



2020 I ANNUAL REPORT

For the 125th fiscal year

01 Board and Senior Management



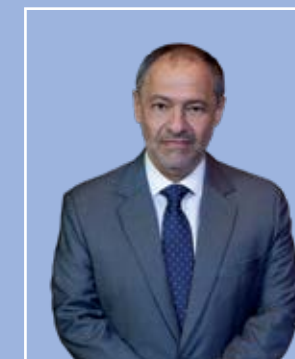
Board and Senior Management



Board



Salvador FERRER
President



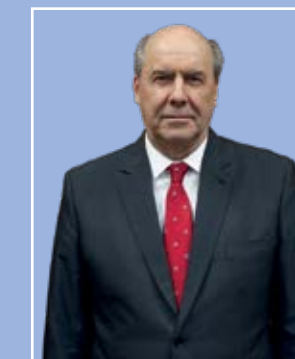
Max SAPOLINSKI
Director



Pablo SITJAR
Director



Leandro FRANCOLINO
Director



José AMORÍN BATLLE
Interim Director

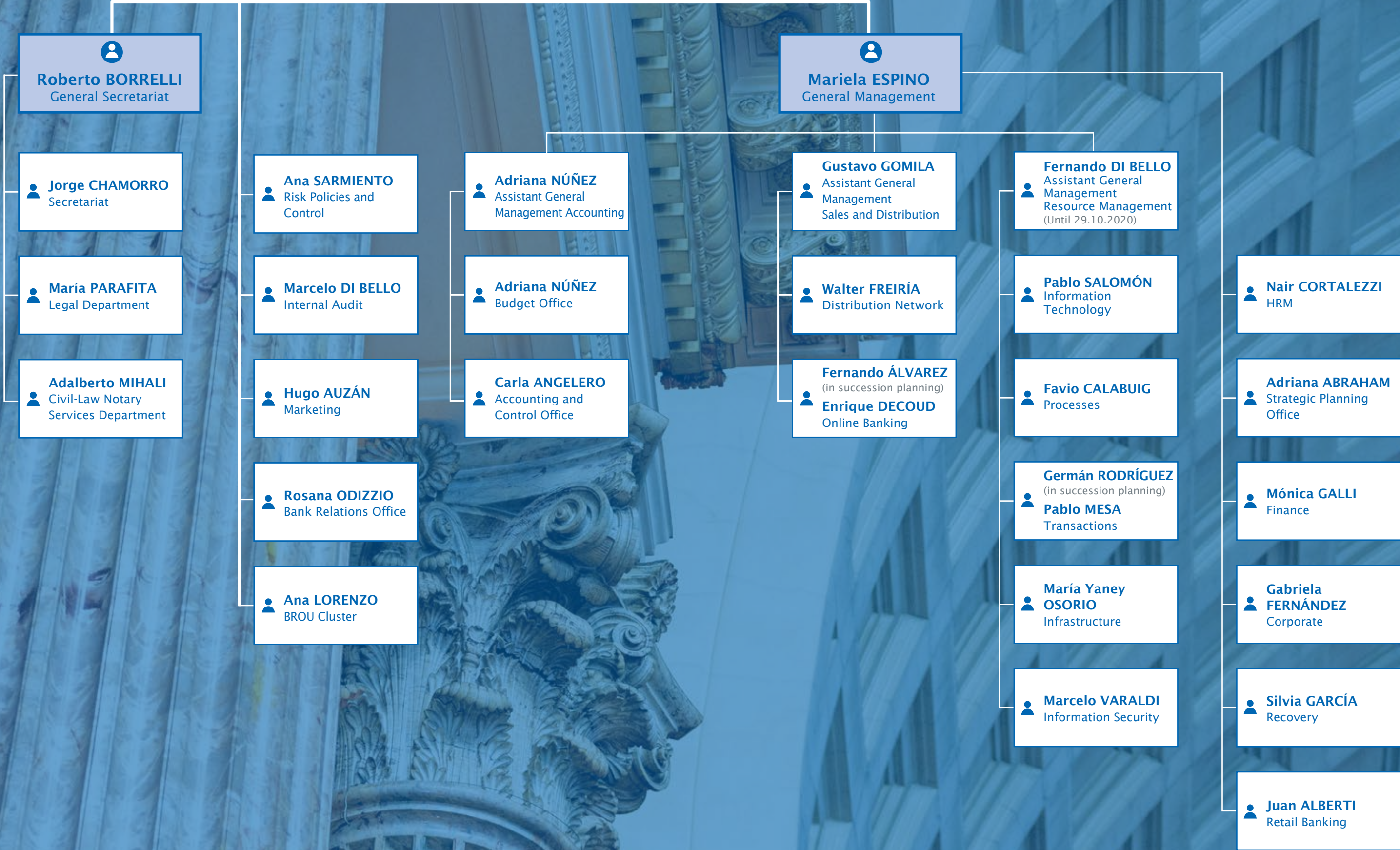


Roberto BORRELLI
General Secretary



Mariela ESPINO
General Manager

Senior Management



02 Message from the President



► Board of Directors' meeting room, Head Office.

Message from the President

Ec. Salvador Ferrer

2020 was not an ordinary year. It was a year riddled with exceptional challenges, where the COVID-19 pandemic has changed our way of living and working.

For those of us who have accepted the honor and responsibility of guiding the future of the Bank of the Country, this was clearly far from the scenario we envisioned, but we have plenty of reasons to be proud of the role performed by the Bank and its personnel in this complex scenario.

It is in this context that I have the pleasure of presenting the Annual Report for the 125th fiscal year of *Banco de la República Oriental del Uruguay* (BROU), for the period from January 1st up to December 31st 2020.

First and foremost, I would like to thank the Senior Management, and the bank personnel, for their constant and extraordinary efforts in times of pandemic and, specially, those who joined forces from each of the branches of the Bank of the Country.

As a commercial bank, but mainly as a development bank for the State, *Banco República* played a key role in supporting the economic activity and the chain of payment, and in particular, contributing in “keeping the engines running” at times where the context pressed us.

In this regard, and being aware of the difficulties our clients were facing, we granted over 2 billion dollars in loan roll-overs and extensions to both companies and individuals -this represented over 40% of our portfolio-.

Continuing on our endeavor to aid the productive sector -and with special focus on micro, small and medium-sized enterprises- we granted over USD 250 million in soft loans guaranteed by the National Guarantee Fund (“SiGa”), reaching over 7,500 companies in their time of need (this includes both *Banco República* and *República Microfinanzas*’ business activities).

In its dual role of Commercial and Development Bank, our goal is to strengthen the active commercial management, which is focused on the development of all business segments, from corporate commercial banking and its different sub-segments, to families and the general public.

We aided the business sector lowering our interest rates across-the-board, not only in line with international trends but also as a way of showing *Banco República*’s willingness to help.

We refocused on key sectors such as the agriculture sector and the entire agro-industry, which, considered as a whole, represents the greatest business sector in the Bank of the Country’s customer database.

We aided considerably the rice sector allowing them to recover from their long-standing debt situation, placing our trust in the promising future of the sector. We are also focused on bringing solutions to the dairy sector, just to mention some of our main areas of action.

In an amazing way and in the midst of a recession, these actions led corporative loans to expand.

Regarding our retail banking business, besides the customer service provided related to loan roll-overs -as we mentioned above-, we would like to highlight the efforts put forward to maintain the customer service provided for all the lines of business.

Digital and innovative solutions were developed to avoid in situ assistance, thus aiding in the reduction of population mobility efforts during a time of pandemic.



► Mr. Salvador Ferrer, Economist - President of the Board of Directors of Banco República.

Nonetheless, we continued without hiatus our in situ assistance with protocols in place which proved to be so successful that, even in these pressing times, we have not experienced any cases of clients and/or general public transmitting the virus to our employees.

Thus, we innovated in our loans to retirees campaign, and we revamped completely our digital platform, e-BROU, for retail banking users, in the midst of a challenging context.

But we did not stop there: we significantly repositioned our credit card business, launching a new credit card, *BROU Recompensa*, with a strong benefits campaign, and with an innovative customer loyalty program at local market level.

Simultaneously, and due to the difficulties the pandemic has posed for tourism, a discounts and benefits campaign was developed to support said sector directly.

Through the use of *tuapp*, an e-wallet, we substantially aided the Ministry of Social Development to provide over two million basic nutrition assistance benefits.

We strengthened the BROU Conglomerate: *República Microfinanzas* doubled its loan portfolio giving strong aid to micro and small sized enterprises during the pandemic. *República AFISA* and *República Negocios Fiduciarios* continued creating financial solutions to serve our customers.

In such an extraordinary context, we succeeded in yielding results which allow us to support the government coffers in times of extreme need. During 2020, *Banco República* contributed to the national effort against the pandemic through a special dividends distribution for the creation of the COVID-19 fund.

And during 2021, taking into account the results yielded during 2020, the Bank of the Country will be ready to make the its greatest contribution to the National Government, based on a USD 500 million profit after taxes. All in all, it has been an extraordinary year. The Bank of the Country has risen to the challenge, performing a critical role, which we should acknowledge we were ready to perform, especially considering our staff training, liquidity and initial return levels.

We will continue to focus our efforts on faithfully fulfilling the mandate of our Bank Charter:

- “promoting financial services available to the entire population”
- “encouraging savings as an instrument for personal development” and
- “fostering the production of goods and services while contributing to the economic and social development of the country.”

As we have stated from day one, these efforts go hand in hand with an organizational culture always striving to consider the 5 interested parties which are affected by our actions, and as such must be considered and kept in mind in every decision-making process: our CLIENTS, our EMPLOYEES, our owner (the STATE), the COMMUNITY in which we operate, and the REGULATOR.

But we strive for more. We aim for a focused, efficient, strong and profitable *Banco República*.

In its dual role of Commercial and Development Bank, our goal is to strengthen the active commercial management, which is focused on the development of all business segments, from corporate commercial banking and its different sub-segments, to families and the general public.

We also strive for the consolidation of our role as a development bank, focused on financing infrastructure and mid-term and long-term investment projects. For this purpose, the Bank relies on a unique and highly valuable regional network with widespread branches across the country, which we envision will boost the creation of new businesses and activities.

We need to be innovative in the development of financial solutions and new products which will allow us to maintain our place of leadership in certain business areas and to reach leadership in others. At the same time, we have a critical role as price makers, and we intend to be the market leaders in this aspect, promoting competition and maintaining adequate revenue levels for the Bank.

In conclusion, and as we have always stated from day one, the customer is, and will always be, the Bank's reason for being. In a competitive market we need our customers to choose us every day for our business solutions and services. In this regard, we strive for a greater digitalization, because we are certain that it will lead us to an authentic financial inclusion.

In summary, the Bank of the Country is making progress in line with its historical mission, motivated by its past, but mainly, by the challenges which lay ahead.



Ec. Salvador FERRER

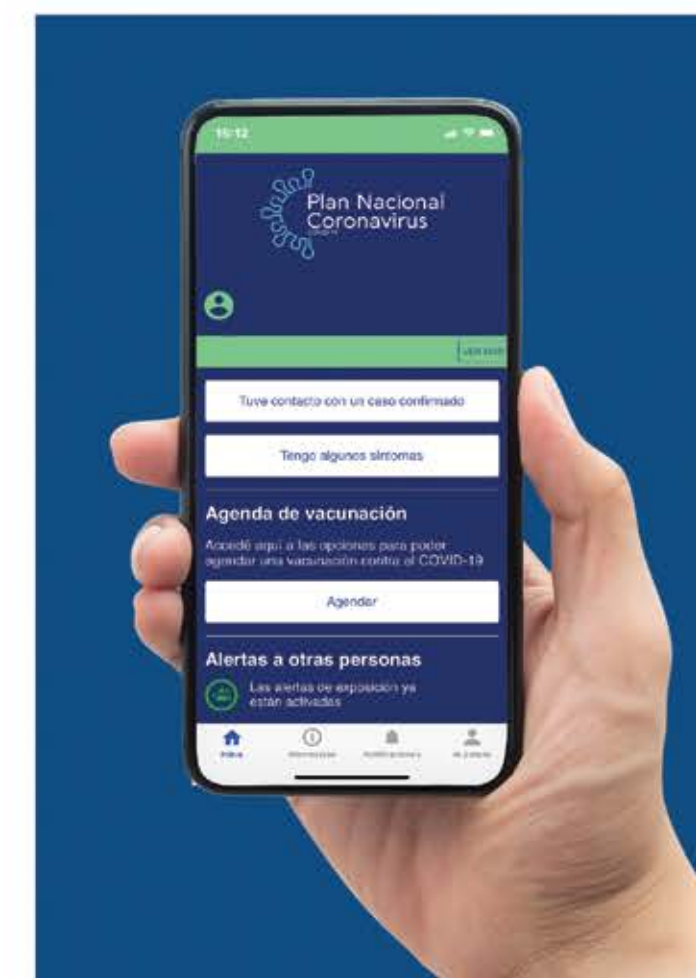


► Art gallery displaying the Presidents of Banco República, Head Office, Montevideo.



03

Actions of Uruguay and BROU
faced with the economic and
social impact of a pandemic





Actions of Uruguay and BROU faced with the economic and social impact of a pandemic

◆ GOVERNMENT ACTIONS

During 2020 the world –and our country was no stranger to it– suffered the worst global health crisis in many decades. Naturally, the social and economic consequences were extremely important and unimaginable for governments to address.

In Uruguay, after the first positive COVID-19 cases in early March, a number of rapid actions were taken to reduce community movement. For instance, schools were closed at all levels, then implementing online classes; all artistic and sports events were restricted, as well as shopping malls, restricting international border access, promoting teleworking for private and public employees, and appealing to the “responsible freedom” of citizens to avoid the spread of coronavirus. In terms of health, a close monitoring of positive cases and contacts was implemented with a mandatory quarantine for them to minimize infections.

The health system was reinforced with equipment and staff. A strong campaign was carried out on prevention, promoting physical distancing, mask wearing, hand washing with soap or cleaning with alcohol-based rub. All of this led the health situation to be successfully controlled during 2020, being Uruguay, one of the countries with the best rates in the region and the world.

In parallel, a number of actions were carried out to face the health emergency, mitigating the economic and social impacts caused by the pandemic while keeping the “engines of the economy running”. In this sense, actions were taken to support the production sector with a focus on SMEs.

As an example, 40% exemptions were provided on employer and employee contributions to social security in March and April for individual proprietorship, single business taxpayers, and small retailers covered by MIDES. Also, tax payment deadlines were postponed for certain taxes.

As a result of several Central Bank resolutions, it was possible for private and public banks to extend the maturities of financial obligations of individuals and companies, without affecting their credit ratings.

In terms of employment, the requirements to access unemployment insurance were made more flexible.

A new partial unemployment insurance scheme was created, allowing companies with reduced business to reduce the scheduled time of their employees under this partial coverage, retaining employment.

There were subsidies for some of the most affected sectors, such as small retailers covered by the Social Development Ministry and artists.

There was support for the tourism sectors seriously affected by the reductions in this industry.

At the Household level, different social schemes were implemented that benefited the most vulnerable sectors, health insurance for those older than 65, increased shelters for homeless people, and also increased medical coverage for those unemployed.

Law No. 19,874, of April 8, 2020, was passed unanimously by Parliament, creating a COVID-19 Solidarity Fund. This instrument turned out to be an effective tool to encapsulate expenses and promote transparency.

This fund received profits earned in 2019 by BROU and the *Corporación Nacional para el Desarrollo* – CND (National Development Agency).

Such fund also obtained the proceeds of taxes on the income of public employees, political officials and retirements; contributions from non-governmental public entities; loans from some multilateral organizations, and donations.

Likewise, to support the production sector, the National Guarantee System for Companies (SiGa) increased and made more flexible its credit guarantee facilities.



This applied to more than 13,700 companies that employed approximately 110,000 workers.

Such companies benefited from lending guaranteed by the Government with interest rates lower than the market.

This is a short summary to list some government actions. As stated by the Message that the Executive Power in the Budget Bill sent to Parliament in mid-2020, the focus of the national government was on keeping the engines of the economy running.

The actions were also to encourage business recovery as quickly as possible as health restrictions were removed, and to serve the most vulnerable population faced with the impact of the pandemic.

As soon as the health emergency was declared on March 13, the government was determined to allocate all the necessary resources to the health system for it to respond to the increased potential demand from the higher number of COVID-19 active cases.

The national government responded quickly, in coordination with the different Government agencies, public and private health providers, and the solidarity actions of different civil society players to contribute to the health system, which was successfully achieved during 2020.

◆ BROU STRATEGIES

As far as BROU is concerned, our strategy to face the pandemic was aligned with the national government. From the outset, our Bank took action to support and protect customers, suppliers, and officials.

So, regarding health issues, from the beginning of the COVID-19 prevention campaign, BROU implemented internal actions, permanently maintaining a massive information channel in order to make the staff aware of the number of actions and resolutions.

In this regard, all recommendations by the Emergency Committee and the Ministry of Public Health were adopted in order to preserve the health of the staff (both our own and staff of contracted companies) and customers.

Likewise, the COVID-19 Action Protocol of BROU was drafted, and regularly updated, for prevention and action, aligned with the government guidelines and to be consistently applied in all BROU buildings, including its wide Branch Network.

- The situation of the different areas is monitored, and specific situations are resolved by HRM. This is done under the premise of caring for people, making decisions to avoid or minimize infection risks, monitoring positive cases and their contacts at the workplace.

- People in higher risk (officials with other underlying health conditions) remain at home, at our Bank service, teleworking whenever possible. The same applies to pregnant women and whose breastfeeding.
- Core services with reduced staffing were adjusted, opting for teleworking in all possible cases, prioritizing critical functions in each Area, in order to maintain business services and the payment chain. 46% of BROU employees began to work totally or partially online, mainly with weekly rotations organizing workers into teams or pods.
- Specific actions were taken for officials with children under 12, without childcare while schools were closed at all levels.
- Internal personnel-related events (training, contests, workshops, meetings and others) went online, avoiding face-to-face meetings with a significant number of people.
- Personal protection was provided to all employees (face masks, gloves, alcohol-based gel, acrylic screens), as well as disposable face masks for customers and specific provisions to reinforce cleaning of all buildings, according to the established protocol.
- IT resources were assigned to support the emergency, and the implementation of homeworking or teleworking.
- Tools and permits were enabled for remote access to information by staff members, depending on the availability of equipment and the needs of support services.
- In-person service was reorganized in Branches, with strict preventive measures; specific capacity per building was set to regulate entry to the premises. There was also a public information campaign, encouraging the use of alternative tech channels.

Such actions allowed a minimization of events caused by positive cases of COVID-19 during 2020. This is how a high level of efficiency was maintained, given the circumstances, without interruptions, providing banking services much needed by the community, in compliance with one of the central aspects of the MISSION of BROU.

Precisely, in connection with the Services provided by BROU to individuals and companies, since the beginning of the pandemic, our strategy was to face the circumstantial conditions.

Thus, with regard to individual retail customers, an array of important measures was implemented, including:

Cards and Online Business:

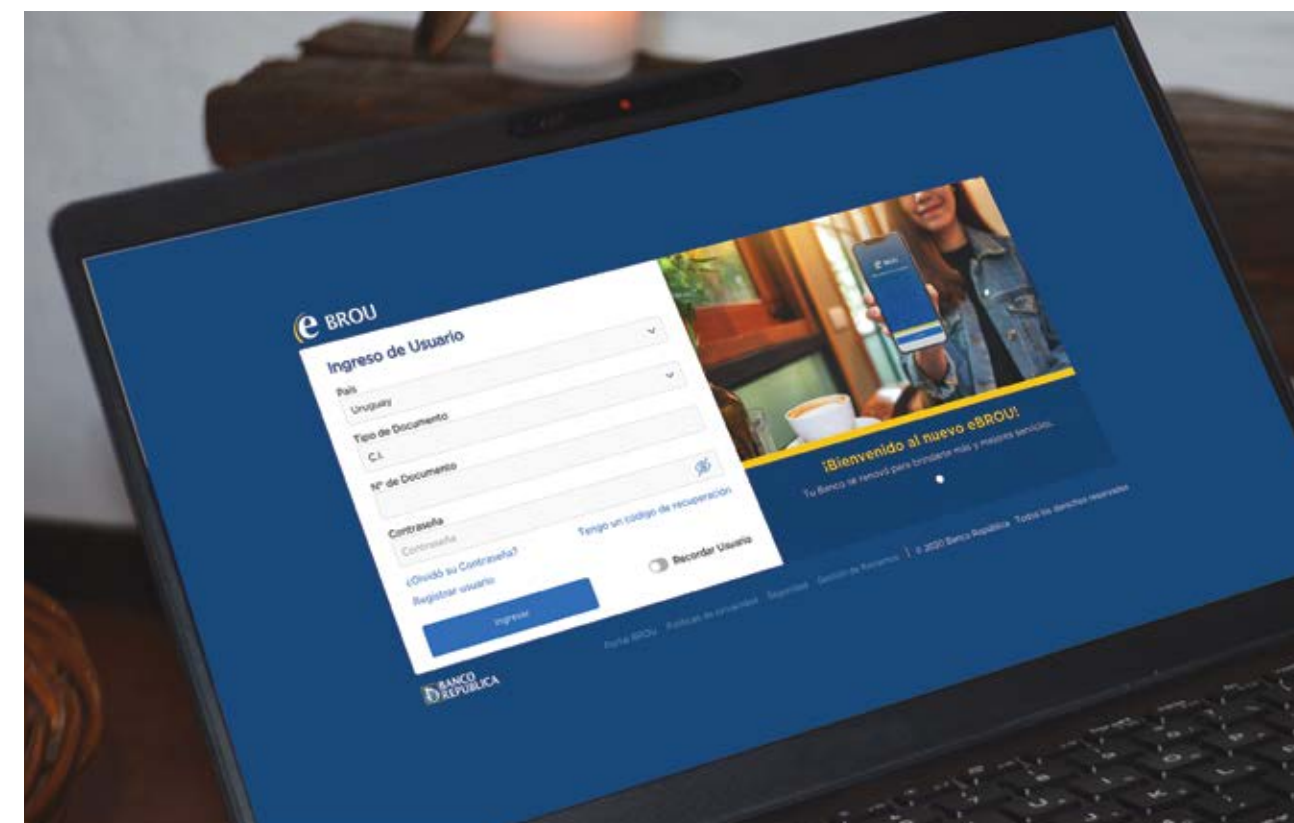
- Our customers were given possibilities to postpone payment of up to 2 account statements in a row in the months of April and May at a zero rate. It is worth noting that this VISA card benefit was available to 103,041 potential customers, and it was used by only 29%. In MasterCard, this benefit was available to 18,260 potential customers and used by 21%.
- Throughout the year, the lowest interest rate was also maintained, both in national currency and US dollars.
- And the *tuapp* e-wallet was the key tool used to deploy the exchange of the 1,743,882 MIDES Baskets available as of December 31, 2020. 97% of the beneficiaries actually received such assistance.

Implementation of exceptional measures for Retail Credit:

- For those customers belonging to the private sector, who were the most affected either by long-term unemployment or were terminated, their credit installments were postponed for 90 days, without additional charges. This was applied to 126,663 transactions.
- The possibility of re-documenting their loans with a 3-month postponement of their first installment was offered to civil servants and retirees. As it had been done on previous occasions for retired customers, the rates of loans were reduced for active workers applying online. This benefit was available to 77,830 customers of the public sector and 88,382 retirees.

Retail Business Management

- As a way of collaborating with corporate customers also hard hit by community movement restrictions, different types of campaigns were implemented ("Back to school"; "Fathers' month", and others).
- The "Domestic Tourism" campaign was developed during the year, focused on supporting the restaurant and tourism sectors severely affected by the pandemic, through promotional discounts with credit and debit cards.
- Also, cross-cutting campaigns such as "Benefits Day" were carried out in the cities of Colonia, Paysandú, and Salto. These campaigns led to strengthening the relationship of our Bank with merchants in those towns and allowed us to provide assistance in times of decreased consumption in these businesses due to the closing of borders.



► e-BROU's new website.

Corporate Customers

With regard to corporate customers, different measures were implemented in order to help the production sector with the difficulties suffered by the decreased operations caused by the pandemic.

In this sense, a Board Resolution of March 24, 2020, extended loan terms to corporate customers for up to 180 days, both for the payment of principal and interest.

In order to facilitate the implementation of this resolution, for customers with a credit limit up to the equivalent of USD 200,000, this postponement was automatic and centralized, at no financial cost for customers. This was applied to 16,831 loans from 8,163 customers, most of them micro and small businesses.

For clients with credit limits above USD 200,000 and with operational income affected by the health situation, these maturity postponements were examined on a case-by-case basis and adjusted to individual needs.

Approximately 1,600 loans of customers in this group were extended.

Regarding new financing to sectors affected by the health measures, as of December 31, 2020, approximately 7,500 loans were provided, worth over USD 250 million.

While the above are specific pandemic-related measures, 2020 was marked by other complex events that also deserved BROU attention.

As a result of the water deficit that impacted Uruguay due to the lack of rain, a Board Resolution of November 20, 2020 approved a credit line for affected livestock and dairy farming, reaching both current and new customers.

Also, and in terms of supporting the dairy sector, under the FOGALE Guarantee Fund, a new line of financial assistance was approved to finance working capital and investment, as well as to restructure debts. This allowed current customers to benefit as if they were new. The terms ranged from three to eight years, depending on the purpose of the loans, with discounted interest rates.

There was yet another Board Resolution of June 25, 2020, related to the rice industry, in difficulties for a long time, providing the chance of refinancing past due debt balances expiring on June 30, 2020, with a term of up to eight years and discounted rates.

Additional assistance was also made available to rice producers, providing them a method to pay off their debt balances with the industry and suppliers.

In short, 2020 will surely be remembered by many generations as one of the worst and most challenging years in contemporary history.

This situation can only be overcome with countless and timely, balanced and weighted actions, applied with a high degree of commitment, unity, sensitivity and solidarity.

This is how 2020 was closed and the same strength and energy shall be applied in 2021.



04 Presentation of our Bank and Corporate Governance





Presentation of our Bank and Corporate Governance

The *Banco de la República Oriental del Uruguay* (BROU) –established by Law No. 2,480 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 of Uruguay, governed by Sections XI, XIII and XIV of the Constitution.

Its current Charter was approved by Law No. 18,716 of December 24, 2010, setting up an updated regulatory framework, comprehensive and pragmatic, covering every operation of this multiple, 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 regulation completed the legislation, in line with present times contemplating for instance the use of new technologies for deliberative bodies.

The results of all the above rules were undoubtedly useful in a year when the pandemic forced meetings to be held online in certain occasions.

