government-owned financial institution.

B) Basic information on the financial intermediation company

B.1) Legal status

- The BROU is a government-owned financial institution incorporated by Law dated August 4, 1896.
- As an Autonomous Entity, it is governed by the provisions of Sections XI, XIII and XIV of the Constitution of Uruguay, and by Law No. 18,716 (Bank Charter). As a financial intermediation services provider, the Bank operates under the legal regime set by Law No. 15,322 as amended.

B.2) Basis for the preparation of the Financial Statements

- The financial statements presented above have been prepared according to the accounting standards, and the valuation and risk classification criteria established by the Central Bank of Uruguay (B.C.U.).
- In 2016, the financial statements have been restated per inflation in accordance with B.C.U. Communication No. 2010/021 of January 21, 2010.

B.3) Branches and investments in other companies

- The following table shows the participation in other entities equity as of December 31st, 2016:

Entity	Condition	Currency	Amount	%
República AFAP S.A.	Controlled	\$	850,165	51%
República AFISA	Controlled	\$	555,072	100%
República Microfinanzas S.A.	Controlled	\$	1,116,394	100%
República Negocios Fiduciarios S.A.	Controlled	\$	11,509	100%
Corporación Nacional para el Desarrollo (CND)	Associated	\$	1,833	11,99% (*)
Compañía Uruguaya de Medios de Procesamiento S.A. (Visanet)	Associated	\$	59,861	0,0579
Sistarbanc S.R.L.	Associated	\$	1,235	47%
Bolsa Electrónica de Valores S.A. (BEVSA)	Associated	\$	272	3,84%
SWIFT	Associated	Euros	35	0,007%
Banco Latinoamericano de Exportaciones (BLADEX)	Associated	USD	1,046	0,43%

Figures in thousands in the original currency

(*) percentage as of 12.31.2013

- A detail of the Equity of the international branches of the Bank as of December 31st, 2016 is exposed in the following table:

Branch	Currency	Amount
New York	USD	74,646
Buenos Aires	ARG.\$	55,618
Sao Paulo	R\$	58,226

Figures in thousands in the original currency

BROU separately prepared a consolidated balance sheet with its international branches and subsidiaries, as required by Uruguayan Regulation

B.4) Capital

- The total equity amounts to USD 1,329,458 thousand, comprising: paid-in capital USD 876,557 thousand, adjustments to equity USD 263,554 thousand, reserves USD 143,330 thousand, retained earnings USD 13,992 thousand, profit in advanced USD (42,568) thousand, and net income for the year USD 74,593 thousand.

C) Information concerning Assets and Liabilities

C.1) Balances in foreign currencies

- Assets and liabilities in foreign currencies are translated into US dollars using the exchange rates of the Forex Trading Desk of the B.C.U. at year-end. The amounts in US dollars so determined are stated in local currency by applying the exchange rate as at December 31, 2016 (USD 1 = UYU 29.256)

C.2) Position in foreign currencies

- At year end, the Bank has a long position in foreign currency that converted into US dollars amounts to USD 741,490 thousands.

C.3) Limitations to the free disposition of assets or equity and restrictions to property

- Zero Coupon Bonds of the U.S. Government -available for sale for USD 27.359 thousand (face value) are deposited as guarantee for Visa International transactions.
- International Bonds – available for sale for USD 248,500 thousand (face value) as guarantee for Citicorp's Loan (USD 200,000 thousand)
- Treasury Notes for UI 2,500 (equivalent to USD 300) thousand in order to comply with the guarantee required by the regulation to act as fiduciary.
- Deposit that amount to UI 1,856 (equivalent to USD 223) thousand in B.C.U. in order to comply with the guarantee required by the regulation to act as financial fiduciary.
- At year end, USD 120,000 corresponding to mutilated bills are pending collection

C.4) Guarantees concerning liabilities

- No guarantees granted by the Bank to secure liabilities, different from described in point C.3).



C.5) Breakdown of credits and liabilities per maturity date

Concept	Maturity Terms			Total
	Less than 1 year	1 to 3 years	More than 3 years	
Outstanding Credits - Financial sector (1)	4,133,662	1,190,195	778,423	6,102,280
Outstanding Credits - Non-financial sector (2)	1,657,961	1,356,742	2,017,755	5,032,458
Outstanding Credits - Forward contracts	16,088	-	-	16,088
Total of Current loans	5,807,710	2,546,937	2,796,178	11,150,825
Liabilities - Financial sector (2)	43,848	-	274,445	318,293
Liabilities - Non-Financial sector (2)	13,272,796	738,293	25,873	14,036,961
Liabilities - Forward contracts	16,034	-	-	16,034
Total Liabilities	13,332,678	738,293	300,318	14,371,289

Figures in thousands of US Dollars

(1) Demand deposits included; sundry accounts and investment securities issued by BCU not included

(2) sundry accounts not included

C.6) Other material events

C.6.1) As it was explained in note B.2, as from January, 2014, inflation adjustment is accounted for. According to the methodology stipulated by the regulation (Communication 94/156), said adjustment involves the following: equity accounts have been assessed at their historical cost, except for the "Adjustments to Equity – Inflation Results" account which is a global monetary correction of Equity as of December 31st, 2016; and the income for the year has been globally adjusted in a single line, because of the Uruguayan currency inflation effects.

Based on the Bank's assets and liabilities structure, the application of this simplified monetary correction methodology does not create material distortions in the determination of the net equity and the income for the year, in terms of the application of a comprehensive monetary correction, but it does affect the equity's internal composition and the different elements of the income statement.

Following the above mentioned methodology, the net loss due to inflation registered during fiscal year ended in December 31st, 2016 amounted to \$ 2,944,422 (equivalent to USD 100,643) thousand.

C.6.2) In order to adapt to the new demands of the business, and also to contribute to a better productivity, efficiency and competitiveness, the Bank is going through a renewal process of its Core banking system, which started in 2012.