♦ MISSION ¹

Contributing to the productive, economic and social development of Uruguay, providing efficient financial solutions to public and private business, families and individuals, combining the necessary business profitability with the fulfillment of our social commitment, care of the trust and savings of our depositors.

♦ VISION

As the flagship Bank of Uruguay, with a dual role of commercial and development bank, we operate in a competitive market, offering solutions through the appropriate combination of our wide network of branches and the online operations brought about by digital transformation.

We have customers as the focus of our actions, and a balance in the care of our employees, shareholders, regulators and the community where we operate in every decision.

♦ CORPORATE VALUES

Commitment to service

Providing financial services that contribute to financial inclusion, and the economic and social development of Uruguay.

Offering optimal quality of service to customers, developing products and services that respond to their needs.

Ethical Performance

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

Corporate Governance

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

Teamwork

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



► Members of the Board of Directors entering into office.

Maximizing synergies that emerge from teamwork, 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

Fair, equal and ethical treatment to all customers, suppliers, associates and workers, ruling out any discriminatory attitude or policy.

Uncompromising application of the Code of Ethics.

Transparency

Cultivating the obligation and desire to report within the framework of current legal restrictions, on the basis that correct, adequate and comprehensive information contributes to increasing trust in our organization while generating greater organizational self-control.

Turning transparency in management into a true competitive advantage.

Social Responsibility

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

Defining a solid commitment to corporate social responsibility, specifying policies and procedures for workers, suppliers, competing customers and the greater community.

¹ The texts of MISSION, VISION, and CORPORATE VALUES are the updates adopted by a Board resolution of March 4, 2021.

◆ 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 members of each Board regularly enter 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 their 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 amplest 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 special quorum and majority.

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.



► Sculptural group in marble *El éxodo del Pueblo Oriental* (Exodus of the Oriental People), by Heber Ramos Paz.

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 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

Among other duties, this Committee is in charge of examining and adopting the annual plan of the Internal Audit Office, and also its degree of compliance. The Audit Committee must also examine the opinions of such Office and follow-up the implementation of the recommendations to amend procedures made by such Office and by the External Auditor. 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.

Risk Monitoring Committee

The main purpose of this Committee is to analyze risk strategies by type of risk and at an aggregate level, and issue recommendations to the Board of Directors; review risk policies, including the risk appetite of BROU and the companies of the Group, and issue recommendations to the Board; monitor the implementation of the risk appetite statement by the Bank and its subsidiaries; as well as the surveillance of the capital and liquidity management strategies.

The Anti-Money Laundering and Counter-Terrorism Financing Committee

Within the comprehensive framework of 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.



► Members of the Board of Directors entering into office.

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 and Assistant General Managers report to the General Manager and are responsible for the following areas: Corporate Banking, Retail Banking, Finance, Recovery, Sales and Distribution (Distribution Network and Online Banking report to this Manager), Accounting (comprising Budget, and Accounting and Control), and Resource Management (including the areas of Information Technology, Processing, Operations, Infrastructure and Information Security). Additionally, the areas of Human Resource Management, Strategic Planning and Business Intelligence report directly to the General Manager, as advisory units. In turn, the Anti-Money Laundering Unit, the Risk Policies and Control Office, the Internal Audit Office, and Bank Relations Office, Marketing and the unit dedicated to the Cluster, they all report to the Board (such unit dedicated to the Cluster coordinates with the remaining entities of the BROU Group).

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 Institutions. Likewise, it is under the supervision of the National Accounting Office, which, among other things, monitors the financial management of the Bank and the legality of expenditure and payments.

Concerning credit risk within the Non-Financial Sector, our 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 68.55 million for 2020), 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 137.1 million for 2020).

Also, if any of these individuals, companies or entities belong to an economic group, the above limits remain, but the total amount of credits or loans to the economic group may not exceed such limits by more than 50%.

Without affecting the above, and in order to minimize the possible impacts of exchange rate volatility on the top limits measured in US dollars, the Board of Directors tends to set limits lower than the legally authorized maximum limits.

For qualified lending, following the best practices of Corporate Governance, resolutions are adopted by corporate bodies composed of several members in order to assure greater security and objectivity. In this regard, there are loans or credits within the Board's legal responsibility due to their amount or the special number of votes required. All remaining credit decisions are made by Committees and their final resolutions need to be taken by a unanimous vote. If there is no unanimity, the matter must be escalated.

Of such Committees, the main one is the Credit Committee, composed of the General Management, the Corporate Area and Risk Control and Policies, Executive Managements and the Retail Banking, Finance and Distribution Network Executive Managements when lending is related to them. They adopt the final resolution about credits for up to USD 1.2 million and exceeding the powers of the Business or Corporate Credit Areas. As for credits granted by the Credit Committees of branches overseas, the Credit Committee is empowered up to USD 400,000.

Under Article 24 of BROU 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 BROU are also guaranteed by the Bank Deposits Guarantee Fund, created by Art. 45 of Law No. 17,613 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. (With this evaluation the supervisors analyze the following components: Corporate Governance - Economic Financial Evaluation - Risk Management System - Technology and others).

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.

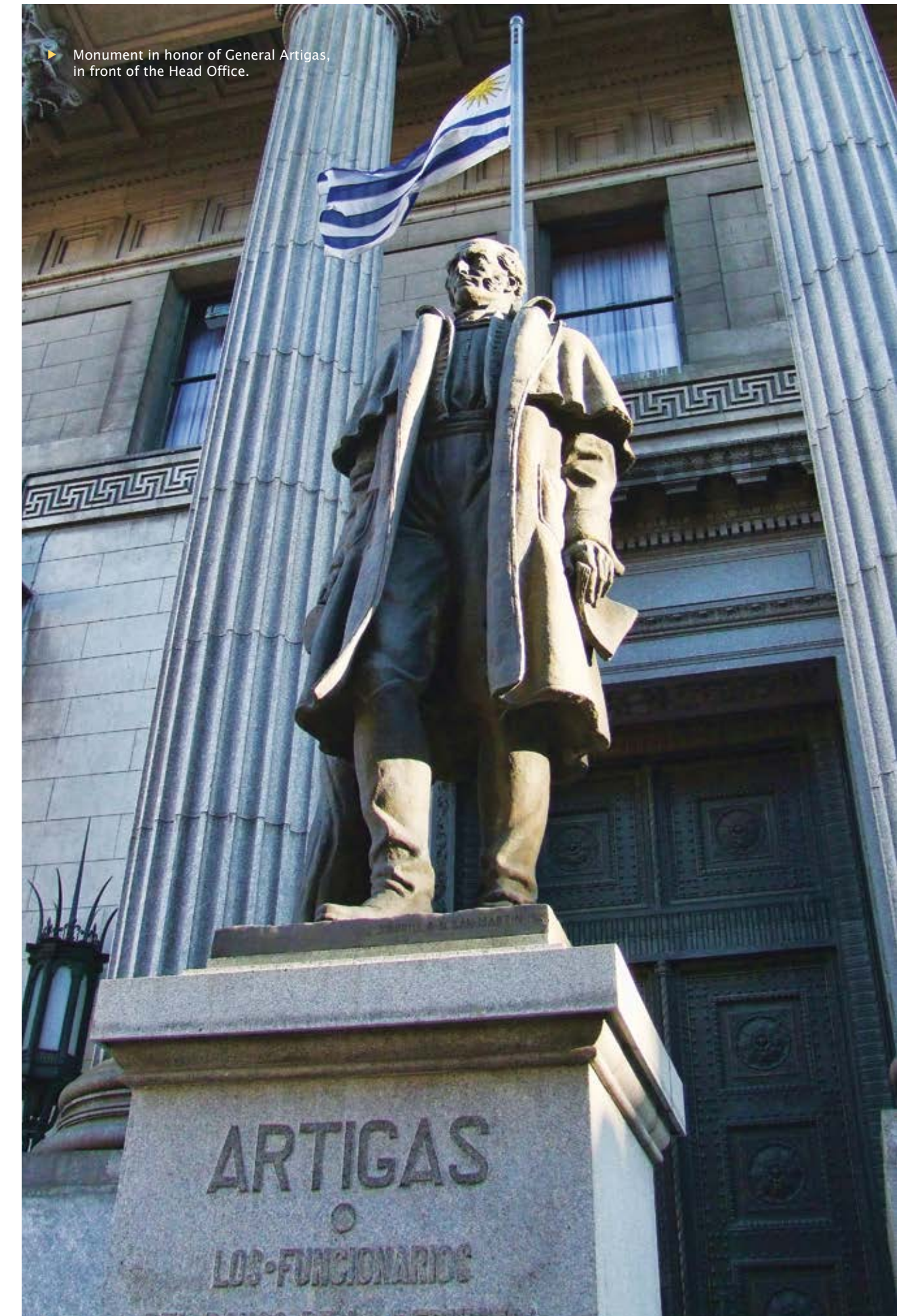
In this regard, according to the legal framework in force, the remuneration of the President and remaining Directors is the same as Ministers and Under-Secretaries of State, respectively, on January 1, 2010, updated according to the increases applicable to salaries of the Central Government. The resulting amounts are reported by the national Planning and Budget Authority (OPP). 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 bargaining 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 2020 the following changes in the Senior Staff took place:

- On April 2, 2020 Mr. Jorge Polgar Pisano stepped down as president of the Bank as a result of Mr. Salvador Ferrer Carámbula taking office, appointed by the Executive Branch according to resolution dated March 24, 2020.
- By resolutions of the Executive Power of March 31, 2020, the resignations of Mr. Leandro Francolino Moyano, Ms. Adriana Rodríguez Cabrera and Mr. Guzmán Elola Curuchaga, to the positions of Vice President, Second Vice President and Member of the Board, respectively, were accepted.
- On April 2, 2020, Mr. Pablo Sitjar Pizzorno took office as Director of the Bank according to a resolution of the Executive Branch of that same day.
- On that occasion, Mr. José Amorín Batlle, President of *Banco de Seguros del Estado* (BSE), assumed as interim Director.
- And, appointed by Resolutions of the Executive Branch dated June 16, 2020, on June 24, 2020, Mr. Max Sapolinski Labonarski and Mr. Leandro Francolino Moyano assumed as directors of BROU.
- By resolution of the Board of Directors dated October 29, 2020, Mr. Fernando Di Bello Mayo resigned from the position of Deputy General Manager of Resource Management.



05 Macroeconomic environment

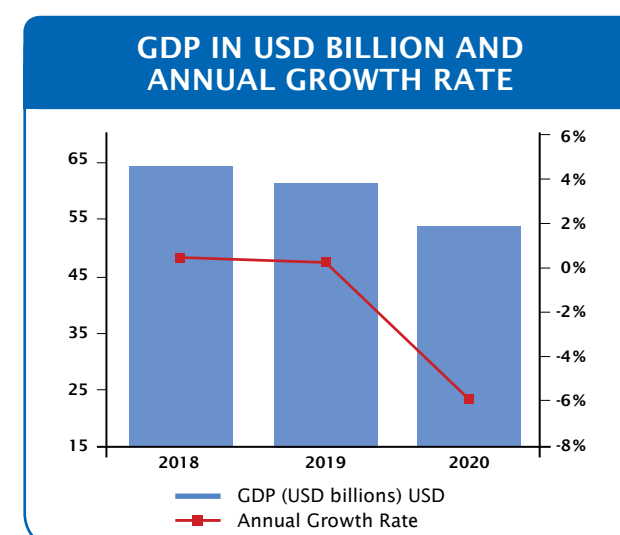




Macroeconomic environment

The global economy contracted significantly in 2020 as a result of the economic crisis caused by the COVID-19 pandemic.

The speed of the virus spread around the world caused an unprecedented global ripple effect.

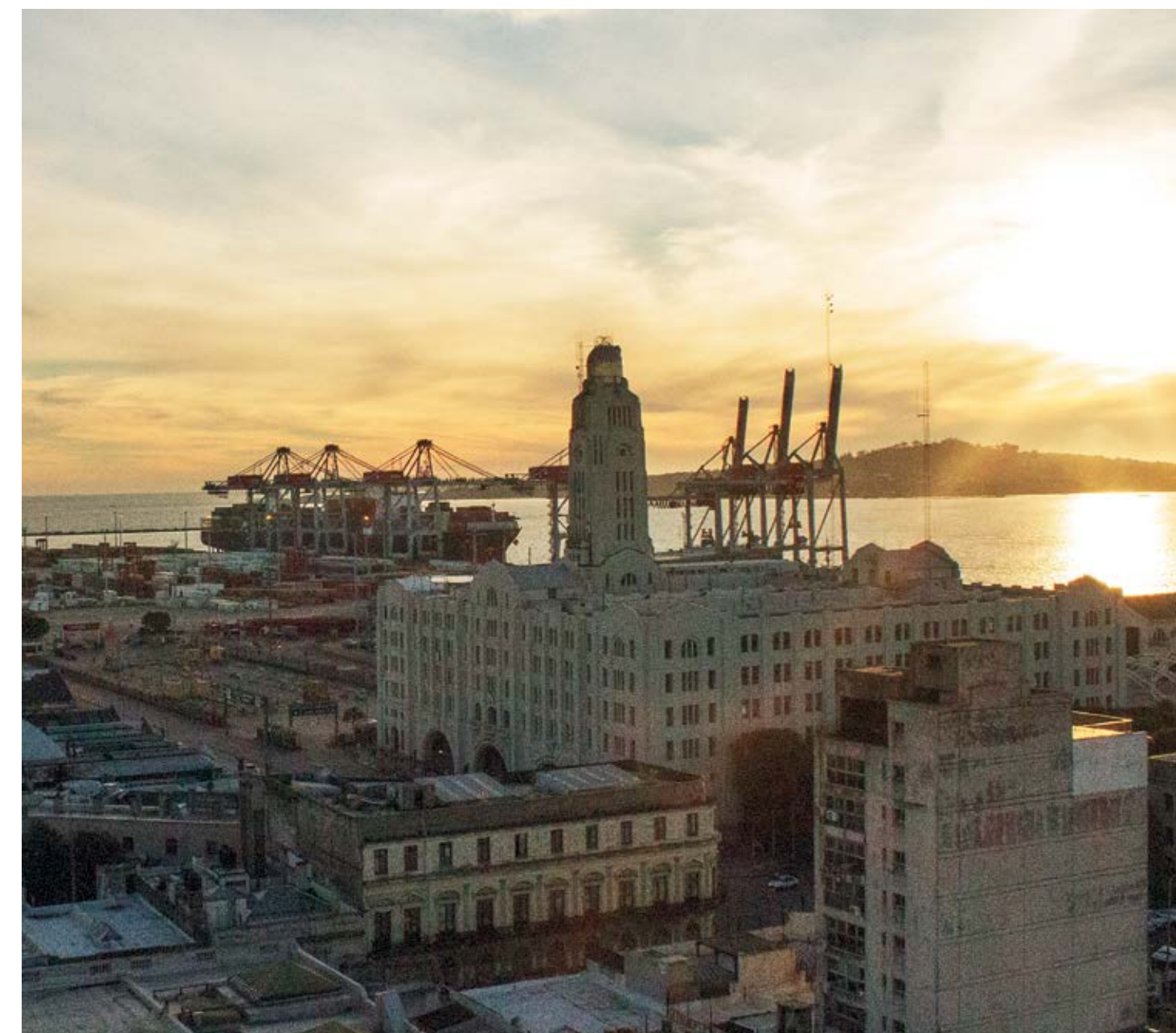


In this vein, the world economic activity fell 3.5% in 2020, in a general recessive context, almost with the only significant exception of China. Along the same lines, at the regional level, Latin America was impacted by the pandemic, and in particular the economic context of the main countries of the region deteriorated, with an estimated contraction of approximately 7.4%.

In response to the adverse impacts of the health and economic crisis, most governments applied monetary and fiscal expansionary economic policies, seeking to alleviate the negative impacts of the production paralysis. In this sense, interest rates fell to minimum levels and fiscal spending increased. While the measures provided relief, there was a sharp rise in unemployment and poverty in the world during 2020.

By 2021, the world economy is expected to resume its growth path, with an estimated rise of 5.5%, although the recovery is expected to be uneven and uncertain. In this sense, the massiveness and effectiveness of vaccination are crucial to consolidate such global recovery.

World Economy				
GDP Annual Variation	2000 / 2007 average	2018	2019	2020
World Economy	4.5%	3.6%	2.9%	-3.5%
US	2.7%	2.9%	2.3%	-3.5%
Eurozone	2.2%	1.9%	1.3%	-6.6%
China	10.5%	6.6%	6.1%	2.3%
Latin America	3.6%	1.1%	0.1%	-7.4%
Brazil	3.5%	1.3%	1.1%	-4.1%
Argentina	3.5%	-2.5%	-3.1%	-9.9%



► Port of Montevideo.

GROSS DOMESTIC PRODUCT VARIATION RATE OF PVI IN %			
Type of economic activity	2018	2019	2020
Primary industries	4.5%	-0.3%	-0.4%
Manufacturing	5.8%	-3.7%	-5.6%
Electricity, gas and water	3.9%	13.2%	-12.5%
Building	-4.4%	5.2%	1.8%
Trade, repairs, restaurants and hotels	-6.5%	0.6%	-9.1%
Transport and communications	-1.0%	3.5%	-6.5%
Financial services	0.3%	1.2%	-0.4%
Professional activities and leases	0.9%	-0.2%	-10.6%
Public administration	0.8%	1.2%	-0.5%
Health, education, real estate and other services	1.8%	-1.2%	-7.0%
Gross Domestic Product	0.5%	0.4%	-5.9%

◆ THE URUGUAYAN ECONOMY

The gross domestic product (GDP) of Uruguay fell 5.9% in 2020, in the context of the global recession caused by the pandemic. There was a strong general drop in demand, with the exception of fixed investment that had only a slight decrease in the framework of the second UPM plant building project.

Private consumption contracted, affected by the drop in income and the decrease in community movement, while foreign trade suffered from the deterioration of the global situation.

Regarding supply, most of the productive sectors weakened in 2020, with very significant declines in the business most exposed to the recessive impact of the pandemic, such as retail, restaurants and hotels, professional activities and leases.

On the opposite side, agriculture, fishing and mining had only a slight decrease, while constructions grew, hand in hand with the progress of the UPM 2 works.

For the year 2021, a general increase in supply is expected, but at different rates of reactivation.

With regard to the components of demand, expectations are also for a recovery, led by private investment and exports.

Foreign Trade

Exports of goods and services from Uruguay totaled USD 13,552 million in 2020, which meant a US dollar-measured decrease of 20% in the year, in the context of the cooling of trade flows of goods and the collapse of world tourism.

The exports of goods² totaled USD 8,076 million in 2020, falling 12.5% as compared to the previous year.

Beef was the main export category, with total sales of USD 1,585 million, involving nearly 20% of exports of goods, and an 11% decrease in relation to the previous year.

The second largest exports were Cellulose, with an export value of USD 1,101 million, a 28% decrease compared to 2019.

² Exports from free zones included.

GOODS EXPORTED FROM URUGUAY FOB in USD millions			
Major Export Products	2018	2019	2020
Meat	1624	1791	1585
Cellulose	1660	1527	1101
Soybeans	529	1003	748
Dairy	682	648	648
Rice	398	372	457
Other	4187	3805	3537
Total	9080	9146	8076

For their part, Soybean sales ranked third, also with a strong annual drop.

In terms of export individual destinations, China continued ranking first with a value of USD 2,149 million, accounting for 27% of the total exports, but meaning a significant decrease of 25% compared to the previous year.

Brazil ranked second, with a share of 15% of the total and a 2% increase in amount traded, compared to 2019.

CIF imports of goods totaled USD 7,564 million in 2020, a decrease of 8% as compared to the previous year.

The drop in imports was widespread, the most significant being the decline in the acquisition of intermediate goods, and consumer goods. For their part, imports of capital goods also fell, but to a lesser extent.

As a result of the performance of exports and imports (FOB values), in 2020 the trade balance of goods deteriorated in relation to the previous year.

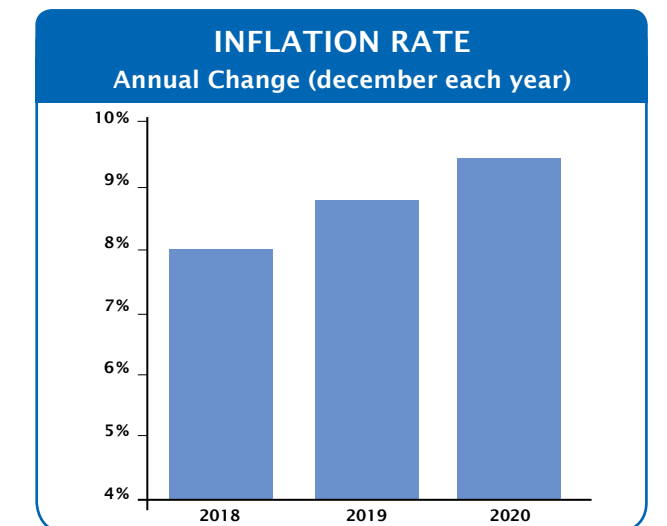
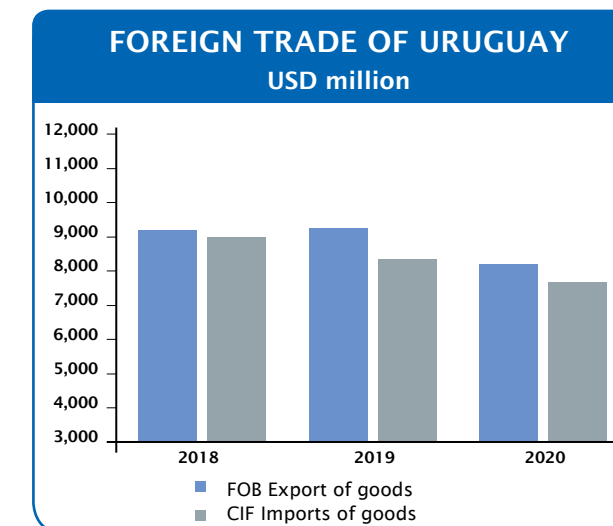
Prices and Income

Inflation in 2020 stood at 9.4%, meaning an acceleration as compared to 2019.

The exchange rate increase favored the increase in inflationary pressures in the second quarter, the inflation then slowed down. In the major areas, the most significant increases were in Housing (11.5%), Health (10.2%) and Food and Beverages (9.5%), while Education (9.2%), and Transport (9.2%) showed rises slightly below the average.

The producer price index for producers of national products increased 3.57% in 2020. The interbank US dollar rate at the end of the year stood at \$ 42.34 per US dollar, representing a 13.4% increase in the year.

The nominal Average Wage Index increased 7.8%, while considering the inflation for the period, real wages decreased 1.5%. In the labor market, the unemployment rate increased, reaching 10.3% for the average of 2020.



URUGUAY MAIN SOCIAL & ECONOMIC INDICATORS			
Indicator	2018	2019	2020
Population (thousands)	3,512	3,525	3,537
Gross Domestic Product (USD million)	64,541	61,516	53,627
GDP per capita in USD	18,376	17,453	15,162
GDP growth (PVI annual change)	0.5%	0.3%	-5.9%
Annual exports of goods (USD millions, FOB)	9,080	9,146	8,076
Annual exports of goods (USD millions, CIF)	8,893	8,246	7,564
Current Account Balance, BoP (% of GDP)	-0.5%	1.3%	-0.6%
Gross Debt (% of GDP)	60%	60%	74%
Annual Inflation Rate	8.0%	8.8%	9.4%
Annual Depreciation Rate	12.6%	15.3%	13.4%
USD exchange rate at each year end (in UYU)	32.39	37.34	42.34
Inflation-indexed unit rate at each year end (in UYU)	4.0270	4.3653	4.7846



06

Competitive banking environment





Competitive banking environment

At the end of 2020, the Uruguayan financial system consisted of one public commercial bank, nine private commercial banks, one public mortgage bank and four non-bank financial institutions.

The financial system Assets totaled USD 41,116 million at the end of 2020, increasing 8% in US dollar terms in the year, representing a 77% of the GDP.

◆ COMMERCIAL BANKING SYSTEM

The commercial banking system Assets amounted to USD 39,153 million in 2020, representing an 8% annual increase in US dollar terms, while the Assets of BROU increased 6%. BROU is the leading financial institution in the country, with a 47% share of the total Assets, slightly lower than the previous year.

Gross Loans to the Non-Financial Sector totaled USD 13,987 million at the end of 2020, representing 36% of the assets of the commercial banking system. In the fiscal period, there was a minimum balance decrease of 0.1% measured in US dollars.

The delinquency rate for the entire banking system stood at 2.8%, representing a decrease in relation to 2019.

The amount of Gross Loans to the Resident Non-Financial Private Sector, meanwhile, reached USD 13,152 million, 0.3% lower than 2019 in US dollar terms.

This decrease was due to the increase in the exchange rate, mainly on the consolidated measurement in US dollars loans to Families, most of them in local currency. Indeed, loans to Families, measured in Uruguayan pesos, grew by 10%. Meanwhile, there was a 2% annual increase of corporate credit.

In 2020, the Liabilities of the commercial banking system reached a balance of USD 35,664 million, implying an annual increase of 9% measured in US dollars.

At year end 2020 the banking Liabilities were formed primarily by Non-Financial Sector Deposits, accounting for 93% of the total Liabilities.



► Replica of an old BROU work desk.



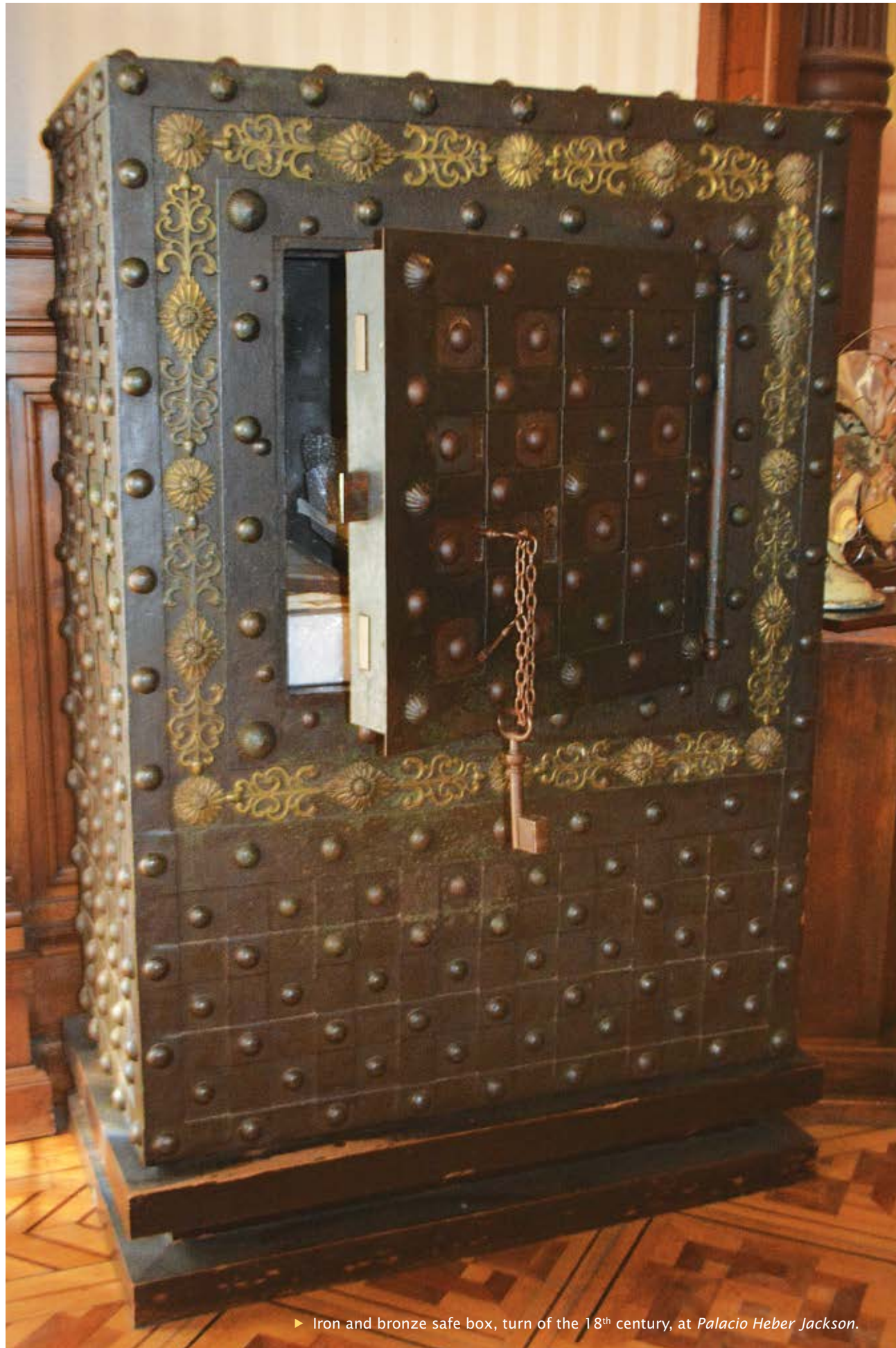
► Currency in circulation in Uruguay.

URUGUAY: COMMERCIAL BANKING SYSTEM ECONOMIC ACTIVITY LEVEL INDICATORS

	2018	2019	2020	% 2020
Gross Loans to Non-Financial Sector (% of GDP)	24%	25%	26%	
Gross Loans to Non-Financial Sector (USD million)	14,375	14,000	13,987	
BROU	4,866	4,560	4,638	33%
Private Banking	9,510	9,439	9,349	67%
Non-Financial Sector Deposits (GDP %)	49%	54%	61%	
Non-Financial Sector Deposits (USD million)	29,507	30,088	33,031	
BROU	14,478	14,630	15,565	47%
Private Banking	15,029	15,458	17,465	53%

COMMERCIAL BANKING SYSTEM INDICATORS

Indicators	2018	2019	2020
ROE Return on Equity	22.5%	24.4%	23.6%
ROA Return on Assets	2.1%	2.4%	2.2%
Delinquency Rate	3.4%	3.2%	2.8%
Solvency-TIER 1 (RPN) / Minimum capital requirement	1.58	1.61	1.69



► Iron and bronze safe box, turn of the 18th century, at *Palacio Heber Jackson*.

The share of BROU Liabilities in the total banking Liabilities was 46%, a slight drop as compared to the end of the previous year.

The balance of the Non-Financial Sector Deposits as of December 2020 amounted to USD 33,031 million, an annual increase of 10% measured in US dollars.

The Deposits of the Resident Non-Financial Private Sector totaled USD 28,924 million, 11% higher than 2019, with a dollarization level of 76%. This increase was mainly due to an increase in foreign currency deposits, while there was also a significant increase in national currency deposits in the period. The structure per term continued to show a stronger concentration in short-term deposits since 88% are deposited for less than 30 days.

The Equity of the commercial banking system amounted to USD 3,490 million measured in US dollars at year end 2020, virtually stable, decreasing 0.2% in the year. The Equity share of BROU was similar to 2019, standing at 55% of the total equity of the banking system.

The solvency of the banking system remained at a good level.

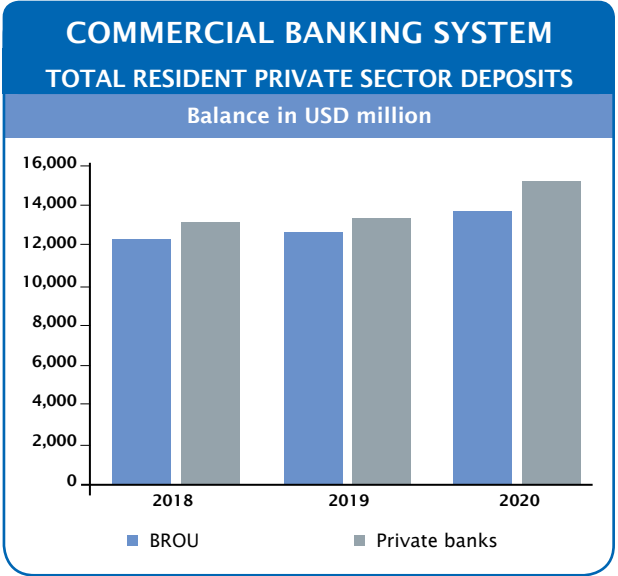
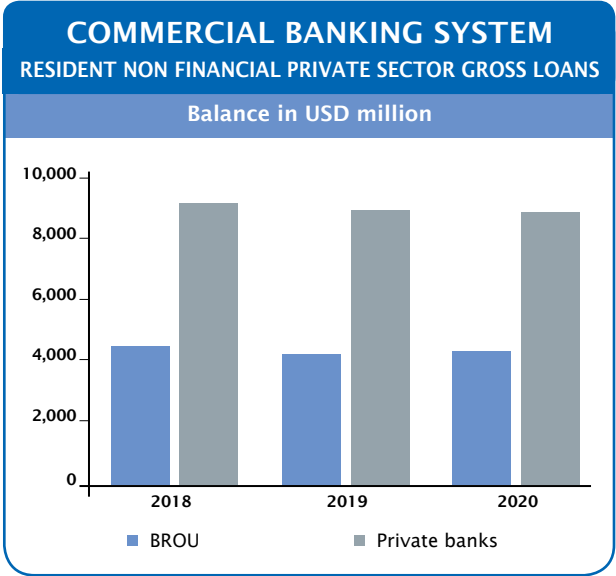
This fact was reflected in the net qualifying capital of the banking system, 69% above the minimum required by regulatory standards. Such ratio was 2.06 times for BROU and 1.42 times for the private banks.

The annual operating income of the commercial banking system reached USD 790 million in 2020, USD 10 million lower than the operating income of the previous year. BROU operating income represented 56% of the overall result.

The economic result of the commercial banking system in 2020 was USD 817 million, USD 5 million higher than the previous year.

The economic result of BROU in 2020 was USD 500 million, record high and the largest in the system.

In terms of profitability, the rate of return on equity (ROE) of the banking system was 23.6%, while the rate of return on assets (ROA) was 2.2%. The efficiency ratio, in turn, closed 2020 at 54.2%.



FINANCIAL SYSTEM OF URUGUAY							
ASSETS, LIABILITIES AND EQUITY AS OF DECEMBER 31, 2020							
In USD million and percentage share							
Type of Institution	Number	Assets	%	Liabilities	%	Equity	%
Commercial banking system	10	39,153	95%	35,664	97%	3,490	80%
BROU	1	18,338	45%	16,427	45%	1,911	44%
Private banks	9	20,815	51%	19,237	52%	1,579	36%
Other financial intermediaries	5	1,963	5%	1,097	3%	865	20%
Banco Hipotecario (Mortgage Bank)	1	1,755	4%	917	2%	838	19%
Financial Cooperatives	1	23	0.1%	17	0.0%	5	0.1%
Deposit taking institutions	1	79	0.2%	65	0.2%	14	0.3%
Offshore financial companies	1	85	0.2%	81	0.2%	4	0.1%
Savings associations	1	21	0.1%	17	0.0%	4	0.1%
Total	15	41,116	100%	36,761	100%	4,355	100%

07 Management Report





Management Report

BCU Communication 2020/241 was applied in preparing the 2020 financial statements, and for the 2019 and 2018 fiscal years, BCU Communications 2017/247 and 2019/195 were followed.

In everything not covered by the communications mentioned above, the International Financial Reporting Standards (IFRS) were applied.

In addition, the Conceptual Framework for Financial Reporting adopted by the International Accounting Standards Board was applied as appropriate.

◆ FINANCIAL POSITION

On December 31, 2020, BROU Assets amounted to USD 18,338 million, representing an increase of 5.7% in US dollars compared to the end of 2019.

Cash and cash equivalents and financial loans totaled USD 13,356 million, concentrating 73% of total Assets; non-financial sector investments (Private and Public) represented 23%, while the remaining 4% were fixed assets, investments and other assets.

Assets grew by USD 994 million, there was an increase in cash and equivalents, and financial loans (USD 906 million), in the net non-financial sector lending³ (USD 121 million) and investment (USD 9 million), mitigated by a decrease of fixed assets and other assets (USD 41 million).

Financial loans reached USD 8,989 million, growing USD 633 million. In foreign currency, 91% of the financial loans were securities for investment.

The net loans to the non-financial sector⁴ amounted to USD 4,285 million (USD 4,647 million are lending in general⁵ minus provisions of USD 362 million).

Gross loans increased USD 86 million compared to December 31, 2019, with a USD 57 million rise of the Private Sector⁶ and USD 29 million of the Public Sector. 94% were Private sector loans and 6% were loans to the Public Sector.

Financial Trusts had a balance of USD 5 million as of December 31, 2020.

Gross lending to private sector residents (excluding trusts) reached USD 4,242 million, an annual increase in 2020 of USD 45 million.

The balance of loans to the Public Sector (USD 161 million)⁷ grew by USD 34 million.

The non-performing loans of the private and public Non-Financial Sector (excluding trusts) amounted to USD 209 million (similar to the 2019 figures), representing 4.6% of the gross placements.

This index was lower than the one at year-end 2019 (4.7%) due to the increase in the portfolio.

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

Liabilities amounted to USD 16,427 million, composed as follows: 83% were resident Private sector deposits, 8%, Public sector, and 4% Foreign⁸. Other liabilities and sundry liabilities accounted for the remaining 5%.

³ Temporary overdrafts not included. These loans do not include the balance of debtors for accrued financial products (included in other assets).

⁴ Temporary overdrafts not included. These loans do not include the balance of debtors for accrued financial products (included in other assets).

⁵ Lending in general includes: gross loans, overdraft, Agreement with the Ministry of Economy and Finance (MEF) and financial trusts.

⁶ Nonresident loans included.

⁷ MEF Agreement balance not included.

⁸ Deposits in branches overseas, of USD 15 million and USD 2 million in the Private and Public sectors, respectively, included, which decreased by USD 2 million and USD 103 million respectively.



► Centro Branch, Online Banking, Montevideo.

The resident and non-resident Private Sector Deposits⁹ grew by 8% (USD 1,068 million).

Balances in foreign currency (USD 964 million) increased primarily in savings accounts (USD 921 million), in local currency (USD 100 million in UYU and USD 4 million in inflation-indexed units) in savings accounts (USD 152 million), and decreased in current accounts (USD 6 million), in other demand accounts (USD 24 million) and fixed term deposits (USD 18 million).

The products with greater liquidity (savings and current accounts) concentrated 85% of total sectoral deposits (75% savings and 10% current accounts), and 12% were fixed term deposits.

In terms of currencies, foreign currency deposits increased by 9% and deposits in national currency increased by 4% in UYU and 1% in inflation-indexed units.

The percentage of foreign currency deposits from Private Sector resident depositors was 78%; 19% in UYU, 3% in inflation-indexed units (77%, 20% and 3%, respectively, in 2019).

The Public Sector Deposits showed a balance of USD 1,259 million, a drop of 10% (USD 133 million) as compared to December 31, 2019, primarily in fixed term deposits (USD 191 million), mitigated by the rise in savings accounts (USD 62 million). 77% of the total variation (USD 102 million) was related to foreign currency.

In 2020, the Equity of BROU in US dollar terms (USD 1,911 million) slightly decreased (0.6%) (USD 12 million). The increased obtained by the profit of USD 500 million in the fiscal year, was mitigated by transfers to the Ministry of Economy and Finance (MEF) and the COVID-19 Solidarity Fund (for an equivalent of USD 273 million)¹⁰ and by the measurement in US dollars implying a USD 227 million initial equity reduction.¹¹

The Tier 1 capital (RPN) was 106% above the minimum capital requirement, higher than December 31, 2019 (95%).

The impairment of total gross non-performing loans amounted to 60.57% (lower than December 31, 2019 - 63.92%). Meanwhile, our own non-performing receivables was 22.35 times such receivables, lower than the previous year (24.43).

⁹ These deposits do not include the credit balance for accrued financial costs not paid, such balance has been included under other liabilities.

¹⁰ As per Article 11 of BROU Charter, and Article 2 of Law 19,874, and 40 of Law 18,716.

¹¹ Resulting from the increase in the US dollar exchange rate in the period (13.4%).

◆ ECONOMIC PERFORMANCE

BROU obtained in 2020 a profit equivalent to USD 500 million, USD 28 higher than the previous year. This increase was mainly due to higher valuation adjustment gains and net bad debt charges,¹² Operating Cost and Business Income Tax (IRAE), mitigated by a decrease in the financial margin and the margin for services.

The financial margin before provisions reached USD 695 million and decreased by 13% (USD 108 million), due to the 14% drop in financial income.

The financial margin after provisions of USD 625 million decreased by 8%.

In 2020 there was a loss of USD 70 million for net bad debt charges, 43% lower than 2019. This was impacted by lower loss due to the creation of specific net provisions for bad debts (from USD 131 million in 2019 to USD 51 million in 2020), Securities (from USD 4 million in 2019 to zero in 2020) and a higher gain from recovery of written-off debt (from USD 35 million in 2019 to USD 47 million in 2020). This positive variation was mitigated by the creation of statistic-based provisions (USD 43 million).

The profit margin for services (fees earned minus fees lost plus operating forex rate difference) reached USD 144 million, a decrease of 6% in relation to the previous year.

Revenues for services (USD 127 million), 71% obtained in national currency, decreased by 7% measured in US dollars.¹³ Expenses for services (USD 41 million) decreased by 4%.

Gains for operating exchange rate differences (USD 58 million) decreased by 3%.

The gross operating income (financial margin net of provisions plus income from services) amounted to USD 769 million, showing an 8% decrease (USD 65 million).

The management result (gross operating margin minus operating cost and other operating results) amounted to USD 371 million, a 2% drop as compared to the year before.

The operating cost measured in US dollars decreased by 12%.

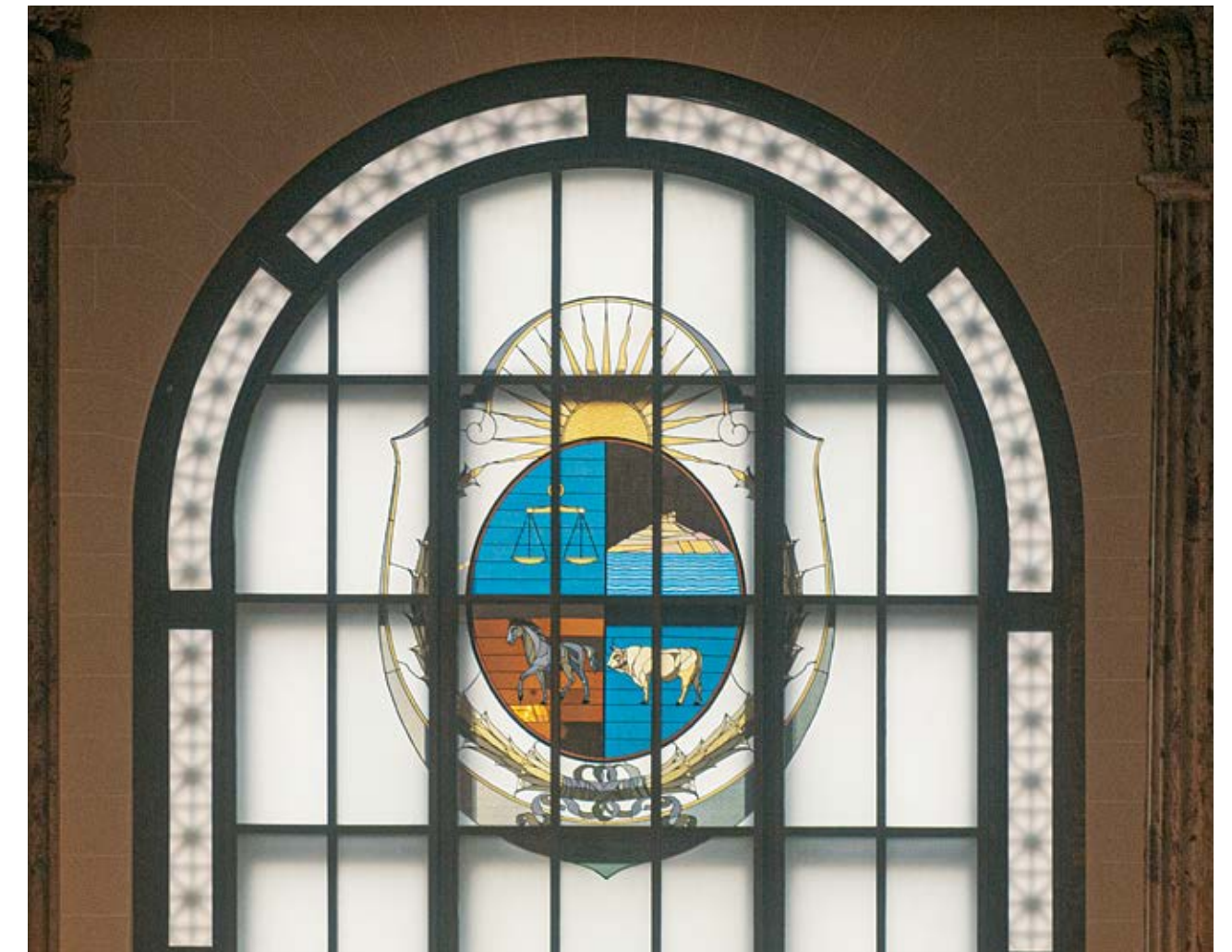
The net valuation result¹⁴ was a profit of USD 261 million, including gains from exchange difference of foreign currency valuation (USD 142 million) and adjustment for changes in the exchange rate of inflation-indexed units (USD 122 million), and loss from translation of results (USD 3 million).

The Business Income Tax paid was USD 82 million, 16% lower.

The Net Worth Tax, (USD 49 million) was similar to 2019 (USD 48 million).

The efficiency ratio (prepared by the Economic Analysis Advisory Services) reached 45.9%, better than 2019 (46.2%).

Indicators of average return on equity (ROE) and average return on assets (ROA) amounted to 26.65% and 2.87% respectively (previous period ROE 26.41% & ROA 2.92%).



► Coat of arms of Uruguay, Head Office, Montevideo.

BALANCE SHEET LIABILITIES AND EQUITY						
USD million						
	2018	2019	2020	2020		
	Total	Total	Total	UYU	Inflation indexed units (IU)	For. curr.
Deposits	14,509	14,651	15,624	3,430	497	11,697
Private Sector	12,392	12,697	13,716	2,640	430	10,646
Foreign Sector	510	541	590	11	1	578
Public Sector	1,576	1,392	1,259	763	66	430
Banking Sector	31	21	59	15	0	43
Sundry Liabilities	317	342	331	4	0	327
Other Liabilities	443	428	472	326	6	140
Total Liabilities	15,269	15,420	16,427	3,759	503	12,164
Total Equity	1,837	1,924	1,911	-646	1,442	1,115

¹² Net bad debt charges or cost of risk include: net creation of specific, statistic-based and general provisions for bad debts, gains derived from decreasing such general provisioning and the gain for recovering written-off portfolio.

¹³ In the currency of origin, commissions increased in both currencies. The cumulative average exchange rate per US dollar in the year rose 19.2% (from UYU 35.24 to UYU 42.013 per USD), affecting the measurement of national currency in US dollars.

¹⁴ Valuation Adjustments include: Exchange Difference in Valuation, Adjustment for Changes in the Exchange Rate of Inflation-indexed Units and Translation Results. This is the difference between results in pesos translated at the closing exchange rate, and results obtained in national currencies arbitrated at the average exchange rate.

BALANCE SHEET ASSETS						
USD million						
	2018	2019	2020	2020		
	Total	Total	Total	UYU	Inflation indexed units (IU)	For. curr.
Cash & Financial Investments	11,954	12,450	13,356	1,668	278	11,410
Investments Financial Sector	0	0	0	0	0	0
Investments Non-Financial Sector	4,456	4,165	4,285	910	1,653	1,722
Corporate Area	2,709	2,489	2,645	232	568	1,844
Retail Area	2,147	2,065	1,996	764	1,222	10
Trust	9	5	5	0	0	5
Rest	1	1	1	0	0	1
Others Impairment	-410	-396	-362	-86	-137	-138
Fixed Assets	205	191	166	162	0	4
Investments	126	149	158	102	0	56
Other assets	365	390	373	271	15	87
Total Assets	17,106	17,344	18,338	3,113	1,946	13,280

The Agreement signed by the MEF and BROU has been included in the Corporate Area Lending balance as from 2019, restating the balances of the previous years. The Investments Non-Financial Sector Rest refers to loans or investments not assigned to any other business area.



INCOME STATEMENT USD million

	2018	2019	2020
Financial Income	833	847	730
Financial Costs	-49	-48	-34
Valuation result securities & transactions to be settled	4	4	-1
Financial Margin before Provisions	788	803	695
Risk cost	-99	-122	-70
Financial Margin after Provisions	689	681	625
Fees earned	139	137	127
Operating Exchange Rate Difference	51	60	58
Fees lost	-36	-43	-41
Service based margin	154	154	144
Gross Operating Margin	843	834	769
Operating Cost	-432	-424	-372
Other Results	-43	-30	-26
Management Result	368	380	371
Business Income Tax (IRAE)	-95	-99	-82
Net Worth Tax (IP)	-49	-48	-49
Valuation Adjustments	216	239	261
Inflation Adjustment	0	0	0
Income for the year	440	472	500
Average Forex Rate	30,716	35,240	42,013

The Income Statement contemplates the opening by Profitability Margins and the standards to convert income into foreign currency, used in the business management reports, with 2018 restated.

FINANCIAL INVESTMENTS USD million

	2018	2019	2020
Foreign currency	9,611	10,512	11,410
Cash	200	158	192
Central Bank of Uruguay	2,795	2,686	2,917
Overseas Branches	0	0	0
Investment securities	5,852	6,590	7,229
Foreign Sector	765	1,078	1,072
Other	0	0	0
National currency and inflation-indexed units	2,342	1,937	1,946
Total	11,954	12,450	13,356

FINANCIAL INVESTMENTS USD million

	2018	2019	2020	2020		
	Total	Total	Total	UYU	Inflation indexed units (IU)	For. curr.
Cash and cash equivalents	4,080	4,094	4,367	940	0	3,426
Financial Investments	7,873	8,356	8,989	727	278	7,984
Total	11,954	12,450	13,356	1,668	278	11,410

◆ FINANCE AREA

The Finance Area is focused on the management of cash and cash equivalents, and financial investments that make up the set of financial assets under this Area management, 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 2020 financial assets being managed by this Area amounted to USD 13,254 million¹⁵, up USD 970 million (8%), a figure substantially higher than the previous year.

The change in financial assets in the period is entirely the increase in foreign currency financial assets including investment securities, the main channel for the US dollar increase in 2020, in the context of the COVID-19 pandemic in the last ten months of the year. Although assets in national currency (pesos plus inflation-indexed units) increased in their currency of origin, there was virtually no increase in US dollars due to the 13.4% depreciation in the year.

Consequently, the percentage share of foreign currency financial assets increased again one point compared to the previous year, reaching 85%.

In net terms, financial loans were 86% of the uses of funds in 2020, followed by gross loans with 8%, while an increase in deposits was the main source for the period (89%).

Differentiated by currency, the use of foreign currency financial assets represented 90%, funded to the same extent by an increase in US dollar deposits. In contrast, gross loans were the main use (57%) in local currency followed by financial loans (35%), based on resources derived mainly from the increase in deposits (80%).

The 30-day and 91-day liquidity ratios¹⁶ as of December 31, 2020, showed values similar to those at the end of the previous year in the case BROU.

And such ratios were better for the private financial system. The figures for BROU were 94% and 92% respectively (vis a vis the 95% and 92% of the previous year). For the private financial system, the ratios stood at 63% and 65% respectively (58% and 59% in 2019). With regard to the Liquidity Coverage Ratio (LCR), BROU far exceeds the limits required by the regulator, reaching 313% in national currency and 432% in foreign currency at the end of the year.

During 2020, the debt service continued, as well as the obligations under two financial transactions with foreign entities in US dollars from 2015 (one with a multilateral development institution and one with an international private financial institution) to strengthen the financing structure of the balance sheet by periods.

This structure is backed primarily by 95% of deposits with high concentration of short-term maturities. The pandemic and the national health emergency as of March, that marked 2020, implied strong uncertainty, particularly in the macroeconomic context. It became then advisable to postpone to 2021 the completion of the second financing with the same multilateral development entity, within the general line agreed in 2015 and initially planned for 2019. In national currency, at the close of the year, the public offering underwriting of long-term Certificates of Deposit, made in inflation-indexed units in 2014 for the equivalent of USD 17.8 million, remained in effect.

The Assets abroad amounted to USD 7,420 million, representing 66% of financial assets in foreign currency; their growth was approximately USD 705 million compared to 2019 (11%). The percentage structure by instruments of assets abroad showed, at year-end 2020, a 56% allocation of these funds to investment securities, 31% deposits with the New York Branch, and the balance with other international financial institutions. In this period, the Head Office securities portfolio management continued to strengthen –with a net increase in nominal value of approximately USD 483 million in the year– maintaining the target allocation for the sub-portfolios.