During 2016 was implemented the first stage of Core banking system and continue the next stages of it.

In November 10th, 2014, according to the provisions of Article 1 of Act N° 16.906, the Executive Branch approved BROU's investment project consisting in the implementation, deployment and go live of the Core Project. This Decree provides for a credit of up to \$ 250,000 (equivalent to USD 8,545) thousand to be granted for the Value Added Tax (VAT) paid on the acquisition of goods and services which make up the cost of the above mentioned Core Project's investments, as well as an Equity Tax exemption for said investments during their life span.

The right for the VAT included in the implementation services and central IT equipment acquired during this fiscal year amounts to \$ 110,149 (equivalent to USD 3,765) thousand and was registered under "Tax Credits".

Tribute of the employees
of Banco República to
the Institution on its 50th
anniversary.



09



Related Organizations

República Administradora de Fondos de Inversión Sociedad Anónima (Trust)

This company was incorporated in December 2003 for the purpose of managing the Bank portfolio of receivables rated 4 and 5, through the management of the First Financial Trust for BROU Portfolio Recovery.

Subsequently, the management of other portfolio recovery trusts was included, as well as the portfolio of the former Banco de Credito, the portfolios of the Bank Assets Recovery Funds, managed by the Central Bank of Uruguay, acquired by our Bank in 2009 and delinquent taxes of Departmental Governments.

The mission of República AFISA is to provide fiduciary services through trusts or investment funds, in order to obtain financing for projects, manage and recover assets, assisting clients in the design, structuring and/or management of such operation.

Republica AFISA has been increasingly involved in structuring and underwriting of securities (debt and share certificates) and managing trusts in different economic areas, with involvement in trusts related to the extension of rural electrification in throughout the country, the Unified System for Collection of Vehicle related Income, the funding of works by the Departmental Governments and the National Government, debt restructuring of street lighting with UTE, the resurfacing project in Ciudad de la Costa, selling of municipal property, construction of social housing, wind farm projects, in the health area (Casmu, Asociación Española, Casa de Galicia) and with the Río Negro Industrial Park.

In 2016, construction trusts with the Departmental Governments of Paysandú, Florida, Salto and Montevideo were included (through Fondo Capital), the Trust Fund for CAF I Infrastructure, the Trust Fund Arroceros IV and a Trust with ANDE for the administration of FONDES - ANDE.

Also, a trust with the Departmental Government of Canelones for works, a trust for the strengthening of the financial structure of OSE and a trust with the health area (Casa de Galicia) are all in the process of structuring.

As of December 31, 2016, the trusts administered by República AFISA have issued securities totaling USD 2.4 billion.

The recent public offering issues by trusts structured and administered by Republica AFISA have contributed to the development of the capital market in Uruguay, allowing the set up of production and real estate projects, and public infrastructure works.

The Bank owns 100% of the capital stock.



Opening of MiniBrou at Maldonado Town Hall
in December 1997.

República Negocios Fiduciarios S.A.

This company was incorporated in February 2013 for the purpose of developing trust business under the provisions of Law No. 17,703 and other regulations and supplementary provisions, except for financial trusts.

In this context, there has been increased involvement of the company in managing trusts, participating in trusts for road construction, purchase of machinery for Departmental Governments, and guarantee for microfinance institutions and cooperatives.

In 2016, three guarantee trusts were included (with the Departmental Government of Maldonado, with the Planning and Budget Authority (OPP) and with a private company), a works trust with the Departmental Government of Paysandú, a trust for the purpose of channeling donations for the reconstruction of Dolores after the tornado that affected such city, and a trust with the Departmental Government of Montevideo for the administration of the funds from recharging transport passes with STM (Metropolitan Transportation System) cards.

Also in the process of structuring are a trust for the recovery of delinquent loans with the Solidarity Fund, two guarantee trusts with private companies, two guarantee trusts with the Departmental Governments of Montevideo and Salto, two trusts for the purchase of machinery with the Departmental Governments of Salto and Maldonado and a trust with AFE (National Railroad Authority) for the sale of real property.

The Bank owns 100% of the capital stock.

República Microfinanzas Sociedad Anónima

REPUBLICA MICROFINANZAS S.A., is a company incorporated in 2008 for the main purpose of promoting financial inclusion through the development of small economic units and low income entrepreneurial sectors in Uruguay, by making financial products and services available in order to contribute to their economic and social development. Additionally, REPUBLICA MICROFINANZAS provides contact center services, collections, promotions, back office and other support services to the companies of the BROU Cluster, through its Service Center set up for such purposes.

For that intended main purpose, during the period closed in October 2016, 20,640 loans were disbursed, worth 680 million Uruguayan pesos, to microentrepreneurs and low-income families, continuing with the services of this company. The current loan portfolio at September 30, 2016 was over 987 million Uruguayan pesos. In the first 7 years of operation of this company, 17,000 microentrepreneurs have obtained direct loans and the reach of public policy services to other 4,000 entrepreneurs has been facilitated.

The company serves from its headquarters in Montevideo the demands of microentrepreneurs in the metropolitan area of Montevideo, covering the capital city and the Departments of San Jose, Canelones, Florida and Colonia. With its regional offices, services are provided in the Departments of Artigas, Florida, Lavalleja, Maldonado, Rivera, Rocha, Salto, Paysandú, Cerro Largo, Treinta y Tres and Tacuarembó, and in the Canelones Department there are offices in Barros Blancos, Costa Urbana Shopping Mall, Las Piedras and Pando.

Credit transactions are carried out under agreements with agencies implementing public policies, requiring the specific characteristics of microfinance technology and facilitating the provision of services (credit, availability of funds, etc.) to vulnerable sectors or sectors with problems to access the traditional banking. These services are being incorporated by the signing of various Agreements with government agencies including the Office of Planning and Budget, the Ministry of Agriculture, Livestock and Fisheries, the Ministry of Social Development, Departmental Governments, and others.