FINANCIAL ASSETS						
Balance USD million						
	2018	2019	2020	2020		
	Total	Total	Total	UYU	Inflation indexed units (IU)	For. Curr.
Cash and cash equivalents	3,954	3,994	4,267	940	0	3,327
Financial Investments	7,933	8,290	8,986	751	318	7,918
Total	11,886	12,284	13,254	1,691	318	11,245

15 This amount includes only financial assets managed by the Finance Area. It should be noted that this amount is not in line with the amount reported by Management Control (USD 13,356 million), because the sum reported by Management Control includes total financial loans, including also those managed by foreign branches (USD 234 million difference) (Source: Individual balance sheet). The amount reported in this document also includes USD 132 million related to Debtors for Financial Products, shown by Management Control under Other Assets.

16 Source: BCU



► Villa Biarritz Branch, Montevideo.

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. This is done within the framework of the business models defined for each portfolio, applying International Financial Reporting Standard (IFRS) 9, effective in Uruguay since January 2018, introducing a significant change in the financial instrument classification approach.

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

BROU is active in the electronic interbank market of foreign exchange, money and securities. The total transaction volume of this market –sales plus purchases– in 2020 was equivalent to USD 73,382 million (16.6% lower than 2019), around 4.41% corresponding to BROU. The total amount of BROU transactions increased 7% in relation to the previous year. In the spot trading of US dollars in the foreign exchange market, our Bank increased its share, concentrating 11.75% of the transactions (previously 6.5%), ranking third in such market trading volume.

This increase occurred even when the total spot forex market fell by 21%, BROU going from trading USD 1,011 million to USD 1,448 million. The formal money market had a 48% increase in 2020. BROU increased its share by 10% as compared to 2019. With 5.2% of the total transactions (previously 7%), at present BROU ranks tenth in this market.

The secondary stock market declined 20% as a whole. The share of BROU continued at approximately 7%, with our Bank largest volume concentrated in the primary market of monetary regulation bills.

During 2020, the nominal value of purchase, underwriting and sale transactions of securities to customers was equivalent to USD 1,158 million, which translates into a decrease of about 35% relative to the total value traded in the previous year (USD 1,779 million), back to levels at the beginning of this five-year period.

The health crisis context directly impacting on the global economic activity with results including uncertainty and loss of employment, as well as the lockdown-type measures that implied temporary closure of some branches and less people moving, partly explain the lower purchase of financial instruments, observed throughout the market.

Also, as in the previous year, the financial markets remained at high price levels (in contrast, with very unattractive returns).

This resulted in less potential customers, conservative behavior and the decision of some customers of selling their position to obtain a profit and wait for lower prices to reinvest.

Our Bank continues to prevail in transactions with monetary regulation bills in national currency in terms of instrument composition (93%). This trend is a consequence of the development in recent years of a more fluid market of bills. And it is also a result of the growing professionalization trend of corporate customers in the handling of their monetary surplus. The transactions with the remaining instruments (USD 86 million) –excluding bills– also had a decrease of 31% in relation to the previous year.

Within the international and local frameworks outlined, the credit rating of the long-term Uruguayan sovereign debt remained stable during the year. In this context, both the MEF and the BCU were active in the implementation of debt management transactions (issuance, buyback and exchange), prioritizing local currency.

In January, a special treasury notes auction was held in inflation-indexed units (reopening) and pension units for a total of UYU 35,456 million (approximately USD 952 million). In June, a treasury note was launched in inflation-indexed units, maturity 2024, rate 2.975% (NT27), worth UI 2,619 million (approximately USD 285 million). In both cases, the issues were payable in national currency, US dollars or selected instruments issued by the BCU or the MEF.

In June, a new UI bond was launched internationally, maturing in 2040, worth USD 1.1 billion, rate 3.875% and the UI bonds due 2031 were reopened for USD 400 million. This transaction was paid in cash and by exchange of global bonds in UI 2027, 2028 and 2030.

In terms of private issuers, there were new instruments in the market in 2020. CONAPROLE negotiable bonds continued with their annual schedule in US dollars, issuing in March and June for a 12-month term and in September and December for a 39-month term, all of them at a 2% annual rate.

In transactions with customers, platforms specialized in alternative investment continued with its role as a delivery channel. They operate in five branches (*Bv. 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. Through these platforms and comprehensive service, our Bank offers customers a portfolio of traditional products in addition to other investment alternatives. At the same time, with regard to customer service in the high-income segment, differential service points have remained, through executives with an assigned portfolio.

Likewise, the strengthening of financial operation risk analysis and control has continued in this area, with training and greater systematization of support information.

FINANCIAL ASSETS BY TYPE			
Balance USD million			
	2018	2019	2020
Foreign currency	9,508	10,272	11,245
Cash and cash equivalents	2,868	2,978	3,327
Central Bank of Uruguay	0	0	0
Overseas Branches	2,326	2,344	2,296
Investment securities	3,406	4,031	4,799
Foreign Sector	765	843	755
Debtors for accrued financial products	143	76	69
National currency and inflation-indexed units	2,378	2,012	2,009
UYU	2,002	1,673	1,691
Cash	364	350	316
Central Bank of Uruguay	721	666	625
Securities	883	598	702
Private Banking - Fixed-term loans	0	0	1
Debtors for accrued financial products	33	60	48
Inflation-indexed units (IU)	376	339	318
Central Bank of Uruguay	0	0	0
Securities	373	324	303
Debtors for accrued financial products	3	15	15
Total	11,886	12,284	13,254

◆ CORPORATE AREA

The purpose of the Corporate Area is to provide quality services to agricultural, manufacturing, trade and service companies, prioritizing support to production, investments and foreign trade, and promoting economic growth through permanent service dynamics that consolidate our profile as a safe, self-sufficient and competitive Bank.

The mission of this Area is to carry out efforts related to the business strategy and the delivery of products and services in the corporate segment, following the strategic guidelines and the metrics of risk set by our Bank.

As a part of our multiple and competitive Bank, the Corporate Area is a market leader, combining profitability, environmental advocacy and social advancement in the definition of business, by promoting investment, exports and financial inclusion.

The strategy of this Area is to ensure profitability of customers by outlining proposals tailored to their needs in order to increase their business, preferably through online channels. The focus is on customers in order to improve their experience.

The lending balance measured in US dollars showed a 6% increase as compared to the previous year, driven by the increase in loan balances in all currencies.

There was a 26% increase in local currency loans (USD 47 million), an increase of 13% (USD 63 million) in loans in inflation-indexed units and a 2% increase (USD 44 million) in US dollar loans.

Regarding the type of loans, 36% of the portfolio is made up of working capital loans, as in the previous period, investments increased slightly, representing 45% of the portfolio, while refinancing fell slightly, making up 19%.

The Corporate Area manages 14,620 credit customers; 42% belong to the farming sector and the remaining 58% are in manufacturing, commerce, services or construction.

With regard to deposits, at year-end, the balance in demand accounts and term deposits reached USD 3,744 million, deposited in 136,412 accounts.

The balances of term loans are around 7% and represent 1.4% of the accounts. And 89% of the lending balance is placed with the Private sector.



► Banco República's authorities attending Expo Prado 2020.

CORPORATE CREDIT BY CURRENCY				
Balances in USD million				
	2018	2019	2020	Variation 2019-2020
UYU	172	185	232	26%
Inflation-indexed units	379	505	568	13%
Foreign currency	2,006	1,800	1,844	2%
Total	2,557	2,489	2,645	6%

Source: Management Control

Main actions carried out in 2020:

- In the framework of service to customers with their business impacted by the health measures applied as of March 2020, our Bank implemented extensions and postponements of maturities for up to six months. For customers with indebtedness below USD 200,000, such postponements were automatic and at zero cost to customers. The remaining situations were examined on a case-by-case basis.
- Based on the measures described in the above paragraph, refinancing and agreements were implemented to support companies impacted by the health crisis, in order to allow them to retain their access to credit and avoid damaging their payment history or their credit risk rating.
- Specific actions implemented for some sectors:
 - *Dairy producers*: financing for working capital, investments and refinancing, under special conditions, secured by the SiGa Fogale Guarantee Fund, for current and new customers.
 - *Rice industry*: debt readjustment for rice producers up to eight years at discount rates.
- Financial assistance to new and existing clients was increased with the consolidation of different SiGa guarantee lines. In the context of the health emergency, access to credit was made more flexible, with discounted interest rates and different refinancing options, all of them aimed at maintaining the supply chain. The promotion of SiGa for Companies continued, supporting 7,000 loans with this tool. This allowed the development of micro, small and medium-sized companies in all business sectors. The traditional programs for SMEs, Micro-enterprises, Entrepreneurs, Rice farmers and Fogale were joined by SiGa for emergencies, SiGa for the tourism industry and SiGa Plus, all of them very welcome by customers.
- Both internal and external information campaigns of the BROU Livestock Trust Guarantee continued to promote the provision of financial assistance to farmers. This assistance is provided promptly and covered by this guarantee.
- Customer service and the operations of agricultural brokers were adjusted both within traditional and online cattle auctions.

This was done in order to have uniform standards while mitigating and limiting the risk of these businesses. BROU continues to be present in the largest online auctions in the country as well as the traditional face-to-face auctions in the different locations.

- Both internal and external information campaigns were carried out to promote Express Credit, to give a quick response to the demand for credit.
- The use of the Corporate Prepaid Card was optimized, allowing public and private companies to minimize the use of cash and have a strict monitoring of their expenditures.
- Within the limitations brought about by the COVID-19, our Bank joined multiple exhibitions, fairs and conferences of the agricultural, trade and service industries throughout the country. These events were used to promote our products, provide personalized advice and boost business creation directed to our financial assistance in company development.
- Our momentum towards signing agreements with companies that provide benefits to BROU client firms was maintained. In this framework, agreements were signed with companies selling agricultural machinery, utility vehicles and companies selling mass consumer goods
- In particular for the *Expo Prado 2020*, business promotions were carried out, intended for participating producers, and contacts were made with all the related business associations in order to become aware of their demands and needs.
- Our financial assistance to operators of the Metropolitan Agri-Food Unit (UAM) was spread, intended to facilitate their inclusion, establishment and development, currently being implemented.
- Together with other local banks, we took part in the *Sembrando* program, financially assisting micro-entrepreneurs and favoring the development of their business.
- To increase the participation of SMEs in the total amount exported and, in turn, include and maintain new SMEs in exports, progress was made to carry out an inter-institutional program, called "SMEs to the world", by BROU jointly with the National Development Agency (ANDE), the National Agency for Research and Innovation (ANII), the Union of Exporters of Uruguay (UEU), *Uruguay XXI*.

Attraction of Corporate Funds		
	USD millions	Number of Accounts
Savings Accounts	1,220	79,777
Current Accounts	1,978	31,769
Other demand Accounts	282	22,959
Fixed Term Deposits	264	1,907
Total	3,744	136,412

Source: Management Control

- As every year, the Union of Exporters of Uruguay and BROU held a ceremony rewarding the export effort. Various companies of the community obtained their award as the top general or sectoral exporters, or as BROU major export customers. Recognitions were awarded to architecture, engineering, ICT and audiovisual service exporting companies, as well as to exporting companies located in free zones, and to companies for their environmentally friendly production. The ceremony was held on December 14 at the BROU Head Office and available via internet streaming.
- In order to minimize customer service times, simplify customer procedures and reduce the number of persons at Bank premises, online loan disbursements continued to be strengthened and expanded.
- Within the framework of the health emergency measures, scheduled customer service was encouraged and favored, in order to reduce the number of people at branches, and delays.
- Access of companies to banking services was simplified, significantly reducing the documents required to open checking accounts in order to operate with own funds.

- Keeping the focus on customers experiences, survey, analysis and diagnosis of the current situation were carried out, designing short-term solutions in order to improve customer management in general.

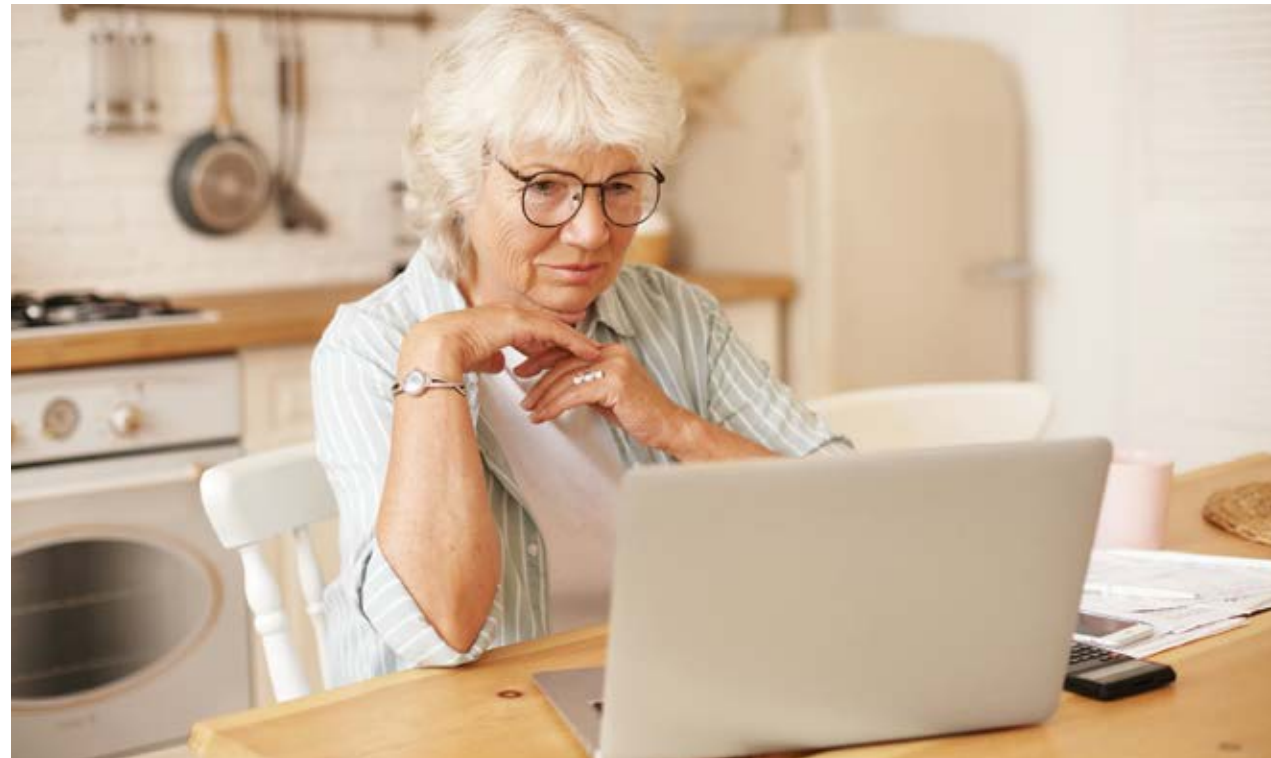
Training

- Attendance to courses intended for staff was maintained in trainings designed to improve the skills required for proper job performance, and for the insertion of new technologies and business.
- Branch employees were trained on how to provide comprehensive service to corporate customers in accordance with the Area strategic guidelines.
- Within the framework of the complementarity agreement signed with the Union of Exporters of Uruguay, customers and BROU branch officials attended the Course on Economics and Foreign Trade provided by such Union .
- The area officials took part in training courses basically on anti-money laundering and the use of available information tools.

Finally, it is worth mentioning that in order to improve the comprehensive service to corporate customers' model, the presence of Zone Coordinating Departments was increased in the territory, allowing for a greater interaction with the agents of each location to detect commercial needs and opportunities.



► President's keynote address to the Senior Management of BROU.



◆ RETAIL AREA

Deposits and Services

In line with the digitization process of customers and the community at large, different actions were carried out to facilitate and benefit the performance of different transactions via fast, comfortable and secure e-channels, within the framework of providing value-added services. Actions were taken to continue deepening the benefits of placing term deposits through e-BROU and the App-BROU, by maintaining differential rates in deposits in all currencies on e-channels. Likewise, there was a promotional period from September 21, 2020 to October 31, 2020, where the rates at branches were doubled for those placing fixed-term deposits via e-BROU and App-BROU, in inflation-indexed units.

In this context, the costs for excessive transfer transactions, related to transfers sent via e-channels and the RedBROU service were also substantially decreased to 8 inflation-indexed units, when done from Wage deposit accounts, Pension payment promotional accounts and BPS social benefit accounts.

Moreover, in line with our strategic objectives of being a customer-focused Bank, but also profitable, the fees charged to non-resident foreign customers were reviewed and adjusted with a logic of receiving a consideration for the value delivered and, particularly, considering the market situation.

FOREIGN PRIVATE SECTOR DEPOSITS -RETAIL BANKING-			
Balance USD million			
Type of Deposits and Currencies	2018	2019	2020
UYU	1,962	1,774	1,867
Sight Deposits	32	53	22
Savings Accounts	1,654	1,472	1,623
Fixed Term Deposits	276	249	222
Inflation-indexed units	310	298	301
Foreign currency	8,223	8,759	9,549
Sight Deposits	152	285	149
Savings Accounts	6,984	7,375	8,334
Fixed Term Deposits	1,087	1,099	1,065
Total	10,495	10,831	11,717

Credit cards and prepaid cards

During 2020 the number of transactions carried out through our credit and prepaid cards was USD 7.7 million and the volume transacted exceeded USD 315 million.

As compared to 2019, there are declines in the numbers and amounts of transactions carried out in the Bank due to the strong impact of the health crisis (COVID-19) that the country has been going through since March 2020.

The items most affected were those directly impacted by the health measures adopted by the government, such as: travel, entertainment, purchases abroad and purchases in US dollars in general.

However, efforts and actions continued to be carried out aimed at improving the services and benefits provided to customers, and also the efficiency of credit card issuance and delivery processes.

Some of the actions to highlight in 2020 include:

- Improvements in credit approval process and price adjustments: Credit card regulations and access to products were changed, becoming more competitive and accessible to a greater number of customers. Regarding prices, adjustments were made, maintaining the BROU commitment to have the lowest prices in the market and the only Bank with a discount for consumption in all its products.
- Support during the health crisis: In such a special year, as part of the action package of the Government, our customers were given the possibility to postpone payments of up to two account statements in a row in the months of April and May at a zero rate.

Throughout the year, the lowest interest rate was also maintained, both in national currency and US dollars.

- Strengthening of BROU Reward: As a continuation of the agreement signed with the Mastercard seal in December 2019, the BROU Reward product was developed.

A new business strategy was developed, and discounts were granted to our customers in frequently used items, such as supermarket, pharmacy products and fuel. Likewise, this product was promoted by offering differential discounts for those who use these cards.

Additionally, as part of a government proposal to support and promote domestic tourism, differential discounts were made in hotels and restaurants covering the summer season January-March 2021.

Along these lines, the BROU Reward loyalty program was developed, a unique loyalty program in the market, where customers access direct economic benefits, based on their consumption, with easy score generation, and award redemption.

All of the above positioned BROU Reward as a prominent product of 2020, with great prospects of development and scope, a challenge for 2021.

- Improvement of security processes: Regarding security issues, improvements were made in the monitoring and alert management processes, helping to prevent future fraud situations. Internal procedures also continue to be adjusted in order to improve case resolution times, improving customer experience when a security incident or a chargeback occurs.

TOTAL CREDIT CARD TRANSACTIONS				
Both 2020				
	TRX	VOLUME	Original currency	TRX AVG.
Total Transactions (UYU)	6,121,629	10,399,150,163		1,699
Total Transactions (USD)	1,663,421	67,161,860		40
Grand Total (USD)	7,785,050	315,385,394		

TOTAL DEBIT CARD PURCHASES						
	2018		2019		2020	
	Nmbr. of TRX	Amount	Nmbr. of TRX	Amount	Nmbr. of TRX	Amount
Local purchases UYU	73,628,391	84,356,166,091	96,269,871	107,706,769,652	107,845,319	129,131,811,922
Local purchases USD	882,378	127,936,274	1,071,792	153,644,342	1,075,208	128,308,628
Purchases abroad	541,687	21,473,857	770,714	27,110,777	650,306	17,319,496
Total purchases UYU	73,628,391	84,356,166,091	96,269,871	107,706,769,652	107,845,319	129,131,811,922
Total purchases USD	1,424,065	149,410,131	1,842,506	180,755,120	1,725,514	145,628,123



► Mastercard BROU RECOMPENSA card launch.

Debit cards

Regarding the number of debit cards, BROU continues to lead the debit card market. However, this year there was a drop in the volumes of purchases and transactions in similar items compared to the previous year, also derived from the COVID-19 health crisis.

Apart from the above, the number of local purchases and card activations continued to grow. Likewise, improvements in volumes are expected from the second half of 2021 on.

Among the key performance indicators of debit, the Use of debit indicator¹⁷ has continued to increase with respect to 2019, reaching a maximum in December with more than 11 million transactions and a volume of around USD 332 million purchases during such month.

The indicators referring to the number of cards, number of transactions and volumes in US dollars and local currency (for shopping), and the number of active cards¹⁸ are based on the following summary table comparing 2020 with the previous years.

	2017	2018	2019	2020
Actual cards in use (December)	1,453,444	1,588,315	1,637,348	1,635,783
Number of purchases	50,217,524	75,052,456	98,112,377	109,570,833
Volume in UYU - purchases (annual data)	60,715,110,361	84,356,166,091	107,706,769,652	129,131,811,922
Volume in USD - purchases (annual data)	119,651,795	149,410,130	180,755,119	145,628,123
Number of active cards (december)	706,143	829,807	919,524	959,505

17 Use of debit: Number of cards used for shopping/Number of current cards.
18 Number of cards with at least one purchase in the last 90 days.

Campaigns

In 2020, faced with the challenges of boosting the Retail Area in the current business context, creating new opportunities, and developing existing ones, the business management of this Area was improved with campaigns tailored to suit the market needs within the framework of BROU corporate strategy.

Different types of business campaigns were implemented, promoting loans and the use of payment means, such as "Summer 2020", "Back to school...", "Mothers' Month", "Fathers' Month", "Domestic Tourism".

Also, cross-cutting campaigns such as "Benefits Day" were carried out in the cities of *Colonia*, *Paysandú* and *Salto*, strengthening the relationship of our Bank with local stores in such cities.

Likewise, in order to promote the credit card business specifically, and in line with the corporate purpose, the new BROU Reward Mastercard was developed and massively issued with a compelling value proposition and significant benefits. In this sense, an innovative call center sale operation was implemented. Pre-selected customers could apply via WhatsApp, and cards were picked up at financial correspondents, meaning greater reach and longer operation hours.

This operation, supported by a large communication and marketing campaign, including social media, mailing and SMS messages, involved a wide range of business, communication, operational, corrective and follow-up actions carried out by the Retail Banking Business Management Unit throughout 2020.

Online Business

In 2020, Online Business continued working to provide more and better services to BROU customers, seeking to increase, throughout the national territory, the availability of all-types of services, such as transport, financial and other services.

Our particular focus was on developing e-commerce nationally, in line with BROU objectives of increasing revenues from services and boosting growth through e-channels.

In this very particular year, marked by the COVID-19 pandemic, one of our main objectives was to position *Multipagos* as a crucial service when making payment transactions online.

This brand was repositioned not only as an agent for collecting bills and services, but also as another supply of convenient and secure means of payment, usable anywhere, without the need for cash, cards or moving, for online purchases through e-commerce.

So more than 100 new services were added to the *Multipagos* platform, including new payment of municipal taxes and rates to local governments added to the existing ones, as well as availability of card payments to other market players.

Also, new e-commerce services have been included (clothing, appliances, technology and other items in general), teaching institutes, health care providers, financial and other services in Montevideo and the rest of the country, aiming to reach the availability of a wide range of payment services everywhere in the country for multiple lines of business.

CAMPAIGN	MEANS OF PAYMENT	DISCOUNT (%)
Ice cream parlors	Prepaid Cards, Credit Cards & Visa Debit Cards	50
Restaurants	Visa Debit Cards	25
Interdepartmental transportation	Visa Debit Cards	25
Hotel industry	Prepaid Cards, Credit Cards & Visa Debit Cards	15
Back to school	Prepaid Cards, Credit Cards & Visa Debit Cards	20
Mothers' Month	Prepaid Cards, Credit Cards, Visa Debit Cards & <i>Multipagos</i>	Up to 20
Fathers' Month	Prepaid Cards, Credit Cards, Visa Debit Cards & <i>Multipagos</i>	Up to 20
Colonia Benefits Day	BROU Reward Cards, Visa Debit Cards & RedBROU Maestro	Up to 20
Paysandú Benefits Day	BROU Reward Cards, Debit Visa Cards & RedBROU Maestro	Up to 20
Salto Benefits Day	BROU Reward Cards, Visa Debit Cards & RedBROU Maestro	Up to 20
Domestic Tourism - Hotel industry	Prepaid Cards, Credit Cards & Visa Debit Cards	Up to 30
Domestic Tourism - Restaurants	Prepaid Cards, Credit Cards & Visa Debit Cards	Up to 30
BROU Reward - Supermarkets	BROU Reward Cards	10
BROU Reward - Pharmacies	BROU Reward Cards	10
BROU Reward - Fuel	BROU Reward Cards	5

At the same time, exclusive e-commerce discounts were introduced as an innovation for *Multipagos*, with benefits, for example, in major clothing and appliances online stores with highly positive outcome. In addition, in 2020 *Multipagos* launched the development of its own discount platform, allowing to obtain specific settings from our Bank. *Multipagos* joined other means of payment of our Bank in the "Mothers' Month" and "Fathers' Month" campaigns.

With regard to *Multipagos* through App-BROU and cell phones in general, with the upgraded version of e-BROU the customer experience is the same on all devices (omnichannel), the platform usability becoming more user-friendly and intuitive. In order to promote *Multipagos* as a method to pay and purchase obtaining all kinds of services and products, from any device.

With these changes, the challenge is to continue promoting the use of this product from all available platforms, through the development of work strategies with their resources, such as the Featured Services section.

As an example, customers could contribute to *Teleton* during the weekend of such event and also recharge tags for road toll services during the 2020-2021 summer season.

All of the above allowed *Multipagos* transactions to increase by 32% as compared to 2019, along with a 48% increase in fees, with 400,000 customers using this service.



With the *tuapp* e-wallet, the BROU-ANTEL Trust was capitalized.

Taxi users with a BROU payment method were enabled for paying taxi services.

In addition, in the context of the pandemic, this App-BROU was the key tool to develop the exchange of MIDES Baskets at stores.

This app enabled the delivery of 1,743,882 baskets as of December 31, 2020, 1,688,118 (97%) of them were redeemed (the rest were not used by their beneficiaries). It is also worth highlighting that, of the 3,200 points of exchange operational in December, 82% are retail stores located both in Montevideo and the rest of the country, and became operational through online procedures from all regions in the country.