Under the agreements signed with government entities and service agreements in regional offices, REPUBLICA MICROFINANZAS has developed important training for mi-

croentrepreneurs through 95 financial education workshops attended by approximately 1,900 trainees.

Under a plan organizational modernization and to better reach to those sectors with no access to traditional banking, contact possibilities have been opened via the web page, Facebook and other applications of social contact.

100% of the share capital belongs to BROU.

Republica Administradora de Fondos de Ahorro Previsional S.A. (Republica AFAP S.A.)

In the year of its twentieth anniversary, Republica AFAP S.A. continued to have the largest share of affiliates in the market, reaching a total of 527,630 workers at the end of the year. Republica AFAP also manages a fund in excess of USD 7,086 million, representing 56.76% of the Social Security Pension Fund System.

In order to achieve a balance between the shareholder's objective and the interest of affiliates, since 2005 this company has reduced its management fees 14 successive times, always safeguarding performance in line with the shareholder's expectations. In November 2016, the Board approved another fee reduction, down from 0.77% to 0.74%, calculated on the workers' income for contributions to the individual savings scheme that are mandatory.

Republica AFAP S.A. makes available to workers an extensive network of communication to provide personalized care and to assist affiliates during their working life. Thus, in 2016 the organization inaugurated a Customer Service Center specially designed for affiliates and the general public to receive social security advice in a broader and more comfortable environment. In addition, Republica AFAP has a presence in the 18 departmental capitals outside Montevideo, and a branch at the Civic Center of the Costa Urbana Shopping Mall and two offices in Montevideo, located within the BROU branches of the Montevideo and Nuevocentro Shopping Malls. Also, a new online scheduling service was launched in order to book appointments for personal advice and to complete procedures.

During 2016, Republica AFAP S.A. continued working towards excellence in management. To this end, the certification of the Quality Management System was upgraded to ISO 9001:2015 and the certification of the Information Security Management System (ISMS) was renewed, under ISO 27001: 2013, both LSQA.

In terms of investments made with member contributions received during the year, the diversification achieved is to be highlighted, channeling 100% of the contributions to the private sector. Among the investments made, the CAF I Financial Trust Fund stands out for an amount of USD 349 million, to be used to finance projects expected to start soon under the public-private partnership system. There was also significant participation in the underwriting of a forest trust for USD 190 million and another farming trust with a risk of USD 50 million.

FINANCIAL AND INCOME STATEMENT			
USD millions			
República AFISA	2014	2015	2016
Assets	23	25	22
Liabilities	4	4	2
Equity	19	21	19
Income for the year	4	5	3
República AFAP			
Assets	59	56	59
Liabilities	7	7	80
Equity	52	49	51
Income for the year	14	11	11
República MICROFINANZAS			
Assets	32	39	39
Liabilities	2	2	1
Equity	30	37	38
Income for the year	-0.4	1.6	0.0
República NEGOCIOS FIDUCIARIOS			
Assets	0.44	0.37	0.43
Liabilities	0.04	0.01	0.03
Equity	0.4	0.4	0.4
Income for the year	0.07	0.0	0.05

Corporación Nacional para el Desarrollo CND (National Development Agency)

The Bank is a minority shareholder of CND (5.79%), a non-governmental public entity. Since the amendment of section 34 of Law No. 18,602 of September 21, 2009 (creation of the CND) the main objective of this entity is to act as a concessionaire of public infrastructure projects, act as manager and/or trustee of publicly funded projects related to the development and maintenance of infrastructure, national or international loans or grants, as well as providing fund management and professionals services. After Law No. 18786 of July 19, 2011 was passed, duties related to the development, promotion, design and implementation of projects of public-private partnership were added to the role of the CND, and also contribution to capacity building in the field of government contracting.

Bolsa Electrónica de Valores (BEVSA) (Electronic Stock Exchange)

The Bank is one of BEVSA shareholders (3.84%), together with other banks and entities.

The objective of this institution is to create a transparent and professional capital market, offering financial agents an anonymous and trustful electronic framework for their transactions and settlements.

To this effect, its strategy has been to introduce technological solutions concerning automation and economies of scale for the financial system.

VISANET

Visanet assembles all credit card issuers and provides services to all VISA issuing entities in Uruguay, among which BROU is one of the main members, due to the volume of cards handled by our Bank.

The strategy of Visanet is focused on increasing the number of merchants that accept VISA cards and become members of the system, and this has resulted in an important increase in the number of transactions.

Our Bank is a shareholder (11.99% at December 31, 2013) in this company. The number of shares of BROU is directly related to the size of its market-share.

SISTARBANC S.R.L.

SISTARBANC is a company created with the primary objective of providing processing services to its partners, in their capacity as Visa International Principals in the field of the VISA credit cards operation system, and providing IT services for processing credit cards in general. Currently the Bank has a 46.68% stake.

Other interests ASOCIACIÓN EMPRETEC URUGUAY

The Empretec Program was established in Uruguay in 1989 based on an initiative of the United Nations Development Programme (UNDP), supported by BROU acting as a counterpart, providing the building, part of the equipment and office supplies.

This is a non-profit organization, incorporated in order to systematically support the development of micro, small and medium enterprises, applying the methodology of UNCTAD/EMPRETEC, established as an integral tool developing capabilities to support national governments in their efforts to promote the creation of sustainable support structures for such micro, small and medium-size enterprises.

After an extended period when our Bank has supported the development of this organization and led its actions, encouraging the possibility of transferring the leadership to other actors associated with the project was desirable. This is why during 2015 the Chamber of Industries of Uruguay became President of this Association, the offices moved to their premises, while our Bank remained in charge of the Secretariat, through Director Ms. Adriana Rodríguez.

Laboratorio Tecnológico del Uruguay (LATU) (Technological Laboratory of Uruguay)

The LATU was created in 1965 with the purpose of increasing the quality of Uruguayan industrial production. It is a non-governmental public entity, managed by a Board composed of a representative of the Executive Branch of Government, a representative of the Chamber of Industries of Uruguay, and a representative of BROU.

Its main lines of action are: strengthening of technological capabilities, technology transfer through seminars and projects, certification of export products and verification of suitability of import products, generation of development projects and innovative projects, as well as the creation of new information technology companies.

Fundación Banco República (BROU Foundation)

The operations of this Foundation began in October 2013, with the mission of creating, supporting, promoting and sponsoring general interest actions in the fields of education, culture, health, sports, science, technology and environment, with special emphasis on vulnerable groups.

Its policy is focused on lines of action to support and promote multidisciplinary activities.

The promoted and applied cultural values include: Professional management, based on teamwork and mutual respect, observing the highest ethical standards in internal processes.

Ensuring continuous improvement, promoting continuous training and motivation of human resources. Having an active collaboration with public and private stakeholders,

to promote a high level of development in the areas of action. Respect for human rights and environmental protection.
During 2016 the Foundation sponsored and supported various projects and also reached various agreements with other government agencies.

In that regard the continuation of the agreement signed with Banco de Previsión Social must be highlighted. Its purpose is to offer cultural and recreational activities for elderly beneficiaries of BPS Social Programs in order to enable greater and better integration of this group into the social fabric.

This Foundation offered Storytelling and Narratives tending to provide a cultural contribution and intellectual stimulation to beneficiaries, as well as guided tours to museums and cultural attractions of Uruguay managed by the Foundation.

In June 2016, the agreement was extended to meet the needs in several departments of the country. In that sense, the cities of San José, Libertad, Canelones and Las Piedras were included, with events carried out in seven housing projects of these cities.

Corporate Social Responsibility

On December 29, 2015, the Board of BROU resolved that the BROU Foundation would carry out the Corporate Social Responsibility actions of BROU, the BROU Cluster and the Library Service.

Financial Education

Within this new role of the Foundation, Financial Education Workshops and Lectures were held in order to reflect on decision-making, time dimension of money, personal budget, savings and credit, means of payment and consumer awareness.

In addition to holding these events in Montevideo, 17 inland locations of our country were visited reaching 1,700 high school and polytechnic school (UTU) students, National Police School, Solidarity Fund, and others.

Also, the play *La increíble y triste historia del billete de mil y su alma desolada* was presented to diverse audiences throughout country, reaching more than 1900 people.

The presentation of this show at the Second Latin American Education and Financial Inclusion Congress is highlighted, organized by FELABAN and BROU.

Paper Recycling

With more than 90,000 kilograms of paper collected between September 2015 and August 2016, BROU became the largest contributor to Repapel, a civil organization promoting responsible consumer and disposal habits at school level by encouraging recycling and by conducting educational activities.

For its outstanding support, BROU received an award from Repapel during a meeting where this organization presented a report on the actions carried out in 2016.

At the 90 workshops on recycling and sustainable development, usually carried out by Repapel in 50 schools and other educational centers, art, communication, reading and writing workshops were added as a novelty, also aimed at raising awareness about the importance of sustainable development.

The activities of Repapel are financed out of marketing paper for recycling. Such paper is collected by sponsoring companies that support their educational project.

Paper collection and sorting actions carried out in BROU were coordinated by the BROU Foundation.

Museo del Gaucho and BROU Foundation Cultural Space

BROU Foundation coordinates and manages the activities of the *Museo del Gaucho*, a leader in its subject area, consequently welcoming national and foreign visitors. The collection of native silverwork, along with other local culture collectibles that form the basis of this museum, is one of the most important in the region and unique in the country. The quality of this Museum is also upgraded by the sculptural works that illustrate the essence and duties of *gauchos*, by the most renowned national artists, including: José Belloni, José Luis Zorrilla de San Martín, Reilly, among others.

During 2016, many activities were conducted at this Cultural Space, involving art exhibitions, presentations, participation in the Heritage Day, permanent and traveling exhibitions, fine arts exhibitions by officials and former officials, etc.

Two exhibitions are to be highlighted: "From corset to movement", in the framework of the Women's Day celebrations in March and the one held in October and November, "120 years of BROU". Both of them had a significant number of visitors and an excellent press coverage, where their contribution to the memory and the culture of our country was emphasized.

BROU Foundation Choir

Under the direction of Jorge Damseaux, the BROU Foundation Choir performed at several shows at the capital city and inland locations, reaching an audience of more than 1,900 people during 2016.

This Choir was selected by SODRE to take part in the First National Choir Festival and also hosted the Eighth Public Institution and Corporate Choirs in November.

ENTITIES BASED ABROAD

BROU owns share capital in

Banco Latinoamericano de Comercio Exterior S.A. (BLADEX)

BLADEX, where our Bank holds 0.43% of the capital stock, is a multinational bank specializing in foreign trade financing in Latin-America and the Caribbean.

The mission of BLADEX is to channel capital for the promotion of development in Latin America and the Caribbean and to provide comprehensive solutions to promote foreign trade within the region. It intends to become the Regional Center for distribution and risk compensation.

More than 200 banks are shareholders, and BROU is one of the 23 banks holding class A shares which are restricted to central banks, banks with a majority of state-owned shares and other governmental entities.

SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION (S.W.I.F.T. SCRL.)

SWIFT is a community of cooperative inspiration, established by and for the financial services industry. SWIFT works worldwide with more than 11,000 organizations in over 200 countries, including banks, market infrastructures, insurance companies, corporations, network providers, business partners and IT companies. It ensures that the financial world carries out business transactions with certainty, by offering customers the platform, products and services necessary to connect and exchange financial information in a safe and reliable manner. Our Bank has a 0.007% stake.