On Friday March 13, 2020, the national health emergency was declared, leading to a sharp drop in transactions for some of the main *tuapp* services, such as Parking, Tickantel (show tickets) or *Telepeaje* (road toll tags).

And, in April, in record time, *tuapp* was able to implement and provide its services to the MIDES Baskets social assistance. New social services continued to be included later on.

The development of e-wallets was not limited to *tuapp* only, since the Postpaid STM e-wallet service was implemented, nearly 6,000 commuters used this service.

The Postpaid STM service is not only innovative in the market by being the only post-paid service without the need to obtain credit, but it also allowed users to obtain the cheapest regular tickets, without the need for customer mobility to purchase tickets in advance. Thus, the social role of BROU was strengthened while taking care of the health of all users.

In 2020, Online Business also started the business management of transfers through the Interbank Payment System (SPI), providing support and being the liaison between BROU and URUTEC.

This is done in the development and implementation of improved leading features nationally, such as Account Validation of other banks in e-BROU, and BROU accounts in other banks' home banking. Progress was also made in the early stages of the URUTEC project for online transfers.

Online Business*			
	2018	2019	2020
Commissions (UYU)	118,257,037	160,993,973	237,676,405
Transactions	9,565,976	12,609,003	16,588,834
Volume (USD)	4,676,902,939	4,512,794,123	4,653,702,972

* Data from *Multipagos* transactions and e-wallets (*tuapp* and Postpaid STM service) included. Data from SPI transactions not included.

Social Credit

Within the supply of Social Credits, consumer credits are the outstanding product.

This is offered in both local currency and 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, purchase of motor vehicles and systems to improve social inclusion for people with disabilities, as well as other plans for similar purposes.

This year, to mitigate the adverse impacts of the pandemic, exceptional actions were taken.

For those customers belonging to the private sector, who were the most affected either by long-term unemployment or dismissed, their credit installments were postponed 90 days, without additional charges. This was applied to 126,663 transactions.

The possibility of re-documenting their loans with a 3-month postponement of their first installment was offered to civil servants and retirees. As it had been done on previous periods for retired customers, the rates of loans were reduced for active workers applying online.



CREDIT TO INDIVIDUALS Balance USD million						
Type	2018	2019	2020	Breakdown by currency		
				UYU	Inflation indexed units (IU)	For. Ex.
Consumer Social Credit	1,968	1,907	1,851	702	1,148	1
Social Credit (mortgage)	98	85	74		74	
Total Social Credit	2,066	1,992	1,925	702	1,222	1

The total of these loans amounted to USD 1,925 million at the close of 2020 with a total of 433,852 customers. This means a drop of USD 66.44 million compared to 2019. However, it should be noted that, eliminating the impact of exchange rate and inflation, the portfolio showed growth in nominal terms and remained constant in real terms.

In the composition of the portfolio by currency, loans denominated in inflation-indexed units still prevail, maintaining a 63.69% of the total portfolio at year-end.

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 regular loans. Although a significant fall was expected in loans and amounts due to the mid-year special renewal campaign with term extensions, 100,243 loans were provided, 41,089 of them through e-BROU and the remaining 59,154 in Bank offices.

The portfolio delinquency indicator closed in December 2020 improved by 3.14%, decreasing 0.25 percentage points with respect to the result at the end of 2019.

During 2020, despite the adverse conditions, 21 new agreements were signed, meaning the inclusion of 595 potential customers. As it was happening in previous years, once agreements had been entered with almost all the largest payroll companies, the companies being added were the smallest sized ones.

◆ TRUST DEPARTMENT

The Trust Department has the mission of managing trusts and acting in the issuance of negotiable bonds or other securities by companies, within the framework of the Securities Market regulations.

Given that trust management is the exclusive business of *República AFISA* and *República Negocios Fiduciarios S.A.* (both members of the BROU Cluster), based on the Board Resolution of October 5, 2016, the Trust Department retains the management of trusts in force at that date, while those created thereafter are derived to both mentioned 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 BCU Equity Market Registry.

Accordingly, our Bank manages the three basic types of trusts authorized by the legal system of Uruguay since Law 17,703 of October 27, 2003, including:

Guarantee Trusts

These Trusts enable the establishment of 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.

Stock of Trusts

At the end of 2020, the loans secured by guarantee trusts managed through the Trust Department are around USD 284 million. Management trusts have diverse purposes: maintenance of a guarantee fund for loans to micro-enterprises located upcountry, retirement fund management and wealth administration for various purposes. Assets managed under trust mandates amount to approximately USD 7 million.

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 placement agent for the issue of negotiable bonds by companies, and share certificates in financial trusts. During 2020, BROU acted in the issuance of negotiable bonds of CONAPROLE, underwriting the issue of slightly more than USD 14 million by receiving applications entirely online (via e-BROU).

◆ SALES AND DISTRIBUTION

Online Banking

Digital transformation in banking is no longer an option, it has become a need.

Accelerated by the pandemic as catalyst, the financial world is going through a period of changes and crucial updating for the sake of sustainability and evolution. In the understanding that "transformation" means much more than adding services to e-channels, banks have focused on discovering new income-generating opportunities using new technologies, placing the customer at the center, seeking customer satisfaction and loyalty to the brand.

In financial institutions, customer experience, Fintech, Big Data and behavior analysis and social media are increasingly discussed. Other terms related to outlining a new rapidly advancing financial ecosystem and including different digital world players are also being discussed.

In this environment, Online Banking contributes to BROU efforts to digitize and expand its customer services, while maintaining the traditional values of security and trust identifying this area over the years.

The mission of Online Banking is to implement and keep our Bank's digital services active, incorporating the improvements emerging from the analysis of customer behavior and integrating new technologies into the services provided by BROU through its e-channels.

e-Branch Management

During 2020 the health situation accelerated the digital transformation process, driving progress in the offer of online services. This progress meant the implementation of a new communication channel with customers via WhatsApp and the extension of online procedures that allowed customers to continue operating smoothly.

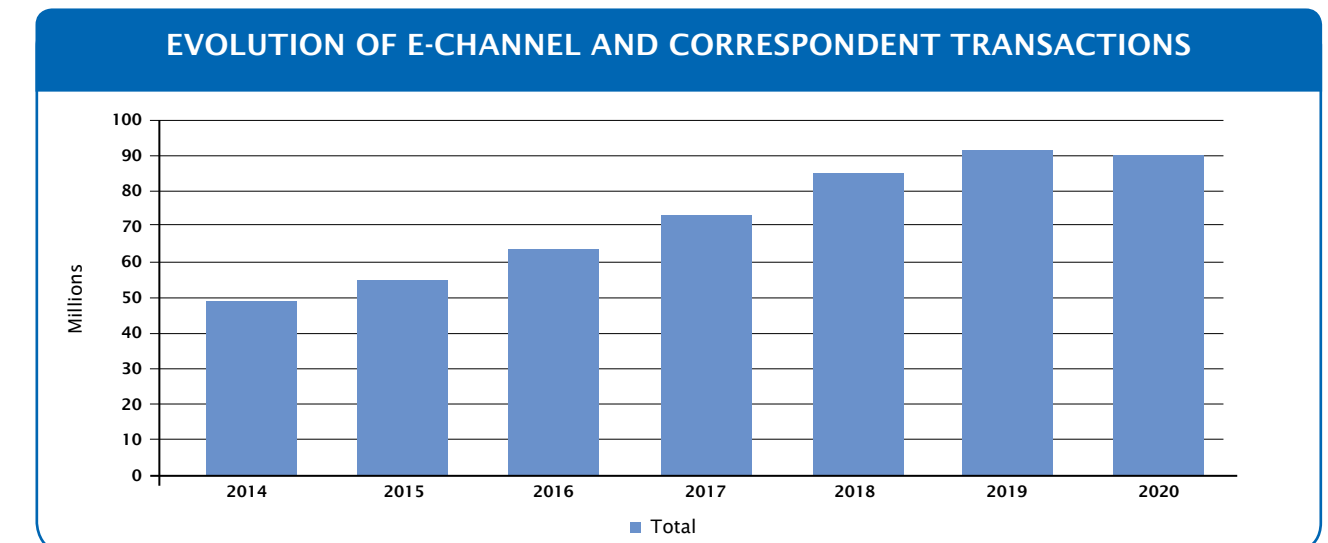
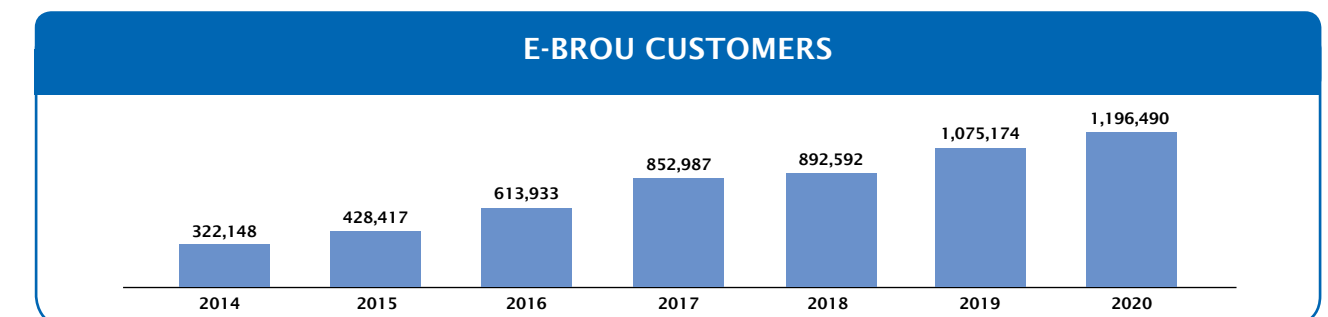
These actions deepened the path started in 2019, in the sense of establishing the vision of the e-Branch, leveraged by technological solutions allowing customers to carry out their procedures with our Bank according to their preferences.

Improving the customer experience is essential in an increasingly competitive environment, with an offer of innovative financial services where new players emerge constantly.

The definition of a customer-centered strategy must contemplate that the moments of truth –promotion, sale and post-sale– are defined in such a way that they allow to provide successful customer experiences, both online and personally, aiming at a true omnichannel experience.

The evolution of clients and their needs has increased the use of assistance through the Contact Center, as a result of the greater demand for this type of channels.

The use of BROU e-channels was significant during 2020, with almost 90 million transactions, as shown in the table below.



An important milestone of this period was the migration of e-BROU to its new format. This had an impact on the two sections of the e-Branch: on the one hand, the Contact Center created a special customer support team, while, on the other hand, the Digital Platform section was trained in the new development in its analysis role and resolution of wrong transactions.

Likewise, the e-Branch Management Department was appointed in 2020 as responsible for the case management process. This process is cross-cutting and, as of July, work began on three fronts: first, the appointment of leaders from each area to follow the assigned cases; second, the resolution of cases within the periods of time determined by BCU regulations; and, third, improvements in compliance (communication with customers, reporting), usability and performance.

The e-Branch Management Department consists of two sections: Digital Platform and Contact Center. Some highlights of the year in each section are described below.

The Digital Platform

The Digital Platform sector is responsible for monitoring, operational and accounting support for the e-BROU Platform.

Accompanying the ongoing digital transformation of the e-Branch, improvements were made in processing wrong transactions, reducing response times to customers.

The role of the Digital Platform during the e-BROU migration was managed through the following actions: on the one hand, training to be the branch knowledge center and provide support to the contact center and, on the other, having officials to support the project as qualified leaders and as a liaison with Online Banking.

The evolution of transactions through the different channels explains the increase in customer demand for wrong transactions: the response to this increase was improving procedures, making them more efficient, allowing faster responses.

Contact Center

The Contact Center, like the rest of Online Banking, continues a digital transformation process allowing to comply with the established service level.

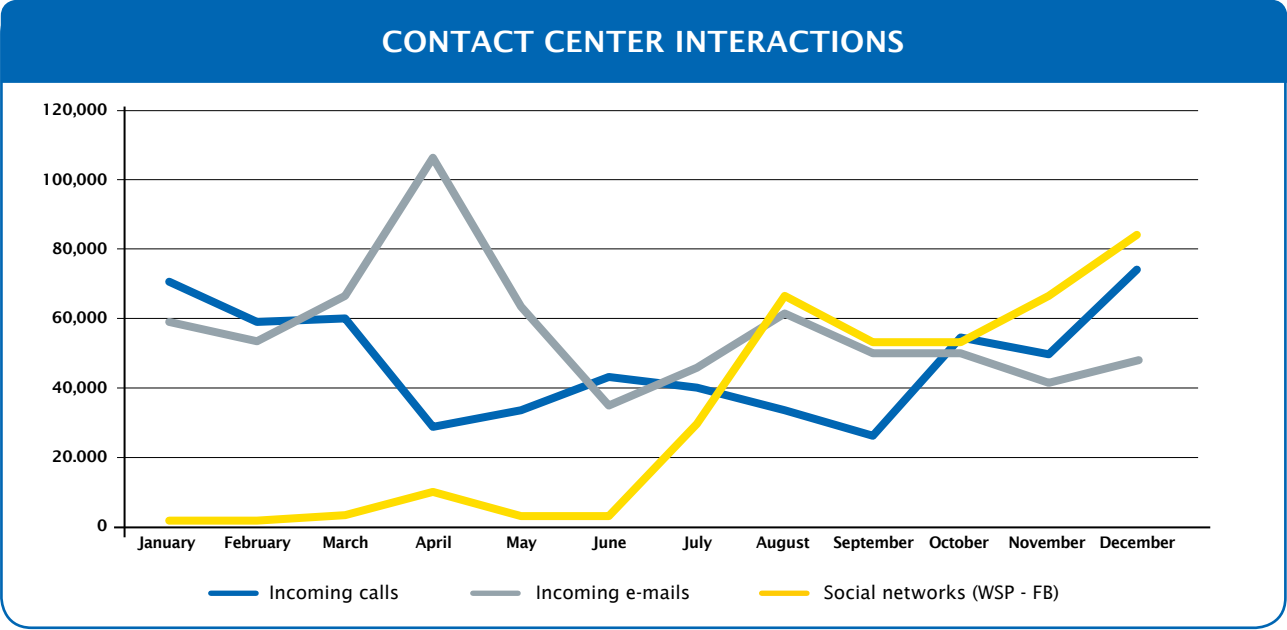
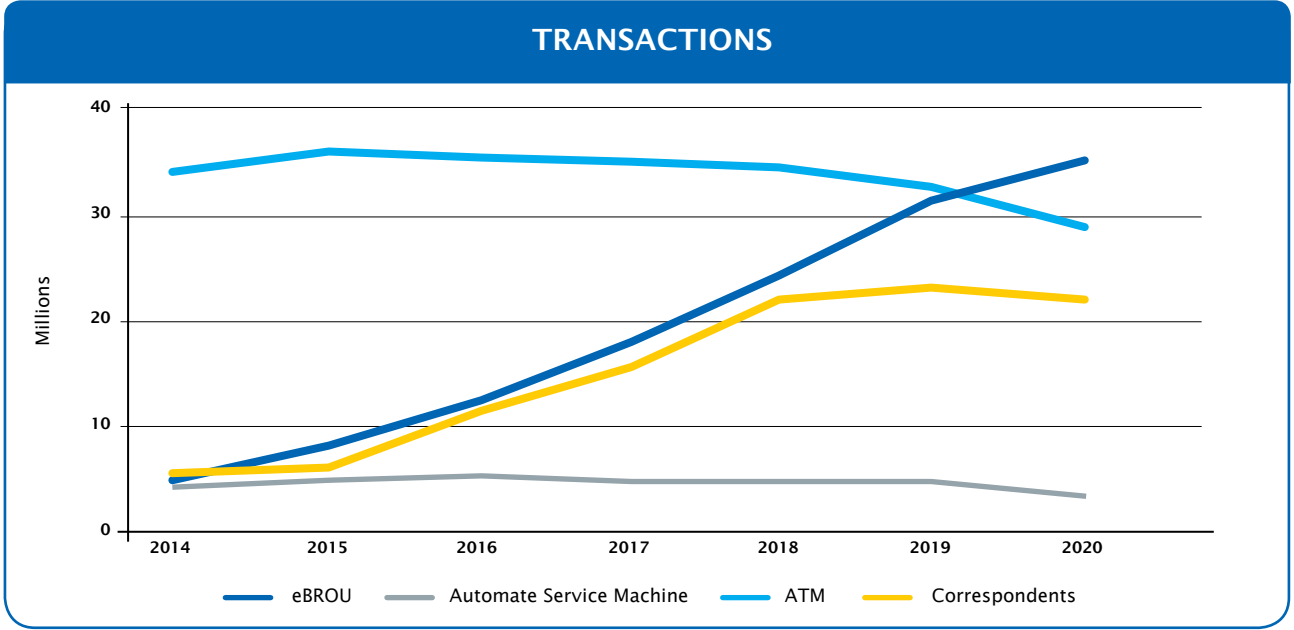
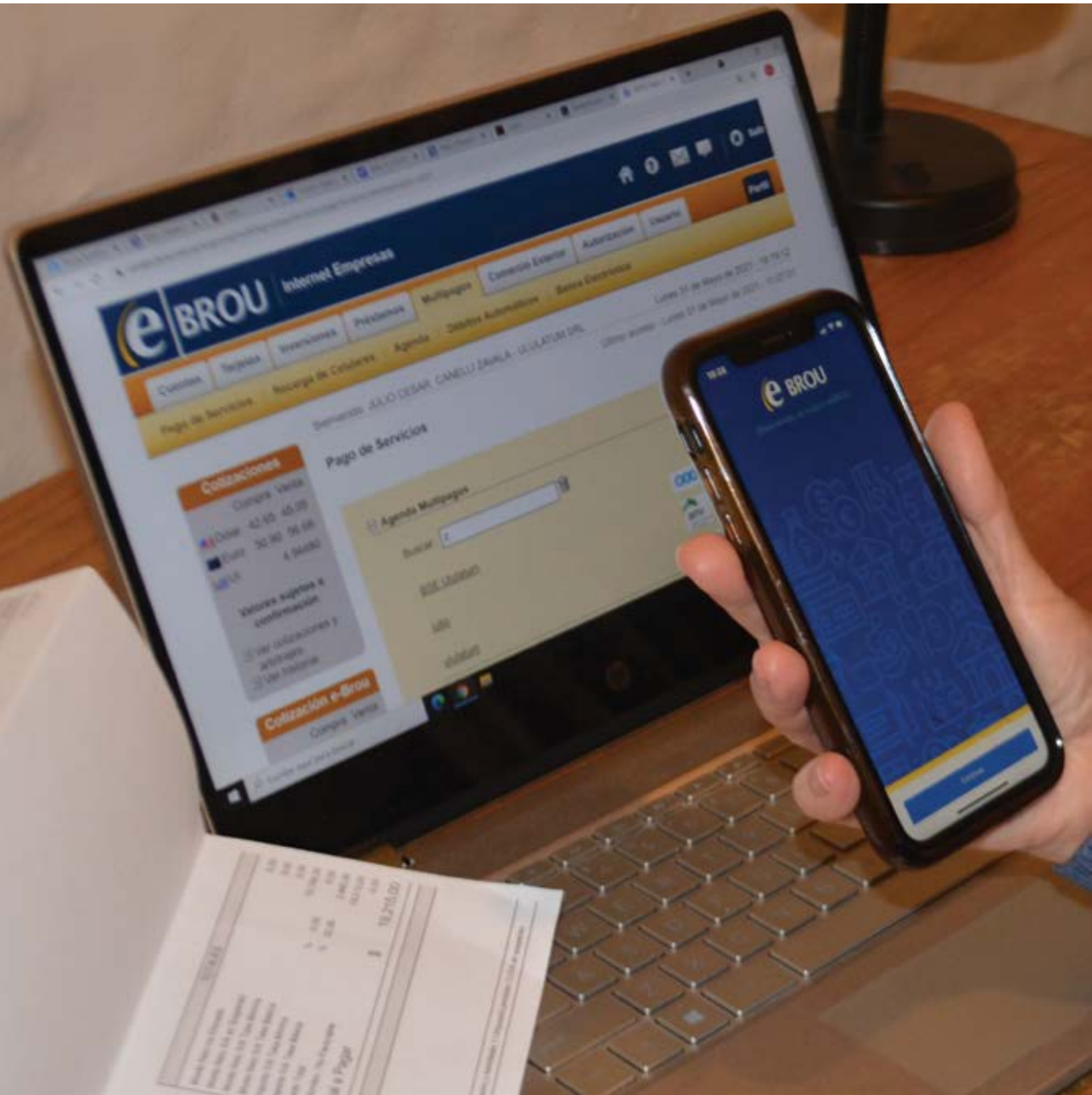
Throughout the year, strong emphasis was placed on training the team in order to professionalize management.

The proposals related to training were aimed at deepening the knowledge on call center management, as well as the technological tools adopted to obtain the greatest benefits from them, implying that such training is required at all levels of the Contact Center.

One of the most important milestones of the year was the inclusion of the WhatsApp chatbot: this channel allows another form of communication with customers, highly valued by them.

Among the automation initiatives, it is worth highlighting the inclusion of the RPA tool to automate the entry of customer claims. This interaction management system (Genesys) continued to be improved, with new features aimed at raising the service level: the Call Back is an example allowing customers to automatically schedule to be called back at a convenient time for them, when there are available operators.

The Outgoing Calls sector carried out a very important work of coordination with the business areas, supporting the corporate purposes, mainly the placement of Mastercard BROU Reward cards. Another role incorporated by this sector was the management of call centers outsourced through a bidding process completed in 2020.





► Electronic transaction with a *BROU RECOMPENSA* card.

The Special Service Unit continues its consolidation process in its sales role within the e-Branch, where its role supporting other sectors is worth emphasizing. Due to its role, this Unit is involved in most projects of the department.

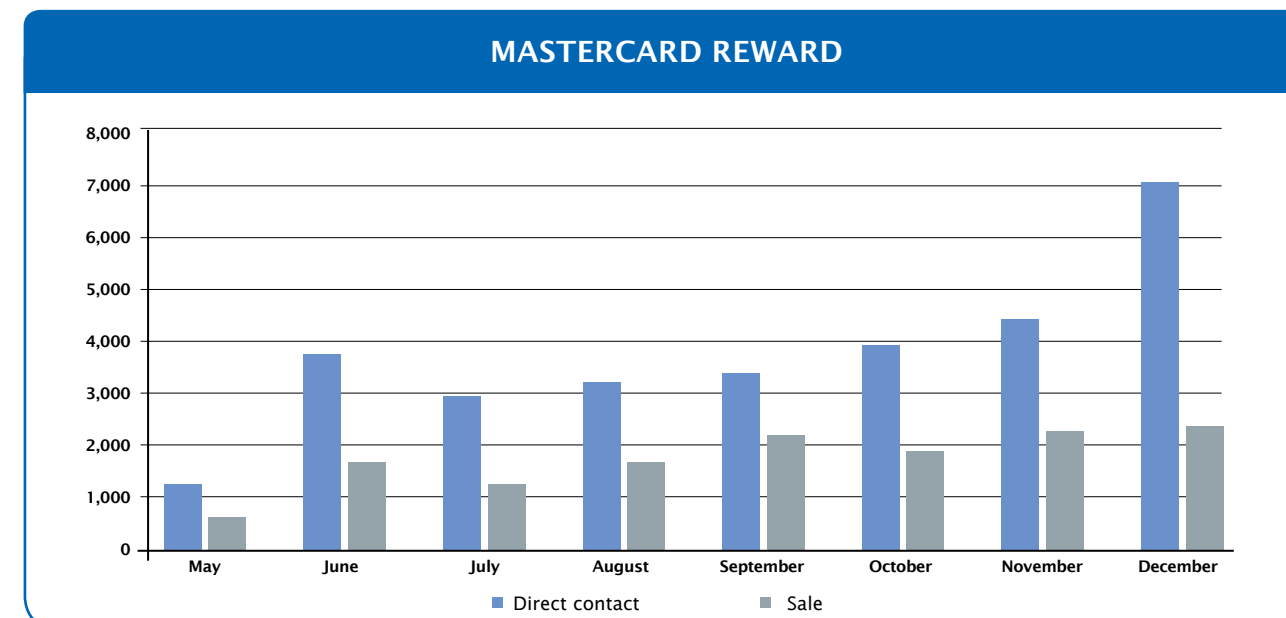
Near the end of the year, the foundations for the video call as a new form of customer care were laid.

This new form will initially be carried out by the Special Service Unit. In broad lines, this intends to implement a channel appropriate to the needs of customers in the current context. This will increase the possibilities of interaction through voice and video, with the addition of being able to share images to provide customers with clearer directions about the steps to resolve their queries.

One of the main objectives for 2021 is to continue with the automation necessary to obtain improvements, both in customer experience and operational efficiency.

Self-Service Banking and Correspondents Management

After the transformation process that took place during 2018 and 2019, this department consolidated its new role, largely abandoning purely operational functions to focus on the administration of financial correspondent networks and the management of self-service banking machines owned by BROU, together with the management of national and international agreements in force.



REDBROU Self Service Banking

During 2020, the Self-Service and Correspondents Department carried out the installation of 33 new self-service machines. In addition, 6 roving ATMs were installed to meet the demands of some locations in the coast summer season.

The unit placed at the "Expo Prado" remained operational during fairs and exhibitions.

The installation, monitoring and support roles allowed to maintain an uptime of 95%.

The migration to active banknote inking systems in ATMs of our network was completed.

This system provides security levels higher than the passive systems replaced.

Likewise, audible guidance was made available in 44 new ATMs –strategically selected throughout the country. These are added to equipment with this feature already available, thus improving the accessibility levels of our financial services.

RedBROU maintains active interconnection agreements signed with the national network Banred, and with the Argentine networks Link and Banelco, as well as with the international Cirrus network.

The above, together with the Visa and Mastercard names, complete a wide range of options for cash withdrawals and other transactions within the country and abroad.

Financial Correspondents

The expanded geographic coverage that BROU correspondent services allow was a competitive advantage and a strategic factor to face the unprecedented challenge posed by the pandemic.

The transaction volume through financial correspondents grows every year: customers and users use the options provided by such correspondents on a daily basis: withdrawals, deposits with and without cards, account openings with debit card deliveries, PIN resetting, account balance checks, bill and credit card payments, among others.