OTHER INTERESTS

Asociación Latinoamericana de Instituciones Financieras para el Desarrollo (ALIDE) **(Latin-American Association of Development Financing Institutions)**

The Bank is an active member of this international organization that brings together development finance institutions in Latin America and the Caribbean, promoting cohesion and strengthening the actions and involvement of these institutions in the economic and social progress of the region.

Its objectives include sharing experiences and inter-agency coordination in order to optimize the use of available resources and support member institutions in their efforts to modernize their management structures.

As stated above, October 26 to 28, our Bank hosted the International Workshop on Formulation and Evaluation of Environmental and Social Impact on Investment Projects of Development Banks, organized jointly with ALIDE and sponsored by the Inter-American Development Bank (IDB). Thirty-six representatives of Latin American financial and regulatory entities, took part, along with Uruguayan representatives of government managed companies and Ministerial offices.

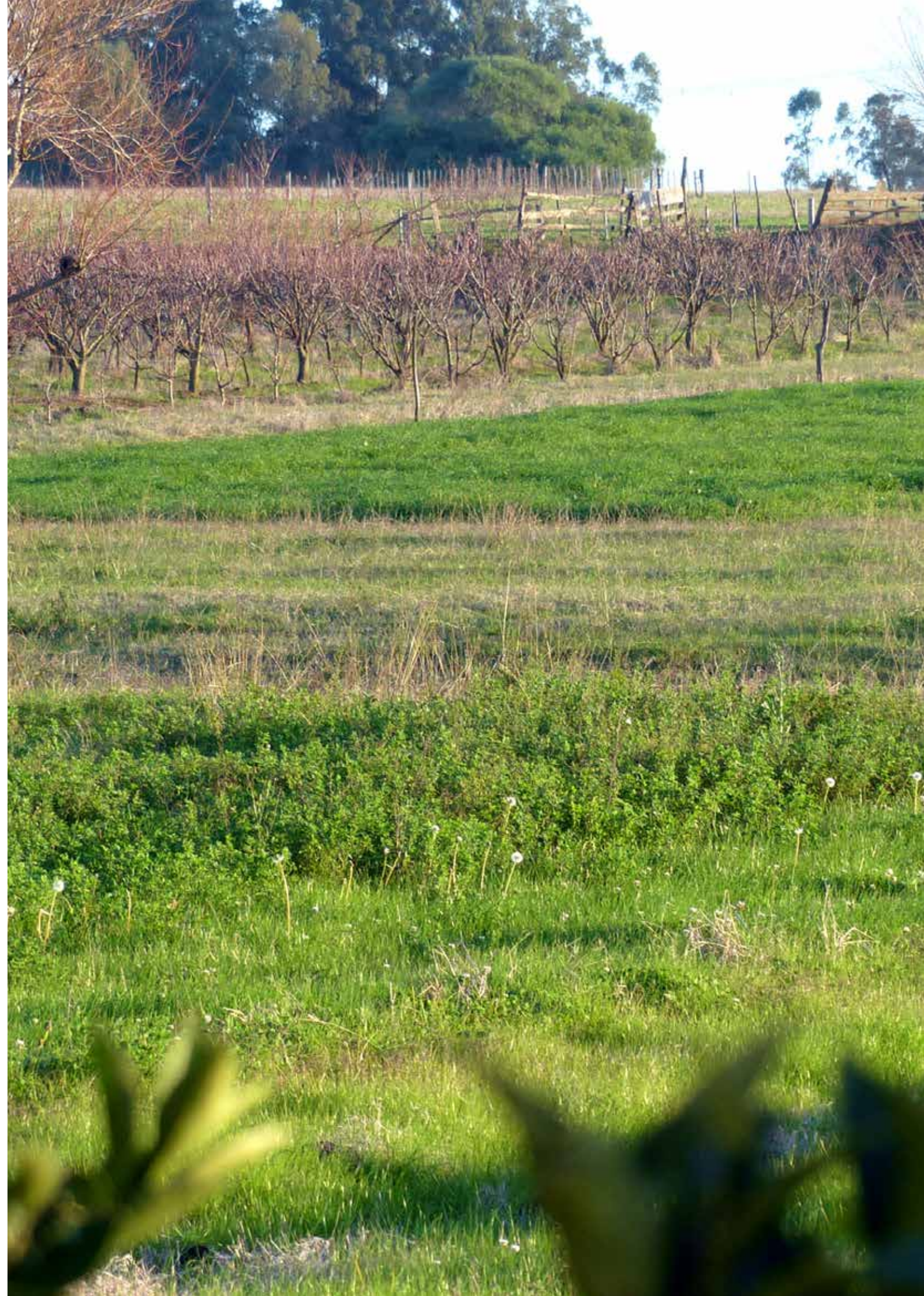
Federación Latinoamericana de Bancos (FELABAN) **(Latin-American Federation of Banks)**

BROU is one of the 22 active members of this organization, composed of representatives from 19 countries, and including more than 600 banks and financial entities in Latin America. FELABAN is a non-profit association, created in 1965 in order to contribute to the coordination of criteria and unification of banking practices. During the 50th Annual Meeting of FELABAN held in the city of Buenos Aires, new authorities were elected for the period 2016-2018, with the presidency being held by Mr. Juan Manuel López Valdez of the Dominican Republic. Likewise, the President of our Bank, Mr. Jorge Polgar Pisano, was elected to the Board of Directors for the period.

The Bank has continued participating in actions developed by FELABAN.

In this respect, in September 2016, the Second Latin American Education and Financial Inclusion Congress was organized by our Bank and the Latin American Financial Education and Financial Inclusion Committee of FELABAN; this event was successfully held at the Radisson Victoria Plaza Hotel in Montevideo. More than 200 representatives of institutions from all Latin America attended, addressing significant aspects related to a topic undoubtedly relevant and of particular interest to the region and the world. The Minister of Economy and Finance Mr. Danilo Astori attended the opening of this event. Among the excellent presentations, the panel on public policies on financial inclusion and education must be highlighted, including the President of the Central Bank of Uruguay Mr. Mario Bergara, the President of the Association of Private Banks of Uruguay Mr. Jorge Ottavianelli and the President of BROU Mr. Jorge Polgar Pisano.

Peach and plum trees.
Plantation of oat and alfalfa.
Foreground, out of focus,
two orange trees.





Branch Network

10

SUCURSAL
COSTA URBANA



Opening of Costa Urbana Shopping Branch
in May 2012.

- BRANCH NETWORK -

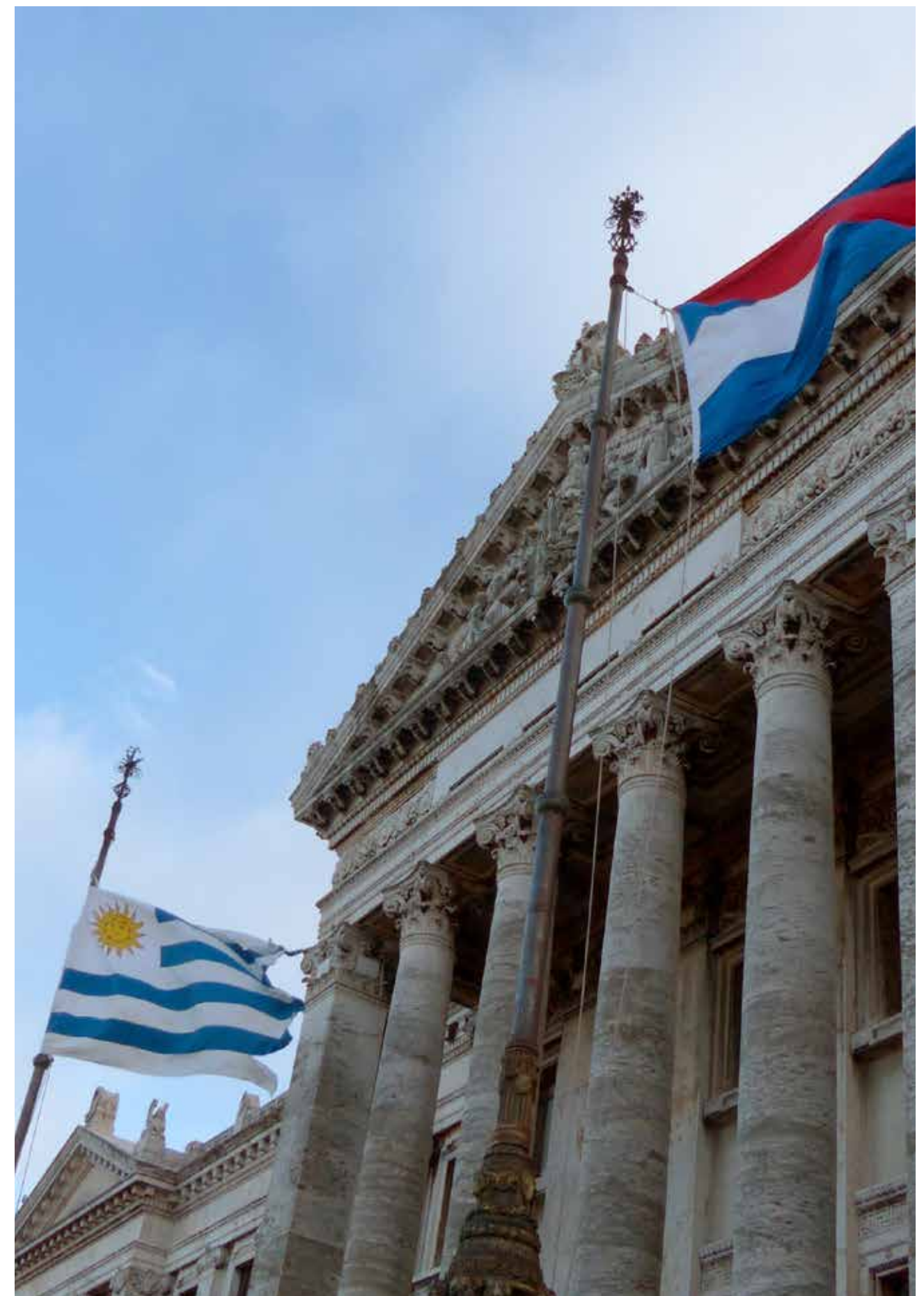
BRANCH NETWORK		
Branch Name	Branch Address	Telephone
MONTEVIDEO		
Ag. Ciudad Vieja	Piedras 369	1896
Ag. Portones	Bolonia S/N casi Avda. Italia -Edificio de la CIU (Cámara de Industria del Uruguay)	2606 1500
Ag. Sayago	Cno. Ariel 4626, (Hiper Devoto)	2359 7179
Ag. Mercado Modelo	Avda. Dámaso A. Larrañaga 3449	2508 6300
Microbanca Mercado Modelo	Cádiz 3280 (Instalada dentro del Mercado Modelo)	2508 6300
Ag. Montevideo Shopping	Avda. Luis. A. de Herrera 1290	2622 0552
Ag. Avda. Uruguay	Uruguay 1002	1896 3750
Ag. 19 de Junio	Avda. 18 de Julio 1670 (4to. Piso)	1896
Ag. Aguada	Avda. Rondeau 1754	2924 0602
Ag. Cerro	Grecia 3550	2311 1156
Ag. Av. Gral. Flores	Avda. Gral. Flores 2551	2203 3335
Ag. Paso Molino	Avda. Agraciada 3902	2309 3339
Ag. Unión	Avda. 8 de Octubre 3847	2508 8441
Ag. Brazo Oriental	Avda. San Martín 3380	2203 5151
Ag. Centro	Avda. 18 de Julio 1000	2902 0191
Ag. Villa Biarritz	21 de Setiembre 2851	2710 9380
Ag. Convención	Convención 1300	2902 0872
Ag. Avda. Italia	Solferino 4098 esq. Monzón	2614 2614
Anexo Av. Italia	Avda. Italia 3778	2508 9335
Ag. Paso de la Arena	Avda. Luis Batlle Berres 6655	2312 3785
Ag. Piedras Blancas	Avda. José Belloni 4296	2514 3004
Ag. Pocitos	Avda. Brasil 3049	2707 8008
Ag. Punta de Rieles	Camino Maldonado 6847	2514 5713
Ag. El Gaucho	Constituyente 1450	2908 2882
Ag. Colón	Avda. Eugenio Garzón 1864	2320 3600
Ag. Av. Gral. Rivera	Avda. Gral. F. Rivera 2700	2709 2210
Ag. Carrasco	Avda. Arocena 1637	2604 1793
Ag. Punta Carretas	Ellauri 350 - Nivel 1, Local 148 B	2712 6663
BEI Montevideo Shopping	Luis A. de Herrera 1290, Nivel 1 y 1/2, Local 501	2622 0552 int. 800
Microbanca Avda. Libertador	Avda. Libertador Gral. Juan A. Lavalleja 1722	1896 3290 / 91 / 92
BEI Ciudad Vieja	25 de Mayo 506	1896 7061 / 62
Microbanca Bvar. Gral. Artigas	Bv. Artigas 3821	2203 5151 int. 831
BEI Bvar. España	Br. España 2912	27074121 int 831
Microbanca Torre Ejecutiva	Planta Baja Edificio Torre Ejecutiva - Plaza Independencia	2902 0191 int. 831
Microbanca VCV (Venta y Custodia de Valores)	Zabala 1531, Casa Central, 1er. Subsuelo	1896 2222 / 39
Microbanca Zonamérica	Ruta 8 km 17 y medio - Edificio Beta 3012A - Local 001	2292 2454 int. 831
Microbanca Prado	Joaquín Suárez 3781	2309 3339 int. 800
Microbanca Nuevocentro Shopping	Avda. Luis A. de Herrera esq. Bvar. Artigas Local 152	2203 3335 int. 800/02
ARTIGAS		
Suc. Artigas	Rincón 299	4772 4490
Suc. Bella Unión	Gral. Rivera 513	4779 2041
Microbanca Baltasar Brum	Gral. Artigas N° 2	4776 2027