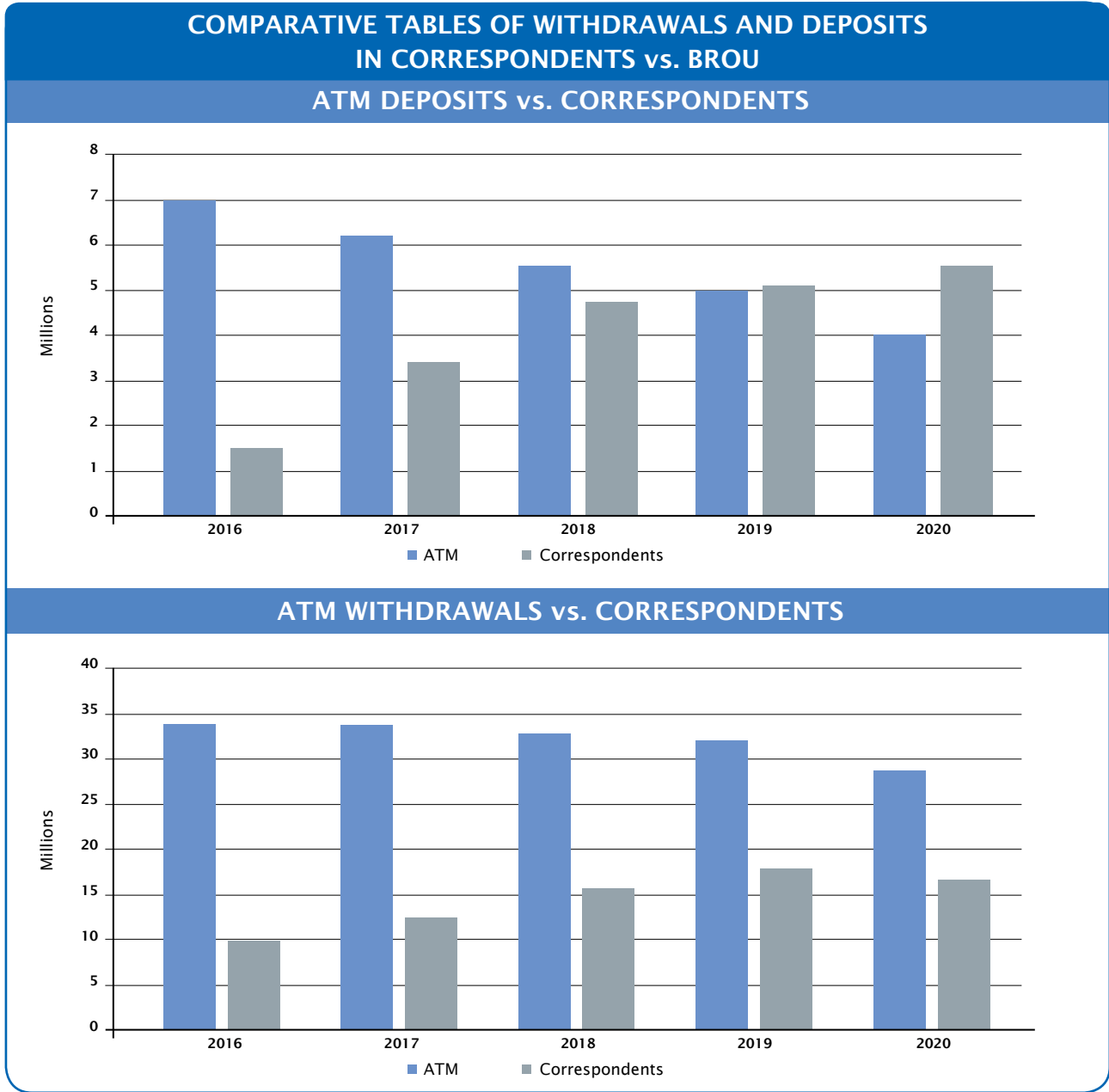
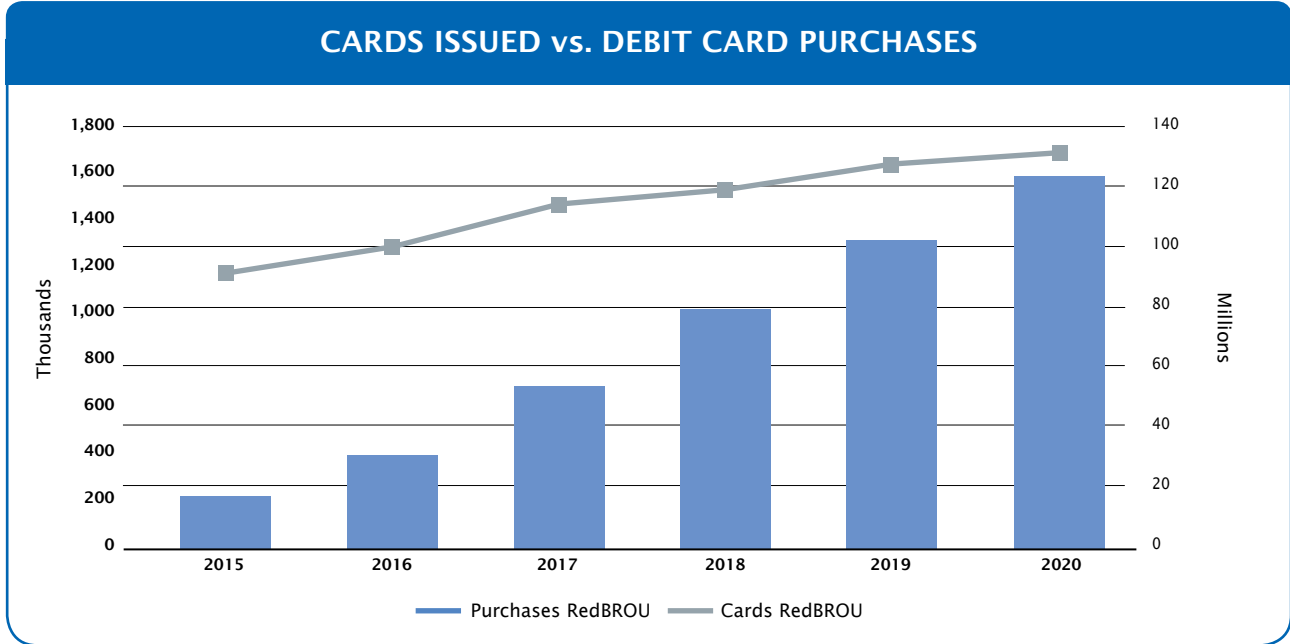
This Department combines efforts to expand network coverage and increase the services provided through correspondents.

This is done in favor of enhancing access to BROU products and services and permanently seeking to improve customer experience. In this vein, new agreements were signed and launched with Abitab, RedPagos and the National Postal Service (*Correo*) for the delivery and distribution of credit cards. Currently, the network of correspondents includes 3,030 terminals in 1,800 stores throughout the national territory.

In addition to new national stores and the installation of new terminals, a number of adjustments have been made to withdrawal ceilings, especially in correspondents of the Resonance, Urupago and Scantech networks.



► Self-Service Area, *Portones* Branch, *Montevideo*.



Our correspondents the National Postal Service (*Correo Uruguayo*) and *República Microfinanzas* remain active and the BROU services they provide remain operational.

As in previous years, in 2020 BROU customers increased the use of their debit cards as a method of payment, using them less frequently as an instrument for cash withdrawals.

The total of cash deposits received in ATMs and correspondents also decreased. The network of correspondents continues to strengthen as a relevant channel for customer service.

Online Banking Development

The purpose of developing Online Banking is to implement and improve our Bank e-channels to satisfy customer needs, coordinating new developments according to online banking trends.

This is how BROU seeks to improve customer experience and increase operational efficiency, within the framework of digital transformation.

Research and development

In the Online Banking area and having research and analysis as one of its main roles, the purpose of this sector is to improve e-channels, by designing new functionalities and incorporating products and services in coordination with the remaining areas involved.

In this sense, we participated in the migration to the new e-BROU Omnichannel, suggesting improvements in the usability of the new tool, conducting tests and contributing to its implementation.

Similarly, we took part in the Customer Experience Project, Process Robotization and the Migration to the new transactional SWITCH.

Regarding automated equipment, work has been carried out to include new self-service machines with added new features such as money recycling, software for the blind and contactless devices.

Training

Promoting the use of e-channels and self-management from being a goal became the only option for our customers in many cases.

To improve their use, training in the use of e-BROU was reinforced, tutorials and instructions were posted in the new transactional site, available on our corporate sites and social media.

At this point, it is worth mentioning that a close link was maintained with the *Ibirapitá* Plan, generating specific training material for retirees in the use of the new e-BROU version, the new online solutions and communication channels, serving a sector sensitive to technological changes.

INTERNATIONAL AREA

The International Area currently includes New York and Buenos Aires.

By order of the BROU Board dated March 9, 2016, the Sao Paulo Branch began its closing process and therefore the end of its business, a fact that occurred on December 2, 2019 when the Central Bank of Brazil determined its final closure.

As regards the New York and Buenos Aires branches, the main milestones of 2020 are listed below.

New York Branch

The total assets of the branch amounted to USD 2,551 million at the end of the year, slightly decreasing in the second half, compared to the figures recorded throughout the year.

The focus of the business concentrated on the Investment portfolio (the main business with greatest potential to be developed from now on), so during 2020 the operation with external deposits was closed, as well as related services, ending up the year only with a limited and marginal portion in connection with these operations.

The portfolio of fixed income securities, whereby this branch essentially allocates the funds contributed by the head office, remained at around 95% of total assets. This portfolio is made up of bonds issued by highly recognized counterparties in the market, in line with the corporate guidelines for this type of instruments. Most of the investments are distributed among the following countries: United States, Australia, Canada and France.

The ladder strategy, allowing to reach the desired balance between liquidity and a stable income flow in the mid-term, succeeded according to the metrics required for 2020.

The average obtained from this highly rated portfolio was 200 basis points above US Treasury five-year benchmark (which collapsed in March, due to the pandemic).



The average duration (reduced to two years in 2020) is moderately adjusted throughout the cycles.

The current portfolio structure is essentially based on USD 1.6 billion for the period 2022-24, with an income that exceeded 2.8%. Consequently, assets at market value are above their book value at amortized cost.

In 2020, the branch net income (USD 6.1 million) fell by 19% as compared to 2019.

Equity reached USD 111 million, again including the positive impact of the revaluation of some investments recorded at fair value.

The cost versus income ratio located at 34% (Efficiency Index) and the ROE that reached 6% at year-end, determined a decrease in both indicators compared to the end of the previous year.

Buenos Aires Branch

The Buenos Aires Branch acts as a commercial bank offering a wide range of services, specifically targeted to businesses and individuals related to Uruguay and to naturals of Uruguay, covering the areas of Foreign Trade, Deposits and Loans, Currency Exchange and Payment of pension benefits to Uruguayan retirees residing in Argentina.

In addition, representation services are provided to meet diverse needs of BROU customers in Uruguay while residing in Argentina.

Such services were increased as of March 2020 due to the closure of borders.

After two years of recession and great economic weaknesses, with unfavorable circumstances in the Argentine Republic, led by the sharp drop in GDP and disruptive changes in the forex rate, the income for the year was not favorable, as there was a significant drop in loans.

The first actions for the migration of the branch services were taken and a complete change of equipment and terminals began.



SITUATION AND MANAGEMENT RESULTS			
USD million			
	2018	2019	2020
NEW YORK BRANCH			
	2020		
Assets	2,577	2,684	2,551
Liabilities	2,492	2,584	2,440
Equity	85	100	111
Income for the year	7.2	7.6	6.1
ROE	8.7%	8.2%	6%
Efficiency (cost/income)	30%	30%	34%
BUENOS AIRES BRANCH			
Assets	7.5	5.2	4.2
Liabilities	4.5	3.5	3.3
Equity	3.1	1.7	0.9
Income for the year	0.4	-0.2	-1.0
Efficiency (cost/income)	77%	100%	237%

◆ ANTI-MONEY LAUNDERING

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

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 Anti-Money Laundering and Countering the Financing of Terrorism.

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 Assistant General 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 the Bank. The appointment of this Officer is notified to the Central Bank of Uruguay, entity regulating the national financial system.

The Anti-Money Laundering Unit (Spanish Acronym UPLA), led by its Executive Manager, the Compliance Officer, designs the policies, procedures and controls necessary for proper anti-money laundering and countering the financing of terrorism risk management throughout our Bank business structure.



The mandate of all such bodies was compiled in the Anti-Money Laundering and Countering the Financing of Terrorism Manual, available on the website of our Bank: www.brou.com.uy.

The operational structure of anti-money laundering and countering the financing of terrorism consists of:

- The Anti-Money Laundering and Counter-Terrorism Financing Management System (Spanish acronym 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 BCU.
- Policies and Procedures regarding Correspondent Banks.
- Policies and Procedures regarding the Staff.
- Independent Review of the Prevention System.

In 2020, our Bank continued to work on strengthening the effectiveness and efficiency of the Anti-Money Laundering and Countering the Financing of Terrorism through improvements in management, training, external support, and greater interrelation among lines of defense.

In relation to the anti-money laundering procedures, the risk-based approach applied to the monitoring of customer transactions and customer knowledge was improved, leading to greater efficiency in reporting to the regulator.



► Paysandú Branch, Paysandú.

On October 29, 2020, the new Anti-Money Laundering and Counter-Terrorism Financing Policies Manual was approved by the Board of Directors, as well as changes to the Compiled Regulations on Anti-Money Laundering and Countering the Financing of Terrorism.

In relation to the legal and regulatory environment, it should be noted that Law No. 19,899 introduced changes that loosened the ceilings in cash-handling requirements for certain transactions. This Law also introduced the simple presumption that the Simplified Due Diligence obligation for certain non-financial entities has been implemented in case of bank transactions. To this end, our Bank updated policies and procedures and adjusted the default settings in the computer control system. Likewise, in view of the changes provided for by Decree No. 163/020 in the standards for the recognition of tax residence in our country, specific instructions and training were carried out for the customer service areas.

Regarding foreign branches, due to the pandemic, controls were carried out remotely. The New York Branch has been subject to special monitoring carried out in coordination with the General Management, with the inclusion of new regular controls.

In addition, significant progress was made in complying with the BCU Minimum Management Standards for the BROU Cluster, through the extension of an action plan being started in and developed since previous periods.

In the framework of the Pay System based on the Achievement of Goals for 2021, an indicator shared with Strategic Planning and with the BROU Cluster management was introduced in order to continue our progress with the comprehensive management of the Anti-Money Laundering and Counter-Terrorism Financing system together with the remaining relevant areas.

In terms of training, although the health emergency implied going online, trainings were carried out for the Board of Directors and Senior Management. Training was also held with the Corporate Area, Legal Services, and managers in charge of and leading anti-money laundering for the Distribution Network branches.

Likewise, online training sessions were carried out for officials in foreign branches, correspondents and the BROU Cluster to update them on regulations and procedures.

The training available on the web platform continued to be improved, with a reinforced web course aimed at those taking part in the customer acceptance process, and other key anti-money laundering courses for the staff in general.

Regarding the officials of the Anti-Money Laundering Unit, there were online trainings, and they took part in the main seminars and congresses on the matter carried out in Uruguay during the year.

◆ 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 comprehensive risk management framework aimed at guiding a common action as a reference and minimum standard, and regulating the basic rules for risk management.

General policies, guidelines and responsibilities are set by this framework to carry out the correct risk management, applicable throughout our Bank.

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 when borrowings higher than USD 200,000 are approved.

An adversary technical opinion of this unit requires that the credit be treated by a Senior Professional Body. This unit 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 Manuals and our Risk Appetite

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

In terms of credit monitoring, this office keeps track of the largest customers with delays in meeting their obligations, as well as those defined as potentially problematic according to a set of signals and warning about this.

As a consequence of the government declaration of emergency due to the pandemic, the BCU issued regulations that allowed our Bank to postpone certain maturities of loans to individuals and companies. Likewise, credit lines secured by the National Guarantee System - SiGa were approved in order to support the continuance of economic operations of impacted companies and industries.

Notwithstanding the actions taken, there was an impact on the risk rating of private Non-Financial Sector portfolio debtors, as well as an increase in debt restructuring applications.

The Non-Financial Sector portfolio is diversified, both in terms of number of customers and industries. 44% of this portfolio is highly atomized, mostly retail lending (social credit and cards).

Regarding the corporate portfolio, customers with debts lower than USD 100,000 are 83% of corporate customers, not highly concentrated by industry. Moreover, major customers are linked to the agricultural-livestock business. This is why they have not been impacted by the circumstances in general.

The credit risk performance of the non-financial sector portfolio in 2020 has maintained a level similar to the previous year, with 77% of the balances in this portfolio lent to 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 4.58%, a figure lower than the previous year.

Market, Liquidity, Country and Credit Risks in the Financial Sector

The mandate of the Market and Liquidity Risk unit is to identify, measure, monitor and control the following risks: liquidity, interest rate, forex rate, price, adjustment, credit in the financial sector and country risk.

By employing standard techniques and practices in the industry, this unit 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, as well as other supplementary limits from assessing the specific credit risk.

In terms of forex rate VaR metrics, the model used by BROU in its Backtesting report (goodness of fit of the methods used to calculate such value at risk), shows that the losses outside the confidence intervals remain very low.

So, the model remains in the "green zone" under the best practice standards set for risks by the Basel models approach. With a basically stable overall foreign currency position, and a significant volatility decline, at the end of 2020 the model showed an estimated maximum loss of UYU 1,027,577,542, equivalent to USD 24,269,663, 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 2020, the Head Office had to maintain the capital requirement for foreign exchange rate equivalent to USD 27,809,083, the interest rate risk equivalent to USD 1,721,726 and commodity risk equivalent to USD 88,793. Under the new international accounting standards, in particular IFRS 9, and the defined business model, the securities portfolio was accounted for predominantly in the amortized cost mode. This means that for the financial sector, the capital requirements for credit risk as of December 2020 were equivalent to USD 117,838,099.

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, and the CVaR. In the COVID scenario this was subject to tensions as a metric according to the high volatility existing in the global competitive scenarios. Based on this, limits are established for each managed portfolio (investment, liquidity, collateral), ensuring continuous monitoring and control, in light of the credit outlook underlying its interrelation with specific market risks. In addition, BROU maintained in 2020 the monitoring and the size of the new methodology implemented in 2019 for estimating the expected loss of the financial instruments in these portfolios, which are recorded at amortized cost, following the industry benchmarks in this area.

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 our Bank are successful in terms of impact measured both on equity and on financial margin.

Other tests with different scenarios have been 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. The above process has supported the analytical foundation that feeds the setting of limits to the structural interest rate risk, with its accounting and economic prospects, proposed to the Board of Directors by Risk Control and Policies, and adopted by the Board at the time of approving the Comprehensive Statement on Risk Appetite, within the respective planning horizon.

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 analysis 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 2020, value has been created in management based on the understanding of the determining factors acting on the Basel LCR indicator, originally implemented by our Bank as an internal rule.

The currency levels of liquidity required by the regulation have been met both in domestic and foreign currency. Also, previously, the NSFR (Basel indicator for long-term funding) had been implemented internally, but based on the provisions of BCU Circular No. 2309, dated November 29, 2018, these indicators were regulated for implementation. In 2020, this implementation allowed the identification of opportunities for improvement in the specification of internal and business management indicators of our Bank in its long-term funding strategy.

The Market and Liquidity Risk Unit 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 based on the exposure allowed.

The support methodologies allow the monitoring of country risk performance and are the basis for related provisioning, given the large-scale financial investments of our Bank in lending.

During 2020, the set of financial risks and their interrelationships have been monitored and measured, paying attention to the particular scenario that transpired once the pandemic started in March. Maintaining a sustained analytical, robust and interdisciplinary intra-period process allowed to reach the end of 2020 with a consistent analysis method. This approach regarding the review of metrics, limits and standards was included in the general and specific frameworks approved by the Board of Directors. It was included in the BROU Comprehensive Statement on Risk Appetite, a statement that will govern our 2021-2022 planning horizon.

Continued analytical support has been provided by the Assets and Liabilities Committee, with specific ratios, indicators and tests on liquidity and interest rate risk following the Basel III recommendations. In this framework, there has been continuous methodological review in terms of interest rate setting, particularly the active rate, creating interdisciplinary teams for the purpose of building consistent responses in terms of competitive advantage based on the different segments defined by the business model.



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.

These include the Compliance Risk, defined as the present and future risk that the earnings or assets of BROU might be affected by violations of laws, regulations, standards and practices of the industry or ethical standards, including compliance with domestic laws or self-regulation of our Bank.

During 2020, the risk assessment of processes, products and services and some relevant projects continued. Courses were made available to raise awareness on operational risk, on the accounting of loss events, and on the management of contracted and outsourced services, as well as a special course aimed at developing the role of risk leaders.

Work was carried out on developing and implementing the Business Continuity Management project, achieving important milestones and a new policy. Also, the roles and responsibilities to carry this management were reassigned.

We continued acting with specific work groups, focused on different improvements, exercising an active role in the inclusion of different players and advising on operational risk.

This was done particularly in areas such as the management of customer complaints, adjustments required to comply with the regulation on personal data protection, and the development of a customer experience management process.

In relation to compliance risk, a Job Schedule was implemented. This is used as a warning tool and also allows to record the management and compliance of reporting to the BCU. Likewise, new features related to the management of contracted and outsourced services were incorporated.

Reputational risk

During the fiscal year, a policy including principles, guidelines, roles and responsibilities for the proper management of reputational risk in our Bank was approved.

Also, monitoring and control continued to be strengthened during the period, and the information base was expanded in the reporting addressed to the Risk Committee.

Work started with digital and social media. This is expected to lead, during 2021, to an information system allowing to quickly get an opinion, and be proactive in safeguarding our image and brand, and mitigating reputational risk with up to date and suitable tools.



► Rivera Branch, Rivera.

◆ HUMAN RESOURCE MANAGEMENT

Faced with the exceptional situation brought about by the health emergency in our country, HRM redesigned and readjusted the defined action plan in order to support business continuity and ensure compliance with the COVID-19 prevention measures.

Our information channel was permanent with personnel on the actions and resolutions that were being adopted.

Through the Area medical team, the COVID-19 Action Protocol was implemented, with the necessary actions to preserve the health of employees and customers, monitoring the environment of work teams to minimize the infection risk.

“Work from home” was implemented in the areas where the work could be done on line. The impact of this work arrangements on working conditions and their effectiveness were assessed. This assessment will be an input for a future work-from-home employment rule.

Based on the Strategic Plan, actions framed in the objectives were carried out, linked to the learning and growth perspective. For the strategic objective of “Developing cross-sectional collaborative work and a customer centered philosophy with the new generations”, the second edition of the Management and Communication Skills Development Program was held. The events were online, combining internal and external speakers.

Along the same lines, through a technical assistance agreement with the Catholic University of Uruguay, a diagnosis of the leadership styles of branch managers was made in order to propose lines of work.

Focusing on developing actions that contribute to the “customer centered philosophy”, the perception of the sales force members about customer needs in this new context was surveyed. Also, information was collected on how our product offer is responding, how the sales force perceives their role, and other aspects relevant to their function.

The Strategic Planning Area coordinated the dissemination of the management indicators of the Pay System based on the Achievement of Goals through internal communications and online meetings, promoting participation and exchange.

AGE DISTRIBUTION	
Age	Number
< 40	1,212
40-49	255
50-59	1,842
>59	209
Total	3,518

The investment in training was aimed at supporting the purposes of the Strategic Plan, linked to the training of the sales force, with a Credit Program for Assistant Business Executives, knowledge management around Credit Recovery and training in Operational Risk, all of them involving leaders and officials who carry out agreements with contractors, and awareness-raising for the entire Bank.

In addition, the training needs discovered in the survey were addressed in all areas, with priority to those related to projects, compliance and updating.

The training plan included events internally designed, as well as face-to-face, blended and online actions.

As a result of the pandemic, it was necessary to redesign this plan, fostering innovation capacity in teaching strategies to transform a large part of the internal face-to-face courses into other formats.

Without neglecting the quality of contents or learning experiences, online resources and events were added with synchronous meetings and taking advantage of the features of the BROU online education platform.

The year total was 12,200 training places, 89% were internal training. Of these, 9,800 were online learning (synchronous or self-learning) and the remaining 1,100 were in-person. 60 internal trainers acted during this year.

The 1,300 external places required an investment of approximately USD 330,000.

HRM continued to apply the strategy for managing organizational change by accompanying institutional projects (RPA, Channel Platform, Customer Experience), advising and monitoring the impact management and internal communication plans.

In 2020 the BROU 2020 Program cycle was completed, belonging to the Bank Organizational Structure Review project for the business areas designed with the structure of the Retail Area.

Also, updates were made in other areas to adjust the organization to the new requirements of the environment (Corporate, Distribution Network, Infrastructure, Accounting, Online Banking).

The IT structure was redesigned to become more suitable to the digital transformation being developed by our Bank.

The changes in the organizational structure included assessment of positions and analysis of costs and equivalence between structures, and they led to examine the situations and profiles of employees, with new position relocations accordingly for such officials.

The internal competition processes were impacted by the pandemic as massive face-to-face events were restricted, so online and alternative tools were used for some stages, such as meetings with panels and interviews.



► Symposium held in accordance with the Training Plan.

Through the “I Work & Study” program of the Ministry of Labor and Social Security, young students were hired for support positions for one year, providing vulnerable-context students a first job experience.

At year end the workforce was 3,518. 63% work in business areas. Women account for 49%.

Those older than 50 are 58% of the workforce, and some 1465 people will turn 60 (retirement age) in the coming 5 years.

Therefore, work continues on the succession plans for managerial positions, and leader qualification for key positions.

PAYROLL EVOLUTION						
	2015	2016	2017	2018	2019	2020
WORK AREA						
Management & Business	2,691	2,694	2,720	2,581	2,528	2,231
Support	1,367	1,191	1,099	1,223	1,238	1,287
Total	4,058	3,885	3,819	3,804	3,766	3,518
GEOGRAPHY						
Montevideo	2,604	2,533	2,431	2,391	2,441	2,310
Upcountry	1,454	1,352	1,388	1,413	1,325	1,208
Total	4,058	3,885	3,819	3,804	3,766	3,518
SEX						
Female	1,739	1,702	1,730	1,810	1,834	1,731
Male	2,319	2,183	2,089	1,994	1,932	1,787
Total	4,058	3,885	3,819	3,804	3,766	3,518

08 Financial statements



► Front view of an old bank teller station, Head Office Great Hall.



TRIBUNAL DE CUENTAS

SEPARATE FINANCIAL STATEMENTS REPORT

Unqualified opinion

We, the National Audit Office have audited the separate financial statements of Banco de la República Oriental del Uruguay (BROU), including the Separate Financial Statement as of December 31, 2020, the corresponding Separate Income Statements, Comprehensive Income, Cash Flows and Equity Changes for the period ended on that date, the notes on significant accounting policies, and other explanatory notes.