Microbanca Tomás Gomensoro	Circunvalación 19 de Abril N° 417	4779 2041 int. 831/ 851
Suc. Canelones	Battle y Ordóñez 601	4332 2619
Suc. Las Piedras	Avda. Artigas 602	2364 5692
Suc. Pando	Gral. Artigas 901	2292 2040
Suc. San Ramón	Avda. José Battle y Ordóñez 1402	4312 2835
Suc. Santa Lucía	Dr. Antonio Legnani 527	4334 6065
Suc. Tala	18 de Julio e Ildefonso de León	4315 2442
Suc. Sauce	Cnel. Peirán 1550	2294 0248
Suc. La Paz	José E. Rodó 202	2362 2006
Suc. Atlántida	Calle 1 y Roger Balet	4372 2626
Suc. San Jacinto	Avda. Artigas S/N esq. María Vera	4399 2636
Microbanca Migues	Gregorio Migues S/N	4317 2043
Suc. San Bautista	Treinta y Tres S/N	4313 6113
Suc. Costa Urbana (Centro Cívico Comercial)	Avda. Gianattasio km 20.500 - Locales 24 y 01 b	2682 8381
Suc. Los Cerrillos	Zorrilla de San Martín S/N	4336 2130
Suc. Parque Roosevelt	Avda. de la Playa y Avda. Gianattasio Loc.003 (Centro Comercial Parque Roosevelt)	2604 5650
CERRO LARGO		
Microbanca Fraile Muerto	Gral. Artigas 1055	4688 9011
Suc. Melo	Aparicio Saravia 650	4642 2182
Suc. Río Branco	Gral. Artigas 301	4675 2004
Microbanca Mauá	Virrey Arredondo N°21	4675 2004 int. 801/831/832
COLONIA		
Suc. Carmelo	Zorrilla de San Martín 351	4542 2017
Suc. Colonia	Gral. Flores 151	4522 2548
Suc. Tarariras	Roosevelt 2292	4574 2076
Suc. Nueva Helvecia	Berna 1301	4554 4047
Microbanca Colonia Valdense	José Pedro Varela 1167	4554 4047
Suc. Nueva Palmira	Artigas 1102	4544 6029
Suc. Ombúes de Lavalle	Zorrilla de San Martín 799	4576 2026
Suc. Rosario	Sarandí y Leopoldo Fuica	4552 2013
Microbanca Conchillas	David Evans S/N	4577 2052
Suc. Juan Lacaze	Rodó esq. José Campomar	4586 2011
Microbanca Colonia Miguelete	Artigas S/N esq. 18 de Julio	4575 2078
BEI Colonia	Avda. Gral. Flores 181	4522 2548 int. 841
DURAZNO		
Microbanca Carmen	Dr. Shunk S/N	4365 4010
Suc. Durazno	Dr. Luis Alberto de Herrera 900	4362 2194
Suc. Sarandí del Yi	Sosa Bernadet 511	4367 9005
Microbanca La Paloma	Severino Cristiano S/N	4360 3317
FLORES		
Suc. Trinidad	Treinta y Tres 601	4364 2873
FLORIDA		
Suc. Florida	Ituzaingó 551	4352 2028
Microbanca Independencia	Independencia 725	4352 9156
Suc. Sarandí	Artigas 901	4354 9452
Microbanca Casupá	José Pedro Varela N° 968	4311 2130