In the opinion of this National Audit Office, the separate financial statements referred to above present fairly, in all material respects, the financial position of BROU as of December 31, 2020, its operating results and cash flows for the period then ended, in accordance with the accounting standards for the preparation of financial statements defined by the Superintendence of Financial Services of the Central Bank of Uruguay (BCU), contained in Communication No. 2020/241.

Opinion regarding compliance with applicable legal regulations

The existence of non-compliance with the applicable standards was not found during our audit.

Basis for this Unqualified opinion

Our Audit was conducted in accordance with the Fundamental Principles of Public-Sector Auditing (ISSAI 100 and 200) and the Financial Audit Standards (ISSAI 2200-2810) of the International Organization of Supreme Audit Institutions (INTOSAI). The responsibility of our Office for the audit of the financial statements under these standards is more thoroughly described in the Responsibility section of the National Audit Office. Our Office is independent of BROU and has complied with the provisions of our Code of Ethics, developed in line with the INTOSAI Code of Ethics. The audit evidence obtained is considered sufficient and appropriate to provide a reasonable basis for this opinion.



TRIBUNAL DE CUENTAS

Board responsibility for the financial statements

The Board of Directors of BROU is responsible for the preparation and fair presentation of the separate financial statements in accordance with the accounting standards for the preparation of financial statements defined by the Central Bank of Uruguay (BCU) Superintendence of Financial Services, contained in Communication No. 2020/241, in relation to valuation and rating requirements, as stated in Note 2.1. As appropriate, BROU management is responsible for applying the criteria set forth by Regulation No. 89 of the National Audit Office and for the internal control deemed necessary by the entity management to allow the preparation of financial statements free of material misstatements, whether due to fraud or error.

The Board is responsible for monitoring the preparation process of BROU separate financial statements.

Responsibility of this National Audit Office for the audit of the financial statements

The purpose of the audit is to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report including the resulting opinion. Reasonable assurance is a high level of security, but it does not ensure that an audit will always identify material misstatements where they exist. Misstatements may be due to fraud or errors and are considered material if, individually or in the aggregate, they can reasonably be expected to influence economic decisions made by users based on the financial statements.

As part of an audit, in accordance with the ISSAI referred to in the Basis for Unqualified Opinion section, the professional judgment of this National Audit Office is applied, and professional skepticism is used during the audit process. Also:

- The risk of material misstatement in the financial statements, whether due to fraud or error, is identified and assessed; audit



TRIBUNAL DE CUENTAS

procedures to address those risks are designed and performed, and sufficient appropriate audit evidence is obtained to provide a basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from an error, since fraud can involve collusion, falsification, intentional omissions, intentional misrepresentations or deviations from internal control.

- An understanding of internal control relevant to the audit is obtained for the purpose of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- The adequacy of accounting policies adopted is assessed, as well as the reasonableness of accounting estimates and related disclosures made by Management.
- The overall presentation, structure and contents of the financial statements are assessed, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that provides a true and fair view.

We, the National Audit Office contacted the Board regarding, among other matters, the scope and timing of the audit procedures, including significant audit findings, if any, and significant deficiencies in internal control identified during the audit.

Montevideo, July 21, 2021.

LM


Cra. Llo. Olga Santinelli Taubner
Secretaria General

Deloitte.

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 separate financial statements

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

Opinion

The summary separate financial statements (expressed in thousands of U.S. dollar), which comprise the summary separate balance sheet as of December 31, 2020, the summary separate income statement for the year then ended, and related notes, are derived from the audited separate financial statements of Banco de la República Oriental del Uruguay for the year ended December 31, 2020. These financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements.

In our opinion, the accompanying summary separate financial statements are consistent, in all material respects, with the audited separate financial statements, in accordance with the basis described in the related notes.

Other matter

The translation of the amounts in Uruguayan pesos into U.S. dollar in the summarized separate financial statements has been made in accordance with the basis stated in the header of each financial statement and is presented solely for the convenience of readers outside Uruguay.

Summary separate financial statements

The summary separate financial statements do not contain all the disclosures required by the accounting standards for financial institutions issued by the Superintendencia de Servicios Financieros of the Banco Central del Uruguay (Central Bank of Uruguay). Consequently, reading the summary separate financial statements, is not a substitute for reading the audited separate financial statements of Banco de la República Oriental del Uruguay.

The audited separate financial statements and our report thereon

In our report dated March 26, 2021, we expressed an unmodified audit opinion on those financial statements. The report also included an "Emphasis of matter" paragraph, which describes that the differences between the audited separate financial statements and those that could have been prepared in accordance with International Financial Reporting Standards have not been determined nor quantified. The communication of key audit matters was also included. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current period.

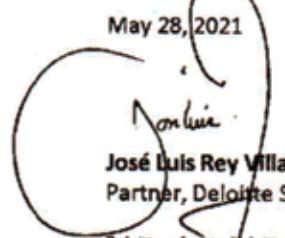
Management's responsibility for the summary separate financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary separate financial statements are consistent, in all material respects, with the audited separate 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".

May 28, 2021


José Luis Rey Villanueva
Partner, Deloitte S.C.



Deloitte refers to Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, its network of member firms and their related entities, each of which is a legally separate and independent entity. Please see www.deloitte.com to learn more about our global network of member firms.

BANCO DE LA REPÚBLICA ORIENTAL DEL URUGUAY
SEPARATE BALANCE SHEET

as of December 31, 2020

Figures in thousands of US dollars / Exchange Rate: \$ 42,34 / USD 1

ASSETS

Assets	18,337,965
Cash on hand and Cash equivalents	824,892
Central Bank of Uruguay	3,541,620
Financial assets at fair value through profit or loss	19,068
Financial assets at amortised cost	12,884,593
Financial assets at fair value through other comprehensive income	495,991
Equity instruments at fair value through other comprehensive income	-
Non-current assets held for sale	5,423
Investments in other companies	113,534
Fixed Assets	204,206
Intangible Assets	63,489
Deferred Tax Assets	145,007
Sundry Assets	40,130
Other Assets	3

LIABILITIES

Liabilities	16,426,947
Financial Liabilities at amortised cost	15,967,818
Portfolio at fair value through profit or loss	140
Other financial liabilities	20,792
Other provisions	271,480
Deferred Tax Liabilities	29,164
Other liabilities	137,553

EQUITY

Equity	1,911,018
Capital	1,905,148
Paid-in capital	953,275
Reserves	224,548
Retained earnings	233,249
Net income for the year	500,409
Anticipated profits	(6,332)
Valuation adjustment	5,870

TOTAL LIABILITIES AND EQUITY

18,337,965

BANCO DE LA REPÚBLICA ORIENTAL DEL URUGUAY
SEPARATE STATEMENT OF PROFIT OR LOSS

from 1 January to 31 December, 2020

Figures in thousands of US dollars / Exchange Rate: \$ 42,34 / USD 1

CONTINUING OPERATIONS

Financial Gains from interest and adjustments	909,665
Financial Expenses from interest and adjustments	(98,291)

Gross financial margin 811,375

Impairment of Financial Assets	(111,558)
Gains for written-off portfolio	47,163

Financial margin 746,980

Revenues for Services	125,929
Expenses for Services	(40,851)

Margin for Services 85,078

Results from entities valued by the equity method	11,293
Revenues from equity instruments	1,312
Result from financial transactions	(901)
Exchange rate differences from assets and liabilities held	140,578
Exchange rate differences	57,738

Gross profit 1,042,079

Wages and social charges	(273,694)
General Expenses	(186,136)
Other operating results	-

Operating income 582,250

Impairment of other assets	(3,429)
Result of non-current assets held for sale	(975)
Other operating results	4,110

Income from continuing operations before income tax 581,957

Income tax expense related to continuing operations	(81,854)
-----------------------------------------------------	----------

Income from continuing operations after income tax 500,103

DISCONTINUED OPERATIONS

Income from discontinuing operations before income tax	306
Income Tax expense related to discontinued operations	-

Net discontinued operations income 306

NET INCOME FOR THE YEAR

500,409



► Rivera Branch, Rivera.

NOTES TO THE FINANCIAL STATEMENTS

A) Consideration by the Board

These financial statements were approved by a resolution of the Board of BROU dated February 23, 2021.

No shareholders' meeting is held because BROU is a government-owned financial institution.

B) Basic information on the Financial Intermediation company

B.1) Legal status

- The Banco de la República Oriental del Uruguay (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 company, BROU operates under the legal system set by Law No. 15,322 as amended.

B.2) Basis for the preparation of the financial statements

- These separate financial statements have been prepared in accordance with the accounting standards for financial statement preparation defined by the Superintendence of Financial Services of the Central Bank of Uruguay (contained in Communication 2020/241), effective as of January 1, 2020
- In everything not covered by the standards mentioned above, the International Financial Reporting Standards (IFRS) apply.
- The financial statements included in this report are summarized; the complete audited financial statements are available on the BCU and BROU websites.

B.3) Branches abroad

- The Head Office net investment in branch offices abroad, at December 31, 2020, amounts to:

Branch	Currency	Amount
New York	USD	110,793
Buenos Aires	ARG.\$	76,424

Figures in thousands in the original currency.

B.4) Investment in other companies

- BROU has interests in the following entities:

Entity	Condition	Currency	Amount	%
República AFAP S.A.	Controlled	UYU	1,523,724	51,00
República AFISA	Controlled	UYU	776,187	100,00
República Microfinanzas S.A.	Controlled	UYU	1,512,275	100,00
República Negocios Fiduciarios S.A	Controlled	UYU	23,195	100,00
BROU BRASIL ADMINISTRACAO DE BENS PROPRIOS LTDA	Controlled	Reales	69,968	100,00
Sistarbanc S.R.L.	Join Venture	UYU	36,670	63,56
Corporación Nacional para el Desarrollo (CND)	Related	UYU	206,202	5,58
Compañía Uruguaya de Medios de Procesamiento S.A. (Visanet)	Related	UYU	2,445	8,22
Bolsa Electrónica de Valores S.A. (BEVSA)	Related	UYU	13,396	7,69
SWIFT	Related	Euros	32	0,01
Banco Latinoamericano de Exportaciones (BLADEX)	Related	USD	4,361	0,43
Fideicomiso Orestes Fiandra	Controlled	USD	3,334	85,00
Fideicomisos BROU	Controlled	USD	4,810	100,00
Fideicomiso tuapp	Join Venture	USD	50	50,00

Figures in thousands in the original currency

- BROU also prepared and issued a separate consolidated balance sheet with its subsidiaries as mandated by Article 509 of the Compilation of Regulation and Control Standards of the Financial System.

B.5) Equity

- Equity as of december 31, 2020 amounts to USD 1,911,018 thousand, composed of: USD 953,275 thousand paid up capital, USD 5,870 thousand valuation adjustments, USD 224,548 thousand reserves, USD 233,249 thousand retained earnings, USD 6,332 thousand advanced results (debit balance) and USD 500,409 thousand income for the year.

C)Information concerning assets and liabilities

C.1) Balances in foreign currency

- Assets and Liabilities in foreign currencies are translated into US dollars using the arbitrages and exchange rates of the Forex Trading Desk of the BCU at year end.
The amounts in US dollars so determined are stated in national currency by applying the closing average exchange rate set by the BCU as of December 31, 2020 (UYU 42.34/USD 1).

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 1,115,259 thousand.

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

- Zero Coupon Bonds of the U.S. Government measured at amortized cost, nominal value USD 29,500 thousand deposited to secure Visa International transactions.

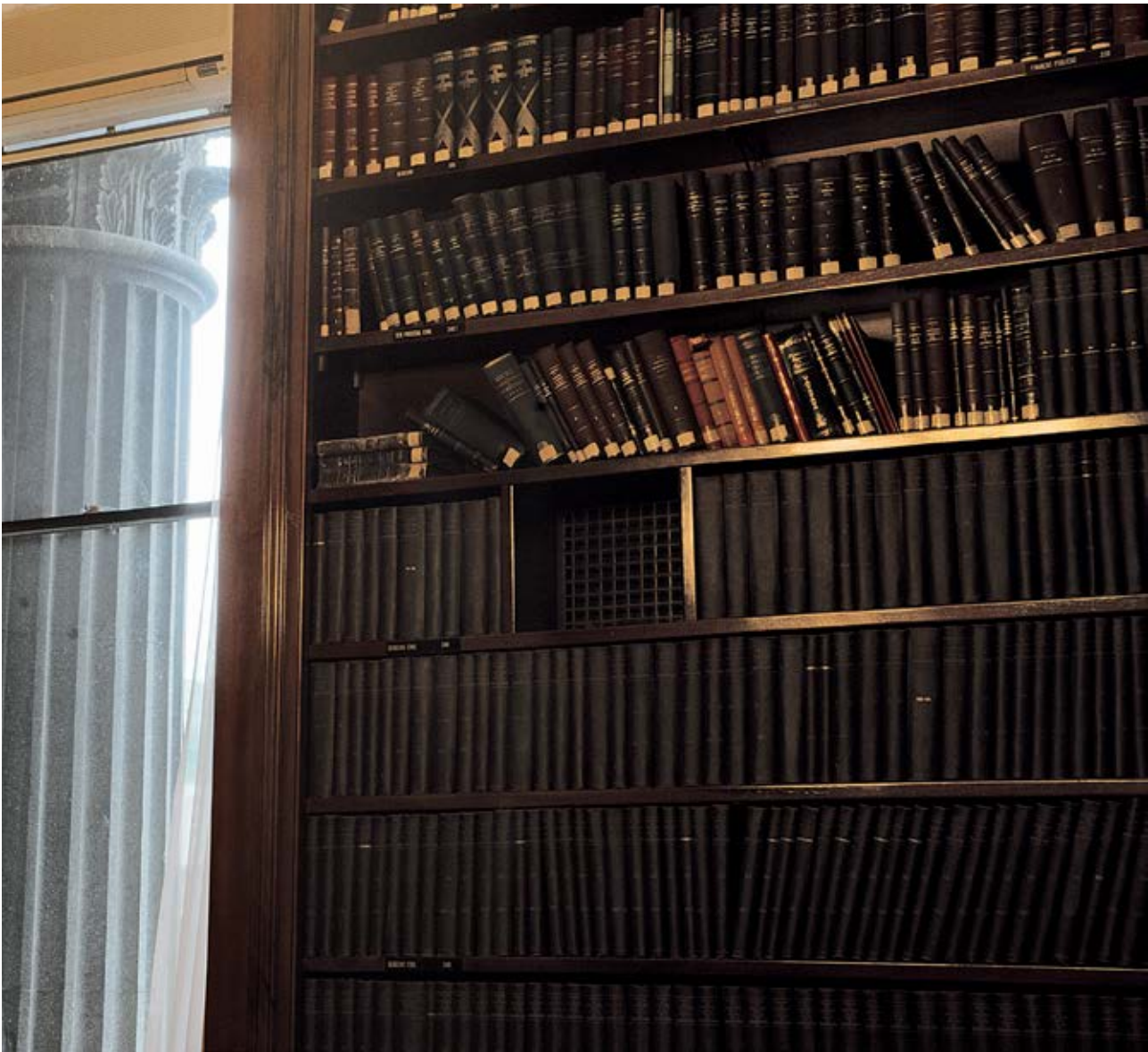
- International bonds measured at amortized cost for a nominal value of USD 243,000 thousand to secure a Citicorp loan for USD 200,000 thousand.
- Treasury Notes serie N.T UI-S13 for UI 3,200 thousand (equivalent to USD 362 thousand) to secure the performance of BROU as fiduciary as provided for by the regulator.
- International bonds measured at amortized cost for a nominal value of USD 5,000 thousand, according to Federal Reserve provision, managed by the New York Branch.
- Argentine Republic bonds issued by the Government measured at fair value with changes in other comprehensive income for a nominal value of Argentine pesos 653 thousand (equivalent to USD 7.76 thousand), managed by the Buenos Aires Branch, to secure Court actions brought by the Revenue Authority of the city of Buenos Aires.
- Argentine pesos 13,321 thousand deposited in the Central Bank of Argentina, affected to the operative of the Buenos Aires Branch.
- Banknotes damaged or contaminated were kept, worth USD 664 thousand and UYU 59.613 thousand out of circulation
- Due to sales or maturity of financial assets at fair value through comprehensive income in the year ended on December 31, 2020, realized losses of Uruguayan pesos 36,285 (equivalent to USD 857 thousand) that were held in other comprehensive income were recognized in the income statement.

C.4) Guarantees concerning liabilities

- There are no guarantees by the Bank related to liabilities, other than those mentioned under C.3).

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

OUTSTANDING CREDITS AND FINANCIAL LIABILITIES AT AMORTIZED COST AS OF 31.12.2020				
Concept	Maturity terms			Total
	Less than 1 year	1 to 3 years	More than 3 years	
Outstanding credits - Financial sector	622,941	115,075	20,552	758,568
Outstanding credits - Non-financial sector	1,168,513	920,422	2,278,806	4,367,741
Total	1,791,455	1,035,497	2,299,358	5,126,310
Liabilities - Financial sector	(65,440)	(11,390)	(294,577)	(371,407)
Liabilities - Non-financial sector	(15,484,498)	(92,311)	(19,602)	(15,596,411)
Total	(15,549,938)	(103,701)	(314,179)	(15,967,818)



► Library of the Head Office, Montevideo.

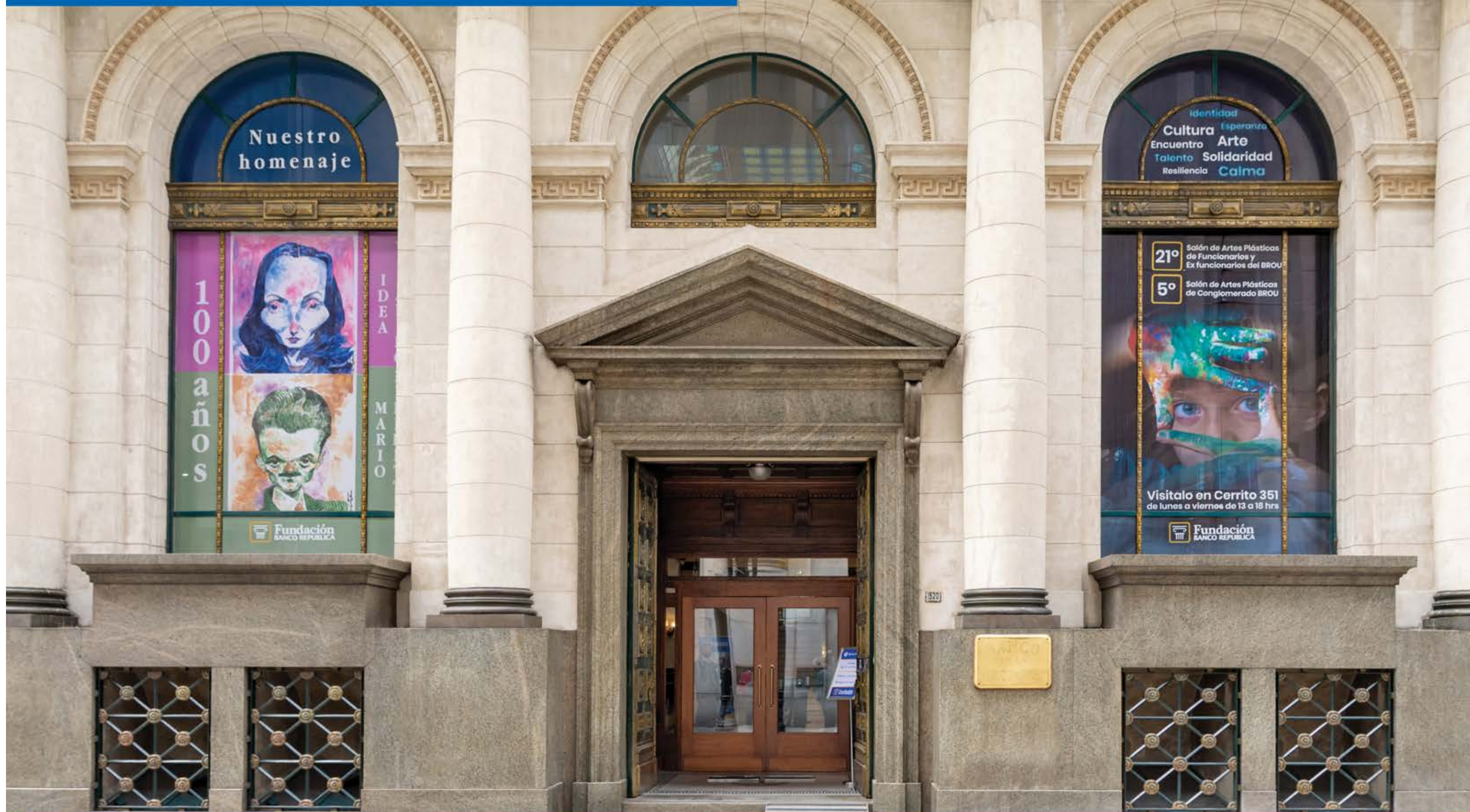
C.6) Any other material events

- In order to be able to adjust to the new business needs and contribute to greater productivity, efficiency and competitiveness, BROU has been on board since 2012 in a project to renew its computer systems.
- During 2020 a virus known as COVID-19 has spread in our region. Extraordinary measures to contain it have had a significant impact on global economic activity. The impact of coronavirus has resulted in Banco Central del Uruguay (Bank´s regulatory authority) implementing numerous measures to mitigate it.
Consequently, Financial Institutions were allowed to both reschedule the repayments and the terms of loans.
The period for customers to update their financials was also loosen in order to avoid customers falling short. During the last semester, flexibility in the analysis of repayment capacity and restructuring conditions of loans was also approved.

Nonetheless, despite of the measures taken, there was an increase on credit risk (and its correlated decrease on credit scores) on non-financial customers. There was also an increase in requests for debt restructuring.

- In February 2019, the bank under a trial was condemn to reimburse the plaintiff the paid amount plus legal interest of a loan, under the same conditions in which they were paid and to cancel the outstanding amounts. The bank appealed the sentence, which was confirmed in March 2020. In this instance, the Secretariat of Economy and the Trust were jointly condemned to compensate the Bank the money that should be returned to the plaintiff. The bank filled a second appeal on a court of cassation that if overturns the actual decision could make the bank whole not only for the repayment of the sums paid to the plaintiff and the termination of the credit, but also for the damage recognized when the allowance for credit losses was recorded. Due to late payment, the loan is reported as write-off credits.

09 Related organizations



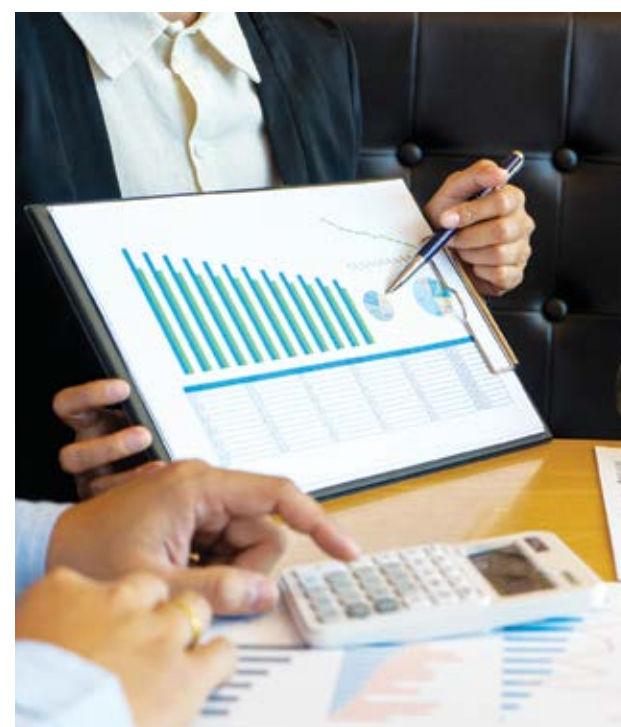
Related organizations

◆ REPÚBLICA ADMINISTRADORA DE FONDOS DE INVERSIÓN SOCIEDAD ANÓNIMA (REPÚBLICA AFISA)

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 Crédito*, the portfolios of the Bank Assets Recovery Funds, managed by the BCU, acquired by our Bank in 2009 and delinquent taxes of Departmental Governments.

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



República AFISA has maintained its intense involvement in the 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 throughout the country, the Unified System for Collection of Vehicle related Income (SUCIVE), 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, the construction of social housing, wind farm projects, private funding to health care providers (CASMU, *Asociación Española*, *Casa de Galicia*), ANDE, CAF-AM (CAF 1 Infrastructure Fund and CAF-AM Central Railway), for strengthening the OSE financial structure, the Ministry of the Interior for the collection of traffic fines of the National Police and the Río Negro Industrial Park. Metropolitan Agri-Food Unit (UAM) to finance part of the works of the Metropolitan Agri-food Park, with a supplier company in the agricultural sector for long-term financing of the acquisition of its products

In 2020, the Agri-food Park Financial Trust II was created, also a public offering trust to finance the replacement of lights in the Department of *Canelones*, and a second trust with the Government of San José to finance works in that Department. Likewise, series VI of the OSE Financial Trust was issued.

As of December 31, 2020, the trusts managed by *República AFISA* have issued securities totaling approximately USD 3.2 billion.

In 2020 a review process of the *República AFISA* rating was carried out by Fix Scr Uruguay. The result maintained the “2 + FD (uy)” rating.

The recent public offering issues of trusts structured and managed by *República AFISA* have contributed to the development of the capital market in Uruguay, allowing the implementation of production projects and real estate undertakings, and public infrastructure works.

BROU owns 100% of the capital stock.



◆ 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. The mission of *República Negocios Fiduciarios S.A.* is to provide trust services through management and guarantee trust funds and manage assets, assisting customers in the structuring or management of such operation.

Within this framework, the company maintained its intense involvement in trusts for road construction, housing, purchase of machinery for the Departmental Governments, administration of funds from recharging STM (Metropolitan Transportation System) transport cards, management of guarantee trust funds for private and public companies, micro-finance institutions and cooperatives and, in general, managing trust funds and other assets of public and private entities.

In 2020, the administration of five new trusts was added, including three guarantee trusts with private companies, a management trust for the Ministry of Transportation and Public Works (MTO) and a management trust for a milk producer cooperative.

Additionally in 2020, *República Negocios Fiduciarios S.A.* went through a rating review process carried out by Fix Scr Uruguay. The result maintained the “2 + FD (uy)” rating.

BROU owns 100% of the capital stock.

◆ REPÚBLICA MICROFINANZAS S.A.