LAVALLEJA		
Microbanca José Battle y Ordóñez	Rivera 44	4469 2004
Suc. Minas	25 de Mayo 478	4442 2003
Microbanca Solís	Avda. Eduardo Fabini 798	4447 4014
Microbanca José Pedro Varela	Gral. Artigas esq. Rivera	4455 9412
MALDONADO		
Microbanca Aiguá	Margarita Muniz 706	4446 2036
Suc. Maldonado	Florida 774	4222 2551
Suc. Pan de Azúcar	Félix de Lizarra 751	4434 9601
Suc. Piriápolis	Rbla. De los Argentinos 1405	4432 2573
Suc. Punta del Este	Avda. Gorlero esq. 25	4244 1802
Suc. Punta Shopping	Local 252 - Parada 7 y medio Roosevelt	4249 8445
Suc. San Carlos	18 de Julio 651	4266 9151
MiniBROU I.M. Maldonado	Francisco Acuña de Figueroa y Burnet	4223 9985
BEI Punta del Este	Avda. Gorlero esq. 25	4244 1802 int. 635
PAYSANDÚ		
Suc. Guichón	18 de Julio 353	4742 2137
Suc. Paysandú	18 de Julio 1047	4722 2187
Microbanca Río de los Pájaros	Bvar. Artigas 770 Local 19 – Terminal Shopping Paysandú	4722 2187
Microbanca Quebracho	Dr. Martini y 18 de Julio	4754 2024
RÍO NEGRO		
Suc. Fray Bentos	25 de Mayo 3375	4562 3045
Microbanca Nuevo Berlín	18 de Julio S/N esq. Lavalleja	4568 2001
Suc. Young	José Ugarte 1690	4567 2011
Microbanca San Javier	Avda. Gral. Artigas esq. B. Lubkov	4569 2004
RIVERA		
Microbanca Minas de Corrales	Avda. Dr. Davison esq. Dr. Ros	4658 2011
Suc. Rivera	Sarandí 561	4622 2838
Microbanca Tranqueras	18 de Julio 640	4656 2031
Suc. Vichadero	Bvar. Artigas 094	4654 2028
Microbanca Frontera de la Paz	Sarandí esq. Agustín Ortega 950	4622 2838 int. 831/2-851/2
ROCHA		
Suc. Castillos	Pedro E. Ferrer 1347	4475 9021
Suc. Chuy	Bernardo Ventura 542 esq. Gral. Artigas	4474 2017
Suc. Lascano	Ituzaingó 1251	4456 9510
Suc. Rocha	Gral. Artigas 113	4472 4700
Microbanca Velázquez	Gral. Artigas S/N	4457 7130
Suc. Balneario La Paloma	Avda. Solari esq. Titania	4479 6448
SALTO		
Suc. Salto	Uruguay 509	4733 2670
Suc. Salto Ayuí	Avda. Battle N° 2265 Local N° 127	4732 5150
SAN JOSÉ		
Suc. Libertad	25 de Agosto 1152	4345 2121
Suc. San José	Artigas 601	4342 2002
Microbanca Paco Espínola	25 de Mayo 500	4342 3709
Suc. Ecilda Paullier	Artigas S/N	4349 2005
Suc. Villa Rodríguez	Avda. Santiago Rodríguez 980	4348 2002

Microbanca Rafael Peraza	Ruta 1 km. 72	4346 2096
SORIANO		
Suc. Cardona	Fructuoso Rivera 18	4536 9016
Suc. Dolores	Asencio 1548	4534 2017
Suc. Mercedes	Colón 256	4532 2265
Suc. José E. Rodó	Ruta 2 km 209 y 1/2	4538 2147
Microbanca Palmitas	V. Orcoyen y C. Reyles	4537 9874
Microbanca Terminal Shopping Mercedes	Don Bosco esq. Artigas	4532 2265
TACUAREMBÓ		
Suc. Paso de los Toros	Sarandí 400	4664 2032
Microbanca San Gregorio	Gral. Artigas 148	4639 4001
Suc. Tacuarembó	18 de Julio 251	4632 2901
Microbanca Carlos Gardel	Joaquín Suárez 259 esq. Treinta y Tres	4632 2901
Microbanca Tambores	Fernández Lascano esq. D. Villa	4630 8021
TREINTA Y TRES		
Microbanca Cerro Chato	Julio Alberto Goday S/N	4466 2090 / 2168
Microbanca Olimar	25 de Agosto y Miguel Echand	4464 5003
Suc. Treinta y Tres	Juan Antonio Lavalleja 1250	4452 2173
Microbanca Vergara	Francisco Tajés esq. Marcelo Barreto	4458 2003

The Legislative Palace, built between 1908 and 1925, was inaugurated on August 25th, 1925, in commemoration of the 100th anniversary of the Declaration of Independence.





Casa Central / Head Office

Cerrito 351, CP 11000
Montevideo, Uruguay
Teléfonos: (598 2) 1896
916 00 62 / 916 00 70
Fax: (598 2) 1896 1574 / 1697
S.W.I.F.T.: BROU UY MM
<https://www.portal.brou.com.uy/>

Sucursal São Paulo / São Paulo Branch

Av. Paulista 1776, piso 9
Edifício Parque Avenida
CEP 01310-921 - São Paulo, SP Brasil
Teléfono: (00 55 11) 3251 2454/2699
S.W.I.F.T.: BROUBRSP

Sucursal New York / New York Branch

1700 Broadway, suite 3101 - New York
N.Y. 10019, United States of America
Teléfonos: (00 1 212) 307 9600 al 3079611
Fax (00 1 212) 307 6786
S.W.I.F.T.: BROU US 33
ABA 026003324

Sucursal Buenos Aires / Buenos Aires Branch

Esmeralda 111 y Bartolomé Mitre (1035)
Buenos Aires, República Argentina
Teléfonos: (00 54 11) 4132 2000
Fax (00 54 11) 4132 2093
S.W.I.F.T.: BROU ARBA