República Microfinanzas S.A., is a company owned by BROU, incorporated in 2008, with operations since 2010.

Its main purpose is promoting financial inclusion through the development of small economic units and the low-income entrepreneurial sectors in Uruguay, by making financial products and services available in order to contribute to their economic and social development.

Additionally, *República Microfinanzas* provides contact center services, collections, promotions, back office and other support services to the companies of the BROU Cluster, and to other entities through its Contact and Service Center.

Lending is one of its operations, carried out under agreements with agencies implementing public policies that require the specific characteristics of microfinance technology and facilitating the provision of services (including credit, availability of funds, subsidies, emergencies) 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 National Development Agency (ANDE), the Ministry of Agriculture, Livestock and Fisheries, the Ministry of Social Development, Departmental Governments, Ministry of Tourism.

In general terms, during its first 11 fiscal years, RMSA has disbursed UYU 7,122,197,218 million and has granted a total of 189,507 loans to 67,617 customers.

In the year ended in September 2020, while there was a significant growth in the first half (11.5%), the need to meet the demand for credit, derived from both the health emergency and the agricultural emergency, led to doubling the loan portfolio as of September 30, 2020, reaching UYU 1,780,000,416 in 14,820 active operations.

As of March 2020, faced with the new context and with the explicit support of the new Board of Directors, the company showed its ability to adjust to the emerging situation, quickly capturing the unusual demand.

Thus, in the second half, within the framework of the agreement with ANDE (interest subsidy, Directed Credit Program-COVID-19), 3,383 companies were covered, 1,536 of them had never operated with RMSA before (45.4% new customers).

And, in agreement with the MGAP, for the purpose of meeting the needs related to the agricultural emergency, 1,192 producers were served in that period, 419 operating for the first time with RMSA (54.2% new customers).

RMSA serves the demands of microentrepreneurs in the metropolitan area of Montevideo from its headquarters in Montevideo, its offices at the Cerro Industrial and Technology Park (PTI), the Belloni Bus Interchange and the Costa Urbana Shopping Mall branch, covering the capital city and areas of the Department of *Canelones*. With regional offices, services are provided in the Departments of *Artigas, Florida, Lavalleja, Maldonado, Rivera, Rocha, Salto, Colonia, Paysandú, San José, Durazno, Flores, Cerro Largo, Treinta y Tres* and *Tacuarembó*.

Under the agreements signed with government entities and service agreements in regional offices, RMSA has developed important training for microentrepreneurs through financial education workshops.

Policies and actions have been coordinated and concluded with BROU and *República AFISA*, through the BROU Cluster Management.

Under a plan to upgrade its organization and to better reach those sectors with no access to traditional banking, contacts have been enabled via its web page, Facebook, WhatsApp and other social media apps. A significant portion of the company's processes has also been automated.

BROU owns 100% of the capital stock.

FINANCIAL AND INCOME STATEMENT						
USD million						
	2015	2016	2017	2018	2019	2020
REPÚBLICA AFISA						
Assets	25.00	22.00	22.00	21.76	21.68	20.62
Liabilities	4.00	2.00	2.63	3.71	2.81	2.31
Equity	21.00	20.00	19.37	18.05	18.87	18.31
Income for the year	5.00	3.00	1.70	1.38	2.80	2.74
REPÚBLICA AFAP						
Assets	56.00	59.00	75.00	71.70	70.00	70.31
Liabilities	7.00	8.00	10.00	8.10	8.00	7.42
Equity	49.00	51.00	65.00	63.60	62.00	62.89
Income for the year	11.00	11.00	17.00	11.60	13.00	14.57
REPÚBLICA MICROFINANZAS						
Assets	39.00	39.00	40.30	36.30	32.40	48.65
Liabilities	2.00	1.00	1.40	1.30	1.10	12.94
Equity	37.00	38.00	38.90	35.00	31.30	35.71
Income for the year	1.60	0.00	0.05	0.50	0.90	0.07
REPÚBLICA NEGOCIOS FIDUCIARIOS						
Assets	0.37	0.43	0.54	0.80	0.65	0.66
Liabilities	0.01	0.03	0.05	0.10	0.15	0.12
Equity	0.36	0.40	0.49	0.70	0.5	0.54
Income for the year	0.00	0.05	0.09	0.30	0.13	0.21



► República Administradora de Fondos de Ahorro Previsional S.A., Montevideo.

◆ **REPÚBLICA ADMINISTRADORA DE FONDOS DE AHORRO PREVISIONAL S.A. (REPÚBLICA AFAP S.A.)**

In 2020, *República AFAP* stood out once again for its leading market share, reaching a total of 578,717 workers in its portfolio at the end of the year. *República AFAP* also, at year end, managed a fund of USD 8,916.3 million, representing 55.56% of the Social Security Pension Fund System.

A total of 42,387 workers joined the system as a whole in the period, a decrease of 27.43% compared to the previous year. Of this total, 16,764 workers joined *República AFAP*, 11,241 were voluntary, a 26.03% decrease in relation to the affiliations of 2019. In addition, there were 5,523 new members assigned to *República AFAP* by the Social Security Fund (BPS) by its own procedures. This meant a 6.63% decrease compared to 2019. In 2020, 1,937 workers joined the company through the transfer process, 39.01% less than in 2019. In short, *República AFAP* incorporated 18,701 workers to its portfolio, i.e., 42.11% of the flow of new members and transfers in the period.

In 2020, Law No. 19,590, known as the law of the fifty-year-old-workers, allowed 6,098 workers to disenroll from the system —of which 4,125 were members of *República AFAP*— and transfer some USD 360 million to the Social Security Trust, of which approximately USD 240 million correspond to *República AFAP*.

During 2020, private sector instruments were issued for a total of USD 235 million. This amount was substantially lower than those of 2018 and 2019. This is largely explained by the uncertainty brought about by COVID-19. *República AFAP* was involved in all these issues as an investor, helping to continue the managed portfolio diversification. In addition, the channeling of resources from the pension funds to the productive sector becomes an alternative financing tool for private companies and government agencies to develop their activities and expansion plans.

One of the most outstanding operations is Bosques de las Serranías Financial Trust for USD 67 million. The purpose of this project is wood processing and marketing the chip production for cellulose pulp, mainly for export. Another relevant issue in the capital market was the Boscheto Forest Financial Trust, for approximately USD 80 million. The main purpose of this trust is the production and marketing of wood for sale to the local cellulose industry.

In 2020, *República AFAP* maintained its management fees at 4.40%, calculated on the basis of workers contributions to their individual savings account. Since the beginning of this system, in 1996, *República AFAP* committed to having the lowest fees in the market, while caring to maintain a performance within the expectations of its shareholders.

This year, *República AFAP* was recognized for the third time with the Ibero-American Award for Excellence in Management by the Ibero-American Foundation for Quality Management (Fundibeq), the reason why it was awarded the “Excellent Track Record Company” award. It is the second company in Uruguay to have obtained this award and the only Ibero-American company of the financial sector. This places *República AFAP* in a very select group of world-class companies.

República AFAP also continued working on its excellence in management for the purpose of maintaining its Quality Management System ISO 9001:2015 and Information Security Management System (ISMS) certifications, under ISO 27001: 2013 by LSQA.

Due to the health emergency context, *República AFAP* was continuously adjusting its services and operations in order to comply with the health requirements while ensuring access to advice and related procedures.

BROU owns 51%, while 37% of the shares belong to BPS and the remaining 12% to *Banco de Seguros del Estado* (BSE).

USD million box - BROU Cluster



► Bolsa Electrónica de Valores (BEVSA) (Electronic Stock Exchange), Montevideo.

◆ CORPORACIÓN NACIONAL PARA EL DESARROLLO – CND (NATIONAL DEVELOPMENT AGENCY)

BROU is a minority shareholder of *Corporación Nacional para el Desarrollo* (CND - National Development Agency) (5.58%), a non-governmental public entity. Since the amendment of section 34 of Law No. 18,602 of September 21, 2009 (creation of the National Development Agency) 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 professional services. After Law No. 18,786 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)

BROU is one of BEVSA shareholders (7.69%), 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 reliable 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.

◆ COMPAÑÍA URUGUAYA DE MEDIOS DE PROCESAMIENTO SA (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.

This has resulted in an important increase in the number of transactions.

Our Bank is a shareholder (8.2215%) in this company. Its number of shares is directly related to the size of its market-share.

◆ SISTARBANC SRL

Sistarbanc is a company created in 1981, that provides management and processing services of:

- VISA & Mastercard.
- *MIDES Plan de Equidad* (Ministry of Social Development Equity plan).
- *BPS Prestaciones* (Social Security Fund benefits).
- Electronic Payment System.
- *tuapp*.

During 2020, the PCI DSS and ISO 9001-2015 certifications were obtained.

Currently BROU has a 63.56% 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 consistently support the development of micro, small and medium-sized enterprises, applying UNCTAD/EMPRETEC methodology. It was 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 supported the development of this organization and led its actions, encouraging the transfer of leadership to other players of the project was desirable. This is why since 2015 this Association has been chaired by the Chamber of Industries of Uruguay and Empretec offices moved to their premises.

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 include 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.



► Technological Laboratory of Uruguay, Montevideo.

Fundación Banco República (BROU Foundation)

The operations of BROU Foundation began in October 2013. Its mission is to create, support, promote and sponsor general interest actions in the fields of education, culture, health, sports, science, technology and environment, with special emphasis on vulnerable groups.

During 2020, given the pandemic situation, all efforts were focused on redesigning the actions of this Foundation, adjusting to the health requirements in force at different times in the year.

In this vein, the project, started in 2019, for the building and positioning of the brand through updating the website, among other actions, allowed to have a modern and attractive tool, eventually essential not only to spread cultural contents, but also for the interaction with users in the areas that were being sought.

Below a summary is presented of the main actions of the Foundation during 2020, for its different areas of operation:

Library Service

New procedures were implemented for better organization and management of the library resources, and student books continued to be purchased to meet the needs of users and to replace copies in poor condition, thus increasing the value of the collections.

Financial Training

Financial education events were relaunched in 2020 within the framework of a new project. The name and visual identification of the Program were developed, as well as the design of contents and teaching materials for the workshops scheduled in Montevideo and the rest of the country.

After the first quarter, as a result of the health crisis started in March, and given that face-to-face events were not possible, the course was redesigned to go online, launching the Basic Finance for decision-making in August, at our Campus learning platform (<http://campus.fundacionbrou.com.uy/>) hosted by the Foundation's website, intended for Entrepreneurship Program students of the Technological University (UTEC), within the framework of the agreement signed by the Foundation and that University.

The training was structured in six modules: Financial System, Financial Planning, Savings, Credit, Money and Financial Investment. From August to November, seven editions of the course were held, attended by 244 students from all over the country.

Sponsorship

A new edition of the Uruguayan Numismatic Conference, carried out in November by the Uruguayan Numismatic Institute was sponsored.

Corporate Social Responsibility

Different types of donations of computer equipment, furniture and bibliographical material were carried out in support of organizations throughout the country.

In the framework of the commemoration of the BROU Employee Celebration Day, a fundraising campaign was carried out to support the following social organizations:

- *Fundación Instituto del Hombre* (West Montevideo and Ciudad del Plata),
- *Centro Esperanza Young* (Young, Río Negro),
- *Centro Somos Iguales* (Tarariras, Colonia),
- *Fundación Pérez Scremini* (Montevideo),
- *Asociación Centro Esperanza* (Ombúes de Lavalle, Colonia).

The Foundation will contribute to the selected organization in the same amount of money as collected by officials.

Work continued on coordinating the wastepaper collection and sorting as requested by different areas of BROU in order to be recycled.

Cultural space

Starting in March, the Foundation was present through its website, with extensive cultural actions by staff members from different sectors and permanent cast members, but also encouraging voluntary the involvement of officials with different artistic abilities.

Likewise, following all health requirements in the country, the Head Office Great Hall hosted some cultural events, such as the 21st edition of the art exhibition, the exhibition *Dejala ahí que está bien* (football and numismatics) inaugurated during the Heritage Weekend in the Hall of the Foundation building, and the traveling exhibition *Costumbres Gauchas*, in support of the Departmental Government of Maldonado and the *Pueblo Gaucho* Theme Park inaugurated last summer season.



► BROU Foundation, Montevideo.



► Library of BROU Foundation, Montevideo.

◆ ENTITIES BASED ABROAD

BROU owns share capital in

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

BLADEX, where BROU holds 0.4292% 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 for member countries. 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 Inter-bank 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 0.007132% stake.

◆ OTHER INTERESTS

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

BROU 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 upgrade their management structures.

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. Since 2020, in coordination with BROU, the Association of Private Banks of Uruguay is also a member from Uruguay.

During the 54th Annual Meeting of Felaban, held online as a result of the pandemic on June 6, 2020, new authorities were elected for the 2020-2022 period, with Mr. Beltrán Macchi, from Paraguay, as chair, Mr. José Manuel Mena Valencia from Chile, as vice-chair and Mr. Carlos Eduardo Troetsch Saval, from Panama, as second vice-chair. Likewise, the President of our Bank, Mr. Salvador Ferrer Carámbula, was elected to the Board of Directors for the period.



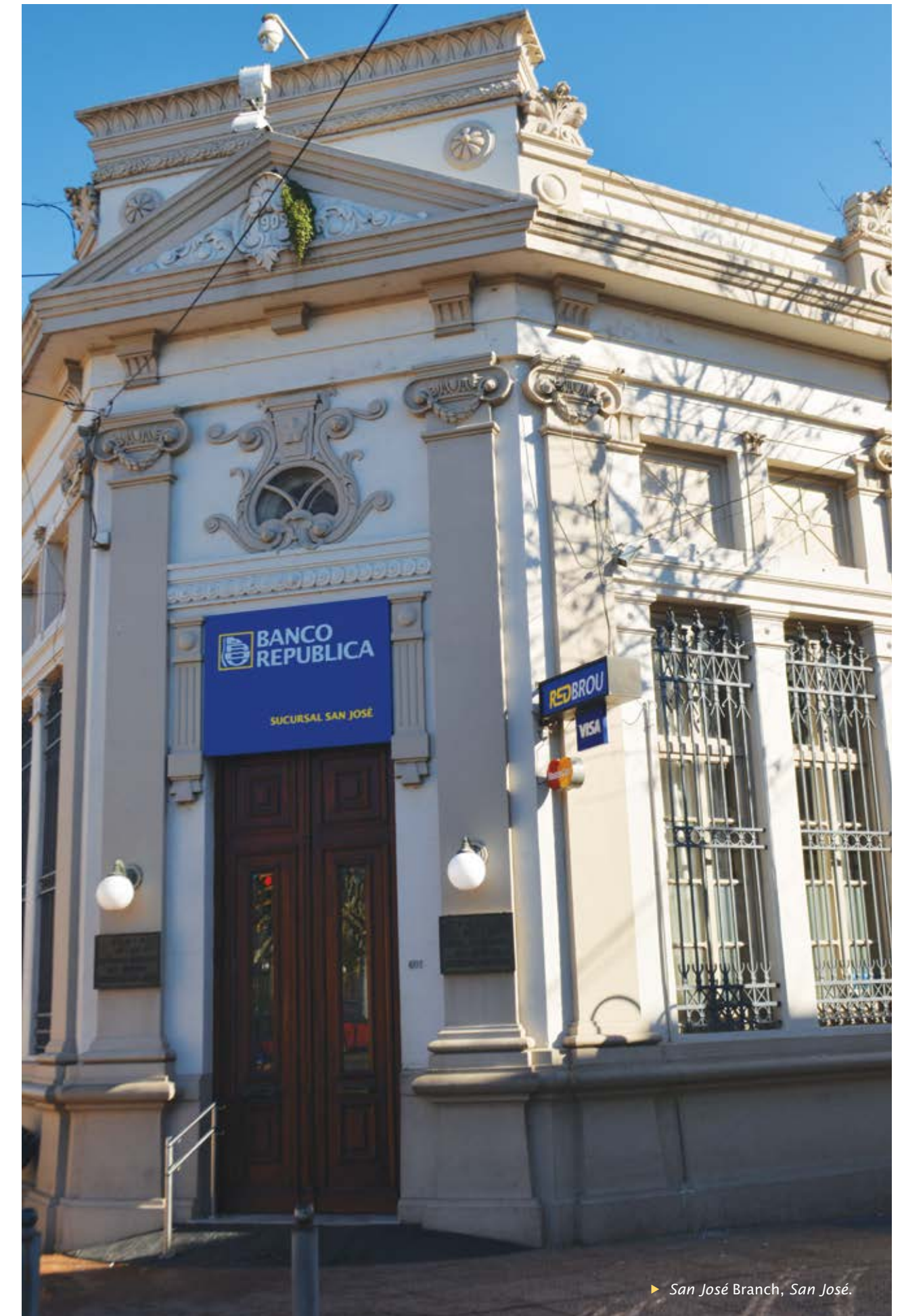
10

Branch network



Branch network

BRANCHES - NETWORK DISTRIBUTION AREA		
Branch Name	Branch Address	Phones
MONTEVIDEO		
19 de Junio	Av. 18 de Julio 1670 (4 th Floor)	(02) 1896
Aguada	Av. Rondeau 1754	18965181
Anexo Av. Italia	Av. Italia 3778	18965191
Avda. Gral. Flores	Av. Gral. Flores 2551	18965184
Avda. Gral. Rivera	Av. Gral. F. Rivera 2700	18965198
Avda. Italia	Solferino 4098 and Monzón	18965191
Avda. Uruguay	Av. Uruguay 1002	18963750
Bvar. España BEI*	Bv. España 2912	18965194/831
Ciudad Vieja BEI*	25 de Mayo 506	18967061/62
Montevideo Shopping BEI*	Luis A. de Herrera 1290, Level 1 & 1/2, Store 501	18965177
Brazo Oriental	Av. San Martín 3380	18965187
Bvar. Gral. Artigas	Bv. Artigas 3821 and Burgues	18965187
Carrasco	Av. Arocena 1637	18965200
Centro	Av. 18 de Julio 1271	18965188
Cerro	Ramón Tabárez 4321 and Carlos Ma. Ramírez	18965182
Ciudad Vieja	Piedras 369	1896
Colón	Av. Eugenio Garzón 1864	18965197
Convención	Convención 1300	18965190
Mercado Modelo	Cádiz 3280 (Inside Mercado Modelo)	18965175
Montevideo Shopping	Av. Luis A. de Herrera 1290	18965177
Nuevocentro Shopping	Av. Luis A. de Herrera and Bv. Artigas, in the Nuevocentro Shopping Mall Store 152	18965184
Paso de la Arena	Av. Luis Batlle Berres 6655	18965192
Paso Molino	Av. Agraciada 3902	18965185
Piedras Blancas	Av. José Belloni 4296	18965193
Pocitos	Av. Brasil 3049	18965194
Portones	Bolonia (no number) near corner with Av. Italia Building of CIU (Chamber of Industries of Uruguay)	18965157
Prado	Joaquín Suárez 3781	18965185
Punta Carretas	Ellauri 350 - Level 1, store 148 B – Punta Carretas Shopping Mall	18965201
Punta de Rieles	Camino Maldonado 6847	18965195
Torre Ejecutiva	Ground Floor, Edificio Torre Ejecutiva - Plaza Independencia	18965190/831
Unión	Av. 8 de Octubre 3847	18965186
VCV (Securities Sales and Custody)	Zabala 1531, Head Office, First Basement	(02) 1896
Villa Biarritz	21 de Setiembre 2851	18965189



► San José Branch, San José.

ARTIGAS		
Artigas	Rincón 299	18965002
Baltasar Brum	Gral. Artigas 2	18965069
Bella Unión	Gral. Rivera 513	18965003
Tomás Gomensoro	Circunvalación 19 de Abril 417	18965003
CANELONES		
Atlántida	Calle 1 and Roger Balet	18965073
Canelones	Battle y Ordóñez 601	18965004
Costa Urbana (Civic Center)	Av. Giannattasio km 20,500, Stores 24 y 01 B	18965083
La Paz	José E. Rodó 202	18965063
Las Piedras	Av. Artigas 602	18965021
Migues	Gregorio Migues (no number)	18965077
Pando	Gral. Artigas 901	18965034
San Bautista	Treinta y Tres (no number)	18965082
San Jacinto	Corner of Av. Artigas (no number) and María Vera	18965075
San Ramón	Av. José Battle y Ordóñez 1402	18965048
Santa Lucía	Dr. Antonio Legnani 527	18965049
Sauce	Cnel. Peirán 1550	18965062
Tala	18 de Julio and Ildefonso de León	18965054
CERRO LARGO		
Fraile Muerto	Gral. Artigas 1055	18965015
Melo	Aparicio Saravia 650	18965024
Mauá Micro-Branch	Virrey Arredondo 21	18965040
Río Branco	Gral. Artigas 301	18965040
COLONIA		
Colonia <i>BEI*</i>	Av. Gral. Flores 181	18965010
Carmelo	Zorrilla de San Martín 351	18965006
Colonia	Av. Gral. Flores 151	18965010
Colonia Miguelete	Corner of Artigas and 18 de Julio	18965084
Conchillas	David Evans (no number)	18965064
Juan Lacaze	Corner of Rodó and José Campomar	18965066
Nueva Helvecia	Berna 1301	18965028
Nueva Palmira	Gral. Artigas 1102	18965029
Colonia Valdense Micro-Branch	José Pedro Varela 1167	18965028
Ombúes de Lavalle	Zorrilla de San Martín 799	18965032
Rosario	Sarandí and Leopoldo Fuica	18965043
Tarariras	Roosevelt 2292	18965018
DURAZNO		
Carmen	Dr. Schunk (no number)	18965007
Durazno	Dr. Luis Alberto de Herrera 900	18965013
La Paloma	Severino Cristiano (no number)	18965065
Sarandí del Yi	Sosa Bernadet 511	18965051
FLORES		
Trinidad	Treinta y Tres 601	18965058
FLORIDA		
Casupá	José Pedro Varela 968	18965072
Florida	Ituzaingó 551	218965014/600
Independencia Micro-Branch	Independencia 725	218965014/800
Sarandí Grande	Artigas 901	18965050



► Melo Branch, Cerro Largo.

LAVALLEJA		
José Battle y Ordóñez	Rivera 44	18965019
José Pedro Varela	Gral. Artigas esq. Rivera	18965068
Minas	25 de Mayo 478	18965026
Solís	Av. Eduardo Fabini 798	18965052
MALDONADO		
Aiguá	Margarita Muniz 706	18965001
Punta del Este <i>BEI*</i>	Corner of Av. Gorlero and 25	18965038
Campus Maldonado	Corner of Fco. Acuña de Figueroa and Burnet	18965086
Maldonado	Florida 774	18965023
Pan de Azúcar	Félix de Lizarra 751	18965033
Piriápolis	Rambla de los Argentinos 1405	18965037
Punta del Este	Corner of Av. Gorlero and 25	18965038
Punta Shopping	Av. Roosevelt between Pascual Gattas and Los Alpes Store 252 –Punta Shopping Mall	18965092
San Carlos	18 de Julio 651	18965045
PAYSANDÚ		
Guichón	18 de Julio 353	18965017
Río de los Pájaros Micro-Branch	Bv. Artigas 770, local 19 Bus Terminal Paysandú Shopping Mall	18965036/831/832
Paysandú	18 de Julio 1047	18965036
Quebracho	Corner of Dr. Martini and 18 de Julio	18965039

RÍO NEGRO		
Fray Bentos	25 de Mayo 3375	18965016
Nuevo Berlín	Corner of 18 de Julio and Lavalleja	18965030
San Javier	Corner of Av. Gral. Artigas and B. Lubkov	18965071
Young	José Ugarte 1690	18965061
RIVERA		
Frontera de la Paz Micro-Branch	Sarandí 950 and Agustín Ortega	18965041
Minas de Corrales	Corner of Av. Dr. Davison and Dr. Ros	18965027
Rivera	Sarandí 561	18965041
Tranqueras	18 de Julio 640	18965056
Vichadero	Bv. Artigas 094	18965060
ROCHA		
Barrio La Paloma	Corner of Av. Solari and Titania	18965079
Castillos	Pedro E. Ferrer 1347	18965008
Chuy	Bernardo Ventura 542 and Gral. Artigas	18965011
Lascano	Ituzaingó 1251	18965020
Rocha	Gral. Artigas 113	18965042
Velázquez	Gral. Artigas (no number)	18965076
SALTO		
Salto	Uruguay 509	18965044
Salto Ayuí	Av. Batlle 2265 store 127	18965080
SAN JOSÉ		
Ecilda Paullier	Artigas (no number)	18965070
Libertad	25 de Agosto 1152	18965022
Paco Espínola Micro-Branch	25 de Mayo 500	18965047
Rafael Peraza	Route 1, km 72	18965078
Rodríguez	Av. Santiago Rodríguez 980	18965074
San José	Artigas 601	18965047
SORIANO		
Cardona	Fructuoso Rivera 18	18965005
Dolores	Asencio 1548	18965012
José E. Rodó	Route 2, km 209,5	18965067
Mercedes	Colón 256	18965025
Terminal Shopping Mercedes Micro-Branch	Don Bosco and Artigas	18965025
Palmitas	V. Orcoyen and C. Reyles	18965081
TACUAREMBÓ		
Carlos Gardel Micro-Branch	Joaquín Suárez 259 and Treinta y Tres	18965053
Paso de los Toros	Sarandí 400	18965035
San Gregorio	Gral. Artigas 148	18965046
Tacuarembó	18 de Julio 251	18965053
Tambores	Fernández Lascano and D. Villa	18965055
TREINTA Y TRES		
Cerro Chato	Julio Alberto Goday (no number)	18965009
Olimar	25 de Agosto and Miguel Echand	18965031
Treinta y Tres	Juan Antonio Lavalleja 1250	18965057
Vergara	Francisco Tajés and Marcelo Barreto	18965059

* BEI is the Spanish acronym for Executive Investment Banking





Head Office

Cerrito 351
Montevideo, Uruguay
Zip Code: 11000
Phones: (598 2) 1896
2916 0062 / 2916 0070
Fax: (598 2) 1896 1574 / 1697
SWIFT: BROU UY MM
<http://www.portal.brou.com.uy/>

New York Branch

489 5th Avenue, Fl. 22, NYC, NY, 10017
United States of America
Phones: (00 1 212) 307 9600-11
Fax: (00 1 212) 307 6786
SWIFT: BROU US 33
ABA 026003324

Buenos Aires Branch

Esmeralda 111 and Bartolomé Mitre
Buenos Aires, República Argentina
Zip Code: C1035ABC
Phone: (00 54 11) 4132 2000
buenos.aires@brou.com.ar
SWIFT: BROUARBA